



The adoption of the digital euro in Spain and its impact on banks and businesses

Report

January 2024



Future confident

Agenda

- 1** Understanding the definition of central bank digital currencies (CBDCs), ascertaining the **probable features** of the **digital euro** and the reasons that have **led the ECB to develop it**
- 2** Analysing the possible **demand for the digital euro** among both the **Spanish population** and **businesses**
- 3** Having an **initial approximation** of the **impacts** of the **digital euro** on both **financial institutions** and **businesses**



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Introduction to the digital euro

Most of the information published to date on the digital euro has been eminently regulatory and technological in nature and has not analysed in depth the possible strategic impacts

What has been written about CBDCs?

REASONS FOR THEIR EXISTENCE

Several **studies** have focused on determining the **possible market failures** that **CBDCs** might resolve



RISKS

The **possible adverse impacts** that **CBDCs** might **have** on citizens' **privacy**, **financial stability** and the **payment instruments industry** have been analysed



DESIGN

An analysis has been conducted of what the digital euro's **optimum model** should be, taking into account levels of **privacy**, **use cases**, **technology** and the role of **public** and **private agents**



REGULATORY CONSIDERATIONS

Discussions have been held on the **regulatory scheme** that would set the associated **rules** and **regulations**



What has not been written about CBDCs?

What will the demand be?



Potential **demand** for the **digital euro** on the part of the population **has not been analysed** and **citizens' satisfaction** with the **payment instruments** available has not yet been ascertained

What impact will it have on businesses?



The digital euro will be **legal tender** and, accordingly, **all businesses will have to adopt it** although the possible **technological and financial impacts** that the digital euro will have on businesses have not yet been studied

What operating and financial impacts will it have on banks?



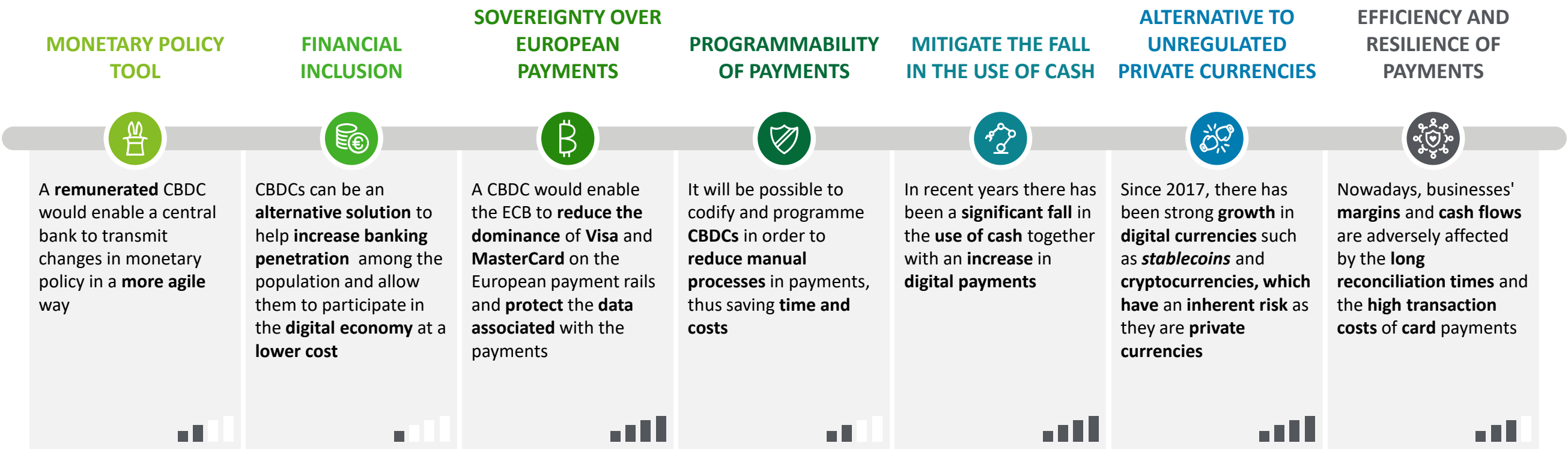
Beyond the **possible disintermediation** that might be caused by the **digital euro**, the **potential impacts** on the **operating and financial model** have not been duly assessed

Source: Publications; Monitor Deloitte

What are CBDCs and why are they being studied?

There are several reasons for the creation of a CBDC, and for Europe the sovereignty over European payments is the most important of them

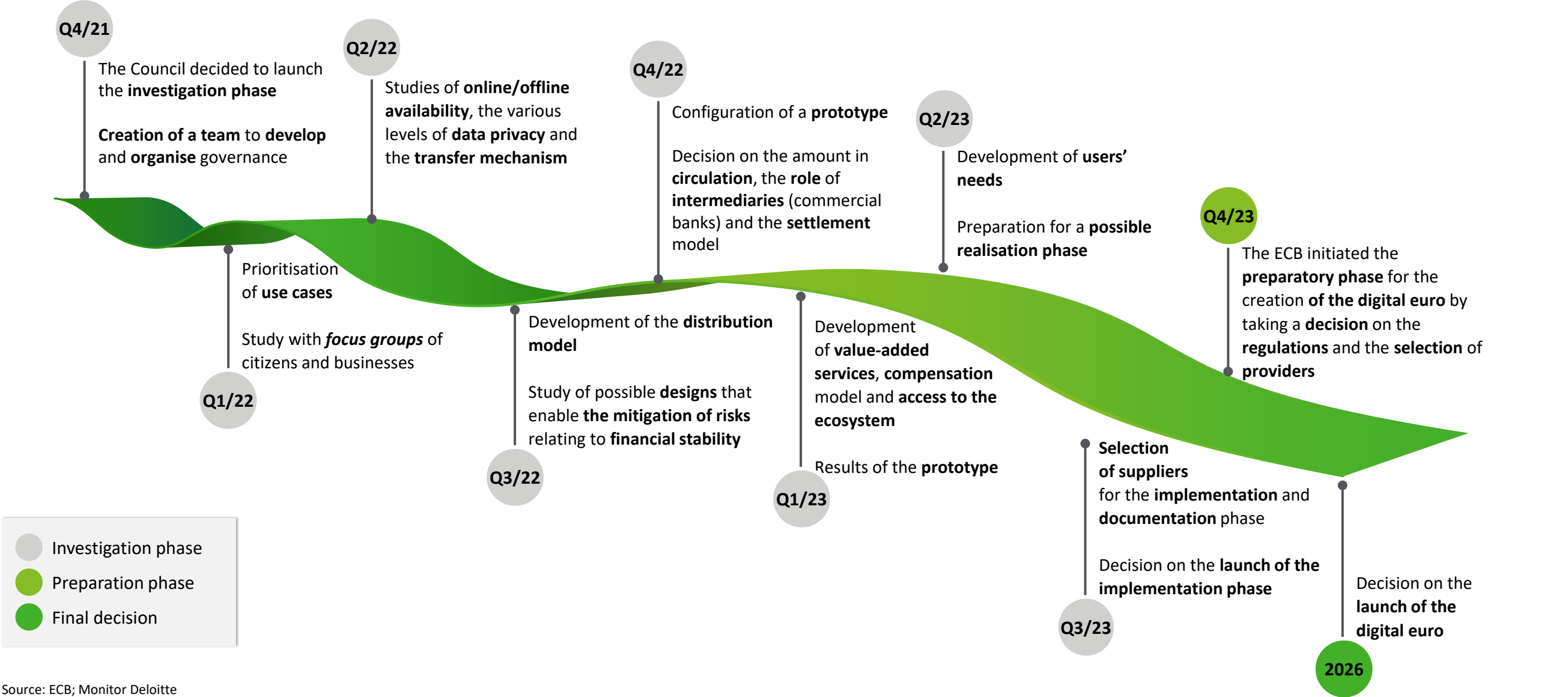
Possible benefits of CBDCs



Source: Publications; Monitor Deloitte

Timeline of the digital euro and features decided upon by the ECB

Since the commencement of the digital euro project in 2021, the ECB has gone through several phases and has reached decisions on several of the features of the digital euro



Source: ECB; Monitor Deloitte

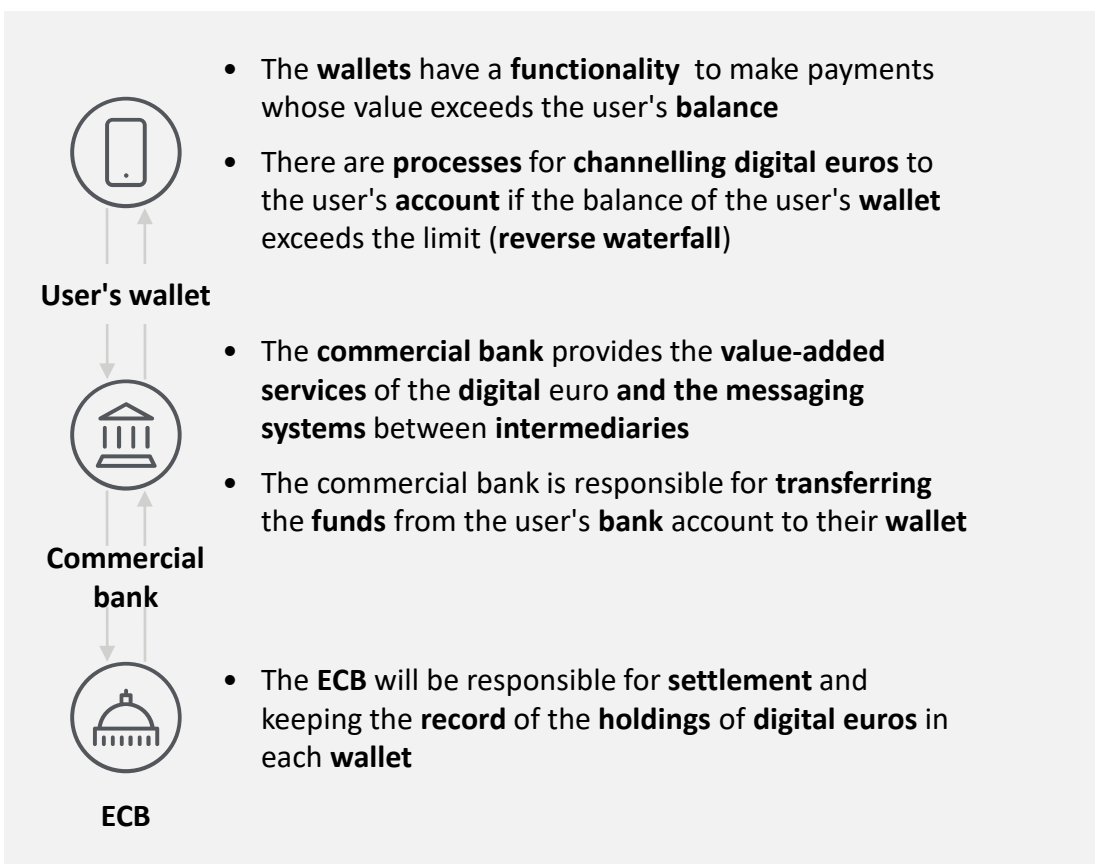
Timeline of the digital euro and features decided upon by the ECB

Following the ECB's first two investigation phases, the European Commission has proposed a series of features for the digital euro the most noteworthy of which are the absence of remuneration and the possibility of opening more than one wallet

Features proposed by the European Commission based on the investigation phase

Features	Latest European Commission proposal
1 Legal tender	Obligatory acceptance at both physical and electronic businesses
2 Distribution model	Through a wallet from the ECB or authorised entities (possibly more than one per user)
3 Remuneration	The balance will not be remunerated
4 Balance limits	Responsibility of the ECB (reference €3,000)
5 Compensation model	No charges for users and the ECB will publish the maximum fees for merchants (will not apply to funding)
6 Extraterritorial use	To be evaluated in a second phase
7 Functionalities	Online and offline options available from launch, enabling the use of conditional payments
8 Distribution	Instant settlement of payments, fraud module and compatibility with eIDAS and existing payment methods
9 Privacy and data protection	Minimise personal data processing by PSPs and the ECB

