



EUROPEAN CENTRAL BANK

EUROSYSTEM

# Digital euro Privacy options

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Eurogroup

ECB-PUBLIC



# User preferences

Focus group research on new digital payment methods and a digital euro suggests:



Ability to “**pay anywhere**” is the most important feature



**Instant, easy, contactless** payments, especially for **person-to-person payments**, are the second most valued feature



Options that give people control over their **personal data** are appreciated

# Focus on privacy



Privacy is a **fundamental right**, and the baseline option for a digital euro is mandated by legislation.



The ECB's report on a digital euro highlighted privacy as a **key concern of future users**.



A gradual shift to **digital payments implies less privacy** by default. There is a choice to preserve certain cash-like features.



But privacy needs to be assessed in the **context of other EU policy objectives**, notably **anti-money laundering** and countering the financing of terrorism (AML/CFT).

# Preliminary views



**User anonymity is not a desirable feature**, as this would make it impossible to control the amount in circulation and to prevent money laundering.



**The Eurosystem should only be able to see the minimum transaction data** required to validate digital euro payments, even if it decides to perform the settlement function.



**Anonymised/aggregate data on the use of the digital euro should be available to the Eurosystem under any privacy option** for statistical, research, supervisory and oversight purposes, including to fight fraud/illicit activities.

# Privacy options (from a user perspective)

## Transparent to intermediary

Checks during onboarding

Data transparent to intermediary for AML/CFT purposes

Currently applicable  
**baseline scenario**

## Privacy for low-value payments (selective privacy)

Checks during onboarding

Higher degree of privacy for low-value transactions

Desirable options  
**beyond the baseline,**  
which could be  
**investigated with co-**  
**legislators**

## Privacy under offline functionality

Checks during onboarding

Low-value balances and transaction amounts are not known to intermediary or central bank

## Baseline scenario: **transparency to intermediaries**

**Baseline: a digital euro would provide people with a level of privacy equal to that of private digital solutions**



Customer checks during onboarding



Personal and transaction **data would be accessible to intermediaries to ensure compliance with AML/CFT requirements**

# Going beyond the baseline scenario: **low-value payments (selective privacy)**

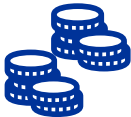


Customer checks during onboarding



**Higher degree of privacy for low-value/low-risk payments**

- Implies simplified checks (e.g. specific wallet with lower requirements during onboarding)



**Higher-value transactions would remain subject to standard controls**

# Going beyond the baseline scenario: **offline functionality**



Customer checks during onboarding



**Fully private offline transactions and balances**, non-transparent to intermediary or central bank



To contain risks of illicit activities, full privacy only for **close proximity payments that are low-value and low-risk**



# Policy considerations



Eurosystem is committed to enabling **high privacy standards if politically desired**



Greater privacy than existing payment solutions would need to be integrated in the **regulatory framework**



What is the desired **balance between a high standard of privacy** in the use of digital euro and **other EU policy objectives?**