



EUROPEAN CENTRAL BANK

EUROSYSTEM

# Distribution model options for a digital euro

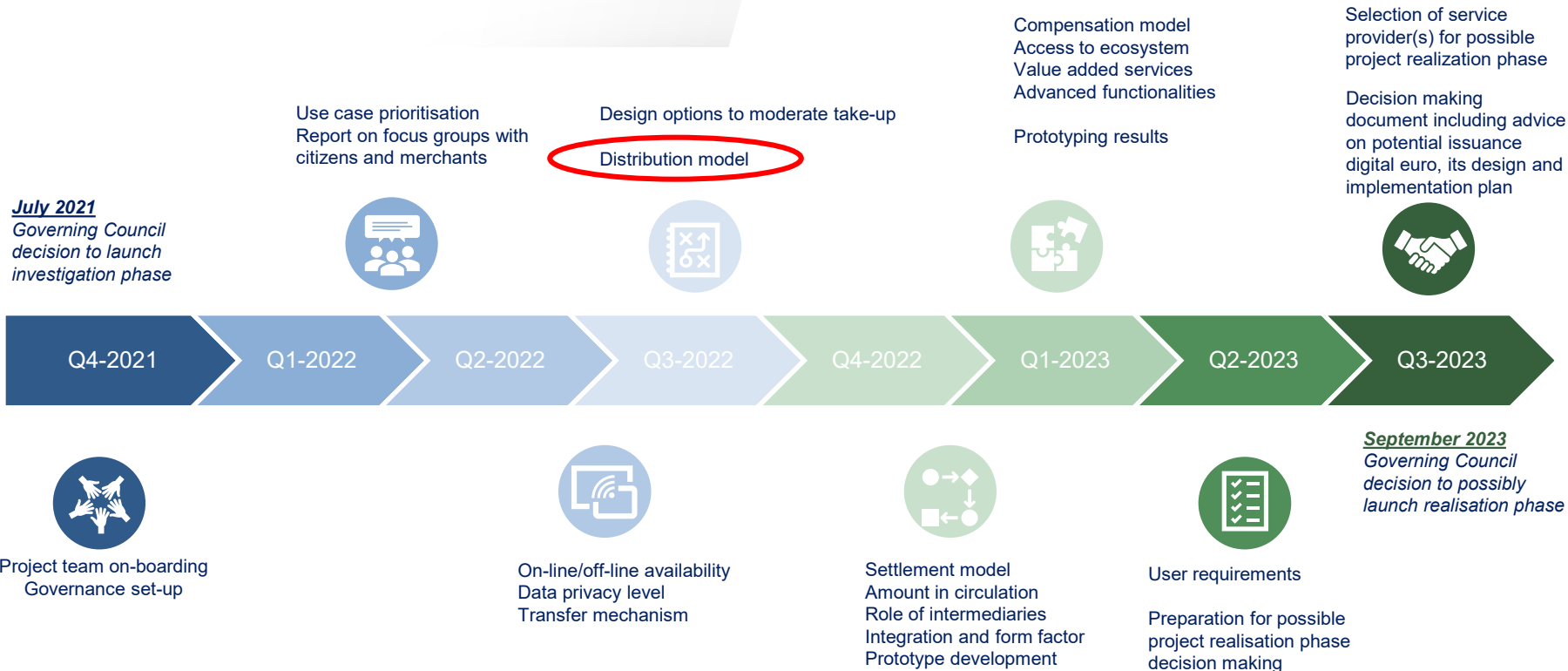
Market Advisory Group

6 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.



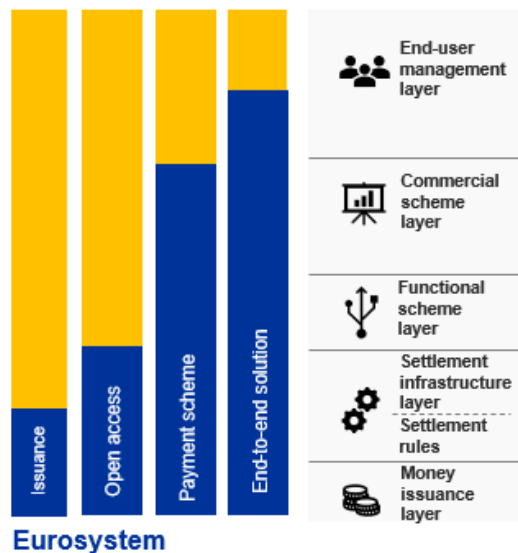
Invite you to **share your input as part of a written procedure** that will feed into the ECB's decision-making on the distribution model that will be brought to the HLTF in autumn 2022.

