

Thank you. Very useful.

Ignazio Angeloni

<https://ignazioangeloni.home.blog/>

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From: [REDACTED]@ecb.europa.eu>

Sent: Wednesday, April 26, 2023 2:01:22 PM

To: ANGELONI, Ignazio <Ignazio.ANGELONI@ecb.europa.eu>

Subject: RE: Re: Re: Digital euro / compensation

Given that this is up to the legislators we're very careful when communicating about this issue. Nevertheless, here are the key excerpts on the two issues in which we set out the benefits of both approaches:

on mandatory acceptance:

The digital euro could also be given legal tender status by legislators. If introduced, the digital euro would be a public good, and Europeans would expect to be able to access and use it easily, anywhere in the euro area. So, it would be more beneficial and convenient for all users if merchants that accept digital payments were obliged to accept the digital euro as legal tender. A requirement for merchants to accept digital euro could, in fact, also be seen as an opportunity. For example, it would make European payments more resilient and would enhance competition. This, in turn, would help to make payments cheaper, with clear benefits for everyone in the euro area.

[...]

mandatory distribution:

In our regular exchanges, consumer associations and merchants have remarked that the best way to ensure broad access for consumers would be to require euro area banks and other payment service providers to make the digital euro available to their customers. [Without this obligation, the digital euro may not be universally accessible to everyone across the euro area. There could be a situation where each euro area country has only a few banks (or even no banks) that offer digital euro accounts/wallets, forcing many customers to open an account with a new bank because their current one does not provide access to digital euro. This would also endanger network effects necessary to the success of a payment solution.] Previous attempts at building pan-European payment initiatives have shown that ensuring broad access throughout the euro area has ultimately always required regulatory measures. So, both sides of the coin – widespread acceptance and broad access – are

necessary to ensuring the digital euro would be a public good that meets the expectations of consumers and merchants.

From: ANGELONI, Ignazio <Ignazio.ANGELONI@ecb.europa.eu>  
Sent: 26 April 2023 13:42  
To: [REDACTED]@ecb.europa.eu>  
Subject: [EXT] Re: Re: Digital euro / compensation  
Importance: High

On the first point, I can find no mention either in the speech or in the third report of the fact that the ECB would prefer "mandatory distribution"? Can you let me know where this can be inferred? Thank you.

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From: [REDACTED]@ecb.europa.eu>  
Sent: 26 April 2023 12:36  
To: ANGELONI, Ignazio <Ignazio.ANGELONI@ecb.europa.eu>  
Subject: RE: Re: Digital euro / compensation

I believe the confusion stems from the different types of obligation:

- There's the obligation we talk about in Monday's ECON hearing, namely the obligation for merchants to accept digital euro (mandatory acceptance) and the obligation for PSPs to make digital euro available to their customers (mandatory distribution). I believe the speech makes it clear that our preference is for both kinds of obligation. At the same time, these obligations will be defined by the legislator, not by us.

- The obligation we talk about in the LOT3 report, i.e. the basic (core) services that intermediaries will be obliged to provide if/when we distribute a digital euro (irrespective of whether distribution is *per se* mandatory or voluntary for intermediaries according to the legislation). In LOT3, in fact, we talk about core/voluntary/value added services. These obligations should be defined within the rulebook and not by the legislator. The legislator can, however, define which services are free of charge for basic day-to-day purposes (and there will very likely be considerable overlap with core services).

From: ANGELONI, Ignazio <Ignazio.ANGELON[REDACTED]>

Sent: 25 April 2023 19:30

To: [REDACTED]@cb.europa.eu

Subject: [EXT] Re: Digital euro / compensation

Importance: High

Today [REDACTED] said that the PSPs will not be required to make digital euro available. How do things really stand? Or rather what is the ECB's stance?

I doubt, moreover, that a bank under ECB supervision would run the risk of refusing to make a digital euro created by the ECB available. In practice, it would be a quasi-obligation.

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From: [REDACTED]@ecb.europa.eu>

Sent: Tuesday, April 25, 2023 7:02:54 PM

To: ANGELONI, Ignazio <Ignazio.ANGELON[REDACTED]>

Subject: RE: Re: Digital euro / compensation

I would distinguish between the obligation stemming from the Regulation (in the event that the co-legislators adopt it) to make the digital euro available, and the need to provide monetary incentives to financial intermediaries (i.e. inter-PSP fees) to ensure that D€ are actually utilised. If we had no monetary incentives, intermediaries could simply adopt a "tick-the-box" strategy and comply with the

Regulation without actually facilitating the use of a digital euro by users. Moreover, without inter-PSP fees, banks would likely seek compensation from other sources, in particular extra fees on non-D€ products/services (cross-subsidies), which is something else we would like to avoid. For more information, see:

<https://ec.europa.eu/transparency/expert-groups-register/screen/meetings/consult?lang=en&meetingId=47422&fromExpertGroup=true>

On the issue of mandatory distribution, I would add that it's a fair request to avoid a scenario whereby banks simply exploit the standardisation made possible by a digital euro (and its potential legal tender status) to merely strengthen their existing payment solutions without actively promoting or distributing digital euro (i.e. just free riding).

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From: ANGELONI, Ignazio <Ignazio.ANGELON ██████████>  
Sent: 25 April 2023 10:58  
To: ██████████@ecb.europa.eu  
Subject: [EXT] Re: Digital euro / compensation  
Importance: High

I read your documents, but they say nothing new about the compensation model for banks; these slides were already familiar. Rather what is new is that banks should be required to provide a digital euro and the related basic ("corner") services. But if they are obliged to do so, what does it mean when it is said that the incentives to provide a digital euro will be the same incentives that banks are given to provide other forms of digital payment (the "third principle"), which are not mandatory?

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From: ANGELONI, Ignazio <Ignazio.ANGELON ██████████>  
Sent: 24 April 2023 21:03  
To: ██████████@ecb.europa.eu  
Subject: Re: Digital euro / compensation

Thanks! How did the hearing go?

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From: [REDACTED]@ecb.europa.eu>

Sent: Monday, April 24, 2023 8:55:21 PM

To: ANGELONI, Ignazio <Ignazio.ANGELONI@[REDACTED]>

Subject: Digital euro / compensation

Dear Ignazio,

I read with interest the paper drafted ahead of today's hearing before ECON on the digital euro. Since, rightly, you remarked that we had provided little information up to now on the monetary incentives for the distribution of a digital euro, I would like to point out that today's speech provides our perspective on the issue – whilst acknowledging that it will ultimately be up to the legislators to decide.

[https://www.ecb.europa.eu/press/key/date/2023/html/ecb.sp230424\\_1~f44c7ac164.en.html](https://www.ecb.europa.eu/press/key/date/2023/html/ecb.sp230424_1~f44c7ac164.en.html)

Wishing you pleasant evening,

[REDACTED]