



EUROPEAN CENTRAL BANK

EUROSYSTEM

# Moving to the next phase of the digital euro project

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Sveriges Riksbank



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# Why would the ECB issue a digital euro?

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



**Responding to evolving payment trends:** Bridging people’s changing preference for digital payments with the benefits of central bank money



**Making people’s lives easier:** Providing a public digital means of payment for everyone to pay any time and anywhere throughout the euro area



**Strengthening Europe’s resilience:** Preserving Europe’s strategic autonomy towards non-European private providers, fostering competition in the payment sector

# 1

## The design of a digital euro

# Project status

The Governing Council of the ECB approved in October 2023 the **findings and proposed design choices** within the **digital euro investigation phase** launched in October 2021.



The Governing Council agreed to start the **digital euro preparation phase** to **lay the foundations for a potential digital euro**.



- [Press release](#): “Eurosysteem proceeds to next phase of digital euro project”
- [A stocktake on the digital euro](#): Summary report on the investigation phase
- Explanatory [digital euro brochures](#) on the ECB website

# A holistic digital euro design for an increasingly digitalised European payments sector

## Key design choices proposed during the **digital euro investigation phase**

- Access: a digital euro would be **widely accessible and accepted**
- Distinctive **payment features**
- **Business model:** with intermediaries at the centre of the distribution of a digital euro and adequate compensation principles for users, acquirers and merchants.

# Widely accessible and accepted

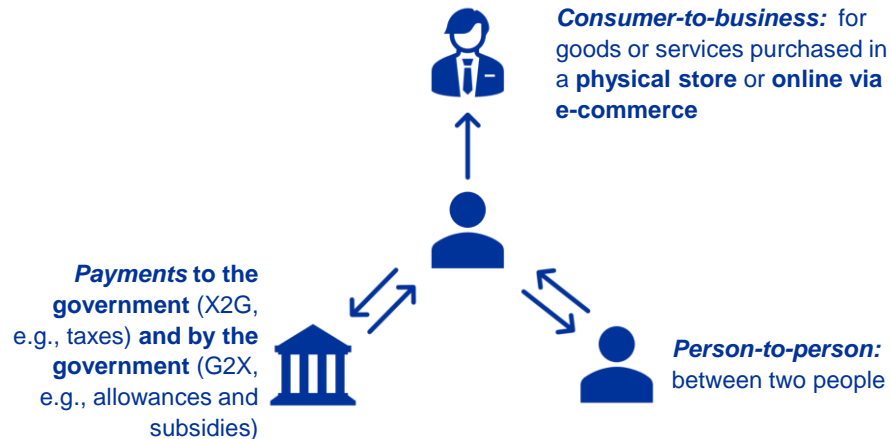
In line with the legislative proposal presented by the European Commission:

- + **All euro area payment service providers** will offer digital euro to customers who ask for it
- + **All euro area merchants** accepting digital payments will also have to accept digital euro

Moreover, a digital euro would:

- + Facilitate digital **person-to-person payments**
- + **Be inclusive**, leaving no one behind

## Available in several payment scenarios



# Payment features

## Distinctive features



- Like cash, **accepted everywhere** in the euro area
- **Online** and **offline** functionalities
- High level of **privacy** by default
- **Conditional** payments, but NOT programmable money
- Easy **porting of digital euro holdings**, including for emergency situations

## Comfortable payment experience



- Smooth onboarding and simple access for end-users via (i) **existing online banking apps** or (ii) **new digital euro app**
- Payments via **mobile phone** and/or **physical card**
- **Contactless** payments via QR-codes and alias
- Usability with **holding limits** and linked account

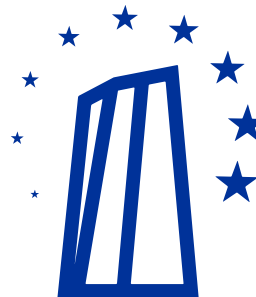
# Business model

## Intermediaries, including banks



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

## The Eurosystem



issue the digital euro and settle payments and  
develop a **digital euro scheme** to ensure a  
digital euro can be equally used throughout  
the euro area



# Adequate compensation principles



**Free basic use** by private individuals



**Economic incentives** for payment service providers to distribute a digital euro



**Attractive merchant fees**



**Eurosystem bears its own costs**, as it is the case for banknotes today

# 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

# 2

## Interoperability with other CBDCs

# A digital euro outside the euro area

Rules for **geographical access** will be set down in legislation → design of digital euro can accommodate them

If **legislation** allows, access could be extended to consumers and merchants in the European Economic Area and selected non-EU countries, if they so wish



## Use cases



Payments in digital euro outside the euro area



Cross-border payments in digital euro



Use by visitors

# Digital euro interoperability with other CBDCs

## Use cases



**Person-to-person** payments in CBDC (e.g. remittances)



**E-commerce** payments from an online merchant outside the euro area



**Payments to a merchant** outside the euro area

## Possible models



**Interlinking model:** allows transacting without participating in each system



**Single system model:** single system across multiple currencies

# 3

Next phase of the  
project

# Work ahead

The goal of the **preparation phase part 1 (Nov 2023 – Oct 2025)** is to be ready as **for the development of a digital euro** should the Governing Council decide on issuance.

The **main foreseen activities for preparation phase part 1** include:

- Finalising the **scheme rulebook**
- Selecting **service providers**
- Learning through **experimentation**
- **Provide support needed** during the legislative process

**Subsequent phase (starting Nov 2025):** subject to ECB Governing Council approval – will focus on the development of a digital euro and the preparation of roll-out of digital euro use cases



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