**@@@Question 1**

**What is ‘legal tender' of euro banknotes and coins?**

According to a judgment by the European Court of Justice in January 2021, legal tender entails, in principle, the mandatory acceptance of cash, at full face value, with the power to discharge from a payment obligation. This means that the creditor is in principle obliged to accept a payment made in euro cash, in the absence of an agreement on other means of payment, which subsequently discharges the debtor from his payment obligation.

There can be exceptions to this principle of mandatory acceptance, for instance where the parties to a contract agree on another means of payment, or where a refusal of cash is made in good faith. Limits to cash payments are also possible for example to combat tax fraud and evasion.

Currently, only euro banknotes and coins have legal tender status in the euro area. This is why the draft digital euro regulation proposes, among others, to grant legal tender status to the future digital form of the single currency.

**@@@Question 2**

**Why is the Commission acting on this now?**

Under EU law, euro cash is protected as legal tender in the euro area. The proposal codifies and clarifies the judgment by the European Court of Justice in January 2021 which sets out the principles of legal tender. In view of the establishment and potential issuance by the ECB of a digital euro with legal tender status, it is also important to regulate the meaning of legal tender for the existing physical form of the euro to ensure consistency among the two forms of public money. In addition, this proposal seeks to address issues concerning the acceptance of cash that have recently emerged, which can lead to confusion for citizens wanting to pay in cash, as well as concerns which have been raised in a number of Member States about difficulties in accessing cash.

**@@@Question 3**

**What are the objectives of the proposal?**

The main objective of the proposal is to safeguard euro cash as a means of payment, so that people will continue to be able to use it for their payments if they so wish. To achieve this, the proposal clarifies what legal tender means, and sets out the rules for the mandatory acceptance of cash and possible limited exceptions to it. In addition, it also sets out what Member States need to do in order to ensure that cash is widely accepted and easily accessible.

**@@@Question 4**

**How does the proposal safeguard the acceptance of – and access to – cash?**

It is important to ensure that the principle of mandatory acceptance of cash is not undermined by the unilateral imposition of ‘no-cash' policies on consumers by businesses. Therefore, this Regulation will require Member States to monitor cash acceptance levels and the levels of cash refusals, to report them to the Commission and the European Central Bank and to take measures if acceptance of cash is not ensured. As a safeguard, the Commission can require a Member State to take measures where that Member State has taken no or insufficient action.

Similarly, sufficient and effective access to cash is key to ensure its use: if people do not have access to cash, they will not be able to pay with it. Therefore, this Regulation will also introduce an obligation on Member States to monitor cash access levels throughout their territory, to report to the Commission and European Central Bank and to take measures if sufficient and effective access to cash is not ensured. As a safeguard, the Commission can require a Member State to take measures where that Member State has taken no, or insufficient, action.

**@@@Question 5**

**How does the proposal contribute to financial inclusion?**

The proposal aims to preserve the financial inclusion of vulnerable groups who tend to rely more on cash payments, such as older people, those with lower incomes or digital skills, or those without bank accounts such as asylum seekers and refugees. It will ensure that everyone in the euro area is free to choose their preferred payment method and has access to basic cash services.

**@@@Question 6**

**What is the legal basis of the proposal?**

Within the euro area, only the euro has the status of legal tender. Article 128 (1) TFEU lays down the legal tender status of euro banknotes, and article 11 of Regulation EC/974/98 does so with regard to euro coins.

Today's proposal is based on Article 133 TFEU, which provides for the adoption of measures necessary for the use of the euro as the single currency. This Treaty provision reflects the need to establish uniform principles for all Member States whose currency is the euro, in order to safeguard the overall interests of the Economic and Monetary Union and of the euro as the single currency. In accordance with Article 3 (1) (c) TFEU, the EU has an exclusive competence in the area of monetary policy for the Member States whose currency is the euro.

**@@@Question 7**

**What are the next steps?**

The Regulation is subject to the ordinary legislative procedure, which means that both the European Parliament and the Council must now consider, amend and adopt it before it enters into force. Once the Regulation enters into force, all Member States in the euro area will be required to monitor acceptance of and access to cash in their territory, to report the results of their assessment annually to the Commission and the European Central Bank and to take remedial measures if necessary.

