Digital euro

FXCG meeting

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# CBDC versus other forms of money and assets

<table>
<thead>
<tr>
<th>Liability of central bank</th>
<th>Liability of a private entity</th>
<th>Not a liability</th>
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<tbody>
<tr>
<td>i. Cash: physical form, to <em>general public</em></td>
<td>i. Commercial bank money</td>
<td>i. Crypto-assets*</td>
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<tr>
<td>ii. Central bank deposits: <em>digital form</em>, limited access</td>
<td>ii. E-money</td>
<td></td>
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<td></td>
<td>iii. Some ‘stablecoins’ that entail a claim/liability on an identifiable entity</td>
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*CBDC/ Digital euro: complement to cash and deposits*

What do we mean by “digital euro” and why consider it?

*See ECB’s Digital Euro Hub, Report on Digital Euro*

**Digital euro** would be a **central bank liability** made available in **digital form** for use in **retail payments**

- Complementing cash and wholesale central bank deposits
- Synergies with industry

**Possible advantages** in a range of scenarios, particularly:

- Supporting **digitalisation** in the European economy
- **Against** declining use of cash as a means of payment
- Tackling **sovereignty** concerns related to foreign CBDCs or private digital means of payment in the euro area
Eurosystem launches digital euro project

Governing Council decision to launch the investigation phase of a digital euro project

Beginning of the investigation phase, which will last 2 years

Scope of project investigation phase

i. **Use cases** a digital euro should serve to achieve its goals
ii. **Interaction** with the European retail payments market
iii. **Business model**
iv. **Features and functionalities**
v. **Legal** questions
vi. **What technical solutions** may best handle the above issues

Decisions concerning cross-currency / FX can only be taken at a later stage
Digital Euro Project - Timeline


Eurosystem’s interest is to:

- be prepared
- manage risks on both sides: issuance and not issuance
What is your perspective?

• In your view, what could be **distinct value proposition** of a digital euro (in retail payments)?
• What features should the digital euro have to **facilitate cross-currency payments**?
• What would be the **best way to integrate** a digital euro into existing banking and retail payment solutions/products?
• **What role can you or your organisation play** in facilitating the appropriate design and uptake of a digital euro as an effective means of payment?
• Would retail payments in digital euro **impact** your business? And if so, how?
Thank you!

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