



EUROPEAN COMMISSION

DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

DIRECTORATE-GENERAL FOR FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL
MARKETS UNION

CONSULTATION DOCUMENT

TARGETED CONSULTATION ON A DIGITAL EURO

Disclaimer

This document is a working document of the Commission services for consultation and does not prejudge the final decision that the Commission may take.

The views reflected on this consultation paper provide an indication on the approach the Commission services may take but do not constitute a final policy position or a formal proposal by the European Commission.

The responses to this consultation paper will provide important guidance to the Commission when preparing, if considered appropriate, a formal Commission proposal.

You are invited to reply **by 16 June 2022** at the latest to the **online questionnaire** available on the following webpage:

https://ec.europa.eu/info/publications/finance-consultations-2022-digital-euro_en

Please note that in order to ensure a fair and transparent consultation process **only responses received through the online questionnaire will be taken into account and included in the report summarising the responses.**

This consultation follows the normal rules of the European Commission for public consultations. Responses will be published in accordance with the privacy options respondents will have opted for in the online questionnaire.

Responses authorised for publication will be published on the following webpage:

https://ec.europa.eu/info/publications/finance-consultations-2022-digital-euro_en

Any question on this consultation or issue encountered with the online questionnaire can be raised via email at fisma-digital-euro@ec.europa.eu.

INTRODUCTION

In [March 2021, the Eurosummit](#)¹ called for a stronger and more innovative digital finance sector and more efficient and resilient payment systems and stated that exploratory work on a digital euro should be taken forward.

The introduction of a digital euro aims to preserve the role of public money in a digital economy. Preserving the accessibility and usability of central bank money in the digital era is key to protect monetary sovereignty and the well-tested two-layer monetary system based on convertibility of regulated/supervised forms of money into central bank money. Central bank digital money would thus complement cash in providing a monetary anchor to the payments system by ensuring that private money can always be converted in safe public money. This would support confidence in the singleness of money and financial stability in the digital age.

In addition, the [digital finance and retail payment strategies of the Commission](#)² adopted in September 2020 supported the emergence of competitive pan-European payment solutions and the exploration of a digital euro, while continuing to safeguard the legal tender status of euro cash³. The [ECB's retail payment strategy](#)⁴ shares similar objectives. The digital euro should be considered in the context of ongoing efforts to reduce the fragmentation of the EU retail payments market, promote competition and innovation, including the full roll-out of instant payments, and industry initiatives to offer pan-European payment services, such as the [European Payments Initiative](#), while ensuring that cash remains widely accessible and accepted.

In October 2020, the [ECB issued its report on a digital euro](#)⁵ and between October 2020 and January 2021 the [EBC ran a public consultation on a digital euro](#)⁶. The ECB's public consultation surveyed both the general public and the financial, payment and technology professionals and sought their opinion on the main features of a digital euro. Out of the 8221 responses, 94% of the respondents identified themselves as citizens. Central banks from non-euro area Member States also envisage issuing digital currencies. In addition, the [ECB commissioned a study on new digital payment methods](#)⁷ that provides a thorough understanding of the current payment habits of citizens of euro area Member States and specifically their attitudes toward digital payment methods.

For a digital euro to be used as the single currency, concurrently with euro banknotes and coins, it would require a Regulation of the co-legislator, upon a proposal by the Commission, on the basis of Article 133 TFUE. Moreover, additional legislative adjustments of the current EU legislative framework to adjust to the digital euro and possibly to digital currencies issued by central banks of non-euro area Member States may be needed (e.g. definition of funds under [PSD2](#)). The implementation of the digital euro within the legal framework, will generally fall under the competence of the ECB.

¹ <https://www.consilium.europa.eu/media/48975/25-03-21-eurosummit-statement-en.pdf>

² https://ec.europa.eu/info/publications/200924-digital-finance-proposals_en

³ See also ECB cash 2030 strategy https://www.ecb.europa.eu/euro/cash_strategy/html/index.en.html

⁴ <https://www.ecb.europa.eu/pub/pdf/other/ecb.eurosystemretailpaymentsstrategy~5a74eb9ac1.en.pdf>

⁵ https://www.ecb.europa.eu/pub/pdf/other/Report_on_a_digital_euro~4d7268b458.en.pdf

⁶ https://www.ecb.europa.eu/paym/digital_euro/html/pubcon.en.html

⁷ https://www.ecb.europa.eu/paym/digital_euro/investigation/profuse/shared/files/dedocs/ecb.dedocs220330_report.en.pdf

For this purpose, the present targeted consultation complements the ECB's public consultation. It aims to collect further information from industry specialists, payment service providers (including credit institutions, payment and e-money institutions), payment infrastructure providers, developers of payment solutions, merchants, merchant associations, consumer associations, retail payments regulators, and supervisors, anti-money laundering (AML) supervisors, Financial Intelligence Units, and other relevant authorities and experts. This targeted consultation will gather further evidence on the following issues:

1. Users' needs and expectations for a digital euro
2. The digital euro's role for the EU's retail payments and the digital economy
3. Making the digital euro available for retail use while continuing to safeguard the legal tender status of euro cash
4. The digital euro's impact on the financial sector and the financial stability
5. Application of [anti-money laundering and counter terrorist financing \(AML-CFT\)](#) rules
6. The privacy and data protection aspects
7. International payments with a digital euro

This targeted consultation in no way prejudices whether and how these issues will be covered in a legislative proposal by the Commission, or the future scope of that proposal.