**@@@Question 8**

**What would the digital euro be?**

The digital euro would be a ‘central bank digital currency' issued by the European Central Bank and available to the general public. It would be exactly like cash, just in a digital version. Like cash, each digital euro held by consumers would be directly backed by the European Central Bank. It would be distributed to citizens and businesses by banks and other payment service providers.

Unlike crypto-assets, the digital euro would be central bank money. The European Central Bank would guarantee that it is safe, that it keeps a stable value, and that it can be exchanged at face value for euro cash. By contrast, crypto-assets can fluctuate significantly in value and their exchange into euro cash or even commercial bank money cannot be guaranteed.

**@@@Question 0**

**Why do we need a digital euro?**

The euro has been a symbol of Europe's unity and strength since its inception 25 years ago. While cash is still prevalent and will remain widely accessible and accepted, more and more citizens and businesses choose to pay electronically. In this context, the digital euro has several objectives:

* To ensure that people, businesses and public entities continue to have access to a public form of digital money for payments, which is accessible and accepted everywhere in the euro area, at any time (as opposed to only relying on private solutions);
* To make available a form of digital money which ensures the same level of privacy as cash (unlike existing digital payments solutions) and is accessible to all citizens, including those without bank accounts;
* To promote innovation and competition in retail payments, including by enabling banks and other payment providers to develop new solutions for their customers;
* To support Europe's open strategic autonomy and reinforce the international role of the euro.

Many central banks around the world are currently exploring the issuance of central bank digital currencies, and a growing number of countries have already issued such currencies.

Stablecoins and other crypto-assets that are not denominated in euro, if widely used for payments, could also undermine the stability of our monetary system. It is therefore important to establish a digital form of the euro to ensure that people, businesses, and public entities continue to have access to a public form of money in euro which is accessible and accepted everywhere in the euro area and at any time. The digital euro would also make it easier for people to pay throughout the euro area. It would bring a cash-like experience to digital payments by allowing users to pay and transfer money with a high degree of privacy, and unlike many other digital payment solutions, even without an internet connection.

**@@@Question 10**

**What would the added value of a digital euro be compared to existing private digital payments solutions, such as cards and mobile payments?**

* **Digital payments wherever you are in the euro area**: The digital euro would be a single means of payment usable throughout the euro area, regardless of where payers are located and which commercial bank or payment service provider they use. Users will be able to pay anytime, everywhere across the euro area, and payments will be sent and received instantly 24/7, 365 days a year. Today, not all private digital solutions work seamlessly across the EU.
* **Possibility to pay digitally even without access to the internet:**The digital euro could be used to send money for payments, even in the absence of an internet connection, if you are physically close to the other party of the transaction, whether another person or a shop (so-called “offline digital euro”). Consumers, businesses, and public entities would be able to make and receive payments even in remote areas with unreliable internet connection, and in case of a shortage of communication networks or power infrastructures.
* **More choice for consumers**: The digital euro would complement existing private digital payment solutions. It brings more choice to consumers, who would be able to choose among all available payment solutions depending on their needs, preferences and circumstances.
* **Possibility to pay digitally even if you do not have a bank account:**the digital euro would foster digital and financial inclusion, thereby contributing to cutting the digital divide by allowing individuals without bank accounts to make or receive digital payments, and to access basic functionalities free of charge. Such functionalities would include converting cash into digital euro and vice versa.
* **Enhanced privacy for users:**The digital euro would enable users to make digital payments while ensuring their data is protected. When using the digital euro offline, the privacy of the user is the same as when they use cash.

**@@@Question 11**

**Who would issue the digital euro and when?**

If adopted, the legislative proposal would regulate the essential elements of a possible digital euro. After the adoption of the proposal by the European Parliament and Council, the European Central Bank would need to take the final decision on the issuance of a digital euro. The digital euro may still take some years before it is issued. Consumers would receive digital euro either from their commercial banks or payment service providers, or from public bodies designated by Member States, in exchange for deposits or euro cash. The digital euro would be issued by the European Central Bank and the national central banks of euro area Member States.