Functioning of the wallet



The ECB will decide whether to start the implementation phase of the digital euro in October 2023 that will end in 2026 with the final decision on the CBDC

Source: ECB; Monitor Deloitte

Agenda

1

Understanding the definition of central bank digital currencies (CBDCs) and ascertaining the probable features of the digital euro and the reasons that have led the ECB to develop it

2

Analysing the possible demand for the digital euro among both the Spanish population and businesses

3

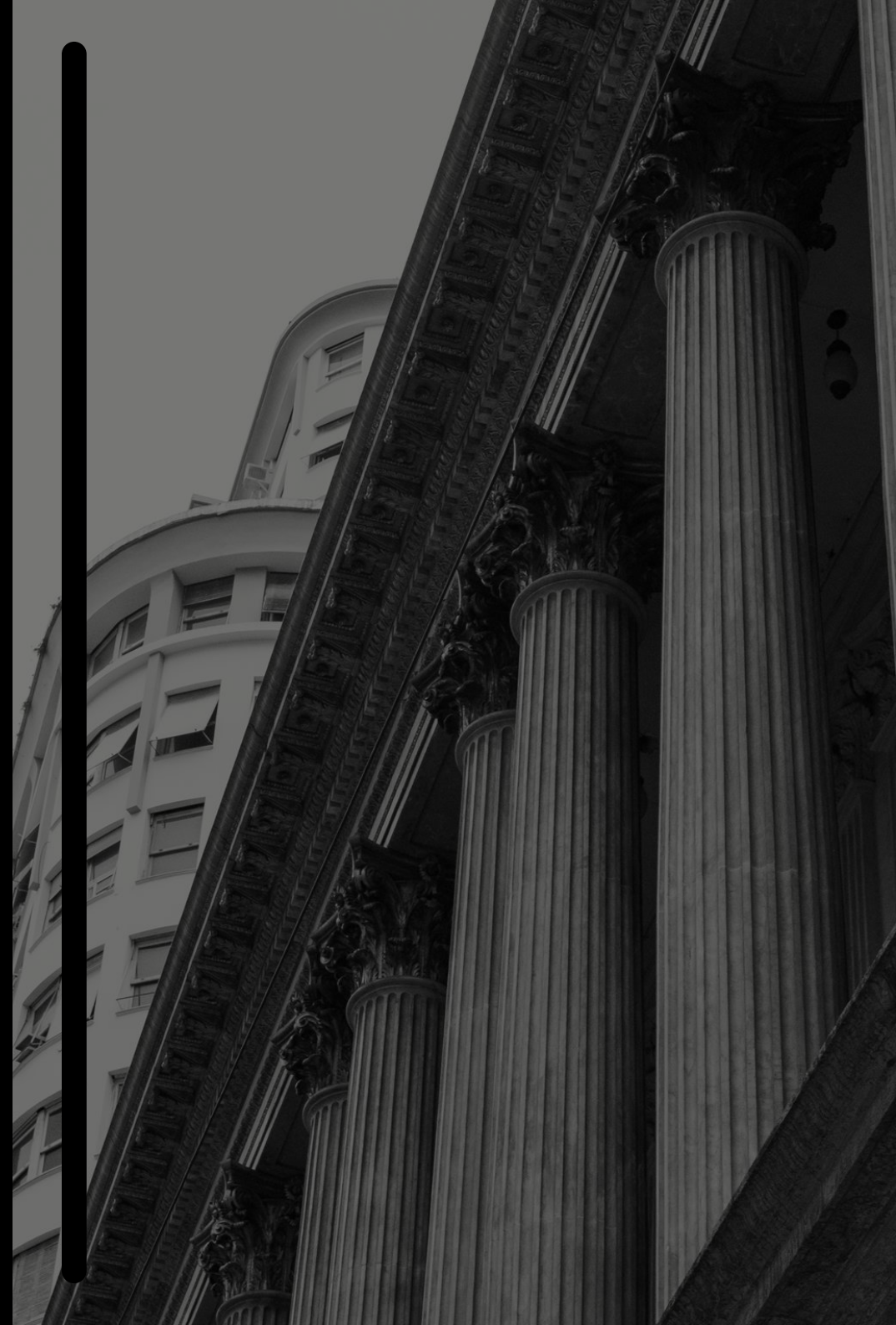
Having an initial approximation of the impacts of the digital euro on both financial institutions and businesses



Monitor Deloitte survey

1,100 users

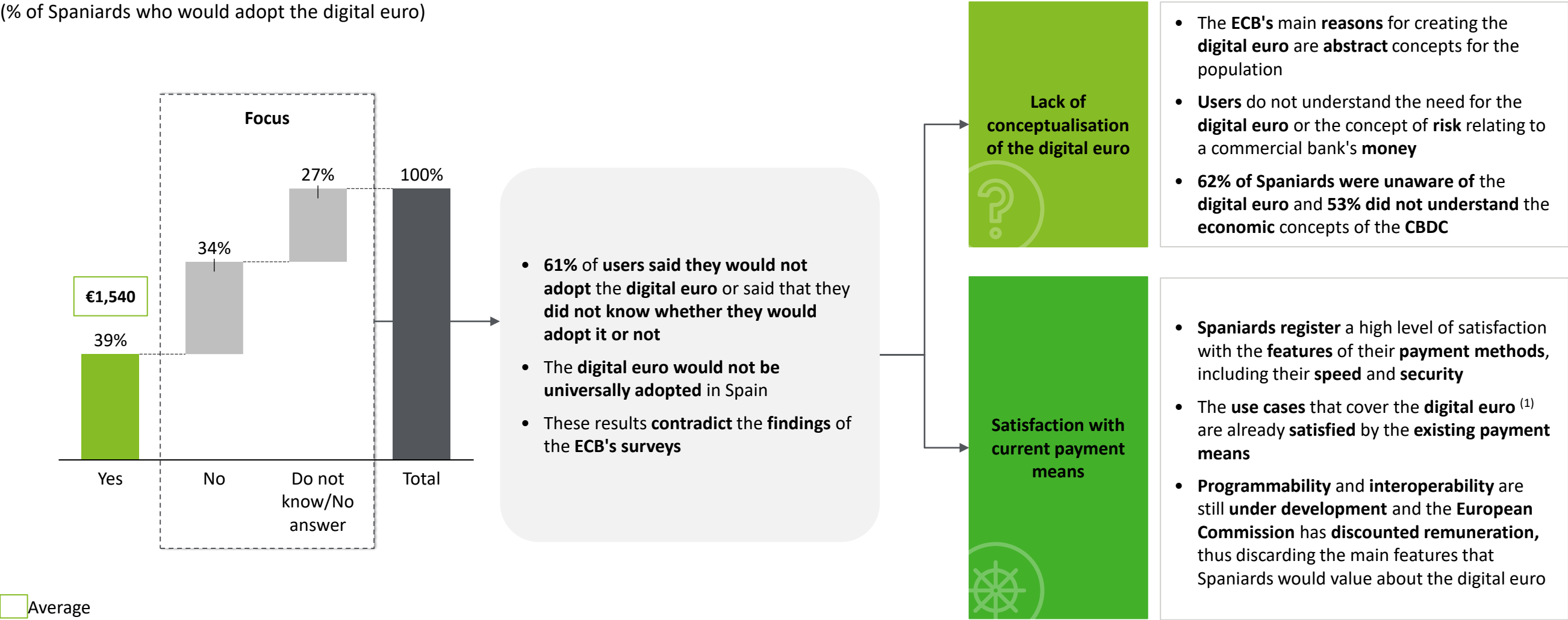
500 merchants



Estimate of the adoption of the digital euro and possible scenarios

The probability of Spaniards adopting the digital euro is low, possibly because they find it difficult to conceptualise and they do not consider it useful due to the broad range of digital payment methods available

Demand for the digital euro among Spaniards
(% of Spaniards who would adopt the digital euro)



