A digital euro for everyone

Civil Society Organisation Seminar

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Digital euro legislative framework
In a nutshell

**Context**

*Changing payment behaviours.* Declining use of cash and increasing preference for electronic payment solutions (in 2022, more than half of European consumers preferred cashless payments)

**Objective**

Ensuring citizens’ and businesses’ *access to central bank money* in the digital age

**Proposals**

*Legislative framework for retail digital euro*

Draft regulation on legal tender of euro cash
Digital euro legislative proposal

“The legislative proposal is key to ensuring that the digital euro brings value to the people, taking the appreciated features of cash into the digital sphere”

Fabio Panetta
Executive Board member

The proposal makes sure that a potential digital euro has:

- **Legal tender status across the euro area**
- **High degree of privacy**, while minimising money laundering and terrorist financing risks.
- **Basic services free of charge** and appropriate economic incentives for intermediaries to distribute it.
- **Online and offline functionalities**
- **Holding limits** maintaining a balance between bank deposits and central bank money
The decision to issue a digital euro can only be taken by the Governing Council once the digital euro legislation is adopted.

The digital euro project will evolve in parallel to the legislative process:

- The ECB’s Governing Council will decide whether to move to the next project phase in autumn 2023 to further develop and test possible digital euro technical solutions.
- Throughout the process, the ECB will make the appropriate adjustments in the digital euro design in line with legislative deliberations.
Why do we need a digital euro?
Why would the ECB issue a digital euro?

The evolution of money

Making your life easier

Increased resilience
Cash and digital euro: stronger together

The evolution of money

“The digital euro is the evolution of cash in the digital world”

“Cash and the digital euro complement each other to meet the diverse preferences of 346 million people in the euro area”

“As a public good, the digital euro would preserve valued characteristics of cash in the digital sphere”

“We share the same currency and “a euro is a euro” when we pay digitally”
Always an option for the payer

Making your life easier

“It’s an additional option”

“We will make life easier for people by making the digital euro always accessible and accepted”

“The digital euro will be the only single European digital means of payment accepted throughout the euro area”

“The digital euro will be free for basic use like cash”
Reliable money, no matter what

**Increased resilience**

“Everyday payments are an essential service for people and the well-functioning of the economy”

“The Eurosystem will ensure that nobody is left behind, and that the right to privacy is maintained”

“Europe has higher dependencies on external providers for digital payments than other developed economies”
Value added of the digital euro

- Offline payments are possible
- More digital and financial inclusion
- Easier and faster online payments
- More privacy / no big brother
- Cheaper digital payments for merchants
- Always able to pay when you travel
Any questions or comments for discussion?
What and how would a digital euro be?
How will people use the digital euro?

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What? | How? | Where?

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Making the digital euro an accessible public good

The Eurosystem will **issue** the digital euro and **settle payments**

Supervised intermediaries will **distribute** the digital euro managing **customer relationships**, **digital euro payments and related services**

**Smooth onboarding and simple access** for end-users via (i) existing online banking or mobile banking apps and/or (ii) a new digital euro app

**Easy porting** of digital euro holdings from one providers to another, including emergency porting for exceptional situations
A digital euro available online and offline

The Eurosystem will not see any private information

**Online functionality:**
all use cases covered

- Remote & proximity payments for person to person and (online) shops
- Privacy comparable to existing digital payments without the Eurosystem seeing any private information

**Offline functionality:**
- Proximity person-to-person and in store payments
- Highest privacy level possible
A digital euro will be designed to take on board people with no access to a bank account and low digital or financial skills, as well as people with disabilities.

Dedicated entities could make it easier for vulnerable groups to access the digital euro:

- Offering in-person support
- Providing physical digital euro payment cards
- Allowing (de)funding via cash

Accessibility to digital services should be facilitated free of charge.
Any questions or comments for discussion?

Thank you!
A question for you

Which use case of the digital euro do you see most valued by consumers in your country?

- Person-to-Person
- Point of sale – Initiated by the consumer/payee
- Point of sale – Initiated by the merchant/payer
- E-Commerce
- Person-to-Person offline

The question will appear as a pop-up box on your screen.