**@@@Question 12**

**Would the digital euro replace cash, if adopted?**

No. The digital euro would complement euro banknotes and coins, not replace them. People, businesses and public entities would have the choice to pay in euro banknotes and coins, other private electronic means of payment, or in the digital euro.

Today's proposal on legal tender would ensure that euro cash remains widely accepted for payments and easily accessible for people, businesses and public entities across the euro area.

**@@@Question 13**

**How much would the digital euro cost? Would I need to pay a fee to open a digital euro account, send money abroad, or withdraw cash at an ATM from my digital euro account?**

Basic services for end users such as opening and closing a digital euro account, consulting balances, funding and defunding your digital euro account, and making transfers and payments would be provided **free of charge**.

Similarly to current payment services, users of a digital euro would not face fees when making purchases in digital euro, whether nationally or across border. Banks could only charge their customers for the commercial bank accounts to which the digital euro may be linked, and for voluntary, non-basic services such as conditional payments.

**@@@Question 14**

**How would a digital euro support financial inclusion?** **Would the digital euro be able to be used offline?**

To support financial inclusion, the digital euro would be easy to use, available everywhere and at any time, and free of charge for basic use.

All commercial banks providing payment account services would be required to provide basic digital euro payment services upon request. In addition, some public entities – such as local and regional authorities and postal offices – would also distribute the digital euro to users that do not wish to open a digital euro account linked to a bank or another other payment services providers. This would allow people without bank accounts to access the digital euro.

The digital euro would be simple and easy to handle, including for persons with disabilities, functional limitations or limited digital skills, and older persons, in line with Directive (EU) 2019/882 (European Accessibility Act).

Finally, it would be possible to make transactions in digital euro without an internet connection (“offline use”) – an important feature in areas with poorer access to online services or in cases of power outage for example.  Indeed, it would be possible to hold digital euro locally stored on electronic devices, i.e. “offline” digital euros.

**@@@Question 15**

**Who would have access to my personal data and for what purpose? How would my data be protected?**

Your personal data would be accessed and processed mainly by the bank or payment service provider with whom you hold a digital euro account. As is already the case with private payment accounts today, your bank needs access to your personal data to manage your payment account, carry out payments and prevent fraud and money laundering.

For online payments with the digital euro, your bank would only have access to the personal data needed to perform your payment and to prevent fraud and to fight money laundering, as is already the case today for other digital means of payment.

With the offline use of the digital euro, your bank would see the same level of data it sees when you use cash. Your bank would only have access to the personal data that is needed when you deposit or withdraw digital euros from/to your digital euro accounts, to load digital euros onto your local storage devices, or to unload them from the local storage devices into your digital euro account. This high degree of privacy is the same as when you withdraw banknotes at automatic teller machines (ATMs), where payment service providers process personal data related to a user's identity and the funds / accounts that are accessed to take cash out.  When using the digital euro offline, your bank would not be able to access details about transactions - in the same way the bank does not know how you use the cash you have withdrawn from an ATM.

The European Central Bank would not be able to identify individual digital euro users, nor what users do with their money. They would only have access to encrypted data, and only to the extent that this is necessary to settle digital euro transactions, and support payment services providers in performing their tasks. This means that state-of-the-art security and privacy-preserving measures would be used, to ensure that data cannot be used to directly identify a specific digital euro user by the ECB and the national central banks.

Overall, the level of privacy introduced with the digital euro would be unprecedented for electronic payments. The European Data Protection Supervisor (EDPS) would ensure that this high degree of privacy is respected.

**@@@Question 16**

**What are the differences between online and offline payments in digital euro?**

Online digital euro payments are online instant transfers which can take place at distance. To make such payments, you need an internet connection. In terms of user experience, online digital euro payments would not differ from existing electronic instant payment systems.

