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From:	General Secretariat of the Council
To:	Working Party on Financial Services and the Banking Union (Digital Euro Package) Financial Services Attachés
Subject:	Digital euro - Questionnaire on Spanish non-paper on a compensation model for the Digital euro (ddl 11 March 2025) - consolidated replies by 17 Member States

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Questions	MS comments
<p>WK 2307/2025 ADD 2 - Digital Euro Regulation</p> <p>Spanish non-paper on a compensation model for the digital euro</p>	<p>FR (MS comments):</p> <p>France warmly thanks the Spanish delegation for its excellent work, which raises a number of issues at the heart of the digital euro project, namely its economic model.</p> <p>France is very attentive to this and considers it to be the most important issue in this text. If the terms are not properly calibrated, we run the risk of a poor link with the commercial currency and of weakening European private payment players in the medium term: through unfair competition with other means of payment or disproportionate costs for PSPs and European merchants forced to distribute or accept it.</p> <p>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 both the payment and credit industries. We strongly reiterate this request to the ECB.</p> <p>In our view, caps should be reserved for very specific cases where there is reverse competition, such as interchange, where competition between</p>

Questions	MS comments
	<p>payment schemes leads to upward pressure on the remuneration paid to PSP distributors.</p> <p>We must ensure that the project is economically viable, because this is the only way to build a unified European payments industry. If we want the project to be a success, we need to ensure that the Eurosystem project is economically viable and meets market expectations. Forcing distribution and acceptance while capping the fees likely to be charged leads us to fear major side-effects for PSPs and European merchants.</p> <p>Ultimately, the costs will be borne by the entire European economy: the Eurosystem and therefore the European taxpayer, PSPs, merchants and consumers through higher prices.</p> <p>Capping fees in regulation must therefore be limited and flexible, because caps cannot be perfect and must remain exceptional and proportionate. They change the economic balance and the incentives for players.</p> <p>As France pushed for in the PSD3/PSR negotiations, it is in favour of fee transparency, which allows comparability and therefore competition between economic players, rather than capping fees (with the exception of interchange).</p> <p>NL (MS comments):</p>

Questions	MS comments
	<p>NL general comment: In general, we are supportive of the direction of travel in the Spanish non-paper. As we have shared before, we are worried about the effects of uniform and harmonized pricing of fees in the compensation model from the start of the digital euro project, as it could lead to a significant increase in prices for merchants in the Netherlands. In general, we deem it sensible to allow the market for a transition phase to become more harmonized, and to allow ourselves, the European Commission and the ECB the chance to become more knowledgeable about the costs of the digital euro infrastructure. We would deem it useful to have a ‘comparable means of payment’-type of fee structure for the first five years, with the ‘no-worse off’-clause limiting the costs of the digital euro for merchants as a boundary. Upon collecting and receiving the required data on a per transaction basis, we could move to a harmonized, European compensation model based on actual costs plus a reasonable margin of profit. This in our opinion is the fairest way to guarantee that over time, PSP’s can expect to earn back their costs and turn a reasonable profit for their key role in distributing the digital euro. We need PSP’s on board for this project to succeed, and in our opinion moving gradually towards a ‘cost plus reasonable margin of profit’-model would be of value in that regard.</p> <p>We do want to call attention to the regulatory burden of this method for the compensation model during the first five years. In our view, the necessary data collection should be as concise as possible and should be developed in a joint effort between the Eurosystem, the European Commission and sector stakeholders, with a focus on the future and permanent compensation model</p>

Questions	MS comments
	<p>Finally, we do wonder how the current proposal aligns with the open funding issues which were discussed in the previous council working party on the compensation model: Specifically: how do we prevent that big tech firms receive all fees as intermediaries between the consumer and their PSP or as intermediary between the merchant and their PSP?</p> <p>We do still have some reservations regarding the affordability of the digital euro for PSPs in case the flat-fee inter PSP-fee remains applicable. The Dutch payment landscape has moved to an efficient level over time, but PSPs have had time to adjust, innovate and become efficient. This would be different for the digital euro, which will require significant initial investment for PSPs. Finally, the transition to a long-term compensation model should be done with care and in dialogue with PSPs.</p>
<p>1. Limits to fees – Article 17 – main tenets Merchant service charge (MSC)</p>	
<p><i>Q.1.1 Do MSs agree with the general rationale of the no worse off clause, whereby each individual merchant cannot be charged more by the PSP offering acquiring services than the charges applied by that PSP to that merchant for the comparable means of payment that is most cost-effective?</i></p>	<p>AT (MS comments):</p> <p>AT: First, we would like to thank our Spanish colleagues for their hard work regarding the Non-paper and their constructive proposal.</p> <p>In principle, we understand the rationale behind the no worse off clause. However, we think that an individual cap that equals the lowest fee for a</p>

Questions	MS comments
	<p>comparable digital means of payment has some insufficiencies. Three important ones are:</p> <p>First, due the reference to the lowest fee for comparable means of payment, PSPs could end up in a situation where they might not be able to cover their costs for their digital euro services. This is because several means of payment are nowadays offered at a loss in order to gain market share or data (e.g. BigTech solutions). The safeguard solution (1/3 – 2/3) does not adequately address this problem. In the CWP on 26 February 2025, the Commission has also expressed that a coverage of costs of PSPs is not ensured by the transitory model.</p> <p>Second, it is hard to compare the digital euro with other means of payment which involve different cost elements. Currently, there might not be sufficient transparency on cost structures in payment markets to ensure a reliable comparison.</p> <p>Third, as acknowledged in the non-paper, the no worse off clause could lead to an increase of costs of comparable means of payment. This could impede innovation.</p> <p>BE (MS comments):</p> <p>We support the rationale behind the no-worse-off clause. However, using the lowest possible reference point could result in a static Merchant Service Charge</p>

Questions	MS comments
	<p>as low as €0.06 in Belgium, which would be unsustainable for PSPs, especially if cost recovery is expected.</p> <p>Furthermore, relying solely on the lowest possible reference point under the no-worse-off clause could stifle innovation and discourage potential new, more cost-effective entrants to the market—ultimately creating a situation that does not benefit merchants either.</p> <p>We believe that establishing an average for comparable payment methods—potentially calculated on a per-country basis—would promote balance, proportionality, and continued innovation. Moreover, the transparency clause mentioned in the non-paper could provide a valuable opportunity to accurately calculate this average.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • Disclaimer: With a view to the federal elections in Germany and the pending negotiations for a new coalition government, we have to put our comments under a scrutiny reservation. • <i>General comment:</i> Germany could generally imagine supporting a cap of both the MSC and the inter PSP fee. Not only with a view to the legal tender status of the digital euro, but also because PSPs receive free services from the ECB (scheme, settlement). Seeking to compensate for initial investment costs, such benefits might be allocated towards the

Questions	MS comments
	<p>PSPs in the beginning. However, we need to make sure this economic advantage is eventually passed through to merchants and consumers. This is particularly important with a view to the final long-term model. In addition, we can understand some of the concerns with regard to the acquiring market when it comes to the negotiating power of acquirers vis-à-vis smaller merchants.</p> <ul style="list-style-type: none"> • We can understand the underlying rationale behind the no worse off clause and see the potential benefits regarding greater clarity and predictability for merchants and PSPs. • However, we wonder how this clause would be applied in practice. In this respect, we have some questions: <ul style="list-style-type: none"> ○ How could it be ensured that acquiring services for digital euro are comparable to existing acquiring services? ○ How can it be ensured that this model would be cost efficient and, at the same time, cover relevant costs by the PSPs? • The list of comparable means of payment should be analysed very carefully. We are concerned that apples and pears would be compared here. Maybe, it could be only debit cards [and not Instant Credit transfers] which should serve as a comparable means of payment? • In essence, we believe that the same concerns that were raised by Member States in the past regarding the COM model referring to

Questions	MS comments
	<p>“comparable means of payments” would also apply here. The clause adds an element of complexity to the transitional compensation model.</p> <ul style="list-style-type: none"> • In any event, such a cap would have to be limited in time and should be replaced by a more sophisticated model for the long-term compensation model. We believe that a cost-plus approach would appear more appropriate and fairer also with a view to acquiring PSPs. <p>DK (MS comments): <i>Denmark notes that the Spanish non-paper is well-structured and appropriately reflect Denmark’s previous comments on the matter of a compensation model for the digital euro. We especially welcome three aspects of the Spanish suggestions in the non-paper 1) the introduction of a transitional period 2) the alignment with the existing regulatory framework for card-based payments 3) the emphasis on ensuring robust and transparent data to guarantee the accuracy of the compensation models.</i></p> <p>EE (MS comments): EE: We agree with the general rationale, but we would like to see an even more ambitious and attractive approach from the perspective of merchants. We consider it important that fair and free market-oriented pricing of services (a fair compensation model) is ensured when offering digital euro services. This</p>

Questions	MS comments
	<p>principle should be balanced by the protection of the merchants, especially the smaller ones.</p> <p>EL (MS comments): EL: Yes, we could agree.</p> <p>FI (MS comments): <i>We are in favor of MSC price cap. However, we are hesitant whether the no worse off clause is enough for the merchants. In general, pricing of card-based payment services is not fully transparent and various fees apply in addition to scheme fees (called for example market development fees, cyber security fees). The no worse off clause could work only, if there is sufficient transparency on fees that are charged from the merchant. Therefore, we believe that the no worse off clause needs to be bundled with relevant transparency obligations.</i></p> <p><i>We think that more discussion is needed on this topic, since ambition towards lower price levels for merchants could facilitate the adoption of digital euro and support autonomy in European payments.</i></p> <p>FR (MS comments):</p>

Questions	MS comments
	<p>France considers that there is a competitive market in the acquisition services provided to merchants in the European Union. From then on, the prices offered will be the right ones, balancing supply and demand.</p> <p>We would like to thank the Spanish delegation, whose proposal we believe will help move the debate forward. The no-worse off clause is a step in the right direction and seems to us to be the source of limited distortions on the market, but does not seem to us to be acceptable in a general context of simplification.</p> <p>HR (MS comments):</p> <p>In general, we support no worse off clause whereby each individual merchant cannot be charged more by the PSP offering acquiring services than the charges applied by that PSP to that merchant for the comparable means of payment that is most cost-effective.</p> <p>IE (MS comments):</p> <p>IE agrees with the premise of “no worse off clause” - so long as the definition for comparable means of payment references the exclusion of credit card payments, and credit transfers and direct debits as a comparable means of payment.</p>

