



EUROPEAN COMMISSION
DIRECTORATE GENERAL
ECONOMIC AND FINANCIAL AFFAIRS
Stability mechanisms and legal affairs

Brussels, 23 October 2017
ECFIN/L6/MR(2017)

Subject: your letter of 3 October 2017

Dear Mr de Waal Malefijt,

I refer to your letter of 3 October 2017 to the Commissioner Mr Pierre Moscovici regarding the deepening of the Economic and Monetary Union (EMU) and your proposal to introduce a "virtual euro". As you mentioned in your letter, the Commission has invited everyone to express their views on the future of the EMU. We would like to thank you for responding to this invitation and sharing with us your thoughts.

We understand that your proposal is to introduce a European Union digital currency (the "virtual euro"). Besides being digital, the main characteristic of this currency would be that it would not represent a claim on the issuing entity. For individuals and businesses, the virtual euro would be an alternative to euro cash and commercial bank money. Your idea is that the virtual euro would not be issued or administered by a central bank, but by a "public monetary authority" which would resemble "a public key register like the cadastral system, rather than a bank". In your view, the virtual euro would eliminate current risks stemming from the banking sector, since individuals and businesses would not depend on banks any longer (e.g. for payments over distance). You argue that in contrast to the Banking Union, it would fundamentally solve the problems of our current financial and monetary system by overcoming its inherent imbalances and thus prevent future crises.

Let me assure you that all suggestions regarding a possible deepening of the EMU will be carefully assessed. While your idea of creating a public digital currency is noted, the Commission is currently neither considering the creation of a digital currency in general as means of payment next to euro cash nor as a measure to enhance the stability of the financial and monetary system in particular.

Yours sincerely,

Irmantas Šimonis