

Dirk Bullmann
Adviser / Innovation Team Lead
Directorate General
Market Infrastructure and Payments

The ECB's Approach to Innovation

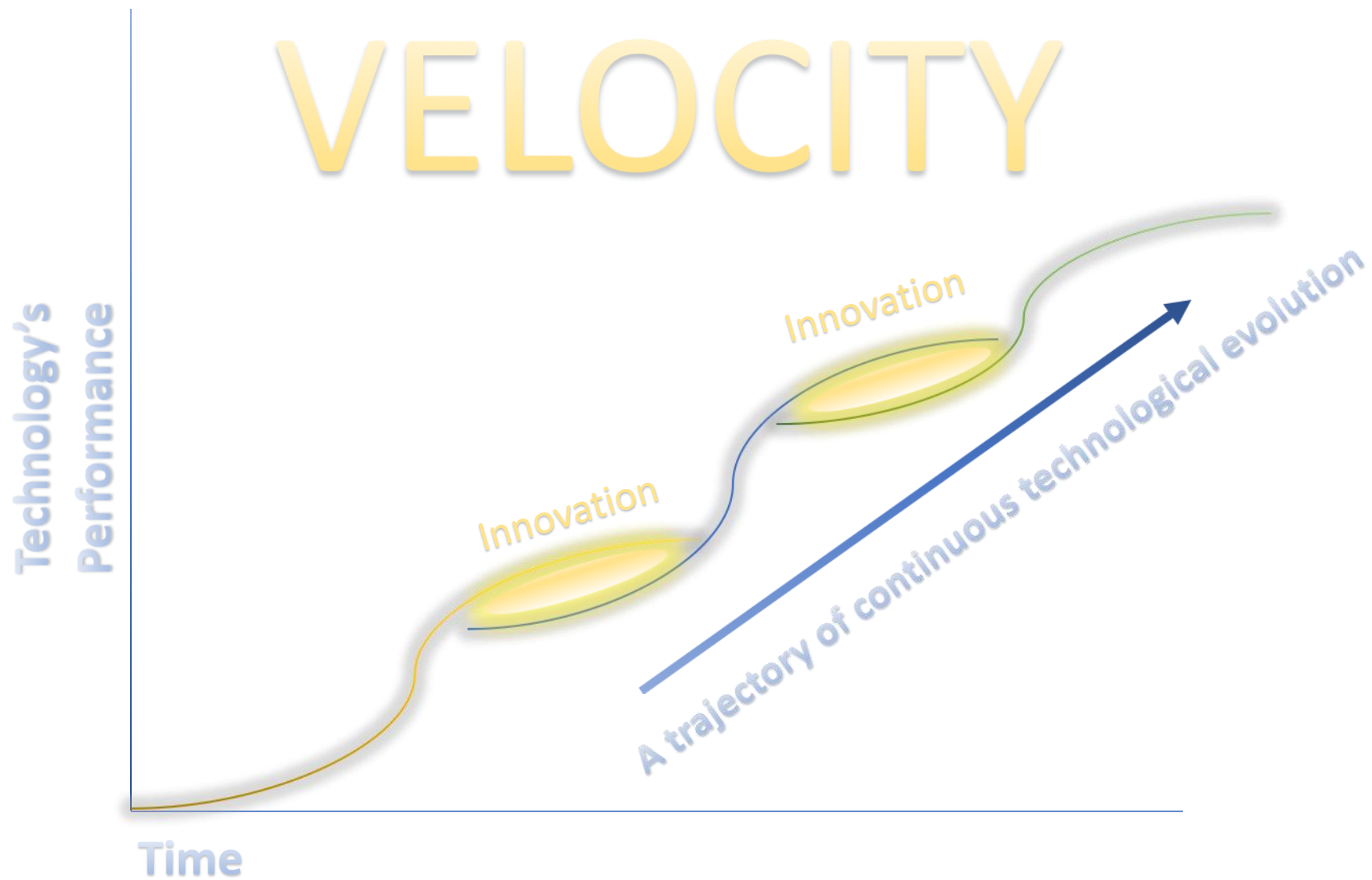
Vilnius, 9 September 2019



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB-PUBLIC

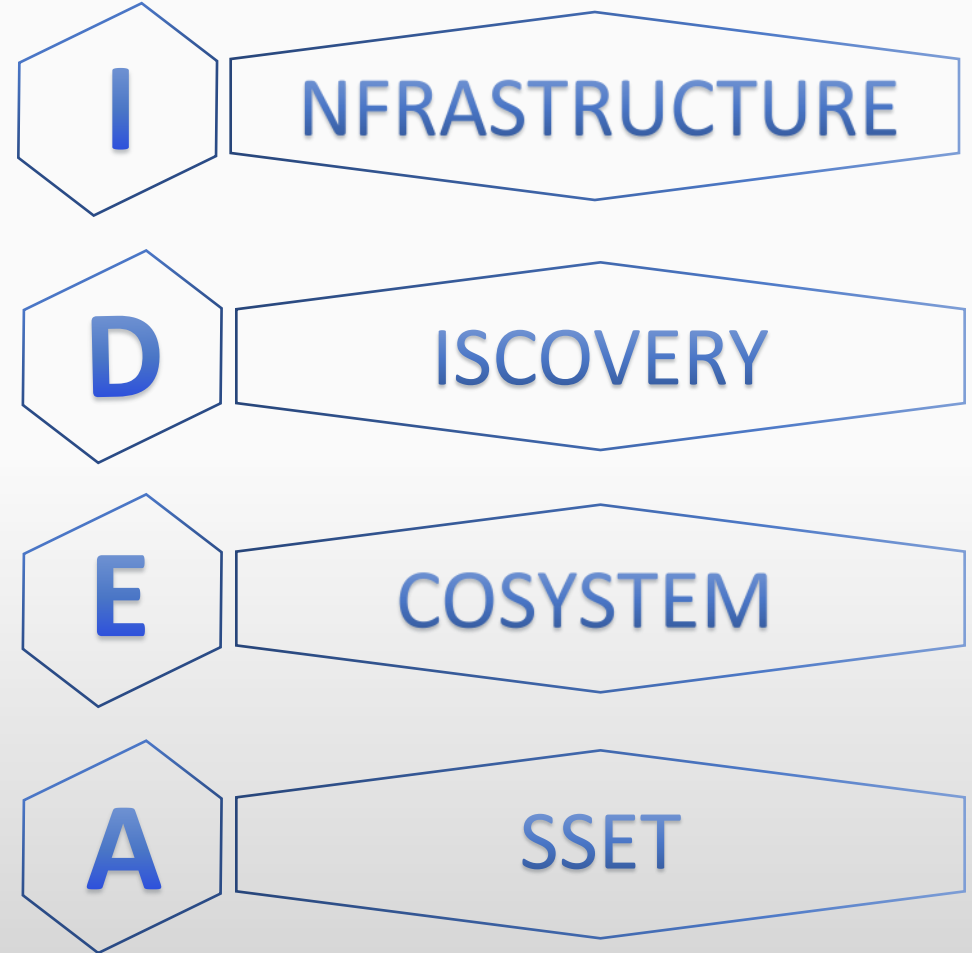
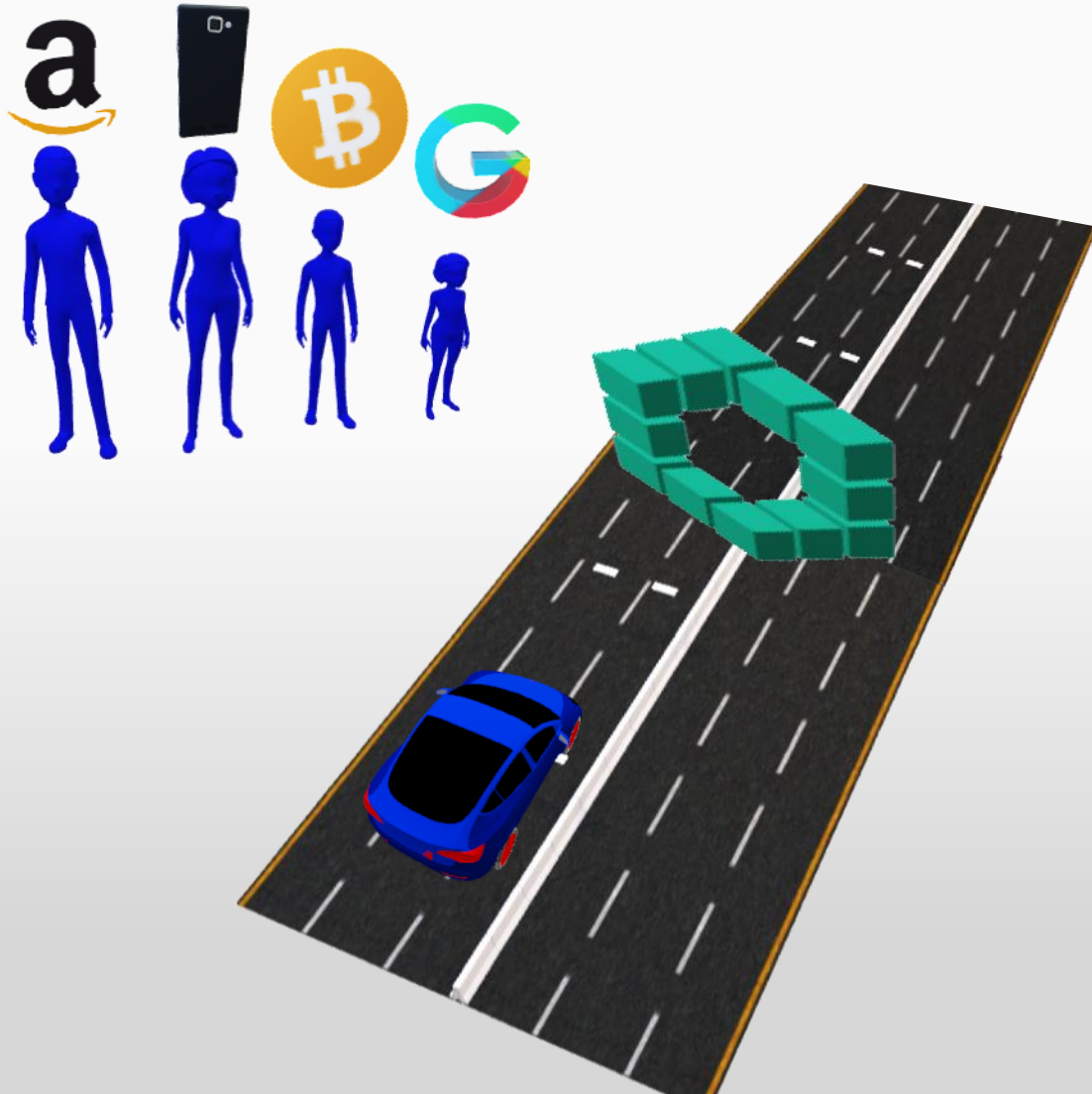


