

# Digital euro – Why, what and how

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EUROSYSTEEM



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# What is a digital euro?



## Liability of central bank

- i. **Cash:** physical form, to general public
- ii. **Central bank deposits :** digital form, limited access
- iii. **CBDC/digital euro:**  
Complement to cash and Central Bank deposits



## Liability of a private entity

- i. Commercial bank money
- ii. E-money
- iii. Some 'stablecoins' that entail a claim/liability on an identifiable entity



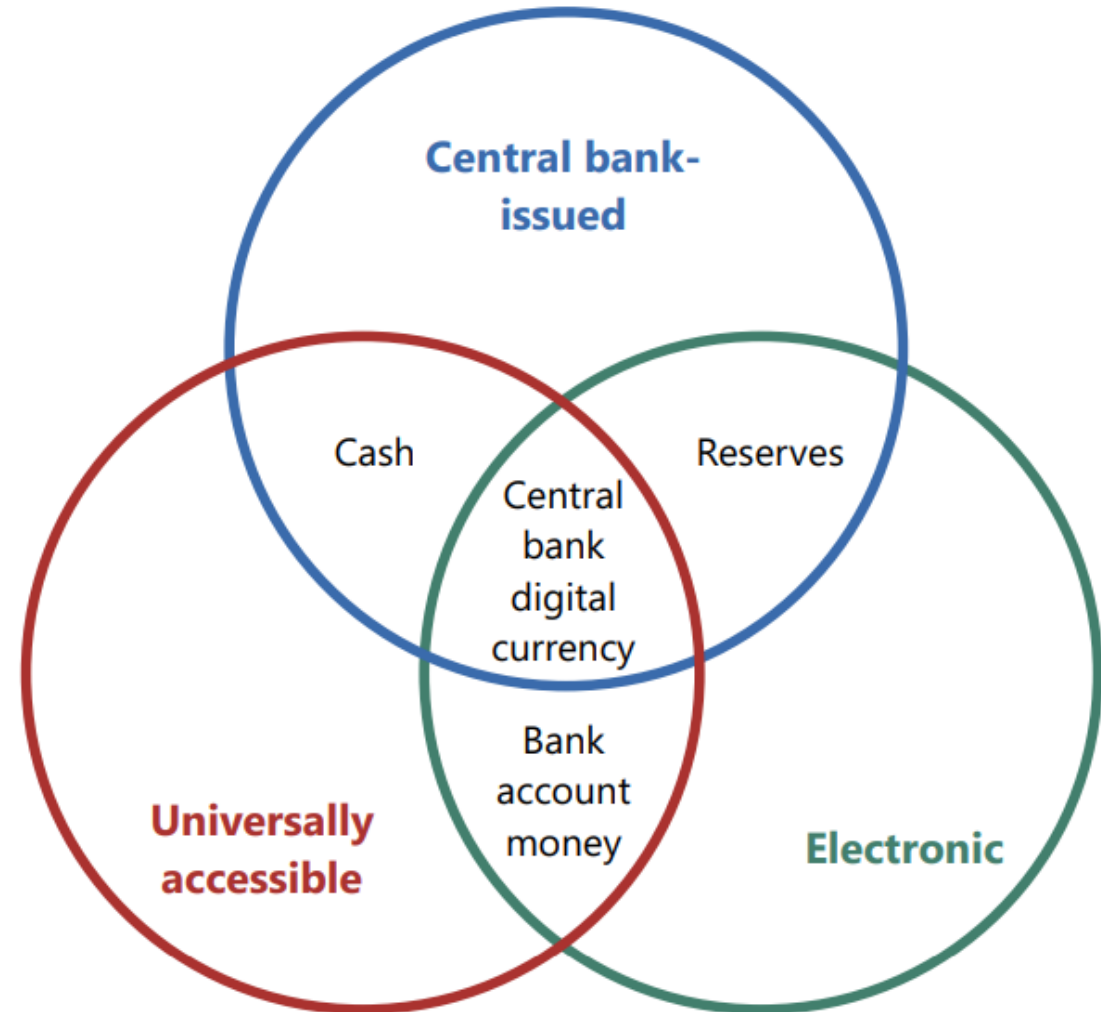
## Not a liability

- i. Crypto-assets

# What is a digital euro?

- CBDC is issued by the central bank, electronic, and universally accessible.
- None of the other current forms of money have these three propensities.

