

Digital euro glossary

Disclaimer: Terms and definitions refer to what applies to a digital euro environment.

Term	Definition
digital euro	The digital form of the single currency available to natural and legal persons.
retail central bank digital currency (rCBDC)	A central bank liability in digital form offered to the general public (e.g., individual users , business users and governments or other public authorities) for retail payments.
acceptance solution	A combination of a device for business digital euro users (e.g., a terminal at the POS), a user interface (e.g., a payment application) and a communication technology (e.g., quick response (QR) code-based payment or near-field communication (NFC)-based payment), together supporting the exchange of payment transaction information between payer and payee for payment initiation and user authentication .
access management	Services offered by payment service providers (PSPs) enabling digital euro users to hold digital euro and conduct transactions . These services include the opening of digital euro payment accounts , managing aliases , configuring a waterfall account and providing form factors or acceptance solutions .
access manager	A payment service provider (PSP) that provides digital euro users with access to the digital euro service platform (DESP) . An access manager can act as an instructing party or authorise a third party to act on its behalf.
account information service	An online service to provide consolidated information on one or more payment accounts held by the payment service user with one or more payment service providers (PSP) .
account information service provider (AISP)	A payment service provider (PSP) pursuing account information services .

Term	Definition
account portability	<p>Upon a digital euro user's request, transferring from one payment service provider (PSP) to another either the information about all or some digital euro payment services, including recurring payments, executed on a digital euro payment account, or the digital euro holdings from one digital euro payment account to the other, or both, with or without closing the former digital euro payment account, while maintaining the same account identifier.</p> <p>This process is also known as 'switching'.</p>
acquiring of payment transactions	<p>A payment service provided by a payment service provider (PSP) contracting with a payee to accept and process payment transactions, which results in a transfer of funds to the payee.</p>
alias	<p>A unique pseudonymous identifier, such as the digital euro account number (DEAN), which is unique to a given digital euro payment account, used to protect user's identity when processing digital euro payments that can only be attributable to an identifiable natural or legal person by the payment service provider (PSP) distributing the digital euro or by the digital euro user.</p>
alias look-up service	<p>A service that stores digital euro users' aliases and connects them to the respective access manager identifier and DEAN. The service enables this information to be looked up when a payment is initiated, thus enhancing usability and the digital euro user's payment experience.</p>
anonymity	<p>A situation in which no personal data (i.e. data relating to an identified or identifiable living individual user) are used.</p>
application to application (A2A) interface	<p>An interface permitting the interaction between software applications and external services (e.g. wallet services) without human interaction.</p>
assisted use	<p>Any situation in which a digital euro user accesses digital euro services via an access manager and receives additional support, e.g. by interactions with the access manager's staff in one of its branches or using its telephone service as well as systems mimicking human interaction.</p>

Term	Definition
authentication	A procedure which allows the payment service provider (PSP) to verify the identity of a payment service user or the validity of the use of a specific payment instrument , including the use of the user's personalised security credentials.
back-end infrastructure	All hardware and software components (e.g., servers, applications) necessary for recording of digital euro holdings and processing of digital euro payment transactions . The infrastructure interacts with front-end services or other back-end infrastructures via defined interfaces. Its functions include processing payment instructions and storing data on updated digital euro holdings .
blockchain	A type of distributed ledger technology (DLT) in which transactions are validated and recorded in a distributed ledger in separate but connected batches known as blocks.
business user	A natural or legal person allowed to open multiple digital euro accounts , each with a holding capacity of zero. Payments received on the digital euro account(s) are transformed into private money (waterfall) as soon as technically feasible and refunds made from the digital euro account(s) are instantly funded from private money (reverse waterfall) .
business-to-business (B2B) payment	A payment from one business digital euro user to another.
central bank money (CeBM)	Central bank liabilities, in the form of either banknotes, bank reserves or digital euro held at the Eurosystem.
conditional payment	A digital euro payment transaction which is instructed automatically upon fulfilment of pre-defined conditions agreed by the payer and by the payee .
confidentiality	An obligation enforced through a set of rules and operational measures which restricts the accessibility and interpretability of data to authorised users within a specific context.

