



EUROPEAN CENTRAL BANK

EUROSYSTEM

# The digital euro: central bank money in the digital age

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“A new payments (r)evolution  
driven by regulation and data”  
conference

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# Central bank money in electronic form to prepare Europe for the digital age



## What is a digital euro?

The digital euro is **central bank money** for **retail payments** made by **citizens and businesses** in the **entire euro area**

## The evolution of money

Today, citizens do not have access to central bank money in digital form. As we move towards a digitalised economy, **a digital euro would be the natural, digital evolution of our currency.**

# A digital euro would be designed to serve 347 million people that pay with the euro every day in the euro area



## **Responding to evolving payment trends**

Bridging people's changing preference for digital payments with the benefits of central bank money

## **Making people's lives easier**

Providing a public digital means of payment for everyone to pay any time and anywhere throughout the euro area

## **Strengthening Europe's resilience**

Preserving Europe's strategic autonomy towards non-European private providers, fostering competition in the payment sector

# The Eurosystem launched the digital euro preparation phase on 1 November 2023



## After two years of research

The Governing Council of the ECB has approved the findings and proposed design choices within the digital euro investigation phase launched in October 2021

## Greenlight to move forward

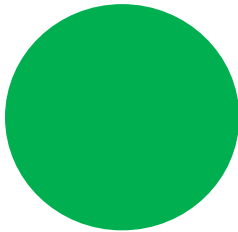
The Governing Council agreed to start the digital euro preparation phase to lay the foundations for a potential digital euro

# 1

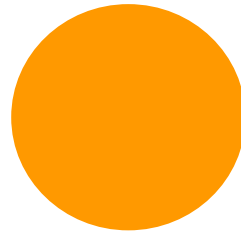
## The design of a digital euro

# A holistic digital euro design for an increasingly digitalised European payments sector

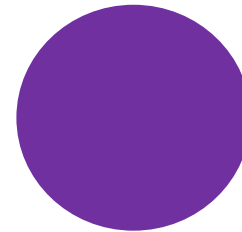
Access



Payment features



Business model



# A digital euro to serve an increasingly digitalised European society



## Available in several payment scenarios

- + Person-to-person payments
- + Payments in **physical** and **online stores**
- + Payments to and from the **government**

## Widely accessible and accepted

In line with the legislative proposal presented by the European Commission:

- + **All euro area payment service providers** will offer digital euro to customers who ask for it
- + **All euro area merchants** accepting digital payments will also have to accept digital euro

Moreover, a digital euro would:

- + **Be inclusive**, leaving no one behind

# Bringing together the advantages of cash with the benefits of digital payments



## Distinctive features welcomed by consumers and merchants alike

- + Like cash, digital euro would be **accepted everywhere** in the euro area
- + **Online** and **offline** functionalities
- + High level of **privacy** by default
- + **Conditional** payments, but NOT programmable money
- + Easy **porting of digital euro holdings**, including for emergency situations

## Comfortable payment experience

- + Smooth onboarding and simple access for end-users via (i) **existing online banking apps** or (ii) **new digital euro app**
- + Payments via **mobile phone** and/or **physical card**
- + **Contactless** payments via QR-codes and alias
- + Usability with **holding limits** and linked account



# Supervised intermediaries play a key role as distributors of the digital euro



## Intermediaries at the front line

- + Intermediaries, including banks, will distribute the digital euro, managing **customer relationships, digital euro payments and related services**
- + The Eurosystem will issue the digital euro and settle payments and develop a **digital euro scheme** to ensure a digital euro can be equally used throughout the euro area

## Adequate compensation principles

- + A digital euro would be **free for basic** use by citizens
- + **Network effects** generating economic incentives for acquirers and merchants
- + **Economic incentives** for distributing payment service providers
- + Eurosystem bears its **own costs**, as for production and issuance of banknotes

# 2

## Preparation Phase

# Staying ahead of the curve: stocktaking to move on to further testing and development

## Investigation Phase

Oct 2021 – Oct 2023

Concept definition, technical exploration and design proposal

## Preparation Phase Part 1

Nov 2023 – Oct 2025

Prepare to develop, search for possible providers, learn through experimentation and legislative process support

## Next phase

From Nov 2025  
subject to GovC's approval

Development and preparation of roll-out of digital euro use cases

# Starting preparations anticipating Europe's needs to be effectively ready on time



## Ahead of the curve

The goal of the Preparation Phase Part 1 is to **prepare for the development of a digital euro** to be ready as much as possible should the Governing Council decide on issuance.

