



EUROPEAN CENTRAL BANK

EUROSYSTEM

Digital financial inclusion

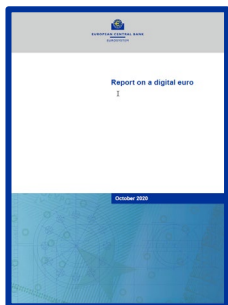
11th MAG meeting

10 May 2023

Digital euro project team



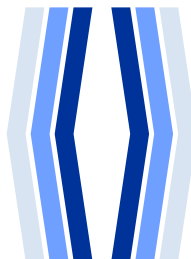
Digital financial inclusion has been a key consideration from the early onset



“It could increase choice, competition and accessibility with regard to digital payments, supporting financial inclusion”
Report on a digital euro, 2020



“These two aspects [accessibility and availability] are also [...] essential to ensure that the digital euro can support financial inclusion”
ECON speech by Fabio Panetta, 2023



“Everyone needs to make payments. [...] In a society which becomes increasingly digital, a digital form of cash will be needed.
BEUC and AGE consumer associations, 2023



Definitions




Financial inclusion means that individuals and businesses have **access to useful and affordable financial products and services** that meet their needs delivered in a responsible and sustainable way.

Digital financial inclusion refers broadly to the **usage of digital financial services** to advance financial inclusion, i.e. the deployment of digital means to reach the digitally financially excluded and underserved populations with such financial services.

EU: 96% of adults have access to a payment account (euro area: 98.5%) but only about 60% actually use internet for banking services: **usage** is the key step

- the **digital euro is not a panacea** that can solve financial exclusion alone
- financial inclusion in the context of a digital euro **cannot be decoupled from digital inclusion**

Categories

-  **Unbanked:** people with no access to a payment account, about 13 million adults in EU
-  **People with low digital or financial skills:** likely have access to a payment account, but don't use it as not understanding how it works or not being used to digital devices. Many elderly and people with low educational attainment but not limited to them (e.g. >1 in 6 adults in NL not performing all their payments and banking independently).
-  **People with disabilities:** wide and diverse group to consider from the usability perspective. Compliance with European Accessibility Act necessary to include them.
-  **Minors:** it appears the age requirement for a minor to open a bank account or access a payment card is not harmonised throughout the EU. Consent of the legal guardian is anyway needed and desirable.

Barriers to digital financial inclusion



Barriers to digital euro inclusivity not expected to differ from other digital payment solutions: addressing such barriers **to be facilitated in digital euro design as much as possible**

A digital euro would employ several tools to enhance (digital) financial inclusion

Form factors

- **app**: easy to use, attentive of needs of low tech savvy and elderly, compatible with European Accessibility Act, translation (at least) in all EU languages
- provision of: **physical digital euro payment card**

Onboarding and portability

- availability of both **fully remote and in person onboarding**
- **easy switching** from a supervised intermediary to another

Functionalities

- **basic services free of charge**
- **customizable account settings** for budgeting and automatic functions
- **simple (de)funding** (also with cash at ATMs), with no need for a smartphone
- **offline** functionality

Advocacy*

- **public approach**
- **legal tender**
- **simplified onboarding**
- support for a **harmonized minimum age** for opening a digital euro account
- targeted **educational campaigns**

**The Eurosystem can champion these causes in the relevant fora, but responsibility to take action would lie with co-legislators and Member States*

The Eurosystem can only advocate for a public approach, which requires coordinated efforts

Public approach

- dedicated **onboarding channel** via **public or private dedicated licenced entity** per member state **providing access to digital euro services and the necessary supports** to those vulnerable to digital financial exclusion
- availability of **human interaction** to guide users throughout all steps
- dedicated **customer services**
- distribution of a **physical digital euro payment card**
- **(de)funding via cash** ensured
- above services provided **free of charge for eligible individuals**

For feedback

We invite **reflections in particular on the following questions:**

- **Completeness:** which other aspects would need to be considered to make the digital euro as inclusive as possible?
- **Synergies:** which opportunities for synergies do you see for the digital euro inclusion measures and other initiatives addressing digital financial inclusion?
- **Trade-offs:** which challenges do you see in implementing the suggested measures, if any?

Should you like to provide written feedback, **please do so by 16 June 2023 COB.**

Thank you
