

EPIF Position on the Digital Euro

September 2025

Executive Summary

The European Payment Institutions Federation (EPIF) supports the European Central Bank and the co-legislators in their work on a possible retail central bank digital currency: the digital euro. We see the project as a chance to strengthen Europe's payments landscape, increase resilience, and foster innovation and financial inclusion. To deliver on that promise, the legal framework must guarantee a level playing field between bank and non-bank payment service providers (PSPs). This paper highlights key priorities for ensuring an open, competitive and user-centric digital euro that supports broad participation and delivers tangible benefits for consumers, merchants and businesses. In particular, we discuss the following key concerns:

- Ensure a level playing field between banks and non-banks to drive innovation and competition;
- Allow users to hold digital euro in multiple wallets, linked to any payment account;
- Make the ECB's digital euro app fully optional for PSPs;
- Align the Rulebook with industry standards, avoid duplication, and support offline payments gaps;
- Guarantee a sustainable business model with a fair compensation model for PSPs;
- Keep a narrow list of basic services offered by the digital euro.

Introduction

In June 2023 the European Commission published the single currency package that included a proposal for a regulation on a digital euro. The ECB launched the preparation phase of the digital euro in November 2023. Since then, the Council of the EU and the European Parliament have separately advanced their work on the Regulation. Technical work on the scheme rulebook and infrastructure continues within the ECB and the Euro Retail Payments Board (ERPB). EPIF has actively contributed to these workstreams. We now present an updated position that reflects the state of play in summer 2025 and focuses on the needs of the non-bank sector.

A level playing field between banks and non-banks

Non-bank PSPs account for a significant share of Europe's digital payments. These providers, including payment institutions, e-money institutions and fintechs, offer consumers and merchants innovative, cost-effective, and user-friendly payment solutions across a wide range of use cases. Their participation in the digital euro is indispensable not only for competition and innovation, but also to ensure that the digital euro reflects the full diversity of the European payments ecosystem. Without meaningful involvement of non-bank PSPs, the project risks reinforcing existing market concentration and missing opportunities for enhanced choice, competition, inclusion and service quality.

Multiple wallets

Hard holding limits can help manage the aggregate volume of digital euro in circulation, but they should not come at the cost of restricting user choice. Allowing users to hold multiple wallets with different providers is crucial for maintaining a competitive ecosystem. For non-bank PSPs, this is particularly important: if consumers are forced to choose a single wallet provider, they are more likely to default to their existing bank. That would entrench the position of incumbent players and marginalise the participation of newer, innovative actors. Supporting multiple wallets ensures that non-bank PSPs have a fair opportunity to offer services and reach users. From a user perspective, having several wallets allows greater control over budgeting, personal and business transactions, or specific use cases like travel. Technical solutions can manage holding limits across wallets via back-end APIs, so the experience remains seamless and user-friendly.

Open funding and defunding

Consumers must be able to top up or withdraw funds from a digital euro wallet using any payment account, regardless of whether it is held with a bank, a payment institution or an e-money institution. The proposal currently discussed in the Council, which would prevent non-bank PSPs from linking digital euro wallets to bank accounts, runs completely counter to the EU's goal of fostering competition and innovation in the financial sector. It would entrench the dominance of traditional banks and sideline the very actors that have driven innovation and consumer-centric services in recent years.

Equally problematic is the idea of obliging non-bank PSPs to compensate banks for wallet funding services. Such remuneration would create a clear competitive disadvantage and flies in the face of established open banking principles, where payment initiation service providers (PISPs) are not required to compensate account-holding banks. Introducing such a model for the digital euro would not only undermine the viability of non-bank participation but also break with hard-won reforms that opened infrastructure like TARGET and TIPS to non-banks.

Digital euro app

A common reference app can help accelerate adoption, particularly for use cases like offline and person-to-person payments. However, the ECB's digital euro app must remain fully optional for PSPs. Providers must be free to decide whether to distribute the ECB app or integrate digital euro functionality into their own interfaces, such as apps, online checkouts or point-of-sale systems. This flexibility is essential to preserve the competitive landscape and allow PSPs to offer differentiated, user-centric services.

Mandating or prioritising a single front-end would stifle innovation, risk undermining the diversity that characterises the European payments ecosystem, crowd-out emerging European based payment initiatives and increase significantly the implementation and running costs of all PSPs distributing the digital euro, with no additional value. The digital euro should support and not displace the value-added services and user experiences that non-bank PSPs already deliver across the Single Market.

Synergies and fit in the payment ecosystem

Digital euro rulebook should, where possible, privilege the use of, and be interoperable with, industry standards and infrastructures – notably instant payments – and ensure newly adopted standards remain open to the industry beyond the use of digital euro payment services and ECB settlement infrastructure.