I D E A



EUROPEAN CENTRAL BANK
EUROSYSTEM

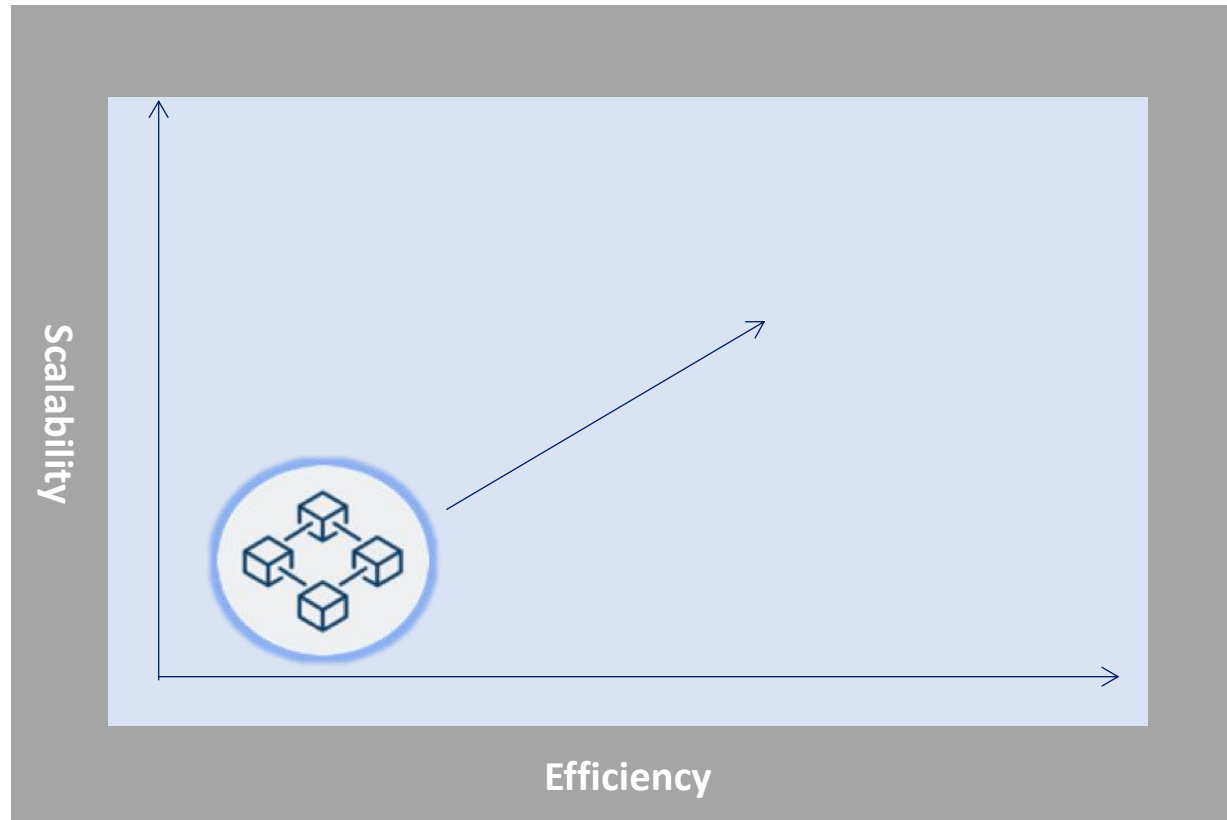
ECB-PUBLIC

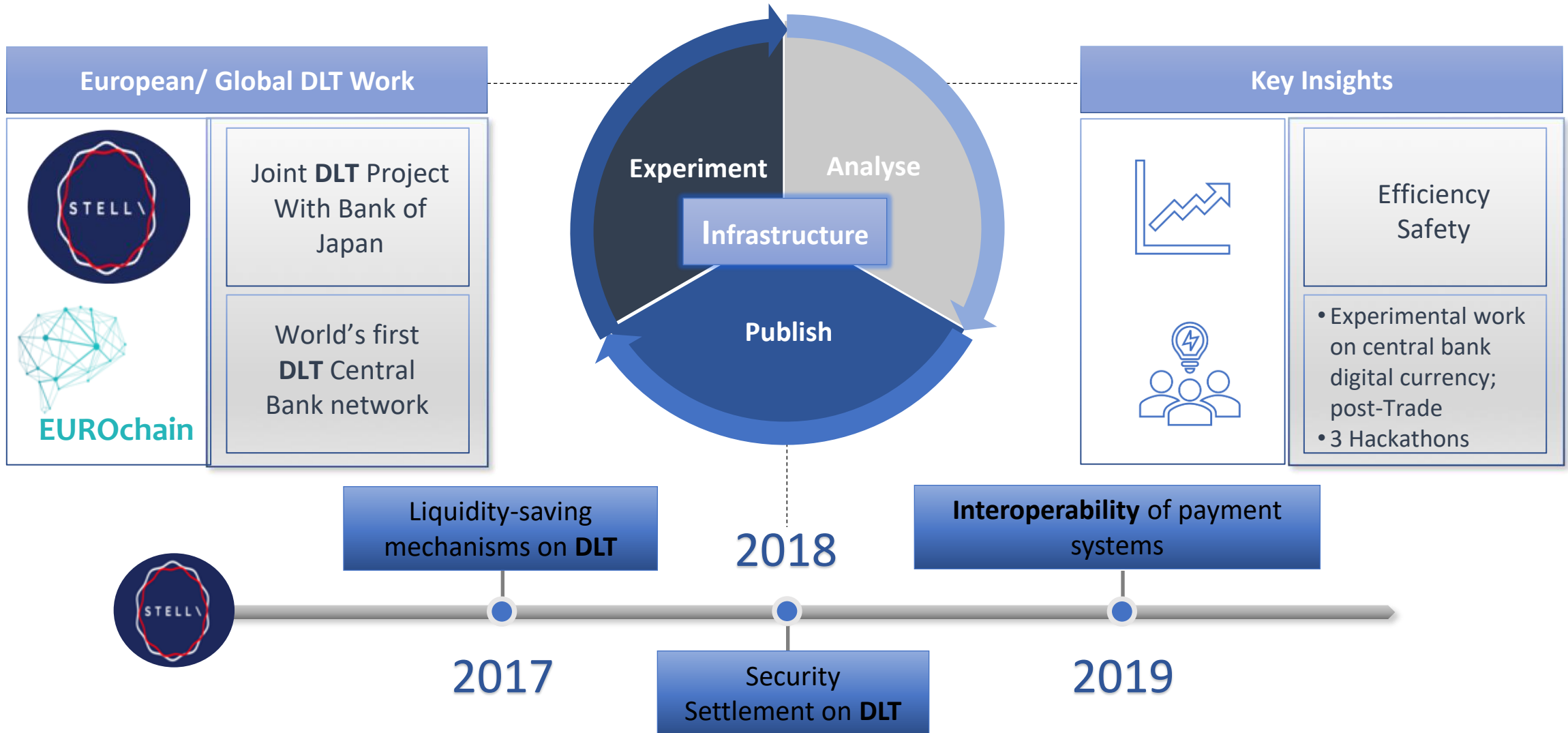


The Velocity of Change in DLT

Off-Ledger
Solutions

New Consensus
Mechanisms





The Velocity of Change in Crypto Assets

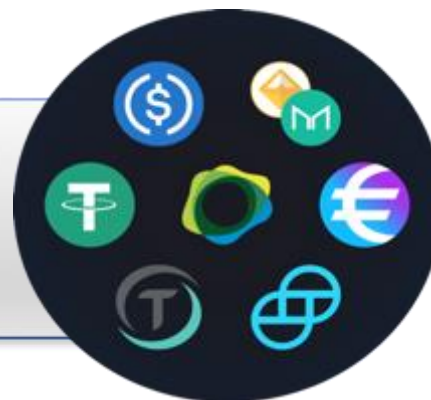
Crypto Assets

High Volatility



Stablecoins

Stablecoins are classified by their primary mechanism to minimise the volatility of their exchange rate

