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Ms Irene Tinagli
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Third progress report on the investigation phase of a digital euro and second focus group report

Dear Chair, dear Irene,

I am pleased to inform you that today we will publish a third report presenting further progress made during the investigation phase of the digital euro project.¹ The report sets out the details of a third set of design and distribution options that were recently endorsed by the ECB's Governing Council. It contains the Eurosystem's views on digital euro access, holdings and onboarding, as well as distribution aspects and digital euro services and functionalities.

Today we will also publish the second focus group report.² This report describes the findings of the research we commissioned into citizens' payment preferences and their attitudes towards digital payments. The aim of the study was to assess euro area citizens' perceptions of the different potential features of a digital wallet and gain a deeper understanding of digital payment preferences. Given the qualitative nature of the research, no conclusions can be drawn as to the representativeness of these results for the population of the euro area.

¹ For the first report, see [Progress on the investigation phase of a digital euro](#), ECB, 2022; see also the [letter](#) to you of 28 September 2022. For the second report, see [Progress on the investigation phase of a digital euro – second report](#), ECB, 2022; see also the [letter](#) to you of 20 December 2022.

² See [Study on New Digital Payment Methods](#), *Focus group report*, Kantar, March 2022.

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You may wish to share the enclosed embargo versions of the reports with ECON Committee members on a strictly confidential basis in view of our discussion this afternoon.

With the approval of the latest set of design choices, the foundations have been laid for the finalisation of the investigation phase and for building a proposal for a possible next phase. The Eurosystem is now reviewing all the design options and is bringing them together in a high-level design for the digital euro. In parallel, the Eurosystem is continuing its analysis of distribution options and the development of a rulebook for a digital euro scheme.³ We are also assessing the findings from the prototyping exercise⁴ and market research.⁵ I will transmit these findings to ECON Committee members as soon as they are finalised and before they are published on the ECB's website.

The Governing Council will review the outcome of the investigation phase in autumn 2023 and will decide, on this basis, whether to move on to a subsequent project phase in which the appropriate technical solutions and business arrangements necessary to provide a digital euro could be developed and tested. There would be no decision on the possible issuance of a digital euro until a later stage and this would depend on legislative developments with regard to a regulation to establish and govern essential aspects of the digital euro. Such a regulation would be adopted by the European Parliament and the Council of the EU, following a proposal by the European Commission. The ECB will accommodate any necessary adjustments that may emerge from legislative deliberations in the design of the digital euro.

I look forward to further discussing all these matters with ECON Committee members, whose views have provided valuable input for our work and the decisions summarised in the third progress report.

Yours sincerely,

[signed]

Fabio Panetta

³ For more information on the distribution model and a digital euro scheme, see Section 2 "Distribution model" of [Progress on the investigation phase of a digital euro – second report](#), ECB, 2022. In addition, see [ECB hosts first digital euro Rulebook Development Group meeting, as well as the Rulebook Development Group mandate](#).

⁴ See [ECB selects external companies for joint prototyping of user interfaces for a digital euro](#), *MIP News*, ECB, 16 September 2022; and [Publication of the technical onboarding package for digital euro prototyping](#), in a letter to you of 7 December 2022.

⁵ See [Market research on possible technical solutions for a digital euro](#), *MIP News*, ECB, 13 January 2023.