



EUROPEAN CENTRAL BANK

EUROSYSTEM

Digital euro Privacy options

Eurogroup

ECB-PUBLIC



User preferences

Focus group research on new digital payment methods and a digital euro suggests:



Ability to “**pay anywhere**” is the most important feature



Instant, easy, contactless payments, especially for **person-to-person payments**, are the second most valued feature



Options that give people control over their **personal data** are appreciated

Focus on privacy



Privacy is a **fundamental right**, and the baseline option for a digital euro is mandated by legislation.



The ECB's report on a digital euro highlighted privacy as a **key concern of future users**.



A gradual shift to **digital payments implies less privacy** by default. There is a choice to preserve certain cash-like features.



But privacy needs to be assessed in the **context of other EU policy objectives**, notably **anti-money laundering** and countering the financing of terrorism (AML/CFT).

Preliminary views



User anonymity is not a desirable feature, as this would make it impossible to control the amount in circulation and to prevent money laundering.



The Eurosystem should only be able to see the minimum transaction data required to validate digital euro payments, even if it decides to perform the settlement function.



Anonymised/aggregate data on the use of the digital euro should be available to the Eurosystem under any privacy option for statistical, research, supervisory and oversight purposes, including to fight fraud/illicit activities.

Privacy options (from a user perspective)

Transparent to intermediary

Checks during onboarding

Data transparent to intermediary for AML/CFT purposes

Currently applicable
baseline scenario

Privacy for low-value payments (selective privacy)

Checks during onboarding

Higher degree of privacy for low-value transactions

Desirable options
beyond the baseline,
which could be
investigated with co-
legislators

Privacy under offline functionality

Checks during onboarding

Low-value balances and transaction amounts are not known to intermediary or central bank

Baseline scenario: **transparency to intermediaries**

Baseline: a digital euro would provide people with a level of privacy equal to that of private digital solutions



Customer checks during onboarding



Personal and transaction **data would be accessible to intermediaries to ensure compliance with AML/CFT requirements**

Going beyond the baseline scenario: **low-value payments (selective privacy)**



Customer checks during onboarding



Higher degree of privacy for low-value/low-risk payments

- Implies simplified checks (e.g. specific wallet with lower requirements during onboarding)



Higher-value transactions would remain subject to standard controls

Going beyond the baseline scenario: **offline functionality**



Customer checks during onboarding



Fully private offline transactions and balances, non-transparent to intermediary or central bank



To contain risks of illicit activities, full privacy only for **close proximity payments that are low-value and low-risk**

Policy considerations



Eurosystem is committed to enabling **high privacy standards if politically desired**



Greater privacy than existing payment solutions would need to be integrated in the **regulatory framework**



What is the desired **balance between a high standard of privacy** in the use of digital euro and **other EU policy objectives?**