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## **WORKING DOCUMENT**

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<b>From:</b>	Presidency
<b>To:</b>	Working Party on Financial Services and the Banking Union (Digital Euro Package) Financial Services Attachés
<b>Subject:</b>	Digital euro - Presidency discussion note on the final compensation model, WP 10.06.2025 - Replies by 15 MS

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Thank you for your cooperation!

Presidency discussion note on the final compensation model (WK 7395/25)	MS comments
<p>2. Fee caps in final model</p>	<p>NL (MS comments):</p> <p><b>NL general comment:</b> We think the new Presidency proposals are a step in the right direction as we believe having a cost-based model after the transition phase is key.</p> <p>However, we are hesitant to conclude that we have finished discussions on this topic, given the complexity, the amount of stakeholders involved and the difficulty to oversee the impact of these proposals. We are still navigating in the dark, albeit that the Presidency's indication into certain fees, such as the EA-uniform inter-PSP fee cap of 0.5%, is useful and helps to enable a more thorough discussion.</p> <p>The trade-off is clear in our opinion: we facilitate merchants and increase uptake during the transitional phase as we introduce a no-worse-off clause, but we leave the eventual pricing as much as possible up to economic forces in the long term by linking it to the actual costs. We strongly agree with dropping the no-worse off clause in the long term, as</p>

	<p>this would fixate the digital euro as the inevitable cheapest means of payment, despite the costs being potentially higher – which could stifle long-term innovation</p>
<p><b>2.1 Cost-based caps</b></p>	
<p><b>2.1.1 Methodology</b></p>	
<p><b>2.1.2 Implementing cost-based caps</b></p>	
<p><b>2.1.3 Inter-PSP fee: cost-based cap</b></p>	
<p><b>2.1.4 MSC: cost-based cap</b></p>	
<p><i>Q1. Do you agree with keeping cost-based inter-PSP and MSC caps in the final/permanent compensation model?</i></p>	<p>LT (MS comments): We agree</p> <p>HR (MS comments): In line with the PL PRES proposal and in line with the Commission’s legislative proposal we agree with keeping cost-based inter-PSP and MSC caps in the final/permanent compensation model.</p> <p>SI (MS comments): SI: Yes, we agree.</p> <p>LU (MS comments): LU: generally, we continue to remain skeptical about the ex-ante intervention in the price setting mechanism of the market and about the introduction of caps.</p>

There are several key aspects that should be taken into consideration when designing the final compensation model for the digital euro:

- Due to its legal tender status and its public good nature, the digital euro must come along with a fair and well-balanced compensation model that does not put extreme burdens either on the distributing PSPs nor on the merchants accepting the digital euro.
- The current level of competition in the acquiring-market is sufficient, thus generating efficient and attractive pricing through competition. Imposing a cap on MSC fees could be detrimental to innovation and investments in new payment solutions.
- Fees should accurately reflect the cost of the Digital Euro (including the initial investment costs), ensuring transparency and fairness.
- We support the principle of a cost-based model, however the methodology presented in the PRES non paper is too burdensome and overly cumbersome. This methodology cannot be applied equally to all PSPs due to the heterogeneous nature of the market.
- We would prefer a principle-based approach requiring PSPs to use a cost-based approach in their pricing; PSPs know best their cost structure and are best placed to set the price for the services offered.
- We agree with the principle established in Art 17 (2) but we do not agree with the methodology proposed in Art 17 (3) and with the new reporting requirement introduced in this Article.

IE

(MS comments):

IE supports the retention of the cost-based cap. While IE recognises the risk that PSPs may overstate costs to inflate the permissible cap, IE believes a cost-based cap approach remains important in the final model. It supports fair returns for PSPs and provides adaptability so that the

compensation model framework can reflect actual costs and evolving product features. Relying solely on a comparable means benchmark may become increasingly unreflective of costs as the digital euro develops distinct features and usage patterns.

RO

(MS comments):

We agree.

NL

(MS comments):

**NL comment:** Yes, we agree with keeping a cost-based inter-PSP and MSC caps in the final/permanent compensation model. In our view this resonates with having a fair compensation model, as it offers PSPs the prospect of being able to recuperate the costs for introducing and maintaining the digital euro as a new digital means of payment. In our opinion, we should prevent the digital euro infrastructure from being cross-subsidized through other PSP income channels. As long as we have no information on costs of the digital euro infrastructure, we cannot risk setting caps based on comparable means of payment only.

Nevertheless, we share the concerns of the Presidency regarding the complexity of determining the digital euro unit costs that form the basis of these caps. In the Netherlands, a study conducted by the Payments association into the costs of payment transactions has indeed shown how difficult it can be to segregate the costs of payment transactions from other costs in banking. Moreover, there were significant annual fluctuations. As such, we can imagine keeping a cap based on comparable means of payment as a fall-back as long as necessary, but this should be a harmonized EU-average then.

EL

(MS comments):

**EL:** We agree to maintain cost-based caps on charges between payment service providers (PSPs) and merchant service charges (MSCs) in the final compensation model.

AT

**(MS comments):**

Yes, we regard it as important to keep cost-based inter PSP and MSC caps in the final compensation model.

DE

**(MS comments):**

General remarks on the compensation model:

- We do not consider the discussions on the compensation model to be concluded at this stage.
- In fact, the Presidency's focused and in-depth work has helped to identify several remaining inconsistencies that must be addressed before we can bring this part of the file to a solid text.
- From our perspective, the following aspects are essential:
  - On the one hand, we firmly believe that the success of the digital euro ultimately depends on its ability to serve all users. This means, that basic digital euro payment services must be free of charge for consumers, and that fees charged to merchants must remain at a reasonable, cost-efficient level. At the same time, payment service providers must be, based on market prices, fairly remunerated for the services they provide.
  - On the other hand, the compensation model must not become overly complex or impose excessive burdens on market participants. Simplification is not just a political catch-phrase – it must be a guiding principle in the negotiation and drafting of the regulation.

- Against this background, we would outline the compensation model as follows:
  - During the transitional period, MSC and inter-PSP fee should each be subject to only *one* cap. Both caps should reference average debit card fees in the euro area.
  - For legal and practical clarity, the inter-PSP fee should not only be capped, but the Level 1 text should actually set the applicable fee level.
  - For the MSC, only the EA uniform MSC cap referencing debit card MSCs should apply. We do not support the inclusion of the ‘no worse off’ cap.
  - For the final compensation model, we support setting the cap based on a cost-based approach.
  - The final compensation model should come into effect after a clearly defined period specified in the legal text. We support a period of five years.
  - During an additional transitional corridor, the caps of the transitory model should remain applicable in parallel to the cost-based approach. This would avoid cliff effects. These safeguard caps should continue to only reference debit card fees instead of the fees for all comparable means of payment.
  - Within the corridor, the Commission should, by means of a delegated act, lift the safeguard caps from the transitory model once the unit costs for digital euro transactions have sufficiently stabilized.

Answer to Q1:

- We agree that the long-term model should be based on the actual unit costs of digital euro transactions.