For an overview of design options and policy issues discussed in that consultation, please refer to the [ECB report on a digital euro](#)⁸.

Stakeholders are invited to explain their reasoning and provide quantitative evidence or estimates, where appropriate.

⁸ https://www.ecb.europa.eu/pub/pdf/other/Report_on_a_digital_euro~4d7268b458.en.pdf

CONSULTATION QUESTIONS

1 USERS' NEEDS AND EXPECTATIONS

The digital euro would be available for retail payments⁹. Like cash, it would be public money (a direct central bank liability), but in electronic/digital form. The overarching policy objective of digital euro is to preserve the role of public money in the digital age by providing a digital public money alongside cash. This would protect the role of public money as a stabilising anchor for the payments system even as cash use declines, preserve monetary sovereignty and support the competitive provision of financial services. The digital euro may bring benefits to the retail payment market, financial inclusion, the digitalisation of the economy, the EU's open strategic autonomy¹⁰ and the international role of the euro¹¹ among others.

Achieving these objectives requires in turn that a digital euro is widely adopted and thus that it fulfils the needs and expectations of prospective users. It is therefore important to identify these.

- 1. How important do you think the possible following aspects of the digital euro would be for people?*

Please rate each aspect from 1 to 5, 1 standing for 'not important' and 5 for 'very important'.

	1	2	3	4	5	Don't know/not applicable
<i>Availability of flexible privacy settings that can be adjusted to suit the payment occasion</i>						
<i>Wide availability and user-friendly onboarding process</i>						
<i>Always an option for the payer to pay anywhere / to anybody in the euro area with digital euro</i>						
<i>Easy to use payment instrument (e.g. contactless, biometric authentication)</i>						

⁹ To be commonly understood as payments between consumer, businesses and public authorities.

¹⁰ Open Strategic Autonomy enables the EU to be stronger both economically and geopolitically - by being: (i) Open to trade and investment for the EU economy to recover from the crisis and remain competitive and connected to the world (ii) Sustainable and responsible to lead internationally to shape a greener and fairer world, reinforcing existing alliances and engaging with a range of partners (iii) Assertive against unfair and coercive practices and ready to enforce its rights, while always favouring international cooperation to solve global problems.

¹¹ https://ec.europa.eu/info/business-economy-euro/euro-area/international-role-euro_en

<i>Account-based payment instrument¹²</i>						
<i>Bearer-based payment instrument</i>						
<i>Real time settlement / Instant reception of funds</i>						
<i>Cost-free for payers</i>						
<i>Payment asset is credit risk-free (central bank liability)</i>						
<i>Offline payments (face to face without connectivity)</i>						
<i>Ability to program conditional payments</i>						
<i>Other benefits (please specify)</i>						

2. How important do you think the following aspects of the digital euro would be for merchants?

Please rate each aspect from 1 to 5, 1 standing for 'not important' and 5 for 'very important'.

	1	2	3	4	5	Don't know/not applicable
<i>Low acquiring/merchant fees</i>						
<i>Better acquiring services</i>						
<i>Standards for EU wide acceptance infrastructure (e.g. POS), allowing for pan-European payments</i>						
<i>Account-based payment instrument</i>						
<i>Bearer-based payment instrument</i>						
<i>Real time settlement / Instant reception of funds</i>						
<i>Offline payments (face to face without connectivity)</i>						
<i>Other benefits (please specify)</i>						

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

¹² The digital euro may function as an account based system (verification of transactions by an intermediary), as a bearer instrument (or token, with verification by parties of a transaction), or a combination of the two. For further explanation, see the ECB report on digital euro. It must be noted that DLT-based solutions are not exclusive of a specific design option, and can be carried out using an both account-based and bearer based instrument

3. In view of the most important value-added features you consider a digital euro may bring to people (see question 1), in which payment situations do you think the digital euro would bring that added value for **people**?

Please rate each scenario from 1 to 5, 1 standing for 'no added value' and 5 for 'very significant added value'.

	1	2	3	4	5	Don't know/not applicable
Paying with / transferring digital euros to a (natural) person face-to-face						
Paying with/transferring digital euros to a (natural) person remotely						
Paying for goods or services at a point of sale (face-to-face)						
Paying for goods or services remotely (e-commerce)						
Machine to machine Payments (Industry 4.0, IoT) ¹³						
Paying in situations without connectivity – offline face to face payments						
Other situations (please specify)						

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

¹³ Machine to Machine payments refer to smart contract based transfers of digital assets between machines such as autonomous cars, manufacturing machines, electricity charging stations and the like. Such transfers of digital assets are conditional upon meeting certain requirements which are coded into the smart contract. For smart contracts see <https://www.eublockchainforum.eu/video/educational/smart-contracts-simply-explained>).

