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Conditions for peaceful coexistence between cash and digital euro

The Role of Physical Money in the Era of Digitalization

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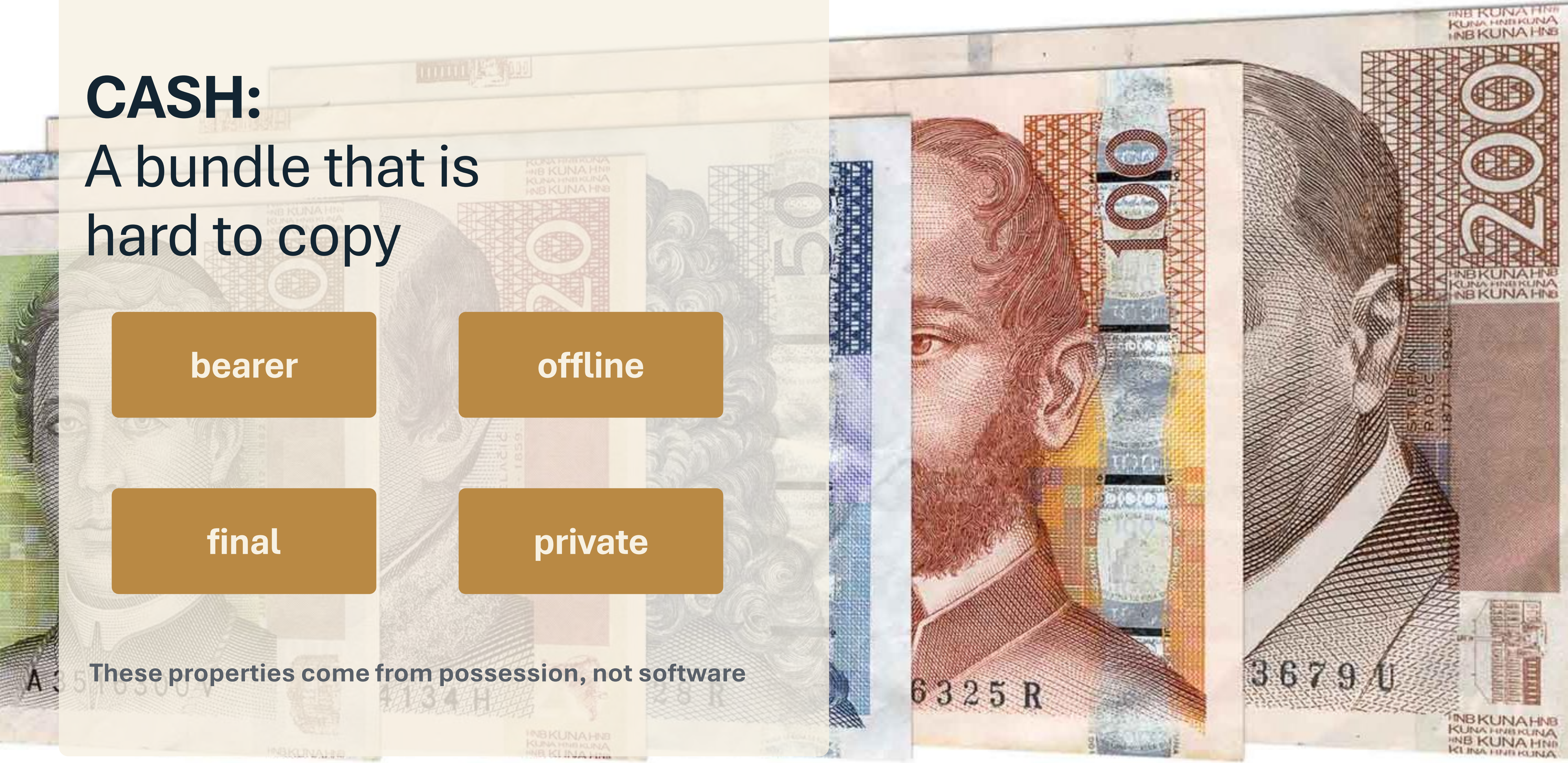


