



Council of the European Union
General Secretariat

Brussels, 04 November 2025

**Interinstitutional files:
2023/0212 (COD)**

WK 14024/2025 INIT

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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:	Digital euro - Presidency discussion note on open funding , WP 15-16 May 2025 - Replies by 22 MS

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EN

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Thank you for your cooperation!

Presidency discussion note on open funding (WK 5961/25)	MS comments
<p><i>Q1. Do you agree with the Presidency proposal to restrict the availability of reverse waterfall for natural persons to cases where the connected non-digital euro account is with the same PSP that provides the digital euro payment account, provided that sufficient open pre-funding options are always available to digital euro users?</i></p>	<p>AT (MS comments):</p> <p>We favor a solution that allows a fair compensation to the funding PSP rather than banning the possibility for open funding from distributing PSPs. A starting point for discussion would be a share (e.g. 15%) of the inter-PSP-fee from the distributing PSP.</p> <p><u>No reverse waterfall with different PSPs</u> Reverse waterfall is a key function of the digital euro from a usability perspective. Having no fee would imply that PSPs that only distribute the d€ would free-ride on funding PSPs' services and we should avoid market conditions to the potential benefit of third-country Big Tech PSPs. At the same time, the final text should be open enough to foster innovation and user-friendly solutions that do not impede European payment solutions. While the PCY proposal tackles the free-ride issue, it seems too restrictive by prohibiting the reverse waterfall with different PSPs.</p>

Reverse waterfall as an optional (but chargeable) service (potential fallback option)

Since waterfall would in any case be a basic service between the distributing and funding PSPs to comply with the holding limit, it would be difficult to explain to end users why reversed waterfall should be a chargeable additional service. Further, big tech PSPs could use their market power to negotiate unsustainable low fees with a high number of funding PSPs.

BE

(MS comments):

We are not in favour of restrictions and believe it would be worthwhile exploring the implications of such a decision in more detail, particularly for banking groups/associations that might be tempted to offer users a single architecture.

BG

(MS comments):

We believe that regarding the possibility to provide reverse waterfall between different PSPs the approach should be market-driven. Our view at this stage is that the intra-PSP waterfall should be a basic service, while the option to provide open funding reverse waterfall within different PSPs should be based on the PSPs business approach, voluntary agreements and prices.

CY

(MS comments):

We understand the reasons of restricting availability of reverse waterfall for natural persons to cases where the connected non-digital euro account is with the same PSP that provides the digital euro payment account, although we do not agree with restricting the availability of reverse waterfall for natural persons to cases where the connected non-digital euro account is with the same PSP that provides the digital euro payment account. We prefer the initial text

	<p>CZ (MS comments):</p> <p>CZ: We have concerns that the proposed solution could have a negative impact on PSPs who do not (and cannot) provide payment accounts. In such a case, they would not be able to operate digital euro wallets. This means that if the proposed solution would be chosen, digital euro accounts could only be provided to natural persons by credit institutions. Therefore we support the optional solution, which enable the linking of digital euro account and payment account held with different PSPs.</p> <p>DE (MS comments):</p> <p><u>General remark:</u></p> <ul style="list-style-type: none">• We welcome discussions on this important topic, in particular with regard to the geo-political dimension of this issue. We support all efforts to strengthen European sovereignty.• As a general policy objective, we support developing the digital euro in the context of existing customer-to-PSP relationships given that PSPs will be obliged to distribute the digital euro.• Maintaining the role of non-digital euro payment accounts for the monetary system is an important policy objective. Non-digital euro current accounts shall not be replaced by digital euro wallets. <p><u>Answer to Q1:</u></p> <ul style="list-style-type: none">• We consider it essential to effectively address the open funding issue.• We support efforts contained in the PCY's proposal to strengthen the role of funding PSPs where the normal current account is held by an existing client. However, we are sceptical about any
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prohibitions of the reverse waterfall functionality, if offered by non-funding PSPs. This seems to go too far in our view and would restrict the open market in the EU.

- To us, the proposal put forward in the PCY Note appears to be quite complex and might undermine the user-friendliness of the digital euro.
 - For instance, the user's choice of the distributing PSP would determine the number of funding options available to that user, as well as the price of those options.
 - Also, for some users (i.e. all users with a digital euro payment account at a non-bank PSP), digital euro transaction that exceed the holding limit would not be possible, thereby undermining the digital euro as a means of payment.
 - Moreover, that proposal does not fully address the open funding issue for entities that are not natural persons.
- We are also not yet fully convinced that there would be merit in introducing the notions of 'scheduled funding' and 'event-driven funding'. Scheduled funding does not seem to provide additional value compared to a standing order. We will answer to this in Q2.
- We are very reluctant to support restricting the availability of the reverse waterfall function. **Instead, we support two basic principles:** First, **funding PSPs should be compensated** for their costs incurred in relation to open funding. Second, **consumers shall bear no additional costs** for the reversed waterfall.

