



EUROPEAN CENTRAL BANK

EUROSYSTEM

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ERPБ engagement on digital euro fit in the payment ecosystem

Forward Looking Conclusions



16 July 2025

Digital euro project

Engagement on fit in the ecosystem with market stakeholders started in October 2024

All stakeholders were invited to participate and contribute to all sessions.



Payment Service Providers

3 Core theme sessions on Competition, Synergies and Business Model; 3 Outcome Sessions¹



Merchants

1 Core theme session² on Competition, Synergies and Business Model



Consumers

1 Core theme session² on Digital financial inclusion, Privacy fraud prevention and resilience, and Competition

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*ERPB Fit in the Ecosystem
Technical Sessions*

+ 1

*2-day in-person workshop
was organized to discuss the
key takeaways from the
workstream*

1. Competition and Synergies outcome sessions were held on the same day.; 2. Merchants and Consumers sessions were held on the same day

Process leading to today's discussion

November 2024 -
February 2025

Discussion initiated and presented based on **internal, qualitative analysis**

Based also on previous bilateral engagement

November 2024 –
After each session

Written feedback on the discussions **provided by market participants**

Contributions always published on ECB website

February 2025 –
April 2025

Outcome sessions to **identify areas of widespread agreement** and to focus on **further in-depth explorations**

Ad-hoc outcome session held only for PSPs

May 2025

Workshop conducted to **delve deeper into areas identified** by the ECB and the market as requiring further exploration

Today's
discussion

Forward-looking **conclusions document summarizing the main outcomes and the way forward for the workstream**

29 Value drivers presented and discussed (16 PSPs, 4 Merchants, 9 Consumers)

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Forward-looking conclusions

Competition – *version shared*

- **There is -on a conceptual level- broad understanding that a digital euro with mandatory acceptance and without scheme-fees for intermediaries could give intermediaries and merchants a better negotiation position vis-à-vis International Card Schemes**, especially for those markets where no domestic or regional card scheme is present or where they for now have limited penetration.
- **To counter the perceived risk of disintermediation of European private sector initiatives “co-branding/co-badging” of digital euro with domestic cards solutions or digital wallets could be a promising way out.**
- **This would also take away the need for expensive or complex initiatives of interoperability between domestic/regional solutions. This would reduce the dependency on ICS and create reach across the eurozone.**

Competition – *proposed version after feedback*

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Note: Only key changes will be highlighted here and in the following

- There is - on a conceptual level - **broad** **an understanding** that a **digital euro** with mandatory acceptance and without scheme-fees for intermediaries **may make intermediaries and merchants better off: This could be the case if benefits of a potentially better negotiation position vis-à-vis International Card Schemes (indirect channel) and the benefits of the compensation model (direct channel) would outweigh the downsides of potentially lower ICS volumes. Both benefits could apply especially** for those markets where no domestic or regional card scheme is present or where they for now have limited penetration.
- **To counter the perceived risk of disintermediation of European private sector initiatives, voluntary “co-branding/co-badging” of digital euro with domestic cards solutions or digital wallets could be pursued.** In that scenario the private sector schemes **could** be their preferred brand wherever they are accepted [...]
- **This could provide an alternative to ~~expensive or complex~~ initiatives of interoperability between domestic/regional solutions. It would reduce the dependency on ICS, essentially requiring them only for non-EU payments and/or as premium product, and create reach across the eurozone.** More work is needed how this “co-branding/co-badging” can work **with a logic** as described above, while **allowing for merchant preference** and maintaining **final** consumer choice

Synergies – *version shared*

- The main point of synergy identified in this domain is the creation of what is dubbed a “common acceptance layer” for A2A/push payments for PoS and e-commerce transactions.
- Main components of this common acceptance layer: a ‘free to use’, scheme-agnostic contactless (NFC) kernel with push-payments (terminal-host) protocol, QR-code standard, (open banking) API-standards and several other components currently under evaluation.
- Next to that we will aim to identify in follow up sessions further opportunities to align on data definitions, standards and processes already widely adopted in order to create further synergies and cost advantages [...]

