



EUROPEAN CENTRAL BANK

EUROSYSTEM

End-user on-boarding and digital euro access & holdings

Market Advisory Group



8 December 2022

Digital euro project team

Where do we stand?

Tentative - timing subject to change

Use case prioritisation
Report on focus groups with
citizens and merchants



Design options to moderate take-up
Distribution model



Compensation model
Access to ecosystem
Value added services
Advanced functionalities

Prototyping results



Selection of service provider(s)
for possible project realisation
phase

Decision making document
including advice on potential
issuance digital euro, its design
and implementation plan



July 2021
Governing Council
decision to launch
investigation phase

Q4-2021

Q1-2022

Q2-2022

Q3-2022

Q4-2022

Q1-2023

Q2-2023

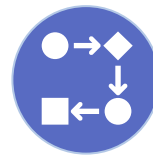
Q3-2023



Project team on-boarding
Governance set-up



On-line/off-line availability
Data privacy level
Transfer mechanism



Settlement model
Distribution of amount in circulation
Role of intermediaries
Integration and form factor
Funding and defunding
Prototype development



User requirements

Preparation for possible
project realisation phase
decision making

autumn 2023
Governing Council
decision to possibly launch
realisation phase

Objective of today's exchange



Present the investigation on **access to digital euro** and subsequently question on **who can onboard whom to the digital euro**.



Invite **your feedback on the analysis of access and onboarding** identified by Eurosystem (followed by written procedure until 23 January 2023) as input for Eurosystem preparations of final decisions on these functionalities by Governing Council in Q1 2023

Access to the digital euro

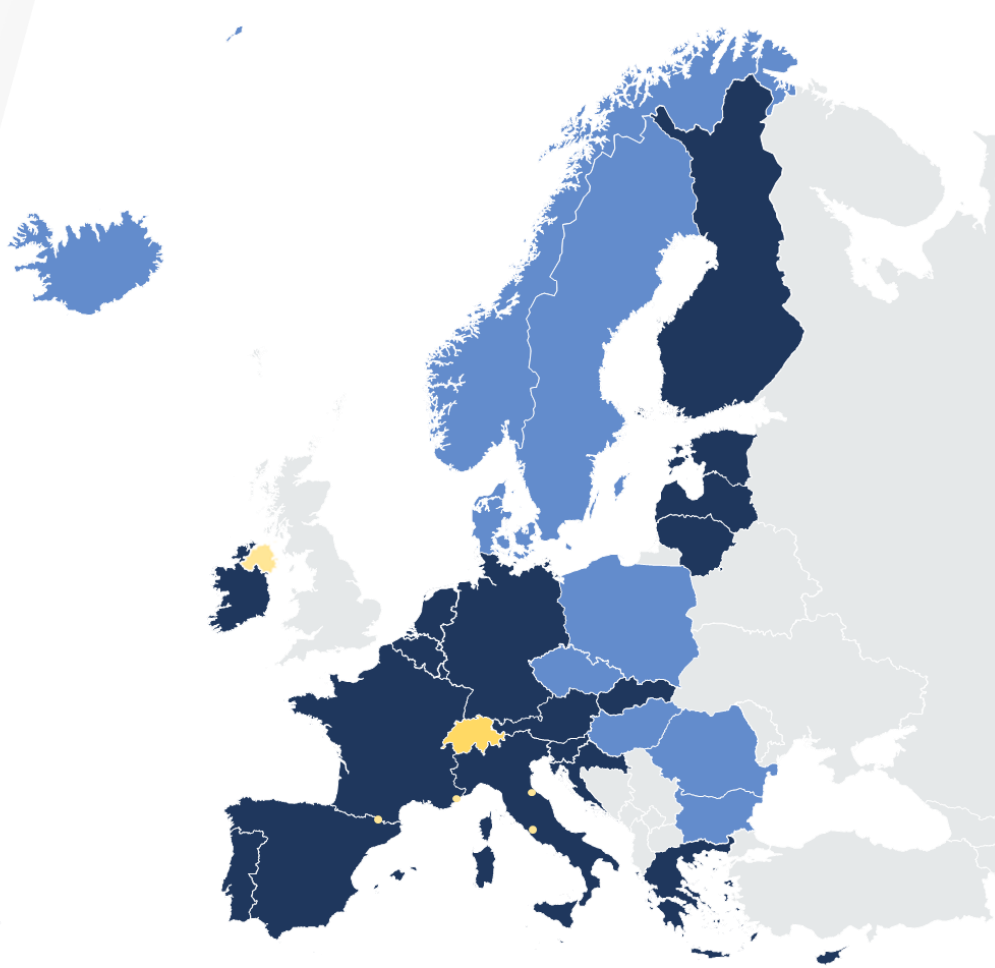
Towards a staggered approach

Prioritisation in access to the digital euro requires a clear distinction

Three user categories have been identified in the strategic use case prioritisation (individuals, businesses and governments)