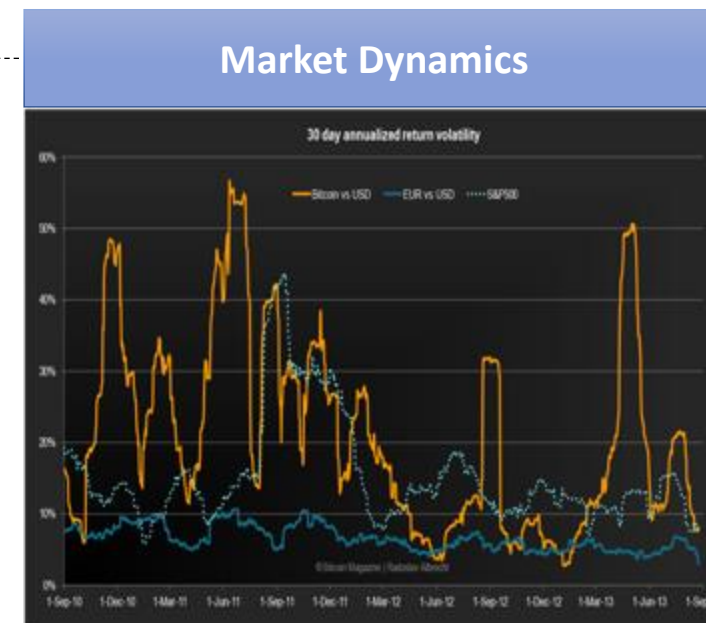
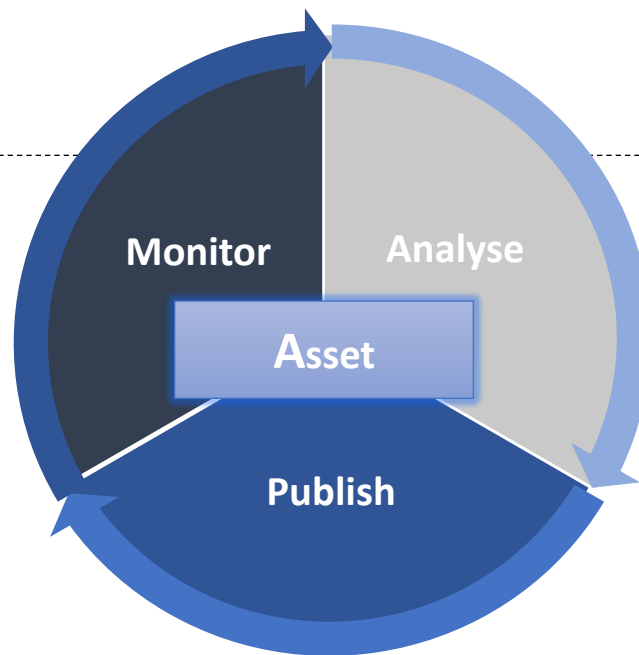


Crypto Assets

Defined as a **new** type of asset recorded in **digital form** and enabled by the use of **cryptography** that **does not represent a financial claim** on, or a liability of, any identifiable entity.

Stablecoins

Defined as digital units of value that, by relying on a set of **stabilisation tools**, try to **minimise fluctuations** in their price

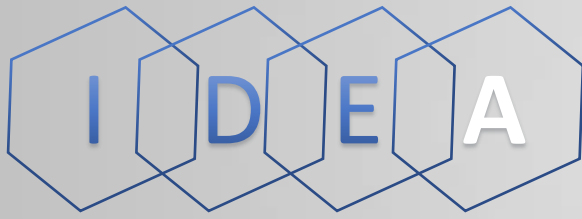


2012: Virtual Currency Schemes

2015: Virtual Currencies – A Further Analysis

2019: ECB Crypto Asset Task Force Paper

Paper: In search of stability in Crypto Assets Are Stablecoins the Solution?



ECB staff paper – “In search for stability in crypto-assets: are stablecoins the solution?”

<https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op230~d57946be3b.en.pdf>

Primary stabilisation tools:

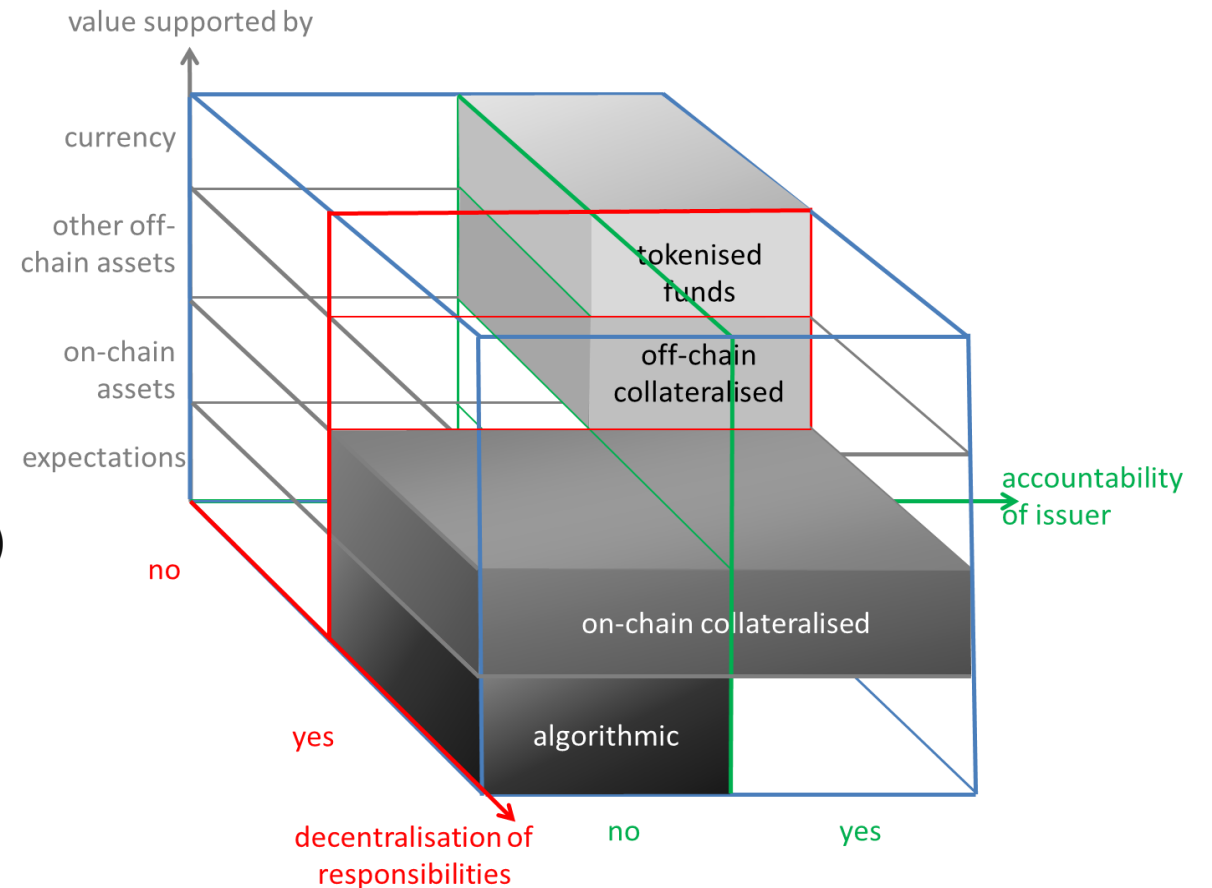
Least innovative

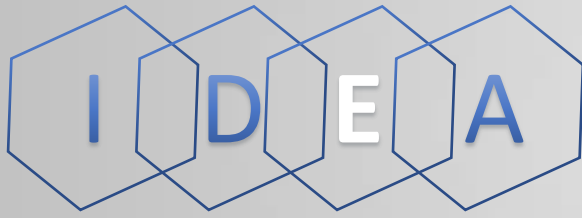
- Backed by currency (funds)
- Collateral in form of off-chain assets
- Collateral in form of on-chain assets (crypto-assets)
- Management of expectations (“algorithmic central bank”)

Most innovative

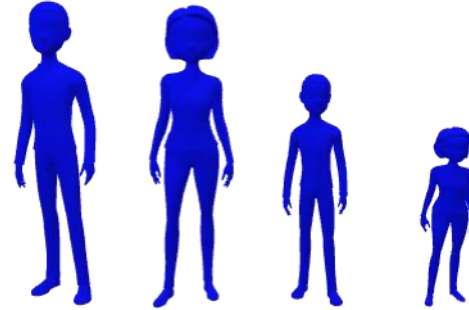
Secondary stabilisation tools:

- E.g. secondary units (equity/bond-like), fees, redemption limits...





Changing User Needs



New Business Models & Players



Fostering Innovation
In Europe

Thank you!

http://



www.ecb.europa.eu/paym/

youtube.com/ecbeuro

www.twitter.com/target_ecb