Term	Definition
countering the financing of terrorism (CFT) check	A check aimed at countering the solicitation, collection and provision of money that may be used to support terrorist acts or organisations. As a minimum, the check includes customer due diligence (CDD) and the monitoring, detection and reporting of suspicious transactions .
credit institution	An undertaking the business of which is to take deposits or other repayable funds from the public and grant credits for its own account.
credit memorandum balance (CMB)	A limit defined by the holder of a dedicated cash account (DCA) on the usage of the liquidity of that dedicated cash account (DCA) by an access manager . The number of credit memorandum balances defined for a given dedicated cash account (DCA) is unlimited.
cross-border payment	A payment in which the intermediaries of the payer and the payee are in different jurisdictions.
cross-currency payment	A payment that requires transferring different currencies.
cryptography	Techniques and algorithms that can be applied to data to ensure properties such as confidentiality , data integrity, secure authentication and non-repudiation of messages.
customer due diligence (CDD)	A process to obtain sufficient knowledge of digital euro users (e.g. via know your customer (KYC)) enabling obliged entities to determine the money laundering and terrorist financing risks of digital euro user relationships or transactions .
customer-to-business (C2B) payment	A payment from an individual user to a business user . Typical C2B payments include point-of-sale (POS) payments in shops and e-commerce payments over the internet.
dedicated cash account (DCA)	An account in central bank money , owned and used by a PSP (i.e., DCA holder) for the purpose of enabling digital euro funding and defunding requests at the request and on behalf of digital euro users .
DCA Holder	A PSP which owns one or multiple dedicated cash account(s) (DCA) in the digital euro service platform (DESP) .

Term	Definition
decentralisation	The process of transferring a degree of control over an activity, service or organisation from one single entity to several entities.
defunding	The process of reducing a digital euro user's digital euro holdings in their account or device through digital euro redemption , in combination with an increase of digital euro user's private money or an increase in the digital euro user's cash holdings. See funding and waterfall approach .
de-tokenisation	A process of retrieving transaction -related data and/or other sensitive data based on surrogate value, referred to as token .
device	A piece of equipment attributed to a digital euro user that could be used for authorising digital euro transactions and user authentication . Examples include smartphones, wearables , and cards.
digital euro account number (DEAN)	The compulsory unique identifier of a digital euro account .
digital euro payment	A transfer of digital euro between digital euro users .
digital euro payment account	An account held by one or more digital euro users with a payment service provider (PSP) to access digital euro recorded in the digital euro settlement infrastructure to initiate or receive digital euro payment transactions , irrespective of technology and data structure.
digital euro payment scheme	A single set of rules, practices, standards and / or implementation guidelines for the execution of digital euro transactions and which is separated from any infrastructure or payment system that supports its operation, and includes any specific decision-making body, organisation or entity accountable for the functioning of the scheme.
digital euro service	A payment service or other service accessible to a digital euro user in a digital euro environment .
digital euro service platform (DESP)	The technical platform enabling the issuance and redemption of digital euro and providing functions (e.g. settlement) that cannot be accomplished by an individual intermediary on its own.

Term	Definition
digital euro user	An individual user , a business user , a government or other public authorities making use of digital euro payment service, whether in the capacity of payer , payee or both.
digital euro wallet	A service that enables digital euro users to initiate digital euro transactions by storing secure information related the digital euro holdings of a digital euro user , which are either with the Eurosystem or local in an offline digital euro device .
digital operational resilience	The ability of a financial entity to build, assure and review its operational integrity and reliability by ensuring, either directly or indirectly through the use of services provided by ICT third party service providers, the full range of ICT-related capabilities needed to address the security of the network and information systems which a financial entity uses, and which support the continued provision of financial services and their quality, including throughout disruptions.
direct access	A type of access to a retail central bank digital currency (rCBDC) for which the central bank provides onboarding , distribution and settlement services directly to digital euro users .
distributed ledger technology (DLT)	A type of technology that support the distributed recording of encrypted data.
distributed system	An infrastructure where multiple independent components appear as a single coherent unit to its users, which requires these components to collaborate on their tasks, typically via the exchange of messages over a network. These components can be made redundant and/or be separated geographically to increase performance, scalability, availability and/or resilience, e.g. to avoid single points of failure or to mitigate geographic concentration risks. The components can be operated either by a single entity or multiple entities.
distribution of digital euro	A process of transferring digital euro from the digital euro issuer to digital euro users' accounts or devices through the processes of digital euro issuance and funding .
e-commerce payment	An electronic payment between two digital euro users for the purchase of goods or services via the internet.

