



EUROPEAN CENTRAL BANK
EUROSYSTEM

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Ms Irene Tinagli
Chair of the Committee on Economic
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Progress on the investigation phase of a digital euro – second report

Dear Chair, dear Irene,

I am pleased to inform you that tomorrow we will publish a second report¹ which presents further progress made during the investigation phase of the digital euro project². It sets out details of a second set of design and distribution options that were recently endorsed by the Governing Council of the European Central Bank (ECB).

The report first outlines the roles of the Eurosystem and the supervised intermediaries in the digital euro ecosystem, the proposed settlement model, and funding and defunding functionalities. It then outlines the development of a scheme for the distribution of a digital euro.

We will continue to assess a number of design and distribution options for a digital euro during the remainder of the investigation phase.

The overall digital euro high-level design comprising all design choices, including the elements discussed in the context of this and the previous report issued in September, will be brought to the ECB's decision-making bodies in the second half of 2023.

¹ See "[Progress on the investigation phase of a digital euro – second report](https://www.ecb.europa.eu/paym/digital_euro/investigation/governance/shared/files/ecb.degov221221_Progress.en.pdf)", ECB, 2022 (available at: https://www.ecb.europa.eu/paym/digital_euro/investigation/governance/shared/files/ecb.degov221221_Progress.en.pdf)

² See "[Progress on the investigation phase of a digital euro](https://www.ecb.europa.eu/paym/digital_euro/investigation/governance/shared/files/ecb.degov220929.en.pdf)", ECB, 2022 (available at: https://www.ecb.europa.eu/paym/digital_euro/investigation/governance/shared/files/ecb.degov220929.en.pdf) and my previous [letter to you, ECB, 28 September 2022](https://www.ecb.europa.eu/pub/pdf/other/ecb.mepletter220929_Tinagli~fe6614276f.en.pdf) (available at: https://www.ecb.europa.eu/pub/pdf/other/ecb.mepletter220929_Tinagli~fe6614276f.en.pdf).

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The Governing Council is expected to decide in autumn 2023 whether to start a realisation phase to develop and test the appropriate technical solutions and necessary business arrangements for providing a digital euro.

A decision on the possible issuance of a digital euro would only come later, also depending on legislative developments regarding a regulation to establish and govern essential aspects of the digital euro. This regulation will be discussed by the European Parliament and the Council of the European Union, following a legislative proposal by the European Commission.

Furthermore, the ECB will launch in January 2023 a public call for participation in a market research to assess options for components and services necessary to the digital euro technical design implementation.³ This will provide important input for an implementation plan, which is a key deliverable of the digital euro project investigation phase. The ECB is pre-announcing this market research now, to make interested parties with relevant expertise aware ahead of the launch and to facilitate their participation in the call. The market research will consist of a set of questions aimed at obtaining technical input, as well as estimates of cost and time. Participation in the market research will not be remunerated and will not influence eligibility for future procurement procedures related to a digital euro or any other procurement procedures. Nor will it imply any pre-selection for a potential subsequent tender. The ECB intends to announce the findings of the market research in the second quarter of 2023.

Finally, I am pleased to inform you that we have just published the next study on the payment attitudes of consumers in the euro area (SPACE)⁴. The study looks at how consumers use cash and electronic means of payments in euro area countries. The report shows that while cash remains the most frequently used payment method at the point of sale and for person-to-person transactions, electronic payments are on the rise. The move towards electronic payments reflects a shift from purchases at the point of sale to online purchases and an increased share of cards for in-store payments.

The views shared by the ECON Committee over the past year have provided valuable input for our recent decisions. I look forward to discussing the content of this report and further progress on the investigation phase of the digital euro project at our upcoming hearing at the European Parliament in January.

Yours sincerely,

[signed]

Fabio Panetta

³ See "[Pre-announcement of the digital euro market research](#)", ECB, December 2022.

⁴ See "[Cash remains the most frequently used means of payment in stores but electronic payments grow further, ECB study shows](#)", ECB, December 2022 and "[Study on the payment attitudes of consumers in the euro area \(SPACE\) – 2022](#)", ECB, 2022 (available at: https://www.ecb.europa.eu/stats/ecb_surveys/space/shared/pdf/ecb.spacereport202212~783ffdf46e.en.pdf).

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