- We should make sure that the final compensation model offers the banking sector a credible prospect that the provision of digital euro related services will at least be cost-covering in the medium term. This was also the goal of the initial COM proposal.
- Securing the buy-in of the banking sector is important, as banks will serve a critical function as distributors of the digital euro. Any outcome that would knowingly render the digital euro a fundamentally loss-making proposition for banks must therefore be avoided.
- However, cost savings resulting from the ECB providing infrastructure services free of charge should be passed on to merchants wherever possible. It must be ensured that also businesses and consumers benefit from the services offered free of charge by the ECB to the PSPs.
- We believe that the cost-plus approach in the medium term holds the greatest potential to ensure a compensation for ‘digital euro’-services that is cost-covering.
- While we see the benefits of starting with a model that is relatively closely aligned with existing concepts and adopts a simplified approach, we are still concerned about its shortcomings. In our view, the comparison with fees for other means of digital payment, which are by their nature not fully comparable, can in the end only serve as an approximation. We can settle for that during a transitional period, but not in the long run.
- Therefore, after a transitory phase, when sufficient data on the unit costs for ‘digital euro’-services are available, PSPs should be compensated according to the cost-plus approach, including a reasonable margin of profit.
- That being said, we continue to have reservations regarding the permanent application of additional “safeguard” caps beyond the point at which unit costs have sufficiently stabilised. While we

acknowledge the rationale that such caps may serve to prevent payment service providers from artificially inflating cost data used to calculate cost-plus caps, we are concerned that their application could undermine the credibility of any assurance given to banks that they will be able to operate on a cost-covering basis in the long run.

- We currently lack a clear understanding of what the cost levels will be. At the very least, initial investment costs are likely to be significant.
- If, in addition to the cost-plus caps, further “safeguard” caps are introduced by reference to fees for comparable means of payment, there is a risk that these secondary caps may effectively undercut the cost-based model in the long term.
- Designing a remuneration framework under such assumptions would, in effect, impose a statutory obligation on banks to provide digital euro services that could be structurally loss-making, which raises concerns also from a fundamental rights perspective.
- The Presidency appears to have acknowledged this concern in part by introducing the concept of a possible floor. However, in our view, this leads to an overly complex framework, the effectiveness of which remains unclear.

IT

(MS comments):

On a general basis, we think that both caps on the inter-PSP and MSC could be justified given the mandatory acceptance for merchants and the functioning of the market for payment services. Furthermore, a cost-based model would promote efficiency and support adoption (because it would guarantee that savings due to the ‘Eurosystem bearing its own costs’ would at least partially be passed on to merchants). At the same time, we should be aware of the reporting complexities, the compliance burden for PSPs,

and conscious about the difficulty of collecting reliable data on the cost-based approach, at least for an initial period. That said, we would agree on cost-based caps in the spirit of compromise. Being aware of the complexity of calculating costs, it would be important to define a clear methodology to assess them.

ES

(MS comments):

We would prefer not to include cost-based caps given: (i) the difficulties of its implementation and the misalignment of incentives in an environment of information asymmetry; (ii) the impossibility to take into account differences among sectors, that can only partially be corrected by leaving out dispute resolution or fraud management from the list of basic acquiring services and (iii) given that it does not allow to take into account differences in the payments market of MSs: Beyond being more or less competitive, some markets have EU infrastructures that should be reused (e.g. national payment processors), whereas others will need to build new ones (in order not to depend from third party processors like Visa/MC), the acquirer market works differently: in some MSs merchants buy their own terminals, whereas in other MSs the acquirer buys the terminal. This could imply different cost structures for PSPs.

**Our preference would be to have caps only based on comparable means of payment that are adjusted after the transition period:**

- *For the MSC: 2 caps where the lowest would apply:*
  - ✓ *A no worse off cap - which could be simplified:*
    - **referring only to debit cards** – even only with international card schemes initially (with a review clause that allows to include other means of payment)

- During the transition period the scheme fee should be considered, even if it is not mentioned in the list of acquiring services.
- After the transition period the amount of the scheme fee would be eliminated to calculate the MSC.
- A flexible methodology of implementation
- ✓ *A homogeneous cap calculated as the EA average cap of debit cards* (for small merchants and to apply for those acquirers not providing acquiring services with debit cards and international card schemes):
  - In the transition period it could refer only to international card schemes
  - In the final model it could be reviewed to include other means of payment
- ***For the inter-PSP fee:*** 2 caps where the lowest would apply:
  - ✓ A homogeneous cap calculated as EA average card of debit cards in international card schemes
  - ✓ The fee paid for debit card transactions
    - During the transition period the scheme fee should be taken into account.
    - After the transition period the amount of the scheme fee would be eliminated to calculate the MSC

There would be a homogeneous cap in any case, accompanied with a no discrimination cap.

By taking into account the scheme fees during the transition period, it would allow to compensate for the fixed costs, which should be amortized during the transition period (should not be too short).

**In case a cost-based cap is finally introduced for the final model:**

- **We see risks in referring to a low % of cost-effective PSPs given that costs can vary significantly among MSs**, due to the existing differences in the payments market. This could lead to losses for PSPs in certain MSs which could lead to high concentration in certain markets, negatively affecting competition and innovation.
- **A second cap based on comparable means of payment should be maintained to protect merchants from negative effects** that could derive from information asymmetries and misaligned incentives.

FR

**(MS comments):**

We reiterate the importance of conducting our debates in the Council on the basis of substantial impact studies, given the impact of this project on the payments industry and more generally on all administrations, businesses and citizens of the European Union, particularly in terms of costs. While we have seen figures from the banking federations, we would like to have the opinion and an impact analysis from the institutions, the Commission and the ECB.

We believe that the discussions on the economic model have made significant progress under the Polish Presidency, but we do not believe that this part can be considered closed at this stage. Some key elements on remuneration and other closely related parts of the regulation require further discussion.

We are in favour of capping inter-PSP fees on the model of interchange for card payments. It must be high enough to reward the investments made by PSPs. This interchange-based financing model is essential for new, innovative players.

On this subject, we would like this ceiling to be uniform and not to have national options, which would create problems of distortion of competition. Such harmonisation is necessary for a truly pan-European means of payment.

As far as MSC caps are concerned, we believe that competition between PSPs is effective and sufficient, and we are therefore against capping. There is no market gap in acquiring services and European retailers have and will have a competitive offer with the possibility of changing supplier. There is no reason to derogate from free market rules. We fear that this will undermine innovation and that the players will go for the ceiling price.

Secondly, we cannot accept that other means of payment should de facto subsidise the digital euro. The pricing of the digital euro must reflect its costs and intrinsic performance.

There is a risk that capping with a 'no worse' clause will cause low-cost, highly efficient solutions such as domestic schemes and instant payments to disappear because of the capping of the digital euro. Indeed, PSPs could be encouraged to stop distributing these means of payment in order to raise the ceiling on digital euro pricing by bringing it into line with more expensive solutions.

