



EUROPEAN CENTRAL BANK

EUROSYSTEM

Digital euro

ECB OMG meeting

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Andrej Bachmann, Naisa Tussi
DG-MIP Market Innovation and Integration

Overview

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What do we mean by “digital euro”?

Digital euro would be **central bank money** made available **to citizens and firms in digital form** for use in **payments**



Complementing, not substituting, cash and wholesale central bank deposits



Synergies with industry



Digital euro **not necessary so far**



Main benefits of a digital euro



Supporting **digitalisation** in the European economy



Response to a declining use of cash as a means of payment



Tackling **sovereignty concerns** related to foreign private digital means of payment in the euro area or possible future foreign CBDC



The Eurosystem needs to be prepared

CBDC versus other forms of money and assets



Liability of central bank

- i. **Cash:** physical form, to *general public*
- ii. **Central bank deposits:** *digital form*, limited access

→ **CBDC/ Digital euro:** complement to cash and deposits



Liability of a private entity

- i. Commercial bank money
- ii. E-money
- iii. Some 'stablecoins' that entail a claim/liability on an identifiable entity



Not a liability

- i. Crypto-assets*

* This definition corresponds to [Occasional Paper Series No 223](#), ECB, 2019.

Digital euro: a complement to private initiatives

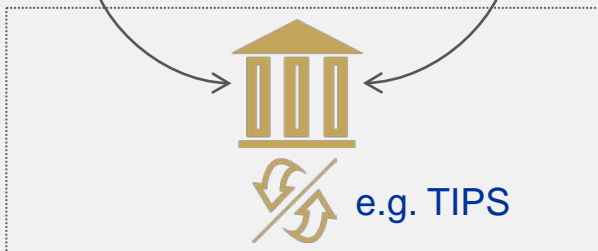


- Maintaining **co-existence** of several means of payments
- Private sector will remain more **innovative**
- Central banks do not have ambition to:
 - take-up the front-end or
 - take away deposits from banks' balance sheets
- CBDC would be offered preferably **through supervised service providers**

Two types of (possibly co-existing) digital euro

Account-based:

Transaction



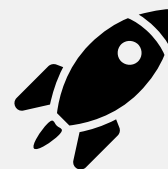
Settlement

Bearer:

Transaction and settlement



Programmable?



Elements of functional scope



The digital euro for would:

- look like any other modern payment solution for both POS and online payments
- be made available throughout the entire euro area
- Be supportive to financial inclusion
- be particularly mindful of privacy
- be by definition risk-free central bank money
- be free of charge for basic use by payers
- allow if possible off-line use
- allow to control for undesired effects on financial stability and monetary policy

Necessary elements in a viable product



End-user perspective



Design decisions



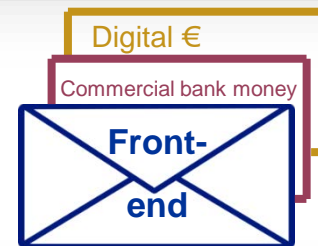
Legal issues



Back-end Infrastructure



Front-end infrastructure



Distribution framework

Public consultation



- ended in January 2021 with **record level** of public feedback
- over **8,000 responses** received in online survey
- **input** from **citizens, firms and industry associations** on desirable designs and how to address challenges
- **privacy, security and pan-European reach** ranked highest in European citizens' preferences



Detailed analysis of responses to the public consultation will be published in spring.

Work on design and review of open questions



Conceptual work

- Continue the analysis of different design options

Practical experimentation

- Test the implementation of functional design options



Work with the European Commission

- Joint review of broad range of policy, legal and technical questions



This work is done in parallel to the analysis of responses to public consultation

Focus of practical experimentation



- test the compatibility of a digital euro and existing settlement services (e.g. TIPS)
- explore the interconnection between decentralized technologies, e.g. distributed ledgers, and centralized systems
- investigate the use of payment-dedicated blockchains with electronic identity
- assess the functionalities of hardware enabling offline transactions



Explore various aspects of different design options: technical feasibility, compliance with the principles and policy objectives of the Eurosystem, and satisfaction of user needs.

Possible launch of a digital euro project



Towards mid-2021 the Eurosystem will consider whether to launch a digital euro project

- **Start with an investigation phase**

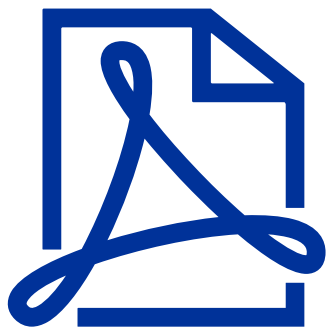
... to obtain answers to open questions raised in the report

... to develop a minimum viable product that would be able to meet Eurosystem requirements and the needs of prospective users



The **objective** is to ensure that the Eurosystem will be prepared to issue a digital euro if it decides to do so in the future.

Our publication



[Eurosystem report](#)



[Website *digital euro hub*](#)