Term	Definition
electronic money (e-money)	Electronically, including magnetically, stored monetary value as represented by a claim on the issuer which is issued on receipt of funds for the purpose of making payment transactions , and which is accepted by a natural or legal person other than the electronic money issuer.
electronic money institution (EMI)	A legal person that has been granted authorisation to issue electronic money.
enhanced due diligence (EDD)	Detailed rules for particularly rigorous digital euro user identification and verification procedures beyond the regular customer due diligence (CDD) necessary for the establishment of the identity and business profile of a digital euro user .
entries	Recordings in back-end infrastructure representing the holdings that are available to a digital euro user .
environment	A combination of IT platforms, actors and their roles that enables digital euro services to be provided to digital euro users in accordance with the relevant legal framework and technical documentation.
European Data Protection Representatives (EUDPR)	Representatives in the EU (with regard to obligations under the General Data Protection Regulation) of non-EU firms which act as controller or processor of personal data while offering goods or services, irrespective of whether a payment of the data subject is required, to data subjects in the EU.
form factor	A combination of a device from an individual digital euro user (e.g. mobile device , physical card), a digital euro user interface (e.g. a payment application) and a communication technology (e.g. quick response (QR) code-based payment or near-field communication (NFC)-based payment), together supporting the exchange of payment information between payer and payee for payment initiation and authentication .
funding	The process of increasing a digital euro user's holdings in their account or device through digital euro issuance , in combination with a reduction of another liquidity source from the digital euro user (e.g., cash or private money). See defunding and reverse waterfall approach.

Term	Definition
government or other public authorities	Public authorities allowed to open multiple digital euro accounts , each with a holding capacity of zero. Payments received on the digital euro account(s) are immediately transformed into private money (waterfall) and refunds made from the digital euro account(s) are instantly funded from private money (reverse waterfall) .
government-to-person or business (G2X) payment	A payment from a government or other public authorities to an individual user or business user (e.g. subsidies and rebates).
hashing	Hashing is a computational one-way operation that transforms a string of characters into a fixed size output string from which it is not possible to re-construct the original input. It is used to verify the integrity of data without revealing it.
holdings	An amount of digital euro available to a digital euro user . Holdings may be accessed by digital euro users under their contractual relationship with digital euro payment service providers (PSPs) . The holdings increase or decrease as the result of a successful payment, funding or defunding operation.
identification	The process of determining an individual user's , business user's , government or other public authorities' identity.
individual holding limit	The maximum amount of digital euro that can be held by each digital euro user .
individual user	A natural person who is allowed to open a digital euro account on which to hold digital euro , subject to certain holding limits .
initiation channel	Technological means through which a payment can be initiated and verified by a payment service provider (PSP) . This differs based on the type of payment environment , particularly remote payments versus proximity.
instructing party	An intermediary or third entity acting on behalf of an intermediary that can instruct digital euro transactions and receive notifications and reports sent by the digital euro service platform (DESP) . See access manager .
instruction	An order issued by a digital euro user to its payment service provider (PSP) .

Term	Definition
intermediated access	A type of access to a retail central bank digital currency (rCBDC) in which the central bank does not interact directly with digital euro users but relies on intermediaries to provide onboarding , authentication , distribution or other payment services.
interoperability	The use of common rules, standards and processes across different payment services.
inter-PSP fee	A fee paid for each transaction directly or indirectly (i.e. through a third party) by the payment service provider (PSP) involved in acquiring digital euro to the payment service provider (PSP) involved in distributing digital euro . The net compensation or other agreed compensation is part of the inter-PSP fee.
issuance of digital euro	A process which results in the creation of digital euro units on the Eurosystem's balance sheet and the redemption of central bank reserves.
know your customer (KYC)	A check aimed at identifying digital euro users and risks attached to providing services to them. The check is also aimed at ensuring that these services are used in line with intermediaries' expectations and for legitimate purposes. See customer due diligence (CDD) .
legal tender	The mandatory acceptance of a means of payment, at full face value, with the power to discharge from a payment obligation.
liquidity management	The processes to support the distribution of the digital euro , i.e., liquidity transfer and funding/defunding .
liquidity transfer	The process to move central bank reserves between a payment service provider's (PSP) main central bank reserves and central bank reserves dedicated for the use in the digital euro environment . It is executed upon request by payment service providers (PSPs) to satisfy the expected demand from digital euro users controlled and performed by the Eurosystem.
local storage	The secure storage and computational capabilities of a digital euro user's physical devices , such as smart cards or mobile phones.

