



EUROPEAN CENTRAL BANK

EUROSYSTEM

DIGITAL EURO, the future of money

*“Digital Euro: A dialogue with the
Spanish banking sector”*

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The digital euro foundations

Current state of play

After 25 years, the euro prepares for the digital age



Digital payments: on the rise*



Cash payments fell from 72% to 59% in 3 years and cash stock decreased in 2023 for the first time.



Card payments went up from 25% (2019) to 34% (2022), mostly contactless



Online purchases increased from 6% (2019) to 34% (2022)

* Study on the payment attitudes of consumers in the euro area (SPACE), ECB, December 2022.

The case for a digital euro in an increasingly digitalised world



Tackling geopolitical challenges

Reduced dependence of non-European means of payment



Providing protection and stability

Universally accessible with guaranteed value as legal tender



Spurring innovation

A boost in innovation and market competitiveness



Strengthening the euro in global finance

Preserve the role of our currency on the global financial stage

A digital euro would...



1

ADAPT



2

FACILITATE



3

STRENGTHEN

Adapting central bank money to changing payment preferences



1

ADAPTING



Combination of **central bank money** and **payment trends**



Digital cash **universally accepted** throughout the euro area, as a complement to banknotes



Guarantee that the euro is fit-for-purpose in the **digital age**

Making people's lives easier throughout the euro area



2

FACILITATING



Additional payment choice for euro area citizens to complement cash



Legal tender status ensuring pan-European reach and acceptance



Always an available option for euro area citizens in all payment scenarios

Tackling geopolitical challenges and strengthening our resilience



3

STRENGTHENING



Preserve **Europe's strategic autonomy** and monetary sovereignty



Reduce our **dependence on non-European payment service providers**



Foster **innovation** and **competition** in the European payments sector

A unique payment option for 349 million citizens in the euro area

Current payment options that will continue to exist



CASH



CARD



BANK
ACCOUNT



OTHER DIGITAL
PAYMENTS



Digital euro, an additional way to pay across Europe

Bringing **cash-like features** to the digital world



Pan-European



Free for citizens



High privacy



Available **offline**

Your euro, your choice: diverse use cases, devices and technology

Use cases



Person-to-person payments



Point-of-sale payments



E-commerce

Connectivity



Online



Offline

Consumer device



Smartphone



Physical card



Web interface

Consumer interface



Digital euro app



PSP app

Technologies



Online



NFC



QR code

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Zoom into digital euro fundamentals

Privacy and inclusion

Privacy and data protection: digital euro pillars



More private than current payment methods



The Eurosystem would **not be able to identify people** behind digital euro transactions



As for digital payments today, intermediaries would have access to certain data to be **compliant with EU regulations**



Every actor would be bound by the European Union Data Protection Regulation and General Data Protection Regulation

Offline function with higher privacy



When paying **offline**, it would be almost like using cash. Transactions would only be known to the payer and the payee

Leaving no one behind: an inclusive and accessible digital euro



Digital euro payments could also be made via a **physical card** and funding and defunding options available via cash



Users would always have access to **face-to-face technical support** and the option to easily **switch intermediaries**



An **offline functionality** would enable transactions in locations with limited connectivity



Beyond PSPs, selected **public entities** will also operate as intermediaries as an option for underbanked users.

3

Private providers at the distribution frontline

Balancing central bank and
commercial money

Intermediaries play a key role as distributors of the digital euro



Distribution via supervised Payment Service Providers (PSP)



Healthy equilibrium between central bank and commercial money



PSPs would exclusively distribute a digital euro



PSPs would exclusively maintain customer relations



PSPs would benefit from digital euro open standards



(Reverse) waterfall functionality



No remuneration



No holdings for corporates

A digital euro would provide pan-European rails for private solutions



A digital euro would **provide a platform for innovation**, based on which private providers can build value added services



A digital euro would enable private retail payment solutions to **leverage the digital euro infrastructure** to have pan-European reach



A digital euro would **lower dependence** on other non-European players

A scheme to ensure usability across the euro area, like banknotes



A **digital euro scheme** would establish **common standards** to:




-  Ensure **pan-European reach** and a **harmonised payment** experience
-  Give **freedom to the market** to develop innovative solutions
-  Enable domestic instant payments solutions to have **euro area reach**



**Rulebook
Development Group
(RDG)**



A digital euro scheme being defined with **broad market involvement** representing society at large:

-  **Intermediaries**
-  **Retailers**
-  **Consumers**

The progress made: from laying out the core to specifying the details

Digital euro rulebook [1ST draft]

- Document information
- Digital euro scheme scope and interplay
- Functional and operational model
 - High-level E2E flows
 - Identification and authentication
 - Dispute management principles
- Adherence model¹
- Technical scheme requirements
- Defined terms and conditions
- Annexes
 - User journeys
 - Detailed end to end flows
 - FAQ

Digital euro rulebook [2ND draft]

- Document information
- Digital euro scheme scope and interplay
- Functional and operational model
 - Minimum UX standards
 - Dispute management
- Adherence model
- Technical scheme requirements
 - Interface standards and specifications
- Risk management
- Scheme management
- Defined terms and conditions
- Annexes
 - Branding standards
 - Detailed technical specifications, implementation guidelines, certification related documentations

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Legislative process and project timeline

The way forward

The ECB welcomes the digital euro legislative proposal



Always accepted

People will always be able to pay in digital euros in any euro area e-commerce and stores accepting digital payments.



Free for basic use

A digital euro would always be available for free by euro area citizens for basic use.



Right to obtain digital euro

People will be able to obtain digital euro at the banks they already hold accounts with.



Fair economic incentives

Intermediaries should be compensated for distributing the digital euro, making it accessible across the euro area.



Digital financial inclusion

People from vulnerable social groups will receive support to access basic digital payment services



High privacy standards

The ECB would ensure a high level of privacy in line with European regulations

The digital euro and legislative process: simultaneously and in parallel



The digital euro project will evolve in parallel to the legislative process to ensure its **readiness** if needed in the future

- The ECB stands ready to provide **technical support** and contribute to legislative deliberations as required.
- The ECB will make the **appropriate adjustments** in the digital euro design in line with legislative deliberations.



A decision on digital euro issuance will only be considered by the ECB's Governing Council once the legislation is adopted.

Staying ahead of the curve: preparing our currency for the future

Investigation Phase

Oct 2021 - Oct 2023

Concept definition,
technical exploration and
design proposal

Preparation Phase

Nov 2023 – Oct 2025

Main foreseen activities:

- Finalising the **scheme rulebook**
- Selecting **service providers**
- Learning through **experimentation**
- **Diving deeper**, incl. further research on offline functions and a testing and roll-out plan for the future

Next Phase

From Nov 2025

Potentially developing and
rolling out digital euro use
cases

* The digital euro project will **evolve in parallel to legislative deliberations**, to which the ECB stands ready to contribute.

At the core of the project: constant collaboration with all stakeholders

During the digital euro project's investigation phase (2021-2023) and to be further strengthened:

European policymakers: a joint European effort

- + European Parliament
- + Council & Eurogroup
- + European Commission
- + Other EU bodies

Market participants: broad support from consumers and merchants

- + Financial institutions
- + Consumers, merchants and acquirers
- + Infrastructure and technology providers



General public: engaging with end users

- + Civil Society Organisations
- + EU citizens

Central banks: setting global standards

- + Non-EA ESCB members
- + Bank of International Settlements
- + Central Banks with CBDC projects

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In a nutshell

Conclusion

A digital euro, the next step in the advancement of our currency



A futureproof currency

A digital euro would bring valued features of euro banknotes, like pan-European reach and inclusion, to the digital world



Always a reliable option

A digital euro would provide something unprecedented: a single European digital means of payment accepted in the entire euro area



Our money in our hands

A digital euro would strengthen Europe's resilience and reduce our dependency on private non-European providers

Additional supporting materials:

- Updated digital euro [FAQ](#)
- [Report](#): A stocktake on the digital euro
- [ECB opinion](#) on the EU Commission's digital euro legislative proposal
- Digital euro [one-pager](#)
- Digital euro [booklet](#)
- Digital euro [LinkedIn page](#)

Thank you