

EUROPEAN ASSOCIATION  
OF CO-OPERATIVE BANKS

## Digital euro

# ECON Committee Public Hearing

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[www.eacb.coop](http://www.eacb.coop)

The voice of 2.700 local and retail Banks – 89 million Members – 227 million Customers

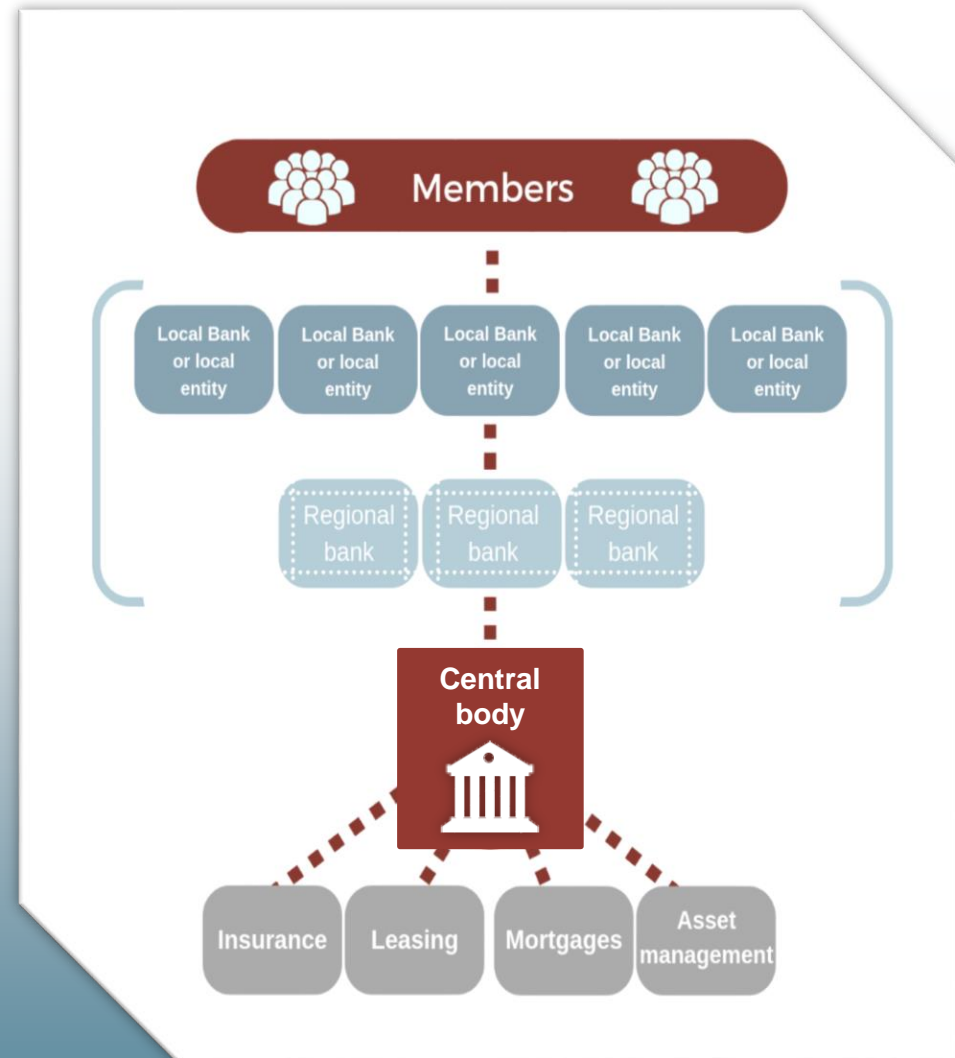
# Cooperative banks – how are they different?

## Characteristics:

- Member/ownership
- One person, one vote
- Maximising member benefit not profit
- SME/consumer focus
- **Inverted pyramid:** local credit institutions own central regional/ national institutions

## Numbers in 2021:

-  **Clients:** 227 mln
-  **Members:** 89 mln
-  **Deposits:** Euro 5 tns



# 1. Digital euro: General Observations

**Baseline:** Overall agreement on the importance to discuss CDBC

## Questions to consider

What are the **long-term effects** the digital euro will have **on diversity** of the banking system and economy?

The level of holding limits/remuneration influences:

- the potential for deposit outflows
- the lending capacity of banks that rely on deposits to fund their lending activities
- the capacity of banks to meet prudential requirements

How does it fit with the **mandate of the ECB**

- Can it include the offer of fully fledged payment scheme with front end solution requirements and pricing rules?
- Liability and accountability in case of issues?

What is the **added value** for users?

Present commercial banks' payment and account offer fulfils almost all user needs and market demand.

- Different payment instruments with a pan-European reach available (SEPA credit transfer, SEPA direct debit, international cards and wallets)
- Instant payments to become the new normal
- An important project in progress is European Payments Initiative (EPI) aimed at creating a homegrown EU pan-European payment solution leveraging Instant Payments and cards

Will it address **strategic autonomy** concerns?

## 2. Digital euro: Recommendations to policymakers

### Way forward

- ✓ Set a **low maximum holding limit** in the Regulation.
- ✓ Prioritise research on a “**ECB-not-connected**”/off-line digital euro.
- ✓ Address the need for **all actors** in the digital euro distribution chain to be **able to make a business case** (payee PSP, payer PSP, funding and defunding credit institution) reflecting all costs, initial investments, maintenance, KYC, fraud.
- ✓ **Allow PSP the choice** between ECB app or bank app.
- ✓ **No binding** acceptance for merchants