Questions	MS comments
	<p>Additionally, if point of interaction is noted in the definition of comparable means of payment IE notes that some questions regarding the Polish Presidency’s definition were raised at CWP in January 2025 – <i>“...The initial point in the physical or virtual merchant environment where data is exchanged to enable a payer to perform a payment transaction. Points of interaction may be attended or unattended...”</i></p> <p>Namely, what does the Presidency mean by ‘attended or unattended’?</p> <p>Additionally, IE considers the ‘initial point’ confusing as it suggests the first interaction a customer may have with a merchant whereas you may order items and pay for it at a later point (using a POS, payment link, e-commerce site etc.). In this respect, IE recommends the removal of the word initial.</p> <p>IT (MS comments):</p> <p>IT. We agree that, if this solution were to be shared by most MSs, it would be an acceptable compromise, as long as it is complemented with a cap to protect small and medium merchants to be loyal to the cornerstone principle of homogeneity across the euro area. Including a uniform cap for small and medium enterprises, who are more likely to face excessive charges while being subject to an obligation to accept the digital euro, is paramount to support the integration of the payments market across the euro area.</p> <p>LT (MS comments):</p>

Questions	MS comments
	<p>We agree with the general rationale of the no worse off clause and strongly support applying a principle of comparable means of payment from the launch of the digital euro for the acquiring services.</p> <p>We propose to change the expression „no worse off clause“ to „no detriment clause “ or „non-deterioration clause“ which ensures that a merchant will not be placed in worse financial or legal position as a result of digital euro regulation.</p> <p>LV (MS comments):</p> <p>Agree. Although it will be a considerable operational and oversight burden for competent authorities to calculate and validate the compliance of MSC individually for every merchant.</p> <p>NL (MS comments):</p> <p>NL: Yes, we support introducing a no worse off-clause, although we would value an assessment by the European Commission on the effects of such a clause on competition between private payments initiatives. As we understand the current proposal, the digital euro would automatically compete with new, innovative payment methods in pricing if it is considered a comparable means of payment. This may disincentivize private development of payment means.</p> <p>PT (MS comments):</p> <p>Overall, our main concern regarding the compensation model is to prevent merchants, who will be required to accept digital euro payments due to its legal tender status, from facing undue burdens. The approach presented by our Spanish</p>

Questions	MS comments
	<p>colleagues addresses some of these concerns, but, at the same time, seems overly complex and may, in practice, lead to unwarranted consequences.</p> <p>Since the “no worse off clause” operates at the PSP level, the cap applicable to MSC will depend on the charges applied by each specific PSP for comparable means of payment, replacing the definition of a single cap per comparable means of payment with multiple caps determined by each PSP when defining their pricing for non-digital euro means of payment. This will introduce significant complexity when determining the applicable cap in each case or situation, both for merchants and competent authorities, thereby reducing transparency in our view.</p> <p>Moreover, while we recognize the efforts made by our Spanish colleagues in addressing the possibility of PSPs significantly increasing prices of comparable means of payment, we wonder whether this safeguard will be sufficient to prevent such effect. The solution introduced in Article 41 is based on the approach followed in IPR. However, the effectiveness of this approach has yet to be assessed.</p> <p>RO (MS comments): We agree.</p> <p>SK (MS comments):</p>

Questions	MS comments
	<p>We are supportive to the direction of travel and welcoming the no worse off clause. Clarification of the comparable means of payment would be necessary, while taking into account the initial costs of the Digital euro for the PSPs.</p>
<p><i>Q.1.2 Do MS agree with complementing this individual merchant cap with a cap to protect small merchants that would be uniform across the euro area, given that small merchants would otherwise be paying 3 or 4 times as much as large merchants for a public good? If so, do MS agree that the average euro area MSC of debit card schemes should be the reference point to set this cap?</i></p>	<p>AT (MS comments): AT: Subject to our reservation for a cap on the MSC, the reference to an average fee makes sense.</p> <p>BE (MS comments): Yes, we agree.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • We are reluctant to support this proposal. • While we understand and clearly welcome the rationale behind this proposal, we are concerned about the complexity and the long-term relevance of such a model. • Bearing in mind that this would only apply during the transitory phase, we are wondering whether it is advisable to refer to existing models so heavily. Instead of focussing on existing solutions and investing a lot of time and capacities in developing this methodology, instead, we would

Questions	MS comments
	<p>prefer to aim for a future proof model. Again, the cost-plus approach would seem more appropriate in this context, as it would concentrate on the actual costs and could be developed over time without comparing with other services.</p> <ul style="list-style-type: none"> • In practical terms, we see a significant challenge for PSPs in precisely defining the corresponding basic acquiring services, compiling them and reporting them accordingly. Such level of complexity assumes particular importance given that it is meant to be part of a transitional arrangement only. • With regard to the data, we wonder whether such data would already be available when the model would be effective? • With regard to the specific drafting, we would like to note the following: While the point of reference is meant to be the average MSC in the euro area (Art. 17(2a), point (b)), the draft appears to introduce a requirement to collect and calculate that average based on PSPs in the entire European Union (Art. 17(2b), second subparagraph). <p>EE (MS comments): EE: We agree with complementing the individual merchant cap with a cap to protect small merchants that would be uniform across the euro area. However, achieving a fair merchant cap for small merchants may pose challenges and require additional data.</p>

Questions	MS comments
	<p>EL (MS comments): EL: Yes, we could agree.</p> <p>FI (MS comments): <i>Yes, we agree with protecting small merchants. However, we are interested in ambition for a price level that could be even lower than the average euro area MSC of debit card schemes.</i></p> <p><i>Merchant side is hoping for payment methods that are cheaper than current card schemes.</i></p> <p>FR (MS comments): As indicated above, France does not consider that there is a problem of competition among acquiring PSPs.</p> <p>Therefore, it does not seem appropriate to protect one category of merchant or another, as it will be difficult to separate those who are covered from those who are not.</p> <p>HR (MS comments): We agree in principle with protecting small merchants i.e., with complementing this individual merchant cap with a cap that would be uniform across the euro</p>

Questions	MS comments
	<p>area. Also, we agree that the average euro area MSC of debit card schemes should be the reference point to set this cap.</p> <p>IE (MS comments): IE supports a <u>uniform</u> cap to protect small merchants but acknowledges there may be challenges in defining small merchants comprehensively due to the variety of sections in which they operate. Some acquiring PSPs may charge higher MSC fees for riskier businesses, such as bookmakers compared to grocery stores. Further industry discussions may be needed to address these nuances.</p> <p>IT (MS comments): IT. We agree on the rationale for such cap, which aims at sheltering smaller merchants from excessive charges. The methodology proposed by the new article 17.2 doesn't enter into the definition of merchants' size. The MSC to be applied, in fact, would be the lowest amount between: (a) the lowest fee that the acquiring payment service provider is charging that merchant for a comparable digital means of payment; (b) the average merchant service charge of debit card schemes charged by acquiring payment service providers in the euro area. We appreciate that this methodology is likely to include small and medium merchants, and anyway that it favors those merchants who have lower bargaining powers and negotiated higher MSCs with their acquirers, which is</p>

Questions	MS comments
	<p>often linked to the merchants' size (smaller merchants process less volumes, have lower bargaining power, get higher MSCs). Hence, we support its adoption to correctly identify those merchants that need the sheltered MSC the most.</p> <p>LT (MS comments): We agree with the argument presented and agree with complementing this individual merchant cap with a uniform across the euro area cap. We agree that the average euro area MSC of debit card schemes could be the reference point to this cap. Nevertheless, we propose using the maximum of the lowest quartile of the MSC applied to small merchants. It is important not to disincentivize PSPs from providing acquiring service to small merchants.</p> <p>LV (MS comments): Agree. Same comment as above regarding the reporting burden for PSP's and NCA's.</p> <p>NL (MS comments): NL: Yes, we can understand the rationale behind the introduction of an additional cap. However, as it is a temporary measure during the transitory phase, we can see that the additional cap to protect small merchants would require additional data from PSPs, which would increase the regulatory burden. We believe that the no worse off-clause could already sufficiently protect (small) merchants without unduly increasing the regulatory burden for PSPs.</p>

Questions	MS comments
	<p>PT (MS comments): We agree with the main objective of the proposed solution, i.e., specifically protecting small merchants from being overcharged as a result of the obligation to accept digital euro payments. However, we have the following concerns regarding this solution: (i) its calibration/parametrization seems overly complex which may lead to increasing costs for PSPs when implementing a temporary/transitory solution; (ii) having the “average” as benchmark may lead to inconsistent results, namely by not sufficiently fostering efficiency in the most inefficient markets and increasing costs, incurred by merchants, in the most cost-efficient markets; (iii) and, at last, this approach seems overly complex when, in this matter, we should foster simplification and transparency. Regarding this last aspect, for instance, it would be difficult for merchants to determine what is the cap applicable in their case, particularly for small size merchants, since it could be the threshold resulting from the “<i>no worse off clause</i>” or the “<i>arithmetic average euro area MSC for debit cards</i>”, depending on which one is the lowest in this case.</p> <p>RO (MS comments): We agree.</p> <p>SK (MS comments):</p>

Questions	MS comments
	<p>In principle we do agree with the uniform cap, however more discussion on the calculation will be needed. It is necessary to know the exact calculation and its full impact on the market.</p>
Inter-PSP fee	
	<p>BE (MS comments): On question 1.3 and 1.4; On the inter-PSP fee, we could agree in principle, provided that we ensure the Merchant Service Charge does not corresponds to the lowest possible fee.</p>
<p><i>Q.1.3 Do MS agree to set the cap to the inter-PSP fee as a 0,2% of the value of the transaction whenever the MSC is e.g., 0.3% or above?</i></p>	<p>AT (MS comments): AT: We could show openness for using the fee cap from the interchange fee regulation if it ensures appropriate compensation of PSP services. Moreover, we are open to a percentage for the cap that is higher than 0,2%.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • For the transitory phase, we recognise the benefits of a fixed inter-PSP fee.