Central bank digital currency, Bjerg (2017)



# The digital euro's objective (1)



The digital euro as **monetary anchor** would preserve public access to central bank money, being widely accessible to prospective users in all euro area countries

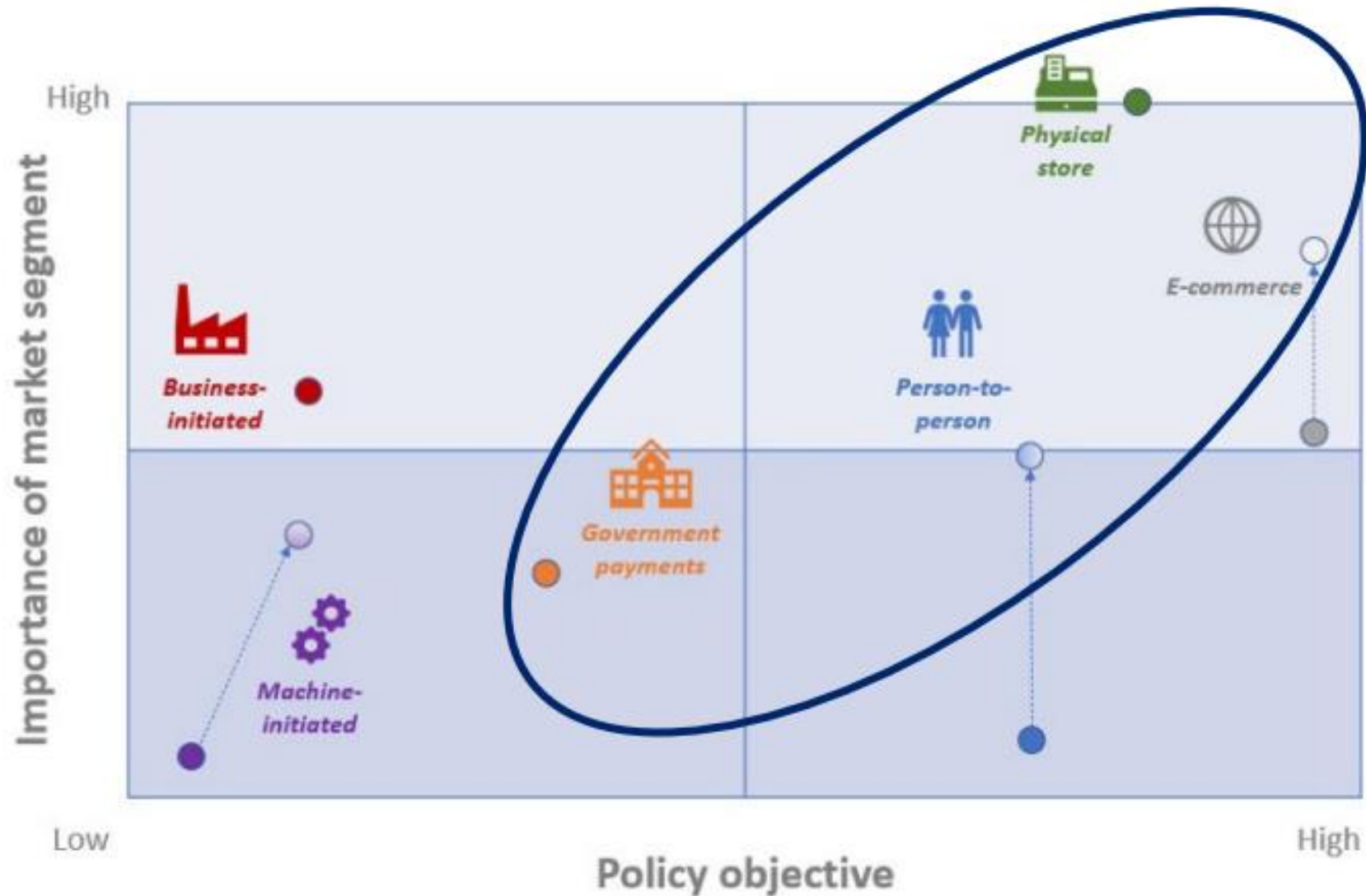


The digital euro would defend the **strategic autonomy** of the euro area by increasing the independence from non-European payment solutions and also from the potential rise of foreign private digital moneys in the euro area or foreign CBDC.

