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Member of the Executive Board

Ms Irene Tinagli
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and Monetary Affairs (ECON)
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Update on work of digital euro Rulebook Development Group and start of selection procedure for potential digital euro providers

Dear Chair, dear Irene,

During my confirmation hearing before the Committee on Economic and Monetary Affairs (ECON) of the European Parliament, I undertook the commitment to report to the Committee regularly on topics within my areas of responsibility as a member of the Executive Board of the European Central Bank (ECB).

As the new chair of the Eurosystem's High-Level Task Force on a digital euro, I am pleased to inform the ECON Committee about the ongoing work on the digital euro as part of the preparation phase that started on 1 November.¹

¹ See: https://www.ecb.europa.eu/paym/digital_euro/timeline/html/index.en.html.

The ECB today published a second update on the work of the Rulebook Development Group (RDG).² Over the past ten months, the RDG³ has been working on a draft digital euro rulebook consisting of a single set of rules, standards and procedures for digital euro payments across the euro area.⁴ While the proposed regulation will establish the essential features of a digital euro, the rulebook will outline how to implement the regulatory provisions with technical standards and procedures.

This first draft is an intermediate version that includes the functional, operational and adherence models envisaged for the digital euro scheme, technical requirements for the scheme's high-level architecture, and some proposed standards.⁵ It has been prepared based on input from RDG members representing consumers, retailers and intermediaries, who have been working in dedicated workstreams on the topics that require their particular expertise.

The first draft version of the rulebook has been shared with RDG members for an interim review, which is an opportunity for all stakeholders involved to thoroughly review the rulebook as it currently stands. Based on the feedback received as part of this review, the RDG will consider further adjustments as required.

As of January 2024, the RDG will focus on preparing an expanded and updated draft,⁶ which will comprise additional chapters and be finalised over the course of the digital euro preparation phase. The draft rulebook will be sufficiently flexible to accommodate any future adjustments, and will be updated in accordance with the outcome of the digital euro legislative process.

We would like to kindly extend an invitation to the ECON Secretariat to join the RDG as an observer. We would also be pleased to give you a presentation so we can provide you with further technical details about the RDG's work.

² See ["Update on the work of the digital euro scheme's Rulebook Development Group"](#), ECB, 3 January 2024. The first update was in June 2023, see ["Update on the work of the digital euro scheme's Rulebook Development Group"](#), ECB, 7 June 2023.

³ The group consists of 22 senior professionals from the public and private sector with experience in finance and payments. See ["Members of the Rulebook Development Group"](#), ECB, 15 February 2023.

⁴ See Article 5(2) of the [Proposal for a Regulation of the European Parliament and of the Council on the establishment of a digital euro](#), European Commission, 28 June 2023.

⁵ The first draft rulebook includes chapters on i) the adherence model, ii) the functional and operational model, and iii) technical scheme requirements.

⁶ This will include new sections on (i) user experience minimum requirements, (ii) branding and communication standards, (iii) certification, (iv) testing and approval procedures, (v) internal rules, (vi) risk management, and (vii) inter-operability and implementation specifications.

I would also like to inform you that the ECB will in the coming weeks start the selection process for potential providers of digital euro components and related services.⁷

The purpose of the selection process is to establish framework agreements with the most suitable external providers to ensure that the Eurosystem is prepared to start developing a digital euro in the future if warranted.⁸

The framework agreements resulting from this process would cover only some of the envisaged digital euro services. Other components, such as payment settlement, would be sourced internally within the Eurosystem. The outcome of the public tender procedure will be published on the ECB's website.

Let me emphasise that the ECB is not at this stage committing to launch any of the development work. At the same time, closer engagement with external providers will provide the ECB with insights into the technological options available, enabling it to make informed decisions regarding the technological design of a digital euro. This is particularly crucial for components that are not yet on the market, such as offline functionality.

Let me reassure you that the framework agreements will be sufficiently flexible to accommodate any future adjustments that may be necessary, for example as a result of legislative deliberations. A possible decision by the ECB's Governing Council to issue a digital euro could only be taken after the legislative act has been adopted.

I look forward to exchanging in the near future with the ECON Committee on a digital euro, which would offer the opportunity to further discuss all of these matters. Meanwhile, the ECB will continue to support the democratic debate on a digital euro. The ECB also stands ready to lend its technical expertise to the members of the ECON Committee in their examination of the European Commission's digital euro legislative proposal, so as to support the Committee's work in adopting its formal position on the matter.

Yours sincerely,

[signed]

Piero Cipollone

⁷ The ECB today issued five calls for applications to establish framework agreements with potential providers of digital euro components and services, see [here](#). The resulting framework agreements could be used for the development of the following digital euro components: i) the alias lookup component, ii) the secure exchange of payment information component, iii) the fraud and risk management component, iv) the offline component, and v) a digital euro app and related software development kit.

⁸ The eligibility will be restricted to EU nationals who are also controlled by EU nationals. There are also additional eligibility criteria – detailed in the calls for applications – to ensure that potential providers have the necessary capabilities, size and stability to become a long-term partner in provisioning a digital euro, with all services being provided within the European Economic Area (EEA).