4. In view of the most important value-added features you consider a digital euro may bring to businesses/merchants (see question 2), in which payment situations do you think the digital euro would bring added value for **businesses/merchants**?

Please rate each scenario from 1 to 5, 1 standing for 'no added value' and 5 for 'very significant added value'.

	1	2	3	4	5	Don't know/not applicable
Getting paid in physical shops, marketplaces, etc.						
Getting paid in e-commerce						
Paying invoices						
Trade finance						
Machine to Machine payments						
Paying in situations without connectivity – offline face to face payments						
Others (please specify)						

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence.

5. How important would the following policy outcomes related to the possible issuance of a digital euro be in your opinion?

Please rate each objective from 1 to 5, 1 standing for 'not important at all' and 5 for 'very important'.

	1	2	3	4	5	Don't know/not applicable
Providing access to public money in digital form for everyone						
Monetary sovereignty						
A stronger open strategic autonomy for the EU						
A broader access to digital payments for people with less digital skills, disabilities or						

<i>other physical vulnerabilities</i>						
<i>A broader access to digital payments for unbanked people (i.e. without bank account)</i>						
<i>Enabling for pan-European payments</i>						
<i>Preserving privacy and data protection in payments</i>						
<i>Development of the EU's digital economy innovation</i>						
<i>Facilitating the provision of Europe-wide private payment solutions</i>						
<i>Providing a European public alternative to the emerging new payment solutions such as crypto assets, stablecoins and foreign CBDCs</i>						
<i>Decrease payment costs</i>						
<i>Other (please specify)</i>						

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

6. What aspects or features of the digital euro would be important to support financial inclusion?

Please rate each aspect from 1 to 5, 1 standing for 'not important' and 5 for 'very important'.

	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>Don't know/not applicable</i>
<i>Easy process of onboarding</i>						
<i>No need for bank account</i>						
<i>Easy payment process (initiating and authenticating a payment transaction)</i>						
<i>Accessible device for payments (e.g. chipcards)</i>						
<i>Enabling of offline, peer-to-peer transactions</i>						
<i>Other (please specify)</i>						

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

2 THE DIGITAL EURO'S ROLE FOR THE EU'S PAYMENT SYSTEMS AND THE DIGITAL ECONOMY

Over the past decades, the EU's retail payment market has significantly developed and the offering of payment solutions has broadened, with faster, safer and more secure payment solutions being offered to wider segments of the population. The access to payment accounts has also been facilitated by legislation granting the right to every citizens to a payment account with basic services. However, as stated in the Commission's Retail Payments Strategy, the market is still fragmented and is highly dependent on very few global players to provide payment solutions that work across border in the euro area, even though there are some new promising market initiatives. The digitalisation of the economy has also created new payment needs. Crypto-assets, stable coins and foreign CBDCs may also carve out a part in the EU's retail payment market. A digital Euro can have various design features. We would like to better understand how the digital euro could further improve pan-European payments, strengthen Europe's open strategic autonomy, improve competition and support the needs of the digital economy while encouraging private innovation.

2.1 The digital euro's role in supporting pan-European payments and strengthening Europe's open strategic autonomy

7. *What aspects or features of the digital euro would be important to support pan-European payments and to strengthen Europe's open strategic autonomy?*

Please rate each aspect from 1 to 5, 1 standing for 'not important' and 5 for 'very important'.

	1	2	3	4	5	Don't know/not applicable
<i>A new form of pan-European instant digital payment complementing the existing offer for point of sale (POS, face to face payments in e.g. shops) and e-commerce without a (quasi) universal acceptance in physical and online shops</i>						
<i>A new form of pan-European instant digital payment complementing the existing offer for point of sale (POS, face with a (quasi) universal acceptance in physical and online shops</i>						
<i>A public digital means of payments that can be offered through all available payment solutions</i>						
<i>A digital payment means allowing for online</i>						

<i>third-party validation of transactions</i>						
<i>A digital payment means allowing for offline peer-to-peer transactions</i>						
<i>A digital means of payment offering programmable payment features</i>						
<i>Other (please specify)</i>						

For those aspects you deem most important, can you explain why?

8. *How would the following aspects of a digital euro support a diversified and competitive retail payments market, where a variety of payment service providers offer a broad range of payment solutions?*

Please rate each aspect

	<i>positively affect</i>	<i>negatively affect</i>	<i>does not affect</i>	<i>Don't know/not applicable</i>
<i>Allowing for the distribution of the digital euro to take place through regulated financial intermediaries (Payment Service Providers)</i>				
<i>Offering another form of central bank money in the context of a declining use of cash for payments</i>				
<i>Existence of holding caps or interest and fees on large holdings to limit the store of value in the form of digital euros (for financial stability reasons)</i>				
<i>Using the digital euro acceptance network to foster pan-European private sector initiatives</i>				
<i>Other (please specify)</i>				

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

2.2 The digital euro's role for the digital economy

9. How important the following possibilities for the use of a digital euro would be to support the development of the EU's digital economy?

Please rate each aspect from 1 to 5, 1 standing for 'not capable at all' and 5 for 'very capable'.

