



EUROPEAN CENTRAL BANK

EUROSYSTEM

# Digital Euro Investigation Phase

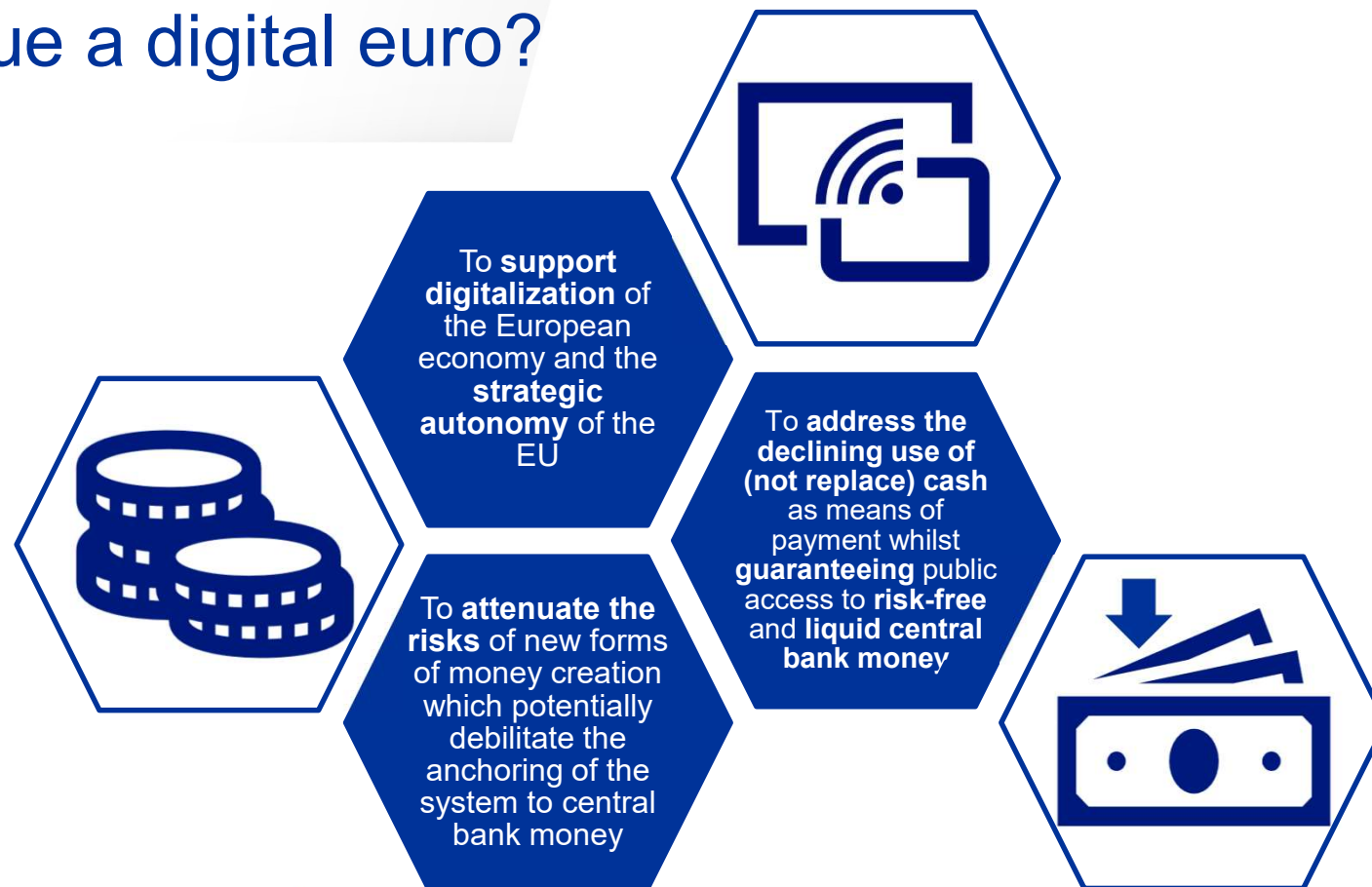
Presentation MMCG

15/09/2021

Holger Neuhaus – Market Infrastructure and Payments  
Head of Market Innovation and Integration