# The digital euro's objective (2)

- **Complementing**, not substituting, cash and wholesale central bank deposits
- Supervised intermediaries will be important **in the distribution** of a digital euro
- Digital euro as **source of innovation and public good**, shall not crowd out banks and innovation in payments

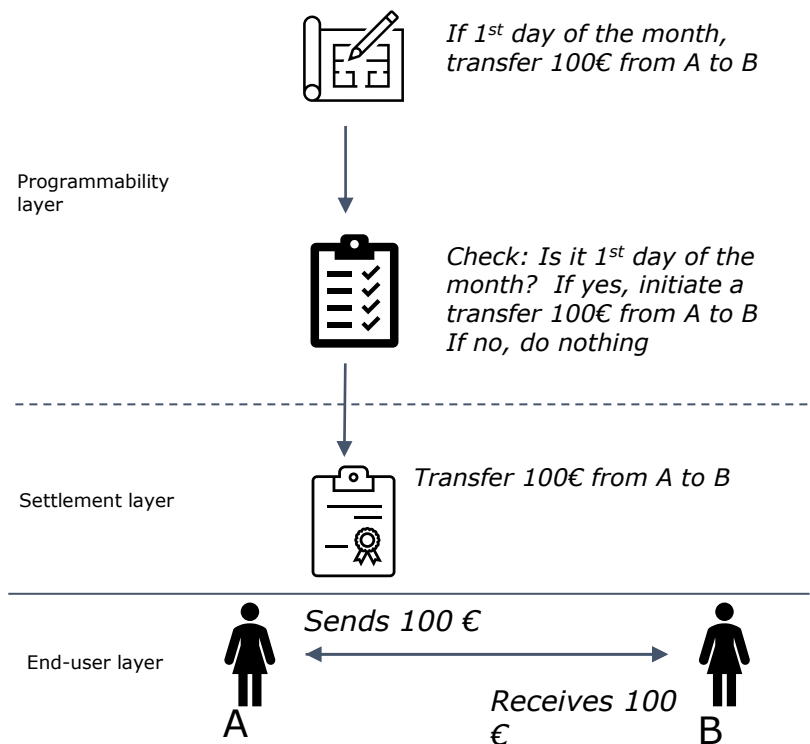
# The digital euro's use cases and possibilities (1)



