Summary of MAG members contributions:
Payment acceptance
Use case prioritisation

Market Advisory Group

19 November 2021
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 meets 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
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