

Merchant Payments Coalition Europe

27 February 2026



Merchants need the simplest digital euro fee model

For merchants, the **digital euro is a critical opportunity** to transform European payments – lowering the average cost of payments, promoting innovation & competition, and offering resilience. Merchants are suffering from unilaterally imposed overly high fees, that could eventually lead to **unnecessarily high consumer prices**. Where merchants in most sectors have 1-4% profit margins, banks/Payment Service Providers (PSPs) have around 20-40%¹ and for Visa/Mastercard more than 50%².

The **digital euro compensation model** is a euphemism for fees that will be charged to merchants to cover PSP costs, apparently not just for the acceptance side **but for issuing side as well**. So, let's call it for what it is: **a digital euro fee model**.

The digital euro fee model must meet the Commission's objectives of **#simplification, #betterregulation and 'make doing business easier'**. Rather than the ambiguous wording and complex provisions in the Commission, EU Council and European Parliaments proposals as shown below, **we provide our reasoning and call for a straightforward future-proof solution that meets these objectives and reflects the unique nature of the digital euro**.

Otherwise, the **potential of the digital euro will not be realised**, and merchants will not embrace it nor promote its use.

Key messages

- **Our proposed fee model:** a simple, permanent and uniform **fee of 0,1% with a cap of 4 cents³ per transaction** for the total merchant service charge for **online** digital euro and **no** merchant service charge for **offline** digital euro. This ensures a uniform cap from the start below the lowest fee paid by merchants in the Eurozone⁴, reflecting the absence of ECB scheme fees and the cash-like nature of the offline digital euro.
- **Our proposal avoids:**
 - The need for a transitional and a final fee model.
 - Comparisons with private digital payment methods: the digital euro is incomparable.
 - Burden on the Commission and ECB to collect and calculate costs and caps.

¹ E.g.: [ING](#), [BNP Paribas](#); [Banco Santander](#); [Deutsche Bank](#); [Societe Generale](#), [HSBC](#).

² <https://www.youtube.com/watch?v=ks3wP1nlg6U>

³ To be reviewed regularly – at least every 5 years – by the Commission with assistance of the ECB.

⁴ ~6-7 cents/transaction in e.g. Belgium, Spain, The Netherlands and Ireland.

- Level 2 legal acts to interpret terms like ‘statistically significant’, ‘relevant costs’ and ‘reasonable margin’.

- **Our proposal achieves:**

- A simple, permanent and uniform fee across the euro area, regardless of merchant size.
- Simplification for the Commission, ECB, PSPs and merchants.
- Better quality and enforceability of legislation.
- Assurance that merchants receive the benefit of the absence of ECB scheme fees.
- An opportunity for merchants to recover costs, such as hardware, software, training, operations, and/or incentivise consumers.
- Covering PSP costs from the 0,1% with a maximum of 4 cent per transaction.

Carefully analysing the proposed texts for **Article 17.2**, we comment on each of the words in **bold**.

Commission proposal	Council mandate ⁵	Merchant reasoning
For the purpose of Article 15(2), any merchant service charge or inter-PSP fee in relation to digital euro payment transactions shall comply with the principle of proportionality. Any merchant service charge or inter-PSP fee shall not exceed the lowest of the following two amounts: (a) the relevant costs incurred by payment services providers for the provision of digital euro payments, including a reasonable margin of profit; (b) fees or charges requested for comparable digital means of payment.	During a transitional period of a minimum of five years from the first issuance of the digital euro or until the implementing decision provided for in Article 17c has been adopted by the Commission, the caps on the inter-PSP fee and on the merchant service charge applicable to the mandatory digital euro payment services shall be determined in accordance with this article. In any event, the transitional period shall not exceed ten years from the first issuance of the digital euro. 2. The Commission, with the technical assistance of the European Central Bank, shall, by means of implementing acts, be empowered to determine, publish and periodically review the euro-area uniform caps for both the inter-PSP fee and the merchant service charge and the national caps for both the inter-PSP fee and of the merchant service charge based on fees for comparable means of payment, in accordance with the methodology referred to in Article 17b. Those implementing acts shall be adopted in accordance with Article 39. 2a. [...] 3. The euro-area uniform caps referred to in paragraph 2 shall apply throughout the euro-area.	Transitional period not needed with our simple, uniform fee of 0,1% with maximum of 4 cent per transaction from first issuance. In practice a cap will systematically be treated by PSPs as the amount charged to merchants. No PSP will voluntarily charge less than the cap and have no incentive to share the benefit of the absence of ECB scheme fees with merchants. ‘Comparable’ is arbitrary – which private ones to include and when? - and the digital euro is incomparable: public money with mandatory acceptance and no PSP credit risk. Such comparison is not needed with our fee proposal. Collecting data, calculating, reporting and monitoring these euro area and national caps is creating a lot of unnecessary work that will be avoided with our proposal which achieves a uniform fee across the euro area from the start. Merchants witness a continuous upward push on merchant fees, mainly driven by increasing or introducing scheme fees and by shifting customers to commercial cards. Already now raising the cost for ‘comparable’ private payment means in anticipation of the ECB calculations. Our fee proposal makes that irrelevant. Card schemes pay substantial confidential incentives and/or rebates to

⁵ Supported in various degrees by EPP, Renew, PFE, ECR and The Left amendments.

Commission proposal	Council mandate ⁵	Merchant reasoning
	4. By way of derogation from paragraph 3, where a national cap for the inter-PSP fee or the merchant service charge, or for both, is lower than the euro-area uniform cap, the national cap shall apply to transactions where the place of establishment of the payee is located in that Member State, provided that the deviation from the euro-area uniform cap is statistically significant. The Commission shall be empowered to define whether the difference is statistically significant, with the technical assistance of the European Central Bank, in the framework of the methodology referred to in Article 17b. 2a. After the end of the transitional period, any merchant service charge and inter-PSP fee shall not exceed the relevant costs incurred by payment services providers for the provision of digital euro payment services, including a reasonable margin of profit. These limits shall be uniform and applied in a non-discriminatory manner across the euro area.	issuers and acquirers. The Commission and ECB must include these in their determination of caps, otherwise the caps will be artificially high. No need to define ‘statistically significant’ with our fee proposal. A Level 2 legal act would be necessary to attempt defining “statistically significant”, “relevant” and “reasonable”. “Relevant” costs is asking for trouble. It leaves too much room for interpretation and arbitrary allocation of (indirect) costs. “Reasonable” is a matter of interpretation. For merchants net margins of 1-4% are quite usual and reasonable. Banks/PSPs margins are around 20-40%, which is <u>not</u> reasonable for merchants.

Merchant Payments Coalition Europe

[EuroCommerce](#), [Ecommerce Europe](#), [EACT](#), [IATA](#), [Independent Retail Europe](#) and [SME United](#) have decided to start working more closely together on the topic of retail payments. Merchants across sectors share a common ambition for the future of retail payments in the EU, but also share specific concerns such as the rising payment costs. By creating this coalition, European retail associations aim to foster the exchange of information and views on ongoing legislative and regulatory developments and innovation.

Whilst each organisation within the coalition has its own responsibility and membership, together we coordinate our actions and make the merchants’ voices heard more clearly. Merchants are an essential part of the payment ecosystem, with a direct connection to consumers, and are always directly and indirectly impacted by regulatory, technical and business developments on payments. We, therefore, advocate for their views and experience to be taken into account in these developments.