Synergies – *proposed version after feedback*

- The main point of synergy identified in this domain is the creation of what is dubbed a “common acceptance layer” for A2A/push payments for PoS and e-commerce transactions. *[no change]*
- Main components of this common acceptance layer: open standards based on a ‘free to use’, scheme-agnostic contactless (NFC, **first priority especially for POS and ATM**) kernel with push-payments (terminal-host) protocol, open QR-code standard (**second priority**), (open banking) API-standards and several other components currently under evaluation.
- Next to that we will aim to identify in follow up sessions further opportunities to align on data definitions, standards and processes already widely adopted in order to create further synergies and cost advantages [...] *[no change]*

Business Model – *version shared*

- **As the compensation model and other aspects of the business model are part of the Digital Euro Regulation (DER) which is a remit of the co-legislators.** Nevertheless, we aim to share conclusions from the ERPB session on the requirements for a “fair for all” business model that ensures maximum value of lowest possible risks for actors in this space
- **Next to that the joint wish is to work on a staggered roll-out approach for digital euro that spreads cost over time and ensures the most important basic use cases, that ensure adoption and are most crucial for resilience purposes, are prioritised over use cases that can be introduced in a staggered approach.**
- **Next to that we will more clearly identify where the space will be for the private sector to develop on top of digital euro as a “value added service” for which they can consider charging.**
- **Another way to reduce the total investment costs for the market is to investigate how this development (and operational) cost can be mutualised.**

Business Model – *proposed version after feedback*

- Stakeholder views on the proposed digital euro compensation model diverge and are mutually incompatible. **As the compensation model and other aspects of the business model are part of the Digital Euro Regulation (DER) which is a remit of the co-legislators.** Nevertheless, we aim to share conclusions from the ERPB session on the requirements for a “fair for all” business model that ensures maximum value of lowest possible risks for actors in this space [...]
- Next to that the joint wish is to work on a staggered, roll-out approach for digital euro that spreads cost over time and ensures the most important basic use cases that ensure adoption and are most crucial for resilience purposes, are prioritised over use cases that can be introduced ~~in a staggered~~ **at a later stage.**
- Next to that we will more clearly identify where the space will be for the private sector to develop on top of digital euro as a “value added service” for which they can consider charging. **While so far stakeholders view opportunities from value added services as limited, this work may build on opportunities highlighted in the concurrent innovation workstream.**
- Another way to reduce the total investment costs for the market is to investigate how this development (and operational) cost can be mutualised. *[no change; reuse of existing infrastructure where possible is a given]*

Resilience and Transparency – *version shared*

- **With current reduction of cash for retail payments and further reduction expected there is the risk that it can no longer credibly function as a credible-fall-back in case of outages of cards systems, especially at PoS.**
- Digital euro will also ensure a contribution to resilience in general. With increased dependence on digital payments, especially at the physical PoS where often only one type of (cards) transaction is available, supplementing this with a means of payment that works on totally separate rails creates a much-needed alternative in case of disruptions.
- **Furthermore, offline digital euro also creates the option to pay if the internet connectivity of the merchant is lost.**

Resilience and Transparency – *proposed version after feedback*

- With current reduction of cash for retail payments and further reduction expected there **is a non-remote** risk that it can no longer credibly function as a credible-fall-back in case of outages of cards systems, especially at PoS.*
- Digital euro will also ensure a contribution to resilience in general. With increased dependence on digital payments, especially at the physical PoS where often only one type of (cards) transaction is available **today**, supplementing this with a **European, publicly-supplied** means of payment ~~that works on totally separate rails~~ creates a much-needed alternative in case of disruptions.
- Furthermore, offline digital euro also creates the option to pay if the internet connectivity of the merchant **and/or the consumer** is lost. *[no further change; offline digital may also partially address electricity outage]*

*See e.g., Bundesbank cash foresight study:
<https://www.bundesbank.de/en/press/contributions/exploring-the-future-of-cash-in-germany-a-foresight-study-942886>

Digital & Financial inclusion, privacy and fraud prevention – *version shared*

- **As many new payment methods are offering “digital-only” solutions, digital euro can complement these by a solution available to people that are not willing/able to pay with a smartphone, do not have a bank account or want to benefit from the cash-like anonymity of an offline digital euro as foreseen in the draft Digital Euro Regulation.**

Digital & Financial inclusion, privacy and fraud prevention – *proposed version after feedback*

- As many new payment methods are offering “digital-only” solutions, digital euro can complement these by a solution available to people that are not willing/able to pay with a smartphone, do not have or want to open a regular bank account or want to benefit from the cash-like ~~anonymity~~ privacy of an offline digital euro as foreseen in the draft Digital Euro Regulation.

