



EUROPEAN CENTRAL BANK

EUROSYSTEM

Core, optional and value-added services for the digital euro

Euro Retail Payments Board

6 December 2022

Digital euro project team



Where do we stand?

Tentative - timing subject to change

July 2021
Governing Council
decision to launch
investigation phase

Use case prioritisation
Report on focus groups with
citizens and merchants



Design options to moderate take-up
Distribution model



Compensation model
Access to ecosystem
Value added services
Advanced functionalities

Prototyping results



Selection of service provider(s)
for possible project realisation
phase

Decision making document
including advice on potential
issuance digital euro, its design
and implementation plan



Q4-2021

Q1-2022

Q2-2022

Q3-2022

Q4-2022

Q1-2023

Q2-2023

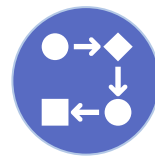
Q3-2023



Project team on-boarding
Governance set-up



On-line/off-line availability
Data privacy level
Transfer mechanism



Settlement model
Distribution of amount in circulation
Role of intermediaries
Integration and form factor
Funding and defunding
Prototype development



User requirements

Preparation for possible
project realisation phase
decision making

autumn 2023
Governing Council
decision to possibly launch
realisation phase

Objective of today's exchange



Present **Eurosystem's analysis on core, optional and value-added end-user services for a digital euro.**



Invite you to **share your input as part of a written procedure (deadline 23 January 2023)** that will feed into the ECB's decision-making on the distribution model that will be brought to the Governing Council in Q1 2023.

What these decisions are about



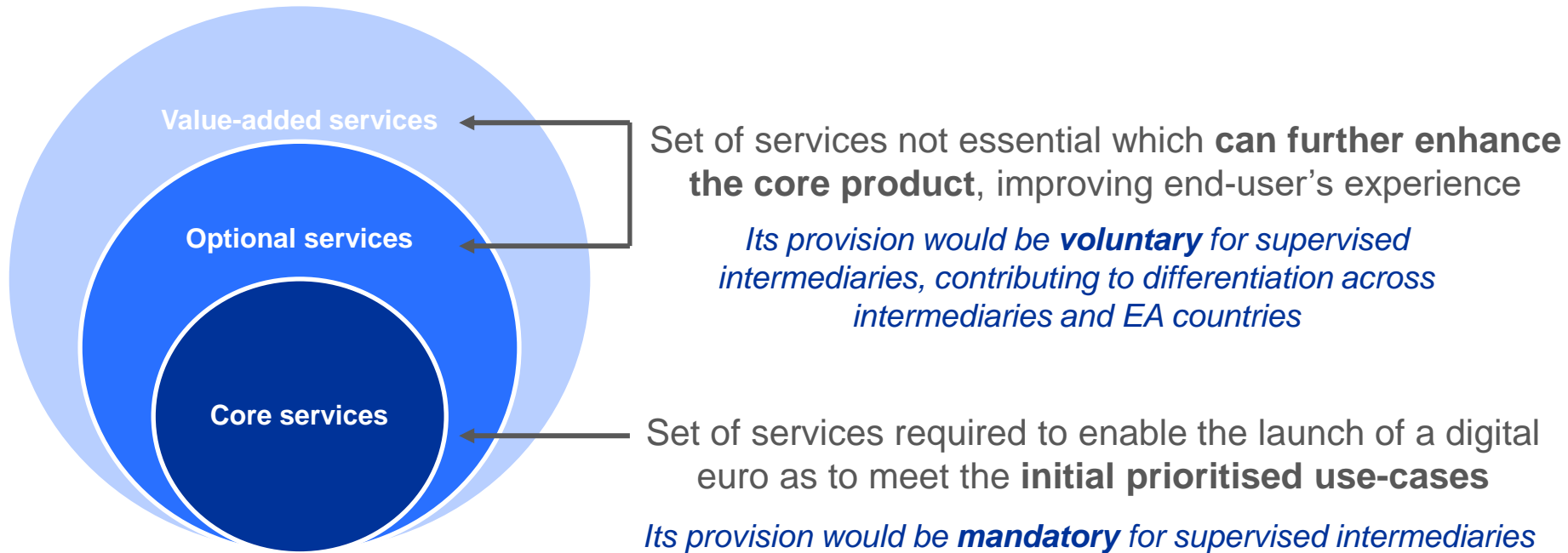
What categories of services would be supported by the digital euro for the initial release?



What would be the role of supervised intermediaries and the Eurosystem on the development and provision of such services?

