



Money at a crossroad: retail CBDCs vs. privately issued crypto-assets
























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New types of digital money

	 CASH	 BANK DEPOSITS	 E-MONEY	 STABLECOINS	 OTHER CRYPTO-ASSETS	 RETAIL CBDC	 WHOLESALE CBDC
STABILITY	 Yes	 Yes	 Yes	 Maybe	 No	 Yes	 Yes
ISSUER	 Central bank	 Private bank	 E-money institute	 Private company	 No central issuer	 Central bank	 Central bank
BACKED BY	Central bank/state	Central bank reserves/ regulation	Bank deposits	Bank deposits/ (EU-regulation under way)	No security	Central bank/state	Central bank/state
AVAILABLE TO	Citizens and companies	Citizens and companies	Citizens and companies	Citizens and companies	Citizens and companies	Citizens and companies	Financial actors
TECHNOLOGY	—	Centralised database technology	Centralised database technology	Decentralised database technology	Decentralised database technology	Centralised/decentralised database technology	Decentralised database technology

Central Bank digital currencies (CBDCs)

In recent years, the topic of Central Bank Digital Currencies (CBDCs) and the digital euro in Europe has become a prominent part of discussions on the future of banking, the payments market and the digitalisation of financial services.

The debate around a European digital euro arises from:

- Questions on **sovereignty of the European payments market**
- The possibility of **foreign CBDCs and/or global private stablecoins** gaining ground
- Questions on the overall **future developments around payments and digital assets**

The banking industry **supports** the long-term vision of **European sovereignty in payments** and realizes that new forms of digital central bank and commercial bank money will be needed to support the multi-faceted digitalisation of the economy.

The ECB digital euro project

In the emerging world of digital currencies, **a retail digital euro**, if designed right, can be one of the ingredients in the mix of new tools and solutions to meet the payment needs of the future

In order to produce the benefits put forward by the ECB, a retail digital euro will first need to have **a clear added value** and ensure in a clear and robust way the following **safeguards**:

- **Create value for end-customers and the economy**
- **Preserve financial stability and bank funding, and maintain banks' lending capacity to the economy**
- **Be designed together with the industry and leave ample room for the private sector to develop innovative solutions and services on top of it**
- **Be accompanied by a clear governance and a level playing field for all electronic payment instruments**
- **Be secure and resilient**

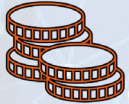
Central design aspects of a retail digital euro



A two-tier system



Tools to avoid deposit outflows



Compensation and remuneration



Infrastructure and technology



Privacy



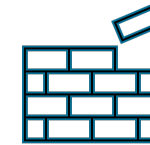
Cybersecurity and resilience

Privately issued crypto asset



Unbacked crypto-assets

- Associated with much **speculation**. Investors trade the assets in the hope of cashing in on a price gain.
- Large fluctuations** in the value of unbacked crypto-assets.
- Due to their volatility, unbacked crypto-assets have therefore **not** proven to be **well-functioning as money**.



Backed crypto-asset

- Whether stablecoins can be a well-functioning means of payment will **depend** in particular on **trust and stability**.
- The **MiCA-regulation**, that lays down requirements which providers of stablecoins must meet, may **help build trust** among citizens and merchants that use **stablecoins**.
- There are other applications of stablecoins, e.g. DeFi services on blockchain, for example borrowing and lending.

As the recent events confirm, new financial services and products, regardless of the technology on which they rely, should be **regulated in the same way** as similar regulated services that contain the same risks.



Thank you!

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