CASH:
A bundle that is hard to copy

- **bearer**
- **offline**
- **final**
- **private**

These properties come from possession, not software

CBDC: public money for digital payments

Central-bank liability

Digital reach

Cash-like properties (by design)

Digitalisation turns properties into rules

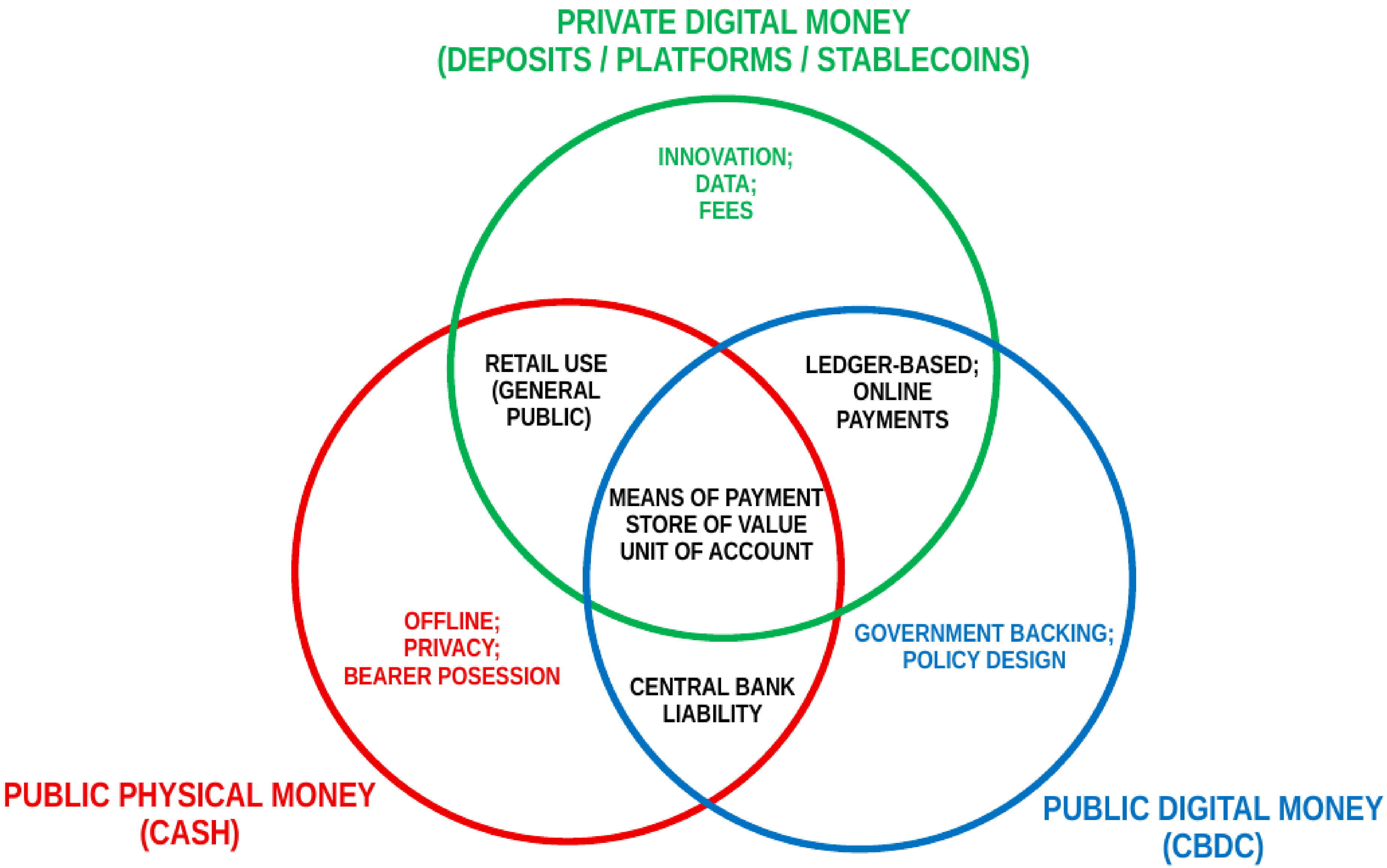
Privacy etc. become governance questions:
CBDC in China vs. EU

CASH		CBDC
object	→	ledger
possession	→	access
intrinsic	→	designed

Issuer versus operation

	physical bearer	digital ledger
public	cash	CBDC (D€)
private		deposits, platforms, stablecoins

Figure 1. Overlapping roles of cash, public digital money, and private digital money



Source: author

Are CBDCs cash?

