



EUROPEAN CENTRAL BANK

EUROSYSTEM

European retail payments in the digital era

EuroCommerce CEO Summit

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The Eurosystem's retail payments strategy

Revitalising the Eurosystem's retail payments strategy

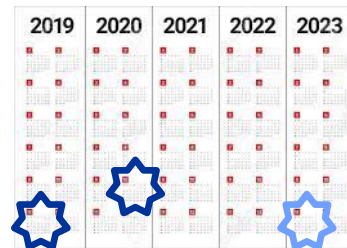
The Eurosystem has updated its retail payments strategy, three years after its adoption, following a number of key developments:

External

- Acceleration of digitalisation with the pandemic
- Increasing presence of big tech in payment and basic banking services
- Russian invasion of Ukraine and related increase in (cyber) risks to critical infrastructure in the EU/euro area

Internal

- Progress made on the digital euro



Priorities for 2024 and beyond

1. Existing goals remain important:

- pan-European solutions for retail payments at the point of interaction (POI)
- strengthening the “classic” Single Euro Payments Area (SEPA) (including full deployment of instant payments)
- improving cross-border payments
- supporting innovation, digitalisation, accessibility and sustainability in the European payments ecosystem

2. New goal added: increasing the resilience of retail payments

3. Explaining the *complementary* relationship between the retail payments strategy and the digital euro project

MIP NEWS

Eurosystem updates its retail payments strategy

22 November 2023



Strengthening the “classic” SEPA – key aspects for merchants

- **Full deployment of instant payments**
 - **Opportunities** for merchants: funds available in merchants’ accounts in around ten seconds, more cost-effective, easier-to-understand pricing structure, expected increased availability thanks to instant payments regulation.
 - Requires **attractive conditions** for end-users, such as availability on all commonly used electronic channels, and **additional functionalities**, such as SEPA Request to Pay.
- The Eurosystem welcomes the European Payments Council’s **SEPA Payment Account Access (SPAA) scheme**.
 - The SPAA scheme enriches the European payment landscape by enabling innovative account to account services and payment solutions, providing **merchants with more options** to tap markets across borders.

Complementarity with the digital euro

**Digital
euro**



**Retail
payments
strategy**

Both pieces of the puzzle reflect the need to achieve **economic efficiency** and **strategic autonomy** in Europe, to make retail payments more **resilient** and support **digitalisation** and **innovation**

Envisages using, to the greatest possible extent, existing industry standards, components and technology

Private retail payment solutions could leverage the implementation of the digital euro to achieve pan-European reach

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The digital euro

What's in it for merchants

A digital euro would preserve the freedom to use a public means of payment for the 349 million people who live in the euro area



Responding to evolving payment trends

Reflecting people's increasing preference for digital payments while still offering the option to pay with cash



Cash payments fell from 72% in 2019 to 59% in 2022



Online purchases increased from 6% in 2019 to 34% in 2022

Most consumers (60%) still consider it important to have cash for payments

Making people's lives easier

Providing a public digital means of payment that consumers could use **free of charge, for any digital payment, anywhere in the euro area**

Strengthening Europe's resilience



Tackling geopolitical challenges and strengthening our resilience



Ensure **Europe's strategic autonomy** and monetary sovereignty



Reduce our **dependence on non-European payment service providers**



Foster **innovation** and **competition** in the European payments sector

A digital euro offers merchants a state-of-the-art payment solution and easy access to Europe's consumers



Efficient payments

- + State-of-the-art payment experience for consumers
- + Access to consumers across the entire euro area



