

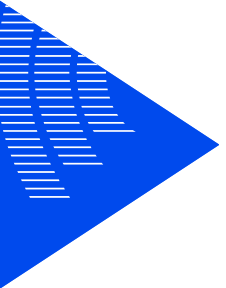


CENTRAL BANK DIGITAL CURRENCY AND CRYPTO-ASSETS

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FIRST DEPUTY GOVERNOR

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Introduction

Changes in the financial and payments sectors

Digitalisation of the economy and payments

Tokenisation of finance

Two challenges for central banks

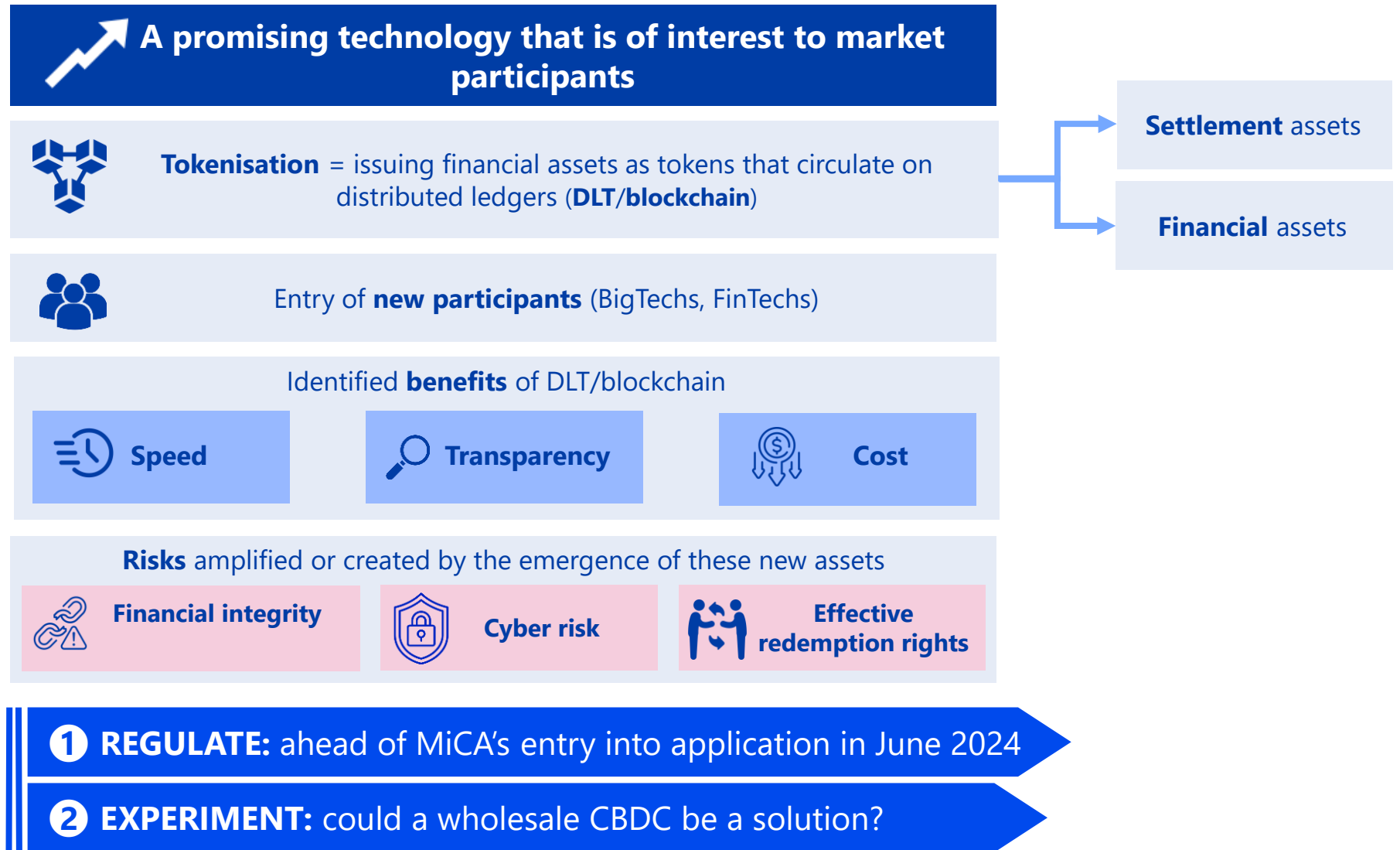
 Design a **trusted framework** in which innovation can thrive



Adapt our services to preserve **the role of central bank money** and maintain monetary sovereignty and financial stability