The implementation of the digital euro should be phased and focus on addressing primarily the market gaps and avoid unnecessary or duplicated requirements to PSP and merchants. This includes a focus on private fully offline payments which are not supported by existing industry standards and infrastructures.

The list of basic services should be narrowly defined to strike a balance between access to payment services by consumers and a sustainable value proposition to PSPs distributing the digital euro.

Compensation model

Basic digital euro payments should be free of charge for private individuals, in line with the treatment of cash. However, the provision of digital euro services by intermediaries entails a range of operational and compliance costs, including customer onboarding, KYC checks, transaction monitoring, fraud prevention, dispute resolution and customer support. Different merchant categories carry varying levels of risk - from low-risk retailers to higher-risk sectors - necessitating differentiated due diligence approaches and associated cost structures. However, the ECB's subsidized transaction processing infrastructure presents PSPs with an opportunity to realize cost savings compared to traditional payment rails. While merchant services can be priced according to risk profiles and complexity, low-risk transactions (such as standard retail purchases) should remain free to process.

In line with the Payment Accounts Directive (PAD), it should also be possible to charge users for certain elements of service provision, including the management of a digital euro wallet. PAD already recognises that while a basic payment account must offer core services free of charge or for a reasonable fee, additional services or accounts beyond the basic offering can be priced. Applying the same logic here would ensure a sustainable economic model for digital euro distribution and give PSPs the commercial flexibility to participate meaningfully in the ecosystem.

A sustainable compensation model to all PSPs is essential for the adoption of the digital euro across the Union and for continued innovation in the long run. Allowing PSPs to generate revenue through value-added services to merchants and consumers, could create opportunities for innovation in services like conditional payments, while potentially lowering barriers to entry for new market participants. Successful instant payment systems in other markets, such as UPI in India and PIX in Brazil, have demonstrated the viability of such models.

Value-added services

Non-bank PSPs are well-positioned to develop and offer a wide range of digital euro features that enhance utility and drive adoption. These include value-added services such as payment initiation from a third-party wallet, split payments, smart transaction routing, advanced fraud detection, loyalty integration and automated disbursements. These functionalities are essential to tailoring digital euro usage to the real-world needs of consumers and merchants and should be allowed to be compensated. The ECB's proposal to distinguish between core, optional and value-added services is a sound framework that should be retained, ensuring PSPs can commercialise these offerings on fair and reasonable terms.

Recurring payments are another key requirement. The scheme should support both fixed and variable recurring transactions, such as subscriptions, standing orders and invoice-on-receipt models. These are standard features in today's payment environment and must be enabled through secure, user-authorised mechanisms, including fail-safe error handling.

B2B Payment Capabilities

At the same time, the digital euro must not be limited to retail (B2C) payments. B2B use cases such as supplier payments, marketplace settlement, treasury transfers, and on-chain delivery-versus-payment are high-value, time-sensitive, and central to the commercial payments landscape. For PSPs, these use cases would provide a crucial revenue stream, reflecting the additional value and complexity of business-focused solutions. From a merchant perspective, B2B payment capabilities are essential, as the digital euro is intended to be a cash-like equivalent that should work across all payment needs. Without B2B functionality, merchants may resist adoption and stick with existing comprehensive

payment methods that serve both B2C and B2B use cases. Including B2B capabilities from the outset would not only meet merchant needs but also create opportunities for PSPs to offer value-added services like lending, instant programmed payments, and escrow accounts. This approach would create a strong business case for PSPs them to invest in digital euro services.

Acceptance outside the euro area

Many euro-area merchants sell cross-border, and many non-euro merchants sell into the euro area. Article 18 and 19 of the draft Regulation should be preserved and implemented swiftly so that merchants in non-euro EU Member States and key trading partners can accept digital euro on equal terms.

Privacy and data protection

Online digital euro transactions should offer at least the same level of privacy as existing electronic payments while meeting AML obligations. A risk-based approach, combined with the eIDAS 2.0 framework for identification, can deliver proportionality. Offline payments should remain private to the same degree as cash as long as there is an irrevocable and inviolable proof available for the relevant authorities to audit in the event of suspected fraud or other criminal activity.

About EPIF

By way of background EPIF was created in July 2011 to represent the interests of the non-banking Payment Institutions at the European level. Directly and indirectly EPIF represents roughly 250 payment institutions in Europe covering a range of business models. EPIF brings together European and international companies in the remittance sector, three party card schemes, third party providers, cross-border acquirers, payment processors, electronic payment providers, fx traders, electronic wallet providers and operators of mobile payments.