- Therefore, we submit the following approach: Instead of restricting the availability of the reverse waterfall function, we propose to set out directly in the Regulation an adequate compensation for the funding PSP. That compensation could be defined as a specific share of the inter-PSP fee (e.g. 15%) and would be incurred for each reverse waterfall transaction and also for any other funding transaction.
- Whether there is a need to adapt this mechanism could be reviewed after five years.
- Such a solution would be less complex, it would ensure maximum availability of the waterfall function and the digital euro's function as a means of payment (and thus not impede the digital euro's user-friendliness).
- In addition, such a solution would be in line with the principle of an open market economy with free competition and it would address the open funding issue also for entities that are not natural persons. That is to say, this solution would also work for merchants.
- We recognise that, in addition to the passing on of a share of the Inter-PSP fee, other important elements of the legal relationship between the PSPs potentially will have to be legally addressed (e.g. liability). Likely, the PSPs would have to conclude bilateral agreements to address these issues.
- In order to maintain a simple approach, we propose that the Rulebook Development Group could develop standard contracts which PSPs might refer to.
- Potentially, multilateral opt-in contracts might also be a solution, i.e. framework contracts which could be concluded between

several PSPs. The RDG could also provide the framework for such contracts.

- Finally, we would support a review clause in order to keep the possibility of amending the proposed model.

DEU Drafting Proposal

Recital 45a – NEW

In the presence of individual digital euro holding limits, the reverse waterfall functionality is essential to ensure the unimpeded use of the digital euro as a means of payment. Where the digital euro payment account and the linked non-digital euro payment account are not held by the same payment service provider, that functionality largely relies on the technical infrastructure of the payment service provider where the non-digital euro payment account is held. At the same time, the leeway for that payment service provider to generate a compensation for providing the reverse waterfall functionality may be limited. Therefore, to compensate that payment service provider, the payment service provider distributing the digital euro should pass through a share of its inter-PSP fee to the payment service provider that provides the reverse waterfall functionality for each transaction where that functionality is used. The share of fees passed through should reflect the fact that the distributing payment service provider has to provide the largest share of digital euro related services. At this stage, it is inherently complex to reliably estimate the recurrent costs of providing the reverse waterfall functionality. Therefore, the European Commission should therefore review that compensation arrangement by [OP please insert the date = three years after entry into force of this regulation].

Article 17 (7) - NEW

(7) No inter-PSP fee shall apply to the funding and defunding of the digital euro, including digital euro payment transactions referred to in Article 13(4)(a). For the purpose of transactions referred to in Article 13(4)(b), where the digital euro payment account and the linked non-digital euro payment account are not held by the same payment service provider, the payment service provider distributing the digital euro should pass through a share of 15 basis points of its inter-PSP fee to the payment service provider that provides the funding referred to in Article 13(4)(b).

Explanation:

In our view, the question of how to compensate the funding PSP for the services performed, should be approached from a **qualitative perspective**. One starting point for determining the distribution of income between the funding PSP and the distributing PSP could be a comparison of the D€ services to be provided by the PSPs (according to recital 45, the inter-PSP fee should compensate the PSPs for the provision of these services):

Funding-PSP	Distributing-PSP
Reverse waterfall functionality	Opening (incl. KYC), holding and closing of a digital euro payment account
	consulting balances and transactions

		funding and defunding from/into cash
		initiation and reception of digital euro payment transactions, both online and offline, for POS, e-commerce, P2P, and P2G/G2P
		AML/CFT
		Fraud Detection
		Dispute Management
		Provision of a front-end solution, if D€ is not used

The comparison clearly shows that the lion's share of the digital euro services is to be provided by the distributing PSP. Consequently, the Distributing PSP should also receive the significantly larger share of the inter-PSP fee, while the Funding PSP should only be awarded a small share (in the range of 10-20%) - and only for transactions in which the reverse waterfall functionality was actually used.

In our view, it may be proportionate to set the percentage for a period of a few years on the basis of these considerations (i.e. 10 – 15%). This is all the more true as this percentage shall be secured by a review clause.

EE

(MS comments):

EE: We are still analysing the Presidency proposal to restrict the availability of reverse waterfall for natural persons and acknowledge the trade-offs between conflicting objectives and different ways forward.

