# SUMMARY

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# Meeting 3. Launch and priorities

## Introduction

The theme of the third meeting of the e-krona dialogue forum was strategies for launching an e-krona and priorities for use cases. Prior to the meeting, the participants had been given five questions to reflect on, and three participants had been asked to present their answers in greater detail during the meeting.

## Question 1 - what are the possible strategies for the launch of an e-krona and what are the pros and cons of each strategy?

The participants discussed pros and cons of a 'broad launch', where intermediaries discover the use cases for an e-krona, as opposed to a 'gradual launch' that starts with specific use cases.

With a broad launch, the assumption was that the focus would be on person-to-person and person-to-business payments. The e-krona would need to work offline as well as online and in-store. Use cases would be identified by market participants. The benefits

of such a strategy are that it would be in line with the main policy objectives of the e-krona that it would ensure public access to central bank money for making payments and take advantage of the market's ability to find use cases for the e-krona. However, a broad launch may take a long time to implement and be costly, as it would require the implementation of new infrastructure or customising existing infrastructure, and would mean being dependent on private operators creating network effects and finding use cases.

With a gradual launch, the Riksbank would itself have control over which use cases were given priority, and it would be able to focus on use cases where there is already some demand and to tailor the e-krona together with the intermediaries. The Riksbank can take advantage of network effects and develop the use cases over time. The risk is that the e-krona would be launched too narrowly and would never have the impact desired to ensure public access to central bank money. Reaching a critical mass of users will be important.

It was also mentioned that there are limited incentives for market participants to invest in a broad-based marketing campaign for the e-krona. The Riksbank could cooperate with well-known brands, government institutions or other actors who are not necessarily the usual actors in the payment system, but who see it as an advantage that consumers use the e-krona. Further, it was mentioned that extensive market tests must be carried out before a launch can take place. For example, a geographical delimitation could be made to test the product.

## Question 2 - if a gradual launch is chosen, it will be necessary to choose which use cases to prioritise. What criteria should be used to prioritise?

In contrast to a commercially driven product, compliance with policy objectives and meeting market needs could be used as criteria for determining priority use cases. How well the policy objectives are attained depends on how well one manages to meet a need in the market and ensure that the e-krona is adopted and used. For the e-krona, adoption by the market might be given higher priority than its actual use in the market, although the intention is also, of course, that the e-krona should be used to a considerable extent.

## Question 3 - what payment situations do you see as possible use cases for an initial roll-out of the e-krona, and why?

The participants identified a number of different use cases that could be interesting to focus on initially in a launch. It was mentioned that for platforms that work with person-to-person (P2P) transactions, an e-krona that enables instant payments could help attract more customers and challenge existing solutions. For P2P transactions, an early use case could be the possibility to buy things anonymously if one does not want the respondent to know who one is (e.g. when buying on the Blocket website or at a flea market).

For person-to-business (P2B) transactions, the possibility of being anonymous was also mentioned as an advantage and as a possible use case at an early stage. One might have legitimate reasons for wanting to pay anonymously (for example, one might not want payments for family lawyers, medical expertise, membership fees for political parties to be visible on one's account statement). Moreover, consumers may not always want to give their card details or pay by card to various retailers. The e-krona can then be an alternative that protects the integrity of the buyer.

Further aspects mentioned were that use cases could be created that take into account the inclusion of individuals who, for some reason, have difficulty making payments or paying their bills with today's technical solutions. Here there is a large potential customer group with a specific need, although it may not be a use case that provides very large adoption in the market at the time of launch.

Ultimately, it is the shops that choose the means of payment to be offered in the P2B segment and for them it is cost and conversion that govern their choices. Conversion depends, among other things, on how well the e-krona has been taken up by consumers. However, the most important factor for the P2B segment is convenience for the customer.

One use case mentioned as an example for creating a wide range of users is to pay the tax refund in e-krona.

If payment service providers are to be involved in the development of the e-krona, it may be desirable to find new segments that do not compete with their existing solutions.

Offline functionality could be a good incentive for retailers. Some pointed out that it should also be possible to explain to the general public at a launch why offline solutions for payments, for example in the event of a crisis, could be useful.

Other very specific use cases that could be addressed early on are services within IoT. Although the machine-to-machine (M2M) segment may not be seen as a possible entry route today, use cases within M2M could be considered in a few years' time. An e-krona launch will not occur tomorrow and it is good to look ahead somewhat when considering potential use cases.

## Question 4 - what contribution from the Riksbank (training courses, communication, documentation, forums, etc.) do different actors in the ecosystem need at the launch of an e-krona?

The Riksbank needs to guide and make it easier for the market to identify use cases and possibly also coordinate the launch of an e-krona. There is a need for extensive training and marketing efforts toward end-users and participants in the e-krona ecosystem. It is important to be able to explain to the public why the Riksbank has chosen to launch an e-krona and what the difference is between an e-krona and commercial bank money. The Riksbank must participate and stand behind an e-krona to create credibility and trust in the system. The banknote and coin changeover was mentioned as inspiration for

the launch of the e-krona. Although the Riksbank's efforts were extensive, the business sector also played an important role there.

## Question 5 - do you have experience of launching payment solutions (or other solutions) that may be relevant? If so, what lessons can be learned in the event of an e-krona launch?

Although there are a few examples where payment solutions have been adopted rapidly, the launch of an e-krona will most likely take time and require perseverance. Flexibility and product adaption over time will be needed. It is hard to put years on the duration of a launch, but reaching a critical mass will be important for the dynamics and perception of an e-krona.

The Forum discussed lessons from various case studies, such as the launch of the Cash Card, Swish and PIX (Brazil's new instant payment system).

One important difference to the Swish launch, for example, is the on-boarding process. In the case of Swish, the banks already had the customer base and helped encourage customers to use it.

At the launch of PIX, the largest intermediaries were forced to join the service. Other intermediaries followed suit, and PIX quickly reached a large customer base, which created major business opportunities in the market.

## Planning ahead

The next meeting is scheduled for 20 October, and will concern business models for an e-krona.