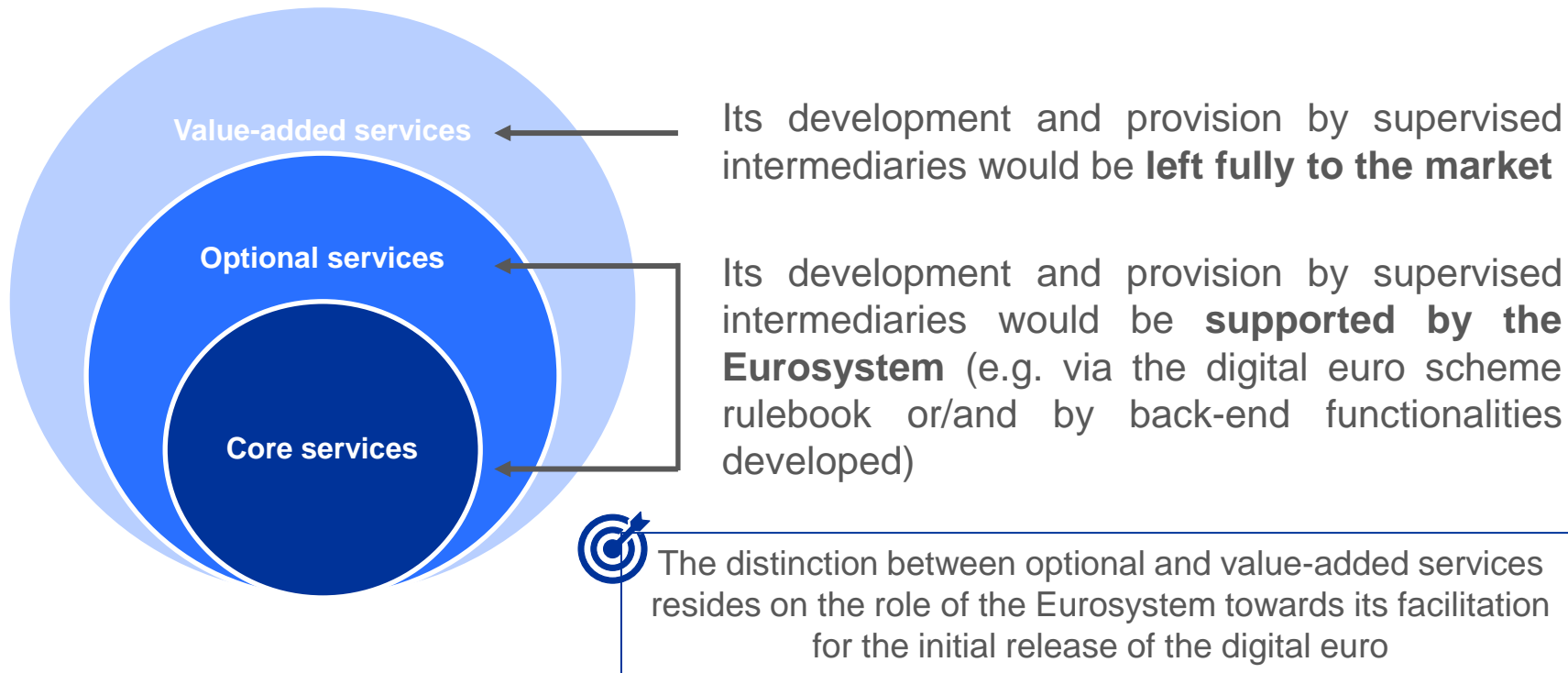
Core, optional and value-added services

Three different types of end-user services



Note: some optional services and value-added services enable programmable payments in digital euro

Eurosystem's role towards the different categories



Core and optional services identification

User management	Liquidity management	Transaction management
Onboarding digital euro end-users	Funding (manual & automated)	Transaction initiation (one-off transactions)
Offboarding digital euro end-users	Reverse waterfall	Authentication
Payment instrument management (both provision and maintenance)	Defunding (manual & automated)	Payment confirmation/rejection notification
Linking digital euro holdings to commercial bank money account	Waterfall	Recurring payments
User lifecycle management processes (identification, data update, information display on balance and transactions, account portability and end-user support)		Pay-per-use enabled via pre-authorisation service ²
Account information service ¹		Payment initiation service ¹

Core services
Optional services

¹May need to be facilitated inter-PSPs due to PSD2 but its provision to end-users would be optional

²M2M payments are out of scope as it is a use case not prioritised for the initial release


Some observations

The list of identified core and optional services:

- Refers to the **initial release** of the digital euro
- It is not exhaustive and is **expected to evolve over time**
 - The current selection does not preclude that any **other services might be included over the course of the investigation phase** after completing the analysis on foreseen items (e.g. dispute management).
 - Regular evaluation of these services will be part of the regular rulebook development and maintenance process.

Way forward and discussion


Way forward

 **Further investigation & work** over the investigation phase on other services that might be included as either core or optional (e.g. dispute management)

 **Consultation of Eurosystem committees**

 **Outreach to external stakeholders**



 Finalization of Eurosystem views in Q1 2023 based on the outcome of Eurosystem committees' consultation, discussions with external stakeholders and further internal analysis

 Review of combined design decisions (“Bringing it all together”) in Q2 2023 and feedback by stakeholders on overall design prior to Governing Council decision making thereafter

For feedback

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

1. Do you foresee any **core service** in addition to the ones identified or re-categorise any of them?
2. Do you foresee any **optional service** in addition to the ones identified or re-categorise any of them?
3. What would be the concrete ways for the **Eurosystem to support the development and provision of each of the identified core and optional services**, either via the scheme rulebook and/or back-end functionalities?

Thank you

Annex. Examples of potential value-added services

The following illustrative list contains services mentioned by some digital euro MAG members as potentially being provided in the context of the digital euro¹:

- **Delivery Vs. payment**
- **Automatic reimbursement of subsidies**
- **Automatised repayment for BNPL (buy now pay later) schemes**
- **Conditional payments** per type of payer and/or underlying goods/services
- **Pocket money for children**
- **Split payments** (multiple payers)

¹In the context of discussions held on programmable payments in digital euro