



EUROPEAN CENTRAL BANK

EUROSYSTEM

High level design as basis for the next phase

10th ERPB technical
session on digital euro

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Historic perspective



We see three constants in monetary history (with few exceptions at specific times and places):

- 1. Ruling authorities issue money for people to use**, in order to facilitate commerce within their territories, exercise monetary sovereignty and preserve price stability.
- 2. The form which that money takes has evolved over time** to meet people's payment needs.
- 3. Money issued by the state often coexists with other forms of money.**

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

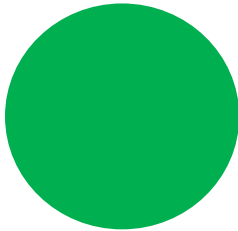
Providing a digital means of payment for everyone to pay any time and anywhere throughout the euro area

Strengthening Europe's resilience

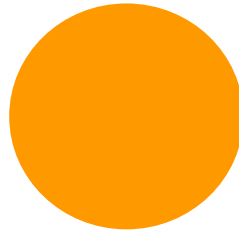
Preserving Europe's strategic autonomy. Addressing current dependencies on non-European private providers & fostering competition in the payment sector

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

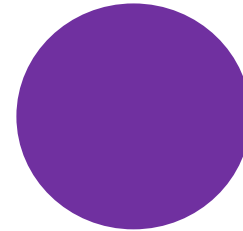
Access



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

Leaves no one behind

- + **Digital inclusion**, supported via legislative proposal and ECB measures

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



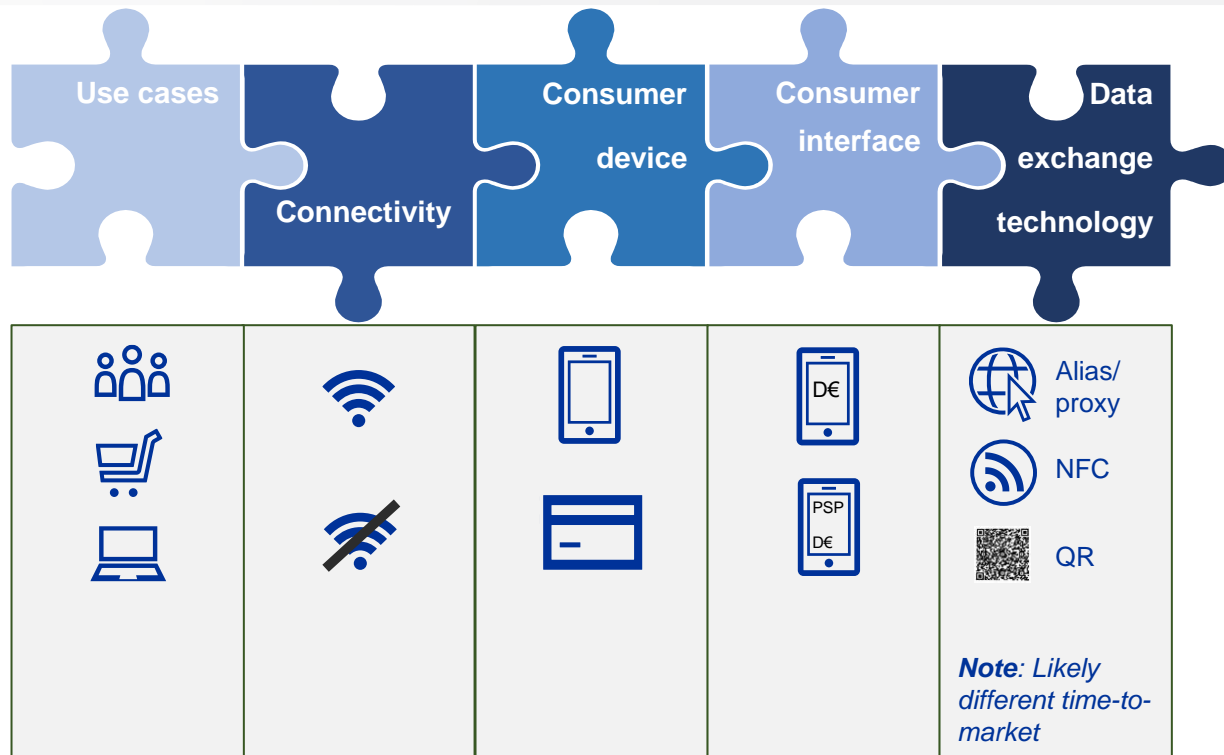
Distinctive features welcomed by consumers and merchants alike

- + 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, without remuneration

A digital euro would support different use cases through a wide range of devices and technologies



The EU as global leader in privacy – also as money becomes more digital



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:
closer to cash features

**Proximity person-to-person and in store
payments**

**Highest privacy level possible: only payer and
payee are aware of the payment**

If payment device is lost, underlying access to money
in it is also lost

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**
- + Digital euro would offer a **platform for innovation**, enabling intermediaries to achieve **pan-Euro area reach and expand use cases** based on the Euro area's **monetary anchor**
- + The Eurosystem will issue the digital euro and settle payments
- + The Eurosystem will develop a **digital euro scheme** to ensure a digital euro can be equally used throughout the euro area

A digital euro would be free for citizens



Adequate compensation principles

- + A digital euro would be **free for basic** use by citizens
- + **Merchants** would **not pay more than for comparable payment services**, provided adequate legal safeguards are established
- + Eurosystem bears its **own costs**, as for production and issuance of banknotes
- + **Payment service providers** would obtain **comparable compensation as for comparable payment services**, without facing scheme or settlement costs

The digital euro in a nutshell



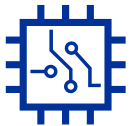
A **complement** to **cash** in the digital age and a complement to **private means** of payment



A payment **option** allowing **everyone** to pay digitally **everywhere** in the euro area



Brings valued **features of cash** to the **digital sphere** (e.g., offline-functionality, privacy, acceptance and availability)



A **European platform for innovation**, allowing intermediaries to build services for their customers that are instantly available across Europe



Increasing **resilience and economic efficiency** of European payments and contributing to (open) **strategic autonomy**

Thank you

Digital and financial inclusion

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