Offline digital euro payments are instant transfers which could be made without an internet connection, as long as there is physical proximity between the devices of the payer and the payee as it happens with cash now. Users would be able to store digital euros in their device for offline use, below a certain threshold exactly as we do with cash in our wallets. Offline digital euro payments would be validated “peer-to-peer”: the payer and payee would directly verify that the transfer of value between them has effectively happened. Such payments would be used mainly for small payments. Just like cash, the details of your offline payments in digital euro would not be visible to anyone – neither your bank, nor the European Central Bank.

When users load or withdraw digital euros from their wallets, however, they would need to be connected to the internet.

Consumers, businesses, and public entities would be able to make and receive payments even in remote areas with unreliable internet connection, and in case of a shortage of communication networks or power infrastructures. Also in everyday situations, people could benefit from a digital euro available offline when paying in a situation where they do not have an internet connection.

**@@@Question 17**

**What is the difference between a digital euro and the euro we already have in our bank accounts?**

Like cash, the digital euro would be issued directly by (and is a liability of) the European Central Bank and the National Central Banks of EU Member States. This means that it would be public money or central bank money. The digital euro would have legal tender status, which means that it would be available to all European citizens and residents and will be accepted anywhere in the euro area. This is not the case for existing electronic means of payments provided by commercial banks.

**@@@Question 18**

**Where and how would I be able to access the digital euro?**

You would be able to open a digital euro account at any commercial bank or any other payment service provider, such as payment institutions and electronic money institutions. In case you do not have a commercial bank account, or you do not wish to open a digital euro account with a bank or payment service provider, you could use a public entity designated by your Member State, such as a post office. You could also change your provider whenever you wish. In case your intermediary is no longer able to ensure access to your digital euro account, there would be an automatic mechanism which ensures that you can get access to your digital euro with the help of another private intermediary.

**@@@Question 19**

**Where and how would I be able to use my digital euro?**

The digital euro would be made available for payments via online banking, as well as for mobile payments – both online and offline – right across the euro area. This would be particularly useful given the difficulties people sometimes face when trying to use their bank cards abroad. You would be able to make payments in digital euro via the regular online banking interface of your bank or payment service provider, a dedicated digital euro app, or via other means like cards, and pay while shopping on e-commerce websites, just like for other electronic money transfers and payments.

The places and situations where you could pay with your digital euro will expand over time. Eventually, the digital euro would be available for all typical payment situations, for instance to transfer money (“person-to-person”), to pay in shops and restaurants, to pay online, or to make payments to public authorities. Users would also be able to make payments without an internet connection (“offline”), for instance where the internet network is not available.

**@@@Question 20**

**Would I be able to make mobile payments with digital euro? Would I be able to use my European Digital Identity Wallet?**

For mobile payments, users would be able to make or receive payments through the mobile apps of their payment service providers, just as they do for payments today. The European Central Bank may decide to offer a dedicated digital euro app which users could choose to use.  Below a certain threshold and as long as there is physical proximity, mobile payments in digital euro would also be available even without an internet connection. You could also use your European Digital Identity [wallet](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/europe-fit-digital-age/european-digital-identity_en), which was [proposed](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021PC0281) by the Commission to facilitate peoples' and companies' access to public and private online services, to store your digital euros in a safe way. In addition to digital euro basic services, payment services providers may develop value added services and more innovative solutions (e.g. conditional payments) to meet the need of the digital economy.

**@@@Question 21**

**Would my digital euro account be remunerated?**

No. Like cash, digital euro accounts would not be remunerated (i.e. you cannot earn interest on your deposits in digital euros).

**@@@Question 22**

**Would I be able to have more than one digital euro account?**

You may have one or several digital euro accounts, like for commercial accounts. You may also have a joint account with another person, for instance a member of your family or a relative, possibly in addition to your individual digital euro accounts. You would be able to change the number of digital euro accounts over time if you wish.

In case you have more than one digital euro account, individually or jointly held with someone else, any individual holding limit introduced by the European Central Bank would apply across your digital euro holdings on your different accounts.