I. Supporting the tokenisation of finance



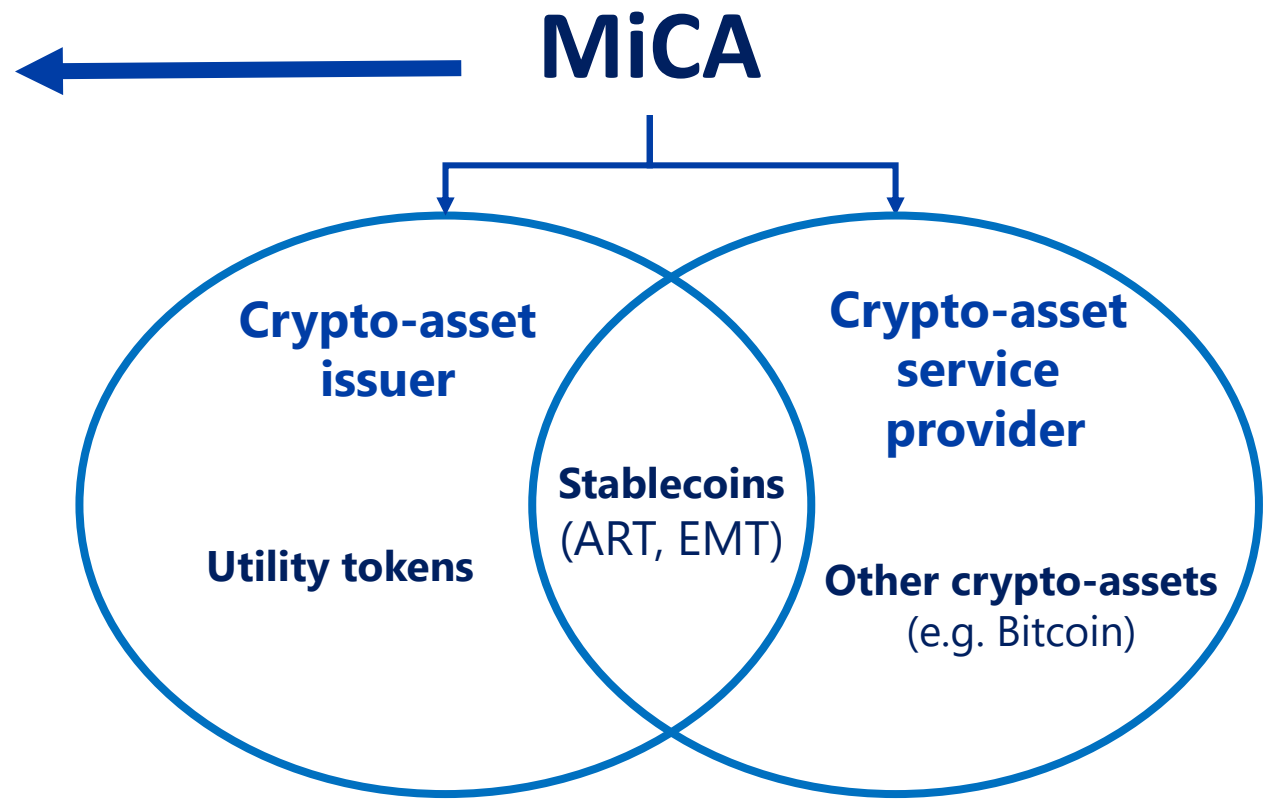
I. Supporting the tokenisation of finance

The European regulatory framework created by the MiCA Regulation

MiFID II



Security tokens
(DLT-based financial instruments)



 **DeFi, NFTs and crypto-conglomerates are outside the scope of MiCA.**



Entry into force on 29 June 2023



Entry into application scheduled for December 2024 (except stablecoins, from end-June 2024); repeal of PACTE Act provisions

I. Supporting the tokenisation of finance

Why explore a wholesale CBDC?

? The emergence of disintermediated finance raises the question of which settlement asset to use



Central bank money is **the safest and most liquid** settlement asset



Central bank money **is not available in tokenised form**

Central banks need to maintain the anchoring role of central bank money, while enabling it to coexist with other settlement assets

Wholesale CBDC

Stablecoins

Crypto-assets

OUR
ROLE

2 EXPERIMENT: could a wholesale CBDC be a solution?

I. Supporting the tokenisation of finance

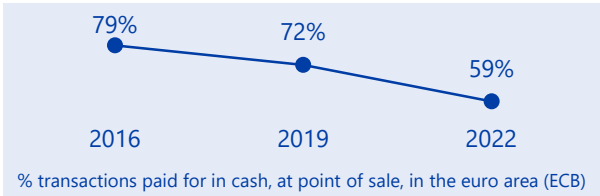
Exploratory work by the Eurosystem on a wholesale CBDC