Nevertheless, we are not sure whether the proposal with restriction is the most suitable one. Even though strategic autonomy considerations are essential from our perspective, the proposal is quite extreme, and despite some open pre-funding options limits the open market economy with free competition significantly. That's why we are cautious at this stage. Moreover, we are still wondering if it would not be better to leave this topic unregulated and leave it to the market and delete Article 17 (7). We are very open to a review clause.

ES

(MS comments):

We would prefer making open reverse waterfall for natural persons non mandatory, leaving it to PSPs to agree or not on the conditions and compensation. It is more aligned with an open market economy with free competition. However, we would not oppose to a prohibition during the first years, opening it up to the market at a later stage.

However, to form our position on the open reverse waterfall for merchants (table 4), we would need to better understand how the acquiring of D€ would work. As we mention in our comments to the note on compensation, we would like to explore whether it would be best that the D€ account was held with the bank where the merchant has the account, instead of with the acquiring PSP. In that case, the waterfall and reverse waterfall (the latter only in case of refunds) would always be with the same PSP and would not be remunerated.

EL

(MS comments):

EL: We welcome the Presidency's proposals which in our view offer a balanced solution on this challenging topic. We agree with restricting reverse waterfall availability for natural persons to cases where the

connected non-digital euro account is with the same PSP that provides the digital euro payment account, as the advantages of this proposal regarding strategic autonomy considerations, free of charge service for natural persons and more clarity for end-users outweigh the same PSP account restriction.

FI

(MS comments):

We acknowledge the pros and cons on this approach. The restriction would on the one hand strengthen the role of European credit institutions in the provision of digital euro services. But on the other hand, it may affect the smaller European payment institutions, since it would restrict the features of digital euro services that such payment institutions may offer and could create some frictions in usability experience. The aim of the European payment legislation has been to foster competition, and we should understand better how this approach would affect the smaller European PSPs.

Could another option be to restrict Gatekeepers under DMA to benefit from reverse waterfall?

We are also in favour of adding a review clause on this matter, whatever the outcome is.

FR

(MS comments):

France is in favour of this restriction on the reverse waterfall, which will make it possible to limit the difficulties caused by a situation where the PSP distributing digital euro transaction services is not the PSP

	<p>providing the payment account and does not bear the associated infrastructure costs.</p> <p>The implementation of bilateral agreements between PSPs will probably be a source of difficulties, but it seems likely to limit the risk of digital euro transaction services being taken over by major non-European players that do not share in the constraints of implementing the digital euro network</p> <p>HR (MS comments):</p> <p>We find that reverse waterfall should not be restricted for natural persons only to cases where the connected non-digital euro account is with the same PSP that provides the digital euro payment account. Reverse waterfall open funding should be optional service for natural persons which could be charged by PSP which provides non-digital euro account to its clients – natural persons.</p> <p>IE (MS comments):</p> <p>IE acknowledges the rationale behind the PCY proposal of restricting the reverse waterfall mechanism and recognises the benefits this may bring in terms of simplifying fee structures and operational clarity. However, IE also notes the potential drawbacks, particularly regarding user choice and the potential impacts on market openness. In this context, IE is open to exploring balanced solutions that ensure adequate compensation mechanisms for funding PSPs, and shares the concerns raised by DE regarding possible restrictions on functionality and attractiveness of the digital euro.</p>
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IE is flexible regarding the final approach taken, and support further consideration of models, such as the fixed inter-PSP fee allocation proposed by DE. This could provide sustainable incentives for funding PSPs while preserving key market principles.

At the same time, IE recognises the practical challenges in designing effective compensation mechanisms for funding PSPs and can understand the rationale behind the Presidency's proposal to limit the reverse waterfall to cases where the connected non-digital euro account is with the same PSP that provides the digital euro payment account. While IE's preference remains for solutions that maximise user functionality, it remains flexible and open to approaches that uphold strategic autonomy, provided sufficient pre-funding options are ensured.

Further, IE welcomes the Presidency's clarification that defunding, including via waterfall, of the digital euro account held with a different PSP other than the one providing the commercial bank account should remain available and free of charges in any case, given that the user's digital euro holdings are subject to limits.

IT

(MS comments):

Yes, we agree. This is a time- and strategically-critical service. We believe that restricting the reverse waterfall to the same PSP, complemented by scheduled funding and defunding as a basic service, would strike the best balance between the need to avoid non-bank PSPs free-riding on funding PSPs and usability.