Providing access to users from jurisdictions beyond the (E)EA is nontrivial

- **Euro area (EA):** Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia, Spain and Croatia (*as of January 2023*)
- **European economic area (EEA):** EU-member states and three European Free Trade Area (EFTA) states (i.e. Iceland, Liechtenstein and Norway)
- **Special third countries:** Microstates with a monetary agreement (i.e. Andorra, Monaco, San Marino and Vatican City) and states aligning with the EEA via agreements (i.e. Northern-Ireland and Switzerland)
- **Other jurisdictions**



Focus on facilitating prioritised use cases within EA

Digital euro will first be a product for the euro area and later potentially expand via a staggered approach

Access	Individuals	Businesses	Governments
First releases	<ul style="list-style-type: none">EA residentsNon-resident EA citizens via EA PSP	<ul style="list-style-type: none">EA businessesNon-EA merchants via EA PSP (collecting model)	<ul style="list-style-type: none">EA governments
Subsequent releases	<ul style="list-style-type: none">EEA residentsSpecial third countries residentsNon-EEA visitors	<ul style="list-style-type: none">EEA businesses	

Focus on facilitating prioritised use cases within EA

Digital euro is designed as a retail payment instrument which will be facilitated with the respective holdings

Holdings	Individuals	Businesses	Governments
EA	<ul style="list-style-type: none">EA residents & citizens same holding limit (decided close to launch)	<ul style="list-style-type: none">Zero daily holding limit (intraday holdings possible)	<ul style="list-style-type: none">Zero daily holding limit (intraday holdings possible)
Non-EA	<ul style="list-style-type: none">Bi-lateral agreements with the competent authorities, not exceeding EA holding limit	<ul style="list-style-type: none">Zero holdings	<ul style="list-style-type: none">Zero holdings

Onboarding to the digital euro

Onboarding principles

I Onboarding according to access rights

II Simple as possible from an end-user perspective

III On PSP side existing onboarding procedures should be re-used

A

User is **known** to the PSP → **Re-use** available data,
Nearly no data requirement

98,5% of euro area
citizens have an account
at a financial institution

B

User is **unknown** to the PSP → Use existing **default onboarding** process*

IV One account/wallet per citizen

Imposing **holding limits** requires **identification**

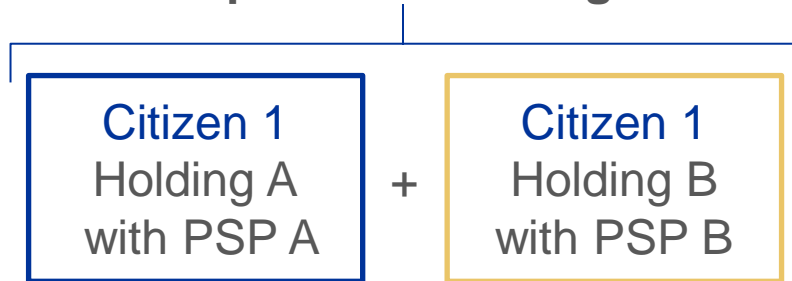
How to implement (unique) personal identifier still needs to be investigated

*Limited in the sense that no data for credit provision required (like e.g. profession)

One holding per citizen

Controlling amount in circulation results in **individual holding limit**

Limited aggregated personal holding



Due to conscious decision for high privacy set up of the digital euro, the eco system cannot easily accommodate aggregated personal holdings across multiple intermediaries