# The digital euro's use cases and possibilities

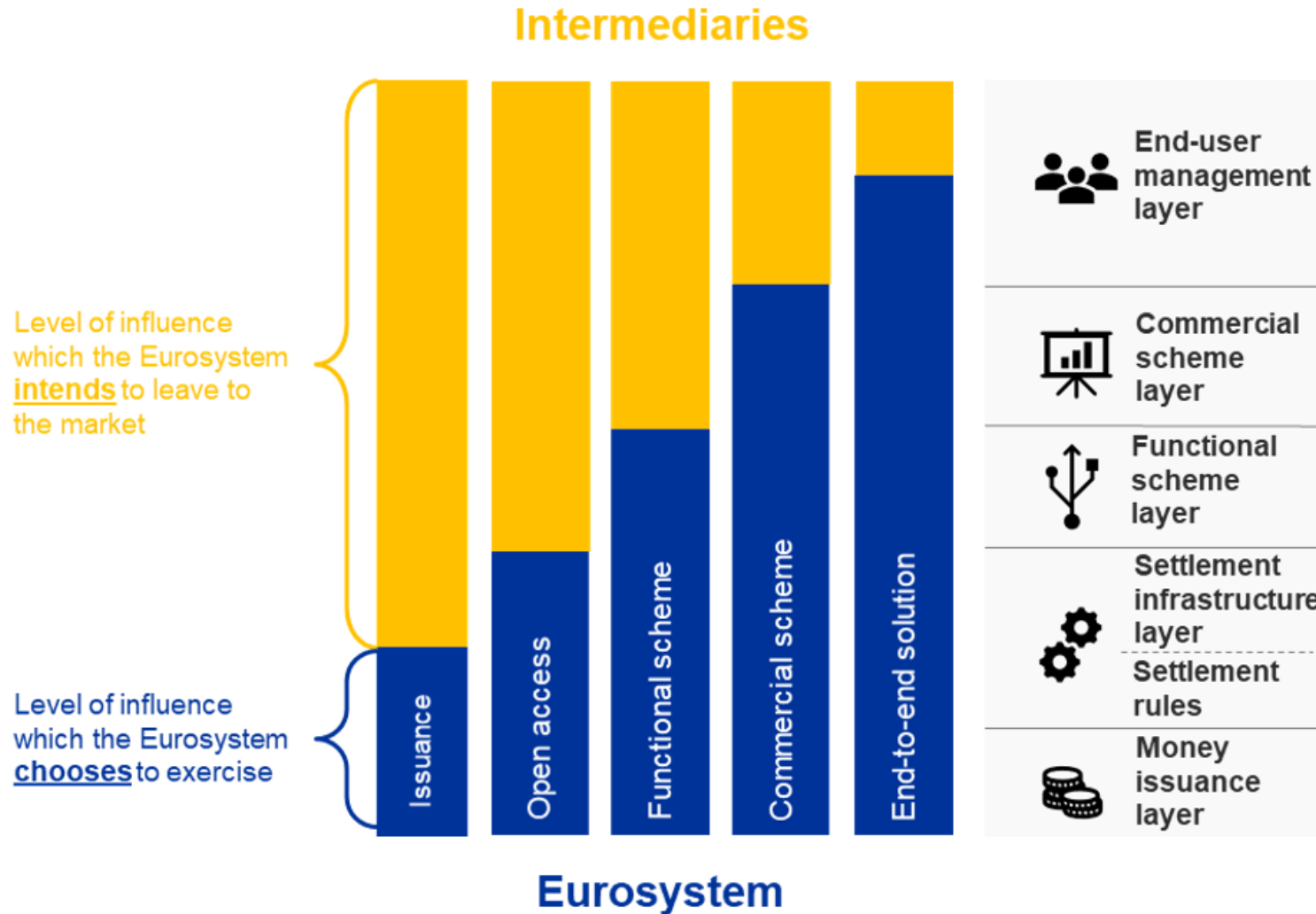
## Programmable payments

## Programmable money

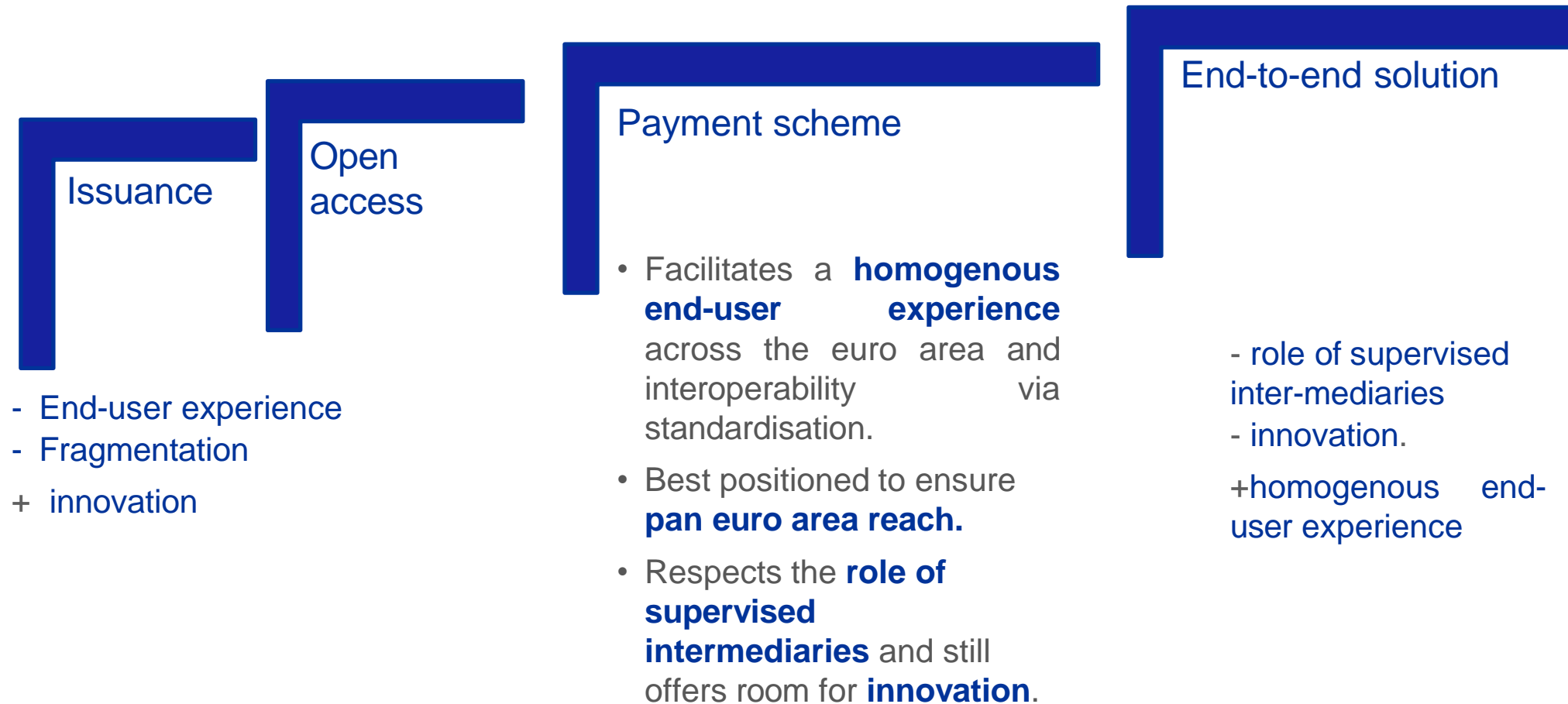




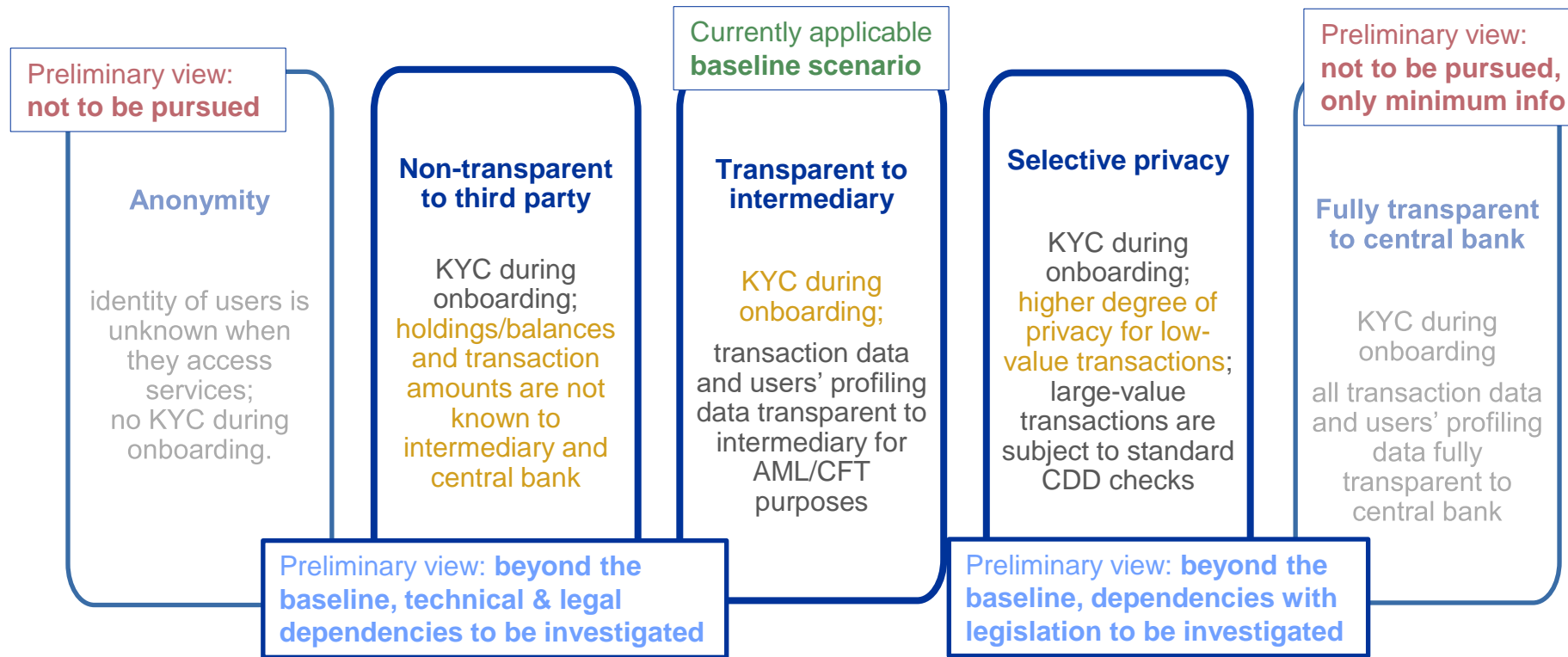
# Distribution and role of the Eurosystem



# Distribution and role of the Eurosystem



# Policy dilemma: Privacy option

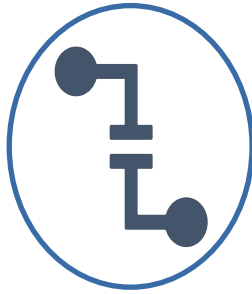


# Policy dilemmas

How can we achieve the appropriate trade-off between



minimising industry  
investment costs for the  
implementation of a digital  
euro



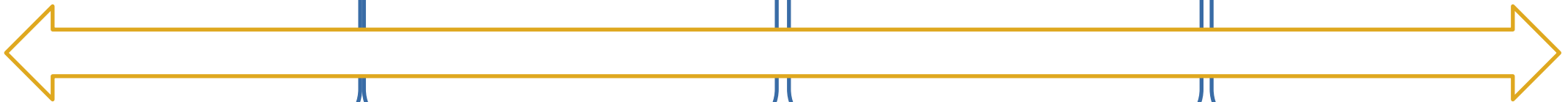
not producing undue  
dependence or giving  
undue preference to  
certain providers



offering a distinct value  
proposition that  
encourages consumers to  
pay with digital euro



