

MINUTES

11th MEETING OF THE DIGITAL EURO MARKET ADVISORY GROUP (MAG)

10 May 2023, 10:00 – 16:30 (CET)

Introductory remarks

The Chair welcomed members and participants to the eleventh Digital Euro Market Advisory Group (MAG) meeting which was held at ECB premises in Frankfurt am Main. The Agenda was approved.

The Chair emphasized the meeting would cover as key item the holistic design review, to which preliminary feedback was provided after the tenth meeting. The Chair concluded the introductory remarks by thanking members on their active contributions to the last written consultations, the compensation model and rollout approach.

Summary of input on the compensation model and the rollout approach

The ECB first presented a high-level summary of the feedback received on the compensation model. The Chair reiterated that the compensation model was subject to legislation to be brought forward by the European Commission. Members generally supported the “free for basic use by private individuals” but views on the other elements of the compensation model diverged: While several members stressed the importance of controlling the pricing towards the merchants, other members voiced concerns about the compensation model allowing for a positive business case for intermediaries.

The ECB then presented a high-level summary of the feedback received on the rollout approach. Most members agreed with a staggered rollout of use cases. Some members considered that e-commerce and PoS use cases should be launched together to address the omnichannel trend and to avoid a first-mover advantage of online merchants. Members generally emphasized the need for minimal time lap between the rollout of different use cases.

Fraud prevention and detection

The ECB presented its analysis of fraud prevention and detection in a digital euro ecosystem. Specifically, the establishment of a Central Support Service with various options of support was proposed. Members broadly agreed to the need for considering centralized support for fraud prevention and detection, raising questions mostly on associated cost and governance of the Central Support Service under strict privacy requirements.

High Level Product Description

As key item of the meeting the High Level Product Description (HLPD) was presented next. The ECB first recalled the main objectives and benefits of a digital euro, before recapping all major design decisions as brought together for the HLPD. A discussion first ensued about the communication of the main objectives, with some members commenting on these and questioning the public's understanding of the objectives. Some members feared that the ECB's claims of high privacy would be misunderstood that current solutions are not compliant with privacy legislation. The ECB stressed that levels of privacy needed to be considered separately between offline and online version of the digital euro and reassured that it aimed for the maximum level allowed by future legislation. When recapping the compensation model, the ECB reiterated that it was subject to future legislation. The ECB also clarified that while the principles should ensure fair and adequate compensation, the analysis and subsequent proposal focused on a potential future operational phase. Some MAG members voiced concerns around the uncertainty of investment cost. The ECB clarified that investment cost would be considered as soon as possible and that the design of the digital euro would aim for a cost efficient implementation, reusing where possible existing standards and solutions.

Digital financial inclusion

As last item, the ECB presented its analysis on digital financial inclusion. MAG members generally supported the ECB's ambitions, while acknowledging that this would be also a political debate. Several members did expressed concern about the costs. The ECB reassured them that the advocated public approach will be on top of the offer by PSPs, and costs should thus would not been foreseen as to be borne by PSPs. A few members also questioned the likelihood for success of financial inclusion aspects of a digital euro, considering certain citizens remained unbanked by choice. Finally, the need for human interaction was debated, with opposing views concerning cost and likely success of it supporting financial inclusion.

Closing remarks and way forward

The Chair then thanked members for their participation, informed them of the next remote meeting (5 July 2023) and closed the meeting.

ANNEX 1. LIST OF ATTENDEES OF THE 11th MEETING OF THE DIGITAL EURO MARKET ADVISORY GROUP (MAG) ON 10 May 2023

Chair: Ms. Evelien Witlox

Members

Aleksander Kurtevski	Nilixa Devlukia
Alessandro De Cristofaro	Nils Beier
Antonio Macías Vecino	Paul Le Manh
Axel Schaefer	Piet Mallekoote
Cristian Cengher	Regis Folbaum
Cyril Vignet	Roberto Catanzaro
Diederik Bruggink	Ruth McCarthy
Etienne Goosse	Sam Hinton Smith
Fanny Solano	Silvia Attanasio
Fernando Rodriguez	Sofia Lindh Possne
Gerard Hartsink	Stefano Favale
Inga Mullins	Teresa Mesquita
Jens Holeczek	Valdis Bergs
Jochen Siegert	Ville Sointu
Nicolas Kozakiewicz	Yves Blavet

Observers

National Central Banks of the Eurosystem
European Commission

ECB participants

Evelien Witlox
Mayte Arraez
Jürgen Schaaf
Andrea Pinna
Stephanie Bergbauer
Thomas Janik
Maximilian Germann
Frederick Bär
Alessia Vita
Luigi Pedace
Esther Barruetaña