	1	2	3	4	5	Don't know/not applicable
Possibility for programmable payment functionalities provided through the digital euro solution						
Possibility for integration with other payments solutions (independent of what technology they use)						
Integration with platforms relying on distributed ledger technology (DLT)/blockchain ¹⁴ for smart contracts applications (beyond payments)						
Possibility for micro and stream ¹⁵ payments						
Machine to Machine payments ¹⁶ (Industry 4.0, internet of things (IoT))						
A digital euro that connects with the European Digital Identity Wallet ecosystem ¹⁷						
Other (please specify)						

¹⁴ A Distributed Ledger is a database that is shared and synchronized across multiple sites, institutions, or geographies, accessible by multiple server operators. A distributed ledger stands in contrast to a centralized ledger, which is the type of ledger that most companies use today. Blockchains are a type of distributed ledger (see at <https://www.eublockchainforum.eu/video/educational/how-does-blockchain-work-simply-explained>). ¹⁵ Stream payments relate to consecutive execution of micro payments to pay for on-demand services, e.g. video, music, electricity recharging.

¹⁵ Stream payments relate to consecutive execution of micro payments to pay for on-demand services, e.g. video, music, electricity recharging.

¹⁶ Machine to Machine payments refer to smart contract based transfers of digital assets between machines such as autonomous cars, manufacturing machines, electricity charging stations and the like. Such transfers of digital assets are conditional upon meeting certain requirements which are coded into the smart contract. For smart contracts see <https://www.eublockchainforum.eu/video/educational/smart-contracts-simply-explained>.

¹⁷ https://ec.europa.eu/commission/presscorner/detail/en/IP_21_2663

To the extent you deem it necessary, please explain your reasoning including whether the elements of a digital economy outlined above would be better achieved if the digital euro is a bearer-based instrument or an account-based system, and provide quantitative evidence or estimates.

10. What use cases in your sector would you see for a digital euro? Please briefly explain the use case(s) you see pertinent.

3 MAKING THE DIGITAL EURO AVAILABLE FOR RETAIL USE WHILE CONTINUING TO SAFEGUARD THE LEGAL TENDER STATUS OF EURO CASH

In the Euro area, the euro banknotes have the status of legal tender as stipulated by the [Treaty on the Functioning of the European Union](#). The status of legal tender of coins denominated in euro is laid down in [Council Regulation No. 974/98](#). The concept of legal tender of euro cash as interpreted by the CJEU implies: (i) a general obligation in principle of acceptance of cash by the payee (ii) at full face value (iii) for the settlement of the monetary debt by a payer.

Since a retail digital euro would be another form (digital, not physical) of central bank money, it could also be given legal tender status, as is the case for banknotes and coins. Legal tender status should ensure a wide acceptance of the digital euro. This would however have implications on its distribution and acceptance. In particular, legal tender status could imply that a payee cannot generally refuse a payment by a payer in digital euro and that the digital euro would have to be universally accessible.

The concept of legal tender is enshrined in Union law but not defined in detail. According to the ECJ, the status of legal tender implies that a means of payment having legal tender involves a default obligation to accept it at full face value in payments and a corresponding default right to pay with it, unless that obligation and right are restricted for reasons of public interest, or waived by contractual agreement. In principle, the status of legal tender does not preclude the parties from agreeing to use other means of payment or other currencies. If the concept of legal tender was defined in EU legislation, this would regulate legal tender in detail at Union level, and any exceptions could be specified.

This section seeks to address these issues and seeks to get your views as regards the potential impacts of the legal tender status in general and on your institution.

3.1 Possible introduction of legal tender for the digital euro

11. To achieve the digital euro objectives, how important do you consider it is that a payer always has the option to pay with a digital euro as a form of currency having legal tender status?

Please rate your answer from 1 to 5, 1 standing for ‘not important’ and 5 for ‘very important’.

Please explain why. To the extent you deem it necessary, please consider how this could be better achieved.

12. Do you see advantages in regulating legal tender in detail at Union level, including any possible acceptance exceptions, by including a definition of legal tender status for the digital euro in EU legislation?

- Yes
- No
- Don't know/no opinion.

To the extent you deem it necessary, please explain your reasoning and the advantages/disadvantages.

13. Should the legal tender status of the digital euro take inspiration from the current legal tender status of banknotes and coins, while addressing the specificities of a digital form of payment?

- Yes
- No
- Don't know/no opinion.

To the extent you deem it necessary, please explain your reasoning for and against.

14. If the legal tender of the digital euro was defined in EU legislation, would there be a need for (justified and proportionate) exceptions to its acceptance?

- No
- Yes, for merchants not accepting digital means of payment
- Yes, for small merchants
- Yes, but exceptions should be further specified by Member States
- Others, please specify

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

15. Should there be a provision to require that the additional exceptions proposed by Member States are subject to approval by the European Commission after consulting the ECB?

- Yes
- No
- no opinion

Please explain.

16. Should there be a provision for administrative sanctions for digital euro non-acceptance?

- Yes
- No
- no opinion

Please explain.

17. If the legal tender status of the digital euro was defined in EU legislation, should it include rules that ensure digital euro is always an option for the payer, so following categories of payees cannot unilaterally exclude digital euro acceptance within its general contractual terms and conditions?

