

Digital Euro Package Summary

June 28, 2023

The European Commission's Digital Euro proposal consists of three components: a [proposal](#) on the establishment of the digital euro, a [proposal](#) on the provision of the digital euro in Member States whose currency is not euro, and the related [proposal](#) on a legal tender of euro cash.

Key features of the digital euro

- Not programmable; should be fully fungible
- Designed to minimize processing of personal data by PSPs and ECB
- Available offline, privacy comparable to banknotes withdrawn at ATMs and cash
- Neither ECB nor national central banks can attribute data to user upon settlement
- Possibility of offline storage in European Digital Identity Wallets
- Should be designed to facilitate use by general public, including those with disabilities/limited skills
- Users would not be required to have a non-digital euro payment account, although some functionalities (e.g. waterfall/reverse waterfall from holding limits) could be enabled by one

Privacy

- *Offline*: cash-like; high level of privacy; enabled by NFC on mobile devices
- *Online*: same data protection, privacy, AML/CFT rules equal to private digital payments

For the ECB and national central banks, personal data would be pseudonymised or encrypted so that the data processed cannot be directly attributed to an identified or identifiable digital euro user. PSPs executing transactions would be required to conduct sanctions screening. In the case of suspicious activity for offline payments, PSPs would transmit funding and defunding data upon request to FIUs and other authorities.

Distribution

Basic digital euro services would be offered for free. All credit institutions providing payment account services would be required to provide basic digital euro payment services upon request. Though the same is not required for PSPs, all PSPs may distribute the digital euro. PSPs should provide digital inclusion support to persons with disabilities, functional limitations or limited digital skills, elderly people. PSPs would not need additional authorisation to provide digital euro payment services.

Wallet

Front-end services provided by intermediaries would be interoperable with or integrated in the European Digital Identity Wallets. These wallets could facilitate digital transactions by enabling authentication, identification, and the exchange of attributes including licenses and certificates. PSPs would be able to rely on attestations provided by these wallets to perform customer due

diligence, for instance. Private digital payments would be encouraged to use the rules, standards and processes governing the digital euro payment services.

The European Digital Identity Wallets may also hold digital euros for transaction purposes, including offline payments. Front-end service providers for the digital euro and operators of European Digital Identity Wallets would be able to store software in mobile devices to make transactions with digital euro technically possible both online and offline.

Digital euro holdings

Users may hold multiple accounts with different PSPs and should be able to switch accounts to another PSP. The digital euro adopts a “waterfall approach” that allows digital euros to be automatically defunded to a commercial bank account or other payment account upon exceeding holding limits.

Access and use of digital euro outside euro area:

PSPs incorporated in Member States whose currency is not the euro may distribute the digital euro, subject to the supervision and sanction regimes of those states. To use the digital euro outside of the euro area, the country must make a request and commit to predetermined conditions. The ECB and the non-euro area national central bank would also be required to enter into specific arrangements. In the case of a non-EU Member State country, there must be an international agreement as well as a monetary agreement regarding the access to and use of the digital euro. The digital euro may only be distributed to third countries that have a prior agreement. For details on the provision of digital euro payment services, see the second [proposal](#), on the provision of the digital euro in Member States whose currency is not euro.