



European
Commission

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Ms Judith Thielen, MP
Chair of the Finance Committee
House of Representatives of the Netherlands

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Dear Chair,

I would like to thank you for your letter on the digital euro. You outlined key political issues that are at the core of the policy debate leading up to the potential issuance of a digital euro by the European Central Bank (ECB). My colleagues Mairead McGuinness, Paolo Gentiloni, Thierry Breton and myself fully agree on the importance of involving Parliaments and citizens, privacy, innovative functionalities and financial inclusion.

We agree that the digital euro is a European project that needs to be underpinned by a solid democratic basis. This has led the Commission to conduct a targeted public consultation in addition to the public consultation carried out by the ECB in 2021. We received a significant number of contributions from citizens. The Commission is now carrying out an impact assessment of policy options ahead of the adoption of a legislative proposal that is planned for the first quarter of 2023.

The Commission will put forward a legislative proposal to be agreed by the Council and the European Parliament. Based on Article 133 of the TFEU, the proposal will lay down the rules governing the essential aspects of the digital euro project, which have societal and economic consequences, while not interfering with the ECB's independence and exclusive competence regarding the proper definition and implementation of monetary policy.

We are very much aware that privacy is important for citizens. The ECB public consultation and our targeted public consultation clearly showed this. Privacy and personal data protection are fundamental rights. At the same time, the Commission is mindful of the importance of a solid framework to effectively fight against money laundering and terrorist financing. The impact assessment will assess different policy options, which will aim to ensure the right balance between these important objectives.

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We also share your view that governments should not be allowed to decide what a digital euro could and could not be spent on. At the same time, we are exploring whether the euro area needs a public form of money to satisfy nascent demand for state-of-the-art payment solutions where users consent to automated payment actions between smart devices under pre-agreed conditions (such as machine-to-machine payments in the context of the internet of things). Our objective is to make the euro fit for the digital age, and a complement to solutions developed by the private sector such as stable coins or tokens issued by commercial banks.

Finally, we fully share the view that the digital euro should complement cash and not replace it. In its Retail Payment Strategy, the Commission states that it will continue to safeguard the legal tender of euro cash. We furthermore recognise in the Strategy that cash remains the means used for a majority of retail payments in the EU, and we outline key actions to promote its accessibility and acceptance. Ensuring financial inclusion in a digitalised economy is part of our key objectives. We are considering policy options to ensure that the digital euro meets the needs of persons at risk of financial exclusion.

We are fully committed to further engaging with you and the Finance Committee of the House of Representatives of the Netherlands on this project.

Yours sincerely,

Valdis Dombrovskis