Average

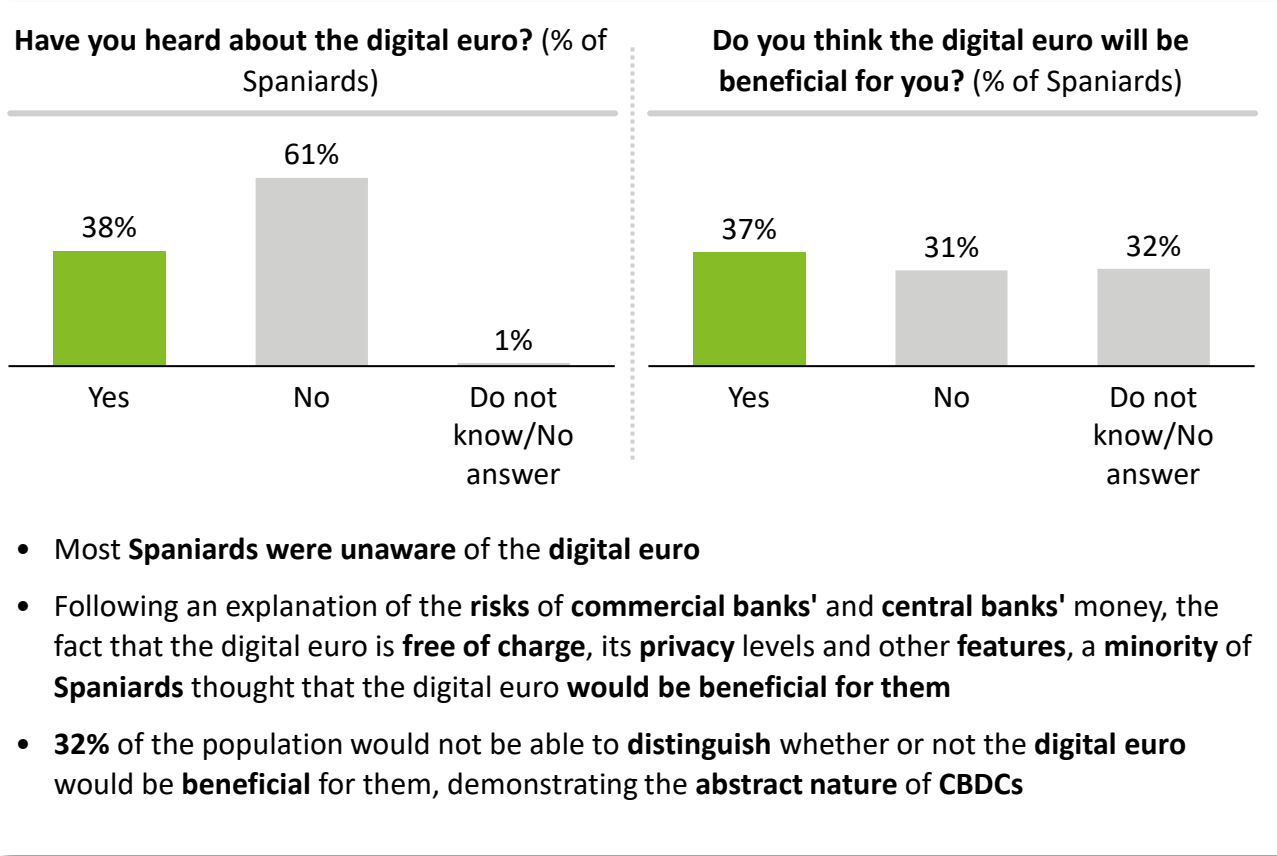
(1) P2P, C2B, eC2B and P2G

Source: Monitor Deloitte

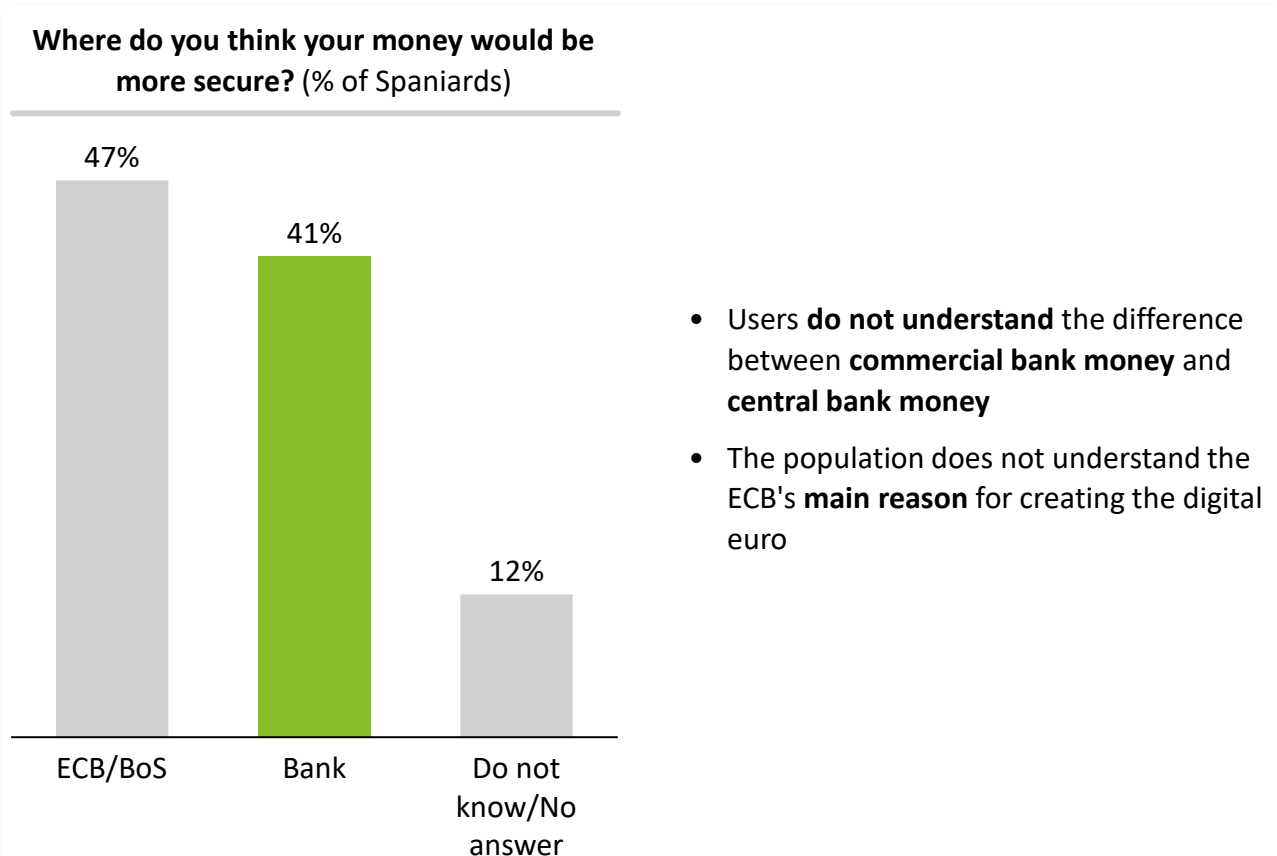
Estimate of the adoption of the digital euro and possible scenarios

Most Spaniards are unaware of the digital euro and do not understand what its economic benefits would be, especially those relating to abstract economic matters

Lack of knowledge of the digital euro



Lack of conceptualisation of CBDCs

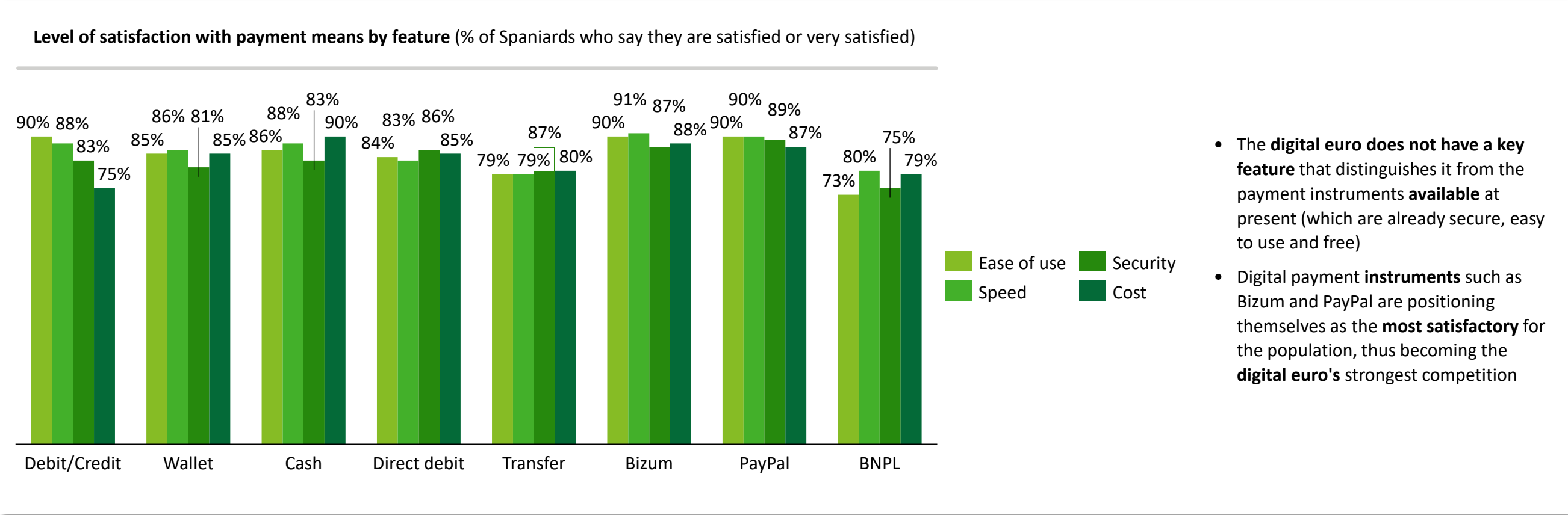


In order to achieve mass adoption of the digital euro, governments would have to educate the population on its uses and especially its possible benefits

Estimate of the adoption of the digital euro and possible scenarios

Users show a high level of satisfaction with the current payment methods as regards the most important features of the digital euro, such as immediacy, security and low cost

Satisfaction of payment means



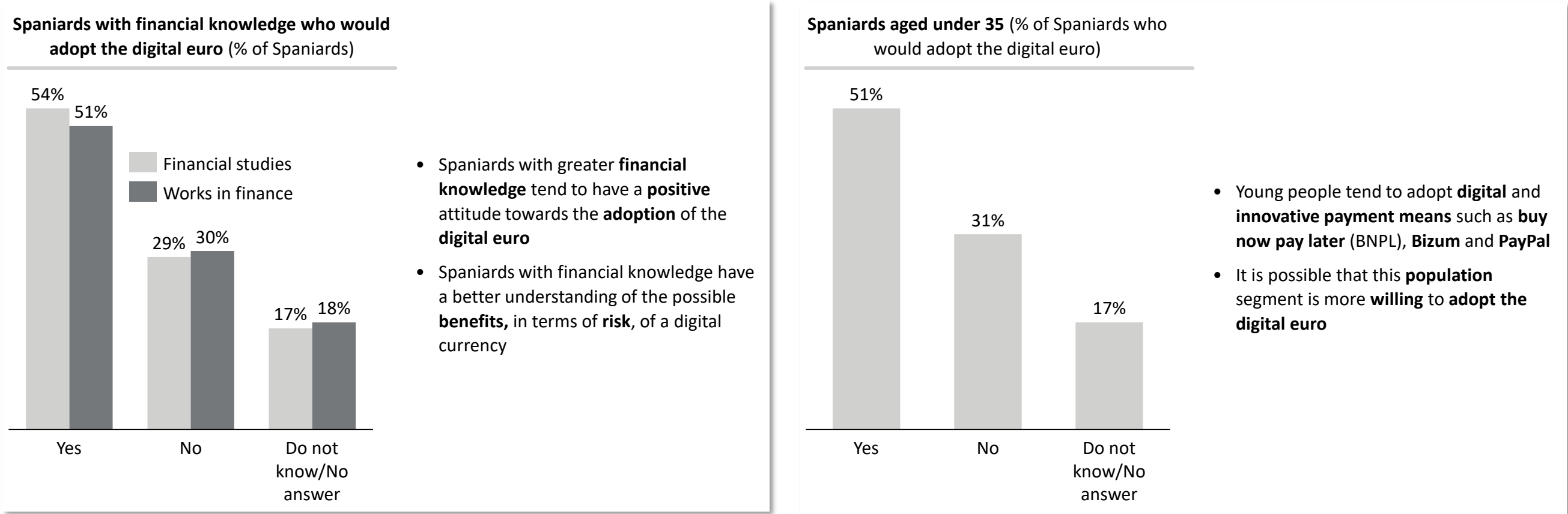
Since the digital euro's features are already covered by the existing payment means, the ECB must foster value-added services in order to obtain a certain level of adoption

Source: Monitor Deloitte

Estimate of the adoption of the digital euro and possible scenarios

Spaniards with greater financial knowledge and younger people would be those most interested in adopting the digital euro