Questions	MS comments
	<ul style="list-style-type: none"> • This could serve as a way to compensate PSPs for their investment costs. • A 0,2% cap of the value of the transaction could help to incentivise PSPs to offer the digital euro. This is clearly welcomed. • We wonder, however, whether such a model might disproportionately favour large PSPs while – still – leaving not enough margins to cover investment costs for smaller PSPs. • Nevertheless, we believe that after the transitory phase, a more digital euro focussed model, referencing the actual costs plus a reasonable margin of profit would be preferable. It must be ensured that also businesses and consumers benefit from the services offered by the ECB to the PSPs. • Therefore, our general appreciation of the 0,2% cap rests on the condition that the final model more adequately enables benefits also for businesses and consumers. <p>EE (MS comments): EE: We agree if it ensures that PSPs can cover their costs. The clarity is needed for open funding (funding and defunding of the digital euro), i.e. Art 17 (7).</p> <p>EL (MS comments):</p>

Questions	MS comments
	<p>EL: Yes, we could agree.</p> <p>FI (MS comments): <i>We do not have final opinion on this topic.</i></p> <p>FR (MS comments): France supports the interchange cap for cards and the digital euro. The interchange cap for cards was provided for in the IFR regulation and has enabled the massive development of card payments within the EU over the last 10 years, thereby facilitating exchanges between the citizens of the Member States and consolidating the single market. At the time, France considered that 0.2% was rather low to cover issuers' costs and motivate them to issue cards.</p> <p>Our competition authority deemed that 0.28% average interchange was acceptable in 2011. In a new market segment like the digital euro, where investments have yet to be made and amortised, we can therefore consider that the minimum market value would in fact be higher than 0.28%.</p> <p>It should also be noted that we do not believe that the fight against fraud can be effective with an interchange that is too low: there is a risk that transactions will be refused on a massive scale, particularly for online payments (on the Internet), where the fraud rate is higher than for transactions in 'real life' and where the transaction amounts are on average higher according to the ECB's latest SPACE study (implying therefore higher amounts to be compensated in the event of fraud). If transactions were refused, we would lose the interest of a pan-European means of payment.</p>

Questions	MS comments
	<p>For Euro Digital, we need to ensure that European PSP distributors can cover their costs and take an interest in the project. We therefore consider that a cap of 0.2% is a minimum given the investment that PSPs will have to make. We will therefore support the setting of a higher ceiling for the first years of the Digital Euro.</p> <p>We also propose that the Presidency ask the Member States, in the written questions after the CWP, to indicate whether they have put in place a national framework for inter-PSP charges for card schemes and, if so, to indicate what it consists of (amount of the ceilings, etc.). This will make it possible to assess how to adapt the Spanish proposal so that it corresponds as closely as possible to the diversity of national markets.</p> <p>IE (MS comments): IE does not at this time; foresee an issue with this proposal.</p> <p>IT (MS comments): IT. Yes. The approach of using a uniform cap at 0,2% is in line with the Interchange Fee Regulation, and in particular with the cap set for debit card transactions, which for us is a sound comparison.</p> <p>We deem 0.3% or above as a reasonable threshold for the MSC.</p> <p>LT (MS comments): We preliminary agree to set up a cap of inter-PSP fee in line with the Interchange Fee Regulation, which is currently 0,2% of the value. Although the IFR assumed</p>

Questions	MS comments
	<p>that the most of this MSC is made up of the interchange fee, this is no longer the case.</p> <p>LV (MS comments): Agree.</p> <p>NL (MS comments): NL: To us, it makes sense to use the inter-PSP fee as set in the interchange fee regulation at 0,2% for the transitional phase in the first five years. In the Netherlands, the interchange-fee is set at a flat rate of two eurocents, instead of a %-fee of 0,2%. Changing this flat fee to a %-fee would be a significant deviation in the Dutch payments system which would not go unnoticed. We do however understand that we need to work to a harmonized fee structure for the EU. In the review for the determination of fees in the final model, we would value an assessment of the feasibility and desirability of a harmonized European flat fee and %-based compensation model for the European Union, next to other alternatives.</p> <p>PT (MS comments): It is difficult to have a position on this proposal, since: (i) it relies on the card model that has well-known inefficiencies and may not be adequate for the specific circumstances of the market when the digital euro is firstly introduced ; (ii) the model proposed seems overly complex and with complexity comes, in our view,</p>

Questions	MS comments
	<p>lack of transparency in the applicable charges; and (iii) it may lead to significant costs of implementation for PSPs, as well as burdens for competent authorities for monitoring and enforcing such caps.</p> <p>RO (MS comments): We agree, but this cap should be constantly surveyed during the transitional model, in order to avoid the situation where the costs incurred by the PSPs would be higher than anticipated, leading to many of PSPs not offering digital euro services.</p>
<p><i>Q.1.4 Do MS agree with the safeguard of the two-thirds/one-third distribution of the MSC cap when the no worse off cap is e.g., 0,3% of the value of the transaction or lower? Would MSs prefer other alternatives to solve the possibility that the applicable MSC cap is set below the inter-PSP fee cap? Would MSs prefer other measures to ensure a fair compensation for distributing and acquiring PSP?</i></p>	<p>AT (MS comments): AT: No, we do not agree with the 1/3-2/3 safeguard clause. It does not adequately address the problem that a Merchant Service Charge below 0.3% would lead to an insufficient compensation of costs of PSPs including those incurred by issuing PSPs. Therefore, we would prefer an alternative to the 1/3 – 2/3 safeguard.</p> <p>We think that there is still a case for no cap on the MSC for the transitory period. As has been mentioned by several MS including France the pricing could be left to the market. The negotiation position of smaller merchants could be strengthened.</p>

Questions	MS comments
	<p>DE (MS comments):</p> <ul style="list-style-type: none"> • We recognise that the transitory model should envisage rules on how the MSC is distributed among issuing and acquiring PSPs where that MSC is below a certain threshold. We are also generally supportive of allocating a larger share of the MSC to the issuing PSP (two-thirds), given that those PSPs are the ones that have to bear a larger part of the cost during the introduction phase of the digital euro (e.g. onboarding of customers). However, we would need to understand better whether this is a realistic scenario that the no worse off cap would be below the Inter-PSP fee? • In such a scenario, would the proposed model still be able to meet the costs incurred? • Again, we wonder about the complexity and practical implementation of this concept. This safeguard for cases where the MSC is too low, i.e. the distribution amongst the PSPs, shows, in our understanding, that applying parallel but differently structured caps to the Inter-PSP fee and the MSC raises the complexity. • Maybe one should rather only compare it with debit cards also here? Not to mix-up the models?

Questions	MS comments
	<ul style="list-style-type: none"> As with several other aspects, we would welcome a more fact-based approach here to verify whether this would indeed be a realistic scenario that needs to be addressed. <p>EE (MS comments): EE: It may be a good starting point.</p> <p>EL (MS comments): EL: We currently have no strong views and believe further work is needed.</p> <p>FI (MS comments): <i>Transparency in pricing is needed to ensure fair compensation. Therefore, we are in favor of discussions on additional transparency obligations.</i></p> <p>FR (MS comments): For France, fair remuneration for the distribution and acquisition of PSP will be guaranteed by the existence of a free market with several players who are motivated by the ability to win additional market share. If we want prices to be more uniform across the Union, national barriers linked to specific national regulations (particularly on prices) must be removed.</p>

Questions	MS comments
	<p>IE (MS comments): IE requests clarity and context on the two-thirds/ one-third split distribution of the MSC fee in between the distributing PSP (two-thirds) and acquirer (one-third).</p> <p>IT (MS comments): IT. We agree that a rule to set the inter-PSP fee is needed when the MSC cap is very close to or lower than the inter-PSP fee cap. The two-thirds/one-third distribution of the MSC is an option, that we interpret as a way to ensure the distributing PSP is not penalized in the MSC sharing, but we would appreciate more background on how this rule was defined.</p> <p>LT (MS comments): We agree with the idea that the safeguard of appropriate distribution (x/x) of the MSC cap when the no worse off clause applies must be. The exact distribution of the MSC cap needs to be further discussed, taking into account the experience of countries with low MSC fees.</p> <p>LV (MS comments): It is not clear how 2/3 and 1/3 have been calculated (lack of financial justification) and whether or not this would cover the fees incurred by the acquiring side (or work as an incentive for distributing PSPs).</p>

Questions	MS comments
	<p>NL (MS comments): NL: It is crucial that the inter-PSP-fee is lower than the MSC-fee in all cases, to make sure that both the acquiring and distributing PSP receive remuneration for their part in the transaction. We believe this is secured through this method. At this moment, we cannot assess whether this 1/3 and 2/3 division of the acquiring and distributing PSP is sufficiently motivated. We would welcome a view by the European Commission, ECB and other member states on the potential impact of such a division.</p> <p>PT (MS comments): Please refer to our previous comment.</p> <p>RO (MS comments): We agree.</p> <p>SK (MS comments): We are not able to assess the impact of such provision. More details necessary to assess the suitability of the distribution.</p>
2. Limits to fees – Article 17 – implementation Implementation of MSC cap	<p>NL (MS comments):</p>

Questions	MS comments
	<p>NL general comment: Please consider the answers to the questions in this chapter 2 as our provisional response. We will continue to analyze the effects of the proposed methodology in the Dutch payments infrastructure.</p>
<p><i>Q.2.1 Do MSs agree with providing (either entirely in L1 or combining L1 and L2) a standardized methodology for calculating the MSC to be able to compare and determine the lowest MSC that should act as benchmark for the no worse off clause?</i></p>	<p>AT (MS comments): AT: Subject to our reservations regarding the proposed caps on the MSC, a standardized methodology makes sense. We want to emphasize that package</p>
<p><i>Q.2.1.1 Do MSs agree with the idea of the proposed methodology?</i></p>	<p>BE (MS comments): Yes.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • See answer to Q2.1. We need to understand the methodology better before providing a final answer. • In addition, we wonder whether the ECB might provide additional data/input on how to set up a correct methodology. <p>EE (MS comments): EE: It may be a good starting point.</p>

Questions	MS comments
	<p>EL (MS comments): EL: We do not have strong views at the moment and further work needs to be done on this.</p> <p>FI (MS comments): <i>In principle yes, but only if transparency in pricing is at sufficient level. Regulatory changes may be needed to ensure sufficient transparency.</i></p> <p>HR (MS comments): In principle, we agree with proposed methodology and we find that it is a good starting point for further discussions.</p> <p>IE (MS comments): IE agrees with the proposed methodology, which breaks down costs into cost per unit.</p> <p>IT (MS comments): IT. Yes, we agree on the formula and in the inclusion of fees in the sum irrespective of them being flat or not. We flag that if both flat fees and transaction-based fees are applied to a given comparable payment instrument, the result of the formula will be a MSC</p>