Among the good reasons why the restriction is a proportionate solution we would also like to add a couple. Firstly, there is the residual risk that, in case of a non-mandatory open reverse waterfall fully left to negotiations among PSPs, non-European PSPs owned by Big Techs may leverage on their market power and customer base and induce their clients – in order to get reverse waterfall – to switch their bank accounts towards the banking PSP with whom they secured a deal, thus undermining the strategic autonomy objective.

Furthermore, the issue with open reverse waterfall is closely related to the financial responsibility of the distributing PSP when different from the funding PSP. In case of open and non-mandatory reverse waterfall, there is the risk that the funding PSP will not receive an adequate compensation to cover their operational and fraud costs in case of frauds attributable to the gross negligence of the distributing PSP. Conversely, an exclusion of the open reverse waterfall as suggested in the note will reduce the risk that banking PSP are left with the cost of frauds and no compensation, also making more simple the application of the PSD rules on unauthorised or incorrectly executed payment transactions. However, the fact that it is still allowed for merchants will still require some clarifications on this point.

In respect to the possibility of allowing reverse waterfall but imposing the distributing PSP to retrocede to the funding PSP a part of the inter-PSP fee, we deem that the choice of which part of the inter-PSP is very arbitrary at this point. If needed, we could be open to consider an initial transitory restriction to the open reverse waterfall (for both natural and legal persons) and leave to the final regime the possibility for a

compensated reverse waterfall (so that in the transitory period we collect meaningful data on the costs of open funding).

LT

(MS comments):

We agree. However, we would be willing to consider allowing the market to agree on the reverse waterfall between different PSPs. We believe that this would be of great benefit to the end-user. This and other funding options could involve a fee comparable to transactions involving a non-D€ account.

Additionally, if manual funding and scheduled funding from different PSPs are both free of charge, it is possible to convert them to digital euro free of charge, and then transfer them to your regular account.

LU

(MS comments):

LU: no, we do not agree with this proposal.

We understand and fully support the open strategic autonomy goals accompanying the digital euro.

However, in the retail payments-sector, customers will primarily prefer safety, speed, and convenience for their daily payments. Automated funding and defunding are key functionalities of the digital euro, providing consumers with comfort and a frictionless payment experience. Supporting a reverse waterfall mechanism with different PSPs will have a positive impact on the overall market competitiveness and will increase flexibility.

On the other hand, the proposal to limit the reverse waterfall to a single PSP together with the split of the automated funding into a scheduled funding and an event driven funding risks to transform the digital euro into a prepaid payment instrument. This approach poses the risk of

	<p>making the digital euro unappealing to consumers, significantly reducing transaction volumes and potentially harming the digital euro project.</p> <p>We favor a flexible approach where the reverse waterfall with different PSPs remains available. This would enhance market competition and foster innovation in the search for better services.</p> <p>LV (MS comments):</p> <p>We understand the difficulty of establishing an appropriate compensation model for open funding via reverse waterfall functionality as there is no comparable market example. We would seek a compromise, proposing not to restrict by regulation the option to provide reverse waterfall from different PSP, but this would not be a basic free of charge service and left to the choice of the bank and its clients. Natural persons could ask their bank to connect their commercial bank account to the digital euro account with different PSP. In this situation the main PSP has three choices - establish a fee for reverse waterfall with different PSP and risk losing the clients deposits (because the person will avoid the fees and transfer their money to the PSP with whom the digital euro account is opened), provide reverse waterfall free of charge or improve its own digital euro services so that the person would open digital euro account with this respective bank.</p> <p>NL (MS comments):</p> <p>NL comment: Yes, we agree with this proposal, provided that the prohibition of reverse waterfall functionalities between PSPs is coupled to a review clause in (e.g.) three years after the initial introduction of the digital euro. We refer to our answer to the next question.</p> <p>PT (MS comments):</p>
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	<p>We are flexible towards the considerations mentioned by other Member States regarding strategic autonomy and are therefore open to supporting the Presidency's approach of not having reverse waterfall with different PSPs.</p> <p>An alternative could be to establish that making available a reverse waterfall with different PSPs is non-mandatory, allowing for PSPs to agree or not on the conditions and compensation. We question the need for a cap in this case, as the market could be allowed to self-regulate. However, this approach could lead to non-bank PSPs being unable to make available the reverse waterfall mechanism, effectively placing them at a competitive disadvantage. This situation would be similar to the outcome of the restriction proposed by the Presidency, without regulatory intervention. Our main concern with this option stems from the potential increase in complexity for end-users, as well as the risk of cross-subsidization by non-bank PSPs.</p> <p>Overall, the PL Presidency's approach seems to be the most adequate approach to ensure the goal of strategic autonomy, as well as ensuring simplicity for users and transparency in pricing formation.</p> <p>SE (MS comments):</p> <p>We are flexible in this matter, although we are a bit sceptical to restrict the availability of reverse waterfall for natural persons. After the</p>
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	<p>discussion in the WP, we are not fully convinced of the advantages of the suggested way forward.</p> <p>SI (MS comments): SI: Yes, we agree.</p> <p>SK (MS comments): We do agree that PSPs should not have an obligation to provide reverse waterfall in such cases. We have a strong preference for leaving it with the market rather than forbidding it fully.</p>
<p><i>Q2. Do you agree with the proposed split of “automated funding” into “scheduled funding” to be mandatorily provided as a free basic service and “event-driven funding” as an additional service?</i></p>	<p>AT (MS comments): See our response to Q1.</p> <p>BE (MS comments): We could agree in principle, <u>for the sake of consensus</u>.</p> <p>BG (MS comments): We believe that the “event-driven funding” and the “scheduled funding” should be better defined. The proposed explanation for ‘scheduled funding’ as the “top up to reach an initial balance every month” is very close to the explanation that event-driven funding is “whenever the user’s digital euro holding goes below a certain threshold” especially when the time intervals defined by the user for scheduled funding are more frequent. On the other hand, the ease of the event driven funding for customers could bring comparative advantage for the promotion of the service.</p> <p>CY (MS comments):</p>

