



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

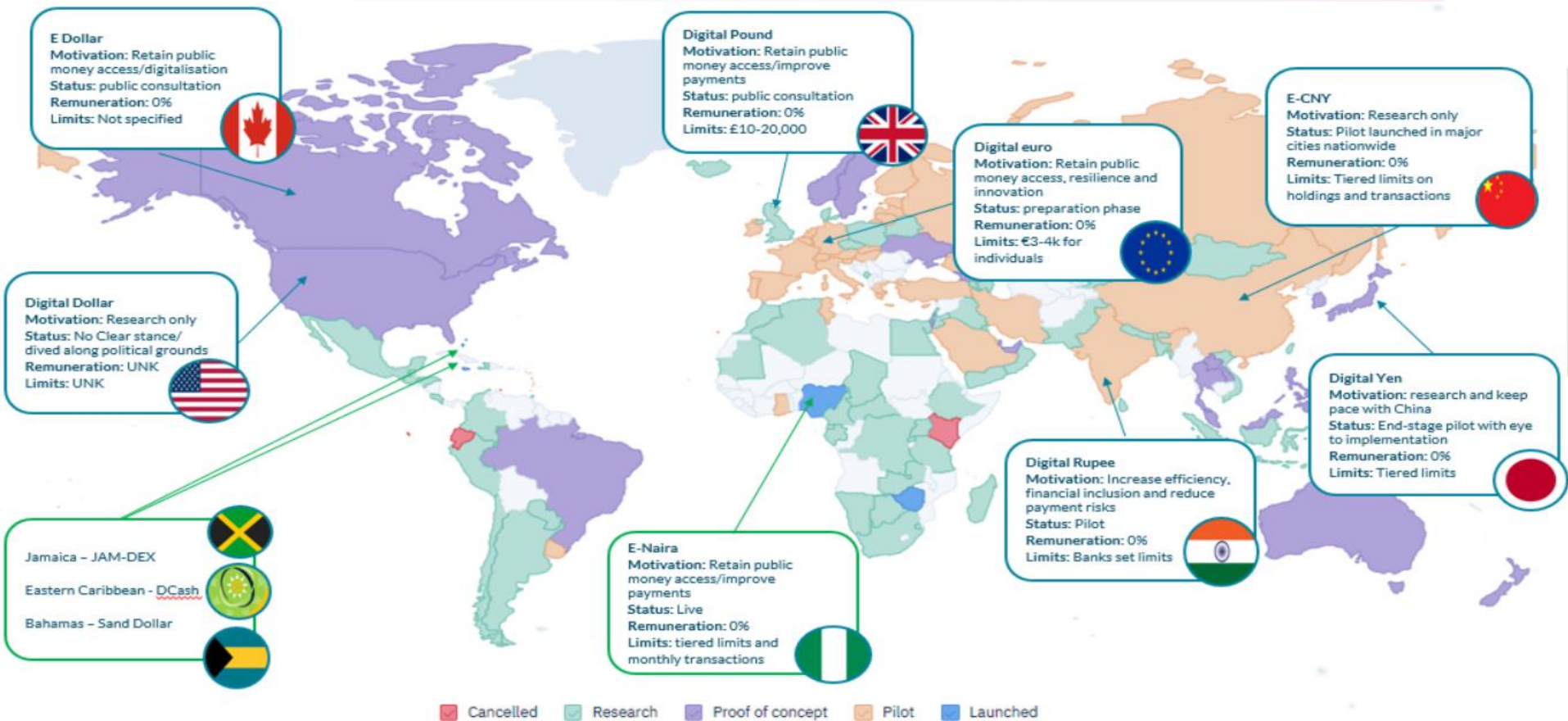
DIGITAL EURO

The future of money

2024 Annual Information
Seminar for Credit Unions



Global CBDC Snapshot



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1

DIGITAL EURO FOUNDATIONS

Current state of play

The case for a digital euro in an increasingly digitalised world



ADAPT

- A digital euro would integrate **central bank money** and the latest **payment trends**
- It would be a form of digital cash **universally accepted** in the euro area, complementing current means of payment