Questions	MS comments
	<p>(transaction-based fee) that is higher than the MSC for the considered comparable payment instrument that the merchant is used to see. This is because usually flat fees are not shown as a part of the MSC per transaction.</p> <p>LT (MS comments): We agree</p> <p>LV (MS comments): Suggestion to divide the use cases, for example POS, e-commerce and others. The pricing for each use case and provided services is different.</p> <p>NL (MS comments): NL: We believe that this methodology is suitable when a member state is used to a %-type of cap for the MSC. However, this method might be less suitable for a flat-fee structure, for which ‘value of transactions’ in Q2.1.1 could perhaps be replaced by ‘number of transactions’.</p> <p>PT (MS comments): We need to further analyze the proposed methodology. For the moment, and preliminarily, we have some doubts regarding this subject, since it is not clear who will perform this calculation and when, as well as the proposed reference period of 12 months.</p>

Questions	MS comments
	<p>RO (MS comments): We agree.</p> <p>SK (MS comments): Without further assessment we do have concerns regarding the calculation. If we understand correctly the formula, the euro area will be taken into account as one single area with one average. In such case, the resulting cap will be likely skewed towards the fees charged in countries with the higher value of transactions. To assess what this would mean for the market, impact assessment would be appreciated. Some mock calculation would be welcomed, to see explicitly what data, and in which form would enter the calculation. Also, more clarity needed on the “comparable means of payment”.</p>
<p><i>Q.2.1.2 Do MSs agree that the way in which fees are charged (flat fee or transaction based) should be irrelevant and that the focus should be placed in the fees charged for basic indispensable acquiring services, while allowing PSPs to charge for other non-basic services without a cap?</i></p>	<p>BE (MS comments): Yes.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • Again, we would need to understand better the practical difference between ‘indispensable services’ and ‘non-basic’ services.

Questions	MS comments
	<ul style="list-style-type: none"> • In general, however, we believe that there is merit in analysing the fees that are charged and not focus on the way they are charged. • We also see merit in the proposed distinction between basic acquiring services and value-added services for which the acquiring PSP may charge additional fees. However, it would be important to, first, have a better understanding of what would be considered ‘basic services’ and how acquiring PSPs might generate additional fees with other services before, second, determining the compensation model accordingly. <p>EE (MS comments): EE: We agree.</p> <p>EL (MS comments): EL: We do not have strong views at the moment and further work needs to be done on this.</p> <p>FI (MS comments): <i>We do not have final opinion on this topic.</i></p> <p>HR (MS comments):</p>

Questions	MS comments
	<p>Yes, we agree in principle that the focus should be placed in the fees charged for basic indispensable acquiring services, while allowing PSPs to charge for other non-basic services without a cap.</p> <p>IE (MS comments): IE agrees insofar that fees for the acquiring of digital euro transactions need to adhere the compensation model and cap limits set.</p> <p>IT (MS comments): IT. Yes.</p> <p>LT (MS comments): We agree</p> <p>LV (MS comments): Agree.</p> <p>NL (MS comments): NL: We do believe that the way in which fees are charged is relevant, as PSP's are likely to use the same type of pricing (either %-based or flat fee based) for both basic and non-basic services. We agree that this only applies to basic indispensable acquiring services. PSP's should indeed be allowed to charge a</p>

Questions	MS comments
	<p>competitive price for those non-basic services which they provide at request. Whether they apply a flat fee or a %-fee in that case is of course up to them.</p> <p>PT (MS comments):</p> <p>In principle, we agree that the way in which fees are charged is irrelevant, whether it is a flat fee or transaction-based fee.</p> <p>RO (MS comments):</p> <p>We agree, indispensable services should be free, all others can be set by the market.</p>
<p><i>Q.2.2 For the definition of “comparable means of payment” to determine the no worse off clause, do MS agree to maintain the current consensus as reflected in the BE PCY legacy drafting suggestions [payments initiated at the POI where the payer’s account is immediately debited (i.e. debit cards under international and domestic card schemes or credit transfers and direct debits including instant payments, initiated at the point of interaction)]?</i></p>	<p>AT (MS comments):</p> <p>AT: We think that it is hard to compare other digital means of payment to the digital euro. Therefore, we are sceptical regarding the use of the BE PCY legacy drafting suggestion in this regard. If a majority of Member States were to support this option nonetheless, ensuring transparency regarding the cost structures including cost components of other means of payment would be key.</p> <p>BE</p>

Questions	MS comments
	<p>(MS comments):</p> <p>Yes.</p> <p>DE</p> <p>(MS comments):</p> <ul style="list-style-type: none"> • As said before, we are reluctant to compare digital euro services with other ‘comparable means of payment’. • In practice, we wonder how a comparison with Instant Payments could be cost efficient for PSPs? According to Recital 44, ‘direct debits, including instant payments, initiated at the point of interaction’ would be included as a comparable means of payment. • Based on our current understanding, it would seem more accurate to refer only to debit cards. • This being said, overall, we continue to question any overly complex model which seeks a comparison with ‘comparable means of payment’. This might work for the transitory phase at the very beginning. Very soon, however, a cost-based approach appears much fairer and reliable. <p>EE</p> <p>(MS comments):</p> <p>EE: We agree.</p> <p>EL</p>

Questions	MS comments
	<p>(MS comments):</p> <p>EL: We previously stated that credit cards should be considered comparable means of payment with regard to the scope of acceptance of the digital euro by microenterprises and non-profit legal entities – hence we agree with the principle that merchants who accept credit cards should also accept digital euro.</p> <p>FI (MS comments): <i>Yes</i></p> <p>FR (MS comments): We need to look ahead several decades, by which time the payments market will have evolved. The concept of a comparable means of payment therefore seems difficult to us to implement because it evolves over time. We therefore welcome the Spanish proposal for a review clause in five years' time, but consider that despite this clause, the notion of “comparable means of payment” should not appear in the final proposal for a regulation.</p> <p>HR (MS comments): Yes, we agree with the current consensus as reflected in the BE PRES legacy drafting suggestions.</p> <p>IE</p>

Questions	MS comments
	<p>(MS comments):</p> <p>As mentioned above, IE considers the need to reference payment means which are not considered comparable such as credit card payments, credit/debit transfers and standing orders (including wallet-based account to account transactions).</p> <p>IT</p> <p>(MS comments):</p> <p>IT. There may be an issue with including SEPA instruments that may lack a MSC. In fact, fees on those instruments are generally borne by the end user (e.g. credit transfers). Thus, we would suggest including in the definition of comparable means of payment those payment solutions having a scheme model similar to the one defined for the digital euro (four-party scheme), or anyway on which a MSC is applied.</p> <p>Possible drafting suggestion: payments initiated at the POI where the payer's account is immediately debited and the payee pays to its PSP a MSC for the acquiring services.</p> <p>LT</p> <p>(MS comments):</p> <p>We agree</p> <p>LV</p> <p>(MS comments):</p>

Questions	MS comments
	<p>We are in favor to keep also A2A (credit transfers and direct debit) payments in the definition and add no worse clause also for these use cases. The no worse clause is also used for maximum fees when providing SEPA payments services from originator PSPs and beneficiary PSPS side currently and most recently in instant payments regulation.</p> <p>NL (MS comments): NL: Yes, we agree.</p> <p>PT (MS comments): We disagree with the proposal to extend the scope of the exceptions to mandatory acceptance. We consider that enterprises that are not covered by the exception in article 9(a) should be required to accept digital euro payments, for instance, through credit transfers. In accordance, we agree with changing the scope of the “<i>comparable means</i>” used to calculate the fee caps, to avoid these payees being overcharged.</p> <p>RO (MS comments): We agree, but we believe that non-instant credit transfers and direct debits should not be taken into account, where the payer’s account is not immediately debited.</p>

Questions	MS comments
<p><i>Q.2.3 For calculating the average MSC for debit cards that would determine the cap for small merchants, do MSs agree with the suggested process in the non-paper, where (a) PSPs would be obliged to send information to NCAs that NCAs would then share with the Commission; (b) the Commission would be in charge of periodically establishing the cap that should apply with the ECB's technical support?</i></p>	<p>AT (MS comments): AT: In principle, we agree. However, we are unsure whether the effort and burden for PSPs and NCAs is really worthwhile given the transitory nature of the proposed system.</p> <p>BE (MS comments): Yes.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • While we fully support the rationale behind this proposal, i.e. to protect smaller merchants, we are not convinced of the necessity to adopt such a complex model only for the transitory phase. • Calculating this fee, including cumbersome reporting obligations for the PSPs and the NCAs and periodical reviews by the COM, appears overly complex and burdensome. • In addition, it should be ensured that the reporting framework and obligations would be aligned with existing and future reporting obligations under PSR/PSD3.