	Yes	No	Don't know/not applicable
Government			
Utilities providers			
Large companies			
Merchants that accept private electronic means of payment			
Others, please specify			

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

Estimation of costs

This section mainly aims at assessing the costs incurred by stakeholders should the digital euro receive legal tender. While costs would very much depend on the design and functionalities of a digital euro, we are looking at broad estimates and further explanation, including on cost drivers, which will inform Commission impact assessment.

18. Technological and business developments might radically change the current way of payment acceptance (e.g. phones used as terminals). Irrespective of digital euro, how do you expect the cost of the acceptance infrastructure (not the transaction fees) to change with technological developments over the next 5 years?

- 1 significant decrease in cost
- 2 some decrease in cost
- 3 no change in cost
- 4 some increase in cost
- 5 significant increase in cost
- Don't know/ no opinion

Please explain your reasoning and provide quantitative evidence or estimates.

19. The digital euro might be granted legal tender status that merchants would need to adhere to. Which and what type of additional costs would merchants face when starting to accept payments in digital euro?

	<i>With legal tender status</i>	<i>Without legal tender status</i>
<i>Type of additional costs</i>		

Please explain your reasoning and provide quantitative evidence or estimates.

20. For merchants to be equipped to accept the digital euro, new POS terminals, new software or new app-based POS solutions may be needed. Please provide an estimate of the incremental costs necessary to accept payments in digital euro

	Merchants already accepting electronic payments	Merchants not yet accepting electronic payments
	In EUR per terminal	In EUR per terminal
<i>One off costs related to (new) POS terminals for accepting payments in digital euro :</i>		
<i>One-off costs related to software:</i>		
<i>Annual cost for maintenance, licences etc.</i>		
<i>Others please specify</i>		

Please explain your reasoning and provide quantitative evidence or estimates/ranges.

21. Would these costs differ depending on whether the digital euro would be account-based or bearer based?

- *Yes, account-based would be less costly*
- *Yes, bearer-based would be less costly*
- *No difference*
- *Don't know/ no opinion*

Please explain your reasoning and provide quantitative evidence or estimates.

22. How important would the aspects listed below be for Merchants to counterbalance the one-off investment cost of new point of sale (POS) terminals or software that can handle digital euro payments?

Please rate each aspects from 1 to 5, 1 standing for 'not important' and 5 for 'very important'.

	1	2	3	4	5	Don't know/not applicable
Possible savings on the transaction costs of digital euro payments						
With the same (new) POS terminals purchased for digital euro payments, the possibility for merchants to accept other payment solutions offered by supervised private intermediaries						
The possibility for merchant to accept digital euro payments from payers using a variety of devices e.g. smartphones, chipcards, wearables or other devices and contactless functionality (e.g. NFC antennas)						
Others (Please specify)						

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

Merchant fees

23. For merchants to be equipped to accept the digital euro, services of intermediaries may be needed. Taking into account the (possible) mandatory acceptance of the digital euro in case it has legal tender status, should any boundaries to the fees that may be applied to merchants be set?

- ☐ Yes
- ☐ No
- ☐ Don't know/ no opinion

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

24. Please qualify the following statements with regard to how merchant fees could be designed

Please rate each aspect from 1 to 5, 1 standing for 'strongly disagree' and 5 for 'strongly agree'.

	1	2	3	4	5	Don't know/not applicable
<i>Fees on digital euro payments should be based on real costs and a reasonable profit</i>						
<i>Fees on digital euro payments could be based on the volume or value of transactions, if and insofar the volume or value has an impact on the real costs of intermediation</i>						
<i>Multilateral interchange fees consistent with the Interchange Fee Regulation may be taken into account in the initial calibration of the fees on digital euro payments</i>						
<i>Fees calculated in another way (please specify)</i>						

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

25. Should there be a prohibition on surcharges on payments with digital euro?

- ☐ Yes
- ☐ no
- ☐ Don't know/not applicable

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

3.2 The legal tender status of euro cash

*As mentioned in Commission retail payment strategy, while promoting the emergence of digital payments to offer more options to consumers, the Commission will continue to safeguard the legal tender of euro cash. The legal tender of euro banknotes as *lex monetae* is enshrined in Article 128(1) TFEU, according to which ‘the banknotes issued by the European Central Bank and the national central banks shall be the only such notes to have the status of legal tender within the Union’. Furthermore Commission Recommendation of 22 March 2010 on the scope and effects of legal tender of euro banknotes and coins defines three core features for the legal tender: mandatory acceptance, acceptance at full face value and power to discharge from payment obligations ([Official Journal L 83, 30.3.2010, p. 70–71](#)). Next to this, according to the ECJ, the status of legal tender implies that a means of payment having legal tender involves a default obligation to accept it at full face value in payments and a corresponding default right to pay with it, unless that obligation and right are restricted for reasons of public interest, or waived by contractual agreement. The Commission will assess whether recognising the legal tender status of the digital euro also results in a need to define in a binding EU legislative proposal the meaning of legal tender for cash, in line with CJEU jurisprudence, to ensure coherence. We would therefore like to understand better the implications of the possible granting of legal tender status to the digital euro for the definition of legal tender of cash.*

26. *If it were decided to include a definition of legal tender status for the digital euro in EU legislation, please state your opinion on the following statements regarding the legal tender status of euro cash (banknotes and coins):*

Statement	Yes	No	No opinion
<i>The current situation where the legal definition of the legal tender status of cash is set out in the 2010 Recommendation and ECJ jurisprudence is adequate.</i>			
<i>Legislative action at EU level is needed to enhance legal certainty and enshrine the legal tender status of euro cash in secondary law.</i>			

Please explain your answers.

