



EUROPEAN CENTRAL BANK
EUROSYSTEM

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Member of the Executive Board

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ECB-UNRESTRICTED

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19 July 2022

Re: your letter on the involvement of the German banking industry in the investigation phase of the digital euro project

Dear [REDACTED]

Thank you for your letter dated 28 June 2022.

Since the start of the investigation phase of the digital euro project in October 2021, the Eurosystem has been working intensively on key issues for the design and distribution of a possible digital euro. A digital euro must meet the needs of Europeans while at the same time helping to prevent illicit activities and avoiding any undesirable impact on monetary policy, financial stability and the provision of services by financial intermediaries.

I would like to emphasise that the Eurosystem High-Level Task Force on CBDC has been looking very closely at the potential risks associated with the conversion of euro area bank deposits into digital euro. We are committed to ensuring that any undesirable consequences resulting from the issuance of a digital euro are minimised in advance through built-in design features. We intend to embed limits on individual holdings and remuneration-based tools in the design of a digital euro to ensure having the tools to avoid significant deposit outflows. We want to preserve the monetary system based on the complementarity of public and private money that has served us well so far, and also ensure this complementarity in an increasingly digital society in the future.

The Eurosystem is engaging with multiple stakeholders in the investigation phase to understand the views of prospective users and distributors of a digital euro. We will consider the perspectives of all interested parties, from market participants to the broader public.

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We have been clear from the outset that banks will be an integral part of a digital euro payment solution, as distributors of the digital euro. We believe that the digital euro may provide the opportunity to establish a public-private cooperation that would combine the comparative advantages of the Eurosystem in terms of a large-scale payment infrastructure with the expertise of private sector partners in retail payment solutions, to set up a digital euro retail payment solution with pan-European reach. The expertise of private sector partners in distributing payment products and interacting with end users will be important for both the design and the implementation of a digital euro.

I take note of your suggestion to further intensify the exchanges with the banking industry on the design and distribution of a digital euro, as a complement to our interactions with market stakeholders through the Market Advisory Group and the Euro Retail Payments Board. As a first step, I suggest that you arrange a meeting with Ms Evelien Witlox, the Programme Manager for the digital euro project, to discuss the issues that you raise in your letter and explore how exchanges with the banking industry could be stepped up further as we proceed with the investigation phase.

Please do not hesitate to contact the secretariat for the digital euro project team ([REDACTED]) to arrange a meeting in the coming weeks.

Yours sincerely,

[REDACTED]