DIGITAL EURO

ERPB update

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Staying ahead of the curve: preparing our currency for the future

Investigation phase
October 2021 – October 2023
- Concept definition, technical exploration and design proposal

Preparation phase
November 2023 – October 2025
- Main expected next steps:
  - Finalise the scheme rulebook
  - Select service providers
  - Learn through experimenting
  - Dive deeper into technical aspects, including conducting further research into offline functions and developing a testing and rollout plan for the future

Next phase
From November 2025
- Potential development and rollout
Holding limits

Work and engagement around the methodology to calibrate digital euro holding limits
A healthy balance between central bank money and commercial money

**Sufficient safeguards included in the digital euro’s design**

- **Holding limits**
- **(Reverse) waterfall functionality**
- **No remuneration** of digital euro holdings

**Holding limits will be calibrated**

A balance will be struck between the right to hold and pay with digital euro and the need to limit bank disintermediation

**In-depth analysis is ongoing**

- Examine the implications for different banks and liquidity scenarios, keeping trends regarding banknotes in circulation in mind
- Engage with a broad range of stakeholders, including banks and consumer groups
- Share information about the work conducted to ensure transparency
How the workstream is set up

**Multidisciplinary team:** Experts from relevant business areas of ECB and SSM with background in e.g., payments, monetary policy, financial stability, market operations and banking supervision

**Eurosystme effort:** ECB team will leverage on expertise from National Central Banks and National Competent Authorities

**Building on solid research:** Eurosystme staff has researched implications of CBDC extensively, which is groundwork for the workstream
Engaging with the market over the next year

One-year outlook

December/January expert session (tbd)

November ERPB (tbd)
Intermediate discussion considering feedback of ERPB

Summer break

July expert session

April ERPB
Factors and outlook on engagement

Data refinement with banks over the summer

Spring 2025
One-year milestone session with ERPB
Status of the scheme rulebook

Advancing in parallel to the legislative process
A digital euro scheme to ensure usability and acceptance by…

… **Providing standards** for the formats, technologies and messaging for the end-to-end flows of all digital euro use cases, **which could also be used for commercial bank solutions** based on instant payment infrastructure.

… **Enabling domestic solutions based on instant payments to be rolled out across the euro area** in one go, with merchants technically enabled to accept these payments through the use of digital euro standards.

… **Collaborating with all market stakeholders**, including merchants and consumers, who would participate in developing the digital euro rulebook that would be owned by the Eurosystem.
The progress made: from foundations to specifics

**Digital euro rulebook [1st draft]**

- Document information
- Digital euro scheme scope and interplay
- Functional and operational model
  - High-level E2E flows
  - Identification and authentication
  - Dispute management principles
- Adherence model
- Technical scheme requirements
- Defined terms and conditions
- Annexes
  - User journeys
  - Detailed end-to-end flows
  - FAQ

**Digital euro rulebook [2nd draft]**

- Document information
- Digital euro scheme scope and interplay
- Functional and operational model
  - Minimum UX standards
  - Dispute management
- Adherence model
- Technical scheme requirements
  - Interface standards and specifications
- Risk management
- Scheme management
- Defined terms and conditions
- Annexes
  - Branding standards
  - Detailed technical specifications, implementation guidelines, certification-related documentation
Project timeline

Next steps
The digital euro: evolving in parallel with the legislative process

The project will evolve in parallel with the legislative process to ensure **readiness** in the event a digital euro is needed in the future.

The ECB stands ready to:
- Provide **technical support** as required
- Make the **appropriate design adjustments** in line with legislative deliberations

A decision on whether to issue a digital euro will only be considered by the ECB’s Governing Council **once the legislation has been adopted**.
Staying ahead of the curve: towards further testing and development

Tentative – timeline subject to change

Q4 - 2023
• Setting up the preparation phase
• Publication of ECB legal opinion

Q2 - 2024
• Start engagement with market on calibration of holding limits

Q4 - 2024
• Evaluation and negotiation of procurement offers
• Stable draft of rulebook
• Detail out piloting and rollout approach

Q2 - 2025
• Finalise Architecture
• Data Protection Impact Assessment
• Positioning and Outreach plan

Q1 - 2024
• Publishing of procurement documentation
• Initiate user research

Q3 - 2024
• Selection of providers
• 2nd round of procurement procedures
• Initiate planning for next phase
• Draft rulebook consultation

Q1 - 2025
• RDG review of Rulebook
• Publication of Call for Applications (CfA)
• Draft requirements related to sourcing

Q3 - 2025
• November 2025
• Rulebook finalisation
• Preparation of Governing Council decision

October 2025
• Governing Council decision to potentially launch next phase

Review process is over; team is currently analysing the 2500+ comments received
Thank you

Additional supporting materials:
• Updated digital euro FAQ
• Report: A stocktake on the digital euro
• ECB opinion on the EU Commission’s digital euro legislative proposal
• Digital euro one-pager
• Digital euro booklet
• Digital euro LinkedIn page