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Next Steps

Proposed prioritised actions and in-depth analyses (1/4):

1. **Launch a joint effort with all private sector European cards and A2A schemes** to work out concretely how these schemes and the digital euro **propositions** will coexist and strengthen each other **and leverage on existing infrastructure where possible**. This will involve:
 - Building on **RDG work on following existing standards or mandating new/upgraded standards** that benefit also private sector schemes.
 - **On a voluntary basis, work out how co-badging/tri-badging – if to be pursued – could concretely work, addressing concerns mentioned in the context of the ERPB work:** collaborate with stakeholders to explore user experience (UX), branding, and business logic solutions (e.g., prioritising domestic solutions or offering the digital euro as an alternative).
 - **Organize deep dive session on leveraging existing processes, also to take note of any misalignment of principles, rules and thresholds with the existing regulatory landscape:** maximize the reuse of existing processes such as AML/KYC, fraud risk management, and onboarding/offboarding for the digital euro. Address industry-wide roadblocks as needed.

Proposed prioritised actions and in-depth analyses (2/4):

2. **Work together with co-legislators to achieve a “fair-for-all” compensation model that reduces risk of unintended consequences and ensures fair distribution of liabilities and value between intermediaries and consumers/merchants.** ERPB can help the co-legislators through joint positions on outstanding topics. Main topics to be addressed here are (non-exhaustive):
- Open funding (balancing openness versus sovereignty as well as operational and user experience complexity)
 - Compensation Model (fee caps, inter-PSP fees)
 - Access to OEM secure element (contractual, pricing)
 - Role of X-Pay wallets in digital euro ecosystem while balancing liabilities in light of the compensation model

Proposed prioritised actions and in-depth analyses (3/4):

3. All parties agree on the need to ensure the potential issuing of a digital euro is as cost-efficient as possible. Therefore ECB is open for a joint effort with all stakeholders on detailing out digital euro roll-out strategy to optimise speed to market, adoption and costs for participants – ensuring costs are as low as possible and smartly spread out over time without endangering policy objectives. This effort could include assessing a “one form factor per use case” approach or the later implementation of specific functionalities (e.g., recurring payments).

Address technical roadblocks (if any) on “digital euro as a service” and clarify two-tier access to DESP: identify and address technical challenges to implementing "digital euro as a service" and clarify two-tier access to DESP within the rulebook development group and during draft reviews. This could include workshops with potential providers of such a service. Finally address in the rulebook fee reporting obligations for acquirers: involve stakeholders, especially merchants, in shaping rulebook requirements for reporting obligations for acquirers.

Proposed prioritised actions and in-depth analyses (4/4):

4. **Organise a deep dive on Digital Euro fraud risk management** (tentative; subject to alignment with rulebook development group workstreams): Jointly work on the fraud management aspects to ensure fraud can be addressed by intermediaries across all payments forms and digital euro is -to the extent possible- fraud-resistant by design.
5. **Organise a deep dive on offline digital euro** *[note: upon specific request of merchant associations]*

Next Steps - Documents

Document	Objective	Timeline
Concluding Workshop - Minutes	Minutes of the Fit in the Ecosystem concluding workshop held on 19-20 May, aiming to report the full discussion including ECB statements	WP closed
Forward looking conclusions	High level potential benefits and concerns related to the design of the digital euro identified during the Fit in the Ecosystem workstream and its concluding workshop on May 19-20	WP closed (<i>will feed into full report</i>)
Annex 1 - Forward looking conclusions	Detailed forward-looking conclusions, including information on interactions with stakeholders throughout the entire workstream and during the concluding workshop	WP closed (<i>will feed into full report</i>)
Full FitE report	Document serving as the basis for both informing internal and external stakeholders on the outcomes, conclusions, opportunities, concerns and proposed next steps. After publication of the report the planning for the agreed follow-up actions will start, prioritised by both urgency and expected value. The report will also indicate on a high level to which extent conclusions were supported by all or part of the stakeholders in the session.	Sharing 48hrs in advance for fatal flow check; Publication on ECB website <i>tbd</i> and also subject to today's discussion

Thank you for your attention

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