PT

(MS comments):

	<p>Please consider these comments from a technical standpoint, and not as supporting the duplication of compensation models implied by the proposed approach.</p> <p>We support the objective of ensuring fair compensation for PSPs distributing digital euro services, which should be reflected when establishing the inter-PSP fee and MSC caps. However, we have one major concern regarding the solution presented in the Discussion Note. The proposed final model retains a main shortcoming of the COM’s approach. By applying two criteria – cost-based and comparable means of payment – and setting the cap at the lower of the two, there is a risk that costs incurred by PSPs will not be considered. This is especially concerning given that the proposed timeframe of 2-6 years may not be sufficient to achieve economies of scale.</p>
<p><i>Q2. Do you agree that the Regulation/Article 17(5) should lay down the relevant requirements, parameters and objectives for establishing the relevant methodology, which would then be adopted in a Commission implementing act that will be adopted by means of the examination procedure?</i></p>	<p>LT <b>(MS comments):</b></p> <p>We agree with the suggestion focusing on the principles of the compensation model in the DER. However, the parameters for the methodology as well as detailed methodology should be in the L2 legislation as these would require additional discussion between MS. The basic principles of methodology are already in DER (Art 17(2)). All other parameters of the methodology require additional technical work and should be based on harmonized approach which can be achieved with the comitology procedure.</p> <p>HR <b>(MS comments):</b></p> <p>Yes, we agree that the Regulation i.e., Article 17(5) should lay down the relevant requirements, parameters (e.g. share of top cost-efficient PSPs, applicable cost categories directly attributable to providing basic digital euro services, periodicity of the calculation, accounting and reporting guidelines etc.) and objectives for establishing the relevant methodology,</p>

which would then be adopted in a Commission implementing act that will be adopted by means of the examination procedure.

SI

(MS comments):

SI: Yes, we agree. We have a comment regarding the calculation of a reasonable margin of profit. We consider that calculating a reasonable margin of profit may prove overly complex.

LU

(MS comments):

LU: As mentioned in our answer to Q1 we would prefer a principle based and outcome-oriented approach in the methodology that puts the burden on the PSPs to employ a cost-based model without imposing or defining a granular methodology.

However, in case the approach presented by the PRES is retained, we agree that it is of utmost importance to define the criteria and the parameters in the L1 regulation in order to be able to provide with the required level of legal certainty.

IE

(MS comments):

IE agrees that Article 17(5) should lay down the relevant requirements, parameters and objectives for establishing the relevant methodology. It provides certainty to the methodology and corrects for issues that Member States have raised with the current drafting.

RO

(MS comments):

We agree.

NL

(MS comments):

**NL comment:** We agree with incorporating the relevant requirements, parameters and objectives in Article 17(5) for establishing the relevant methodology for the cost-based cap, which can then be adopted in an implementing act with an examination procedure. This would allow for a certain form of flexibility in contrast to level 1 requirements while still enabling Member States to be involved.

EL

(MS comments):

**EL:** We are currently in the process of analysing the matter

AT

(MS comments):

Yes, we agree. The Level 1 text should clarify that the draft implementing act may not be adopted where no opinion by the committee is delivered.

We support laying down the periodicity of the calculations in the Level 1 text as well as the share of top cost-efficient PSPs. As for the latter, we prefer a range of up to 50% of the most cost-efficient PSPs.

DE

(MS comments):

- We agree that the basic outline of the final model must be part of the Regulation at Level 1.
- We should only agree on a transitory model if we know what the final model will look like. It is crucial for the project's long-term success that market participants can adapt their business models to the final compensation model early on.
- With regard to the specific substance of these basic outlines, we would like to offer the following remarks:

- First, we would like to note that we – along with a significant number of other Member States – have repeatedly called for the Commission (and not the ECB) to be in charge of administering price caps, as this is fundamentally a matter of competition law. Furthermore, we should ensure that the national competent authorities involved in data collection are the same for both the transitional and the final model.
- Second, we can support that the caps and the reasonable profit margin under the “cost-plus-cap” would be capped in line with the costs of the most cost-efficient PSPs, although the concrete range of this group still requires further discussion. The reference to the most cost-efficient PSPs should provide a safeguard against abuse of the cost-plus-approach. At the same time, this would favour larger PSPs over smaller ones, because larger PSPs can distribute their fixed costs over a greater volume of payments. To this end, we would like to propose referring to a “statistically representative group of the most cost-efficient payment services providers”. As in the transitional model, national competition authorities would retain adequate flexibility to define such representative group in line with national market realities.
- Third, we believe it would make sense to add a sentence or two on how to reflect investment costs. PSPs should be able to recover at least a substantial part of their investment costs, but at the same time should not be able to “front-load” these once the cost-plus approach is kicking in. We could think about a provision as to the number of years over which investment costs would need to be spread.
- Fourth, we would like to propose that, at least in the medium term, data collection and the corresponding

adjustment of the caps be carried out at extended intervals, in order to reduce administrative burdens and create efficiency incentives for PSPs.

- Finally, we strongly support the proposal to adopt the implementing act for the detailed methodology within the framework of comitology, as it ensures that Member States have a decisive role in shaping this key aspect.
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IT

(MS comments):

Yes, we agree. However, we believe that the applicable share of top cost-efficient PSPs should not be specified in the regulation and should be determined after we have gathered more data on the distribution of costs. More specifically, setting this value (25%, 50% or 75%) has a trade-off: on the one hand, it reduces the cap and so the fees paid by merchants, on the other hand, it may put significant burden on the less efficient PSPs (who are required to distribute digital euro services). At this stage no one has a clear idea about the distribution of these costs, so we should avoid putting any specific number in the regulation and look into the data to determine the right balance (and the right value). The same consideration is valid with respect to the 'reasonable profit margin' component (we should look into the data before deciding the applicable share).

ES

(MS comments):

We agree with the idea of having the **specificities in L2**.

**Regarding the exact % of most cost-efficient PSPs we have some concerns.** We should make sure that if there is a high degree of dispersion in the costs announced the percentage should be higher, to avoid negative effects.

**We could accept determining the exact percentage in L2, leaving a range between 25% and 50% in L1.** In any case:

- We should consider including certain parameters that will determine the decision, such as the degree of dispersion of the announced costs.
- Another important element is to understand how is the statistically representative group of PSPs going to be selected and by whom. It is important to find a balance between not overburdening smaller PSPs but also that they are not under-represented in the sample. The text of the Regulation should specify who will select the statistically representative group of PSPs (we understand it should be the NCAs) and L2 methodology should as well specify the methodology to select this representative group.

It should be clarified when this L2 text will be adopted. It is important to have the methodology approved before the final model kicks in, but information will need to be gathered before it can be drafted.

FR

**(MS comments):**

For MSCs, we are in favour of free competition. We are concerned that caps could undermine innovation and competition.

For inter-PSP fees, we are in favour of a cap because competition cannot bring these fees down, but this cap must be set at a sufficient level. Like the IFR, we believe that the level of this cap should be set by the co-legislators at level 1.

