



EUROPEAN CENTRAL BANK

EUROSYSTEM

# The euro as a digital currency – state of play

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Eurogroup



25 February 2022

European Central Bank

# Use cases for a digital euro

- **Person-to-person**: a payment between two individuals
- **Consumer-to-business**: a payment for goods or services purchased in a **physical store** or online via **e-commerce**
- **Business-initiated**: a payment between two businesses or from a business to an individual (e.g. wages)
- **Payments to the government** (e.g. taxes) and **by the government** (e.g. allowances and subsidies)
- **Machine-initiated**: a fully automated payment initiated by a device and/or software on the basis of predefined conditions

# Strategic importance of use cases

Two **key prioritisation criteria**:

1. Does the use case support the **policy objective of a digital euro**?
2. Does the use case target an **important market segment** that can expand and attract further users?

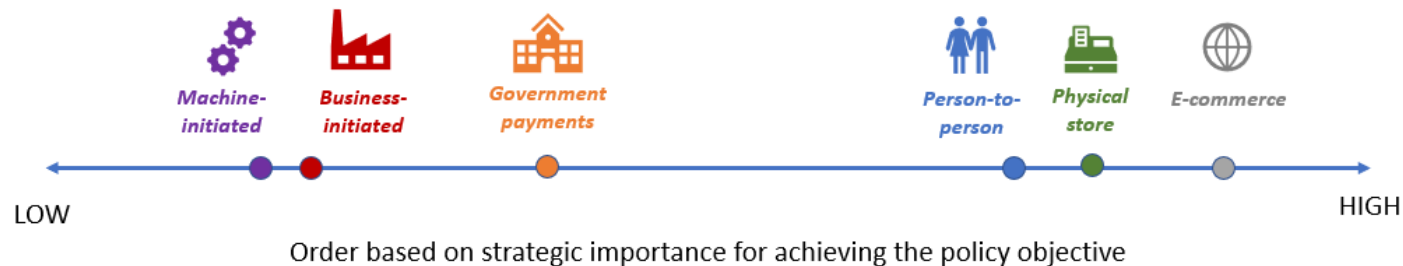
## Importance for the policy objective (criterion 1)



Maintain *public access to and full usability of central bank money* in a world in which consumers and firms are turning to electronic payments

- Supporting **digitalisation** of the European economy
- Responding to a **decline in the use of cash** as a means of payment
- Tackling **sovereignty concerns** relating to foreign CBDC or private digital means of payment in the euro area

# Importance for the policy objective (criterion 1)



- Non-European solutions dominate digital payments in **e-commerce** and **physical stores**
- Cash dominant for **person-to-person payments**, but **segment open to disruption** and strategically important to drive adoption and foster network effects
- European solutions available for **business-initiated payments**
- **Machine-initiated payments** could support innovation, but private sector also likely to develop solutions

# Importance of the market segment (criterion 2)



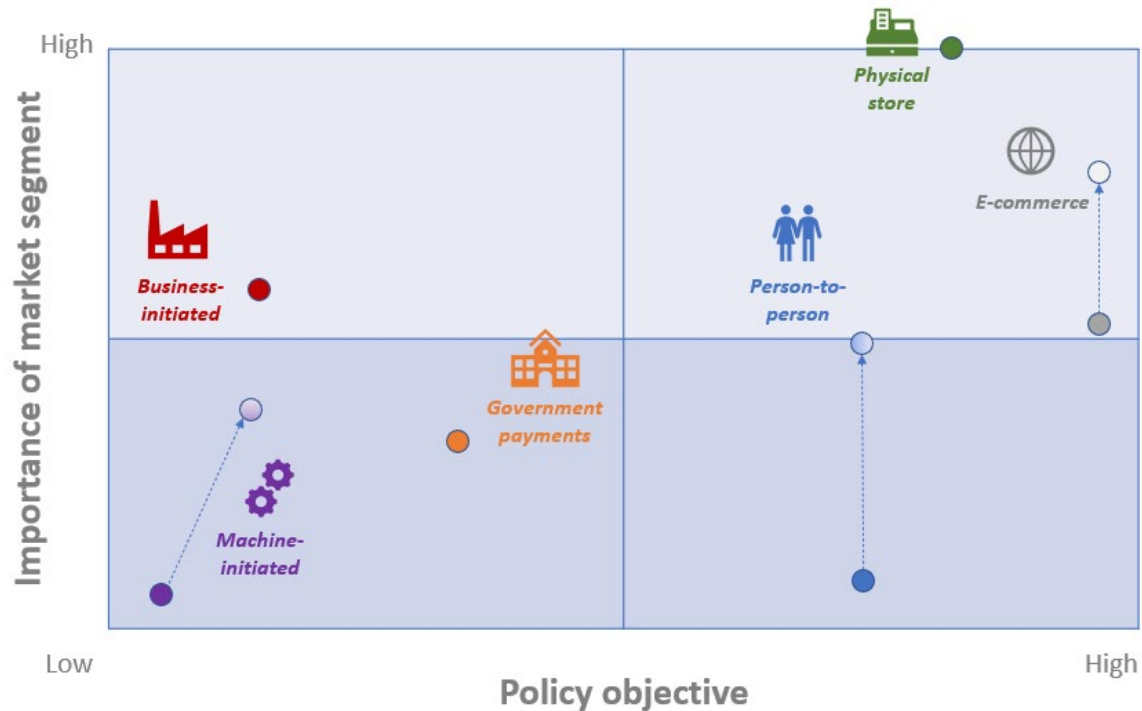
Order based on annual number of transactions conducted using a digital means of payment

Some important developments to consider:

- Strong **growth of e-commerce** as a percentage of total retail sales
- Digital payments between individuals (**person-to-person**) still limited, but preferences could change as more digital solutions become available

**Sources for data on transactions:** BCG (2021), BigCommerce (2021), De Nederlandsche Bank (2020), ECB (2020), eMarketer (2021), Eurostat (2022), McKinsey (2021), Oliver Wyman (2021), Sveriges Riksbank (2020), SWIFT (2018) and ECB staff calculations.

# Prioritisation of use cases



# Next steps

- **Governing Council to endorse prioritisation of use cases**
- **Ongoing Eurosystem assessment of key design features**, with a focus on the needs of payers and payees in the prioritised use cases (e.g. as regards privacy, online/offline use and programmability)
  - Related **Eurogroup discussions in Q2 2022**
    - Trade-offs in the design of a digital euro between privacy and other EU policy objectives (April 2022)
    - Potential impact of a digital euro on the financial system and the use of cash (June 2022)



Thank you for your  
attention

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