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News: Digital Euro

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- Recently, the European Central Bank (ECB) has introduced the digital euro as a new central bank digital currency (CBDC), designed to modernise the payment landscape in Europe.
- The digital euro aims to facilitate direct payments without intermediary banks or gateways, functioning as a digital version of cash that enables peer-to-peer transactions, even offline, while maintaining a level of anonymity similar to cash.
- Issued directly by the ECB, this CBDC is designed to lower transaction costs, including for micro-payments which are currently expensive with traditional banks.

- The ECB envisions the digital euro as a counterbalance to non-European payment providers and a tool to strengthen Europe's digital sovereignty against global competitors, especially US companies.
- The Reserve Bank of India (RBI) launched the Digital Rupee (e₹) in 2022, as a CBDC. CBDCs are a digital form of a paper currency and unlike cryptocurrencies that operate in a regulatory vacuum, these are legal tenders issued and backed by a central bank.

Eurozone

- Eurozone is a currency union of 20 member states of the European Union (EU) that have adopted the euro as their primary currency and sole legal tender, and have thus fully implemented EMU policies.
- Countries in European Union but out of Eurozone are Bulgaria, Czech Republic, Denmark, Hungary, Poland, Romania and Sweden.
- Countries in Eurozone have to fulfill 5 economic criteria, known as euro convergence criteria or the Maastricht criteria. These criteria are based on Article 140 of the Treaty of functioning of the European Union.
- There are countries which are not in Eurozone, but uses Euro with formal agreement (Andorra, Monaco, San Marino and Vatican City) and without any agreement (Kosovo and Montenegro).

European Union (EU)

- European Union is **found by Maastricht treaty in 1993** (amended thrice by Treaty of Amsterdam 1997, Treaty of Nice 2001 and **Treaty of Lisbon 2007**).
- EU is a Political and Economic Union of **27 member states**.
- Combined area is 4,233,255.3 km² and population is about 447 million.
- Combined GDP of European Union members are \$20 trillion (25% of Global GDP).
- Members: **Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden**.
- EU countries are having **High Human Development Index**.
- EU is funding Electronic Auto-rickshaw in India named “**Namma Auto**”.
- In the recent India visit, Ambassador of EU to India announced the setting up of India’s first major off-shore wind energy power plant in Gujarat.
- **On 1 December 2009, the Lisbon Treaty entered into force and reformed many aspects of the EU**. In particular, it changed the legal structure of the European Union, merging the EU three pillars system into a single legal entity provisioned with a legal personality, created a permanent President of the

European Council, the first of which was Herman Van Rompuy, and strengthened the position of the High Representative of the Union for Foreign Affairs and Security Policy.

- There are **five recognised candidates for membership of the European Union**: Turkey (applied in 1987), North Macedonia (applied in 2004), Montenegro (applied in 2008), Albania (applied in 2009), and Serbia (applied in 2009). All have started accession negotiations.
- Kosovo, whose independence is not recognised by five EU member states and Bosnia and Herzegovina are recognised as potential candidates for membership by the EU.
- The accession criteria are included in **Copenhagen criteria**.