	<p>We do not agree with the suggested. We do not see any added value and it rather adds more complexity.</p> <p>CZ (MS comments):</p> <p>CZ: Generally, we are not against. However, we see some difficulties in this approach. Firstly, what exactly means “schedules funding”? Scheduled on a monthly basis? Or on a weekly basis? It is not excluded that the user will arrange with its PSP to send 10 euro / day to the digital euro account. Such funding will be scheduled.</p> <p>Secondly, “event-driven funding” seems to be very similar to “reverse-waterfall funding”. This added function could be subject to a fee.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none">• We believe that a further differentiation between manual funding, scheduled funding and event-driven funding does not appear necessary.<ul style="list-style-type: none">○ Instead, we are concerned that introducing these new categories would enhance the complexity of the system.○ From a user’s perspective, it could be difficult to understand why certain funding models would be offered free of charge while others wouldn’t be.○ In practical terms, scheduled funding does not seem to provide additional value compared to a standing order.○ As regards event-driven funding, in case the user holds an amount of digital euro that is similar to the threshold that triggers a funding transaction, that option appears to be rather similar to a reverse waterfall function – potential triggering a funding operation after each and every digital euro transaction. This is particularly noteworthy because that option would provide a source
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of remuneration for the distributing PSP rather than the funding PSP.

- Regarding the proposed approach that scheduled funding and defunding should be a basic service which should also be offered as part of open funding, we are very reluctant to support this way of thinking.
- We fear that this would not adequately address the challenges raised by open funding.
 - Users could always – for example, at the beginning of the month – fund a huge amount to their wallet held with a non-bank PSP and then use this amount over the period of one month. In our understanding, this would still incur very high chances that users would effectively use non-bank PSP wallets for their daily transactions.
 - From the perspective of the funding PSP, this would still appear pretty much like the open funding that was flagged as a major concern by European PSPs. To us, this sounds like an open funding ‘light’ and likely does not address the issue.

EE

(MS comments):

EE: We agree that splitting is justified.

ES

(MS comments):

Yes. Scheduled funding is easier to process for the PSPs, it makes sense that it is basic, whereas event-driven funding requires a higher level of monitoring and complexity, justifying leaving it out of the list of basic services, being considered a programmable payment.