**@@@Question 23**

**Would the digital euro be programmable – i.e.  by public authorities to be used for specific purposes?**

The digital euro would not be programmable. This means that it cannot be programmed by public authorities to be used only for specific purposes. The digital euro would not have built-in restrictions: neither the European Central Bank, nor public authorities would be able to set any limitations on where, when, on what, or to whom you could pay with your digital euros. Like with cash, you would be able to use your digital euro however you choose to do so. At the same time, while public authorities would not be able to programme the digital euro, people would be able to set up recurrent transfers and payments as they are already doing today.

**@@@Question 24**

**Would there be limits to the amount of digital euro that I can hold on my account?**

You would be able to use the digital euro for payments of any amount. However, limits on the amount of digital euro you can hold may be imposed to safeguard monetary and financial stability.  To ensure that commercial banks continue to play a useful role in the functioning of the economy, including by providing credit, the European Central Bank would be able to decide holding limits.  Such limits would be harmonised at euro area level and follow a strict proportionality principle. The proposal establishes specific criteria for possible limits on the digital euro's store of value function, such as individual holding limits. These limits would however not affect the ability to make payments with a higher value – in such cases additional funds will be transferred automatically from and to a user's commercial bank account via a so-called “waterfall / reverse waterfall” mechanism.

In addition, holding limits would be set by the European Commission for the use of digital euro offline, in order to limit money laundering and terrorism financing risks.

**@@@Question 25**

**What would the role of the private sector be?**

The digital euro would be intermediated via payment service providers. Banks and other payment service providers would be responsible for the distribution of the digital euro and the provision of payment services to users. They would:

* enable users to access and use the digital euro, for instance by opening and holding a digital euro account;
* enable users to initiate and receive digital euro payment transactions;
* provide digital euro users with digital euro payment instruments;
* manage the digital euro accounts of their users, for instance by funding and defunding the account upon request from the users; and
* be able to provide innovative and additional digital euro payment services.

**@@@Question 26**

**As a merchant, would I need to accept the digital euro?**

Like cash, the digital euro would be granted the status of legal tender, which means that merchants located in the euro area would need to accept payments in digital euro from consumers.

However, exemptions would apply for merchants in situations where it would be disproportionate to impose such an obligation, for instance in view of the cost born by merchants to set up and run the payment infrastructure necessary to accept payments in digital euro. In particular, micro-enterprises would not be obliged to accept payments in digital euro unless they already accept comparable digital means of payment from consumers, such as debit cards.

In addition, merchants would not be obliged to accept payments in digital euro where they have agreed with their consumers to use a different means of payment, or owing to temporary circumstances which are beyond their control, for instance in case of a defective payment device.

Merchant fees for accepting digital euro should not exceed the fees for comparable means of payment, such as debit cards or instant payments.

**@@@Question 27**

**As a merchant, how would I process digital euro transactions?**

You would be able to process digital euro transactions like other electronic means of payment, through a digital euro account with a bank or another payment service provider, and the relevant hardware and software components. To the extent possible, the objective would be to ensure that you can use the devices that you already have to process private digital payments.

**@@@Question 28**

**How would the digital euro impact the banking system?**

The European Commission and the European Central Bank have analysed in detail the potential impact of a digital euro on the banking sector. This analysis suggests that only in cases of large-scale deposit reduction in favour of a digital euro, banks might face liquidity stress and increased funding costs that might translate to lower credit provision to the economy. In order to address the potential risks, the proposal provides the European Central Bank with certain tools (such as holding limits) to limit the digital euro's store of value function if the European Central Bank considers them necessary to protect financial stability. These instruments would not constrain users' day-to-day payments, while mitigating impacts on banks and the wider economy.

**@@@Question 29**

**Who would be able to hold digital euro? Would I be able to hold a digital euro account even if I no longer reside in the euro area, or when I go back to my country of residence after travelling to the euro area?**

The digital euro would be accessible to people, businesses, and public entities that reside or are established in a euro area Member State on a temporary or permanent basis.

In certain cases, the digital euro may also be accessible to people, businesses and public entities that do not reside or are not established in a euro area Member State. Examples include:

1. consumers and businesses that open a digital euro account when they resided or were established in a Euro Area Member State;
2. consumers travelling to the euro area for personal or professional purposes;
3. consumers that reside or are established in a non-euro area Member State or in a third country, subject to predefined conditions agreed with the national authorities and/or central banks.

