Digital Euro Use Case

Digital Euro Deposit Escrow: Make Rental Deposits Return Faster and More Fair

Why we care about this problem

Yufei's case: I studied in France for five years and I moved several times. Almost every time, after the "état des lieux de sortie", my housing deposit did not come back quickly. It often took months to arrive in my bank account. Two months of rent is not a small money for a student, so I was always worried: will the money really come back, and will the landlord deduct things unfairly?

One time my deposit was €1680. At that moment I was not in France, so I could only contact the landlord by email. We exchanged a lot of emails, and it took around three months of communication. It was slow, stressful, and I could not really "prove" my side easily. It made me feel that even if there are rules, in reality the process is still too manual and not safe for tenants.

In France, the deposit can be high, especially for furnished rentals (it can be up to two months of rent), and there are legal deadlines for returning it after the keys are returned. Also, the rule says: if the exit inventory is the same as the entry inventory, the landlord has 1 month to return the full deposit; if there are deductions/repairs, the landlord has 2 months to return the deposit (minus the justified costs). When the landlord is late, the remaining amount due can be increased by 10% of the monthly rent (excluding charges) for each started month of delay, and there is an exception if the tenant did not provide the new address at key return.

So the problem is not "SEPA transfer is slow". The real issue is: the deposit is sitting under the landlord's control, proofs are scattered, and nothing forces a clear, standard timeline with transparent deductions.

The idea

Create a Digital Euro Deposit Escrow Wallet (distributed by regulated PSPs): the deposit is paid into a restricted escrow balance in digital euro, locked during the lease, and released after move-out with simple rules linked to "état des lieux de sortie" and evidence.

This is programmable payment (rules around releasing funds), not programmable money.

How it works

At the start of the lease, the tenant pays the deposit in digital euro into escrow. The landlord can see the money is secured but cannot spend it. At move-out, both sides confirm the exit inventory and key return in the app (and if needed, the confirmation can be recorded offline and synced later—this matches the homework assumption of offline capability for small operations).

Then the escrow follows one of these paths:

- **Case A: no damage / no deductions**
  Full deposit is released back to the tenant (immediately or automatically by the legal deadline). The legal rule is 1 month when exit inventory matches entry inventory.
- **Case B: deductions**
  The landlord must enter deduction items and upload proof (photos + quote/invoice). ANIL clearly states deductions should be justified by the exit inventory and/or by quotes and invoices.
  The tenant accepts in the app, escrow splits the payment: deduction part to landlord, rest to tenant.
- **Case C: dispute**
  If tenant does not accept deductions, the escrow is frozen and the app guides both sides to a structured dispute path (for example, a free conciliator or the departmental conciliation commission is mentioned as an option).
  When there is an agreement/decision, escrow releases accordingly.

If the landlord does nothing and time passes, the system can send reminders and then auto-release what is due by the legal deadline. The "10% per started month" late rule and the exception about missing new addresses are described in official/legal sources, so the app can also show a clear calculation and a standard letter template.

Why a retail CBDC helps

SEPA transfer only moves money. It doesn't create a shared escrow logic, and it doesn't enforce a standard evidence workflow. So in my €1600 case, I was still stuck in emails and waiting.

A private rental platform can do escrow, but it is fragmented (not all landlords use it), and it is not a "public utility" across the euro area. With a digital euro feature offered by PSPs, escrow can become a basic standardized function. When escrow releases, settlement is immediate and final between PSPs (that reduces the "did you send / did you receive" arguments).

Also, this use case fits holding limits better than daily savings: the deposit is not for spending; it is locked. Whether it should be treated as a special "escrow pocket" under policy is a design choice, but the product logic itself is clear.

Who benefits

- **Tenants (especially students):** faster refund, less stress, less "power gap" when you are abroad, and more transparency for deductions.
- **Landlords/agencies:** deposit is secured, deductions are easier to justify, and disputes are less messy.

- **PSPs:** new service line ("rental escrow"), possible small fee paid by agencies/landlords, and more wallet usage.
- **Public side:** fewer conflicts and better real-world compliance with the deadlines and documentation rules.

Limits and rollout

This won't remove all disputes, because some disagreements are about judgement (normal wear vs damage). But it makes the process cleaner and faster. The biggest practical challenge is adoption: some individual landlords might resist. So I would start with student housing providers and professional agencies first, where processes are already standardized and deposits are often large (furnished rental deposits can be up to two months).

Figures

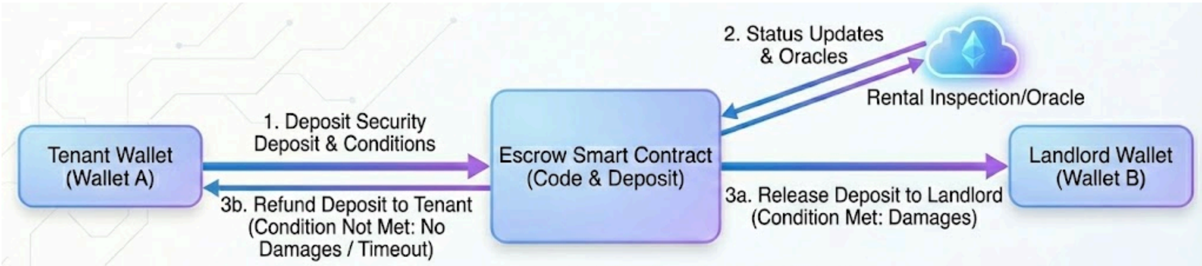

Figure 1 — System map (Escrow + two wallets)

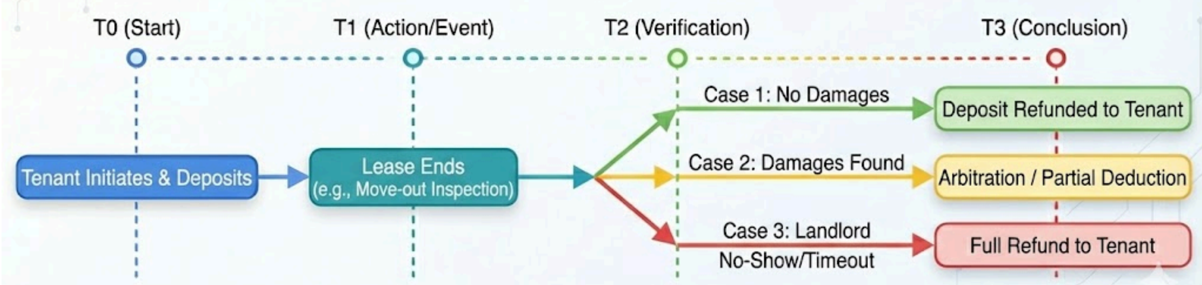

Figure 2 — Timeline for rental deposit (T0–T3 + 3 cases)

References

- French administration : deposit rules and examples of late penalty and the exception.
- Legifrance: furnished rental deposit limit (Article 25-6) and the late-return 10% rule wording (Article 22).
- Service-Public letter template/simulator for asking refund, useful as "real-world friction evidence".