Questions	MS comments
	<ul style="list-style-type: none"> It seems questionable whether such a model is necessary given, that soon a separate market for digital euro related acquiring services should exist. <p>EE (MS comments): EE: We are open in principle but would like to keep the administrative burden as limited as possible.</p> <p>EL (MS comments): EL: We do not have strong views at the moment and further work needs to be done on this.</p> <p>FI (MS comments): <i>We do not have final opinion on this topic.</i></p> <p>FR (MS comments): We are not in favour of this provision, which would increase the workload of the national control authorities.</p> <p>HR (MS comments):</p>

Questions	MS comments
	<p>Generally, we agree that PSPs would be obliged to send information to NCAs that NCAs would then share with the Commission and that the Commission would be in charge of periodically establishing the cap that should apply with the ECB's technical support.</p> <p>IE (MS comments): IE agrees with the proposal in the non-paper noting PSPs would be required to submit information to the NCB/NCA which would then be shared with the Commission, and that the Commission would be responsible for establishing the cap (with ECB technical support). The data should also be shared with the ECB.</p> <p>IT (MS comments): IT. Yes.</p> <p>LT (MS comments): We agree</p> <p>LV (MS comments): We support the idea of transparency regarding debit card fees for merchants but our main concern is about further complicating the digital euro project for PSPs.</p>

Questions	MS comments
	<p>If the principles are approved our focus should be to develop easy to use mechanism to fulfill the reporting obligation.</p> <p>NL (MS comments):</p> <p>NL: In our opinion calculating the (temporary) average MSC for debit cards increases the regulatory burden for banks. We believe the no worse off-clause could provide sufficient protection for small merchants as it ensures that they are not paying more than they are currently used to. If MS agree to calculate and introduce a cap based on the average MSC for debit cards nonetheless, we would like to emphasize that the data points to be collected and the administrative burden for PSPs should be pre-defined and as limited as possible. A standardized template might help.</p> <p>PT (MS comments):</p> <p>While we do not oppose NCAs playing a role in calculating the average MSC for debit cards that would determine the cap for small merchants, the model presented in the non-paper does not clarify whether their role is limited to merely receiving and sharing this information with the COM. Being an EA cap, we assume that this would be the case. It should be made clear what exactly is expected from NCAs to do with the data gathered, as we consider crucial to reduce the administrative burden for all the entities involved.</p> <p>RO (MS comments):</p> <p>We agree.</p>

Questions	MS comments
Compliance	
<p><i>Q.2.4. Do MSs agree with the compliance methodology? Do MSs have alternatives or suggestions to reduce the reporting burden for PSPs or to better streamline the reporting obligations to maximize efficiency and reduce costs for PSPs?</i></p>	<p>BE (MS comments):</p> <p>All in all, we would really stress the importance of having a transparency clause, as the lack of clear information remains a key concern. This issue has already been raised under several PCYes, and irrespective of how the problem is framed, ensuring transparency will be crucial for achieving a balanced and proportionate compensation model.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • In general, we are supportive of the proposed compliance methodology. Obtaining relevant data on the charged fees is of utmost importance. However, we believe that the focus should be on obtaining data regarding the incurred (unit) cost in order to establish a solid long-term model. • Only if reliable and complete data are available, a truly suitable model for the digital euro could be developed. • At the same time, we should be cautious to avoid any unnecessary reporting obligations. Any reporting obligations should be strictly proportionate and should also consider the data needs laid down in other

Questions	MS comments
	<p>legal acts. For instance, possible reporting obligations could be aligned with those that are considered for PSD3/PSR proposes (i.e. no overlap / double reporting, harmonised standards for both purposes, one single recipient for the data to be provided by the PSPs).</p> <ul style="list-style-type: none"> Finally, it should be ensured that NCAs would have a solid legal basis for requesting and processing this data. <p>EE (MS comments): EE: We prefer a limited reporting burden.</p> <p>EL (MS comments): EL: We do not have strong views at the moment and further work needs to be done on this.</p> <p>FR (MS comments): It would be anachronistic with the current simplification agenda to increase the reporting burden for European PSPs. A global report would therefore be sufficient.</p> <p>HR (MS comments):</p>

Questions	MS comments
	<p>We agree in principle with the compliance methodology.</p> <p>IE (MS comments): IE agrees in principle with the compliance methodology proposed but would need to better understand the practicalities of implementation at Member State level. For example, what Irish NCA would monitor fees and would the same NCA deal with complaints.</p> <p>To avoid additional burden on the PSP, reporting requirements could potentially be imbedded into existing reporting obligations. Until IE better understands the reporting requirements, it cannot provide a definitive response to this query.</p> <p>IT (MS comments): IT. Enforcing compliance is one of the main challenges/weaknesses of the ‘no worse off’ approach: PSPs may increase fees of comparable means of payments to charge higher fees on the digital euro and cover initial investments. This behavior would be highly problematic because it would shift costs of the digital euro project from digital euro users to non-digital euro users. Furthermore, if during the initial years after issuance the digital euro caused an increase in acceptance costs for merchants, the reputational damage to the project would be hard to fix. For this reason, we suggest that the Commission should prepare a second report much closer to the first issuance (e.g. after 2 years). This report</p>

Questions	MS comments
	<p>shall contain an evaluation of the development of merchant service charges in the European Union at the moment the digital euro is adopted, one year before and one year after. In this report, the Commission may adopt initiatives to prevent such behavior by PSP if there is evidence that PSP increased fees on comparable means of payments.</p> <p>LT (MS comments): We agree with the compliance methodology proposed by Spanish delegation. Just note that the reference period should remain as agreed in the legal text of Article 41.</p> <p>LV (MS comments): We support the idea of transparent debit card MSC and calculating the average as a second cap for merchants. Further work should focus on creating a standardized and efficient processes for reporting.</p> <p>NL (MS comments): NL comment: We agree with the compliance methodology. To streamline the reporting obligations and reduce the reporting burden for PSP's, we would propose pre-defined goals for the reporting requirements so that banks should not have to report more than necessary.</p> <p>PT (MS comments):</p>

Questions	MS comments
	<p>We agree that NCAs are best positioned to monitor and ensure compliance with the applicable caps. We question, from a legal point of view, if the new paragraph 7a of Article 17 should be placed in Article 6. It is difficult to present further suggestions at this stage of the discussion for simplification and efficiency, but simplification is a very important objective from our perspective.</p> <p>RO (MS comments): We agree.</p>
3. Related provisions on the compensation model outside Article 17	
Obligation to provide acquiring services	
<p><i>Q.3.1 Do MSs agree with obliging acquiring PSPs to provide acquiring services upon request of their clients, whenever these clients are covered by the mandatory acceptance obligation as legal tender? Do MS support that mandatory acquiring services should be defined in the regulation (like mandatory distributing services are defined in Annex II)?</i></p>	<p>AT (MS comments): AT: An obligation to provide acquirer services could be an excessive burden on some acquirer-PSPs, especially SME and start-up companies that are specialising only in certain acquiring services. We want to note that when the compulsory distribution services were discussed, it was decided to not put an excessive burden on smaller PSPs and exclude them from a distribution obligation. The same could apply with regard to acquiring services.</p> <p>DE</p>

Questions	MS comments
	<p>(MS comments):</p> <ul style="list-style-type: none"> • In general, we support the proposed approach. Such obligation might be needed in light of the capped MSC, as acquiring PSPs could otherwise choose not to offer digital euro services at this particular price level. • However, we wonder how businesses that do not yet exist or businesses that decide to switch from cash handling to the digital euro would be treated? We believe that also such ‘new businesses’ should be granted equal access to the digital euro based on the same conditions. • Similarly, we wonder whether there could be a way to open this market for more direct competition amongst the acquirer. If PSPs were only obliged to offer such services to their customers, this would merely replicate the status quo in the market. • In general, acquiring services should be offered to businesses. However, we would support a model which would welcome the changing of acquirer and possible switching. In particular, small merchants could benefit from a change. • Also, it must be noted that such a list might further increase the complexity of the overall approach, given that only those services defined in that list would be used for the purposes of calculating the MSC charged for comparable means of payment. Acquiring PSPs would thus be forced to allocate the cost they charge for comparable means of

Questions	MS comments
	<p>payment to the items defined in that list, which may be a burdensome endeavour, in particular for an approach that is used during a transitional period only.</p> <p>EE (MS comments): EE: We agree.</p> <p>EL (MS comments): EL: Yes, we could agree.</p> <p>FI (MS comments): Yes</p> <p>FR (MS comments): France acknowledges that the legal tender status of the digital euro makes it difficult for merchants to find an acquiring PSP that provides the service. However, it considers that the acquiring PSP market is sufficiently competitive to allow free choice at competitive rates and that there is no need to create a list of basic services for merchants.</p> <p>HR</p>

Questions	MS comments
	<p>(MS comments):</p> <p>Yes, we agree with obliging acquiring PSPs to provide acquiring services upon request of their clients, whenever these clients are covered by the mandatory acceptance obligation as legal tender. We also support that mandatory acquiring services should be defined in the Annex of the Proposal of the regulation.</p> <p>IE</p> <p>(MS comments):</p> <p>IE agrees with obliging acquiring PSPs to provide basic acquiring services considering their clients will be mandated to accept digital euro. It is only fair to put the onus on both the demand side (merchant) and the supply side (PSP).</p> <p>IT</p> <p>(MS comments):</p> <p>IT. Yes, we agree on both. It is important to cover the existing gap so to fix two existing weaknesses of the model that may lead to short-circuit it all: i) there is an obligation to offer a service to initiate a payment on the payer’s PSP side, but not to process it on the payee’s PSP side, which opens the door to; ii) there is an obligation on merchants to accept a payment, but not on PSPs to provide acquiring services.</p> <p>Furthermore, an obligation on acquirers to provide their services is even more essential if paired with the cap to protect small merchants. In its absence, acquirers may have an incentive not to provide their service or, pushing the logic to the extreme, even to force small merchants to accept a worse MSC than what</p>

Questions	MS comments
	<p>the legislation warrants them in order to receive the service and fulfil the mandatory acceptance obligation to which they are subject.</p> <p>Just to clarify, we understand this includes both direct and indirect provision of mandatory acquiring services by PSPs, so that PSPs are allowed to externalize such services to a technological partner.</p> <p>LT (MS comments): We agree with obliging acquiring PSPs to provide acquiring services upon request of their clients. We support that mandatory acquiring services should be defined in the regulation. The principle of proportionality should be upheld so as not to impose an undue burden on PSPs that do not provide acquiring services for comparable means of payment.</p> <p>LV (MS comments): Agree.</p> <p>NL (MS comments): NL: On the one hand, it makes sense to pair an obligation to accept the digital euro as legal tender to an obligation by PSPs to provide acquiring services. On the other hand, making acquiring services mandatory could disincentivize PSPs from taking on those merchants obligated to accept the digital euro, or it could raise costs elsewhere in the payments infrastructure. All in all, as long as the list</p>

Questions	MS comments
	<p>of mandatory acquiring services to be offered is limited, we can imagine that this obligation to provide acquiring services makes sense. We will return to the basic list of services in writing.</p> <p>PT (MS comments):</p> <p>First, we have some doubts about the necessity of requiring PSPs to provide acquiring services upon their clients’ request, especially when these clients are subject to the mandatory acceptance obligation as legal tender. This obligation may prove unnecessary because mandatory acceptance will naturally drive merchants to seek these services, which could sufficiently motivate PSPs to offer such services. Second, this may also raise doubts, as PSPs would be required to assess a requirement not specifically directed at them, but at merchants—namely, determining whether each merchant is subject to the mandatory acceptance obligation as legal tender. This may be a source of legal uncertainty. In any case, we are open to discussing a list of basic acquiring services for smaller payees, with a specific regime.</p> <p>Furthermore, as we consider that the acceptance of transfers and direct debits in digital euros for merchants who already accept payments through these methods should be included in mandatory acceptance, the definition of “basic acquiring services” should also encompass these services.</p> <p>RO (MS comments):</p> <p>We agree.</p>

