

ACCIE – Position on the Digital Euro

The Association of Credit Card Issuers Europe (ACCIE) represents the specialised European credit card issuing industry to the European Union. ACCIE's mission is to ensure that cardholders across Europe gain optimal benefit from the credit card payment instruments offered by its members.

Executive summary

As a complementary addition to the existing payment ecosystem, the Digital Euro could drive innovation in digital payments infrastructure in Europe. The introduction of a Digital Euro could also cause major disruption to existing EU payment service providers (PSPs). As such, **it is essential that the Digital Euro's primary objectives and the path to achieving those are clearly defined prior to the launch.** ACCIE calls on the co-legislators to tackle the following points during the ongoing negotiations:

- **A clear added-value must be established before the Digital Euro is launched for retail payments.** The Digital Euro should complement existing payment methods in certain use-cases and compete with them on a **level playing field.**
- **The Digital Euro's legal tender status should not be understood as mandatory acceptance in all cases:** both merchants and PSPs should retain contractual freedom not to accept or use the Digital Euro.
- **The compensation model must account for the implementation costs incurred by PSPs to offer free basic services, while allowing them to recover a reasonable profit margin.**
- **Fees for Digital Euro payments should be set by the market** to ensure a well-balanced payments market. Healthy competition among PSPs would set fees at the optimal rate.
- **Low holding limits are crucial to safeguarding financial stability.** Holding limits should be set at a reasonable level to facilitate day-to-day payment usage, to mitigate as much as possible the risk of disintermediation and deposit outflows.

Safeguarding choice

Currently, European PSPs offer customers and businesses a large variety of innovative and competitive payment methods and instruments to cover their different payment needs. For a retail Digital Euro to complement these payment offerings, its objective should be to **provide a clear added-value on top of existing payment methods.** As the Digital Euro will be a newly established payment method in the EU, we support the European Commission's proposal (*Article 9, 10*) that **the Digital Euro's legal tender status should not be understood as mandatory acceptance in all cases from the start.** Merchants should be able to retain contractual freedom not to accept or use the Digital Euro until the market conditions have been set and are well-functioning. For a project of this size and scope, a cautious and phased approach to the Digital Euro's rollout is key to minimizing disruption and ensuring existing payment infrastructures can integrate with the digital euro without incurring excessive costs.

Fair competition and innovation

Introducing a new payment method that is publicly funded risks distorting fair competition in the EU's payments ecosystem. European players in the private sector have already invested heavily in developing resilient, efficient and secure payment solutions, which must be allowed to compete on a level playing field. As such, the Digital Euro should compete on the same terms as other digital means of payments. The compensation model for the Digital Euro must account for the implementation and operational costs incurred by PSPs to offer free basic services, while allowing distributing PSPs to recover a reasonable profit margin. Strict limits should be imposed on the incentives and public funding allocated to the Digital Euro in order to maintain healthy competition in the payments market. Distributing the Digital Euro will incur significant costs for PSPs, from providing the infrastructure to fraud prevention to customer support. As such, any fee limits must ensure a level playing field between the Digital Euro and existing payment methods, with price-setting left to market dynamics and based upon the current fee structure. This will ensure European PSPs can continue to develop and provide innovative products for consumers.

Holding limits to ensure financial stability

In the interests of financial stability, holding limits for the Digital Euro should be set at a reasonable level to facilitate day-to-day payment usage, as the Digital Euro is not intended to serve as a store of value. Safeguarding financial stability is the most important precondition for the introduction of the Digital Euro. Maintaining the availability of credit to customers and businesses across Europe is key to driving economic growth. Deposits from the public are a key source of financing credit, particularly for small and medium credit institutions. Therefore, the transfer of savings from commercial bank accounts to an ECB-guaranteed Digital Euro account may cause capital adequacy and liquidity issues, and threaten the ability of EU payment services providers to provide credit.

In order to ensure compliance with holding limits, it is essential that they should be set per user and not per account, to prevent users from opening multiple Digital Euro accounts across different PSPs, which could obscure the total holdings of an individual and compromise transparency. Similarly, as the Digital Euro is becoming a highly political project, decisions should be made close to citizens, and with as much transparency as possible. The distribution of roles should also avoid any perceived conflicts arising from the ECB's dual role as both the issuer of the digital euro and the supervisor of euro-area banks. As such, we believe that **the European Commission is the appropriate party to determine the holding limit.**

Empowering consumers to make informed choices

ACCIE welcomes that the Digital Euro initiative supports the objective of ensuring high levels of data privacy that will apply to both the distribution and use of the Digital Euro and are in line with already existing Union data protection laws, such as [Regulation \(EU\) 2016/679 \(GDPR\)](#) and [Regulation \(EU\) 2018/1725 \(EUDPR\)](#). **It is crucial that the Digital Euro maintains the high standards of data privacy that are already offered to customers using existing payment methods.** However, significant questions are raised as to the coherence of such privacy requirements while also monitoring holding limits of each individual digital euro user – which will be vital to ensure deposit outflows do not create financial instability.

Furthermore, since the Digital Euro is a newly established payment method, it is essential that payment services users are **educated on the differences between the Digital Euro and existing digital payment methods** to ensure that they make well-informed decisions. The [2023 Eurobarometer on financial literacy](#) shows that only **18% of EU citizens display a high level of financial literacy**, 64% a medium level, and the remaining 18% a low level.¹ **As such, financial education will be key to ensuring that consumers fully understand what the Digital Euro is, and what it is not.**

We believe that customers should have full awareness of the use-cases in which other payment methods would offer more protection or benefits. For example, credit cards offer the highest levels of customer protection, as issuers assume liability for unauthorized transactions, and offer additional post-transaction services when a product is damaged upon delivery, not delivered, or in case of other payment-related disputes between a merchant and cardholder. The Digital Euro will be an appropriate payment method in certain situations, but not all: consumers should be empowered to recognise this and make informed decisions.

In summary, ACCIE supports the careful and phased introduction of the Digital Euro, ensuring it complements existing payment solutions without disrupting the market or financial stability. We urge policymakers to consider the concerns raised above and partner with private sector stakeholders to achieve a well-balanced payments ecosystem that benefits consumers and businesses alike.

¹ <https://europa.eu/eurobarometer/surveys/detail/2953>