FACILITATE

- **An additional payment choice** for euro area citizens, complementing cash
- **Legal tender status**, ensuring pan-European reach and acceptance
- **Always an available option** for euro area citizens in all payment scenarios



STRENGTHEN

- Preserving **Europe's strategic autonomy** and monetary sovereignty
- Reducing our **dependence on non-European payment service providers**
- Fostering **innovation** and **competition** in the European payments sector

The evolution of cash

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 euro
area citizens**



**High
privacy**

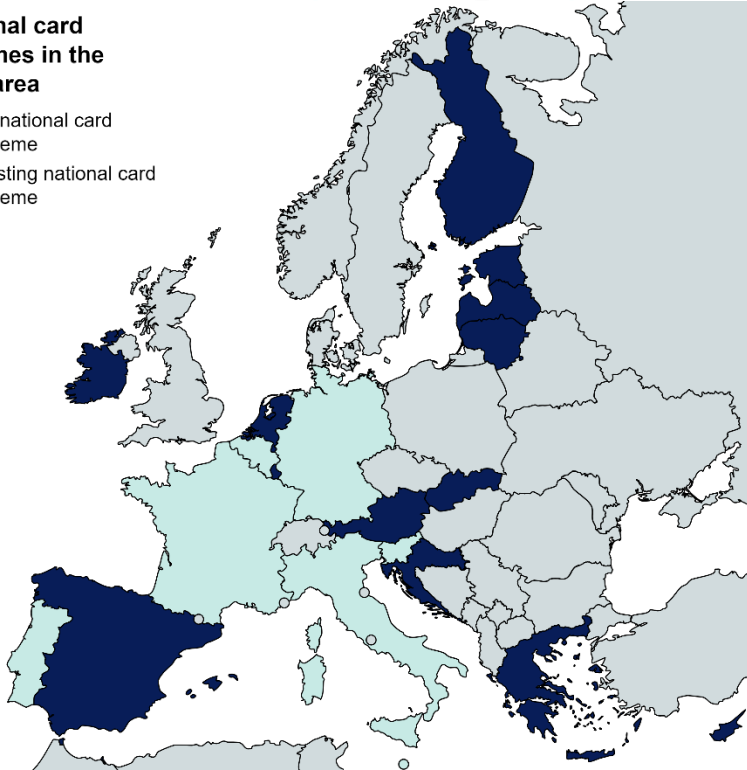


**Available
offline**

European by design

National card schemes in the euro area

- No national card scheme
- Existing national card scheme



There is currently no European digital means of payment covering all euro area countries: 13 out of 20 euro area countries don't have a national card scheme and instead rely on international schemes for digital payments, which settle 64% of all digital transactions in the EU



A digital euro would fill this gap, providing a European digital means of payment accessible and accepted in all euro area countries



A digital euro would provide a pan-European platform that would standardise digital payments in the entire euro area

A digital euro to serve an increasingly digitalised European society



Available in several payment scenarios

- + Person-to-person payments
- + Payments in **physical** and **online** stores
- + Payments to and from the **government**

Widely accessible and accepted

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

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

Leaves no one behind

- + **Digital inclusion**, supported via legislative proposal and ECB measures

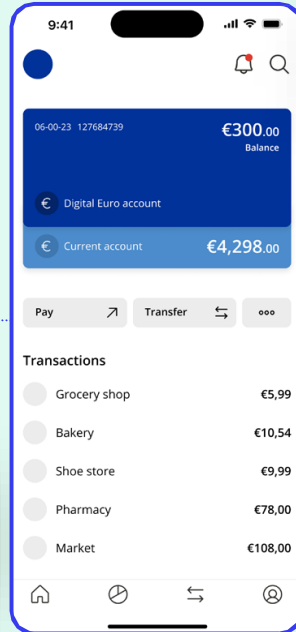
An easy, user-friendly digital euro for everyday payments

HOW THE DIGITAL EURO WOULD WORK

DIGITAL EURO ACCOUNT

With a bank or deposit-taking institution or through an app/card issued by the ECB

Issued directly by the ECB



DIGITAL EURO TRANSACTIONS

1 HOLDING LIMIT
(To be determined)

2 AUTOMATIC OVERFLOW

Assume a holding limit of €1,000.

