



EUROPEAN CENTRAL BANK

EUROSYSTEM

Christine LAGARDE

President

Mr Chris MacManus
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 17 December 2021

L/CL/21/261

Re: Your letter (QZ-045)

Honourable Member of the European Parliament, dear Mr MacManus,

Thank you for your letter, which was passed on to me by Ms Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 10 November 2021.

The Eurosystem will carefully consider the implications of allowing or restricting the use of a digital euro by non-euro area residents. No decision has been taken on this matter. As part of the two-year investigation phase of the digital euro project (running from October 2021 to September 2023),¹ we will examine all relevant considerations as to whether, how and under what conditions a digital euro could be used in cross-border contexts, based on a careful assessment of the trade-offs between the risks and the opportunities. The decision on the actual geographical scope of a digital euro (i.e. the possibility of allowing some usages beyond the euro area) will be taken at a later stage, at the time of the decision on the issuance of a digital euro.

Without prejudging the outcome of the investigation phase, our guiding principle will be that access to a digital euro should be consistent with the Eurosystem's objectives, while avoiding unwarranted implications for other jurisdictions and currency areas. The conditions for access and use by non-euro area residents should be designed accordingly. Please rest assured that we have noted the specific circumstances that you have brought to our attention and that you recall in your letter.

¹ See "Eurosystem launches digital euro project", *press release*, ECB, 14 July 2021, available at: <https://www.ecb.europa.eu/press/pr/date/2021/html/ecb.pr210714~d99198ea23.en.html>.

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Let me also emphasise that international cooperation on design, cross-border use and interoperability will be key to reaping the potential benefits of central bank digital currencies (CBDCs) for cross-border payments and to addressing risks to the international financial system. The ECB is involved in technical and policy discussions taking place in international fora,² including on how CBDCs could facilitate cross-border payments through different degrees of integration and cooperation.³

Together with the European Commission, we are reviewing a broad range of design, legal and technical questions arising from the potential introduction of a digital euro, including its possible use outside the euro area. We will continue to engage in a dialogue with the European Parliament throughout this process.

Yours sincerely,

[signed]

Christine Lagarde

² The ECB and the European Commission have participated in a working group of G7 finance ministries and central banks, together with Sveriges Riksbank and the Swiss National Bank, to explore the different aspects of retail CBDCs (see the recently published [G7 Public Policy Principles for Retail CBDCs](#)). The ECB also participates in another international group of seven central banks (Bank of Canada, Bank of England, Bank of Japan, ECB, Federal Reserve System, Sveriges Riksbank and Swiss National Bank), which is working together with the Bank for International Settlements to explore CBDCs for the public (see recent [reports](#)). In the context of the Financial Stability Board's [roadmap for enhancing cross-border payments](#), the Committee on Payments and Market Infrastructures is assessing arrangements and possible standards for the cross-border use of different CBDCs.

³ See Panetta, F. "[Hic sunt leones](#)" – open research questions on the international dimension of central bank digital currencies", speech at the ECB-CEBRA conference on international aspects of digital currencies and fintech, 19 October 2021.

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