



EUROPEAN CENTRAL BANK

EUROSYSTEM

Distribution model options for a digital euro

Euro Retail Payments Board
technical session on digital
euro

5 July 2022

Digital euro project team



Digital euro project timeline



Tentative - timing subject to change

Objective of today's exchange



Present **Eurosystem's analysis of distribution options** for a digital euro.



Invite you to share **your feedback on the scheme approach** that is seen by the Eurosystem as the most appropriate distribution option.



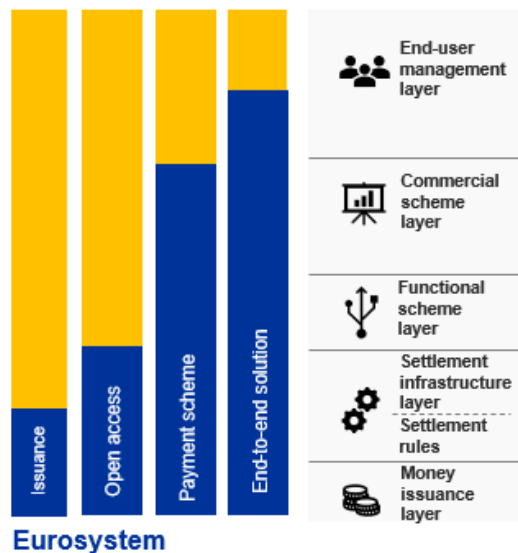
Invite you to **share your input as part of a written procedure** that will feed into the ECB's decision-making on the distribution model that will be brought to the HLTF in autumn 2022.

Distribution options for a digital euro

Digital euro distribution options

Layers on digital euro distribution and level of influence by the Eurosystem vs. supervised intermediaries

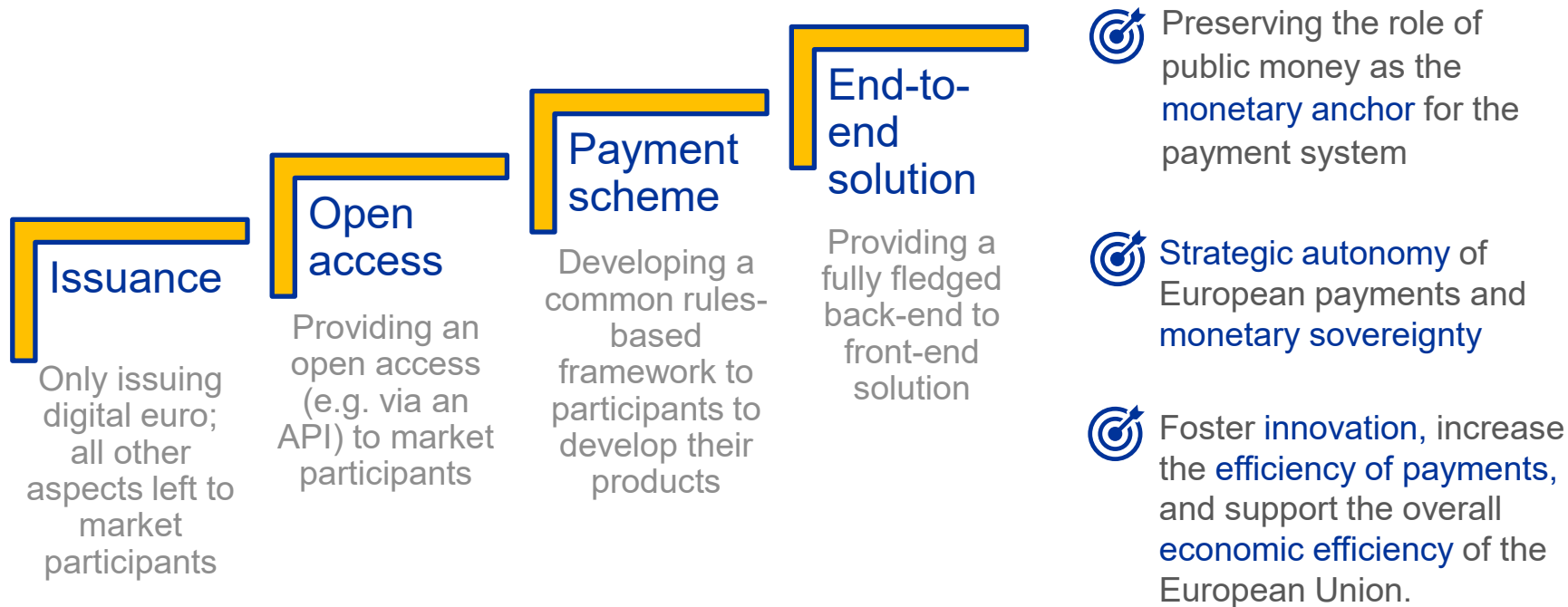
Supervised intermediaries



- Different options distinguish each other in terms of how prescriptive the Eurosystem would be in defining the ‘look and feel’ of the digital euro.
- Final aim to any distribution approach is to offer digital euro products to end-users (consumers and merchants).
- Need to support all the prioritised use cases: P2P, POS, e-commerce, and P2G/G2P, ensuring **pan euro area reach** and **avoiding market fragmentation**.