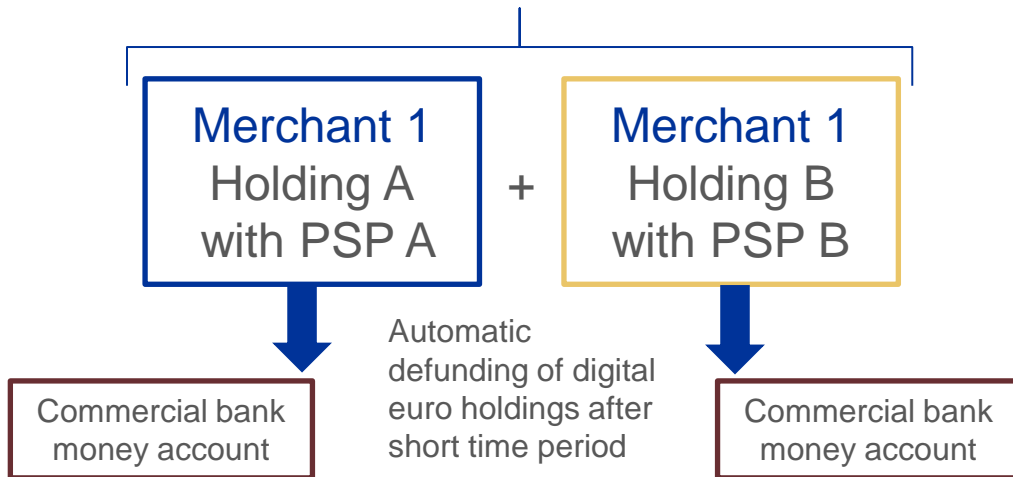
→ Therefore it is considered for the initial releases to allow for one digital euro holding per citizen

- End user have a choice of VAS-offers as PSPs can offer services in their capacity as **PISP** and **AISP – competition among PSPs is ensured**
- Additionally **easy portability between PSPs** for user will be ensured

Multiple holding per merchant

It is proposed that merchants will have a **zero digital euro holding limit** which would enable an **unlimited number** of digital euro accounts/wallets per merchant.

Zero digital euro holding limit with possible intraday deviations



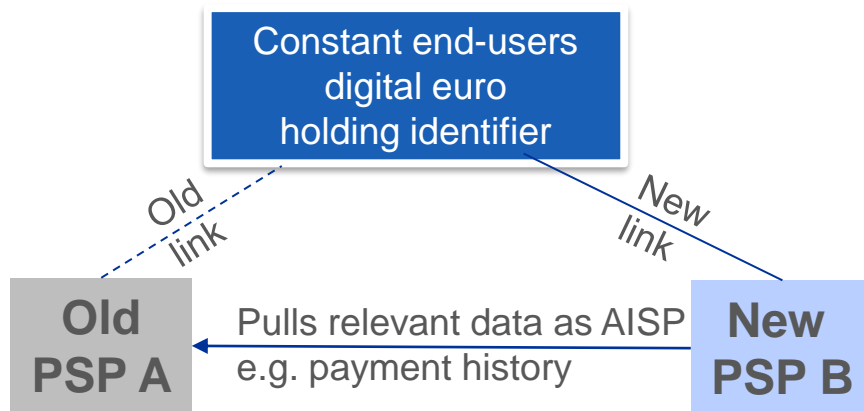
→ Initial releases will allow merchants to open an unlimited number of digital euro holdings (e.g. for every branch or even every checkout desk)

Digital euro account portability

Easily porting the digital euro holdings held by the end user from one PSP to another is an **important feature**.

Eurosystem and scheme will support this and set common rules for market participants.

Standard portability procedure



Exceptional cases where the old PSP would not be accessible will be further analysed.

Way forward and discussion

Way forward



Further investigation on personal identifier and requirements for unified European onboarding



Consultation of Eurosystem committees



Eurosystem views to be **updated in Q1 2023** based on the outcome of Eurosystem committees' consultation, preliminary external discussions and further internal analysis, and to be **finalized towards the end of the investigation phase**



Review of combined design decisions (“Bringing it all together”) in Q2 2023 and feedback by stakeholders on overall design prior to Governing Council decision making thereafter

For feedback

We invite **reflections on all aspects of the analysis**, including the following questions:

- What are your considerations with regard to one or multiple digital euro holdings per citizen?
- What implications would you see of a zero holding limit for merchants?
- What are the implications for financial institutions to allow merchants to build up a position during a specific short timeframe? And what timeframe could be considered?
- What would be the considerations from a merchant perspective to build up a position during a specific short timeframe? And what timeframe could be considered?
- What are your considerations around the staggered approach for access to the digital euro holdings?
- What are your considerations regarding the need for portability and the proposed implementation?

Thank you