	<p>EL (MS comments): EL: We could agree with the overall approach.</p> <p>FI (MS comments): Yes, but we are also open for including event-driven funding into free basic services.</p> <p>FR (MS comments): Separating these two categories seems to provide a good balance.</p> <p>HR (MS comments): According to the Presidency Note on Open Funding we agree with the proposed split of "automated funding/defunding" into "scheduled funding" to be mandatorily provided as a free basic service within the same PSP and with a different PSP, and with "event-driven funding" as a free basic service within the same PSP and as additional service (not free of charge) when digital euro payment account is held with a different PSP than the non-digital euro payment account.</p> <p>IE (MS comments): Event-driven funding should be included in the list of free basic services.</p>
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	<p>IE has no objection to the proposed split of “automated funding” into “scheduled funding” as a mandatory, free basic service and “event-driven funding” as an additional service. IE deems this approach reasonable in the absence of a reserve waterfall funding option when using a different PSP. Further IE supports the Presidency’s stance to maintain scheduled funding/defunding, event-driven funding/defunding and reverse waterfall as free basic services when using the same PSP.</p> <p>IT (MS comments): Yes. Scheduled funding is a useful budget management tool, especially to counterbalance those cases when the reverse waterfall is unavailable, and is by definition fully predictable, posing a low burden on PSPs. Event-driven funding, instead, is linked to a condition that could materialize at any point in time and possibly multiple times in a short timeframe. Therefore, it requires more effort on the PSPs’ side, making it more suitable to be classified as an additional service.</p> <p>LT (MS comments): We agree with the proposed split of “automated funding” into “scheduled funding” and “event-driven funding” to be mandatorily provided as a free basic service with the same PSP. We don’t agree that scheduled funding/defunding would be a free basic service with different PSPs.</p> <p>LU (MS comments):</p>
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LU: no, we do not agree with this proposal. Please consider the arguments presented above.

LV

(MS comments):

This issue follows the same logic as the above comment.

NL

(MS comments):

NL comment: We have three remarks with regards to this question:

- We believe that both types of automated funding should be a basic service for consumers if they have their non-digital euro and their digital euro account with the same PSP.
- We understand the considerations of the Presidency and agree with their proposal to make scheduled funding/defunding between different PSPs a basic service, while making event-driven funding/defunding between different PSPs an optional service. This division of types of funding did raise the question for us whether scheduled funding/defunding is easier for PSPs to accommodate than event-driven funding/defunding. If this is the case, as we can imagine, then the division makes sense to us.
- We agree with temporarily prohibiting the reverse waterfall between different PSPs, given considerations of strategic autonomy and feasibility for PSPs. We do however strongly agree that a review clause should be included on this issue, to gauge whether such a prohibition is necessary in the long term. We would propose evaluating the use, effectiveness and market impact of the prohibition of reverse waterfall between different PSPs after three years.

PT

(MS comments):

We do not agree with the proposed split. One of the aspects that has raised significant concerns from our side is the fact that many of the proposed solutions introduce layers of complexity that seem ill-suited for a digital euro intended to be accessible even to the most vulnerable segments of the population and not only by the tech-savvy. We believe that introducing these different categories will only add complexity and, hence, the proposed approach should not be adopted. The proposed approach would also introduce additional complexity on the list of basic digital euro services, which should, in our view, be clear, objective and not open to interpretations or being difficult to grasp what exact services are included.

Although we understand that the proposed “*split*” intends to be a solution for the possible consequences of restricting reverse waterfall from a user’s perspective, we believe that a simpler solution would be, as described in the Presidency Discussion Note, to place the responsibility on users to ensure the funding of their digital euro account, in the described situations, as already happens with some popular payment solutions today.

SI

(MS comments):

SI: Yes, we agree.

SK

	<p>(MS comments):</p> <p>In principle we agree, but definitions of “automated funding”, “scheduled funding” and “event-driven funding” would be welcomed. Both, scheduled funding and reverse waterfall could be seen as an event-driven funding, event being a passing of a certain time or, in case of reverse waterfall, meeting the conditions set for its activation. For a sake of clarity, ambiguity in these terms should be avoided.</p>
<p><i>Q3. Do you agree with the proposed small additional modifications to delete the restrictions that (i) there should only be a single linked non-digital euro payment account, and that the linked non-digital euro payment account should be denominated in euro?</i></p>	<p>AT</p> <p>(MS comments):</p> <p>Yes.</p> <p>BE</p> <p>(MS comments):</p> <p>Yes.</p> <p>BG</p> <p>(MS comments):</p> <p>We support the possibility to link a non-digital euro payment account with a non-euro currency denominated account.</p> <p>CY</p> <p>(MS comments):</p> <p>N/A</p> <p>CZ</p> <p>(MS comments):</p> <p>CZ: We consider it appropriate to allow the digital euro account to be linked to different payment accounts for the purposes of the “waterfall function” and the “reverse waterfall function”. However, for the purposes of one of the function, we prefer linking to a single account. This means, one payment account for the purposes of the “waterfall</p>