PT

**(MS comments):**

	<p>We foresee certain challenges in the proposed way forward. The complexity of implementation and the volume of sensitive data required may not be aligned with the broader simplification agenda and impose significant burden on PSPs.</p>
<p><b>2.2. Comparable means of payment caps</b></p>	
<p><b>2.2.1 Inter-PSP fee: comparable means of payment cap</b></p>	
<p><b>2.2.2 MSC: comparable means of payment cap</b></p>	
<p><b>2.2.2.1 Macro-level cap (€-area average)</b></p>	
<p><b>2.2.2.2 Micro-level cap (no-worse-off)</b></p>	
<p><i>Q3. Do you agree with an EA-uniform inter-PSP fee cap based on the average fee of comparable digital means of payment, comprising all digital means of payment initiated at the point of interaction?</i></p>	<p>LT  <b>(MS comments):</b>                  We agree with a EA-uniform inter-PSP fee cap based on the average fee of comparable digital means of payment. We would like to clarify, what is meant by “all digital means of payment initiated at the POI”. Does “all digital means of payment at the POI” include debit cards and instant payments? What is instant payments as according to our understanding there are ‘instant credit transfer’ or ‘e-money payment’. Which one is included in “all digital means of payment initiated at the POI”?</p> <p>HR  <b>(MS comments):</b>                  Yes, we agree with euro area uniform inter-PSP fee cap based on the average fee of comparable digital means of payment, comprising all digital means of payment initiated at the point of interaction.</p> <p>SI  <b>(MS comments):</b>                  SI: Yes, we agree.</p> <p>LU</p>

(MS comments):

LU: for legal reasons we understand that an uniform inter-psp fee cap will have to be applied, however we would like to recall that the Inter PSS Fee regulation was not designed for the digital euro ( nor for a similar use case or scenario), thus its direct replication might not be appropriate.

IE

(MS comments):

IE is open to the revised EA uniform inter-PSP cap proposed as it avoids legal uncertainty and regulatory fragmentations but notes that the Interchange Fee Regulation was not developed for the digital euro and may not be fully reflective of the costs.

RO

(MS comments):

We agree with this measure during the transitory model, but we would prefer seeing a change towards a cost-plus approach in the final model.

NL

(MS comments):

**NL comment:** We have always argued for a long term compensation model based on true costs. However, if other Member States feel an additional cap is necessary, we indeed strongly prefer an euro area uniform inter-PSP fee cap based on the average fee of comparable digital means of payment. Given that we want to work towards a harmonized model in the long term, we believe the EA-average MSC is in line with this intended goal.

We should continue discussions on what a comparable means of payment is, which data is available and what this means for the level of the cap. However, it is difficult to discuss any cap which is not based on costs without a proper impact assessment of the effects on different PSPs. We

request the Commission and/or ECB, to assess the impact of differing caps based on comparable means of payment and show, to the extent possible, how high a typical cap for comparable means of payment would be. In case of limited data availability, experts at national supervisors could showcase how a comparable means of payment approach would work on a national level given current market practices, either during the transitional phase or in the long term phase.

EL

(MS comments):

EL: Yes, we agree.

AT

(MS comments):

We support a uniform inter-PSP fee cap solution. While we still believe that the inter-PSP fee of 0,2% in accordance with the ES non-paper would be a reasonable solution, we are open to the PCY proposal.

The definition of comparable means of payment should be restricted to debit card payments of international card schemes, at least in a transitional period. This holds true for the MSC cap as well. This ensures that the dEUR has no disadvantage vis-à-vis such international payment schemes, but allows reasonable fees to, at least partially, compensate initial investment costs for PSPs in the first years.

DE

(MS comments):

- First of all, as said before, we have reservations regarding the permanent application of additional “safeguard” caps beyond the point at which unit costs have sufficiently stabilised. We are concerned that these secondary caps could undercut the cost-based model.

- Therefore, we tend to only see merits in keeping complementary caps as a safeguard against potential cliff effects during a transitory period which should be limited in time. We could envisage this as a corridor, during which the caps set out in the transitional model would remain applicable in parallel. However, following the stabilisation of unit costs, those caps would then have to be phased out.
- We also have serious concerns regarding the specific proposal for the design of the cap.
- Unlike the transitional model, which refers for the inter-PSP fee cap to the well-established and reliably known average of the interchange fee for debit card transactions, the current proposal refers broadly to all digital means of payment initiated at the point of interaction.
- First, we consider this proposed reference framework to be entirely opaque, making any informed assessment of the actual cap level effectively impossible.
- Given the current state and foreseeable developments in the payments market – particularly with the increasing relevance of account-to-account transactions – it cannot be ruled out that such cap would fall significantly below the level currently applicable to the interchange fee for debit card transactions.
- “Comparable digital means of payment” – as it is drafted now – comprises cheap national solutions like Bizum, Ideal, Card Bancaire, Bancomat or Girocard that in some cases have been in the market for years or even decades. PSPs’ investments in these solutions have amortized – their pricing no longer reflects the investment cost. We do not see, how this benchmark would allow for a recovery of PSPs’ investment costs.
- It should also be noted, that many of the existing “comparable” national payment solutions do not offer the same scope of services as the digital euro and would be more expensive, if they

did. For example, Girocard in Germany cannot be used in e-commerce or for P2P transactions and should thus not be referred to as a benchmark for the digital euro.

- To date, we have not received any reliable data that would dispel our concerns in this regard. On this basis, we are not in a position to support such a cap.
- Second, expanding the scope of reference to cover a broader range of payment solutions would significantly increase the reporting burden of payment service providers, which we reject.
- In our view, it is therefore preferable to retain the transitional cap linked to the interchange fee for debit cards. This remains the most viable option in terms of simplifying the overall framework.
- At most, we would envisage including a review clause allowing for the inclusion of specific additional payment methods in the cap calculation – but only if and when robust and reliable data on the corresponding fee levels become available.
- Another important aspect that affects not only the inter-PSP fee cap of the final model but also that of the transitional model is the question of how the cap is to be operationalized between the issuing and the acquiring payment service provider. This is because a cap, by its nature, merely sets an upper limit but does not in itself determine the actual fee to be applied.
- We wonder, whether this would imply that all payment service providers would need to conclude bilateral agreements specifying the exact amount of the fee. Such a requirement could appear to be entirely impractical.
- An alternative approach could be to define the applicable fee through scheme rules, as is the case for credit and debit card payments. We are not aware whether this option is currently being discussed within the framework of the rulebook development group.

- However, from our perspective, the preferable solution would be to set not only the cap but the actual applicable fee level directly in the Level 1 text. We are open to introducing some flexibility in the setting of the fee level, insofar as it should remain possible for payment service providers to contractually agree on a lower fee.

IT

(MS comments):

Yes, we agree with the Euro area uniform cap for inter-PSP fee and with the idea of differentiating the comparable payment used as benchmark between the transitory and final regime. However, we wonder if, for the sake of having a simpler and more transparent regime, it would be better to point to debit cards also for the final regime.

ES

(MS comments):

**We agree with an EA uniform inter-PSP fee cap based on average comparable means of payment.**

- For simplicity, we would take the average for debit cards (like for the transitional model). It could be adjusted for the final model subtracting the average scheme fee. We support including scheme fees in the transitional period to help compensate for investment one off costs (given that the costs will be high, the transitional period should also be high to allow enough time to amortize these costs). After the transitional period, these could be lowered to reflect the saving that will imply using the Eurosystem's scheme.
- If other comparable means of payment at the PoI are introduced, e.g. instant payment solutions at the PoI, we should take into account that the amount charged might most probably not be referenced to the value of the transaction, but to the information

consulted (as is for instance the case of Bizum). We will need to make sure that it does not distort the figure.