27. According to your organisation, is there a need for a further definition of justified exceptions to the general principle of mandatory acceptance if those are grounded on reasons related to the 'good faith principle'¹⁸?

- ☐ Yes
- ☐ no
- ☐ no opinion

Please explain.

28. Which of the following exceptions should be defined?

Exception	Yes	No	No opinion
<i>No party shall be obliged to accept more than 50 coins in any single payment (except for the issuing authority and for those persons specifically designated by the national legislation of the issuing Member State);</i>			
<i>If refusal is for security reasons;</i>			
<i>If the value of the banknote tendered is disproportionate compared to the value of the amount to be settled;</i>			
<i>If a retailer has no change available;</i>			
<i>If there would be not enough change available as a result of that payment for a retailer to carry out its normal daily business transactions;</i>			
<i>Any other exception</i>			

Please explain.

29. Should there be a provision to require that additional exceptions to the mandatory acceptance principle may be proposed by Member States subject to approval by the European Commission after consulting the ECB?

- ☐ Yes
- ☐ No
- ☐ no opinion

Please explain.

¹⁸ Notwithstanding the preliminary judgment of the CJEU in Joined Cases C 422/19 and C 423/19, which states in par. 55 that it is not necessary that the EU legislature lay down exhaustively and uniformly the exceptions to that fundamental obligation, provided that every debtor is guaranteed to have the possibility, as a general rule, of discharging a payment obligation in cash.

30. *Should there be a provision for administrative sanctions for cash non-acceptance?*

- *Yes*
- *No*
- *no opinion*

Please explain.

31. *Should the legislative proposal confirm the prohibition on surcharges on payments with euro banknotes and coins?*

- *Yes*
- *No*
- *no opinion*

Please explain.

32. *Since the effectiveness of the legal tender status of cash presumes the widespread possibility of having access to it, should there be a provision which aims to guarantee the availability of cash, such as an obligation on Member States to adopt rules to ensure sufficient access to cash and report these rules to the Commission and the ECB?*

- *Yes*
- *no*
- *no opinion*

Please explain.

4 THE DIGITAL EURO'S IMPACT ON THE FINANCIAL SECTOR AND FINANCIAL STABILITY

The digital euro could be distributed centrally by the Eurosystem or with the help of private sector intermediaries. In either case, the digital euro would likely have an influence on financial intermediaries' balance sheets, income statements, business model and services. In this section, we would like to understand better how financial intermediaries perceive the impact of the digital euro and how they could offer additional value to the digital euro, also depending on whether the digital euro is account based or bearer instrument/token based¹⁹.

33. What do you think the impacts of a digital euro would be on the business of providers of payment services and crypto-asset services?

	<i>Positive impacts/ opportunities</i>	<i>Negative impacts/ challenges</i>
<i>Credit institutions</i>		
<i>Other payment services providers</i>		
<i>Crypto-asset services providers</i>		

34. How important would it be to limit the store of value function of the digital euro by, introducing holding caps, limitations to transactions, or different interest and/or fees disincentives on large holdings?

Please rate each aspects from 1 to 5, 1 standing for 'not important at all and 5 for 'very important.

	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>Don't know/not applicable</i>
<i>For financial stability purposes (e.g. to prevent bank runs in crisis situations)</i>						
<i>To prevent that the digital euro structurally disintermediates credit institutions (e.g. large conversion of bank deposits to digital euro)</i>						
<i>Other (please specify)</i>						

¹⁹ See [ECB Report on a digital euro, October 2020](#), section 5.1.5 on transfer mechanism for a presentation of the digital euro design options.

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

35. How would holding limits or disincentives to the store of value function affect the usability of the digital euro in the various use cases below?

Please rate each aspects from 1 to 5, 1 standing for 'significantly decrease in its usability' 3 'no change in its usability' and 5 for 'significant increase in its usability'.

	1	2	3	4	5	Don't know/not applicable
Person-to-Person payments						
Person-to-Business payments						
Business-to-Business payments						
Machine-to-Machine payments						
Other (please specify)						

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

36. How would a retail digital euro **without** any holding limits or disincentives for store of value function impact the following aspects of the **EU credit institutions**?

Please rate each aspects from 1 to 5, 1 standing for 'significant decrease' and 5 for 'significant increase'.

