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WORKING DOCUMENT

From:	Presidency
To:	Working Party on Financial Services and the Banking Union (Digital Euro Package) Financial Services Attachés
Subject:	Single Currency Package - WP meeting on 4 September 2026 (Attachés) - Presidency discussion note in advance of the second political Single Currency Package Trilogue

Working Party on Financial Services and the Banking Union

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Presidency discussion note in advance of the second political Single Currency Package Trilogue

Single Currency Package

- Regulation on the establishment of the digital euro
- Regulation on the legal tender of euro banknotes and coins
- Regulation on the provision of digital euro services by payment services incorporated in non-euro area Member States

BRUSSELS

04 SEPTEMBER 2026

1. Introduction

In June 2023, the Commission presented three proposed regulations, as part of the Single Currency Package:

- Proposal for a Regulation of the European Parliament and of the Council on the establishment of the digital euro (2023/0212 (COD))
- Proposal for a Regulation of the European Parliament and of the Council on legal tender of euro banknotes and coins (2023/0208 (COD))
- Proposal for a Regulation of the European Parliament and of the Council on the provision of digital euro services by non-Euro area payment service providers (2023/0211 (COD))

These regulations set out a framework for a new digital form of the euro and for the protection of the legal tender status of euro cash, through measures to preserve its acceptance and access. The digital euro aims to complement cash, ensuring that citizens and businesses continue to have access to central bank issued money as economies become increasingly digital.

The Council of the European Union (Council) adopted its mandate on the Single Currency Package under the Danish Presidency on 19 December 2025. The European Parliament (EP) voted to approve its negotiating mandate for the digital euro on 9 July 2026. The first trilogue was held on 13 July 2026 in Brussels, followed by an initial interinstitutional technical meeting (ITM) on 14 July 2026, with agreement reached on the allocation of political and technical topics.

The aim of the Council working party meeting on 4 September 2026 is to update Member States on the progress of the trilogue negotiations and to prepare for the second political trilogue, during which the co-legislators will discuss the topics of compensation model and distribution of digital euro (2023/0212), along with exceptions to the principle of mandatory acceptance of euro banknotes and coins and inclusion of the term “vulnerable groups” (2023/0208)

The Presidency will continue to keep Member States updated on progress as appropriate and will consult with Member States, and request guidance as necessary.

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2. Update on trilogue meetings

Verbal update on Presidency preparation and progress since first political trilogue meeting on 13 July.

Verbal update on ITMs held on 14 July and during the week commencing 31 August.

3. Topics for trilogue preparation

The Presidency has advanced preparations for the next series of political trilogue meetings, beginning with those scheduled for September. The Presidency is grateful for feedback received from Member States on the 4CT and will take these comments into account in its further reflections. In advance of the second political trilogue, scheduled for 10 September, the Presidency is seeking Member States views on a small number of topics that have been raised in comments based on the EP's text. The Presidency will also open the discussion to give Member States an opportunity to share additional views, particularly those that had not previously been expressed during Council Working Party discussions.

Regulation on the establishment of the digital euro (2023/0212)

Fees on digital euro services (Article 17)

The Presidency remains fully committed to the Council position on the compensation model, as agreed following extensive analysis and negotiations among Member States prior to reaching an agreed mandate in 2025. The Presidency wishes to acknowledge the continued support of Member States, as reflected in the contributions provided to date. In the trilogue negotiations, the Presidency's first priority is to gain a clear understanding of the objectives of the EP proposal on the compensation model; in particular regarding: no-worse off derogation from EA-uniform cap during transitional period, the proposed consideration of adjustments to the EA-uniform cap, the lack of compensation for offline transactions, the pathway to the final (cost-based) model, and the proposal to apply a proportionate treatment to small value transactions initiated in micro-enterprises (i.e. flat or per transaction fee).

Notwithstanding the full support for the Council mandate, there are targeted aspects of the EP proposal which may merit discussion, some of which have been briefly discussed in Council.

Micro transactions proportionate treatment: The EP text on the final cost-based model requires proportionate treatment for small-value transactions initiated in small merchants in the cost-based methodology, suggesting the consideration of a flat fee or transaction fee to avoid disproportionate cost burdens[1]. The Presidency intends to interrogate the rationale of the EP proposal in this regard. The proposal is similar to the IT proposal from December 2025 on

[1] Art. 17a(3b)

capping the MSC for low-value transactions by small merchants at a fixed fee (0.02 EUR); Member States did not support considering it as part of the Council mandate at that time. The Presidency believes that any similar proposal by the EP will require further analysis to ensure that it is both economically sensible and practically able to be implemented. However, given the relatively limited time to consider the IT proposal during Council negotiations and the fact that the EP has included a similar concept in its text, the Presidency considers it appropriate at this point to seek Member State feedback on the concept again, within the context of the compensation model agreed at Council.