**As stated at the beginning, our preference would be to accompany this cap with a no discrimination clause**, where the acquirer cannot pay the distributing PSP more than what it pays the issuer PSP for a card transaction. Without any cap based on costs. This would allow not having to make adjustments if the no worse off MSC cap applies.

**We would not include a cap based on costs.**

**A comment regarding the offline compensation model:**

- We agree with the ½ ½ distribution of the MSC between the acquirer PSP and the pool (to be distributed among distributing PSPs), when the inter-PSP fee can be heterogeneous (as we support)
- However, if in the end the **inter-PSP fee cap were to be homogeneous** (either the average of comparable means of payment or the homogeneous cost based depending on which is lower), we think that **this same inter-PSP fee should apply for the offline model** to ensure a higher degree of parallelism. For each transaction that fee should be collected and then distributed among distributing PSPs based on the allocation proxy.

FR

(MS comments):

We are in favour of a uniform inter-PSP cap across the eurozone, with no national option. We believe that uniform rules are essential to create a pan-European means of payment and avoid any distortion of competition.

	<p>In our view, it is not relevant to refer to comparable means of payment. The 0.2% IFR rate for debit cards has been calculated for this technology.</p> <p>The interchange cap on digital euro should be defined at level 1 and based on analyses of the cost of digital euro for retail PSPs.</p> <p>Interchange must be high enough to cover costs and encourage innovation. New innovative players have based their business model on card interchange fees.</p> <p>The 0.2% rate for personal debit cards corresponds to the price for a known and amortised means of payment. For the digital euro, it may be higher at the start and then fall once development costs have been amortised.</p> <p>PT (MS comments):</p> <p>As we see it, only the final model considers a criterion based on comparable means of payment, whereas the transitory model applies a rigid cap based on the inter-PSP fee charged for debit card payments. Therefore, the proposed drafting for Article 16a should be amendment as the reference to comparable means of payment should be avoided.</p>
<p><i>Q4. Do you wish to retain the micro-level, 'no-worse off' MSC cap for the final model or do you prefer to limit its application to the transitional period only?</i></p>	<p>LT (MS comments):</p> <p>We do not have our final position. At this stage we are still evaluating the proposal and are open for discussion.</p> <p>HR (MS comments):</p>

We find that "no-worse off" MSC cap should not be retained for the final model and should be retained only for transitional period.

SI

(MS comments):

SI: We support applying the "no-worse off" MSC cap solely during the transitional period, given the numerous legal and competition-related issues it raises. While we understand the rationale behind introducing such a cap in the context of the transitional model, we do not see a need for its continuation in the final model.

LU

(MS comments):

LU: while we can support the no-worse-off clause in the intermediary compensation model, we are of the view that the final compensation model shall be cost based only without further capping of the price.

IE

(MS comments):

IE supports the retention of the "no worse-off" MSC cap for the final model. IE does not have a domestic card scheme, and therefore cannot compare the costs of the D€ to any other scheme. Consequently, the retention of the "no worse-off" cap is beneficial.

The compensation model needs to be uniformly applied across the Eurosystem with the provisions of a "no-worse off" MSC cap that should undergo assessment of as part of the final model to ensure it has achieved the objectives outlined above, i.e. more competition, lower fees, as part of the transitory period. The ultimate goal should be a model that improves competition among acquirers and reduces fees for the payee/merchant.

RO

(MS comments):

We would like to maintain flexibility and react accordingly to the information gathered during the transitional model.

NL

(MS comments):

**NL comment:** We would prefer to limit the application of the ‘no-worse off’ MSC cap to the transition period only.

We understand the reasoning for having this cap during the transition period as it would protect merchants during the initial stages of the digital euro, increasing its uptake. Nevertheless, the long-term goal should be to establish a viable compensation model that is both sustainable and reflects the actual costs of introducing and maintaining the distribution of the digital euro. This is necessary to increase support among PSPs and would offer them the prospect of making good on their costs after the transition phase is over. Also, the no-worse off clause would still permit differences among Member States, thereby undermining the objective of developing a harmonized model.

EL

(MS comments):

**EL:** We may agree, after reviewing the data from the Commission’s report on the implementation of this Regulation, two years after the end of the transitional period mentioned in Article 16b.

AT

(MS comments):

Retaining the “no-worse off” MSC cap for the final model is not supported. The concept behind a fee cap must be manageable and simple and shall not require strong efforts to monitor its implementation and compliance. Applying solely the EA uniform MSC cap would be an

easier way forward, both in the transition and in the final model without creating substantial burden for PSPs (vis-à-vis the two-cap transitory model) but protecting small and medium-sized merchants. We do share the concerns of the PCY paper on a potentially too low MSC cap, but this holds true for the transitional period as well.

DE

(MS comments):

- While we initially saw merit in the cap due to its relative ease of implementation, we now have serious doubts about the viability of a compensation model grounded on the ‘no worse off’ cap. These concerns extend to both the final and transitional models. As a result, we are inclined to reject this cap altogether.
- Specifically, we are concerned about a potential inconsistency between the cap on inter-PSP fees and the ‘no worse cap’ on the MSC. We are not convinced, that these two caps can operate coherently in parallel, and we fear that the ‘no worse off’ cap may, in practice, undermine the inter-PSP fee cap.
- Due to the broad reference to the fees for comparable means of digital payment and foreseeable market developments – particularly the rise of A2A solutions – the benchmark of the cheapest MSC for comparable means of payment may end up being so low that an inter-PSP fee of 0.2% of the transaction volume would no longer be covered.
- This risk is already clearly emerging today: In some MS direct debits are widely used at the POI. Usually, direct debits are a very cost-effective payment method. If they were included as a comparable means of payment, this could trigger an unduly low ‘no worse off’ fee cap for the MSC (potentially close to 0), rendering it very challenging or rather impossible for PSPs to cover their costs.

- Another blatant example is the Girocard, the national card scheme still widely used at the point of sale in Germany. The Girocard scheme applies an authorization fee (the equivalent to the MSC) of only 0.17%, which is significantly below a level that could support an inter-PSP fee of approximately 0.2% during the transitory period.
- It is therefore foreseeable that, if the MSC for the digital euro were to be benchmarked against such particularly low-cost means of payment, the resulting remuneration would be insufficient to cover the actual costs incurred by both acquiring and distributing payment service providers.
- As a consequence, acquiring PSPs could feel compelled to remove particularly low-cost means of payment from their service portfolios in order to prevent their merchant clients from using the MSCs agreed for those means of payment as a benchmark for the digital euro.
- Such development could unintendedly favour more expensive payment solutions provided by non-European players and would run counter to our efforts to increase the market share of cost-efficient European payment solutions.
- While the Presidency appears to have recognised the issue and proposes the introduction of floors as a possible remedy, it remains entirely unclear how such thresholds would be defined and implemented. In light of the already significant complexity of the proposed compensation model, we are very sceptic about the introduction of additional minimum limits.
- Another possible solution to this problem would be to apply the no-worse-off clause exclusively to international debit cards. However, this would ultimately lead to the unintended outcome that merchants would, for the foreseeable future (i.e. until the final compensation model kicks in), be forced to accept international debit cards in order to benefit from the MSC cap.

