# EuroCommerce Messages on the Digital euro regulation proposal

3 key messages

EuroCommerce
Retail & Wholesale

# On 28 June 2023, the European Commission launched a Digital euro regulation proposal

## Our key messages:

1. **Fairer Transaction Fees**

2. **Merchant Choice for Digital Euro and Cash**

3. **Preserving Privacy in the Digital Realm**



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# 1. Fairer Transaction Fees:

Merchants require **a 'fee-per-transaction' model** for digital euro **as close to zero as possible**. And **no fee for low value payments**.

**Why:**

1. **Economies of Scale:** Larger volumes should reduce costs for merchants. Ad-valorem fees (%) are economically not justifiable. (not covered in regulation)
2. **Minimal Fees:** Retailers expect almost zero fees due to reduced risk and costs covered by the ECB. (Article 15.2 and 17.6)
3. **Benchmarks are not the target:** Digital euro pricing shouldn't be compared to existing diverse and inefficient national models. It's a different animal requiring a different approach. (Articles 17.2 (b), 17.5 (c), and 17.5 (d))
4. **Limited Negotiation:** should there be mandatory acceptance, merchants will have limited negotiation space and need safeguards against overly high PSP fees. (Article 7)

**Merchants support a competitive digital euro. It should have minimal fees, ideally close to zero, and not be compared to existing payment methods' prices.**



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# 2. Merchant Choice for Digital Euro and Cash:

If merchants will be required to accept digital euro, they require **clarity and consistency** around the **mandatory acceptance** of digital euro (and of cash).

**Why:**

1. **Cost-Effective Implementation:** Reuse existing technology to save on implementation costs for the digital euro, avoiding replication of current payment systems without legislative coverage.

2. **Flexible Payment Methods:** Merchants shouldn't be required to adopt all digital payment technologies (e.g., QR code, NFC) as no legislation mandates universal implementation.

3. **Merchant Freedom:** Enhance merchant freedom by shifting the logic of 'not allowed, except…' (as outlined in Article 9 and Article 10) to 'allowed, provided…'

**Merchants favor a digital euro that integrates easily into existing systems. They should have the freedom to choose acceptance, with accessible exemptions and exclusions, respecting their contractual freedom.**

# 3. Preserving Privacy in the Digital Realm

Digital euro should allow for an **innovative framework** to emerge so that value added services can be developed by PSPs and intermediaries. Digital euro should offer **cash-like privacy online**.

**Why:**

1. **Innovative Framework:**
    a) **Conditional Payments:** Digital euro should support conditional payments (Article 24).
    b) **Incentivize PSPs:** Encourage new services by removing inter-PSP fees, widening profit margins (Recital 1, 26, 30).
    c) **Multiple Accounts:** Allow users to have multiple accounts (Article 13.7).
2. **Greater Privacy:**
    a) **Self-Custody Wallets:** Users should control transaction signing keys (not covered by legislation).
    b) **Tiered KYC/SCA:** Implement lower due diligence for lower-risk transactions (not covered by legislation).
    c) **Neutral KYC/SCA:** Use identity wallets for digital euro KYC and SCA (Article 25).
    d) **Offline functionality:** allow consumers to pay as anonymous as possible (Article 2.15, 23 and 30)

**Merchants support a digital euro that promotes innovation and provides strong online privacy, similar to cash transactions. This enhanced privacy and innovation will drive customer and merchant adoption, ensuring the digital euro's success.**