# Why issue a digital euro?



# Objectives

The Governing Council of the European Central Bank (ECB) approved the launch of the **investigation** phase of the **digital euro project** as of 1 October 2021:

*The **digital euro** is defined as a **central bank liability** offered in **digital form** for use by citizens and businesses for their **retail payments***

The **investigation phase** will last **24 months** during which the Eurosystem will:

(i) **prioritize the use cases** that a digital euro should provide

(ii) **define a business model for supervised intermediaries, merchants and citizens** within the digital euro ecosystem

(iii) **define a possible functional design** that meets users' needs

(iv) **Identify the changes in legislation** that would be required, this will be discussed with, and decided by, European co-legislators

(v) **Identify a service provider** that will potentially develop the digital euro

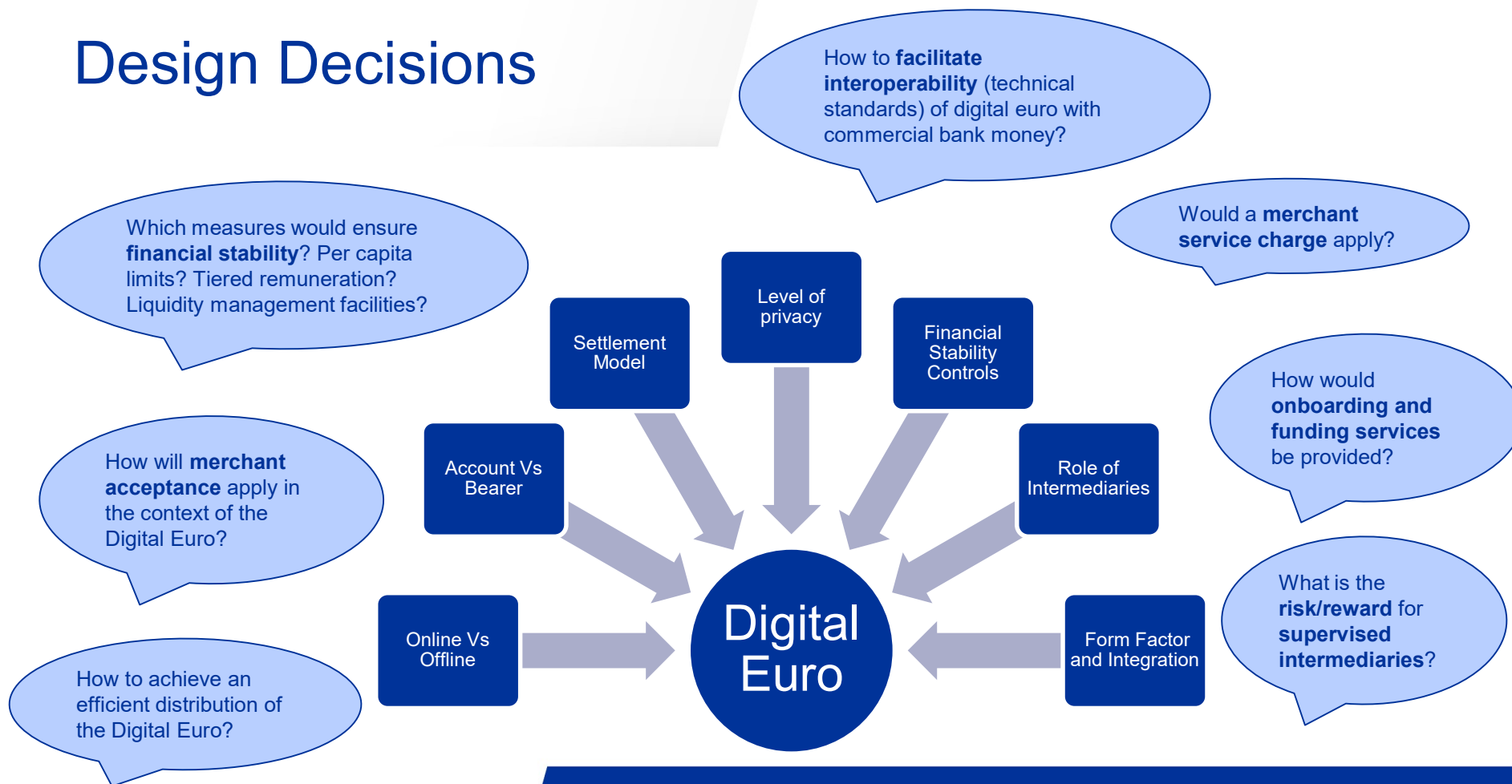
# Stakeholder engagement

**Broad and early engagement with stakeholders** will facilitate the **appropriate specification** and **implementation** of a digital euro, to this end:

- the Eurosystem is establishing a **market practitioner group** that takes account of the views of prospective users and distributors of a digital euro
  - the **Digital Euro Market Advisory Group (MAG)\*** will attempt to tap market intelligence and professional expertise in the design stage
- Furthermore, Eurosystem's established forum for **institutional dialogue** on retail payments the **Euro Retail Payments Board (ERPB)** will provide a broad assessment on digital euro design and distribution both from the demand and supply sides of the retail payments ecosystem.

[\\*https://www.ecb.europa.eu/paym/intro/news/html/ecb.mipnews210714.de.html](https://www.ecb.europa.eu/paym/intro/news/html/ecb.mipnews210714.de.html)

# Design Decisions



## Distribution of roles regarding to the business model

... from the perspective of a central bank

1. Issuing the digital euro
2. Controlling the amount in circulation
