



EUROPEAN CENTRAL BANK  
EUROSYSTEM

# Digital euro

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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 CBDC or private digital means of payment in the euro area



**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

# Digital euro: a complement to private initiatives



## Key arguments to support this view:

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

# What would the digital euro look like?



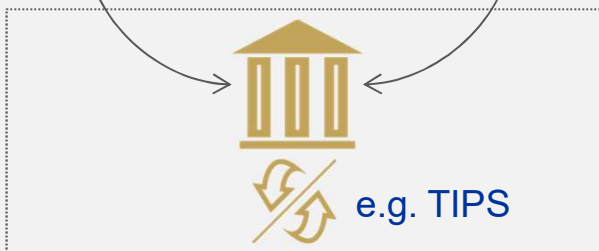
The digital euro would:

- look like any other modern payment solution for both point-of-sale and online payments;
- be made available throughout the entire euro area;
- serve the needs of all segments of the population in a non-discriminatory way and curtail financial exclusion for the “unbanked” and for vulnerable groups;
- be particularly mindful of privacy, which may be at odds with the business model of some private providers of payment services;
- be by definition risk-free central bank money
- be free of charge for basic use by payers

# Two types of (possibly co-existing) digital euro

## Account-based:

*Transaction*



*Settlement*

## Bearer:

*Transaction and settlement*



## Further assessments needed...



Digital euro warrants further **assessments & practical experimentations** on:

- Implications for key areas: central banking, economic and financial system, citizens
- Design features (privacy, remuneration)
- Technological aspects ((de)centralisation, offline usage)



## Phase of ‘active listening’



**Public consultation** (October 2020-January 2021):

- **Citizens’ input on desirable designs**  
*... to find out how European citizens would use a digital euro*
- **Engagement with public authorities and market participants**  
*... to fully understand how to address challenges and comply with needs/expectations of citizens, businesses, intermediaries*



**EU and international coordination** on implications of CBDC

# Conceptual work and experimentation



## Conceptual work

- **Continue the analysis of different design options**

*... whether they comply with the principles and policy objectives of the Eurosystem, and whether they satisfy the needs of prospective users*



## Practical experimentation

- **Test the implementation of functional design options**

*... to explore their technical feasibility*



**Conceptual work and experimentation will be done in parallel to public consultation**

## 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**

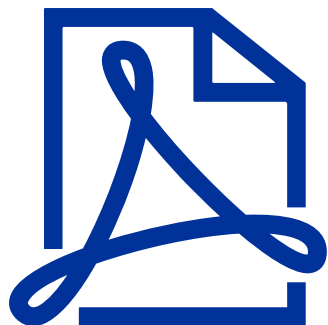
*... to obtain answers to open questions raised in the report*

*... 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\*](#)