

Digital Euro Market Advisory Group (MAG)

4 November 2022

## MINUTES

### 6<sup>th</sup> MEETING OF THE DIGITAL EURO MARKET ADVISORY GROUP (MAG)

16 September 2022, 10.00 – 13:00 (CET)

#### Introductory remarks

The Chair welcomed members and participants to the sixth Digital Euro Market Advisory Group (MAG) meeting which was held virtually. The Agenda was approved.

The Chair thanked members for their participation not only in the recent written procedure on the distribution model approach for a digital euro that was launched in July, but also in their active contributions on several topics along the past two months. Members were updated on the publication at the ECB website of the selected providers for the front-end prototype<sup>1</sup>.

#### Outcome from the written procedure on the distribution model approach for a digital euro

The ECB provided high-level feedback on the contributions received from members on this analysis<sup>2</sup> which was presented at July MAG meeting. Overall, participating MAG members either considered the payment scheme approach as the most appropriate distribution option for the digital euro, ensuring minimum interoperability requirements and a consistent end-user experience across the euro area, in line with the orientation taken by the HLTf-CBDC or did not express strong preferences for the alternative options. Members highlighted that the scheme should not be a fully-fledged payment scheme and asked for clarity on its scope.

The Chair informed members that the Project Team has initiated the work on the rulebook development and taken note on several suggestions raised by some members participating in the written procedure, with regards to the need for an in-depth discussion on the individual elements to be included under the scheme and its identification in order to give clarity to market.

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<sup>1</sup> Accessible via the following [link](#)

<sup>2</sup> [ECB presentation on feedback from members](#)

## **Roles in the processing of digital euro payments and settlement choices**

The ECB presented its analysis on the foreseen division of operational functions between supervised intermediaries and the Eurosystem within the digital euro ecosystem and settlement choices<sup>3</sup>.

The floor was then opened to members to raise questions. Several technical questions were formulated on aspects including the moment in which payer consent takes place, the type of data that would be shared for the settlement, fraud and privacy considerations, the type of intermediaries that might have access to the settlement infrastructure, how and when potential fees between intermediaries might be settled and how the synchronisation of accounts between the Eurosystem and intermediaries might happen. Some members underlined the importance of the decision on the kind of relationship between Eurosystem's accounts and intermediaries, especially will it be a 1 (Eurosystem) to m (intermediaries), a 1 to 1 or an n to m combination. In addition, some considerations were made on the onboarding of end-users in terms of guaranteeing a unique identification per citizen in combination with double citizenships, the aggregation of limits on holdings and the potential need for a proxy lookup service. The Chair indicated that these issues are being tackled as part of a separate upcoming dossier dedicated to digital euro onboarding. A written procedure was launched after the meeting to collect members inputs and views on the analysis presented.

## **Funding and defunding functionalities**

The analysis on the set of basic technical functionalities for funding and defunding of end users' digital euro positions was also presented by the ECB to members. Afterwards, questions were posed by some members, including the impact of limits of transactions on digital euro payments above those thresholds, considerations for offline transactions and the potential convenience for intermediaries on having liquidity pools in order to foster speed. A written procedure was launched after the meeting in order to collect members inputs and views on the analysis presented.

## **Recent MAG input requests on several areas: VAS and programmability; and connectivity services to settlement infrastructure**

The ECB debriefed members on the feedback received from them on this set of input requests, while acknowledging that these dossiers were still in early stage of development and will be presented to market stakeholders, including the MAG, in the coming months.

On value-added services (VAS) and programmability, the input received from participating members showed that intermediaries are best placed to respond to the needs of their customers in terms of providing VAS. The digital euro was perceived as an enabler of market innovation, empowering intermediaries to innovate and build their VAS based on the digital euro. Several members recognised a wide range of user needs and business cases, which could be served by the optional services offered by the intermediaries (e.g. automatic tax collection, subsidy reimbursement, pay-per-use cases); some of these VAS are offered also today based on commercial bank money.

As regards the input on connectivity services to settlement infrastructure, participating members referred to the differences between wholesale and retail payments when connecting to these infrastructures, in terms of business continuity and cost requirements and pointed out that an internet connectivity could be considered as an alternative via Network Service Providers (NSPs). Members expressed some advantages and disadvantages on the different types of connectivity in terms of costs, security, service level guarantees and business continuity, among others.

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<sup>3</sup> [ECB presentation on roles in processing](#)

**Closing remarks and way forward**

The Chair closed the meeting and thanked members for their participation. Due to time constraints, the Chair postponed the presentation on the feedback received from members on the July survey on the organisation and functioning of the Digital euro MAG. This would take place instead at the next meeting in November that will be hosted in Frankfurt at the ECB premises.

**ANNEX 1. LIST OF ATTENDEES OF THE 6th MEETING OF THE DIGITAL EURO MARKET ADVISORY GROUP (MAG) ON 16 SEPTEMBER 2022**

**Chair: Ms. Evelien Witlox**

**Members**

Aleksander Kurtevski	Jochen Siegert
Alessandro De Cristofaro	Nicolas Kozakiewicz
Antonio Macías Vecino	Nilixa Devlukia
Axel Schaefer	Nils Beier
Cristian Cengher	Paul Le Manh
Cyril Vignet	Piet Mallekoote
Diederik Bruggink	Régis Folbaum
Etienne Goosse	Ruth McCarthy
Fanny Solano	Sean Mullaney
Fernando Rodríguez Ferrer	Silvia Attanasio
Gerard Hartsink	Sofia Lindh Possne
Inga Mullins	Stefano Favale
Jens Holeczek	Teresa Mesquita
Jochen Siegert	Ville Sointu
Nicolas Kozakiewicz	Yves Blavet
Nilixa Devlukia	

**Observers**

National Central Banks of the Eurosystem  
European Commission

**ECB participants**

María Teresa Arráez  
Jürgen Schaaf  
Daniel McLean  
Andrea Pinna  
Giulia Di Rienzo  
Stephanie Bergbauer  
Lior Cohen  
Eric Faber  
Alessia Vita  
Barbora Kalmaityte  
Lukas Ferdinand Petry  
Naisa Baldissera May  
Panagiotis Papapaschalis  
Esther Barruetaña