

THE DIGITAL EURO MUST BECOME THE DIGITAL EQUIVALENT OF CASH

In an increasingly cashless society, almost all payment transactions are electronic and therefore traceable. However, a digital Euro which replicates key characteristics of cash, would be a major innovation for consumers allowing for anonymous transactions offline and online. This requires policymakers to take the following eight actions:



1

A PUBLIC PROJECT IN THE INTEREST OF CONSUMERS

A digital Euro should be designed with consumers at its heart and guided by the public interest, not that of private banks. The fundamental features of the digital Euro cannot be left to private companies. Thus, the governance of the digital Euro payment scheme must ensure adequate representation of consumer interests. The way the digital Euro is designed will determine whether consumers will trust and use it.

2

FREE OF CHARGE

Access to both cash and a digital Euro should be free of charge for all consumers. For consumers, banking services (e.g. cash withdrawals or services offered in bank branches) are becoming increasingly expensive. If private banks have the role of distributing the digital Euro, there is a risk that similar costs will appear for the electronic version of the Euro. For instance, there should not be any charges to open a digital Euro account or topping up a digital Euro wallet/card.

3

PRIVACY BY DESIGN AND BY DEFAULT

Any person or company with access to the payment and transaction information of consumers can learn a lot about their financial and personal lives. This is why privacy in payments is crucial. 43% of consumers who responded to a [European Central Bank](#) consultation ranked privacy first among the most important features of a digital Euro. Similarly to cash, a digital Euro should allow for anonymous payments up to certain amounts. The thresholds for anti-money laundering checks applying to cash should be replicated for the digital Euro. A digital Euro should always follow the principles of privacy by design and by default as explained by the [European Data Protection Board](#) and be designed as a bearer instrument.¹

4

INCLUSIVE BY DESIGN

Cash is so far the only means of payment for many vulnerable consumers: people without access to a bank account, people with disabilities, digitally illiterate consumers and elderly people. A digital Euro must be inclusive by design to offer all consumers a viable, but complementary option to cash. This includes a payment device which is easily and safely useable for all consumers and the right to a digital Euro account without any pre-conditions. Like cash withdrawals, transferring money into a digital Euro wallet should be feasible without owning a smartphone or a computer and must be based on a dense network of access points. Furthermore, many consumers use cash as it allows for easier household budget management; a digital Euro user interface should support consumers in this.

¹ With a bearer instrument, a consumer is physically in the possession of the money (be it physical cash or digital tokens) and therefore no records are needed on the ownership as is the case for a credit transfer or a card payment where a record is kept on the consumer's bank account in the form of payment transaction data.

5

MANDATORY ACCEPTANCE OF PHYSICAL AND DIGITAL EUROS

Merchants should have an obligation to accept both physical cash and digital Euros without any surcharges. Consumers are increasingly facing situations in shops, hotels etc. where cash is not accepted anymore as a payment method.

6

A SECURE WAY TO PAY

A digital Euro must have safeguards preventing them from being stolen. Consumers should also be informed that if the wallet holding the digital Euros as a bearer instrument (e.g. e-wallet on a phone, digital euro card) is lost, then the digital Euros cannot be recovered (much like a wallet holding physical Euros).

7

AN INSTANT WAY OF PAYMENT

Like cash, transferring digital Euros from the payer to the payee should take place instantly and must be functional 24/7. For offline transactions without connection to the internet, consumers should receive an instant confirmation of the payment, but the settlement can take place once one of the two parties goes online.

8

A RESILIENT PAYMENT SYSTEM

In a cashless society, the disruption of digital payment solutions leads to major blockages and can prevent consumers accessing essential needs. A digital Euro must be developed as a resilient payment system which can work offline and make Europe independent from service providers located outside the EU.

HOW DOES A DIGITAL EURO WORK – STEP BY STEP

The digital euro would be central bank money like cash as opposed to commercial money which is created by commercial banks.