Term	Definition
local storage settlement model	A settlement model referring to secure element (SE) in the digital euro user's devices performing the technical tasks of verification and recording, in line with rules set by a central bank.
machine-to-machine (M2M) payment	A payment requiring a transfer solution that can work without human interaction.
m-commerce	A virtual location at which goods and services are sold and paid for, accessed through a mobile app.
merchant	A business user providing products or services to individual users in exchange for payment in digital euro .
merchant category code (MCC)	A four-digit number listed in ISO 18245 standard for retail financial services used to classify a business user by the types of goods or services it provides.
merchant service charge	A fee paid by the payee to the acquirer in relation to card-based payment transactions . In the context of the digital euro , a merchant service charge is interpreted as a fee paid by the payee to the payment service provider (PSP) acquiring a digital euro payment transaction .
national central bank (NCB)	A national central bank of a European Union Member State whose currency is the euro.
near-field communication (NFC)-based payment	A payment made with a short-range wireless (frequently referred to as contactless) connectivity technology that enables communication between devices when in proximity.
offboarding of a PSP	A set of activities conducted by a back-end infrastructure operator to revoke a payment service provider's (PSP) access to the infrastructure.
offline payment	A payment in which authorisation and settlement takes place between payer's and payee's devices , without the need for any connection to the internet or other computer network and therefore only in physical proximity.
offline digital euro device	A combination of hardware and software that allows a digital euro user to pay offline with offline holdings that are stored on the digital euro user's device , without the intervention of a third party.

Term	Definition
onboarding of a PSP	A set of activities conducted by a back-end infrastructure operator to enable a payment service provider (PSP) to access the infrastructure.
onboarding repository service	A service that supports enforcing the holding limits and ensuring the exceptional switching (i.e., account portability) of digital euro payment accounts in emergency situations upon the request of the digital euro user .
online payment	A payment in which settlement requires that at least the payer or the payee is connected to a network. A third party validated solution is considered in the current project.
operator	An entity operating one or more digital euro services , e.g. an alias look-up service or an onboarding repository service .
payee	A natural or legal person who is the intended recipient of funds which have been the subject of a payment transaction .
payee-initiated transaction	A transaction involving an instruction from a payee to a payment service provider (PSP) to debit a payer .
payer	A natural or legal person who holds a payment account and allows a payment order from that payment account , or, where there is no payment account , a natural or legal person who gives a payment order.
payer-initiated transaction	A transaction involving an instruction from a payer to a payment service provider (PSP) to credit a payee .
payment account	An account held in the name of one or more payment service users which is used for the execution of payment transactions .
payment authorisation	The consent given by a payer , or a third party acting on behalf of the payer , to pay.
payment initiation service	A service to initiate a payment order at the request of the payment service user with respect to a payment account held at another payment service provider (PSP) .
payment initiation service provider (PISP)	A payment service provider (PSP) pursuing payment initiation services .

Term	Definition
payment institution	A legal person that has been granted authorisation to provide payment services throughout the European Union.
payment instrument	A personalised device(s) and/or set of procedures agreed between the payment service user and the payment service provider (PSP) and used in order to initiate a payment order. Examples of electronic payment instruments include payment cards, credit transfers and direct debits.
payment service provider (PSP)	A legal person providing services (e.g. issuing of payment instruments , acquiring , payment authorisation , digital euro user authentication , offering value added service) enabling payments between digital euro users .
peer-to-peer validated	A digital euro payment solution in which a payment between a payer and payee does not require validation by a third party.
person or business-to-government (X2G) payment	A payment from an individual user (or a business user) to a government or other public authorities (e.g. payments of taxes, duties and fines).
personal data	Any information relating to an identified or identifiable living person, individual user or business user .
person-to-person (P2P) payment	A payment from one individual user to another.
point of interaction (POI)	A physical premise (point-of-sale) or virtual space (e.g., e-commerce and m-commerce) of the merchant at which the payment transaction is initiated.
point of sale (POS)	The address of the physical premises of the merchant at which the payment transaction is initiated.
PSP identifier	An identifier used to uniquely identify a payment service provider (PSP) in the digital euro service platform (DESP) .
PSP mapping	A process of linking a digital euro user's digital euro account number (DEAN) and (if applicable) other aliases to the corresponding PSP identifier to enable forwarding of payment data between involved payment service providers (PSPs) .