- Until a reliable and transparent sanity check is presented that addresses our concerns, we are thus unable to support the ‘no worse off’ cap.

IT

(MS comments):

We are still reflecting on this question and do not have a final position.

As already said in the past, compensation model should guarantee that PSP cover their costs, with a reasonable margin of profit, and that merchants are not exposed to excessive fees.

However, if the project ends up being not particularly cost efficient and if the cost-based cap is higher than the comparable payment instrument one, which would be only an EU average, then there is the risk that the merchant would end up pay higher MSC in such jurisdictions where the payment market is very competitive or where there are cheap national debit card schemes.

This situation would be very difficult to justify and explain to merchants because the costs of the digital euro, given the fact that the infrastructure is offered by the public, should be naturally lower than those of card schemes, including national.

However, we also understand that the ‘no-worse-off’ MSC cap could lead to difficulties in combination with a uniform inter-PSP fee cap. There might be scenarios in which acquirers might find themselves obligated to facilitate digital euro transactions at a loss if the applicable MSC cap, based on the no-worse-off provision, is lower than the inter-PSP fee.

For these reasons, there might be merit in exploring to have either a floor in case of application of no-worse off clause or to link the clause only to some specific comparable payment instruments to avoid the cap to be too low.

ES

(MS comments):

**We would prefer to have the no worse off MSC cap** (and no discrimination inter-PSP fee cap) combined with **caps based on the average costs of comparable means of payment**.

**A no worse off MSC cap is the only way to ensure that merchants are fully protected**, and we believe that it is the best methodology to align incentives between PSPs and merchants.

**However, if in the end a cost-based cap is introduced:**

- It will be complicated to align 3 caps: cost based, average comparable means of payment and no worse off.
- An important benefit in favour of the no worse off MSC cap is that it is easy to implement. If in addition to the no worse off the other caps need to be applied, this advantage disappears. It can be difficult to apply the no worse off with a flexible methodology (not standardized) with the other caps, given that the merchant will have to compare a lot of heterogeneous data, making it burdensome and overly complicated.

To sum up, if the cost-based will necessarily be implemented, we see difficulties in maintaining the no worse off in the final model. We support it for the transitional model and we believe that the best alternative would be to keep it in the final model together with the EA MSC cap based on the average of comparable means of payment.

FR

**(MS comments):**

While we understand the Presidency's analysis, we do not share its conclusion.

In particular, it is stated that there is an economic justification for capping prices because merchants do not pay the same price per transaction depending on their size.

We have no political mandate to standardise payment prices according to merchant size. If prices are different, it's because they cover different costs made possible by economies of scale.

The prices of services in digital euros should reflect the costs associated with these services. A 'no worse' option amounts to having the digital euro subsidised by other means of payment.

However, we fear that this position would not be viable in the long term. A price cap below cost will lead to legitimate complaints from PSPs and increases in ancillary costs, ultimately weighing on merchants and consumers.

PT

**(MS comments):**

We prefer to delete the “*no-worse off*” MSC cap for the final model, for several reasons:

We wonder whether such cap is necessary considering point (b) of Article 17(2). Moreover, it is important to note that these criteria are based on fundamentally different methodologies, as emphasized by the Presidency, one operates at a macro level while the other at a micro level. This raises questions regarding the coherence and complexity arising from the application of both approaches.

We consider that the following segment of Article 17(2a) should be deleted: “*However, this rule shall not lead to a situation in which a*

	<p><i>payment service provider provides acquiring services at a loss or with no compensation</i>". The application of this part of this provision may raise uncertainty regarding when the "no-worse off" clause should apply, introducing a level of complexity unnecessary. Also, this drafting seems more suitable for a recital.</p>
<p><b>3. Transition to the final model</b></p>	
<p><i>Q5. Do you agree with the proposed approach for determining the transitional period?</i></p>	<p>LT (MS comments): We agree with the proposed approach for determining the transitional period. We support the Presidency proposal to set the maximum length of the transitional period at 6 years as this would provide additional safeguards against a premature move to the final compensation model.</p> <p>HR (MS comments): Yes, we agree with the proposed approach for determining the transitional period. We support to set lower length of the transitional period at 2 years and maximum length at 6 years. We also agree with PL PRES proposal that Commission should be empowered to implement the legislative framework where it would be able to determine that objectively defined criteria have been fulfilled and that the Commission shall adopt the implementing act in accordance with the examination procedure set out in Article 39 and after consulting the ECB. We support that the required data collection during transitional period would be facilitated by the Commission's obligation to present a review of the Regulation {three years} after the entry force.</p> <p>SI (MS comments): SI: Yes, we agree.</p>

LU

(MS comments):

LU: we can support the approach proposed for the transitional period.

IE

(MS comments):

IE can support a transitional period with a minimum and maximum range but would prefer the maximum to remain at 5 years not 6. We previously supported a fixed 5-year period, and see no justification for extending it further, especially as it's more likely the process will run longer rather than shorter.

RO

(MS comments):

Although we agree with the general direction, we also feel that two years might be too short for gathering the necessary relevant data, and therefore would suggest a minimum of 3 years for the transitional model.

NL

(MS comments):

**NL comment:** We believe three to six years is reasonable. We think two years is too short to gather relevant data, so a minimum of three years would be more appropriate. Also, we should avoid having a 'transitional' regime longer than six years, as the competitiveness of PSPs in the long run is hurt more the longer the pricing is based on a no-worse-off cap.

However, we are also open to consider the proposal by Germany to have a corridor, after which unit costs become the only approach for a cost-covering compensation model in the long term. We think this corridor proposal is in essence fairly similar to your proposed approach, despite having somewhat longer timelines. We believe moving to a cost-based

approach as soon as possible is the most desirable approach and would in principle support the timelines proposed in this paper.

EL

(MS comments):

EL: We consider that the 2-year period is too short to collect reliable and stable unit cost data-

AT

(MS comments):

In principle, we may agree with a more flexible approach by introducing a time range, but 1) we regard the two-year period as too short and 2) the time range should not be too wide, as PSPs must have a sufficient degree of certainty about chargeable fees to plan their investments and their amortizations upfront.

DE

(MS comments):

- As should already be apparent, we are seriously concerned that the current design of the transitional model may not allow for a cost-covering provision of services by payment services providers.
- Embedding the transitional caps – particularly in their broadened form of referencing all comparable means of payment – as a permanent safeguard within the final compensation model would, in our view, undermine the very logic of the cost-plus approach. If cost-based caps are consistently undercut by the complementary caps, their relevance and purpose would be fundamentally called into question.
- In our view, the continued application of transitional caps can only be justified as a temporary measure to prevent cliff effects during the initial stabilisation phase of unit costs – provided that

these caps remain explicitly and exclusively tied to debit card fee structures.