Questions	MS comments
	<p>SK (MS comments): We support the obligation of acquiring PSPs to provide necessary services upon the request of such clients.</p>
Mandatory acceptance	
<p><i>Q.3.2 Do MSs agree on the need to redefine the scope of mandatory acceptance to focus on the digital euro as a public good that shall serve the objectives of supporting the role of public money as a monetary anchor, promote the strategic autonomy of the EU payments market and accessibility to central bank money to the general public (citizens)?</i></p>	<p>AT (MS comments): AT: Yes, we support the limitation of the focus.</p> <p>BE (MS comments): We disagree on the redefinition of the mandatory acceptance from a principle point of view. Having a change in the initial proposition would undermine the parity between euro cash and digital euro.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • General comment: Besides restricting the scope of the legal tender regarding SEPA credit transfers and direct debits, with regard to B2B

Questions	MS comments
	<p>payments, we also believe that a convincing product should incentivise businesses to use the digital euro instead of a forced acceptance. In this context, we support the restrictive approach presented in the non-paper.</p> <ul style="list-style-type: none"> • Generally speaking, we support the proposed re-defining of the scope of the mandatory acceptance in order to ensure that that the scope is not set wider than what is needed to achieve the policy objectives. <p>EE (MS comments): EE: We are open to redefine.</p> <p>EL (MS comments): EL: Yes, we could agree.</p> <p>FR (MS comments): France supports the European objective of defragmenting payment solutions and deepening the single market.</p> <p>It does not subscribe to the narrative of monetary anchoring and accessibility of central bank money. It is not possible to explain to Europeans why it is important for them to have a claim on the ECB. It would be very dangerous to explain that a digital euro would be safer than a commercial euro.</p>

Questions	MS comments
	<p>Only the second point should be retained.</p> <p>HR (MS comments): We find that there is a need to redefine the scope of mandatory acceptance as it is stated in the question.</p> <p>IE (MS comments): IE is not opposed to redefining the scope for mandatory acceptance to ensure digital euro is understood as a public good.</p> <p>IT (MS comments): IT. We broadly agree to the principle, not necessarily on all suggested implementation measures. See replies to Q5.2.</p> <p>LT (MS comments): We do not support redefining the scope.</p> <p>LV (MS comments): We are in favor of keeping legal tender scope not only for merchants, but also to business and government sectors that accept A2A payments (outside POI). Nevertheless, it should be clear, that legal persons would have to accept digital euro payments the same way they accept comparable means of payments. F.e. if</p>

Questions	MS comments
	<p>a legal person only accepts payments outside of POI, then it should not be obliged to establish POI solutions.</p> <p>NL (MS comments): NL: Yes, we agree. The mandatory acceptance should be limited in scope and similar to cash-like use cases for acceptance.</p> <p>PT (MS comments): We do not agree with the proposal to redefine the scope of mandatory acceptance. The digital euro will be a new form of public money; therefore, citizens and businesses should be able to pay with it. The broad scope of the exceptions proposed in the new paragraphs (a2) and (d2) of Article 9 could potentially affect public perception of the digital euro as a means of payment with legal tender status. It is not sufficiently demonstrated, in our view, how redefining the scope of mandatory acceptance would be more suitable for reaching the project's objectives.</p> <p>RO (MS comments): We agree.</p>

Questions	MS comments
<p><i>Q.3.2.1 Do MSs agree that it would not be proportional and would not directly target the digital euro project's objectives to require payees that do not accept digital payments at the point of interaction to accept the digital euro?</i></p>	<p>AT (MS comments): AT: Yes, we fully agree.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • We fully support this assessment. Payees that only accept credit transfers, direct debits as digital means of payment in the course of its business interactions should not be obliged to accept the digital euro. • However, we should also make clear, that businesses which only accept cash, would also not be obliged to accept digital euro. • In terms of drafting, we wonder why this notion could be achieved by slightly amending the already existing Article 9a instead of introducing a new para 9a2. <p>EE (MS comments): EE: We agree.</p> <p>EL (MS comments): EL: No strong views.</p> <p>FI</p>

Questions	MS comments
	<p>(MS comments): Yes</p> <p>FR (MS comments): Yes, France is in favour of this position and does not wish to impose digital means of payment because some cases may not be suitable.</p> <p>HR (MS comments): Yes, we generally agree.</p> <p>IE (MS comments): IE considers it would not be proportional to require those that do not currently accept comparable means of digital payments at any stage of payment to accept a digital euro. However, IE does note that merchants should comply with the mandatory acceptance provisions and exclusions (as applicable). Cash only businesses should be supported, provided that support does not conflict with the regulation on the legal tender of banknotes and coins.</p> <p>IT (MS comments): IT. Yes.</p> <p>LT</p>

Questions	MS comments
	<p>(MS comments):</p> <p>We agree</p> <p>LV</p> <p>(MS comments):</p> <p>We believe that the obligation should be kept also for legal persons that do not accept payments at the point of interaction. The digital euro should be a universal payment option for end users. It is not being developed to compete or replace current solutions, but rather as an option for every person to use it for all their digital payment needs. Also, one of the goals of the digital euro is to provide a digital payment solution for unbanked people, including people who do not wish to open a bank account at private PSP. If A2A transfers are out of the legal tender scope, this group of people would not be able to use digital euro for all their payment needs, f.e. payments for utilities, taxes etc. Also, very important, to safeguard legal persons as PSP customers that do not accept payments at the point of interaction with the no worse off clause.</p> <p>NL</p> <p>(MS comments):</p> <p>NL: Yes, it makes sense to us to limit the scope of mandatory acceptance to those use cases where cash is currently omnipresent, mostly for person-to-person and person-to-business payments. In case it is not possible to accept digital payments at a point of interaction currently, it is not proportionate to mandate digital euro mandatory acceptance. This should equally apply to paying for government services (P2G): if it is currently not possible to pay for government</p>

Questions	MS comments
	<p>services such as parking fines or municipal taxes at a point of interaction, mandating digital euro acceptance is disproportionate.</p> <p>PT (MS comments): Please refer to our comments in Q.3.2.</p> <p>RO (MS comments): We agree.</p>
<p><i>Q.3.2.2 Do MSs agree that the acceptance and pricing of B2B payments should be left to the market?</i></p>	<p>AT (MS comments): AT: Yes, we fully agree.</p> <p>BE (MS comments): Yes.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • We support this approach. Businesses should not be mandatorily forced to accept the digital euro in B2B transactions. If the product is compelling, businesses will use it.

Questions	MS comments
	<ul style="list-style-type: none"> • However, it is of highest importance to us, that the digital euro is indeed B2B-ready. That means: First, technically the DESP must be ready to serve the needs of businesses. Second, the legislative proposal must be ready to cater for B2B transactions. We are concerned that the current Article 24 on conditional payment is not sufficient in this respect. Let us be clear: We don't want to force any new use cases or force B2B from day one. However, to the extent possible, it needs to be ensured that the legislative framework – and the technological basis – are B2B ready. • In this respect, it would seem necessary also to amend Article 10 accordingly and restrict its scope to consumers only. <p>EE (MS comments): EE: We agree.</p> <p>EL (MS comments): EL: Yes, we could agree.</p> <p>FI (MS comments): <i>Yes, but we should monitor the impacts of this approach i.e. via a report (or a relevant review clause) that studies the topic within couple of years of the</i></p>

Questions	MS comments
	<p><i>adoption of the digital euro regulation. If evidence later indicates the need to regulate the pricing of B2B payments, we could support the re-evaluation of the regulatory status.</i></p> <p>FR (MS comments): Yes, France is in favour of a free market for payments.</p> <p>HR (MS comments): According to the Article 7 of the Proposal, digital euro will have legal tender status. Exceptions to the obligation to accept the digital euro are prescribed in Article 9 of the Proposal. According to the Article 9 in B2B payments digital euro should also be accepted as a legal tender unless payee has not agreed with the payer on a different means of payment prior to the payment, in accordance with Article 10. But, on the other hand we find that pricing of B2B payments should be left to the market.</p> <p>IE (MS comments): IE foresees no issue with this at this time. However, it believes an argument could be made for B2B payments to be capped to ensure best value for businesses when paying for goods and services for their businesses. Agree in</p>

Questions	MS comments
	<p>principle, however, consider ensuring microenterprises and very small SMEs may need additional protections due to small market share.</p> <p>IT (MS comments): IT. Yes.</p> <p>LT (MS comments): In principle, we agree. However, this is not the case in the current legal proposal for the digital euro. Moreover, under the current legal proposal on digital euro, a business entity will have a zero limit for holding digital euro. We do not support the extension of the scope of the digital euro to B2B payments.</p> <p>LV (MS comments): Agree.</p> <p>NL (MS comments): NL: Yes, we agree.</p> <p>PT (MS comments): Please refer to our comments in Q.3.2.</p> <p>RO (MS comments): We agree.</p>

Questions	MS comments
	<p>SK (MS comments): We can see the merit, we are open to exempt B2B transactions from mandatory acceptance of digital euro.</p>
Compensation model for the offline modality	
	<p>BE (MS comments): Regarding the offline compensation model we adhere to three core principles: <ul style="list-style-type: none"> • Fair compensation for PSPs. • Free of charge funding for the end-user. • And third, that offline transactions should generate only the minimum data necessary for AML/CTF purposes and fraud prevention. Based on these principles, we believe that compensation for the funding PSP should come through an inter-PSP fee derived from the Merchant Service Charge, as proposed in the non-paper. This approach is well aligned with the funding PSP's perspective, given that the exact amount and frequency of offline transactions do not impact the fundamental task of funding.</p> <p>However, we would like to further discuss the periodicity of this inter-PSP redistribution and consider the potential impacts of including only POS transactions within this proposition.</p>
<p><i>Q.3.3 Do MSs agree that during the transition period, the cap to the MSC is calculated like for online payments?</i></p>	<p>AT (MS comments): AT: The same cap for online and offline payments could be okay, if costs for the offline version are not considerably higher.</p>

