



EUROPEAN CENTRAL BANK

EUROSYSTEM

Christine LAGARDE

President

Mr Gunnar Beck  
Member of the European Parliament  
European Parliament  
60, rue Wiertz  
B-1047 Brussels

Frankfurt am Main, 29 October 2021

L/CL/21/232

**Re: Your letter (QZ-042)**

Honourable Member of the European Parliament, dear Mr Beck,

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 September 2021.

One of the basic tasks carried out by the Eurosystem is to promote the smooth operation of payment systems and, as part of this, the Eurosystem continuously monitors and analyses developments in the field of payments. The rapid digitalisation of our society in recent years has changed the way people interact, including in this area. The share of cash usage for day-to-day transactions has declined and card payments have increased in all euro area countries. Online and contactless payments have become important elements in the retail payments landscape. These trends have accelerated during the pandemic and most consumers expect to continue to make fewer payments in cash also after the pandemic.<sup>1</sup>

As regards so called 'crypto-currencies', which you refer to in your letter, let me point out that they are not without risk and are not fit to serve Europeans as an alternative to the euro, as official currency, in terms of basic monetary functions (a store of value, a means of payment and a unit of account). Their increasing market capitalisation is a global phenomenon not confined to the euro area. It is mainly driven by speculation and a search for alternative investment products. Widespread use of such crypto-assets for payments would raise

---

<sup>1</sup> See ECB (2020), "Survey on the impact of the pandemic on cash trends", available at: <https://www.ecb.europa.eu/pub/pdf/other/ecb.spacereport202012~bb2038bbb6.en.pdf#page=22>.

**Address**  
European Central Bank  
Sonnemannstrasse 20  
60314 Frankfurt am Main  
Germany

**Postal address**  
European Central Bank  
60640 Frankfurt am Main  
Germany

Tel: +49-69-1344-0  
Fax: +49-69-1344-7305  
Website: [www.ecb.europa.eu](http://www.ecb.europa.eu)

concerns, owing, among other things, to the lack of accountable issuers and fluctuations in their value.<sup>2</sup>

A digital euro would be very different from crypto-assets: people using it could have the same level of confidence as with cash, since like cash, a digital euro would also be backed by a central bank. As a direct claim on the central bank, a digital euro would be free of liquidity, credit and market risk. By allowing people to pay digitally with central bank money, they would have an additional choice for their daily payment needs which could be used throughout the euro area. It would be available as a complement to cash and commercial bank money, not as a replacement for them. A digital euro would therefore ensure the continued availability of central bank money and preserve its role as an anchor of stability for the financial system. Moreover, it would help to deal with situations in which people no longer prefer using cash and it would also avoid dependence on digital means of payment issued and controlled from outside the euro area, which might undermine financial stability and monetary sovereignty.

The Governing Council of the European Central Bank decided, on 14 July 2021, to launch the investigation phase of a digital euro project.<sup>3</sup> The launch of this phase does not anticipate any future decision on the possible issuance of a digital euro. The exercise aims to guarantee that, should the need arise, the Eurosystem is ready to introduce a digital euro without delay. Any changes to the EU legislative framework that might be necessary in view of the introduction of a digital euro will be decided by the European co-legislators.

Today, the euro is attractive, both in cash form and when used electronically to make fast and efficient payments throughout the euro area. This is reflected in the high levels of public support for the single currency.<sup>4</sup> A digital euro would combine the efficiency of a digital payment instrument with the safety of and trust in central bank money, and bring the benefits of the euro for Europeans into the digital age.

Yours sincerely,

[signed]

Christine Lagarde

---

<sup>2</sup> For more information, see also "Crypto-assets – trends and implications", available at: [https://www.ecb.europa.eu/paym/intro/mip-online/2019/html/1906\\_crypto\\_assets.en.html](https://www.ecb.europa.eu/paym/intro/mip-online/2019/html/1906_crypto_assets.en.html).

<sup>3</sup> See the press release "Eurosystem decides to launch digital euro project" of 14 July 2021, available at: <https://www.ecb.europa.eu/press/pr/date/2021/html/ecb.pr210714~d99198ea23.en.html>.

<sup>4</sup> The latest Eurobarometer survey (Spring Standard Eurobarometer 95) finds that 79% of respondents in the euro area are in favour of the single currency.

**Address**

European Central Bank  
Sonnemannstrasse 20  
60314 Frankfurt am Main  
Germany

**Postal Address**

European Central Bank  
60640 Frankfurt am Main  
Germany

Tel. +49-69-1344-0  
Fax: +49-69-1344-7305  
Website: [www.ecb.europa.eu](http://www.ecb.europa.eu)