

# Digital euro has potential in the Netherlands



By Michiel Bijlsma (Tilburg University), Carin van der Cruijzen, Nicole Jonker and Jelmer Reijerink (DNB)<sup>1</sup>

*Keywords:* CBDC, digital euro, consumers, public money, private money, bank accounts, trust, interest rates.

*Central banks around the world are examining the possibility of introducing Central Bank Digital Currency (CBDC). The public's preferences concerning the usage of CBDC are essential determinants of its success. However, research about CBDC has been silent about consumers' willingness to use CBDC and what triggers usage. Our research among a representative group of Dutch citizens aims to fill this gap.<sup>2</sup> It complements the growing list of policy-oriented studies that discuss CBDC design issues such as the governance, cybersecurity and legal aspects. We find that about half of the Dutch population would be willing to open a current account for digital euros at the central bank.*

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<sup>1</sup> The views expressed in this brief are those of the authors only and do not necessarily reflect those of DNB or the ESCB.

<sup>2</sup> This policy brief is based on De Nederlandsche Bank Working Paper 709 [What triggers consumer adoption of CBDC?](#) by Michiel Bijlsma, Carin van der Cruijzen, Nicole Jonker and Jelmer Reijerink.

## Half of the Dutch population ready for digital euro

While Dutch citizens are very satisfied with the current payment options, the digital euro has potential in the Netherlands. About half of the Dutch population would be interested in opening a current account for digital euros, see Figure 1. Our results suggest that people would transfer substantial amounts to this account. A CBDC current account is therefore not only seen as nice-to-have, but as something Dutch consumers would actively use. The most often chosen amount to transfer to the CBDC current account is EUR 101-500. It is more popular to hold a higher amount of digital euros than it is to hold less. The amounts reported correspond to about 10-25% of the amount people hold in their regular current accounts with commercial banks.

**Figure 1. Digital euro appeals to half of the Dutch population**

*The amount willing to deposit on a current account for digital euros*



Source: CentERpanel 2021. Note: 2,523 respondents.

## A key rationale for the digital euro is its not-for-profit nature

The not-for-profit nature of central banks is the most often mentioned rationale by the respondents to introduce digital euros. The digital euro could be a reliable complement to cash and existing electronic payment instruments, offering people more choice. The improved resilience of the electronic retail payment system that digital euros might bring is the second most frequently mentioned reason. Being safer than cash is also in the top three reasons why it can be useful to introduce the digital euro.

## Privacy and security play a key role in the design

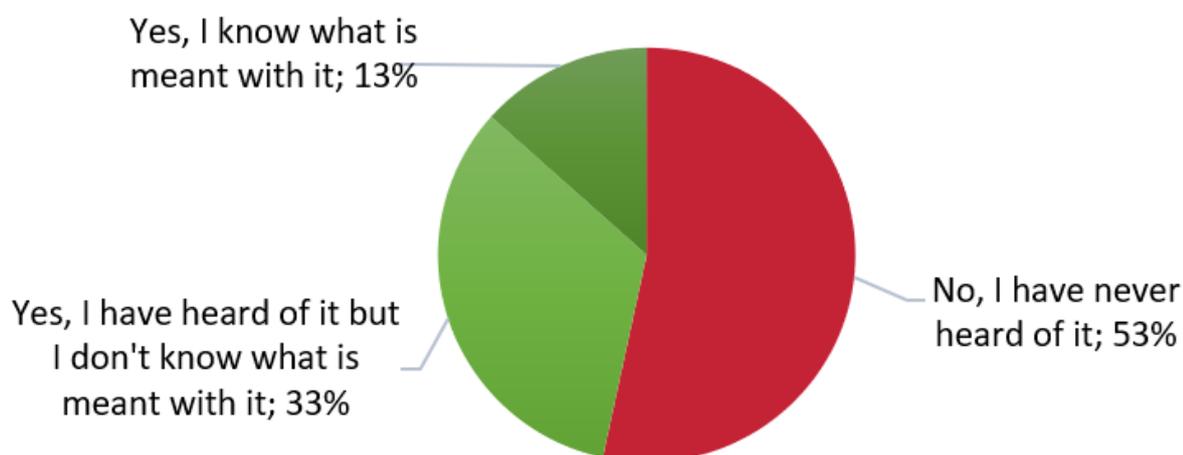
When designing the digital euro it is key to take into account the strong public need for privacy and security. Dutch consumers are willing to hold a digital euro account provided the risk of theft and fraud of their assets is minimised and their privacy is well-protected. We asked respondents in which areas digital euros should perform better than commercial bank accounts. The area mentioned most often is that current accounts with digital euros should provide better protection against theft or fraud of money in the accounts. Better privacy protection is also

a frequently mentioned area where digital euros should perform better on than current accounts offered by commercial banks. These findings are in line with those of the ECB's public consultation on the digital euro among citizens and professional parties in the euro area.<sup>3</sup>

### Intended usage is related to many factors

Intended usage of digital euros depends on personal characteristics, knowledge of CBDC, the importance attached to privacy and security, and trust. Among the potential early users of digital euros are relatively many males, people up to 35 years of age, more highly educated people, homeowners and people living in urban environments. Familiarity with the concept of CBDC increases people's willingness to use digital euros. Almost half of the Dutch citizens are familiar with the concept of CBDC, although most people indicated they did not know exactly what it entails (see figure 2). This finding underscores the importance of providing good information on the digital euro in case it is implemented. The stronger the importance attached to privacy and security, the stronger the intended usage of digital euros as a means of payment. Trust also matters. For example, the amount people would like to hold in digital euros is positively related to trust in the central bank.

**Figure 2. Almost half of the Dutch people are familiar with the concept of CBDC**



Source: CentERpanel 2021. Note: 2,546 respondents.

### Financial incentives matter too

Usage of digital euros as a store of value also depends on the interest rate offered. While our research focused on Dutch citizens' willingness to use the digital euro as a means of payment, we also looked at their willingness to savings options. We found that if the interest rate on a digital euro savings account would be equal to that offered on a regular savings account, about half of Dutch citizens would want to deposit money into such an account. A lower interest rate would temper the enthusiasm to use digital euros. Incidentally, the Eurosystem has no plans to offer digital euro savings accounts, because of financial stability reasons. ■

<sup>3</sup> European Central Bank (2021). [Eurosystem report on the public consultation on a digital euro](#).

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