



EUROPEAN CENTRAL BANK  
EUROSYSTEM

# THE DIGITAL EURO PROJECT

Info session

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**Evelien Witlox**  
Director Digital Euro

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**Why do we need a  
digital euro?**

# DIGITALISATION

After 25 years, the euro prepares for the digital age

## Digital payments: on the rise\*

From 2019 to 2024:



Cash payments fell from 68% to 40%\*\*



Card payments rose from 26% to 40%\*\*, of which most were contactless



Mobile purchases rose from 6% to 15%\*\*



## A digital euro: bridging the gap

Complementing physical central bank money



Integrating central bank money and modern payment trends



Ensuring the euro remains fit for purpose in the digital age



\*Study on the payment attitudes of consumers in the euro area (SPACE), ECB, December 2024.  
[https://www.ecb.europa.eu/stats/ecb\\_surveys/space/html/ecb.space2024-19d46f0f17.en.html#toc5](https://www.ecb.europa.eu/stats/ecb_surveys/space/html/ecb.space2024-19d46f0f17.en.html#toc5),

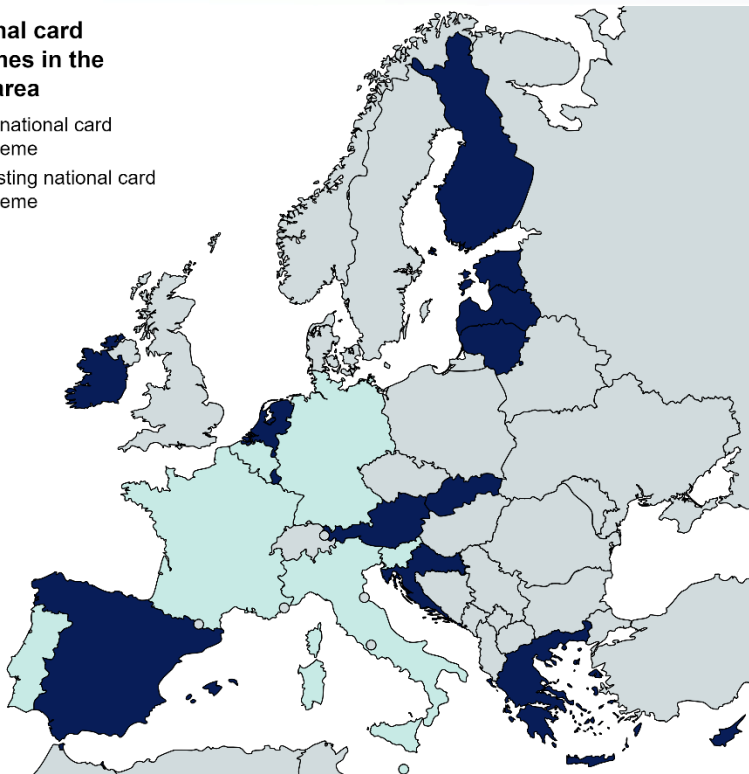
\*\* As a proportion of all day-to-day payments in the euro area, in number terms

# FRAGMENTATION

The European payments market is fragmented and reliant on international card schemes (ICS)

## National card schemes in the euro area

- No national card scheme
- Existing national card scheme



13 of 20 Euro area countries have **no domestic scheme** and rely exclusively on ICS



Existing domestic card schemes in other countries are **losing market share to ICS**



**More than 60%** of euro area card transactions are **processed via non-European schemes**



In most cases **no interoperability** between **domestic schemes** and payment solutions. Despite **plans for interoperability**, A2A payment solutions still face **limited acceptance at POS**.

# A unique payment option for 349 million citizens in the euro area

## Current payment options that will continue to exist



Cash



Card



Bank  
account

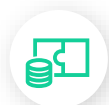


Other digital  
payments



## Digital euro: an additional way to pay across Europe

Bringing cash-like features to the digital world



**Pan-European**



**Free** for euro  
area citizens



**High privacy**



Available **offline**

# 2

## **Focus on digital euro fundamentals**

Features and key benefits

# Privacy and data protection: digital euro pillars



## More private than current payment methods



The Eurosystem would **not be able to directly identify people** based on their digital euro transactions



As with other digital payments, intermediaries would have access to certain data to be **compliant with EU regulations**



All personal data would be **bound by EU data protection law**, including the General Data Protection Regulation

## Offline function with higher privacy



Paying **offline** would be almost like using cash. Transactions would only be known to the payer and the payee

# Leaving no one behind: an inclusive and accessible digital euro



Digital euro payments could also be made via a **physical card**, with funding and defunding options available via cash



Users would always have access to **face-to-face technical support** and the option to easily **switch intermediaries**



**Offline functionality** would enable transactions in locations with limited connectivity



As well as PSPs, selected **public entities** would also operate as intermediaries as an option for underbanked users



# Offline digital euro: close to paying with cash



Paying with a digital euro would be possible **via devices such as their mobile or a payment card without internet connexion**



Users would have to **prefund offline payments** in their devices (e.g. via internet or an ATM)



To pay offline, users would **need to be close to each other or physically at a store.**



Our work has focus on investigating further the devices that could be used to pay offline and how prefunding would work

# MADE FOR EUROPE

## Key benefits of the digital euro

### CONSUMERS



- **Freedom of choice:** ensuring payments anywhere, anytime, for any payment situation
- **Privacy and data protection**
- An **inclusive and accessible** digital means to pay

**Available offline** in case of limited connectivity and power outages

### MERCHANTS



Expanding businesses and services **beyond their country borders**

- **High(er) conversion rates** for all use cases with recognisable front-ends
- **Instant receipt of funds**