not crowding out private  
initiatives



# Project timeline

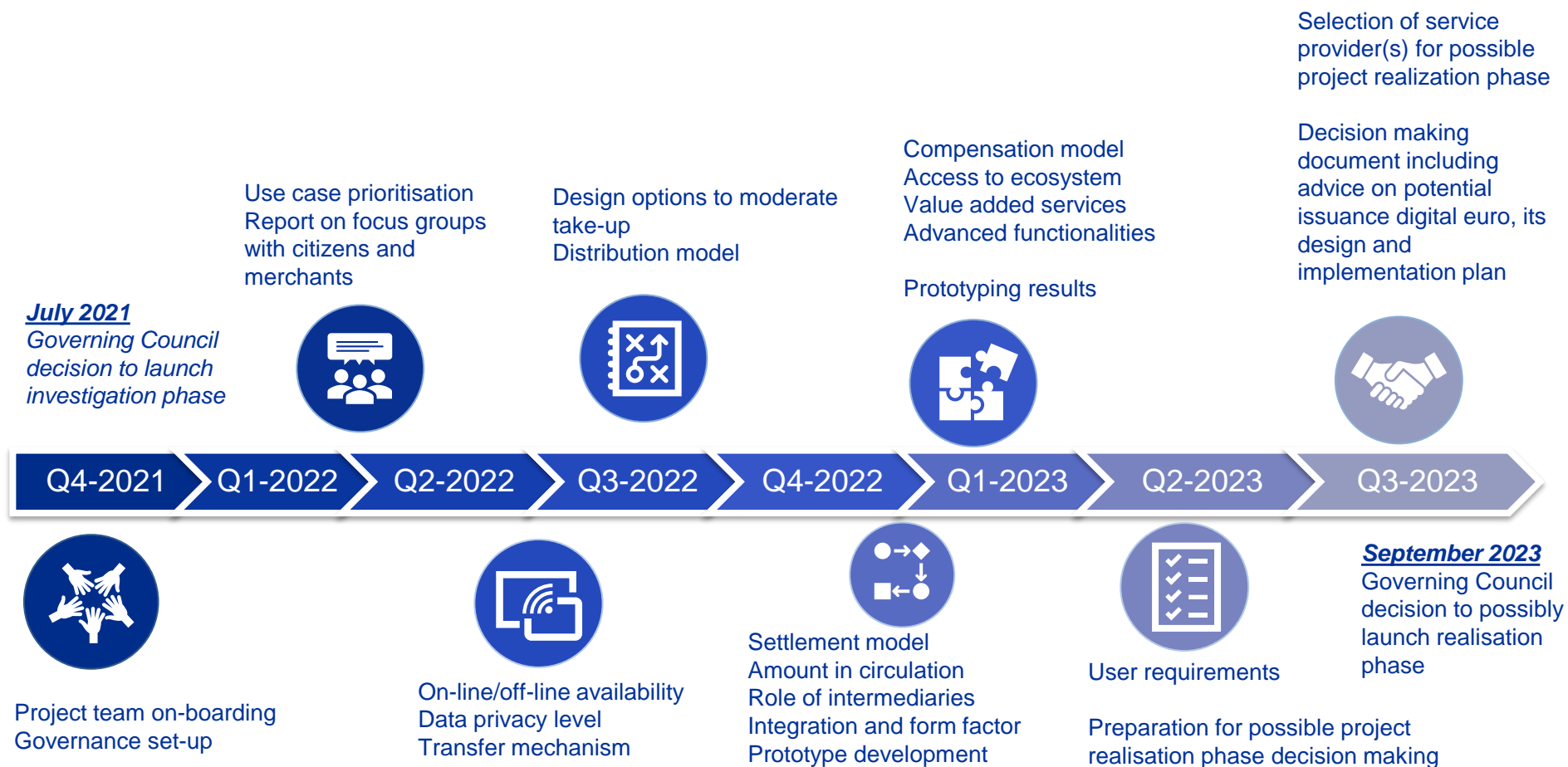
According to the 3<sup>rd</sup> BIS Survey on CBDC (2021) of 65 central banks,

- **86%** are **exploring costs and benefits** of CBDC,
- **60%** are conducting **experiments** or **proofs of concept**,
- **14%** are moving forward to **development** and **pilots**.

Central banks are moving into more advanced stages of CBDC engagement, although a broader **roll-out** is **still pending**. Core motivations for issuing CBDC are **payment efficiency** and **safety**. Local circumstances shape the motivations. **Emerging market and developing economies** show **stronger motivations** for issuing CBDC than advanced economies.

Source: BIS Papers 114 (2021).

# Project timeline





The background of the slide is a composite image. The upper portion shows a hazy, panoramic view of a city skyline, likely Amsterdam, with numerous skyscrapers and buildings. The lower portion shows a vast, flat landscape of a polder, characterized by green fields, a network of white drainage canals, and a few small structures in the distance.

# Thank you

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