



EUROPEAN CENTRAL BANK

EUROSYSTEM

Crypto-assets

ECON Working Group
on FinTech

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ECB-PUBLIC
UPDATABLE



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Classification of assets



Liability of central bank

- i. Cash: physical form, to general public
 - ii. Central bank deposits: digital form, limited access
- central bank digital currency



Liability of a private entity

- i. Commercial bank money
- ii. E-money
- iii. Some “stablecoins” that entail a claim/liability on an identifiable entity



Not a liability

- i. Crypto-assets

ECB risk assessment: crypto-assets vs stablecoins

- The crypto-assets market is not static. Stablecoins are currently a small yet growing/dynamic part of this market and could overturn current risk assessment

Crypto-assets (2019)

- are volatile and highly speculative
- do not fulfil money functions and do not currently have implications for monetary policy
- do not pose a material risk to financial stability in the euro area: combined value is small relative to the financial system
- EU financial institutions not materially exposed
- can hardly enter financial market infrastructures

Stablecoins/stablecoin arrangements

- mitigate volatility and aim at mainstream use cases in retail payments
- if used as store of value*, could (adversely) impact monetary transmission
- could reach a scale of operations (global stablecoins) such that they may give rise to financial stability risks (via internal fragilities, links with financial sector)
- can qualify as payment systems and/or payment schemes and as such present the same risks

* It should be noted that stablecoins are not immune from low interest rate environment but might have some room for cross-subsidisation

Principles for regulatory and oversight approaches

Same business, same risks, same rules

- Preserve level-playing field

Technological neutrality

- Review of existing rules to stay up-to-date

Need for harmonisation

- Avoid regulatory arbitrage

...stablecoin arrangements to refrain from commencing operations within the Union until effective regulation, supervision and oversight are in place