Drivers of adoption

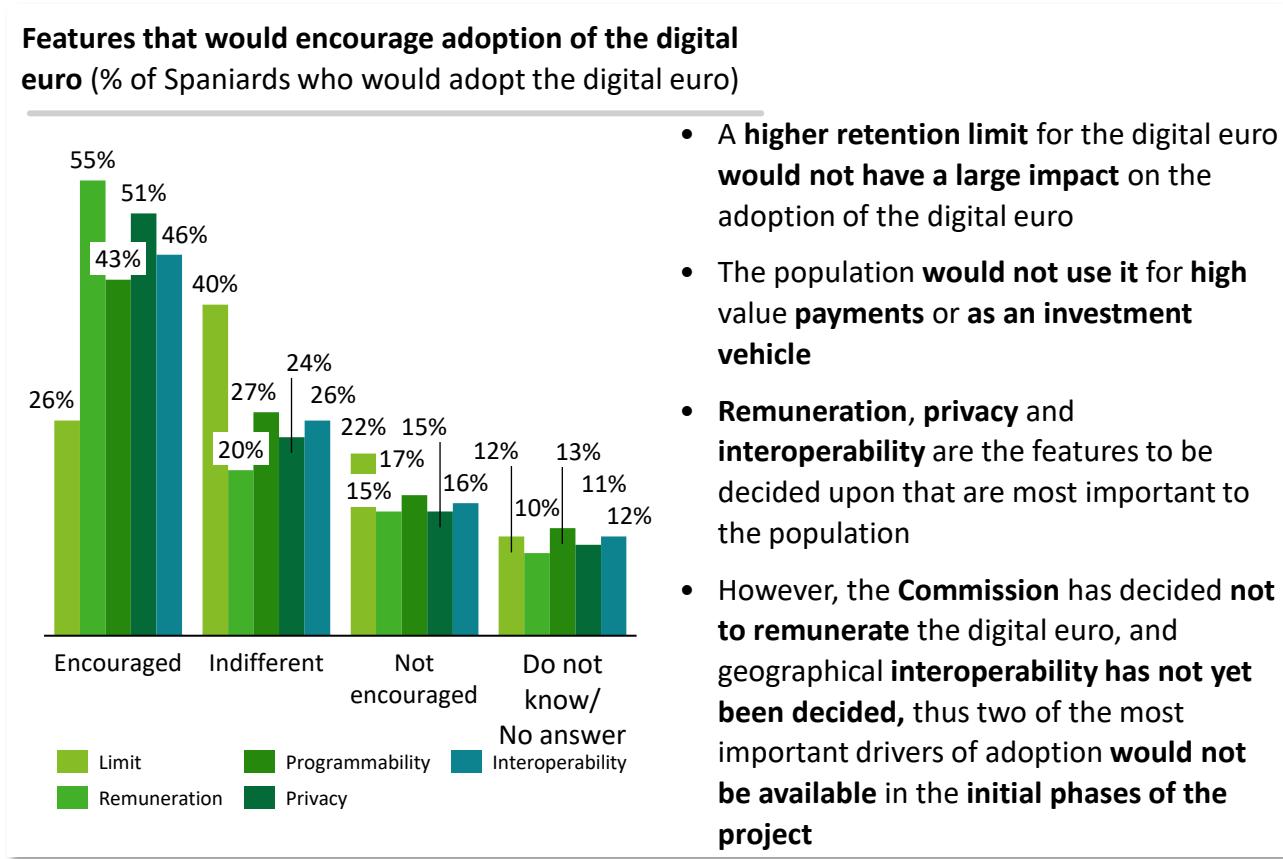
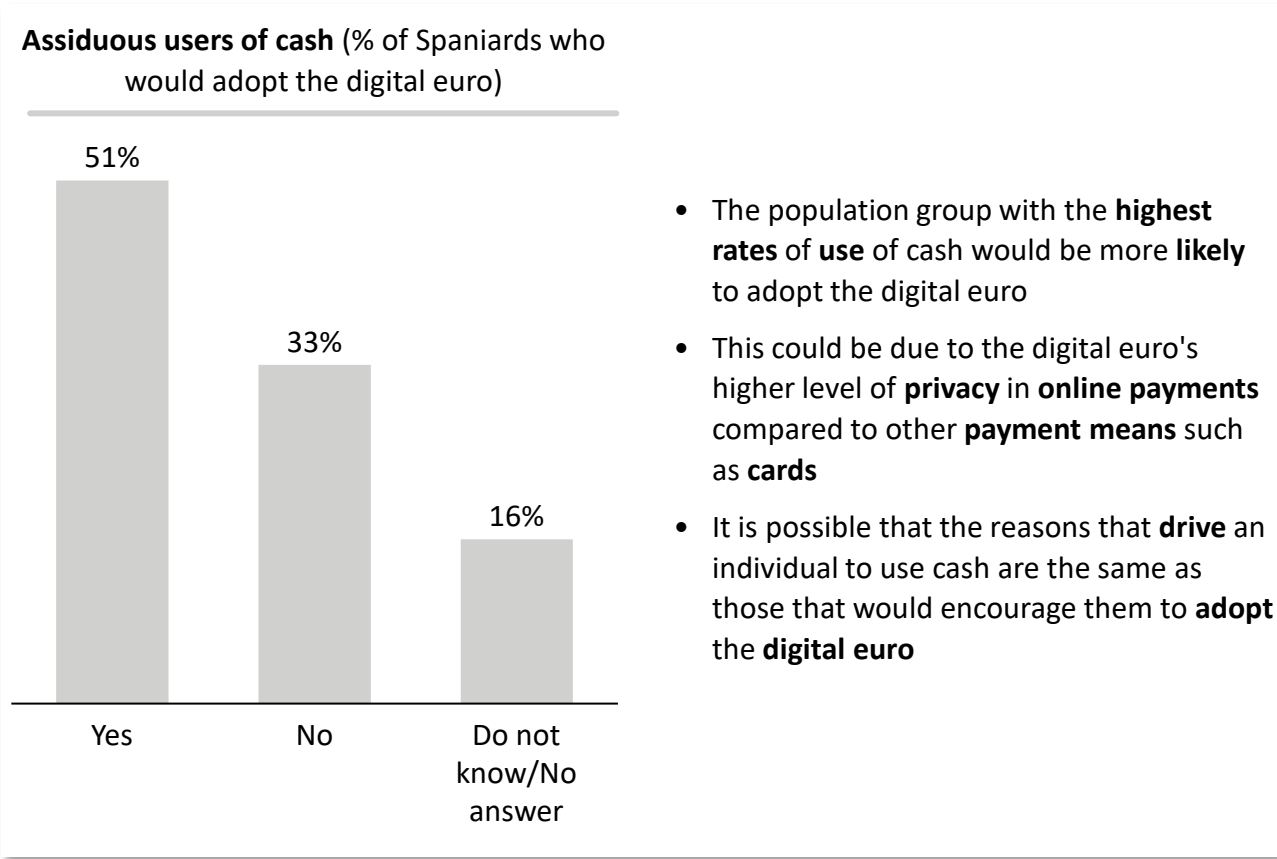


The ECB could boost adoption of the digital euro by developing value-added services that are important to the young people segment

Estimate of the adoption of the digital euro and possible scenarios

Spaniards consider that the remuneration of the digital euro, the programmability of payments and geographical interoperability would be the most important features in favour of its adoption

Drivers of adoption



Value-added services would be a strong *driver* of the adoption of the digital euro, however, the Commission has decided to eliminate the possibility of remunerating the CBDC, the feature most highly valued by the Spanish population

Estimate of the adoption of the digital euro and possible scenarios

The outlook for the digital euro is not very positive due to the population's lack of knowledge and the scant importance its use cases have for Spaniards

Conclusions

MOST SPANIARDS WOULD NOT ADOPT THE DIGITAL EURO BECAUSE THEY ARE UNAWARE OF IT AND BECAUSE THEY ARE SATISFIED WITH THE EXISTING PAYMENT MEANS



- **62%** of Spaniards were unaware of the digital euro and **64%** consider that it **would not have broad benefits**
- Only **47% of Spaniards understood economic concepts** of importance for **comprehension** of the digital euro
- Users showed a **high level of satisfaction** with the features of their payment methods, and, accordingly, only **39% of Spaniards** had the **intention of adopting the digital euro**

THOSE WHO WOULD ADOPT THE DIGITAL EURO ARE NOT INTERESTED IN THE MOST IMPORTANT USE CASES



- Of the **39%** who **would adopt the digital euro**, only **33%** and **40%** would use it for **P2P** and **C2B** payments (in a physical environment), respectively
- However, 50% of Spaniards who would adopt the digital euro **would use it for online trade**
- **48%** would be interested in using the **digital euro** for **international remittances**, but this use case has not been confirmed by the **Commission** and the **ECB**

THE MOST IMPORTANT FEATURES OF THE DIGITAL EURO TO BE DECIDED WILL NOT BE DEVELOPED AT SHORT TERM



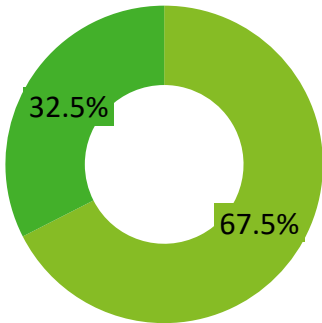
- The most important features of the **digital euro** for **consumers** are the possible **remuneration**, the **programmability** of payments and **geographical interoperability**
- At the date of this report, the **European Commission** has discounted **remuneration** as it would create two types of money in euros with different values
- Also, **programmability** and **interoperability** are **not yet in development**, and they are not expected to be available in the initial phases

Estimate of the adoption of the digital euro and possible scenarios

Spanish businesses are more willing to adopt the digital euro possibly because of the benefits they consider the CBDC would bring

Businesses' perception of the digital euro

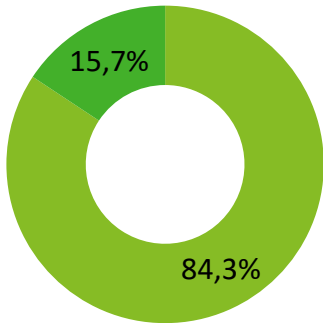
SPONTANEOUS KNOWLEDGE OF THE DIGITAL EURO



- Aware of the digital euro
- Not aware of the digital euro

- More than **two thirds** of **businesses** were previously aware of the **digital euro**
- This is **significantly higher than** individuals' level of awareness

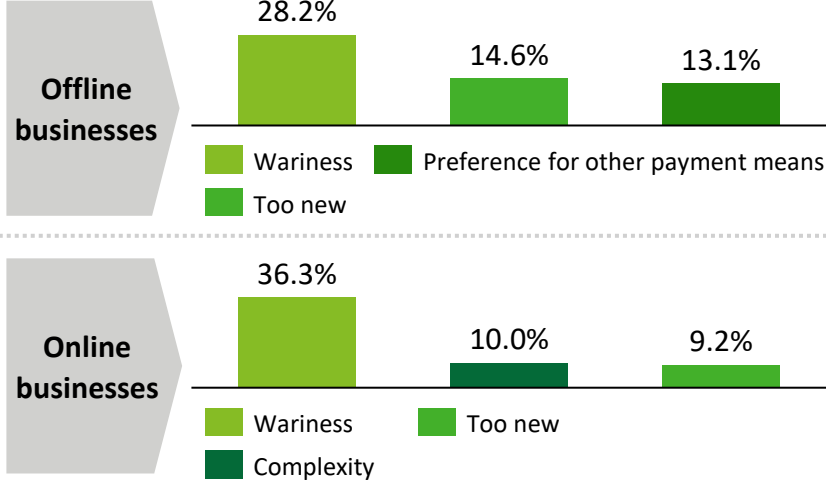
ACCEPTANCE OF THE DIGITAL EURO



- Would accept the digital euro
- Would not accept the digital euro

- The vast majority of businesses would be **willing to accept the digital euro**
- **Businesses** perceive that the **digital euro** will **provide** them with greater **benefits** than individuals

REASONS FOR NOT ACCEPTING IT



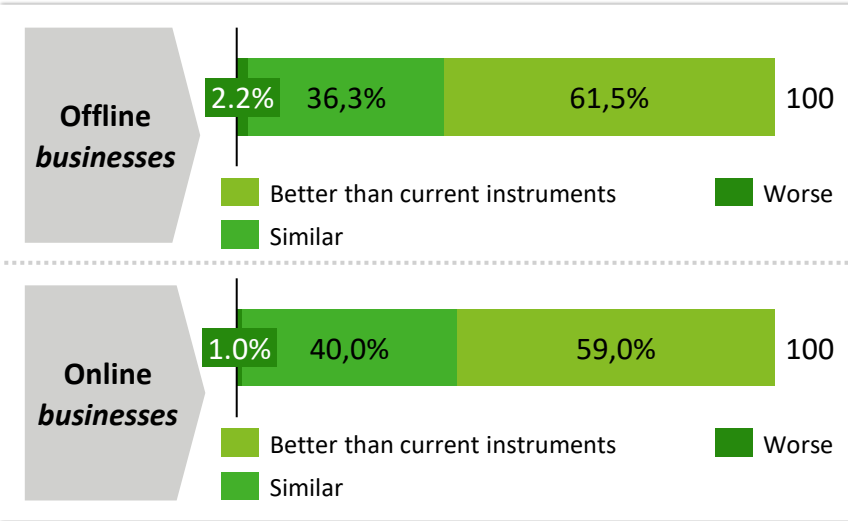
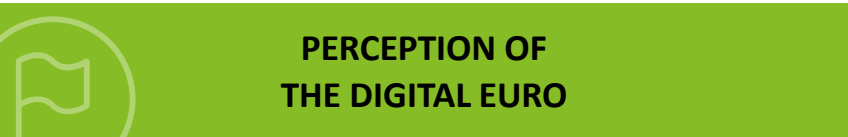
- The major reasons for **not adopting the e digital euro** are a **lack of confidence in governance** and its **complexity**
- Perceived **low use** of the digital euro is not a factor in **businesses' decision**

Source: Monitor Deloitte

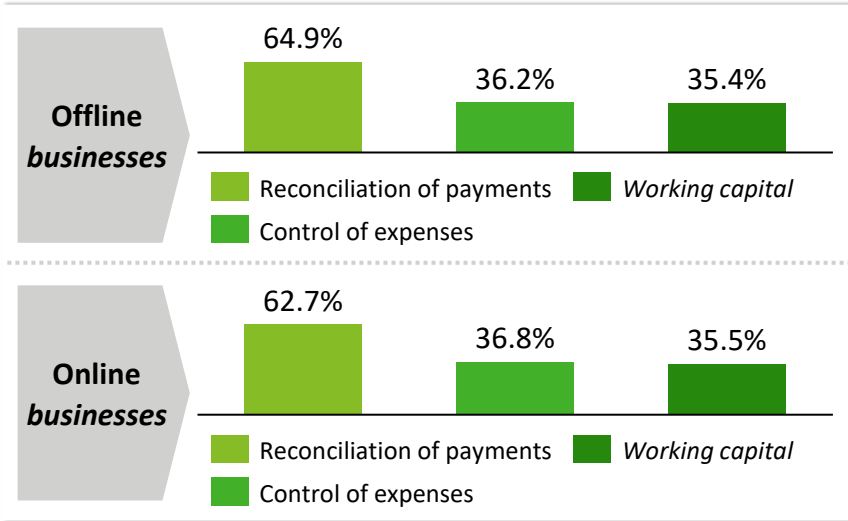
Estimate of the adoption of the digital euro and possible scenarios

