



EUROPEAN CENTRAL BANK
EUROSYSTEM

The digital euro in a changing payments ecosystem

Eurogroup



7 October 2024

A large, bold, white number '1' is centered on the left side of the slide. The background behind the number is a vibrant gradient transitioning from purple at the top to blue at the bottom, with a diagonal split line separating it from the white background on the right.

1

**A changing
payments landscape**

Europe's payments landscape is changing fast – to the detriment of European players



We do not currently have a **pan-European digital payment solution**.

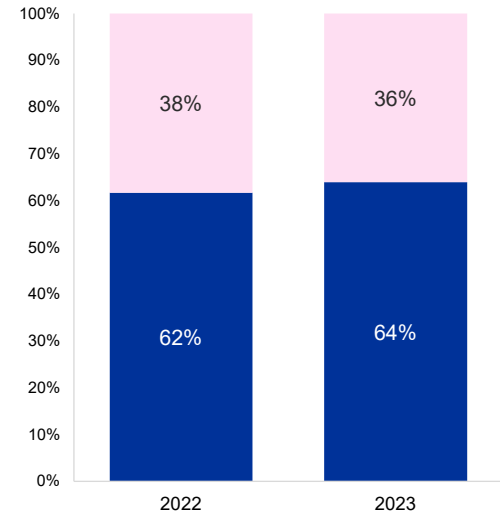


Private initiatives and domestic schemes struggle to scale up to the pan-European level and compete with international card schemes.



As a result, **foreign initiatives**, including those from China, Brazil and India, **are increasing their market share**.

Electronically initiated **card transactions in the euro area**



Domestic card schemes
International card schemes

Source: ECB payment statistics.

The dominance of foreign providers has implications for payment resilience

Relying on foreign providers creates dependencies:

- Domestic schemes rely on Mastercard and Visa for contactless payment services
- Payment services offered by foreign providers may be suspended or revoked



Europe needs its own strong digital payments system to ensure its resilience and autonomy.

2

**Digital euro: benefits
for stakeholders**

A digital euro can benefit all market stakeholders

Digital euro is **widely supported by consumer and merchant organisations**

The **three main concerns of financial intermediaries** are:

1

**The impact on bank
intermediation**

2

**Revenues and costs
of implementation**

3

**Interaction with other
market participants**

1

Holding limits will be carefully calibrated to mitigate the impact on bank intermediation



Work on the **calibration of holding limits** is advancing



We are **engaging with all stakeholders**, including the market and national authorities



We are working to define a **methodology that would make it possible to simulate the impact of different holding limits** on banks



We plan to **conclude and present the work by spring 2025**

2

A digital euro would be cost-effective and support the business models of payment service providers (PSPs)

Integration
into existing
infrastructure

We aim to **reuse existing standards** as much as possible in the digital euro rulebook.¹

PSPs may integrate digital euro services into their **existing applications**.

Fair
compensation

A **fair compensation model** will enable PSPs to generate additional revenues.

Innovation

PSPs can **offer value-added services**, built on digital euro open standards, as an additional source of revenue.

¹ See the latest [report](#) of the Rulebook Development Group.

A digital euro would enable regional and domestic payment schemes to increase their strategic relevance

Reducing dependencies

- ✓ Eliminate dependency on international card schemes for **contactless in-store payments**
- ✓ Use digital euro open standards to **broaden services and geographical reach**

Combining forces

- ✓ Schemes could **incorporate digital euro in their apps** or potentially issue a physical card in conjunction with digital euro (“co-badging”)

Conclusion



The European payments landscape is changing fast, and we need to adjust.



A digital euro would offer new possibilities, and we **are working with all stakeholders** to reap the benefits.



Implementing a digital euro across the euro area would take several years, while market participants need clarity. **We must therefore start preparing now.**



We need to set an ambitious pace to ensure that Europe is prepared for a digital euro if the need arises.

Additional supporting materials:

- Updated digital euro [FAQ](#)
- [Report](#): A stocktake on the digital euro
- [ECB Opinion](#) on the European Commission's legislative proposal on digital euro
- Digital euro [two-pager](#)
- Digital euro [LinkedIn page](#)

Thank you