Consumers referred to in cases 1) and 2) may only be granted temporary access to digital euro accounts, subject to the requirements laid down by the European Central Bank.

The digital euro would only be accessible to people upon their request. There would be no obligation to hold and use digital euros.

**@@@Question 30**

**Would I be able to use my digital euro outside the euro area?**

People, businesses, and public entities located in the euro area would be able to pay in digital euro or send digital euro outside the euro area in cases where:

1. the recipients of funds located outside the euro area have a digital euro account and are able to process transactions in digital euro; or,
2. they use cross-currency payments, whereby the digital euros that they send are converted into the local currency when the payment reaches the recipients of funds located outside the euro area. This would be useful for tourists visiting a country outside the euro area.

**@@@Question 31**

**Would EU Member States that are not in the euro area have access to the digital euro? What about third countries?**

Yes, potentially. People, businesses and public entities residing or established outside the euro area may access the digital euro by opening digital euro accounts with payment service providers established or operating in a country which is a Member of the European Economic Agreement or in a third country, subject to a prior agreement concluded between the EU and third countries, and/or arrangements concluded between the European Central Bank and national central banks in non-euro area Member States and in third countries.

**@@@Question 32**

**Are other countries developing central bank digital currencies?**

Many central banks worldwide have launched investigations regarding the potential introduction of Central Bank Digital Currencies (CBDCs). They conduct research and pilot programs to understand their potential benefits and implications similarly to what the ECB is currently doing.

In developed countries, this motivation primarily stems from the diminishing use of cash and the need to offer an electronic alternative for payments in public money. In less developed countries, the focus may be on enhancing financial inclusion and improving the retail payment system.

Within the EU, Sweden initiated an investigation into the possibility of an e-krona.

Outside the EU, the United Kingdom has issued several consultations and launched an investigation for a digital pound, similar to the European Central Bank's technical exploration of a digital euro.

Outside of Europe, China already issued a digital yuan. The digital yuan is already available for payments in an expanding number of regions and is facilitated through major banks and payment service providers. The United States are investigating the case for a digital dollar but have not yet decided whether it is needed.

**@@@Question 33**

**How would the digital euro support the international role of the euro?**

A digital euro would be introduced first and foremost for use by euro area EU residents and businesses, and potentially across the EU. However, the use of the digital euro in international retail payments may also bring benefits to the euro area and/or other economies in terms of trade and remittances by facilitating cross-border payments outside the euro area. In turn, this would lead to tangible benefits, like facilitating trade relations and reducing foreign exchange risks.

Today's proposal sets out a framework that would enable the use of the euro abroad in certain conditions (see above) and could also be the basis for cross-currency payments arranged with third country central banks, for instance payments in digital euro against another central bank digital currency.

As other jurisdictions develop their own digital currencies – and against the backdrop of growing crypto currencies – it is all the more important, from a monetary sovereignty point of view, to ensure that there is a digital version of the euro.

**@@@Question 34**

**How would the digital euro support innovation in payments?**

The digital euro could further enhance competition and innovation in the European retail payments market by facilitating the development of a full range of pan-euro area end-user solutions and by supporting digital financial services. For instance, today's proposal supports the development of conditional payments (the ability to instruct a payment automatically when pre-defined conditions are met), which could also enhance the development of innovative industry services in the EU based on the digital euro, complementing private payment solutions.

However, the digital euro would not be programmable. This means that it would not be possible for it to be programmed by public authorities to be used only for specific purposes: public authorities would not be able to control what you can spend your digital euros on. Like with cash, you would be able to use your digital euros for any purpose.

**@@@Question 35**

**How would the digital euro support resilience in payments?**

A digital euro could serve as a backup or additional facility in times of crisis, or when private payment means experience operational issues. This would strengthen the operational resilience of the EU's economy.

An offline digital euro could also increase the resilience of the European payment landscape by ensuring the continuous provision of offline payments in public money amidst connectivity outages.

