

SALONE CON VISTA

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VERSO LA MONETA DIGITALE

ALLA RICERCA DI UNA VIA DI
COLLABORAZIONE FRA BANCHE
CENTRALI E INTERMEDIARI

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Central bank money keeping pace with and contribute to digital innovation

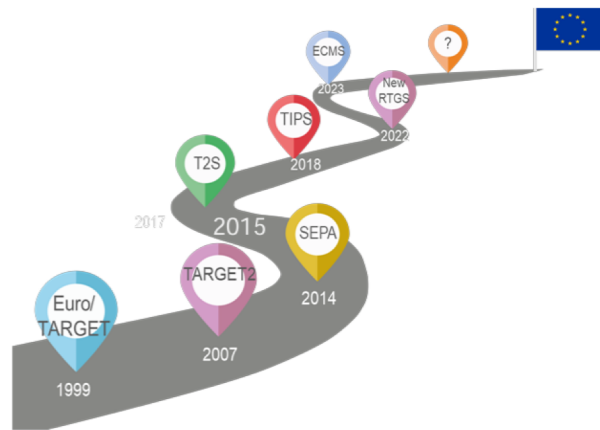
Eurosystem continuously modernizes the existing TARGET Services

The Eurosystem seeks to ensure that developments in central bank money (CeBM) **keep pace with and contribute to digital innovation** in wholesale and retail payments

CeBM remains a **monetary anchor** supporting stability, integration and efficiency of European financial and payments system

CeBM fulfils a **crucial role** in the financial system, as reflected in the PFMI:

- Reduces risk
- Establishes trust: safe settlement asset
- Safeguards financial stability



Settlement in CeBM in presence of new technologies

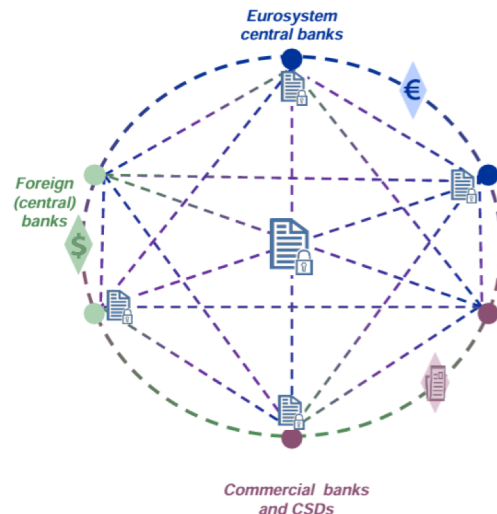
What are the perceived merits of DLT?

With distributed ledger technologies (DLT), money, securities or any other digital asset could be recorded on a shared network in the form of tokens.

Central banks, CSDs, and commercial banks jointly share the roles of book-keepers and operators of market infrastructures

Potential benefits:

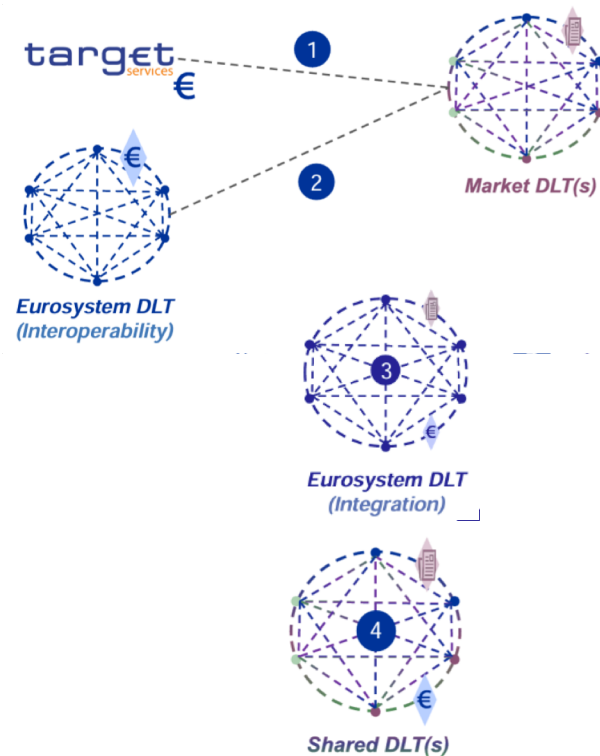
1. atomicity,
2. (decentralised) programmability
3. and ease of reconciliation



CeBM cash leg for settlement of transactions on DLT

Possible models

1. CeBM settlement in current TARGET Services through adding a Trigger / Bridge component ([Interoperability based on Trigger / Bridge components](#))
2. CeBM settlement on Eurosystem DLT interoperable with market DLTs ([Interoperability based on DLT](#))
3. CeBM and securities settlement on own Eurosystem DLT (T2SDLT) ([Integration](#))
4. CeBM and securities settlement on DLTs shared between Eurosystem and other stakeholders (Distribution)



Eurosystem exploratory work

Envisaged scope

The Eurosystem exploratory work will focus on settlement of DLT-based transactions in a euro-denominated context for securities settlement, covering settlement of delivery-versus-payment for a broad range of operations (primary market, secondary market) in central bank money as well as single payments in central bank money as part of securities' lifecycle management (e.g. coupon payment); and in a cross-currency context, covering settlement of payment-versus-payment including with or without a DLT-based FX layer, if possible.

Two complementary settings for the exploratory work are envisaged.

- 1) Experiments**, with mock settlement of the cash and asset legs in test settings, would explore aspects that cannot be studied in trials and specific features (e.g. performance, latency and throughput of DLT-based infrastructures for wholesale settlement) for the aforementioned transactions.
- 2) Trials** would take place with real-life settlement of central bank money available on a regular basis during a limited period, for an envisaged window of up to 6 months within a predefined period of time, and in an ad hoc setting for the purposes of exploratory work only.

These transactions would be settled in trials and experiments through connecting DLT platforms to three Eurosystem solutions: Trigger, TIPS Hash-Link and Full-DLT Interoperability solutions (an overview can be found [here](#)).



A complex analysis

Risks and new possibilities

To gain information and support assessment during exploratory work:

- A. Settlement performance
- B. Liquidity management
- C. Reliability of the solutions
- D. Integration with the existing environment (compared to traditional platforms, such as ISO 20022, ESMIG)
- E. Integration with new environments (connectivity, operational effectiveness)
- F. Cost effectiveness (time to market, integration with existing infrastructure, migration to new infrastructure) and efficiency (energy consumption)
- G. Financial information management (reconciliation, transparency versus privacy, data integrity, reliability)
- H. Automation capabilities (programmability, smart contracts)

