



EUROPEAN CENTRAL BANK

EUROSYSTEM

The digital euro: central bank money in the digital age

Digital euro conference
organised by NBB and OeNB

7 September 2023

Evelien Witlox, digital euro program director



What is the digital euro?

“The digital euro is **central bank money** for **retail payments** made by citizens and businesses in the **entire euro area**”

Why would the ECB issue a digital euro?

The evolution of money



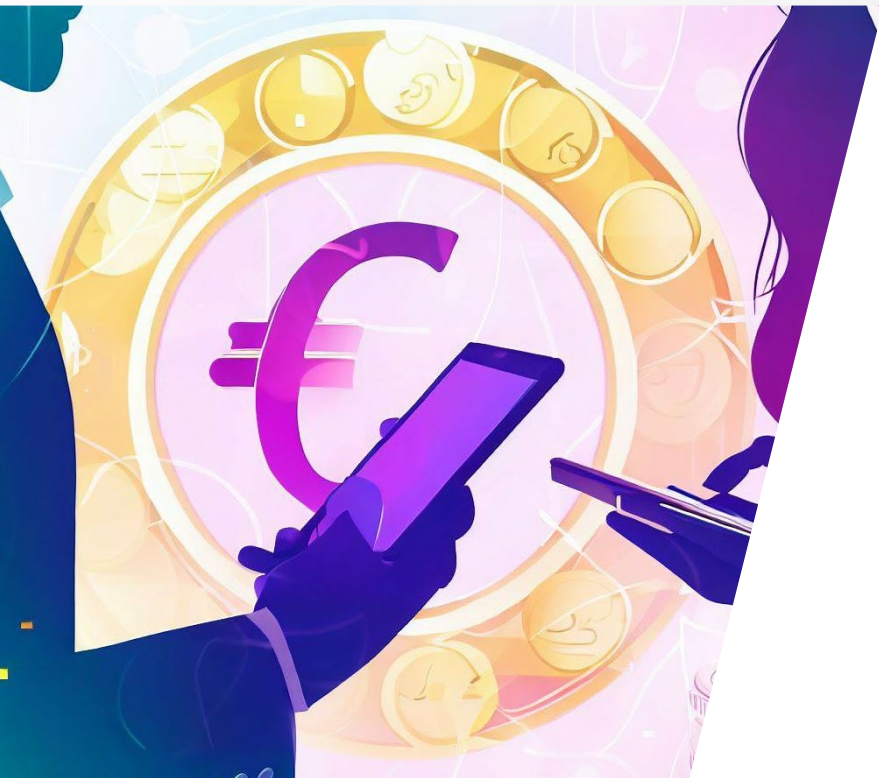
Making your life easier



Increased resilience



Cash and digital euro: stronger together



The evolution of money

“The digital euro is the **evolution of cash** in the digital world”

“**Cash and the digital euro complement each other** to meet the diverse preferences of more than 340 million people in the euro area”

“[As a public good] the digital euro would **preserve valued characteristics of cash** in the digital sphere”

“We share the same currency and ‘**a euro is a euro**’ when we pay digitally”

Always an option for the payer

Making your life easier

“It’s an additional **option**”

“We will **make life easier for people** by making the digital euro always accessible and accepted”

“The digital euro will be **the only single European digital means of payment** accepted throughout the euro area”

“The digital euro will be **free for basic use** like cash”



Reliable money, no matter what



Increased resilience

“Everyday payments are an **essential service** for people and the well-functioning of the economy”

“The Eurosystem will ensure that **nobody is left behind**, and that the right to privacy is maintained”

“Europe has higher **dependencies on external providers for digital payments** than other developed economies”

Value added of the digital euro



Offline payments are possible



More privacy / no “big brother”



More digital and financial inclusion



Cheaper digital payments for merchants



Easier and faster online payments



Always able to pay when you travel

How will people use the digital euro?



What?



How?



Where?

Physical stores
Person-to-person

Physical stores



Physical stores
Person-to-person
E-commerce

The digital euro: an accessible public good



The Eurosystem will **issue** the digital euro and **settle payments**



Supervised intermediaries will **distribute** the digital euro **managing customer relationships, digital euro payments and related services**



Smooth onboarding and simple access for end-users via **(i)** existing online banking or mobile banking apps and/or **(ii)** a new digital euro app



Easy porting of digital euro holdings from one provider to another, including emergency porting for exceptional situations

A digital euro available online and offline

The Eurosystem will not see any private information



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

Financial and digital 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

Digital euro legislative proposal

“**The legislative proposal is key** to ensuring that the digital euro brings value to the people, taking the appreciated features of cash into the digital sphere”

Fabio Panetta
Executive Board member



The proposal makes sure that a potential digital euro has:

Legal tender status across the euro area

High degree of privacy, while addressing money laundering and terrorist financing risks.

Basic services free of charge and **economic incentives for intermediaries** to distribute it.

Online and offline functionalities

Holding limits maintaining a balance between bank deposits and central bank money

Dependencies with legislative proposal

The **decision to issue** a digital euro will only be taken by the Governing Council once the digital euro **legislation is adopted**.



The digital euro project will evolve in parallel to the legislative process:

- The ECB's Governing Council will decide whether to move to the next project phase in autumn 2023 to further develop and test possible digital euro technical solutions.
- Throughout the process, the ECB will make the appropriate adjustments in the digital euro design in line with legislative deliberations.

In a nutshell

Benefits of digital payments with the properties of cash



Accepted everywhere by everyone in Europe



Reliable money, no matter what



Thank you