	<p>function” and one payment account for the purposes of the “reverse waterfall function”.</p> <p>We support the removal of the requirement for an account denominated in euro. It should be possible to link the digital euro account on payment account held in a different currency.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none">• Regarding the <i>limitation in Article 13 (4)</i> (i.e. reverse waterfall only with one single non-digital euro payment account), we would like to hear the ECB’s view on this issue.• What would be the practical and technical implications of broadening the reverse waterfall function? Also, system latency might play a role here.• We wonder whether such a modification would make the implementation much more difficult.• We would reserve our position on this issue, until further updates from the ECB on the technical feasibility. • Regarding the proposal to <i>remove the limitation to accounts denominated in euro</i>, we would welcome some clarifications by the PCY.• In general, it would seem beneficial in terms of usability, if the digital euro wallet could be linked to a non-digital euro account that is not denominated in euro.• However, here we have some practical questions: If a non-resident (Art. 12a) holds a non-digital euro account that is not denominated in euro, would this account have to be held with a PSP located in the Euro Area? Or, at least, with a PSP based in the EU? Wouldn’t this have to be addressed in the parallel Art. 114 legislative proposal as well?
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- If, however, the non-resident would hold its non-digital euro account that is not denominated in euro with a PSP from outside the EU, we do not consider that this obligation to offer such linking would be possible.
- Therefore, while we welcome the underlying thinking, we wonder whether the scope of this obligation should be limited to Euro Area PSPs and, under the parallel Art. 114 proposal, to EU-based PSPs.

EE

(MS comments):

EE: We agree.

ES

(MS comments):

Regarding the first issue (single lined non digital euro account), we do not support the change and would prefer to maintain the current wording. Allowing merchants to have different accounts for funding and defunding seems an overcomplication. Merchants currently use one account for the net transactions at the end of day. We believe that we should try to replicate the current way it works for cards as much as possible. As for natural persons, we do not see much value added either and believe it would unnecessarily increase the complication.

Regarding the second issue (that the linked account is denominated in €), in principle we can support it, as long as PSPs can charge for the conversion (as the Presidency note suggests).

EL

(MS comments):

EL: We have no objections to these modifications.

	<p>FI (MS comments): Yes</p> <p>FR (MS comments): We agree with these deletions.</p> <p>HR (MS comments): Yes, we agree with the proposed modifications to delete the restrictions that (i) there should only be a single linked non-digital euro payment account, and that the linked non-digital euro payment account should be denominated in euro.</p> <p>IE (MS comments): IE agrees with the proposed modifications to delete the restrictions that there should only be a single linked non-digital euro payment account, denominated in euro.</p> <p>The additional accounts provide further flexibility to users.</p> <p>IT (MS comments): On point i), we agree with deleting the restriction that there should only be a single linked non-digital euro payment account. On point ii), we would suggest to carry out a feasibility analysis. In fact, shall the non-euro account be held by a non-European PSP, we are</p>
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	<p>concerned on the technical feasibility of settling a transaction in digital euro vs a foreign currency. From a technical perspective, this may likely require the non-EU PSPs to participate in the European payment infrastructures, both TARGET settlement services and the Digital Euro Service Platform, as well as to handle the currency conversion.</p> <p>LT (MS comments): We agree</p> <p>LV (MS comments): We agree with the proposal.</p> <p>NL (MS comments): NL comment: Yes, we agree with the modifications.</p> <p>PT (MS comments): We wonder whether the proposal to remove the limitation foreseen in Articles 13(4) and 22(4) would imply additional complexity when ensuring compliance with the holding limits. Alternatively, it could be established an exception for merchants.</p> <p>SE (MS comments): For us this needs to be aligned with the question regarding which PSP will be obliged to provide these services. Furthermore, there is a technical question we find it necessary to get answered in this regard: will the PSP that provides the non-euro account need to provide digital euro services? If so, it is important if it is optional for the PSP with</p>
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	<p>the non-euro account to be connected or not. Or is the intention that there will be a PSP in between? Also, is there a need to regulate this in the 114-regulation?</p> <p>SI (MS comments):</p> <p>SI: /.</p> <p>SK (MS comments):</p> <p>We do not oppose such amendments.</p>
<p>Q4. If you agree with Q1, Q2 and Q3, do you agree with the proposed drafting?</p>	<p>AT (MS comments):</p> <p>-</p> <p>BE (MS comments):</p> <p>N/A</p> <p>CY (MS comments):</p> <p>N/A</p> <p>CZ (MS comments):</p> <p>CZ: Not relevant.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • See our drafting proposal in Q 1. <p>EE (MS comments):</p>

EE: Please see the answers above.

ES

(MS comments):

We have comments to most of the suggestions. We would agree with drafting suggestions related to:

- the automated vs scheduled funding differentiation;
- the possibility to link to a non digital euro account denominated in a different currency

EL

(MS comments):

EL: We agree with the proposed drafting assuming that all proposed changes and newly introduced terms should be clearly defined in the regulation.