No.

Not a physical bearer instrument

Partly.

A proxy for selected cash roles

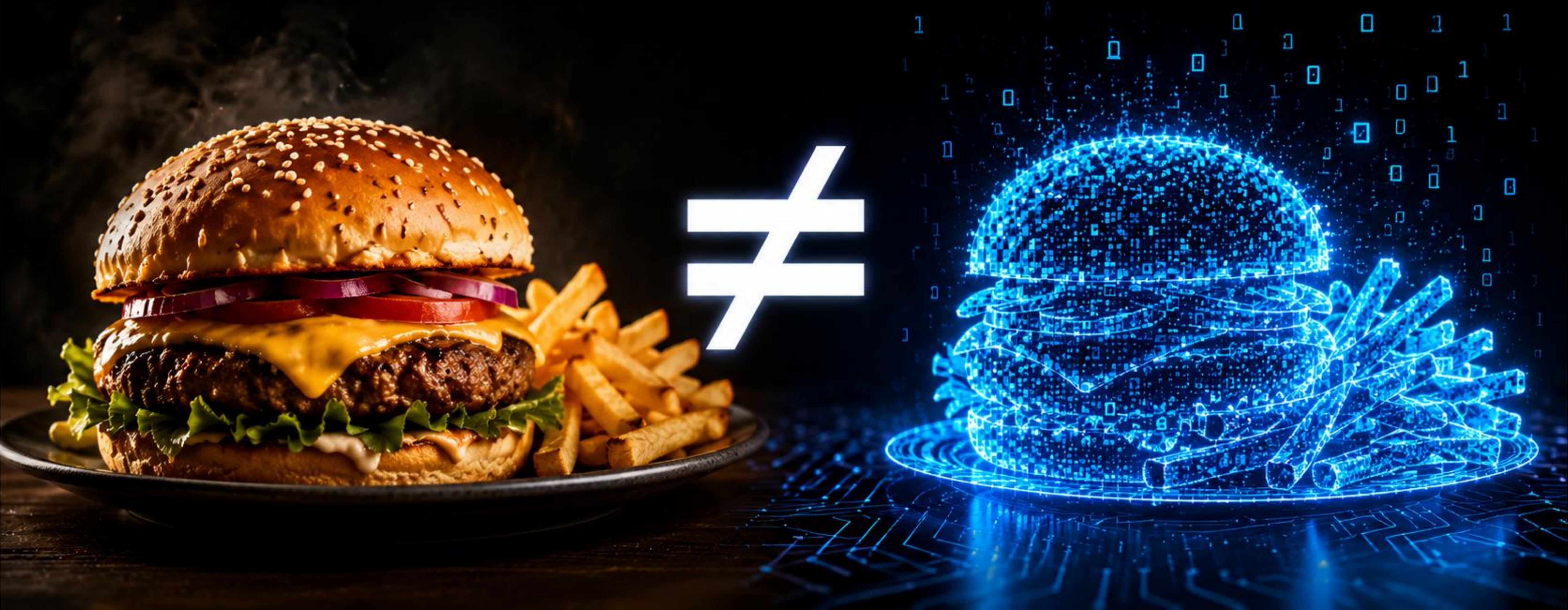
Digital cash...?

Public by issuer; electronic by use

CBDC protects public money in digital payments; it does not protect cash

Hungry? Eat digital food.

Digital euro is not "digital cash". Cash is irreplaceable.



- Cash must remain legally accepted and widely available
- Cash infrastructure must be treated as critical infrastructure
- The digital euro must be framed and promoted as a complement, not a replacement
- Offline digital euro payments must not be presented as equal to cash
- Public policy must protect choice

Thank you!

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