High(er) conversion rates

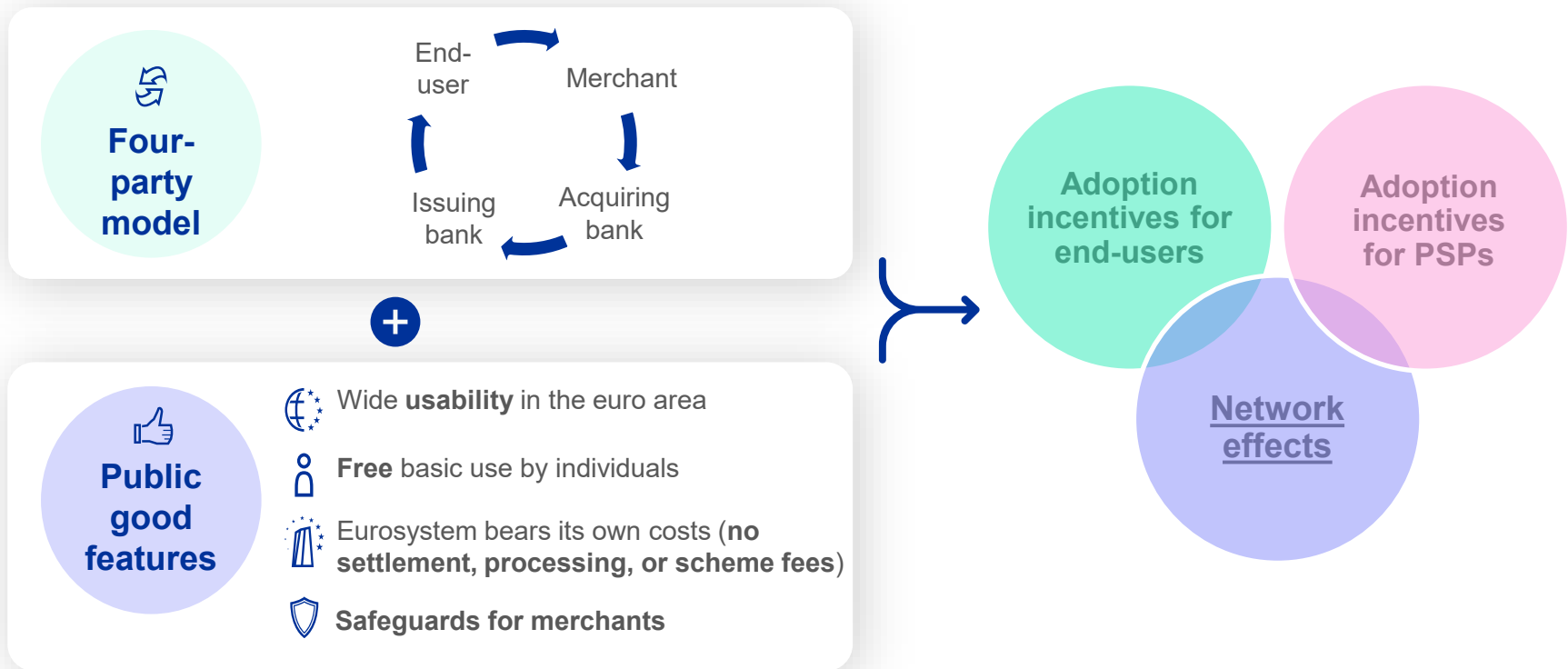
- + A solution for all key payment use cases
- + Standardised, recognisable front-ends



Instant receipt of funds

- + Bringing instant payments to the point of sale

A fair compensation model for digital euro intermediaries*



* Subject to digital euro legislation.

Legal tender and obligation to distribute boost network effects but safeguards for merchants are necessary

Core compensation model principles

 Wide **usability** in the euro area

 **Free** basic use by individuals

 Eurosystem bears its **own costs**

 **Safeguards for merchants**

Merchants need adequate safeguards and payment service providers reliable compensation

According to the legislative proposal:

Fees and charges should not be higher than those requested for comparable private digital means of payment

Addressing merchants' concerns through design and legislation



Euro Retail Payments Board

Demand and supply side of euro retail payments, including consumers, merchants, and payment service providers

Ensuring low merchant fees and simple (fixed) fee structure

A compensation model must work for all ecosystem participants. The ECB welcomes the proposed cap on merchant fees, also in view of the need to preserve the effective use of the digital euro as legal tender.

Allowing for multiple digital euro accounts

The ECB will further investigate this, as the possibility of users holding multiple digital euros payment accounts with the same or different PSPs would entail technical difficulties, especially as regards the management of a holding limit.

Leveraging on existing standards and infrastructure

This is a key objective within the Rulebook Development Group (of which EuroCommerce is a member) and in rollout plans (gradual and considering terminal replacement cycles, for example)

At the core of the project: constant collaboration with all stakeholders



General public

Euro area citizens



Policymakers

European Parliament
Council of the EU
Eurogroup
European Commission
Other EU bodies



Market participants

Financial institutions
Consumers
Merchants
Infrastructure and
technology providers



Other stakeholders

Academics
Civil society organisations



Other central banks

Bank for International
Settlements
Central banks with CBDC
projects

Additional reference material:

- [Eurosystem's retail payments strategy](#)
 - Report: [A stocktake on the digital euro](#)
 - Updated [FAQ on a digital euro](#)
 - [ECB Opinion](#) on the European Commission's legislative proposal on digital euro
 - [ECB Opinion](#) on the European Commission's legislative proposal on the legal tender of euro banknotes and coins
 - [Digital euro video](#)
 - [Digital euro one-pager](#)
 - [Digital euro booklet](#)
 - [Digital euro LinkedIn page](#)
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Thank you