Term	Definition
PSP reference data	A set of information of a payment service provider (PSP) that are relevant for establishing a contractual relationship with the Eurosystem, for connecting to the digital euro service platform (DESP) and for the services it provides (e.g., intermediary type, name, address, contact persons, roles in the system, dedicated cash account (DCA) , status).
private money	Money issued by a private entity.
quick response (QR) code-based payment	Payment initiated via the use of a two-dimensional matrix barcode in the form of a machine-readable optical label with digital information, shared between payer and payee .
recovery point objective (RPO)	The maximum amount of time for which data updates (creations, modifications, deletions) can tolerably remain lost/unrecovered as a result of a failure or disaster event. Data changes that precede a failure or disaster event by at least this amount of time are preserved by a recovery.
recovery time objective (RTO)	The maximum tolerable amount of time required to restore one or more applications and associated data to a correct operational state after a failure or disaster event has compromised availability.
redemption of digital euro	A process which results in the destruction of digital euro units and of the corresponding liability on the Eurosystem balance sheet.
residence	The place where a natural person is legally resident in the Union.
reverse waterfall	A method for facilitating the use of a digital euro whereby private money from a linked liquidity source chosen by a digital euro user (e.g. a private money account) is automatically converted into digital euro when the digital euro user's digital euro holdings are not sufficient to make a payment. See waterfall approach and funding .
secure element (SE)	A tamper-proof chip with pre-installed software that can store confidential and cryptographic data and run secure applications.
settlement	The completion of a payment with the aim of discharging digital euro users' obligations.

Term	Definition
settlement model	A model according to which the two technical settlement tasks, namely verification and recording, are allocated among operational entities, or to the local storage devices possessed by digital euro users .
settlement provider	An entity that performs settlement verification (i.e. checking the availability of the payer 's money to assess whether it can be transferred from payer to payee) and/or settlement recording (i.e., performing the bookkeeping of the root of title of holdings).
simplified due diligence (SDD)	A simplified or reduced set of scrutiny measures applicable in low money laundering and terrorist financing risk situations, which should address all components of the standard customer due diligence (CDD) procedure.
stablecoin (backed asset)	A digital unit of value that is not a form of any specific currency or basket of currencies. It relies on a set of stabilisation tools to minimise fluctuations in its price against a currency or currencies.
strong customer authentication (SCA)	An authentication based on the use of two or more elements categorised as knowledge (something only the user knows), possession (something only the user possesses) and inherence (something the user is) that are independent, in that the breach of one does not compromise the reliability of the others, and is designed in such a way as to protect the confidentiality of the authentication data.
technical acquirer	An entity that enables business users , governments or other public authorities to technically accept digital euro payments (e.g. terminal provision). It does not hold digital euro users ' digital euro and does not necessarily adhere to the scheme .
technical proof	A cryptographic proof or authority, over entries (holdings) or identity in the digital euro settlement infrastructure.
token	A substitute value which replaces payment account reference, end-user identification data, or potentially transaction related data.

Term	Definition
tokenisation	A process of substituting transaction -related data and/or other sensitive data based on a surrogate value, referred to as a token .
transaction	A transaction could be a payment or a funding or a defunding , or a reservation or a combination of the previous (e.g., a payment that requires a defunding).
transaction management	Services offered by intermediaries to digital euro users related to the administration and processing of transactions .
third country	A country that is not a member of the European Union
third party-validated digital euro	A solution in which a third party determines the validity of a transaction between payer and payee .
transaction identifier	A unique identifier for a digital euro transaction .
trusted execution environment (TEE)	An isolated processing environment that ensures (i) the integrity and confidentiality of the data that is being processed and (ii) the authenticity of the software/application running on it.
user identifier	A unique identifier created by a payment service provider (PSP) distributing the digital euro that unambiguously differentiates, for online and offline digital euro purposes, digital euro users but that is not attributable to an identifiable natural or legal person by the European Central Bank and the national central banks (NCBs) .
user to application (U2A) interface	An interface suitable for human interaction to permit the exchange of information between software applications of a retail central bank digital currency (rCBDC) and a digital euro user through a graphical user interface.
visitor	A natural person who does not have its domicile or residence in a Member State whose currency is the euro, and who is travelling to and staying in one of those Member States, including for tourism, business or education and training purposes.
validation of a transaction	A process of checking at the level of payment service providers (PSPs) to ensure that the payer is entitled to make a payment, or that the payment fulfils all technical standards.

Term	Definition
verification of a transaction	A set of processes to check the availability of the payer's holdings and perform any other task that may be necessary for the verifying entity, or entities, to assess whether the transaction can be settled .
waterfall approach	A method for facilitating the use of a digital euro by automatically converting the amount of digital euro that exceeds a defined holding threshold into private money , in a linked liquidity source chosen by the digital euro user such as a private money account. See reverse waterfall approach and defunding .
wearable	A broad category of worn or carried physical devices which include a variety of options from less complex devices (e.g., tags) to smart watches.