Questions for Member States (Round 1)

Round 1

(Regulation on the establishment of the digital euro)

Q.1: Do Member States see merit in considering any elements of European Parliament proposals, as additions to the Council mandate, as part of the design of the compensation model?

The Presidency will open the floor for Member States to provide any additional comments on the compensation model, which have not previously been provided.

Regulation on legal tender of euro banknotes and coins (2023/0208)

Exceptions to the principle of mandatory acceptance of euro banknotes and coins (Article 5)

The mandatory acceptance of cash is a fundamental tenet of the regulation on the legal tender of euro banknotes and coins, and is key to underpin and preserve the continued role of cash in the future.

The Council mandate envisages a range of limited circumstances where exceptions to mandatory acceptance of cash are warranted. However, feedback from a range of Member States has highlighted a number of specific circumstances, where it may be justified to refine the operative provisions in the text in relation to the exceptions to the principle of mandatory acceptance of cash. These include:

- Certain business models where cash is not typically accepted as a form of payment at present, for example insurance, landlords, and the airline industry;
- B2B transactions;
- Recurring payments such as mobile phone contracts, insurance, utility bills and subscriptions;
- Protection of merchants and employees where the presence of cash might be a security risk, for example on public transport;

- Situations where there may be anti-money laundering and combating the financing of terrorism (AML/CFT) considerations.

In addition, some Member States have highlighted the importance of preserving their ability to introduce, pursuant to their own competence, restrictions to / stricter rules on the general obligation of mandatory acceptance of cash for reasons of public interest, provided that these restrictions are justified by the public interest objective pursued and proportionate to it (also in accordance with the Judgement of the European Court of Justice (Hessischer Rundfunk)). For example, maintaining existing payment practices associated with the provision of public services such as the payment of large value tax payments.

The Presidency seeks Member States' views on whether the limited exceptions in Article 5 should be expanded and what circumstances should be targeted.

Questions for Member States (Round 2)

Round 2
(Regulation on legal tender of euro banknotes and coins)
Q2: Do Member States agree in principle to the expansion of the set of targeted exceptions to mandatory acceptance of cash considered in Article 5?
Q3: The Presidency asks Member States to share their views on the specific circumstances to be considered for targeted exceptions that could be added to Article 5.

The inclusion of the term "vulnerable groups" (Article 8)

The EP's mandate has included a provision on access to cash in Article 8 (1) that places particular emphasis on the needs of vulnerable groups and listed vulnerable groups such as older persons, persons with disabilities, people with low income or low digital skills and unbanked persons. Vulnerable groups are not referenced in either the Commission proposal or the Council mandate. Through their comments on the four-column table (4CT) of 3 July 2026 (WK 9957/2026), Member States expressed support for the inclusion of a reference to vulnerable groups.

However, some Member States noted that not all of the groups listed in the Parliament's mandate are necessarily vulnerable and queried whether particular groups should be explicitly referenced in the regulation.

From a financial literacy perspective, vulnerability is not defined as a personal characteristic such as age or disability, but refers to a person's heightened risk of experiencing poor financial outcomes. A financially vulnerable person is someone whose circumstances, capabilities or resources limit their ability to make informed financial decisions and are therefore at increased risk of financial harm. The Organisation for Economic Co-operation and Development (OECD)

defines vulnerable consumers as, *"…consumers who are susceptible to detriment at a particular point in time, owing to the characteristics of the market for a particular product, the product's qualities, the nature of a transaction or the consumer's attributes or circumstances…"*[2]. A person can move in and out of vulnerable circumstances, for example due to bereavement, unemployment or ill health.

The Presidency seeks Member States' views on the inclusion of a reference to vulnerability in Article 8(1) and what form that reference would take.

Questions for Member States (Round 3)

Round 3

(Regulation on legal tender of euro banknotes and coins)

Q.4: Do Member States agree in principle to the inclusion of a reference to vulnerability in Article 8(1)?

Q.5: Do Member States prefer the phrase "vulnerable groups" or "vulnerable consumers"?

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[2] https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0403