Questions	MS comments
	<p>DE (MS comments):</p> <ul style="list-style-type: none"> • We generally support the proposed outline for a compensation model for offline transactions. • However, we are asking ourselves whether the model should be that closely aligned with the online model. We find it very difficult to compare the two use cases. • We would welcome clarifications regarding the expected scope of services or tasks that acquirer and issuer would be required to perform. • How much costs would be incurred for the PSPs? Certainly, there is the funding and defunding. But in addition, what other services would be required? Is the range of required services indeed comparable to online transactions? • When comparing it to today’s card schemes, we are wondering what service the distributor would need to perform except for the funding. • In addition, we would welcome obtaining a better understanding of the necessary investment costs and how these would be compensated. • Regarding the drafting proposals, we take note that for online transactions, the inter-PSP fee would be capped at 0.2% (‘inter-PSP fee of <i>more than</i> the percentage of the value of the transaction’), while for offline transactions the inter-PSP fee would be a fixed rate of 0.2% (‘a

Questions	MS comments
	<p>total inter-PSP fee of 0,2% of the total value of the transactions should be distributed?). Is there a specific reason why the two categories are treated differently?</p> <ul style="list-style-type: none"> • Also, we note that with regard to the inter-PSP fee for online transactions, reference is made directly to the IFR (Art. 17(2a), second subparagraph), while for offline transactions, the inter-PSP fee of 0.2% is set out explicitly in the Digital Euro Regulation (Art. 17(2c), second subparagraph). If it is the aim to align the (maximum) level of both inter-PSP fees, those fees should not be set out in two different regulations. <p>EE (MS comments): EE: We agree.</p> <p>EL (MS comments): EL: Yes, we could agree.</p> <p>FI (MS comments): <i>We do not have final opinion on this topic.</i></p> <p>FR (MS comments):</p>

Questions	MS comments
	<p>For France, the main issue in this question is the confidentiality offered by the digital euro and it supports the approach proposed by the Spanish delegation.</p> <p>As previously indicated, France is not in favour of a cap for the MSC. But it is attached to the ‘level-playing field’ or neutrality between the two methods. Economic players should have no incentive or disincentive to choose between online and offline modes.</p> <p>IE (MS comments):</p> <p>IE note there should be no delineation between how MSCs are charged for online and offline transaction – both should be the same. Two sets of charges could lead to unnecessary complexity.</p> <p>IT (MS comments):</p> <p>IT. Yes.</p> <p>LT (MS comments):</p> <p>We agree</p> <p>LV (MS comments):</p> <p>Agree.</p> <p>NL (MS comments):</p>

Questions	MS comments
	<p>NL: Yes, we agree if this is technically possible, given that the transaction value and transaction amount are unknown.</p> <p>PT (MS comments):</p> <p>We do not agree with the rationale of the proposed approach, since, in our view, allowing PSPs to process data on the value and number of transactions – without identifying the payer – does not harm the adoption of the digital euro and the parallelism with cash. Therefore, we would prefer to allow PSPs to process the strictly needed data to apply a single compensation model to online and offline modalities, without relying on the use of “proxies”.</p> <p>RO (MS comments):</p> <p>We agree.</p>
<p><i>Q.3.4 Do MSs agree that a total inter-PSP fee calculated as a percentage of the transaction (the same percentage that the acquirer PSP pays as inter-PSP fee for online transactions) should be allocated between distributing PSPs based on the total amount of offline funding in each distributing PSP?</i></p>	<p>AT (MS comments):</p> <p>AT: Privacy is important. Having said that, we think that the ES proposal seems reasonable. However, we are still sceptical towards the distribution of the total inter-PSP fee to issuing PSPs based on their shares in offline funding. In order to generate more profit for offline use, PSPs could incentivise their customers to hold high offline amounts which could lead to an increased outflow of deposits.</p>

Questions	MS comments
	<p>However, such an outflow is contrary to the purpose of the digital euro being primarily a means of payment and not a store of value.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • Most importantly, the privacy of the users must be respected at any time. • As emphasised in the non-paper, the offline version is a key functionality of the digital euro. We welcome the thoughts put forward by ESP regarding a possible compensation model. We would welcome a more in-depth analysis by the COM how this model could work in practice. In particular, we are wondering how exactly the distribution of the fees between the PSPs would be carried out. Which entity serves as the distributor collecting the inter-PSP fees and allocating them based on the key calculated from all offline fundings? <p>EE (MS comments): EE: We agree.</p> <p>EL (MS comments): EL: No strong views.</p> <p>FI</p>

Questions	MS comments
	<p>(MS comments): <i>We do not have final opinion on this topic.</i></p> <p>FR (MS comments): France recognises all the political, commercial and technical complexities associated with the offline mode. It shares the Spanish analysis as being the only possible one that suits the narrative of confidentiality offered by the digital euro.</p> <p>IE (MS comments): IE agrees in principle, but it is unclear how the non-paper proposes to deal with the issue of open funding. Further consideration and discussion are needed to determine an appropriate solution.</p> <p>IT (MS comments): IT. Yes, we agree this could be an acceptable compromise. As also acknowledged in the non-paper, PSPs have no data on such transactions, hence fees would be a proxy not actually reflecting what transactions were carried out, benefitting or penalizing PSPs based on how their customers uses a digital euro.</p> <p>LT (MS comments): We agree</p>

Questions	MS comments
	<p>LV (MS comments): Due to many uncertainties of how much data is shared when paying offline with the digital euro, it is complicated to develop the interchange fee model. We would propose consulting with the ECB in this regard to find all possible options.</p> <p>NL (MS comments): NL: Yes. In case there is no better proxy for the number of transactions available, then this is a sensible proposal in our opinion.</p> <p>PT (MS comments): Please refer to our answer to Q.3.3.</p> <p>RO (MS comments): We agree.</p>
4. Split into a transitory and long-term compensation model + review	
Transitory and long-term compensation model	<p>NL (MS comments):</p>

Questions	MS comments
	<p>NL general comment: We are in favor of a transitory model as it grants banks, Member States, the European Commission and the ECB time to become more knowledgeable about the costs of the digital euro infrastructure. This would allow for the creation of a fairer compensation model in the long term which would create more support from PSP's for the digital euro. We need PSP's on board for this project to succeed, which means that their support is necessary. Having said that, we believe that we should also devise a model for the long-term. In our opinion, this should gradually become a 'cost plus reasonable margin of profit'-model as it is the fairest way to guarantee that over time, PSP's can expect to earn back their costs and turn a reasonable profit for their key role in distributing the digital euro. This expectation might also help PSPs as they would know that their reporting on costs is for the benefit of having proportional fees in the long-term. In the long term, it is important that the benefits of not paying scheme fees and processing fees are felt by both the merchants and the PSPs.</p>
<p><i>Q.4.1 Do MS agree with the need to introduce a transitory compensation model for the reasons argued in the note?</i></p>	<p>AT (MS comments): AT: Yes, we agree. The final model should be clear at the start if it allows for adequate compensation of PSPs. It should be regulated on level 1. We want to stress that the transitory model should include a possibility for compensation for open-funding PSPs (i.e. PSPs which only provide funding services) as discussed under the Hungarian Presidency.</p> <p>BE</p>

Questions	MS comments
	<p>(MS comments):</p> <p>We believe that implementing a transitory compensation model, as suggested, could serve as an effective starting point. A transitional period, together with a review clause to adapt it into a final model (subject to the Commission or Council Legal Services answer to Italy’s question), could allow sufficient time to collect and analyze valuable data.</p> <p>DE</p> <p>(MS comments):</p> <ul style="list-style-type: none"> • <i>General comment:</i> While we see the benefits of starting with a model that is relatively closely aligned with existing concepts and adopts a simpler approach, we should only agree on a transitory model if we know what the final model would look like. The basic outline of the final model must be part of the Regulation at Level 1. We cannot simply postpone the regulatory decision which model should apply. In this respect, the proposed five-year term seems too long to us. In any event, it should be ensured that after five years the final model is up and running. That means, we need a thorough assessment of the pricing models long before the five years have expired. • In general, a transitory model could allow for the collection of reliable data that could then be used for the final compensation model that effectively ensures that the benefits of the system, including the costs

Questions	MS comments
	<p>that the euro system bears for the digital euro infrastructure, are distributed fairly amongst businesses, consumers and PSPs.</p> <ul style="list-style-type: none"> Clearly, a long-term model must already be incorporated in the legislative text. In substance, if fee caps were applied, we would advocate for a cost-based model, including a reasonable margin of profit for PSPs. Such a model would be specific to the digital euro, compensate real costs and the calculations would not be flawed by references to means of payment or other fee models which are not actually comparable to the digital euro. Yet, in order not to prevent an inflation of costs, one might consider ensuring that the inter-PSP fee for online digital euro transactions does not exceed the inter-PSP fee set out in Article 3 of the IFR even in the long-term model. Thus, a combination of both approaches could have the potential to meet the desired policy objectives. <p>EE (MS comments): EE: It seems justified.</p> <p>EL (MS comments): EL: We do not have strong views at the moment and further work needs to be done on this.</p>

Questions	MS comments
	<p>FI (MS comments): <i>We in principle agree with the idea of a transitory model, but we are hoping for more discussion on the topic.</i></p> <p>FR (MS comments): France welcomes the Spanish proposal, which introduces flexibility into a complex and structuring mechanism for the European payments industry.</p> <p>HR (MS comments): We find that there is a need for introduction of a transitory compensation model for the reasons argued in the note. ES proposal described in the non paper is a good starting point for further discussions at the CWP meetings.</p> <p>IE (MS comments): IE is not opposed to a transitory period based on the arguments put forward in the note. . Data on transactions will be needed to finalise the compensation model.</p> <p>IT (MS comments): IT. Yes.</p> <p>LT</p>

Questions	MS comments
	<p>(MS comments):</p> <p>We welcome the idea of introducing a 5-year transitional period during which comparable digital payment instruments would be the starting point for setting inter-PSP fees and cap for the MSC. At the end of the transitional period, the EC would evaluate the framework for setting caps for the MSC and the inter-PSP fee. In doing so, the EC could propose another capping framework, including a cost-based and reasonable profit margin-based system, and propose the updated framework.</p> <p>LV (MS comments):</p> <p>Yes.</p> <p>NL (MS comments):</p> <p>NL: Yes, we agree.</p> <p>PT (MS comments):</p> <p>While we do not agree with the proposed transitory compensation model, we do not oppose to a reassessment of the compensation model after 5 years of the first issuance of the digital euro, when more data and information is available.</p> <p>RO (MS comments):</p> <p>We agree.</p> <p>SK (MS comments):</p>

Questions	MS comments
	<p>We agree with the introduction of the transitory compensation model, however we are of the view that long-term compensation model should be introduced to the text before the introduction of digital euro as well. We are open to establish the transitory model as a long-term model with a review clause.</p>
<p><i>Q.4.2 Do MS agree to the proposed 5-year duration of the transitory model in view of the data needs to establish a long-term compensation model?</i></p>	<p>AT (MS comments): AT: We are open to an ever longer period for the transitory model, if more than five years are required to gather the data necessary for the final model.</p> <p>BE (MS comments): We agree, but as suggested by other colleagues, it may be appropriate to have the data and report after 3-4 years. We would welcome an opinion from the Commission on the optimal timeframe for collecting valuable data, ensuring it is not solely based on the initial issuance numbers.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • We believe that the 5-year period should be the absolute maximum time period for any transitory regime. It should be set out clearly in the proposal that after 5 years the final model should already be operational.