- To be absolutely clear: In the unlikely event that actual unit costs exceed the levels of debit card fees, payment service providers must, at least in the long term, be allowed to set their fees at a level above the average charges for debit card transactions in order to recover their costs. A long-term structural deficit in the provision of digital euro services would be economically unsustainable and legally questionable.
- We could therefore only support the introduction of a corridor, if it is understood to mean that the cost-plus approach would come into effect after 5 years, while the caps set out in the transitional model would remain applicable in parallel during another transitional period (defined as a corridor).
- This approach would, on the one hand, ensure that merchants are protected against potential cliff effects upon the introduction of the final cost-based compensation model. On the other hand, even if the caps under the transitional model were to remain decisive for the time being, this approach would nonetheless provide for greater transparency regarding the actual costs of the digital euro and allow market participants more time to prepare for the exclusive application of the caps under the final model.
- Within the corridor, COM could then suspend the continued application of the complementary caps from the transitional model once unit costs have sufficiently stabilized.

IT

(MS comments):

We agree to determine the duration of the transitional period by means of a time range. However, we believe that 2 years (as the lower limit of this interval) could be too short to gather all the data and develop the methodology required to move to the final model. We would propose a

lower limit of 3 or 4 years. Therefore, the interval could be between 3/4 and 6 years.

ES

(MS comments):

We would prefer to have a period that is not shorter than 5 years.

The transitional period shall not only serve to collect information on costs. During the transitional period, **PSPs should be able to amortize the fixed investment one off costs**. During this period PSPs will have more certainty on their pricing and will be able to make adjustments (after a cost-based model kicks in, there will no longer be certainty on the cap). Also, during this transitional period, PSPs will have incentives to accelerate adoption, which should contribute to the success of the project.

If no second cap based on comparable means of payment is introduced (and only a cap based on costs applies), the transitional period should be higher in order to ensure that transactions in digital euros have stabilized (which could take more than 10 years) and avoid cliff effects.

FR

(MS comments):

If a transitional framework is adopted, we are in favour of these provisions and open to possible adaptations.

As previously indicated, we are in favour of a cap at level 1 interchange and free competition between MSCs.

PT

(MS comments):

We are open to further discuss the proposed approach.

4. Review of the final model	
<p>Q6. Do you agree with the proposed changes to Article 41?</p>	<p>LT (MS comments): We agree</p> <p>HR (MS comments): Yes, we agree with the proposed changes to Article 41. During CWP meetings under the BE PRES, discussions were held regarding the need to amend Article 42 on the entry into force of the Regulation. It was suggested that a provision should be prescribed stating that the Regulation will apply from [18 months after the date of entry into force]. The reason for this is to give all stakeholders sufficient time to prepare for a possible launch of the digital euro (which may not take place prior to this date of application). The proposal was to further explore which provisions of the Regulation should apply from the date of entry into force (e.g., the Articles empowering the Commission to adopt delegated or implementing acts). In this regard, and considering the PL PRES proposals in Articles 16b and 41 of the Proposal, we distinguish between the date of the first issuance of the digital euro and the date of application of the Regulation for establishing the digital euro. Depending on these dates, certain obligations for the European Commission arise. We find it important to consider how long the period between these two dates may be, and what risks could arise for the fulfilment of the EC obligations if the ECB does not decide to issue a digital euro several years after the Regulation's date of application.</p> <p>SI (MS comments): SI: Yes, we agree.</p>

LU

(MS comments):

LU: We can support the amendments proposed in art 41

IE

(MS comments):

It is unclear why Article 41(1) changed and Ireland would appreciate clarification on this matter. The previous wording referring “issuance” as opposed to “application of regulation” is more appropriate. The date of application of the regulation will be prior to the date of issuance. As per the ECB’s competency, it will determine when best to issue a digital euro taking into consideration a variety of environmental factors. This means that decision to issue could come anytime within or post- three years of the regulation application. Ireland questions whether sufficient time will be available for the collection of data to determine the impact of the digital euro (and the regulation) on internal markets of NEAMS. Consequently, we have made the drafting suggestions below (using track changes).

~~By one year from the first issuance of the digital euro, and every three years thereafter, the Commission shall present to the European Parliament and to the Council a report on the application of this Regulation. When preparing its report, the Commission shall take into account the reports by the European Central Bank referred in Article 40 and any opinion and views expressed by the European Central Bank.~~

1. By ~~[three]~~ one two years from the date of ~~application of this Regulation~~ issuance of the digital euro, the Commission shall present to the European

and to the Council [a report on the application of this regulation](#). Such report shall include, in particular, and assessment of:

-developments of retail central bank digital currencies in Member States whose currency is not the euro and the impact of this Regulation on the internal market, accompanied where appropriate by proposals for amending legislative acts governing the use of retail central bank digital currencies across the Union.

-whether there is sufficient and effective access to and acceptance of the digital euro in the euro area.

IE does not consider there to be an issue with regards to Article 41(2) at this time.

RO

(MS comments):

We agree with the proposed changes.

NL

(MS comments):

**NL comment:** Yes, we agree with the changes made to article 41.

EL

(MS comments):

**EL:** Refer to our comments above.

AT

(MS comments):

Yes. The new Article 41 (1) should however refer to the first issuance of the digital euro and not the date of application.

DE

(MS comments):

- As we do not support the proposed concept for the transition to the final compensation model, we cannot agree to the proposed changes at this stage. We will therefore submit a text proposal reflecting our ‘flipped’ corridor approach.

IT

(MS comments):

Yes, we agree.

ES

(MS comments):

In Art. 41.1.: we agree with the suggestion of joining 2 reports (analysis of the development of retail CBDCs and analysis of access and acceptance of D€) in one report to be presented after 3 years.

In art. 41.2. the PCY suggests waiting 2 years after the transitional model is over (2 years since the adoption of the final model) to review the adequacy of the model based on the data collected on unit costs and on comparable means of payment.

- We would like to better understand when the L2 methodology of the final model will be adopted. It is important that the information is taken into account before the final model kicks in.
- Reviewing the adequacy of the transitional model could also be useful to see whether effects and incentives are better managed with the transitional or with the final model

FR

(MS comments):

We are open to these simplifications.

