



To: Evelien Witlox
Digital Euro Programme Manager
European Central Bank

Brussels, 6 December 2022

Subject: Public-private partnership for the digital euro scheme

Dear Ms Witlox,

We are writing to you with regard to the ECB plan to initiate the development of a scheme rulebook for a digital euro. As demonstrated through our continued involvement in the digital euro project, this is a crucially important topic for the banking industry and all other stakeholders. We believe that in order to be successful and to meet the policy goals set forward by the ECB, a public-private partnership is needed.

The starting point for developing such scheme is in our view challenging as we are lacking a holistic picture, with many elements of a possible digital euro still unknown, such as some fundamental aspects of its design (e.g. holding limits), the underlying business model, privacy/anonymity levels, what data can be shared, etc. However, in advance of setting up the work on a scheme, we would still like to offer some thoughts to help make a public-private partnership more concrete.

First, the delineation between the ECB/Eurosystem role and the market's role in developing the digital euro and the scheme is fundamental and should be carefully considered. The role of the market in innovating, providing customer-facing services, developing the user experience and offering value-added services should be a key guiding principle in the digital euro scheme development. As a general approach, we believe such a scheme should cover the allocation of responsibilities between the ECB/Eurosystem and the distributing intermediaries, while the relationship with customers should be out of its scope.

In particular, we consider the following as the best approach to ensure a digital euro scheme is developed in a way that ensures that intermediaries are free to compete, innovate and differentiate their offerings to the benefit of consumers:

1. The scheme should cover the rules on onboarding of scheme participants, issuing, convertibility, and maintenance of the digital euro, tools to reduce its adoption as a store of value, transfer, security and remuneration, complementing the forthcoming



legislation on the digital euro. Participation of the industry is needed on all these aspects. The scheme should therefore define a minimum set of rules across all scheme participants, i.e. regulated intermediaries, to ensure the consistent onboarding of customers as well as default pan-euro area product and user experience when it comes to issuing and acceptance, in addition to the settlement layer. This should leave room for competition to design and operate payment solutions based on the digital euro.

2. The rules on all payment-related aspects, including security, liability and handling of claims, as well as customer service, should be part of a separate industry-led initiative, with the participation of the ECB/Eurosystem (and other relevant authorities), in line with the “raw material” approach to a digital euro. In this regard, it should be researched to what extent existing payment schemes (notably the SEPA payment schemes) and other projects being developed by the market contain useful elements for a digital euro scheme, so as to enable interoperability instead of creating redundant solutions. At the same time, the benefits of new technologies should be explored, to enable the private sector to build value-added services aimed at providing customers with premium, innovative and competitive features on top of a digital euro that would have, inter alia, programmability as a native functionality.

Second, another important topic is the governance, composition and functioning of the working group that the ECB/Eurosystem intends to establish with market participants. The rulebook development should be a truly collaborative effort between the ECB/Eurosystem and the market. Therefore, we strongly suggest that this group builds upon existing best practices of multi-stakeholder collaboration. The following aspects are the most important to ensure a wide market involvement in the project:

- **Governance of the scheme:** the scheme management should have clear pre-defined, transparent and publicly known rules and decision-making process that guarantees that market participants have an effective role in the decision-making.
- **Composition of the working group:** given the major relevance and potential implications of a digital euro on the financial sector, the European economy, and society at large, the work on a digital euro scheme should involve all relevant stakeholders of the supply and demand side of the market. For this, there should be a fair and diverse representation of all types of players. The role of credit institutions as the main intermediaries of a potential digital euro should be fully acknowledged and reflected in its composition: experts representing different types of banks and different geographies should be part of the working group, in line with the share of the volume of transactions under the SEPA schemes that they process. We also recommend involving in the work some profiles that are not payment-specific only but have a broader picture of the impact of the digital euro on the banking industry (e.g. treasury/economist). Moreover, the ERPB member associations should also be part of the group, as they are able to gather the wider market input and views. A model in this respect is represented by the multistakeholder groups set up by the EPC or in the ERPB context.
- **Functioning of the working group:** the work should be guided by the principles of inclusiveness, transparency and efficiency. To ensure maximum stakeholder involvement and contribution, regular public consultations on draft deliverables of the



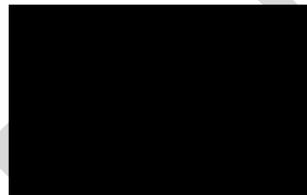
working group should be held. As to the more practical organisation of the group, a key element is to ensure that the participants will have sufficient time to gather feedback from their constituencies and the wider market, in order to ensure that all stakeholders are aware of the developments and can meaningfully contribute to the development of the scheme. This would ensure the rulebook development is a truly collaborative project. In addition, a detailed work plan for the rulebook development should be agreed from the start, outlining the meeting timetable, specific topics to be covered, expected deliverables etc. The work should be organised in such a way that participants have several weeks to adequately consult with their stakeholders on the topics under work. All meeting documents should be available well in advance of each meeting to allow for proper preparation.

Should the above principles be met, we trust that the digital euro project would benefit from a more robust design that would better respond to the needs of European citizens and businesses.

Yours sincerely,




European Banking Federation




European Savings and Retail
Banking Group




European Association of
Co-operative Banks

Cc: Christian Schaefer, Digital Euro Scheme Rulebook Manager