The immediate reconciliation of payments and the security of transactions would be the main improvements of the digital euro for businesses

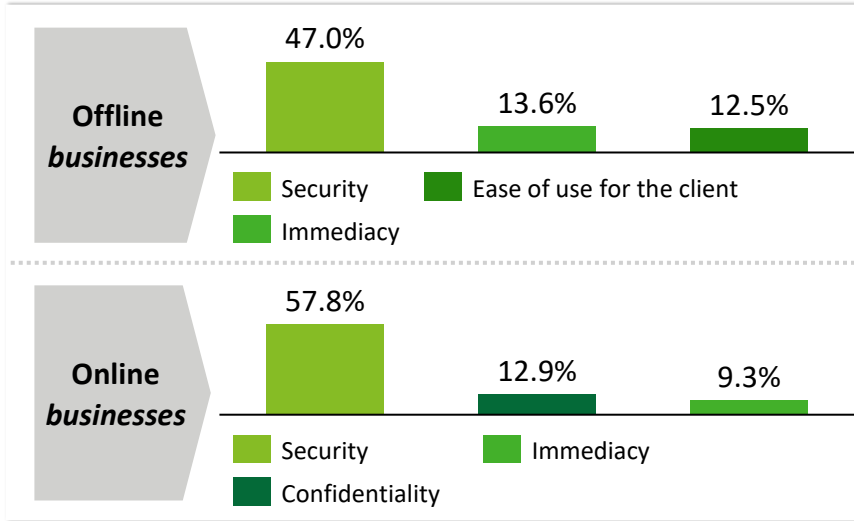
Businesses' perception of the digital euro



- Both **offline** and **online businesses** consider that the digital euro **would improve** the **payment instruments** that are accepted nowadays
- However, some consider that the **digital euro** would not be an improvement and a **residual percentage** consider that it would be **worse**



- The most **important** improvement the **digital euro** would provide for businesses would be the **speed** in the **reconciliation of payments**
- This is probably due to the long **reconciliation times** of payments made with **cards**



- Online businesses place **greater interest** on the possible **security** and **confidentiality** of the digital euro, probably because of the **levels of fraud** in their environment
- Physical businesses** are more interested in customers' **needs** and in the **immediacy** of payments

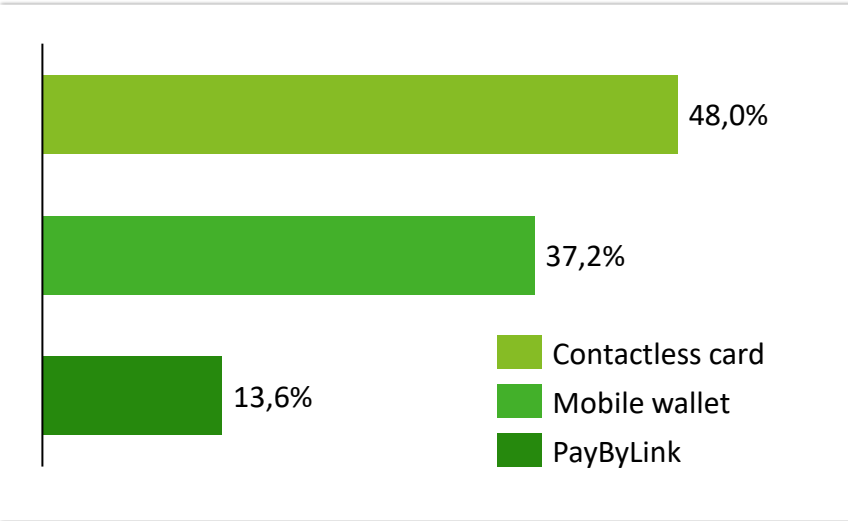
Source: Monitor Deloitte

Estimate of the adoption of the digital euro and possible scenarios

Also, the possible design decisions that might be taken regarding the digital euro such as cashback and programmability would be a great attraction for businesses

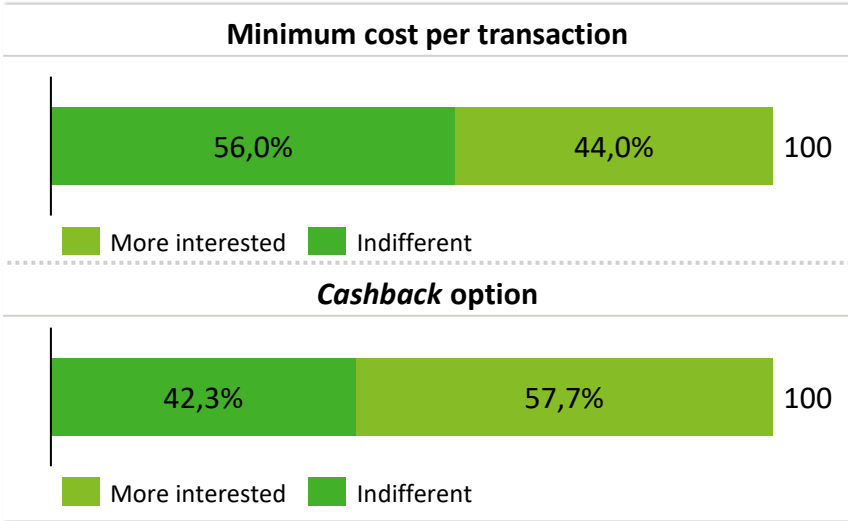
Businesses' perception of the digital euro

MOST USEFUL PAYMENT INSTRUMENT FOR THE DIGITAL EURO



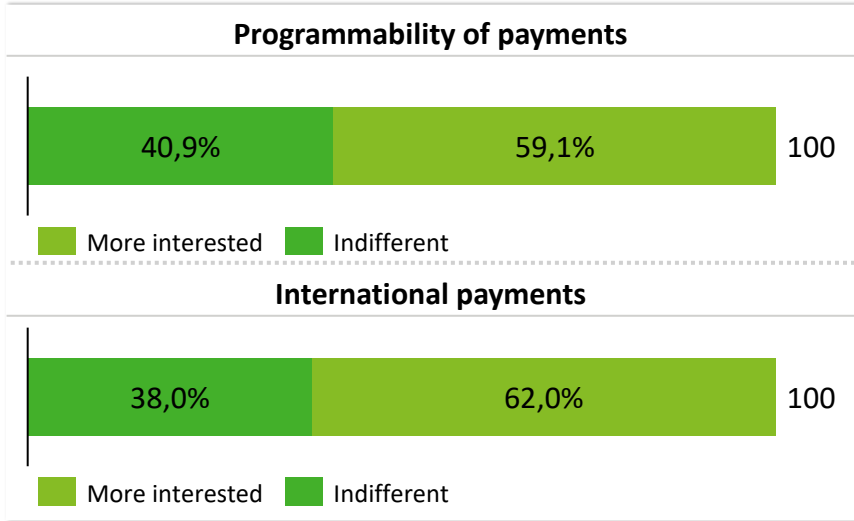
- Physical businesses commit to adopting a payment instrument to which they and consumers are already accustomed

IMPORTANCE OF DESIGN DECISIONS IN OFFLINE OPERATIONS



- In general, a reduction in the transaction cost is not a factor as motivating as others for businesses regarding the adoption of the digital euro
- However, the option of offering cashback is attractive for almost two thirds of businesses

IMPORTANCE OF DESIGN DECISIONS IN ONLINE OPERATIONS



- For online businesses, the possibility of offering programmable and international payments would be an attractive factor about adopting the digital euro
- This is possible because the payment means that offer these features are not developed or are expensive

Source: Monitor Deloitte

Estimate of the adoption of the digital euro and possible scenarios

In contrast with the individuals' segment, businesses do see potential for the digital euro to offer value-added services

Conclusions

1

In general, businesses are **more aware** of the digital euro and tend to be **willing to adopt it**



2

The most **attractive feature** of the **digital euro** for **businesses** is the **immediacy of payments**, which would enable them to use **instant reconciliation**, which is not available using their **present instruments**



3

As regards the **possible designs** of the digital euro, the **minimum transaction cost** is the **least important** for businesses, which place a higher **value** on the **value-added services** that might be provided



4

The **design features** of the digital euro **that have not yet been decided** are important for businesses and, accordingly, the **ECB** could create a differential **value proposition** for them



Potential adoption of the digital euro under seven scenarios

The modelling of the digital euro in collaboration with  **FNA**

FNA is a leading company in artificial intelligence based on graphs (Graph AI) and simulation. FNA's software is used to uncover anomalies in large databases; to build digital replicas (digital twins) of complex systems; to predict the impact of stress events on complex systems; and to design and optimally configure financial systems and infrastructures. FNA's solutions for Suptech, Regtech, liquidity optimisation and detecting and combating financial crimes are used by the most important central banks in the world, and by governments, financial market infrastructures and leading global financial institutions.

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Estimate of the adoption of the digital euro and possible scenarios

An analysis has been carried out of the potential adoption of the digital euro by configuring seven scenarios in which the digital euro would be a combination of different features

Scenarios modelled

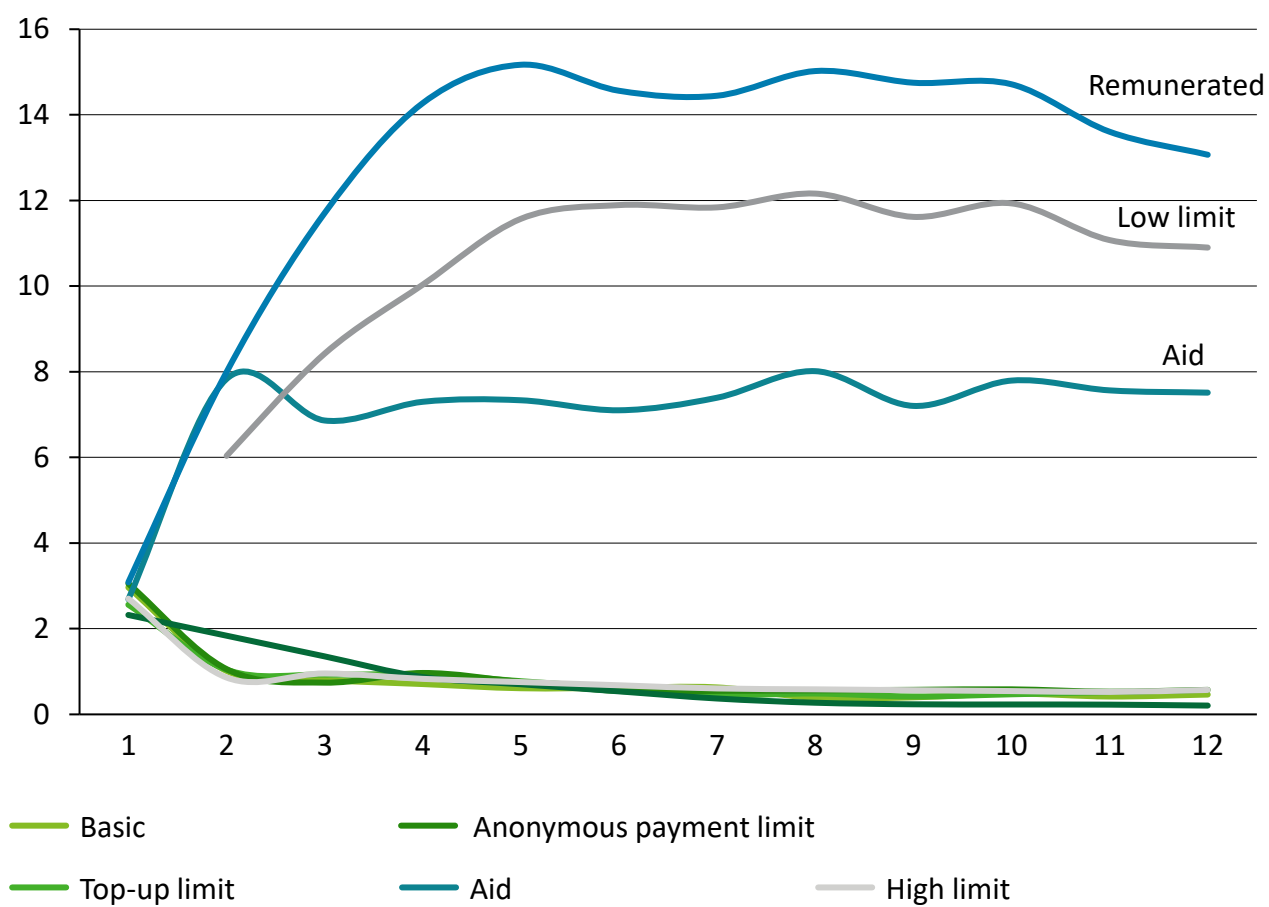
	Basic	Top-up limit	Anonymous payment limit	Cannot be reversed	Aid	Remunerated	Low limit	High limit
Legal tender	✓	✓	✓	✓	✓	✓	✓	✓
Balance limit	€3,000	€3,000	€3,000	€3,000	€3,000	€3,000	€1,000	€5,000
Top-up limit	✗	€500	✗	✗	✗	✗	✗	✗
Anonymous payment limit	✗	✗	€200	✗	✗	✗	✗	✗
Reverse waterfall	✓	✓	✓	✗	✓	✓	✓	✓
State benefits	✗	✗	✗	✗	✓	✗	✗	✗
Remuneration	✗	✗	✗	✗	✗	✓	✓	✗

