



EUROPEAN CENTRAL BANK

EUROSYSTEM

Summary of MAG members contributions:

Payment acceptance
Use case prioritisation

Market Advisory Group

FINAL



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Digital euro project team

Disclaimer

The following presentation summarises elements of the contributions on “Payment acceptance and use case prioritisation” made by Digital Euro MAG members at the meeting; these elements need not necessarily reflect design decisions for the digital euro.

Payment acceptance

What might be the key cornerstones of an effective acceptance business model for digital euro?

Overview:

- Payment market is two-sided: both consumers and merchants are needed to create network externalities
- Strong degree of competition and innovation from market actors, both incumbents and new entrants
- Vast majority of merchants have basic acceptance infrastructure, even in markets with low digital payments penetration
- Roll-out of payment methods with new/updated acceptance infrastructure slow and expensive (adding one payment method can take months of work for online merchants)
- Remuneration for provision of payment services is an important aspect

Takeaways from members specific to the digital euro:

- Noted that PSPs could be key to enabling the digital euro's adoption
- Harmonised EU legal framework for the digital euro could be proposed
- Point of interaction payments (POI) with online and offline usage could be the focus
- Propose a remuneration model that creates value for all market participants

Payment acceptance

Takeaways from members specific to the digital euro:

- Proposal that pricing is competitive, simple and transparent
- Security and privacy proposed by design, with seamless SCA and simple and convenient user experience. 1-Click Onboarding: end-users can onboard to Digital Euro possibly without additional KYC/AML
- Reliable: proposal that acceptance infrastructure should meet current best standards for reliability (99.99+% uptime)
- Interoperability proposed between different payment solutions using the digital euro
- Possibility to utilise anonymised payment data to provide value-added services
- Could leverage current and “near future” acceptance infrastructure to ensure speed of roll-out, preservation of merchants’ integrations and build on current market investments
- Support for refunds, disputes, etc. could be an added advantage
- Possibility to leverage “easy to use” APIs to allow infrastructure/account access that could speed up development and integration time
- International component proposed: with non-EU merchants accepting Digital Euro payments

Use case prioritisation

What retail payments use cases should a digital euro tackle, what criteria would you take when deciding to make a payment solution available in one payment segment earlier than another?

Diverging proposals:

- Use cases currently cash dependant (digitalising cash features whilst avoiding its downsides/risks)
- New value-added services and differentiating features with respect to other electronic payments
- Agreement that market should lead innovation
- Focus on achieving critical mass amongst users

