



EUROPEAN CENTRAL BANK  
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EUROSYSTEM

# Summary of collected inputs from ERPB

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Cross-currency and conditional payments

22 February 2023



Digital euro project team

# Cross-currency payments – high-level summary of feedback received

*ERPB members were invited to share their views on the use cases and to flag any challenges they see to the provision of cross-currency payments.*

- ERPB members overall agreed to **focus on the euro area market first**, considering future interoperability to the extent possible.
- ERPB members **supported the suggested use cases** of person-to-person transactions and further enriched the analysis suggesting to **overcome the distinction between e-commerce and in-store payments** due to the growing **omni-channel approach** by merchants handling payments online and in-store in a seamless way and with the same check-out experience.
- ERPB members flagged as key challenges **transparency to the transacting parties**, ensuring data protection and setting of the exchange rate with associated fees, as well as **technical and legal framework compatibility**.
- Member(s) of the banking sector supported a priority for euro payments and deemed the different **regulatory frameworks as more challenging** when compared to technical aspects.
- Member(s) of the consumers sector suggested considering also payments with public authorities and **focusing interoperability efforts on non-euro area EU/SEPA countries**.
- Member(s) of the payment institutions, e-money institutions and third-party providers sector acknowledged the **primary need to design a product that meets the needs of the euro area market** contemplating future interoperability and the digital euro scheme to be interoperable with other schemes.

# Conditional payments – high-level summary of feedback received

**Conditional payments\***, which is understood as the ability to instruct a payment automatically when pre-defined conditions are met. \*These payments were formerly referred to as “programmable payments”. The new term will be used going forward in public communication

**ERPB members were invited to share their views on the use cases and reflect on the need for support to the market to provide conditional payment services (incl. core capabilities of a back end IT architecture)**

- ERPB members overall agreed that **conditional payments would be a valuable addition** to the digital euro based services, but acknowledged that the market is best placed to lead the development of conditional payment services, as they know consumers well and can flexibly respond to their needs
- Most members cautioned **against programmable money**, in view of impact on the economic freedom of individuals as well as legal tender status of the digital euro – in line with the Eurosystem position that digital euro would not be programmable money.
- On the **use cases for conditional payments**, ERPB stakeholders supported the list identified by the project team (incl. recurring payments, pay-per-use scenarios, payment-vs-delivery, automatic reimbursement, subscription services, split payments and machine to machine payments), while noting that many of these already exist in the current digital payments. Members advised that the approach to conditional payments should remain **future-proof and open to development of new use cases**.

## Conditional payments – high-level summary of feedback received

*ERPB members were invited to share their views on the use cases and reflect on the need for support to the market to provide conditional payment services (incl. core capabilities of a back end IT architecture)*

- ERPB members shared the view that **interoperability** of different conditional payment solutions should be ensured by including **common standards** into the digital euro scheme rulebook. They suggested that the rulebook should:
  - define the standards and functionalities regarding the **interactions of market participants**
  - ensure **flexibility** and **allow for integration of end-user focused services** into the digital euro ecosystem.
- Additionally, members flagged that while commonly defined standards ensuring interoperability are considered essential for a successful payment system, **common standards do not always guarantee consistent and aligned implementation** across the market (as illustrated by the PSD2/SCA example).
- On the **reservation of funds functionality**, members saw value in offering it by back-end settlement infrastructure, but advised that any technology chosen must allow for the evolution of services to be simple and cost-effective and enable market participants to differentiate their offerings.

# Thank you!