



Digital Euro – a Commission perspective

November 2023

Overview of Commission proposals

- Overarching objective: Ensure citizens' and businesses' access to central bank money in the digital age
- Proposals
 - Legislative framework for retail digital Euro
 - Codification of legal tender of cash

What is a digital Euro?

- Digital form of the Euro
- Like cash
 - Liability of the ECB, but distributed by banks
 - Accessible to all citizens and businesses (“retail cbdc”, not “wholesale cbdc”)
- Complements cash, does not replace it
- No programmable money!

Digital Euro - why?

- Maintain citizens' access to central bank money in the digital age
- Digital means of payment accepted everywhere in the Euro area and accessible for all citizens
- Promote innovation
- Support Europe's open strategic autonomy

Digital Euro – process and timeline

- ECB project (ongoing since 2021)
- Legislative preparations since mid 2022 (EP Plenary debate/ Eurogroup discussions/ consultation/ conference/ roundtables/ expert groups)
- Impact assessment and legislative proposal (June 2023)
- Legislative process ongoing: Council of Ministers and EP deliberations, followed by trilogue
- If and when legislation agreed => ECB can issue

Digital Euro - What's in for consumers?

- Digital means of payment you can use everywhere in the Euro area (e commerce – shops – public administration - *Peer to Peer* payments - payments without access to internet (Art 23))
- Your data is protected as you pay digitally (Art 34-37)
- Accessible via apps (banks – ECB – EUDI) (Art 25 – 28)
- Digital payments for financially excluded people (Art 22)

Digital Euro & merchants

- Legal tender: merchants must accept digital Euro (Art 7-12)
 - Network effects
 - Limited investment
 - But more competition in electronic means of payment
- Exceptions, in particular for shops which do not accept digital means of payment

Digital Euro & financial institutions (1)

- Digital Euro intermediated by banks and payment institutions
 - Customer & contractual relationship ONLY between customer and PSP
 - Banks must provide basic services without specific additional cost, but can request compensation from merchants (Art 13, 14, 17)
- Interoperable with private electronic means of payment (Art 26)
 - Digital Euro uses existing standards AND digital Euro rules and standards may be used for private means of payments (eg instant payments)

Digital Euro & financial institutions (2)

- Opportunity for banks and payment institutions to create value added services
- ECB required to develop tools to limit impact on credit intermediation
 - Holding limits (Art 15)
 - No remuneration under the proposal (Art 16)

Thank you



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