The role of intermediaries in the distribution of the digital euro is undisputed in any of the models above.

Distribution options & digital euro key objectives



Distribution options prioritisation

Issuance

Open access

Payment scheme

End-to-end solution

- **End-user experience** might be hampered across the euro area by insufficient degree of interoperability.
- Difficulties for achieving **widespread distribution** and enhancing financial inclusion.
- Would give room to supervised intermediaries to foster **innovation**, but might introduce market fragmentation.

prioritised

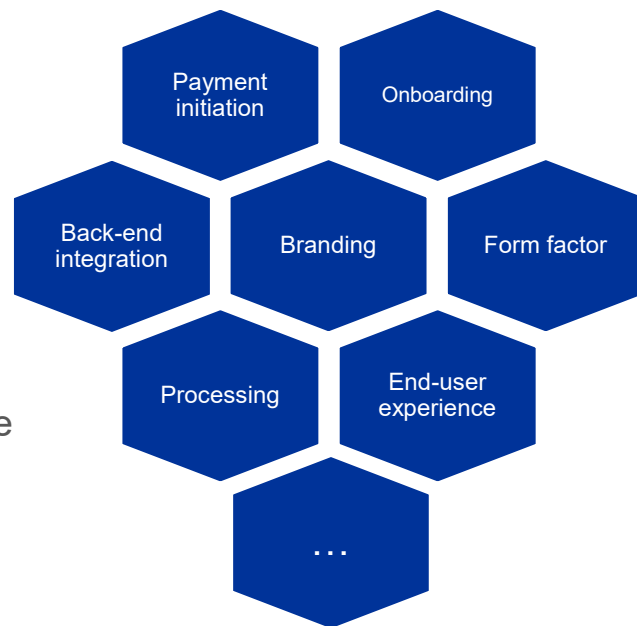
not prioritised

- Facilitates a **homogenous end-user experience** across the euro area and interoperability via standardisation.
- Best positioned to ensure **pan euro area reach**.
- Respects the **role of supervised intermediaries** and still offers room for **innovation**.

- Would contribute to achieving **homogenous end-user experience** and **widespread distribution**.
- But challenges on meeting **end-user demands** and keeping up with **innovation**.
- Reduces the **role of supervised intermediaries**.

A digital euro payment scheme

- ✓ Defines the **rules and requirements that supervised intermediaries would need to follow** to provide digital euro end-user products
- ✓ Is managed under a dedicated **governance** framework
- ✓ Facilitates **pan-euro area reach**, by containing a set of technical and/or commercial rules to ensure a harmonised user experience
- ✓ Can cover the **prioritised use cases**
- ✓ Ensures a **balance** between roles and responsibilities shared by the Eurosystem and the supervised intermediaries
- ✓ Can respond to **innovation** trends and to accommodate domestic specificities



Open questions:

How wide would the scope of the scheme management be?


How would the scheme governance work in practice and who would be part of it?


Future outlook and discussion

Current and next steps

 **Outreach to external stakeholders** on the distribution model options

Further work on payment scheme:

-  (i) **governance framework**, including the different roles and the scheme access criteria;
(ii) **development**, including constitutive elements, rulebook design and drafting possibilities.

 Complemented by input requests from **stakeholders** on specific questions.

 Consultation of **Eurosystem committees** & **outreach to external stakeholders** on the scheme development approach.



Confirmation of Eurosystem and market views on scheme-based approach,
leading to a **decision on scheme development** in autumn 2022

For feedback

We invite **reflections by participants**, including the following questions:

1. What would be the **potential drawbacks** of the prioritised scheme approach and how could they be overcome?
2. In terms of scope, which **scheme elements** (e.g. messaging standards, requirements for end-user interface design, branding, etc.) would you consider need to be covered under the scheme and which ones should be left to the market?
3. How could the **balance** between public and private cooperation be achieved under a payment scheme approach?

Thank you for your attention!