Source: FNA; Monitor Deloitte


Estimate of the adoption of the digital euro and possible scenarios

The model shows a residual adoption of the digital euro in all the scenarios except those with strong incentives such as remuneration or the distribution of state benefits

CBDCs as a percentage of the total amount of money available for payments
(% of the total amount of money available; month after commencement)




Low adoption




In all cases in which the **digital euro** does not have a **strong incentive** for adoption (remuneration or distribution of benefits) the percentage of money in **digital euros** is between **0.6% and 0.8%**

State benefits and remuneration



The **distribution** of **state benefits** and **remuneration** through the **digital euro** would provide a **significant boost** but these measures entail **difficult political decisions**

Balance limit



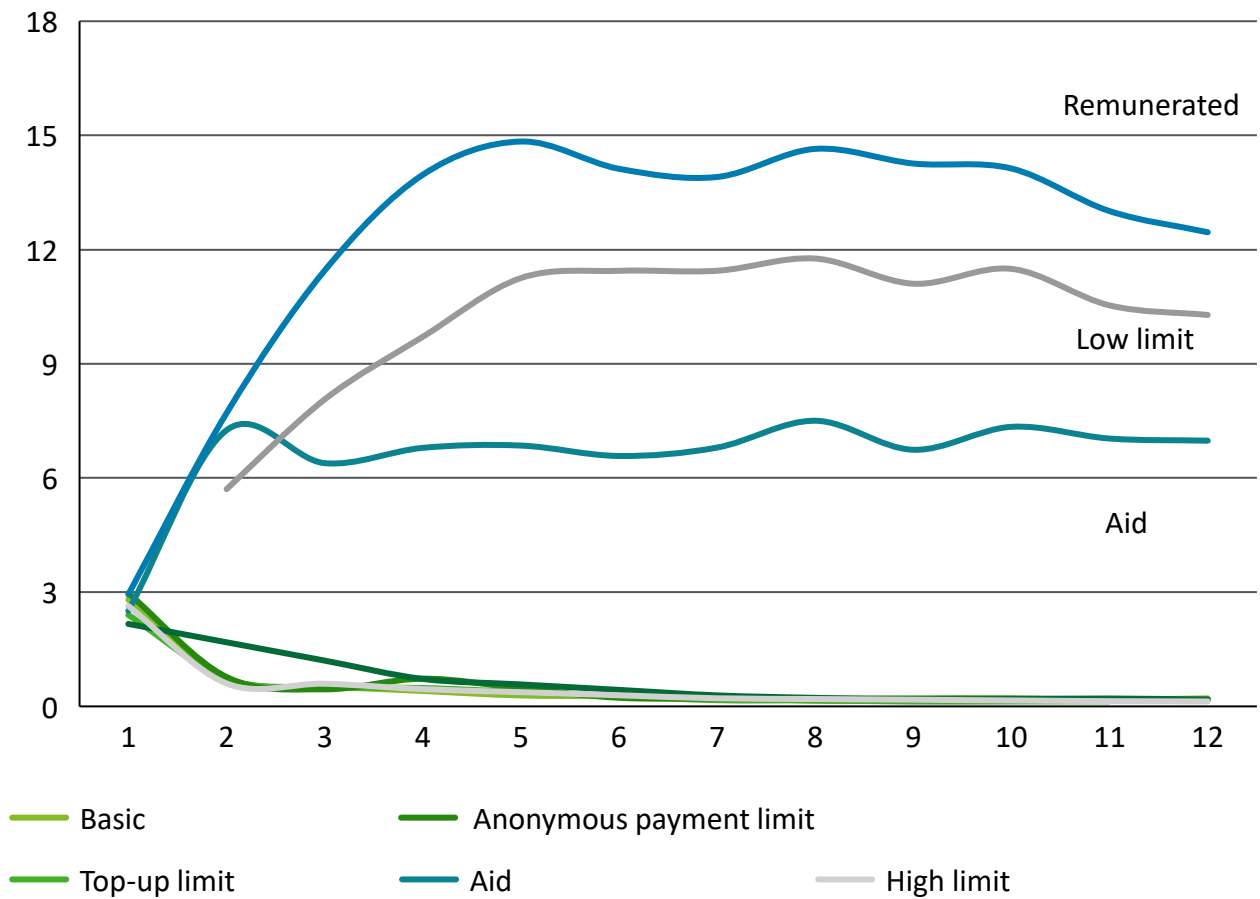
A **lower balance limit** (€1,000 vs. €3,000) in a scenario with a **remunerated digital euro** would moderately reduce the percentage of money assigned to CBDCs (15% vs. 12%) and, accordingly, the limits would be **useful measures** to avoid **disintermediation**

Source: FNA; Monitor Deloitte


Estimate of the adoption of the digital euro and possible scenarios

The digital euro would present low transactionality in C2B payments both in *online* and *offline*, except for those scenarios in which adoption is incentivised

C2B payments in CBDCs as a percentage of the total amount by scenario
(% of total C2B payments; month after commencement)




Low transactionality




In most scenarios, **transactionality** would account for between **0.4%** and **0.6%** of the **total volume of payments at businesses**

Satisfaction with the payment instruments available



This finding is because of **users'** current **satisfaction** with their **payment instruments** and shows that the **digital euro does not present differential elements**

Stabilisation



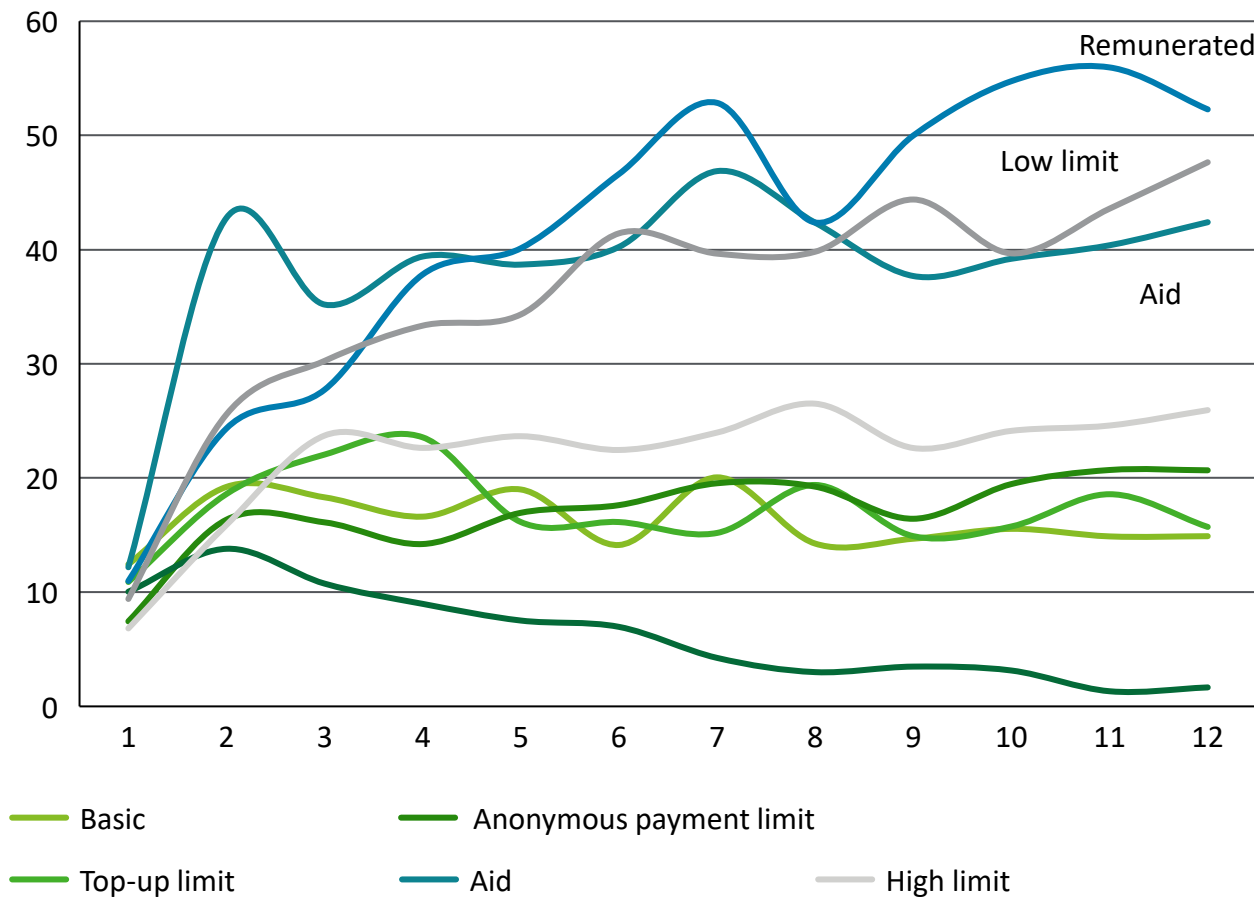
The results in those scenarios with high adoption and use incentives **show** that the digital euro would have **rapid initial growth** followed by a **process of stabilisation**

Source: FNA; Monitor Deloitte

Estimate of the adoption of the digital euro and possible scenarios

The digital euro would have a high level of transactionality in P2P payments, possibly due to the lower competition from other payment means and to the strengthening of adoption among users

P2P payments in CBDCs as a percentage of the total
(% of total P2P payments; month after commencement)



Competition between payment instruments

The **digital euro** shows **higher transactionality** in **P2P** payments because it has **less competition** from other **payment instruments** (cash, PayPal and Bizum) and because it is common for **users** to use it **more** as they see that others also use it due to the **network effect**

Stability

In the most **probable** cases (scenarios 1, 2 and 7 and the basic scenario), the digital euro would have a share of between 15% and 25% of P2P payments