3. Branding
4. Defining the business model
5. Defining requirements for the form factor
6. Define IT Security requirements

... from the perspective of a supervised intermediary

1. Onboarding KYC, AML/CTF checks
2. Providing funding link
3. Providing form factor / wallet
4. Servicing towards users (incl. fraud case resolution)

### Open questions:

1. How will the digital euro charging model look like?
2. How will provided services be compensated?
3. Which criteria will supervised intermediaries have to fulfil?

# Annex

# Stakeholder engagement

A **phased approach** has been adopted for design process, for each phase the following sequence will apply:



The stakeholders will be consulted throughout the investigation phase:

- The **MAG** will provide input on a strategic level for the product design and distribution
- The **ERPB** will assess the preliminary design decisions from an industry perspective
- The **European institutions** will also provide assessment on the design decisions



# Focus Groups



Perceptions, attitudes and preferences of citizens & small merchants will be analysed via Focus Groups

 Role of intermediaries	 Need for connectivity	 Level of privacy
 Form and devices	 <b>A digital euro and its features</b>	 Avoid excessive use as investment
 Onboarding / Integration	 Further functionalities	 Availability

# How will the prototyping look like?

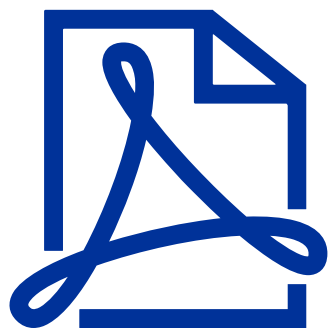
## Methodology

1. Digital euro project to develop a prototype for the “back-end”.
2. Cooperation with market participants at their own expenses to integrate proven payment solutions with the “back-end”.
3. Criteria for participation defined upfront by the digital euro project.

## Possible topics:

- automated funding,
- reconciliation of accounts,
- implementation of restrictions (holding/transaction limits, geographical),
- authentication methods,
- remuneration,
- form factor,
- privacy schemas

# Our publications



[Eurosystem report on a digital euro](#)  
[Public consultation report](#)



[Website \*digital euro hub\*](#)