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**COVER NOTE**

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From: Mr Fabio PANETTA, Member of the Executive Board, European Central Bank

date of receipt: 14 July 2021

To: Mr Andrej ŠIRCELJ, President of the ECOFIN Council

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Subject: ECB Governing Council decision to launch the investigation phase of a digital euro

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Delegations will find attached the letter of Mr Fabio Panetta to Mr Andrej Šircelj on the Governing Council decision to launch the investigation phase of a digital euro.

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Encl.:

E-MAIL



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ECB-UNRESTRICTED

14 July 2021  
L/F/P/21/39

**Governing Council decision to launch the investigation phase of a digital euro**

Dear President of the ECOFIN Council, dear Mr Šircelj,

The ECB Governing Council has decided today to launch the investigation phase of a digital euro project. The investigation phase will last 24 months and aim to address key issues regarding design and distribution. A digital euro must be able to meet the needs of Europeans while at the same time helping to prevent illicit activities and avoiding any undesirable impact on financial stability and monetary policy. This will not prejudice any future decision on the possible issuance of a digital euro, which will come only later. In any event, a digital euro would complement cash, not replace it.

During the project investigation phase, the Eurosystem will focus on a possible functional design that is based on users' needs. It will examine the use cases that a digital euro should provide as a matter of priority to meet its objectives: a riskless, accessible and low-cost form of digital central bank money. Furthermore, the investigation phase will assess the possible impact of a digital euro on the market, identifying the design options to ensure privacy and avoid risks for euro area citizens, intermediaries and the overall economy. It will define the business model for supervised intermediaries within the digital euro ecosystem.

The investigation phase will also shed light on the changes to the EU legislative framework which might be needed for introducing a digital euro and in which Ministers will be fully involved as European co-legislators.

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Issuing a digital euro would affect our whole society. The alignment of European policymakers, mindful of their respective roles and mandates, and support from European citizens are a key success factor for its future acceptance.

The ECB will continue to engage with the European institutions and authorities throughout the project investigation phase. Finance ministers will be fully involved through the regular exchanges of view on digital euro that are envisaged in the Eurogroup. In line with the institutional roles and mandates of all actors involved, exchanges of views with Ministers in the Eurogroup will cover major design issues and policy-relevant aspects of a digital euro, focusing on its political dimension. We will also have regular exchanges with the Members of the European Parliament. Finally, we will intensify work with the European Commission in the context of our joint contact group which is reviewing at technical level a broad range of policy, legal and technical questions emerging from a possible introduction of a digital euro.

Yours sincerely,



Cc: Jeppe Tranholm-Mikkelsen, Secretary General of the Council of the European Union  
Carsten Pflath (DG ECOMP)