Summary of collected inputs from MAG members

Compensation model

10 May 2023

Digital euro project team
Compensation Model (1/2)

MAG members acknowledge the proposed compensation model and suggest further considerations and clarifications to ensure a successful adoption and implementation.

• The majority of members support the ‘free for basic use by private individuals’ principle, but stress that distributing PSPs have to receive sufficient compensation.

• Members also agree that acquiring PSPs should be able to charge merchants for the services they provide. In this regard, most members believe that an inter-PSP fee should be paid by acquiring PSPs to distributing PSPs to ensure sufficient compensation of the latter and balance the economic incentives.

• Members generally agree with the principle that the Eurosystem bears its own costs, but ask for further detail on what these costs covered would include, particularly in the context of processing. Moreover, members note that setup and implementation costs should be analysed, stressing that they might be the most relevant costs for intermediaries. In this sense, members generally ask to consider the possibility of the Eurosystem or member states subsidising or compensating for such costs.
• There is no broad consensus among the MAG members in terms of price setting and/or price expectations. On one side, several members stress the importance of measures such as price caps or floor to prevent unreasonable pricing from PSPs (both too high, which would severely damage adoption, or too low, avoiding practices such as price dumping), as well as ensuring that the digital euro would be an attractive option for merchants in terms of costs. On the other side, several members stress that price setting should be left to the market, and that the Eurosystem and the legislator should refrain from measures that could restrict competition.

• Additional considerations that have been raised by several members relate to the value of reusing existing infrastructure to minimise the costs for PSPs and the relevance of assessing the magnitude of potential deposit outflows and corresponding loss in revenues for distributing PSPs.