For example,

a) the DER should include definitions of “manual funding and defunding” and “scheduled funding and defunding”, which are proposed to be added to the list of basic services in Annex II.

b) the term “event-driven funding and defunding” should also be defined, and should be added:

- i) as an optional service when (digital and non-digital euro) accounts are held in different PSPs, if optional services are included in a separate Annex (as has been previously proposed)
- ii) as a basic service in Annex II when the accounts are held in the same PSP.

	<p>FI (MS comments): Yes, with the observations given in Q1.</p> <p>FR (MS comments): We agree with the proposals.</p> <p>HR (MS comments): According to the proposed drafting suggestions made by PL PRES we propose further changes and additions:</p> <ul style="list-style-type: none">- If the final decision will be to split "automated funding/defunding" into "scheduled funding/defunding" and "event-driven funding/defunding", due to the clarity of the provisions of the Proposal we find that the terms "Manual funding/defunding", "Scheduled funding/defunding" and "Event-driven funding/defunding" should be defined in the Article 2 of the Proposal, as it is clarified on page 5 of the Presidency Note,- We find that Recital 36, according to the changes in the Article 13, should be further aligned i.e., that for the purpose of reverse waterfall PSPs shall only offer legal persons the option to have those designated non-digital euro payment accounts with different payment service providers.- According to the changes proposed in the Article 13(4), first sentence after letter b), we find that also changes should be made in the Article 22(4) second sentence which should read: "For the purpose of Article 13(4), each digital euro payment account may only be linked to one or more non-digital euro payment accounts denominated in euro."
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- Due to the clarity reason, we find that according to the proposed split of “automated funding” into “scheduled funding” and “event-driven funding/defunding”, in Annex II. letter c) event-driven funding/defunding with the same PSP where digital euro user holds both digital euro payment account and non-digital euro payment account should be also prescribed as a free basic service.

Also, once a final decision will be taken regarding open funding modalities, we believe that it is necessary to further harmonize the list of basic digital euro payment services in relation to whether a service is free of charge only within the same PSP or also with another PSP (distributing PSP).

- In Annex II, letter (f) for waterfall and reverse waterfall functionality we find that the text should read:

(f) funding and defunding operations referred to in Article 13(4) **with the same PSP where digital euro user holds both digital euro payment account and non-digital euro payment account.**

IE

(MS comments):

IE supports the Presidency suggestions to amend Article 13(2) and (4) of the Regulation by way of revoking the possibility for natural persons to link non-digital euro payment accounts for reverse waterfall with a different PSPs in order to restrict free-riding and safeguard the strategic autonomy lens.

	<p>IE also supports the inclusion of scheduled funding in Annex II. Recital 36 would need to be adjusted accordingly, and the slight modification referred to in Q3 above.</p> <p>IT (MS comments): We agree with the proposed drafting, with the exception of deleting the restriction that the linked non-digital euro payment account should be denominated in euro, pending the feasibility analysis we suggested in the answer to Q3.</p> <p>LT (MS comments): We agree to the extent that is defined in our replies to Q1, 2 & 3.</p> <p>LV (MS comments): We propose to add reverse waterfall from different PSP as an additional service leaving the fees for this service up to the bank and its client.</p> <p>NL (MS comments): NL comment: we agree with the proposed drafting, but we reiterate our views that we prefer wording different from ‘accounts’, e.g. digital euro services.</p> <p>PT (MS comments):</p>
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	<p>Please see our comments to the previous questions in relation to the different funding categories.</p> <p>SI (MS comments): SI: Yes, we agree.</p>
<p>end</p>	<p>AT (MS comments): end</p> <p>BE (MS comments): end</p> <p>BG (MS comments): end</p> <p>CY (MS comments): end</p> <p>CZ (MS comments): end</p> <p>DE (MS comments): end</p> <p>EE (MS comments):</p>

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From: AT, BE, BG, CY, CZ, DE, EE, ES, EL, FI, FR, HR, IE, IT, LT, LU, LV, NL, PT, SE, SI, SK

Updated: 10/06/2025 13:06

		end
	ES (MS comments):	
		end
	EL (MS comments):	
		end
	FI (MS comments):	
		end
	FR (MS comments):	
		end
	HR (MS comments):	
		end
	IE (MS comments):	
		end
	IT (MS comments):	
		end
	LT (MS comments):	
		end
	LU	

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	(MS comments):	end
LV	(MS comments):	end
NL	(MS comments):	end
PT	(MS comments):	end
SE	(MS comments):	end
SI	(MS comments):	end
SK	(MS comments):	end