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

Adapting the euro to the digital age

Digital payments: on the rise*

Day-to-day cash payments fell from 68% in 2019 to 40% in 2024*

Over two-thirds of card payments in the euro area are settled through international payment schemes**

Online purchases rose from 18% in 2019 to 36% in 2024***

A digital euro: bridging the gap

Complementing physical central bank money

Integrating central bank money and modern payment trends

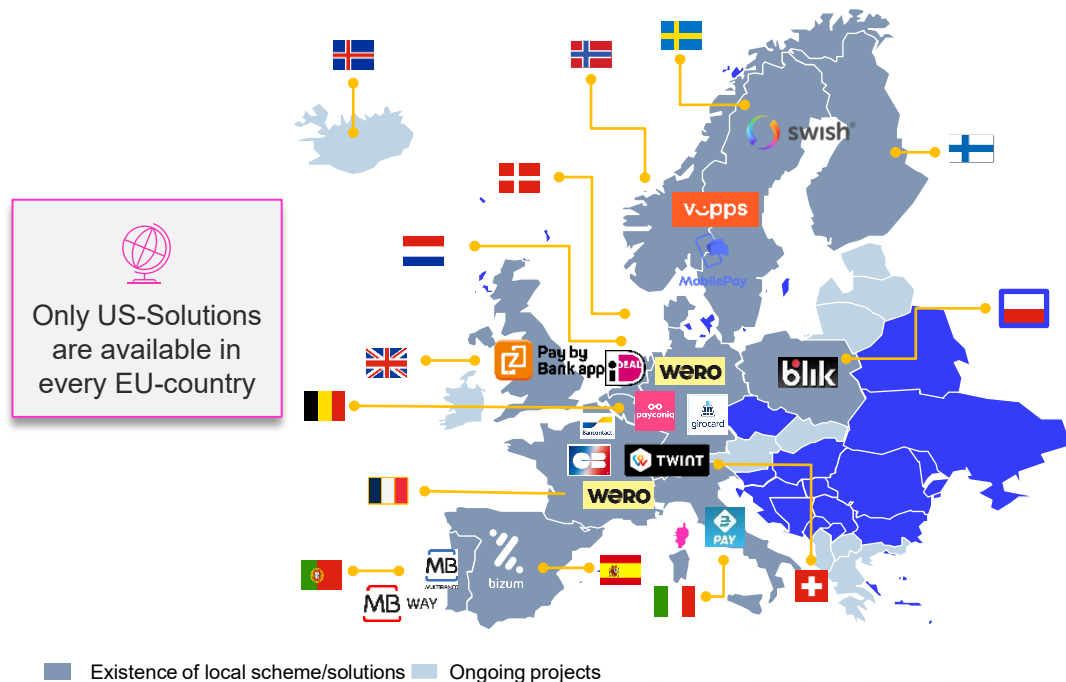Ensuring the euro remains fit for purpose in the digital age

The European payments market is fragmented and heavily reliant on international card schemes (ICS)

Only US-Solutions are available in every EU-country

13 of 20 Euro area countries have **no domestic scheme** and rely exclusively on ICS

Existing domestic card schemes in other countries are **losing market share to ICS**

More than 60% of euro area card transactions are **processed via non-European schemes**

In most cases **no interoperability between domestic schemes** and payment solutions. Despite **plans for interoperability**, A2A payment solutions still face **limited acceptance at POS**.

Existence of local scheme/solutions   Ongoing projects

Secure Europe's payment autonomy amid geopolitical tensions

The urgency of **preserving our autonomy in defense and energy** is already extremely clear.

But ensuring autonomy for *essential services like daily* payments *is* just as urgent.

Unify Europe's Payments market to reduce costs and strengthen bargaining power

Our **fragmented market structure** comes with a **large price tag**

But it does not have to be this way – we have the power to *unify our payments market*

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

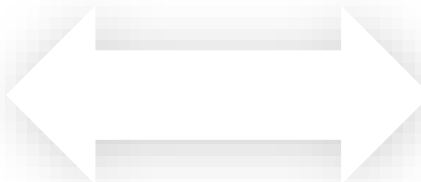A **digital euro scheme** would establish **common standards** to:

- 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 to promote interoperability**

Rulebook Development Group (RDG)

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

- **Intermediaries**

- **Retailers**

- **Consumers**

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

Use cases	Connectivity	Consumer devices	Consumer interfaces	Technologies
Person-to-person payment	Online	Smartphone	Digital Euro App	Internet
Point-of-sale payment	Offline	Physical card	PSP app	NFC
E-commerce		Web interface		QR codes

Responding to user needs

An offline digital euro is a response to what users across Europe asked for

Privacy

- Users across Europe indicate a strong demand for the highest privacy levels that digital payments can offer[1]
- Privacy is a key value added for the digital euro[2]

Resilience

- Payment acceptance during connectivity outages is perceived as crucial advantage by merchants[2]
- Citizens valued payments via mobile phones especially in areas with poor internet connectivity, helping ensure digital payments remain accessible[2]

What is the offline digital euro

Proximity-based payment method
- ❏ Designed to use technology similar to how contactless payments work today.

Is instant, secure and private
- ❏ Payments are settled immediately between phones/devices with no third party involved.
- ❏ Infrastructure does not track who you pay, what you buy, or where you shop, no online reconciliation
- ❏ Uses the highest level of security (on device secure hardware).

Similar to cash in your wallet/purse/handbag
- ❏ Funds can be immediately re-spent offline
- ❏ Top-up online through PSPs, then spend offline privately

Person-to-person (P2P)

Pay friends or family

Person-to-business (P2B)

Pay for goods and services locally

State-of-the-art solution and access to Europe's consumers for merchants

Efficient payments

- **State-of-the-art** payment experience for consumers
- Access to consumers **across the entire euro area** via a **single integration** into **back-end systems** of merchants/airlines

High(er) conversion rates

- A solution for all **key payment use cases**
- **Standardised**, **recognisable** front-ends

Instant receipt of funds

- Transactions would be instantly settled **minimising counter-party risk**

Offline functionality

- A more private option for consumers also in case of limited connectivity, i.e. **inflight shopping**

Way forward with the digital euro project

Investigation phase
Oct 2021 – Oct 2023

Concept definition, technical exploration and design proposal

Preparation phase
Nov 2023 – Oct 2025

Preparation through testing and experimentation

Next phase
Nov 2025 – Oct 2027

Aiming to be ready for a potential first issuance of the digital euro.

Focus on:
- **Advancing** technical readiness
- **Deepening** market engagement
- **Supporting** the legislative process

Thank you!