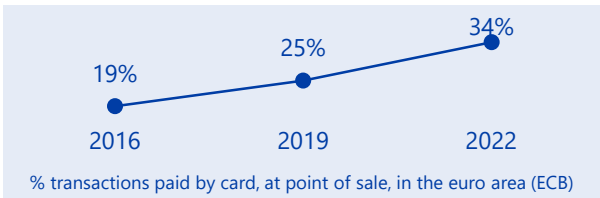
II. Digital euro (retail CBDC)

Maintaining cash characteristics in the digital space

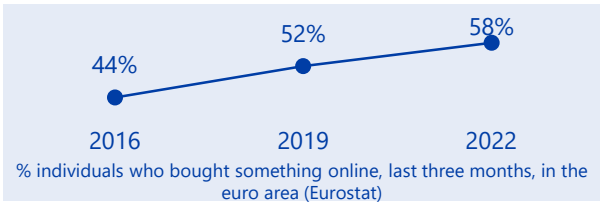
Reduced use of **cash** in transactions



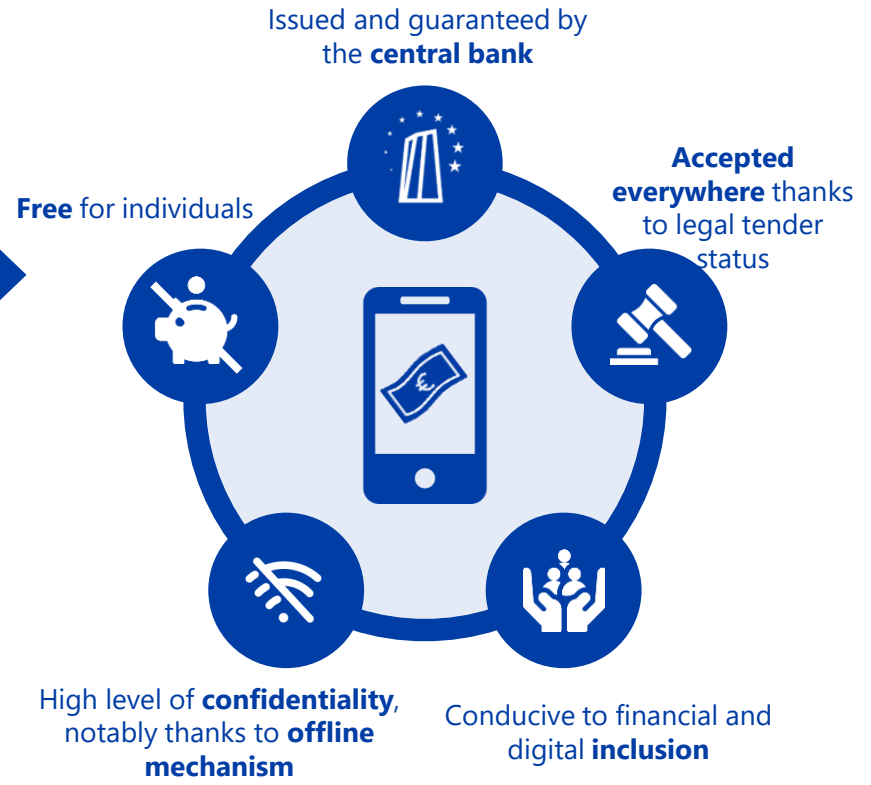
Emergence of **digital** means of payment



Rise of **e-commerce**



A "digital banknote"



Strengthened freedom of choice



II. Digital euro (retail CBDC)

Supporting European sovereignty and integration in payments



Growing reliance on non-European players



BigTech companies



International card schemes



Significant network effects

Reliance raises challenges



Sovereignty



Resilience



Competition



Merchant fees



Integration



Innovation

The digital euro will promote the emergence of **payment solutions under European governance**



Distribution of the digital euro will be entrusted to commercial banks and other PSPs



Distribution governed by **acceptance standards** (detailing all interactions, e.g. cards and terminals), which will have to be:



harmonised throughout the euro area, to ensure the interoperability of D€ payment solutions



open, i.e. not governed by non-European participants



Private participants will be able to reuse these standards, allowing them to easily and instantly offer their services throughout the euro area (including in commercial bank money)

II. Digital euro (retail CBDC)

How and when might a digital euro be issued?



Facilitated ecosystem integration



Existing infrastructure, such as terminals, ATMs and standards, to be reused wherever possible



Viable business model for all ecosystem participants (merchants, banks)



Measures to **preserve financial stability**: holding limit (to be calibrated later), no interest



Importance of democratic debate



Preparation phase, launched in November 2023, will initially make it possible to:



finalise **analyses** (e.g. design of the scheme rulebook)



run **tests**



select **providers** that can help develop the architecture



The decision to issue a digital euro has not yet been taken: this cannot happen until the European regulation has been finalised and adopted.