# 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

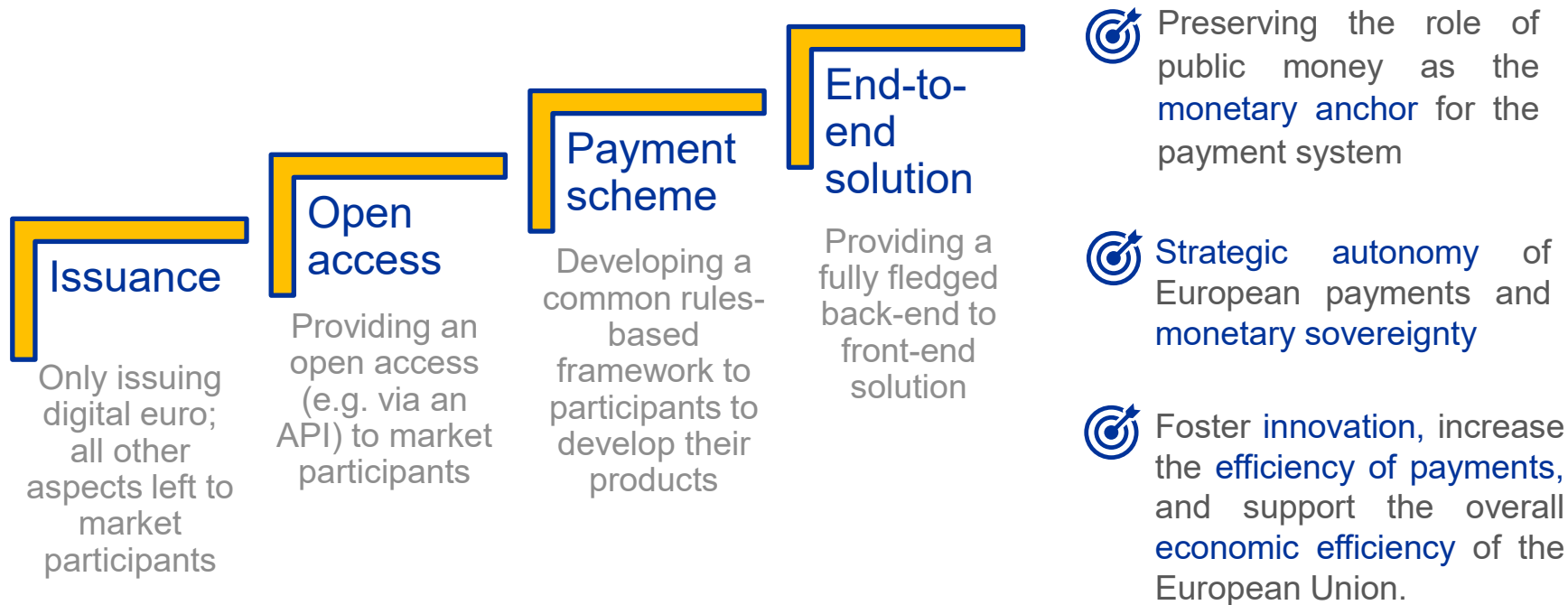
## Supervised intermediaries



- 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*

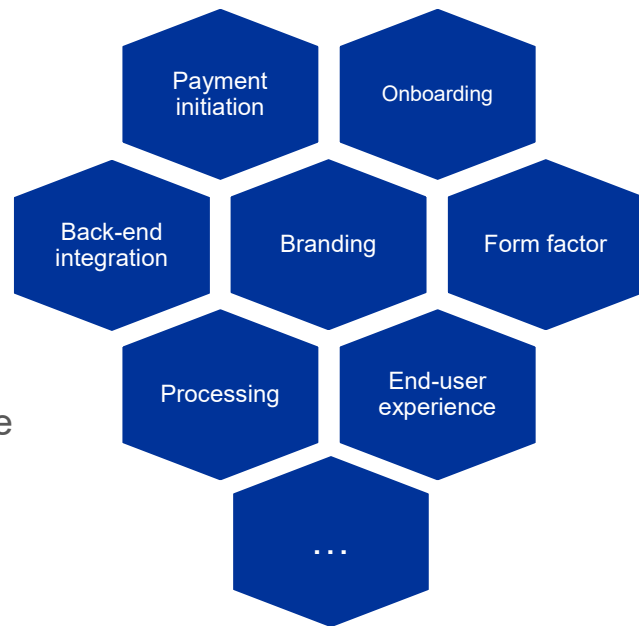
*not prioritised*

- 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 harmonized 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!**