	1	2	3	4	5	Don't know/not applicable
Volume (value) of retail deposits						
Volume (value) of corporate deposits						
Liquidity / bank run risk						
Volume (value) of new credit provision						
Revenue from payment services						
Net interest revenue						
Ability to perform anti money laundering						

<i>(AML) and other compliance obligations</i>						
<i>Costs due to operational risk in retail payments</i>						
<i>Other (please specify)</i>						

To the extent you deem it necessary, please explain your reasoning including whether your assessment would depend on whether the digital euro is a bearer-based instrument or is account-based and provide quantitative evidence or estimates.

*37. What are the risks and impact on **credit institutions** of the non-issuance of a digital euro, for example in the scenario of a successful stablecoin in the EU?*

*38. How would a retail digital euro **without** any holding limits or disincentives for store of value function impact the following aspects of the **EU payment service / crypto-asset service providers (excluding credit institutions)**?*

Please rate each aspects from 1 to 5, 1 standing for 'significant decrease' and 5 for 'significant increase'.

	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>Don't know/not applicable</i>
<i>Volume (value) of funds on payment accounts hosted by payment institutions, e-money institutions or crypto-asset service providers</i>						
<i>Volume (value) of payments initiated by payment service providers or crypto-asset service providers from third party accounts</i>						
<i>Direct revenue from payment or crypto-asset services</i>						
<i>Revenues from investing the balance of payment or crypto-asset accounts</i>						
<i>Revenues from data management</i>						
<i>Ability to perform AML and other compliance obligations</i>						
<i>Costs due to operational risk in retail payments and crypto-asset services</i>						

Other (please specify)						
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To the extent you deem it necessary, please explain your reasoning including whether your assessment would depend on whether the digital euro is a bearer-based instrument or account-based and provide quantitative evidence or estimates.

39. Where could duly licensed financial intermediaries offer value in the distribution of the digital euro?

Please rate each aspects from 1 to 5, 1 standing for 'no value' and 5 for 'very significant value'.

	1	2	3	4	5	Don't know/not applicable
<i>Experience in on-boarding of customers</i>						
<i>Experience in Know Your Customer (KYC) and AML checks</i>						
<i>Efficient transaction verification and execution</i>						
<i>Experience in customer management</i>						
<i>Developing additional services using the digital euro</i>						
<i>Existing IT system for customer, front and back office services that could be adapted to the digital euro</i>						
<i>Other (please specify)</i>						

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

40. How much increase, do you expect, in payment service providers' (including credit institutions') expenses related to the distribution of the digital euro? Please consider all possible cost elements (e.g. front office and back office services, administrative costs, IT costs, compliance cost etc.)²⁰

Please rate each aspects from 1 to 5, 1 standing for 'no increase at all' and 5 for 'very significant increase'.

	1	2	3	4	5	Don't know/not applicable
One-off expenses						
Annual expenses						
Others, Please specify						

Please explain your reasoning and provide quantitative evidence or estimates/ranges on these expenditures.

41. Using the digital euro, what **additional services** could your financial institution develop for your customers?

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates/ranges on the benefits expected from these additional services.

²⁰ While costs would very much depend on the design and functionalities of a digital euro, we are looking at broad estimates and further explanation, including on cost drivers, which will inform Commission impact assessment

5 APPLICATION OF ANTI-MONEY LAUNDERING AND COUNTER TERRORIST FINANCING (AML-CFT) RULES

Intermediaries required to implement AML/CFT rules must conduct due diligence on their clients. These measures need to be performed for example, when a user opens an account, when transactions are carried out, or when there is a suspicion of money laundering or terrorist financing. While specific AML/CFT rules may need to be devised based on the exact design features of a digital euro, general views related to the implications of AML/CFT measures for intermediaries and estimation of compliance benefits/costs are welcome.

42. How various design models of a digital euro would impact the AML/CFT compliance costs of private intermediaries? (1 = 'no impact', 5 = 'very high increase in cost')

Design option	1	2	3	4	5	Don't know/not applicable
<i>Account-based digital euro, available online²¹</i>						
<i>Bearer-based²² digital euro, available online</i>						
<i>Bearer-based digital euro, available offline</i>						

For each option, please provide quantitative/qualitative evidence or estimates if available.

43. *Intermediaries will have to perform a series of controls and checks according to AML/CFT requirements. In comparison with existing requirements applying to other means of payments, what would be the specific challenges with digital euro payments to best ensure prevention and combat of money laundering and the financing of terrorism?*

44. *In case the digital euro provides for a functionality that would allow the user to perform **low-value transactions offline**, what challenges do you think this*

²¹ In an account-based model, payments in digital euro would be initiated by end users but transferred by supervised intermediaries managing accounts on their behalf. In this scenario, AML/CFT requirements are expected to be performed by supervised intermediaries distributing the digital euro.

²² In a bearer-based model, payments in digital euro would be initiated and transferred by end users directly, without the need of a third party (supervised intermediary) playing a role in the transaction. Supervised intermediaries may be involved in the system, notably for the performance of AML/CFT requirements such as the onboarding of users, in addition to other activities such as the loading digital euro funds into digital euro wallets.

functionality could generate in the prevention and combat of money laundering and the financing of terrorism?

45. In your opinion, how would the risks related to money laundering and terrorism financing of a digital euro allowing the user to perform low-value transactions offline (proximity payments) compare to other payment options listed below?