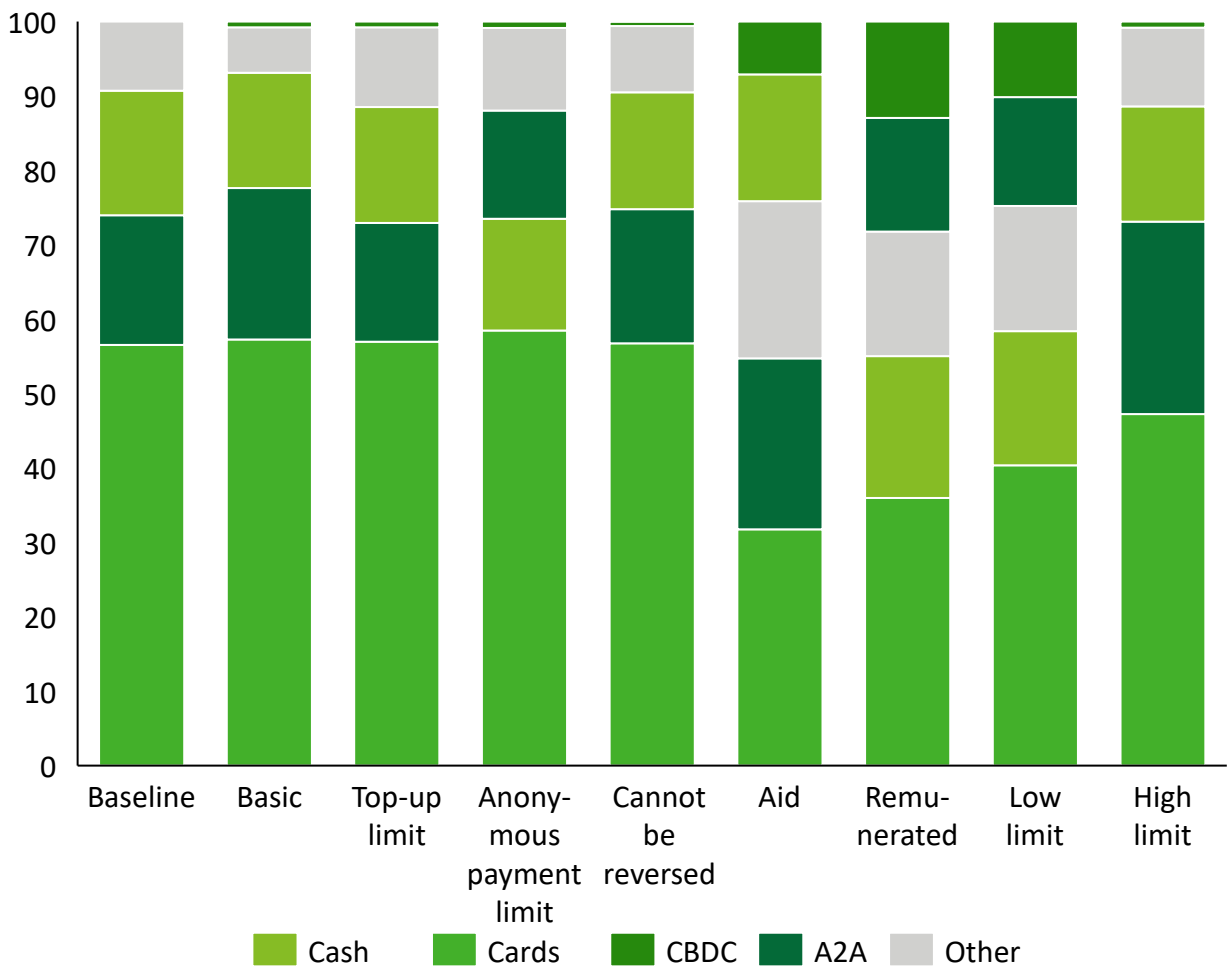
Importance of the reverse waterfall function

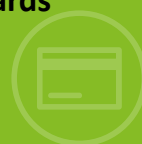
The only scenario in which the **digital euro** does not have certain **transactionality** in **P2P** transactions is the one without the **reverse waterfall** functionality, and accordingly, it is assumed that this is an **indispensable feature** for consumers

Estimate of the adoption of the digital euro and possible scenarios

The entry into force of the digital euro will not give rise to a change in the Spanish payments *mix* except in those scenarios with adoption incentives in which the most adversely affected payment instrument would be cards


Mix of payment instruments by # of transactions per scenario
(Scenarios; %)






Cannibalisation of cards

Payments with **cards** would continue to be the **leaders** in terms of the number of **transactions** in the various **scenarios** but they would be one more payment instrument **cannibalised** by the **digital euro**



Effective

Cash would not be **drastically affected** by the digital euro and its share **would rise** in certain **scenarios**



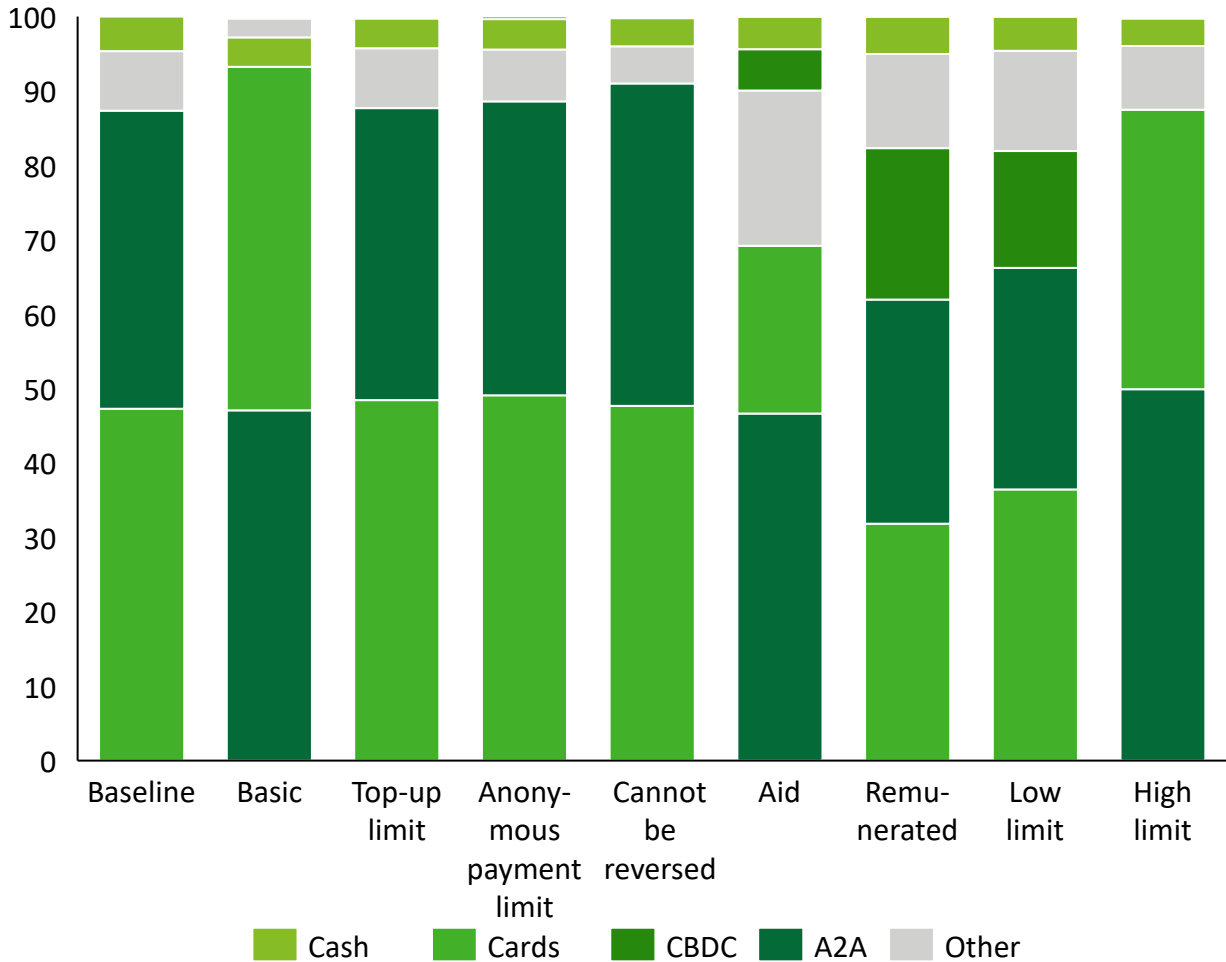
Configuration of the payment mix


The successful entry into force of a **digital euro** would change the **payment instruments** mix by increasing the share of digital instruments such as **BNPL** and **PayPal**

Estimate of the adoption of the digital euro and possible scenarios


In most scenarios the digital euro's share of payment volumes is ~0.2%, rising to 16% or 20% in those scenarios with remuneration associated with them

Mix of payment instruments by transaction volume per scenario
(Scenarios; %)




Higher value payments


In the scenarios in which the digital euro is **remunerated** (“Remunerated” and “low limit”), users would have a higher balance in their account and would be able to make payments of **larger amounts**

State benefits


If the CBDC were incentivised through the **distribution of state benefits**, payments with the digital euro would have a lower value because the users would be **consumers** with **lower incomes** and would probably have a **lower balance in their account**

Digital wallets


With the introduction of **state benefits** in **digital euros**, the use of cash would **decline** and that of **wallets** and other **digital payment means would rise**, possibly because of the **digitalisation** of **segments** of the **population** with **lower incomes** and **unsatisfied payment needs**

Estimate of the adoption of the digital euro and possible scenarios

The results show the considerable importance of incentives as *drivers* of the adoption of the CBDC

Conclusions by scenario

0	RESIDUAL ADOPTION	The basic scenario with a digital euro as legal tender , a limit of €3,000, a reverse waterfall functionality and no anonymity limits shows a low level of adoption with a share of 0.78% of transactions with no change in the payment instrument mix, in line with observations in the Bahamas and China
1	NON-DIFFERENTIAL TOP-UP LIMIT	The introduction of a daily top-up limit of €500 would not give rise to a change in the adoption of the digital euro in comparison with the basic scenario (because of its 0.77% share of total transactions)
2	ANONYMITY OF PAYMENTS	As with the daily top-up limit, the introduction of a €200 limit on anonymous payments would not affect the adoption of the digital euro either, as its share of total transactions would be 0.83%
3	IMPORTANCE OF THE REVERSE WATERFALL	The third scenario presents the lowest level of adoption of the digital euro as it excludes the reverse waterfall function , demonstrating the importance for consumers of having the CBDC connected to their current or savings account and being able to perform transactions with a lower balance than the amount of the payment
4	SUBSIDIES AS DRIVERS OF ADOPTION	The fourth scenario that allows the distribution of benefits through the CBDC shows a transactionality of the digital euro of ~7%, rapid adoption and an increase in the use of other digital payment means (at the expense of cards) as a segment of the population with lower income is digitalised
5	THE IMPORTANCE OF REMUNERATION	The remuneration of the digital euro at a higher rate than deposits increases its adoption and use drastically in comparison with the basic scenario and also shows a fall in the use of payment means linked to deposits due to the higher balance of users in CBDCs
6	TOOL TO AVOID DISINTERMEDIATION	The sixth scenario proposes a remunerated CBDC with a lower balance limit (€1,000) and, even so, exhibits high transactionality of the digital euro , demonstrating that the reduction of the limit could be a useful measure for avoiding the disintermediation of deposits
7	ADOPTION WITH LOWER TRANSACTIONALITY	A scenario with a higher balance limit (€5,000) indicates a low transactionality of the digital euro but also shows a lower use of payment means based on current accounts , possibly because users would adopt the CBDC as a store of value but not as a payment instrument

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Approximation of the impacts of the digital euro

Banks will obligatorily be intermediaries of digital euro and, accordingly, they should prepare to assume the costs that this will entail, while *merchants* will be obliged to accept it as legal tender

NOT EXHAUSTIVE

Players affected by the digital euro

Commercial banks		Retailers/merchants	
Positive impacts	Negative impacts	Positive impacts	Negative impacts
<ul style="list-style-type: none">Income increases from fees for digital euro transactionsMarketing of innovative services through the digital euro	<ul style="list-style-type: none">Possible disintermediation of bank depositsCosts of developing and adopting new products and servicesAdaptation of the channels of communication with the customerCreation and adoption of new processes and technologiesIncrease in data management responsibilitiesUse of scarce resourcesEvolution of the corporate structurePossible changes in regulatory reporting	<ul style="list-style-type: none">Possible reduction in payment acceptance costs with a simpler structureStimulation of competition from other methods of paymentOffline use in times of electricity outagesImmediacy of payments and consequent improvement in reconciliationThe possible innovation of programmable paymentsUse cases at reduced cost such as split payments or the initiation of payments	<ul style="list-style-type: none">Cost per digital euro transactionAdoption and adaptation of payment infrastructures and technologiesMandatory acceptance of the digital euro

