

PAYMENTS EUROPE VIEW ON THE FUNCTIONAL SEPARATION OF THE ECB'S DIGITAL EURO RESPONSIBILITIES

Key Takeaways

- New digital payment solutions, such as the digital euro, can contribute to a more competitive and resilient European payments landscape.
- The level and fair playing field among payment solutions and between public and private actors should be upheld to preserve current market integrity.
- Amongst others, this requires clear and explicit separation among the ECB's monetary, supervisory, and payment system oversight functions and its competence to carry out tasks related to the operation and management of the digital euro.

European payments market is built on fair competition

As any new payment solution, the digital euro has the potential to further strengthen the European payments market, which is built on a wide variety of solutions competing on a level playing field.

To contribute to resilience, competition and an open market economy, the digital euro should also be part of this fair and competitive system. For this to happen, the different roles of the European Central Bank (ECB) as a public institution must be correctly balanced. The ECB will hold multiple roles with regard to the digital euro itself: issuer, scheme owner, infrastructure provider etc. At the same time, the ECB is directly supervising and overseeing many market participants impacted by the digital euro and providing payment solutions that will compete with the digital euro. It is therefore crucially important to ensure by legislation that the role pertaining to the digital euro are completely separated from that of market supervision and oversight. As the digital euro is to compete with private sector retail solutions, clear and explicit language should be included in the legislation to set out a fully functional separation of the ECB's monetary, supervisory, and oversight responsibilities from those pertaining to the operation and management of a digital euro payment system and infrastructure. Furthermore, it must be made clear that the ECB's digital euro responsibilities remain independent from its other tasks as a public institution. With this in mind, we would urge the Parliament to adopt the previous text of Article 3a, requiring the ECB to establish a dedicated unit for the operation and management of the digital euro payment system and infrastructures. The current wording, only requiring the ECB to "adopt necessary measures to avoid any potential conflict of interest", leaves space for interpretation and does not guarantee adequate separation of the ECB's roles. Without any clear and explicit distinction regarding the separation of functions of the ECB's digital euro tasks, private solutions may not be able to compete fairly with the ECB's solution. The ECB itself has stated that "this separation minimises possible conflicts of interest in the assessment of the Eurosystem's own systems and helps to protect the confidentiality of information that is received from private systems"¹. This separation is already applied by other authorities, with one example being the Bundesbank, which ensures that the operation of payment systems and their oversight fall within the remit of different divisions, with separate reporting channels.

Conclusion

For the digital euro to adhere to international and EU principles and best practices, there must be a clear separation of the functions within the ECB.

Payments Europe calls upon policymakers to require the ECB to establish a dedicated, independent unit for the operation and management of a digital euro payment system and infrastructure, with clear and functional separation from the ECB's monetary, supervisory, and payment systems oversight responsibilities.

¹ "The oversight of central banks' own systems is carried out by the oversight function rather than by the respective operations function itself. This separation minimises possible conflicts of interest in the assessment of the Eurosystem's own systems and helps to protect the confidentiality of information that is received from private systems". European Central Bank, Eurosystem Oversight Policy Framework, July 2011, p. 9. Available [here](#)