Please indicate in each line your assessment of the relative risks.

	<i>Low-value offline digital euro transactions less risky</i>	<i>Low-value offline digital euro transactions equally risky</i>	<i>Low-value offline digital euro transactions more risky</i>	<i>Don't know/not applicable</i>
<i>Digital euro online payments</i>				
<i>Cash payments</i>				
<i>Online payments in commercial bank money</i>				

For each option, please provide quantitative/qualitative evidence or estimates if available.

6 PRIVACY AND DATA PROTECTION ASPECTS

The ECB's public consultation on the digital euro indicated that future users of the digital euro see privacy as one of the most important elements. Ensuring an appropriate level of privacy and data protection for the user of a digital euro is important to foster public trust in a digital euro, which underpins its adoption and use. Any processing of personal data must be in line with the Union data protection legislation, including the [GDPR](#)²³ and the [EUDPR](#)²⁴.

46. Which features could appropriately enhance the privacy and data protection of the digital euro users? Note that these features are without prejudice to the lawful grounds of processing, as specified in Article 6 GDPR and the application of AML requirements, as appropriate.²⁵

Please rate each business case from 1 to 5, 1 standing for 'not appropriate at all' and 5 for 'very appropriate'.

	1	2	3	4	5	Don't know/not applicable
Ability to mask the identity of the payer or the payee to each other ('peer-to-peer pseudonymity')						
Ability to mask the identity of the payer or the payee to the other party's intermediary ('intermediary-to-intermediary pseudonymity')						
Ability to limit the knowledge on the identity of the payer or the payee to the central bank, and/or other third party intermediaries not involved in the transaction						
Ability to completely hide the identity of the payer and payee for low-value offline transactions						

47. The Commission has identified a number of potential activities related to digital euro that could entail the lawful processing of personal data by either private intermediaries or central banks in charge of initiating the digital euro

²³ [Regulation \(EU\) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC \(General Data Protection Regulation\) \(Text with EEA relevance\)](#)

²⁴ [Regulation \(EU\) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation \(EC\) No 45/2001 and Decision No 1247/2002/EC \(Text with EEA relevance.\)](#)

²⁵ The processing of personal data is lawful when carried out in accordance with Article 6 GDPR. This includes, for example, the processing of personal data for the performance of a task carried out in the public interest (e.g. AML/CFT requirements) or for the performance of a contract.

transactions and services. How appropriate are those activities for the lawful processing of personal data?

Please rate each activity case from 1 to 5, 1 standing for 'not appropriate' and 5 for 'very appropriate'.

Purposes	1	2	3	4	5	Don't know/not applicable
<i>Fight against money laundering, organised crime / terrorism</i>						
<i>Enforcement of tax rules</i>						
<i>Payments settlement purposes</i>						
<i>Management of operational and security risks</i>						
<i>Enforcement of potential holding limits</i>						
<i>Additional innovative online services and functionalities</i>						
<i>Other, please specify</i>						

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

48. *Should the central bank be able to access personal data for the purposes listed below?*

	Yes	No	Don't know/not applicable
<i>Payments settlement purposes</i>			
<i>Operational resilience/security risks assessment and mitigation purposes</i>			
<i>AML/CFT</i>			
<i>Fraud</i>			
<i>Other, please specify</i>			

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

49. *Should users of a digital euro have the possibility to 'opt-in' and allow their personal data and payments transaction data to be used for commercial purposes, for example to receive additional services from intermediaries?*

- *Yes*
- *No*
- *Don't know/no opinion*

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

7. INTERNATIONAL PAYMENTS WITH A DIGITAL EURO

While the digital euro is primarily aimed to be used within the euro area, questions about potential cross border use within or outside the EU (including by tourists and businesses) arise. While this may bring user benefits, its impacts on third countries' economies and monetary systems may be significant. While the ECB's consultation asked about the use outside of the euro area, we would like to better understand which use cases could be desired in the international context.

50. How desirable would it be that the digital euro is available for the following users and use cases?

Please rate each use case from 1 to 5, 1 standing for 'not desirable at all' and 5 for 'very desirable'.

	1	2	3	4	5	Don't know/not applicable
<i>Euro area (EA) residents and intra EA payments</i>						
<i>Non-resident visitors to the EA (tourism dimension)</i>						
<i>Selected non-EA residents for trade purposes with third countries</i>						
<i>All international retail transactions with third countries without limits on residency and geography of transactions (trade dimension)</i>						
<i>Other Please specify</i>						

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.

51. If the digital euro is available for EU citizens living outside of the euro area, how do you assess the impact (risks) of the following aspects in these **non-euro-area** Member States?

Please rate each aspects from 1 to 5, 1 standing for 'no negative impact/ increase in risk' and 5 for 'very significant negative impact/increase in risk'.

	1	2	3	4	5	Don't know/not applicable
<i>Financial disintermediation</i>						
<i>Financial stability</i>						
<i>Monetary autonomy</i>						
<i>Capital movements</i>						
<i>Others Please specify</i>						

To the extent you deem it necessary, please explain your reasoning and provide quantitative evidence or estimates.