Source: Monitor Deloitte

Approximation of the impacts of the digital euro

The entry into operation of the digital euro will have a considerable impact on the design of the value proposition and in the operating model of the banking industry (I/II)

Impacts of the digital euro on a bank

Layer	Issue	Considerations for banks
Customers	Customers	Banks must offer the digital euro to individuals and businesses with C2B activities , and it is necessary to identify customers' needs and determine the suitability of the digital euro
	Needs	Banks will have the opportunity to develop value-added services , which are the levers of income from the digital euro
Channels	App	Banks will need to create an inclusive section dedicated to the digital euro to enable customers to open a wallet , make payments , transfer and withdraw funds , and connecting with the application from the Eurosystem in banking applications will be a mandatory requirement
	Physical banking	Banks must offer onboarding of the digital euro in the offline⁽¹⁾ environment and develop onboarding services for digital euro wallets at physical branches , and it will be necessary to train employees and adapt the bank's ATMs
	Call centre	It is recommended that the customer care service is adapted to help individuals and businesses in matters related to the digital euro
Products and services	PoS payments	Banks must create and/or adopt instruments to enable offline payments at businesses, and these instruments must be interoperable (e.g. NFC, QR codes, Smart PoS terminals and wallets)
	P2P payments	Banks will have to decide how to adapt the instruments used in P2P transfers in the online environment for the digital euro and analyse whether to develop an instrument that allows these in the offline environment or adopt the innovation of another intermediary
	Online payments	Banks must create and/or adopt instruments to enable online payments at businesses
	Optional services	Banks will have to decide whether to develop optional services (with the support of the Eurosystem) and value-added services (without the support of the Eurosystem)
Processes	KYC	Banks will have to adopt a new KYC process designed by the ECB for each channel of the digital euro (e.g. app, digital banking, physical branch, etc.)
	Funding	Banks must create processes to allow the immediate withdrawal of funds in accounts when a payment is made that exceeds the balance in the account , and design the channelling of digital euros to the user's account in the event that their wallet exceeds the limit (reverse waterfall)
	Commencement	Payments with digital euros must have the same level of security as payments with cards (e.g. Strong Customer Authentication (SCA))

Source: Monitor Deloitte

■ Impact on the value proposition
 ■ Impact on the operating model
 □ Must be considered by the ECB

Approximation of the impacts of the digital euro

The entry into operation of the digital euro will have a considerable impact on the design of the value proposition and in the operating model of the banking industry (I/II)

Impacts of the digital euro on a bank

Layer	Issue	Considerations for banks
Processes	Settlement	Banks will have to adopt information exchange processes developed by the ECB to enable the settlement of payments with digital euros
	Post-reconciliation	Banks must have messaging processes , possibly designed by the ECB, to notify the participants of a payment of the confirmation immediately and create processes to deal with payment disputes and reimbursements in digital euros
	Reporting	Although the regulatory requirements for the digital euro have not yet been defined , the holding of digital euros will probably have to be shared with the Single Resolution Board (SRB)
Data	KYC management	Banks will have to manage consumers' personal data when the wallet is opened , but the technological processes will not be able to use any data item in offline payments
	AML/CFT management	Banks will adapt data infrastructure so that online payments with the digital euro meet the rules of Directive 2015/849
	Losses	Due to the privacy levels of the digital euro , data of payments with cards cannibalised by the CBDC will be lost, and, accordingly, an analysis will have to be conducted of how the possible decline in the capture of data will affect the business
Tech-nology	Connection	Banks must allow a technological connection between businesses, users and other banks for services to be provided
	Offboarding	Banks will have to provide users with the possibility of changing digital euro intermediary in an immediate and efficient manner
	Adaptation	Banks will adapt the technologies for the performance and acceptance of payments with the digital euro so that any instrument is interoperable throughout the EU
Customers	Structure	It is recommended that an organisational structure related to the digital euro is created to help with the provision of its services
Customers	Training	All employees with contact with important digital euro customers (individuals and businesses) must be trained and individuals with difficulties must be provided with help in handling digital tools
	Persons in charge	Banks must provide all branches and other customer-facing channels with the resources necessary to offer all the digital euro services and its value-added services

Source: Monitor Deloitte

■ Impact on the value proposition
 ■ Impact on the operating model
 □ Must be considered by the ECB

Approximation of the impacts of the digital euro

Businesses need a series of prerequisites to be met in order to adopt the digital euro that at the date of this report are unlikely to occur

Businesses'

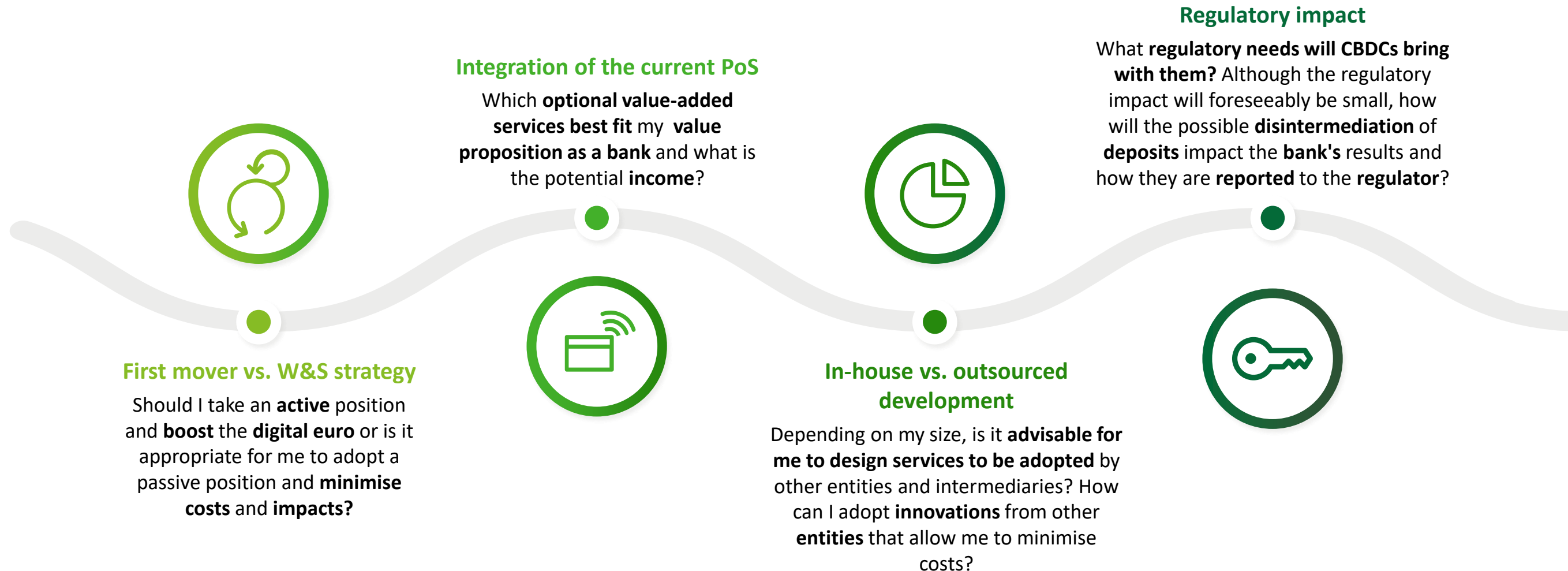
concerns

Issue	Rationale	Probability	Rationale
Fees	Businesses request a minimum acceptance cost that should be close to zero and based on a single fee per transaction	<div> <div></div> <div></div> <div></div> </div> Low	For the cost to be minimal or close to zero , the investment in infrastructure of the digital euro must be lower than other media
Legal tender	Businesses request exceptions to obligatory acceptance of the digital euro	<div> <div></div> <div></div> <div></div> </div> High	The regulation relating to the digital euro being legal tender is under development and will continue to be adapted until 2026
Regulation	Businesses are concerned that if the digital euro is free for consumers , they will absorb most of the costs	<div> <div></div> <div></div> <div></div> </div> Medium	The ECB will regulate the fees of the digital euro but it is still probable that businesses will absorb most of the costs
New infrastructure	Businesses suggest that the digital euro should reuse existing systems and infrastructure to avoid significant investments	<div> <div></div> <div></div> <div></div> </div> Low	The creation of new infrastructure will be costly for the ECB , and, accordingly, it is most probable that existing technologies will be reused
Lack of adoption	Businesses' greatest concern is a low level of adoption because in this case no benefit would be obtained from the digital euro	<div> <div></div> <div></div> <div></div> </div> Low	The related surveys and models show a low level of interest in adopting the digital euro on the part of the population

Reflections

Banks must prepare themselves for the change brought about when the digital euro becomes operational and must cooperate with the regulator to maximise the benefits and minimise the impacts

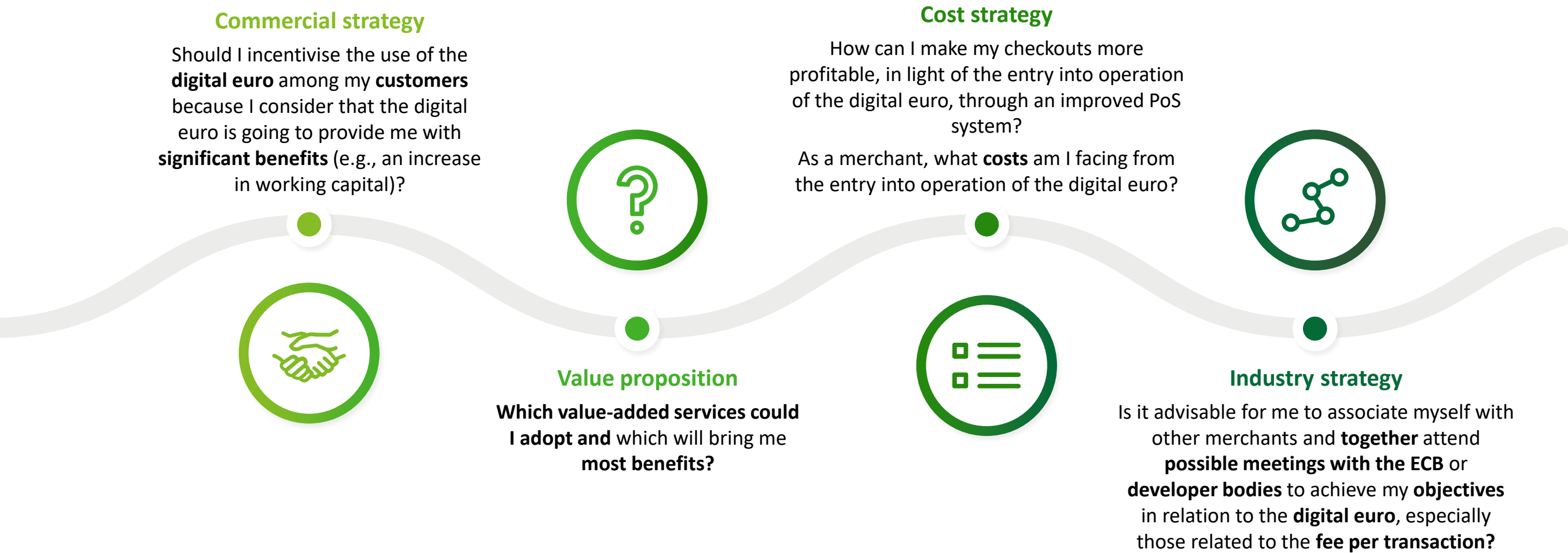
Considerations for banks



Reflections

Businesses must contact regulators and intermediaries of the digital euro with a view to preparing for the adoption of the CBDC and leveraging its possible benefits

Considerations for businesses



Source: Monitor Deloitte



Future confident

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