If you receive a payment that pushes your balance above the holding limit, the surplus would be transferred automatically to your linked account.

If there is no account linked, the transaction will be declined.

 **ONLINE PURCHASES**

 **OFFLINE PAYMENTS**

 **IN-STORE PURCHASES**

 **PERSON-TO-PERSON PAYMENTS**

 **ATM CASH CONVERSION**

FUNDING SOURCES

PUBLIC SERVICES
(E.G. POST OFFICES)

ATM

FROM CURRENT ACCOUNT

2

Focus on 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 directly identify people** based on their digital euro transactions



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



All personal data would be **bound by EU data protection law**, including the General Data Protection Regulation

Offline function with higher privacy



Paying **offline** would be almost like using cash. Transactions would only be known to the payer and the payee

3

Private providers at the frontline of distribution

Balancing central bank and
commercial money

Intermediaries (including credit unions) would play a key role in digital euro distribution

Distribution via supervised payment service providers (PSP)



Digital euro distribution would be carried out **exclusively by PSPs**



PSPs would exclusively maintain **customer relations**



PSPs would benefit from **digital euro open standards**

Healthy equilibrium between central bank money and commercial money



Holding limits for end users (none for corporates)



(Reverse) **waterfall functionality**



No remuneration for digital euro users

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**Our technical work
since November**

Our progress so far

Milestones on the first part of the preparation phase



Guaranteeing a high level of privacy for digital euro payments, coming close to cash



Selecting providers for technical components of a digital euro



Looking into payments **offline functionality and an Eurosystem app to pay with a digital euro, accessible** to everyone in the euro area



Working on a **methodology for setting the limits** to the amount of digital euro holdings per account limit



Producing a first draft of the **rulebook with the standards** to pay with a digital euro across the euro area



Providing support to the **legislative process with technical analysis on topics in debate**

5

Legislative process and project timeline

The way forward

The ECB welcomes the European Commission's digital euro legislative proposal



Always accepted

People would always be able to pay in digital euro with any euro area merchants accepting digital payments



Free for basic use

A digital euro would always be free for basic use to euro area citizens



Right to obtain digital euro

People would be able to obtain digital euro at the banks with which they already hold accounts



Fair economic incentives

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



Digital financial inclusion

People from vulnerable social groups would 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

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 expected next steps:

- Finalise the **scheme rulebook**
- Select **service providers**
- Learn through **experimentation**
- **Deeper dive** into technical aspects, including further research into offline functions and developing a testing and rollout plan for the future

Next phase

From Nov. 2025

Potentially developing and
rolling out digital euro use
cases

A decision to issue a digital euro will only be considered by the ECB once the European Union's legislative process has been completed

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6

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 cash, 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 throughout the euro area



Our money in our hands

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



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Thank you

Additional supporting materials:

- [Progress on the preparation phase of a digital euro](#)
- Updated digital euro [FAQ](#)
- Webpage: [Digital euro and privacy](#)
- [ECB opinion](#) on the EU Commission's digital euro legislative proposal
- Digital euro [one-pager](#)
- Digital euro [LinkedIn page](#)

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Annex

A scheme to ensure usability across the euro area

Rulebook Development Group (RDG)

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

Ensure **pan-European reach** and a **harmonised payment** experience

Give **market participants** the **freedom** to develop innovative solutions

Enable domestic instant payments solutions to also achieve **euro area reach**



A digital euro scheme is being defined with **broad market involvement** in order to represent society at large:

Intermediaries

Retailers

Consumers



A fair compensation model for a digital euro

Challenges the European payments market faces:

Lack of pan-European solutions

High dependence on global payment providers

High cost for merchants

Digital euro compensation model principles

Elements of the legislative proposal

- Wide **usability** across the euro area
- Free** basic use by individuals
- Safeguards for merchants**
- Eurosystem bears its **own costs**