The digital euro would be consistent with other Commission initiatives related to supporting resilience in payments, including the Digital Operational Resilience Act (DORA), Cybersecurity Act, Cybersecurity Regulation, and Cyber Resilience Act.

**@@@Question 36**

**What synergies will there be with instant payments and the Commission's wider retail payments strategy?**

The digital euro would benefit from instant payments, which would allow for the fast funding and defunding of digital euro accounts from commercial bank accounts and vice versa. The providers of instant payments (including banks) may also benefit from a digital euro. The standards and procedures that will enable pan-European payments in digital euro will be available to private payment providers. With these EU-wide standards, they could offer easier and more efficient cross border payment services for their clients. This will reduce cost and time for people and businesses.

**@@@Question 37**

**Would there be safeguards to prevent money laundering and the financing of terrorism?**

With its anti-money laundering (AML) package of 21 July 2021[[1]](https://euc-word-edit.officeapps.live.com/we/wordeditorframe.aspx?ui=en%2DUS&rs=en%2DIE&wopisrc=https%3A%2F%2Feceuropaeu.sharepoint.com%2Fteams%2FGRP-Digitaleurocomms%2F_vti_bin%2Fwopi.ashx%2Ffiles%2Fdc80c6a2f04d4b43826c5549998b9c0e&wdenableroaming=1&mscc=1&hid=C2F6B7A0-9036-6000-B2D5-38B4849AF3E6&wdorigin=ItemsView&wdhostclicktime=1685460044560&jsapi=1&jsapiver=v1&newsession=1&corrid=f1aa0501-1c71-41e6-b1e9-bcb606452fe3&usid=f1aa0501-1c71-41e6-b1e9-bcb606452fe3&sftc=1&cac=1&mtf=1&sfp=1&instantedit=1&wopicomplete=1&wdredirectionreason=Unified_SingleFlush&rct=Normal&ctp=LeastProtected#_ftn1)the Commission proposed to significantly strengthen AML rules across the EU. In keeping with the objectives of the AML package and to ensure an effective application of AML/CFT requirements to the digital euro, today's proposal provides that online digital euro payment transactions are subject to AML/CFT requirements, similar to private digital means of payment.

To mitigate AML/CFT risks posed by offline digital euro transactions, specific holding and transaction limits for offline proximity payment would be essential since transaction data will not be processed by Payment Services Providers. These holding and transactions limits will be determined by a Commission implementing act, on the basis of a risk assessment.

**@@@Question 38**

**What are the respective roles of the co-legislator and the European Central Bank?**

The Regulation on the digital euro is ‘enabling' in nature. This means that the Regulation would establish the digital euro as a new form of central bank money, regulate its essential elements and provide the possibility, but not an obligation, for the European Central Bank to issue the digital euro. The European Central Bank will decide whether to issue the digital euro, in line with its mandate and tasks.

The proposal for a Regulation – if adopted by the European Parliament and Council – would establish the digital euro and lay down necessary rules concerning it, in particular as regards its legal tender status, privacy, anti-money laundering, distribution, use (limits to its use as a store of value and conditions for its use outside the euro-area) and essential technical features. The essential technical features include the main functionalities of the digital euro: offline, online and conditional payments.

Within the framework of the Regulation, the European Central Bank may adopt detailed measures, rules and standards pursuant to its own competences, including with a view to ensuring a smooth and efficient functioning of the digital euro payment system in accordance with Article 22 of its Statute.

The European Central Bank will be responsible for developing and designing a digital euro in line with the requirement laid down in the Regulation.

**@@@Question 39**

**What are the next steps on today's proposal?**

Today's proposal by the Commission now needs to be debated and adopted by both the European Parliament and the Council. Once the Regulation establishing the digital euro is adopted by the co-legislators, the European Central Bank may decide to issue a digital euro in line with its mandate and tasks. The decision to issue the digital euro falls within the sole competence of the European Central Bank, acting in full independence, in accordance with the Treaties. The European Central Bank would conduct a preparation phase before deciding whether, when and for which maximum amount a digital euro should be issued.