

**Fabio Panetta**

Member of the Executive Board

Ms Irene Tinagli  
Chair of the Committee on Economic  
and Monetary Affairs (ECON)  
European Parliament  
60 Rue Wiertz  
1047 BRUSSELS  
BELGIUM

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**Fourth progress report on the investigation phase of a digital euro**

Dear Chair, dear Irene,

I am pleased to inform you that tomorrow we will publish a fourth report presenting further progress made during the investigation phase of the digital euro project.<sup>1</sup>

The report starts by explaining the Eurosystem's views on a digital euro compensation model for stakeholders, which has been endorsed by the Governing Council, including considerations on free basic use, network effects, incentives for intermediaries and Eurosystem costs. The report goes on to provide updates on areas of ongoing work, such as the high-level design, considerations on digital financial inclusion, and the envisaged roll-out approach. Furthermore, it discusses the development of a rulebook for a digital euro scheme as well as the results of the prototyping exercise and market research that feed into the conclusions of the investigation phase. You may wish to share the enclosed embargo version of the report with ECON Committee members on a strictly confidential basis until its publication tomorrow.

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<sup>1</sup> For the first report, see ECB, "[Progress on the investigation phase of a digital euro](#)", 2022; see also the [letter](#) to you of 28 September 2022. For the second report, see ECB, "[Progress on the investigation phase of a digital euro – second report](#)", 2022; see also the [letter](#) to you of 20 December 2022. For the third report, see ECB, "[Progress on the investigation phase of a digital euro – third report](#)", 2023; see also the [letter](#) to you of 24 April 2023.

**Address**

European Central Bank  
Sonnemannstrasse 20  
60314 Frankfurt am Main  
Germany

**Postal address**

European Central Bank  
60640 Frankfurt am Main  
Germany

Tel.: +49 69 1344 0  
Website: [www.ecb.europa.eu](http://www.ecb.europa.eu)

I would like to take this opportunity to re-iterate the ECB's appreciation for the legislative proposals published by the European Commission on 28 June 2023.<sup>2</sup> The proposed legal tender status for a digital euro would ensure it is widely accepted as a means of payment. The provision that people can get digital euro through their bank on request would make it easily accessible and ensures that nobody would be left behind. The ECB stands ready to provide technical input to support the work of the EU co-legislators. The European Commission has recommended that the European Parliament and the EU Council consult the ECB on the proposed legislative changes. Following requests for consultation, the ECB would deliver its opinion in due course. The ECB will also consider any appropriate adjustments to the development of a digital euro that may arise as a result of the legislative deliberations.

In parallel, the Eurosystem will continue to actively engage with all stakeholders throughout the remainder of the investigation phase. The ECB's Governing Council will decide in the autumn whether to move to the next phase of the digital euro project. In the next phase, the ECB would further develop and test the technical solutions and business arrangements. A possible decision by the Governing Council to issue a digital euro would be taken only after the legislative act is adopted.

I look forward to further discussing all these matters with ECON Committee members, whose views have provided valuable input for our work that we summarised in the fourth progress report.

Yours sincerely,

[signed]

Fabio Panetta

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<sup>2</sup> See "[Proposal for a Regulation of the European Parliament and of the Council on the establishment of the digital euro](#)", European Commission, COM(2023) 369 final and "[ECB welcomes European Commission legislative proposals on digital euro and cash](#)", Press release, ECB, 28 June 2023.