



# ECB updates digital euro approach for financial inclusion

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The European Central Bank (ECB) has published an update for its plans to ensure financial inclusion with the proposed digital euro amid rising concerns about dwindling cash usage.

The ECB made the submission to a meeting of finance ministers across the European Union (EU), noting that a central bank digital currency (CBDC) will promote financial inclusion across the region. Since the announcement of a digital euro, there have been concerns that cash usage may see a sharp decline, affecting less tech-savvy residents.

While the rest of the world grapples with the issue of financial inclusion, the EU faces the unique challenge of “digital exclusion.” Aware of the concerns, the ECB’s recent publication expands its focus to digital financial inclusion as it makes it a key principle for the proposed CBDC.

“A digital euro will be designed to take on board people with no access to a bank account and with low digital or financial skills, as well as people with disabilities,” the ECB said.

The central bank says it intends to achieve this through several initiatives, including providing physical digital euro payment cards, in-person support, and defunding through cash. To allay fears, the ECB adds that the digital euro is designed to complement cash and other existing payment methods.

The existence of both online and offline payments will assist in its quest to achieve digital inclusion, while back-end prototypes will protect users’ privacy, according to the ECB. Integration with existing mobile banking applications and supervised intermediaries is poised to ensure easy onboarding for EU residents.

“The ECB has no interest in seeing or storing users’ private information,” the report read. “The digital euro will never be programmable money. It will not constrain to whom, when, and why people could make payments.”

Research for a digital euro began in 2021, undergoing several pilots and public consultations. In March, ECB’s executive Fabio Panetta revealed that the digital euro could see a full-scale rollout within four years.

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While the EU is moving toward launching CBDCs, U.S. developments have faced fierce opposition. Several U.S. lawmakers have stood in opposition to the launch of CBDCs, claiming they are government surveillance tools.

In early June, the National Association of Federally-Insured Credit Unions (NAFCU) expressed concerns over the absence of clear rules regulating the development of a digital dollar. New research from the Cato Institute reveals that only 16% of Americans support the launch of a “digital dollar,” with the rest eyeing the offering with skepticism.