## In detail

The main foreseen activities for Preparation Phase Part 1 include:

- + Finalising the **scheme rulebook**
- + Selecting **service providers**
- + Learning through **experimentation**
- + **Diving deeper**, including further research on offline functions and a testing and roll-out plan for the future

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



## Necessary steps

The decision to issue a digital euro will only be taken by the Governing Council **once the digital euro legislation is adopted** by European co-legislators

## Ready to contribute

Throughout the process, the ECB will **make the appropriate adjustments** to the digital euro design in line with legislative deliberations and **provide technical input** as needed

# Regular collaboration with European stakeholders will remain at the core of the digital euro project



## EU policymakers

EU Parliament | Eurogroup | EU Commission | other EU bodies

## Market participants

Financial Institutions | Consumers | Merchants | Infrastructure and technology providers

## Central banking community

BIS | Non-EA/EU central banks | Central banks with CBDC projects

## Other stakeholders

CSOs | Academics

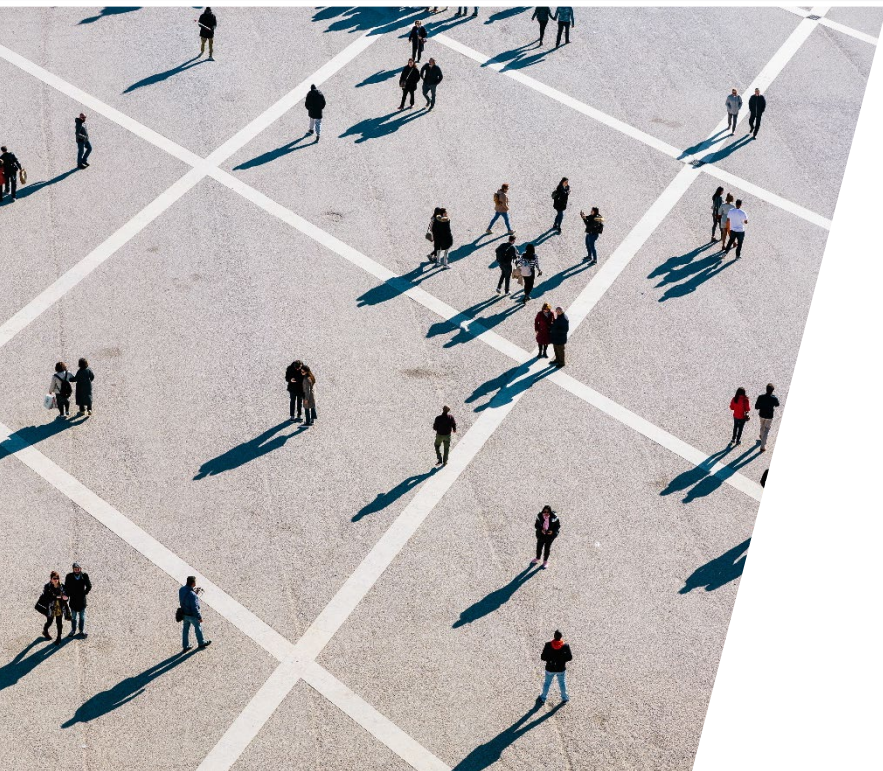
## \* Increased public communication

The ECB will intensify communication with citizens and address their concerns towards the project

# 3

## Conclusion

# A digital euro to prepare Europe for the digital age and strengthen our single currency



## Fit for the digital age

A digital euro would combine the benefits of digital payments with some of the most valued properties of cash

## Truly pan-European

A digital euro would be equally accepted and distributed throughout the euro area, as currently happens for euro banknotes and coins

## Backed by the Eurosystem

Be it digital or physical, a euro will continue to be reliable money, no matter what



Thank you