

EU makes progress on digital euro but faces many hurdles

Article

The news: The **European Central Bank (ECB)** opened applications for vendors to provide services related to a potential **digital euro**.

- The ECB is hiring for risk and fraud management, an app and SDK, offline solutions, secure exchange of payment data, and alias lookup.

- The framework budget for these five services totals \$1.2 billion. Settlement systems will be sourced internally.

The ECB also [updated](#) its digital euro rulebook.

How we got here: The ECB began exploring a digital euro in October 2021. In October 2023, it began its two-year preparation phase, which includes finalizing a rulebook and selecting providers to develop the platform and infrastructure.

Deciding whether the digital euro will even be issued is still far off. And it will likely face pushback along the way: Last May, a [European Parliament report](#) found that the risks and uncertainties of a central bank digital currency (CBDC) outweigh the potential benefits.

Lessons learned: As the EU continues its exploration, it should learn from countries with more advanced CBDC pilots. India's digital rupee, for example, is struggling with mainstream adoption.

- By the end of 2023, the Reserve Bank of India met its target of **1 million daily transactions**, [per](#) Reuters.
- Linking the digital rupee to the popular UPI system helped, but the majority of the jump can be attributed to government-run lenders distributing employee benefit schemes directly to CBDC wallets.
- Without introducing this program at the eleventh hour, RBI would not have been close to its transaction goal.

India and other regions exploring CBDCs will need to overcome this adoption problem to make their investments in the digital currencies worth it.