PT

(MS comments):

We have one doubt resulting the changes introduced in Article 41. It appears that the obligation to conduct a periodic assessment of the

	<p>regulation every three years following the initial report has been deleted. We believe this was not the intended outcome and would strongly prefer to see the requirement for continuous evaluation maintained in the text.</p> <p>We also question whether the articulation between Articles 16(1) and 41(2) is sufficiently clear. As we read it, in the worst-case scenario, the compensation model may only be subject to review after 8 years of the first issuance.</p>
<p><b>5. Cash funding and defunding</b></p>	
<p><i>Q7. Do you agree that cash funding/defunding with digital euro should not be more costly for consumers, nor less available, to consumers than cash funding/defunding with non-digital euro payment accounts while possible fees should be justified and proportionate?</i></p>	<p>LT (MS comments): We agree</p> <p>HR (MS comments): We agree that cash funding/defunding with digital euro should not be more costly for consumers, nor less available, to consumers than cash funding/defunding with non-digital euro payment accounts while possible fees should be justified and proportionate.</p> <p>Accordingly, as it is proposed and explained in the PL PRES discussion note, we support the following facts:</p> <ul style="list-style-type: none"> <li>- cash funding and defunding should <b>not be on the list of basic digital euro payment services</b> in the Annex II of the Proposal,</li> <li>- we support PL PRES drafting suggestions regarding <b>Article 17(1)</b>: "By derogation from the first subparagraph, payment service providers <b>may charge a fee for funding and defunding digital euros from or into euro cash</b>. This fee shall be objectively justified and proportionate, and, in any event, <b>shall not exceed the lowest amount charged</b> by the payment service provider to the respective customer for funding and defunding a non-digital euro payment account from or to euro cash."</li> </ul>

- we agree with PL PRES drafting suggestions regarding **Article 17(7) to remove the prohibition of an inter-PSP fee** for funding or defunding of digital euro into euro banknotes or coins, which reads: "By derogation from the first subparagraph, payment service providers **may charge an inter-PSP fee** for funding and defunding digital euros from or into euro cash. This fee shall be objectively justified and proportionate and, in any event, **shall not exceed the lowest amount** charged by the payment service provider to the respective consumer PSP for funding and defunding a non-digital euro payment account from or to euro cash."
- regarding Article 17(7) we **support further discussions regarding open funding reverse waterfall transactions.**

SI

(MS comments):

SI: Yes, we agree.

LU

(MS comments):

LU: yes, we agree.

IE

(MS comments):

IE can agree to the proposal.

RO

(MS comments):

We agree.

NL

(MS comments):

**NL comment:** The conversion of digital euro's to cash should be similar to the conversion of commercial bank money to cash and should have a similar compensation model. Moreover, funding and defunding digital euros should be possible for consumers in the whole of the euro area, as is the case for the cash infrastructure as well. If a fee must be charged to compensate for the services providers, this is reasonable.

With this proposal by the Presidency, we prevent disincentivizing banks, PSPs and independent operators from maintaining the cash infrastructure. Finally, we believe the arbitrage loophole should be closed for consumers and retailers alike, having both bear the costs of using cash infrastructure in the same way as they do currently for commercial bank money services.

EL

(MS comments):

**EL:** We agree.

AT

(MS comments):

Yes, we agree as a free-of-charge solution would increase incentives to reduce the number of ATMs.

As funding/defunding would not be part of Annex II anymore, we should find a solution for authorities pursuant to Art 14 (3) for cases where customers have no non-dEUR account. We deem it necessary to clarify whether such authorities need to provide funding/defunding services and, if yes, at which costs.

DE

(MS comments):

- Yes, we agree with the rationale that payment service providers should be able to charge the same fees for cash services in conjunction with the digital euro as they today charge for cash services in conjunction with commercial bank money.
- The fees charged in these contexts are supposed to reflect the costs of distributing cash. These costs will occur irrespective of whether customers draw cash from the non-digital euro accounts or from their digital euro accounts.
- In particular, users could always convert commercial bank money to digital euro first and then withdraw cash to circumvent potential fees on cash. This would fundamentally alter the current cash economy and put independent ATM deployers out of business.
- As a result, we fear that citizens' access to cash could severely deteriorate from what today – at least in Germany – is an acceptable level.
- Therefore, we continue to strongly support the proposal for a non-discrimination clause that would make sure that payment service providers cannot charge more for cash services provided to digital euro customers than for non-digital euro customers.

IT

(MS comments):

Yes, we support this approach.

ES

(MS comments):

We agree with the proposal.

We think the wording should state clearer that the fee charged shall not exceed the fee currently charged per PSP or per user (to make clear that it applies case by case)

	<p>FR (MS comments):</p> <p>We understand the underlying objective of the proposal, but we see no need for ex-ante regulation. If the digital euro is expensive for PSPs, this cost will be passed on to the consumer in one way or another.</p> <p>So, in the interests of simplification, we are not in favour of including this pricing obligation in the text.</p> <p>PT (MS comments):</p> <p>Yes, we are open to agree.</p> <p>Nonetheless, although we see merit in the policy objectives resulting from the proposed solution, we are concerned that this rule may raise the same legal issues identified in Section 2.2.2.1. of this Discussion Note. For instance, in Portugal, it is not legally possible to charge fees or impose any other costs for funding or defunding a non-digital euro payment account from or to euro cash at ATMs. Well, we question whether maintaining this approach is consistent with the Regulation's legal basis, which requires seamless, uniform and unfragmented circulation of euro in all its forms.</p> <p>Moreover, if this provision is retained, we question whether it remains appropriate to identify funding/defunding from/into cash as a basic service in Annex II.</p> <p>Finally, we question whether Article 12(1) of this Regulation should clearly identify this new paragraph as an exception to the principle of convertibility at par.</p>
<p>Q8. Do you agree with the drafting suggestions contained in this note?</p>	<p>LT (MS comments):</p> <p>We agree (Art 17 (1), (17)).</p> <p>SI</p>

(MS comments):

SI: Yes, we agree.

IE

(MS comments):

IE does not see an issue with the proposed drafting suggestions, with the exception of Article 41(1), which has been addressed in the response to question 6.

RO

(MS comments):

We agree with the drafting suggestions.

NL

(MS comments):

**NL comment:** Yes, we agree with the drafting suggestions provided by the Presidency. However, we continue to make a reservation for suggestions on comparable means of payment, as we believe a further technical discussion is needed on which types of payment are deemed comparable for the compensation model, both transitory and long-term.

CZ

(MS comments):

From our perspective as a non-euro area MS, it would be desirable to clarify whether the compensation model could also apply to the non-eurozone PSPs providing digital euro services to users in or from eurozone.

AT

(MS comments):

In line with our response to Q3, Art 16a should be as follows:

During the transitional period referred to in Article 16b, Article 17(2)(a) shall not apply and only debit cards **of international payment schemes**

shall be considered comparable means of payment for the purpose of Article 17(2)(b).

DE

(MS comments):

We still see a number of areas requiring further adjustment and therefore plan to submit a comprehensive text proposal shortly, covering the compensation model as well as the distribution and acceptance obligations.

IT

(MS comments):

Yes, we agree.

ES

(MS comments):

The suggestions correctly reflect the ideas of the note. However, we do not agree with some of the ideas, as mentioned in the questions above.

FR

(MS comments):

We are opposed to free cash withdrawals and deposits to and from a digital euro account.

Today, these operations are not free with a commercial currency account. It is up to credit institutions to grant consumers a quota of free withdrawals, as is the case most of the time.

We fear that such a decision to make withdrawals free of charge would lead to attrition in the ATM network, as operators need to be properly remunerated for this service.

**Digital euro - Presidency discussion note on the final compensation model (WK 7395/2025), WP 10 June 2025**

**From: LT, HR, SI, LU, IE, RO, NL, CZ, EL, AT, DE, IT, ES, FR, PT**

**Updated: 08/07/2025 10:56**

	<p>The ATM network is very important to us, particularly in rural areas.</p> <p>PT (MS comments):</p> <p>We consider that further discussion on the compensation model is necessary before we can address specific drafting proposals.</p>
<p><b>end</b></p>	<p><b>end</b></p>