

# Prospects

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## The point of view

### Desire for a digital euro

For most Europeans, the idea of a central bank digital currency remains a relatively abstract concept shrouded in confusion. This has been borne out by every survey: despite the Governing Council of the European Central Bank (ECB) having recently launched the preparatory phase on 18 October, the public is largely unfamiliar with the digital euro and not remotely interested in the project. The ECB must not limit this preparatory phase to mere dialogue with supply-side economic agents; it is imperative that it find innovative ways to open up dialogue with the public and think boldly about how to stimulate an authentic desire for a digital euro among the European population.

### The great confusion

The majority of Europe's citizens have limited knowledge and understanding of the digital euro, and there is a marked disparity in interest in it from one country, generation, socio-professional category and social status to another. If the digital euro were to be rolled out today, the first person to use it would probably be in their early thirties, urban, fairly well educated and earning a good salary. However, since Europe is not just made up of young people, Europeans don't all share the same view of the digital euro.

Knowledge of a central bank digital currency appears much more limited among older people, and particularly over-50s. Surveys of some Europeans clearly show that most respondents have only a rudimentary knowledge of central bank digital currencies in general and of the digital euro in particular. Very few – including those classed as technophiles – have already heard of them or claim to genuinely know about them. Among those few Europeans who say they do know about the digital euro, fewer still are able to say where they got their information.

Unbanked and underbanked Europeans appear to be even less familiar with the idea of a digital euro and show little interest in what they see as a vague and hard-to-grasp subject. This potentially poses a serious risk of creating or exacerbating a digital divide – a situation the ECB, keen to ensure its project leaves no one out, cannot countenance.

Given that the euro already exists in electronic form, people are confused: many fail to see the difference between the digital euro and the money they already hold in their bank accounts or via finance apps. For the time being, Europeans feel that this as yet vague and disconcerting concept is beyond them. They sometimes see it as a cryptocurrency and sometimes as a digital version of cash intended to replace the latter. In fact, Europeans are clearly expressing a need for more information to help them better understand what advantages this “cashless euro” offers over current payment solutions.

### Why a digital euro?

Europeans also apparently find it difficult to understand the need for a digital euro, partly because they are happy with existing payment methods and partly because they already see electronic money as a reality. It thus comes as no surprise, when discussing the functionality of the digital euro, that Europeans put the ability to use it offline and transfer it from person to person at the top of their priority list. This means the ECB has every incentive to natively incorporate these capabilities into its plans for a central bank digital currency.

However, surveys show that these two capabilities are, on their own, unlikely to be enough to convince those with a strong attachment to cash to switch to the digital euro. Survey respondents also place great importance on universal access, ease and simplicity of use, speed and security as properties of digital currency in general.

Moreover, people in some European countries (such as Austria and Germany) still value freedom of choice when it comes to money and payments. They are also particularly concerned that the digital euro not be allowed to undermine commercial banks and they express a strong attachment to cash, despite the obvious decline in cash payments in some eurozone countries and in the world more generally.

When asked about the digital euro, significant numbers of Europeans say they are convinced that cash will remain at the forefront of their needs. This preference for cash is closely linked to its minimal cost, practicality and simplicity, the control it offers over spending and the ability protect one's privacy. Consequently, those who value the ability to use cash on a day-to-day basis are probably the least inclined to immediately adopt a digital currency issued by their central bank, which they see as offering little benefit over existing notes and coins. Furthermore, supporters of cash have less confidence in central banks, whereas technophiles and holders of cryptocurrency are more inclined to adopt a future digital euro.

## Concerns versus expectations

Europeans clearly have concerns and questions over the introduction of a digital euro. They express a strong need for reassurance and are concerned about whether their older relatives and some of their fellow citizens will be able to adapt to new digital payment methods. Among the issues they raise are the practicalities of using a digital currency for day-to-day purposes and outside Europe, the privacy implications, the economic effects and the impact of a digital euro on financial institutions and cash.

Lurking behind all these concerns is a question Europeans continue to ask themselves, and which deters them from supporting its launch: just who might be benefitting from the introduction of this new euro? Some express concerns over an increase in the control exercised by the ECB. These concerns notably extend to the possibility of increased political control and the risk of authoritarian excess in national government. Some fear the digital euro might be used as an instrument of surveillance and control, unlike cash, which protects the holder's anonymity and offers unrivalled monetary freedom in transactions. However, those Europeans who understand the digital euro as being distinct from cryptocurrency see the ECB's future digitalisation of their currency as offering greater security and stability.

Some Europeans also see the digital euro as an additional tool for reducing fraud and combating criminality, tax evasion and the underground economy. Digitalising currency is also seen as a way to make financial transactions faster and easier, clearly highlighting the need to integrate the digital euro into solutions in this area that have already been rolled out or are currently under consideration. In fact, having a digital euro in circulation should logically limit the adoption of private cryptocurrencies – even those presented as stable – for day-to-day transactions and trade by the general public. Conversely, it should be noted that a majority of Europeans think these two forms of digital currency will exist side by side in their future payment environment.

## Trust and safety

The confidentiality of future transaction data connected with the digital euro is a major concern for Europeans (notably in Germany, Austria and the Netherlands). Taking a closer look, however, many Europeans put the security of the digital euro at the top of their priority list, sometimes relegating the confidentiality of their transaction data to second place (notably in Italy, Spain and Portugal). Some say they are willing to make compromises in this area. This hierarchy of concerns reflects Europeans' increasing confidence in their monetary institutions to protect their personal data, whereas security continues to be a central concern when it comes to the adoption of a digital currency.

Speaking of security, Europeans express a clear preference for an account-based central bank digital currency system rather than a system based on digital tokens. Identified accounts are seen as being more secure than fully anonymous digital systems, which are in some ways akin to unregistered digital bearer securities, with all the associated risks in the event of theft. Against this backdrop, Europeans place considerably more trust in commercial and central banks as potential issuers of digital currency, while online platforms and tech firms are at the bottom of the pile when it comes to trust in this area.

For the time being, the digital euro faces a major problem gaining the understanding and buy-in of Europe's population, mainly because of the confusion surrounding this new form of currency. Europeans are still struggling to fully see the point of it. They wonder what it might offer that traditional monetary systems do not. By operationally launching the preparatory phase of its digital euro project on 1 November for a period of at least two years, the ECB has committed to design a central bank digital currency that will meet the needs of the public while actively maintaining dialogue with the latter. If it is to pull off this ambitious enterprise, the ECB will undoubtedly have to demonstrate boldness and innovation in this high-risk dialogue so as to arouse a new enthusiasm for the euro 21 years after it became part of Europeans' day-to-day lives.

*This article is based on studies and surveys by [Kantar](#) (2023), [Oesterreichische Nationalbank](#) (2022), [CFA Institute](#) (2023), [Nederlandsche Bank](#) (2021), [Official Monetary and Financial Institutions Forum](#), 2020, [Deutsche Bundesbank](#) (2021), [Banque centrale européenne](#) (2021), [McKinsey](#) (2023), [The Economist](#) (2022).*

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