### PAYMENT SERVICE PROVIDERS



- **Maintaining client relationship**
- **A platform for innovation** based on common digital euro standards

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**Private providers  
and innovation**

# Intermediaries would play a key role in digital euro distribution

## Distribution via supervised payment service providers (PSP)



**Digital euro distribution** would be carried out **exclusively by PSPs**



PSPs would exclusively maintain **customer relations**



PSPs would benefit from **digital euro open standards**

## Healthy equilibrium between central bank money and commercial money



**Holding limits** for end users (none for corporates)

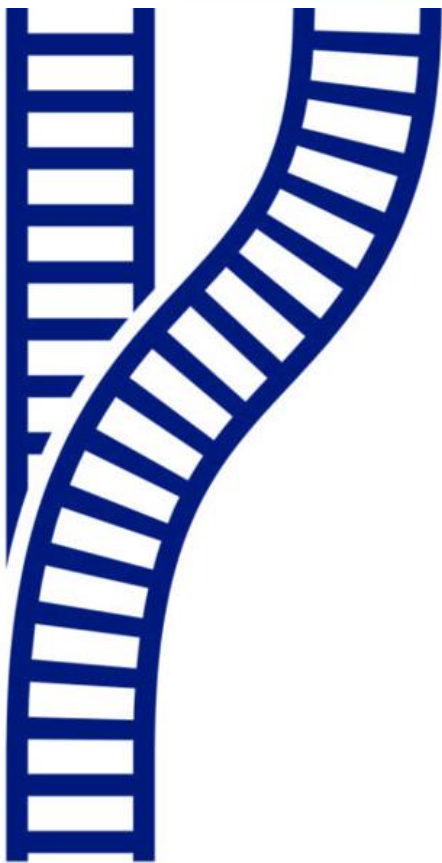


(Reverse) **waterfall functionality**



**No remuneration** for digital euro users

## A digital euro would provide pan-European rails for private solution...



...offering a **platform for innovation**, based on which private providers can build value added services



...enabling private retail payment solutions to **leverage digital euro infrastructure** for pan-European reach



...reducing our **dependence** on other non-European players

# Unlocking innovation potential through collaboration

In **October 2024**, the Eurosystem launched the **Innovation Platform** initiative to collaborate with around 70 market participants

The initiative consisted of **two collaborative workstreams**:

- **Visionaries** – focused on conceptual work
- **Pioneers** – focused on technical testing

## INDUSTRY



# The Innovation Platform showed the added value the digital euro can bring to everyone



## Adding value to the euro area economy

The Innovation Platform brought together a wide range of ideas, showing how a digital euro would unlock new business opportunities and empower market participants.



## Meeting real users' needs

The Innovation Platform highlighted how the digital euro could add value for people and businesses across the euro area by providing inclusive and user-focused services.



## Harmonising payment experience

Market participants stressed the value of pan-European reach and harmonization to reduce fragmentation and ensure scalability of new services.



## Learning through experimentation

Early testing provided valuable insights on technical feasibility and possible areas for improvement and helps market gain deeper understanding of digital euro design.

**Continuous engagement:** second round of innovation platform

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## **Legislative process and collaboration**



# The digital euro: evolving in parallel with the legislative process

The project evolves in parallel with the legislative process to ensure technical readiness to launch. **The legislation on the digital euro would ensure:**



## Acceptance

People would always be able to pay in digital euro with any euro area merchants accepting digital payments



## Free for basic use

A digital euro would always be free for basic use to euro area citizens



## Fair economic incentives

Intermediaries would be compensated for distributing the digital euro, making it accessible in the euro area



## Right to obtain digital euro

People would be able to obtain digital euro at the banks with which they already hold accounts



## Digital financial inclusion

People from vulnerable social groups would receive support to access basic digital payment services



## High privacy standards

The ECB would ensure a high level of privacy, in line with European regulations

A decision on whether to issue a digital euro will only be considered by the ECB's Governing Council **once the legislation has been adopted**

# At the core of the project: constant collaboration with all stakeholders...

...which was crucial during the digital euro project's investigation phase (2021-2023) and will now be strengthened further.



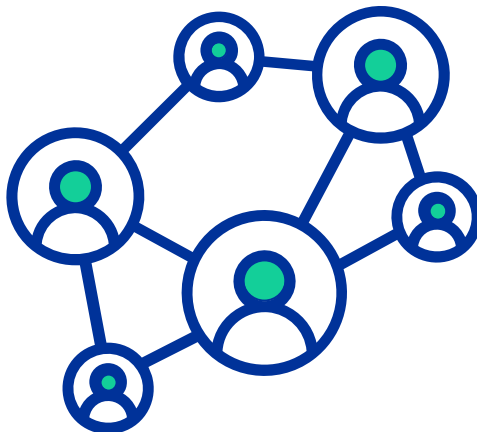
**European policymakers:**  
a joint European effort

- + European Parliament
- + Council & Eurogroup
- + European Commission
- + Other EU bodies



**Market participants:**  
broad support from consumers  
and merchants

- + Financial institutions
- + Consumers, merchants and acquirers
- + Infrastructure and technology providers



**General public:**  
engaging with end users



- + Civil Society Organisations
- + EU citizens

**Central banks:**  
setting global standards



- + Non-euro area ESCB members
- + Bank for International Settlements
- + Central banks with CBDC projects



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# Thank you

## Additional supporting materials:

- [Progress on the preparation phase of a digital euro](#)
- [Report on the digital euro innovation platform](#)
- Updated digital euro [FAQ](#)
- Webpage: [Digital euro and privacy](#)
- [ECB opinion](#) on the EU Commission's digital euro legislative proposal
- Digital euro [one-pager](#)
- Digital euro [LinkedIn page](#)