Questions	MS comments
	<ul style="list-style-type: none"> • We consider that after five years, the review and calibration process for the long-term model must be finalised. • Also, we wish to emphasize that legislative actions might affect the proposed transitory model. For example, if there were a legislative adaption of interchange fees, this would have significant impact on the digital euro compensation model. • In addition, with a view to the proposed double MSC-caps, it is extremely difficult to assess the role – and fee structure – of debit cards within five years after the adoption of the proposal. • That is to say that several external factors might impact the transitory model. Therefore, the transition phase should be as short as possible, if at all. • Finally, we believe that after three or four years, sufficient data on digital euro payments would be available to start calibrating the long-term model. <p>EE (MS comments): EE: The transitory model should apply as long as necessary to establish a long-term compensation model, but not longer. A 5-year duration of the transitory model is probably too long. We believe it is important to strengthen the legal</p>

Questions	MS comments
	<p>soundness of the approach to give also longer-term economic certainty to the stakeholders, including the PSPs providing liquidity.</p> <p>EL (MS comments): EL: We do not have strong views at the moment. However, we support that the proposed model is complex and intended for a temporary five-year period but remains incomplete, as it does not define the final model to be adopted afterward.</p> <p>FI (MS comments): <i>We agree with the idea of a transitory model. But we also think that its duration should be decided after further discussion in the working party. There should be clear grounds on why the transitory period takes 5 years like suggested. We are also hoping for analysis on if the transitional period could be also shorter e.g. 3 years. There should also be means to make the transitional period shorter, if market develops faster than expected.</i></p> <p>FR (MS comments): France considers that the model adopted should be as free as possible in the first few years to ensure that costs are amortised. The 5-year period may seem short for the establishment of new use cases, but it is more than enough to drive certain companies, or even a sector of</p>

Questions	MS comments
	<p>activity, into bankruptcy. If we validate this timeframe, we must retain mechanisms for rapid updates in the event of major difficulties.</p> <p>IE (MS comments): IE agrees that 5 years is an appropriate time for the transitory period. However, it does consider that the Commission’s report needs to be made available well in advance of the end of the transitory period. In this instance, IE recommends publication of the the Commission’s report at the end of the third year of the transitory period. Annual data collection would be beneficial to the ECB and institutions of the EU.</p> <p>IT (MS comments): IT. In principle yes, but we see an issue in having the same deadline to collect data and to review the model. Data should be available – e.g. 1 year - prior to the new model enters into force (e.g. see answer to Q2.4).</p> <p>As an additional point, we believe that a similar provision with the introduction of a transitory period, would be needed also for open funding.</p> <p>LT (MS comments): We agree to the proposed 5-year duration of the transitional period.</p>

Questions	MS comments
	<p>LV (MS comments): Yes.</p> <p>NL (MS comments): NL: Yes, we agree.</p> <p>PT (MS comments): Please refer to our answer to Q.4.1.</p> <p>RO (MS comments): We agree.</p> <p>SK (MS comments): We do not have strong view on the proposed period, but if applied, the review under question 4.5 of this questionnaire should be made 3 years after the issuance of digital euro to grant sufficient time-period between review and the switch towards the long-term compensation model.</p>
<p><i>Q.4.3 Since the regulation would also need to specify the final applicable regime after the transitory model:</i></p>	<p>FR (MS comments):</p>

Questions	MS comments
	<p>As explained above, France is not in favour of capping fees, with the exception of interchange.</p> <p>Generally speaking, the general structure adopted and the calculation methods should not change over time. Only any caps may be modified or removed.</p> <p>For interchange, it is in favour of a high ceiling in the first few years. Only a high ceiling will interest PSP distributors in the digital euro. These prices will be passed on mechanically to merchants and therefore to the European economy in the end, as indicated in the introduction, but there is no alternative. The costs have to be borne by someone.</p> <p>LV (MS comments):</p> <p>Regarding questions below, we believe that it is too soon to answer them and that this would be done during the transitory period.</p> <p>PT (MS comments):</p> <p>A more suitable alternative would be to establish a compensation model with a reassessment after five years, through a review clause, with a possible proposal to amend this Regulation only if necessary. Therefore, we do not see a need to establish a transitory model and a final applicable regime, and we detailed some of our concerns regarding this solution in the next Section of this Questionnaire (i.e., “<i>Review of methodology of fee caps</i>”).</p> <p>SK (MS comments):</p>

Questions	MS comments
	<p>We see as a possible way forward establishing the transitory model as a long-term model with a review clause. Features should be decided based on the review.</p>
<p><i>Q.4.3.1 Which features of the transitory model would MS maintain in the final compensation model?</i></p>	<p>DE (MS comments):</p> <ul style="list-style-type: none"> • We could imagine building on the proposed distribution model for the offline model. • In addition, we could see merit in maintaining an element that effectively protects smaller merchants from excessive prices for accepting basic digital euro services. That element does not necessarily need to be the MSC cap currently considered (i.e. euro area average of debit card payments). For example, instead of referring to a private means of payments (debit cards) such a safeguard could be set in relation to the average prices merchants pay for basic digital euro service (e.g. not more than twice the average price merchants pay for basic digital euro services). <p>EE (MS comments): EE: Both models should give clarity for open funding (Art 17 (7)).</p> <p>FI</p>

Questions	MS comments
	<p>(MS comments): <i>We think that it is too early to express final opinion on this topic. More discussion is needed.</i></p> <p>IE (MS comments): Universally applied caps for both inter-PSP and MSC fees (for both online and offline transactions).</p> <p>IT (MS comments): IT. We would stick to the comparable means of payment's benchmark to set fees beyond the cap on small - and medium - merchants.</p> <p>LT (MS comments): We prefer the final compensation model to be based on comparable means of payment.</p> <p>NL (MS comments): NL: As specified above, we would want to move to a cost-based approach, including a reasonable margin of profit.</p> <p>PT (MS comments): Please refer to our answer to Q.4.3.</p>

Questions	MS comments
	<p>RO (MS comments):</p> <p>We should maintain the caps on the MSC & inter-PSP fee, and also the 1/3-2/3 split, unless the data gathered during the transitory model proves these measures to be wrong, i.e. the various PSP's costs are not covered.</p>
<p><i>Q.4.3.2 Which features of the transitory model would MS change or exclude in the final compensation model?</i></p>	<p>DE (MS comments):</p> <ul style="list-style-type: none"> • In our view, in particular the MSC cap would need to be updated. • It is crucial to develop a model that focusses on the digital euro. We should not invest too much time and cost into models that are based on the flawed comparison to other services. • If there were fee caps in the long-term model, both the Inter PSP fee and the MSC should be based on a cost-plus model, including a reasonable margin of profit. • The long-term model should also seek to better address the question how the benefits stemming from the services offered by the ECB without charges, could be passed on to businesses and consumers. <p>EE (MS comments):</p> <p>EE: No specific views yet.</p>

Questions	MS comments
	<p>FI (MS comments): <i>We think that it is too early to express final opinion on this topic.</i></p> <p>IE (MS comments): IE has no further comment but will examine any future proposals put forward by the Commission.</p> <p>IT (MS comments): IT. Given the unavailability of data on costs at launch and the complexity of defining a uniform methodology at EU level to collect them even at a later stage (so far national surveys available are not aligned, not easily comparable and are not conducted on a regular basis), we suggest to consider the benefits of not envisioning a switch to the cost-based calculation. However, if the majority of countries decides to use the cost parameter in the permanent phase, then such costs should be calculated according to a methodology that should be strictly defined. Such methodology should properly consider the purpose of the exercise (monitoring or pricing), which type of costs should be compensated by the fee (fixed costs, variable costs, investment costs, social costs, etc.), the processes involved, and the calculation methodologies when no objectively accountable (e.g. full time employment etc). To the best of our knowledge, we flag that there</p>

Questions	MS comments
	<p>is no comparison to learn from of this type of cost calculation related to payments.</p> <p>LT (MS comments): See our comment Q.4.3.1. We consider that a cost based compensation model would impose a significant administrative burden on both market participants and public authorities.</p> <p>NL (MS comments): NL: The comparable means of payment approach should be left out of the final compensation model. In our opinion, the digital euro should in the long term be priced based on the actual costs of the infrastructure, and giving payment service providers a reasonable margin of profit.</p> <p>PT (MS comments): Please refer to our answer to Q.4.3.</p> <p>RO (MS comments): We propose having the MSC and inter-PSP caps for offline payments different that those of online payments in the final model, as long as the data gathered during the transitory model supports this measure.</p>
<p><i>Q.4.3.3 Which features would MS add to the final compensation model which are not part of the transitory model?</i></p>	<p>AT (MS comments):</p>

Questions	MS comments
	<p>AT: Subject to our reservations regarding caps, we are in favor of switching to the model that allows PSPs to charge fees that reflect their costs and a reasonable margin of profit.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • As said before, if fee caps should apply, they should rest on a cost-plus model, potentially safeguarded by a 0,2% Inter-PSP fee cap. The initial proposal by the COM could serve as a starting point here but would require some amendments. • Moreover, we consider it crucial that an element is added that ensures that the cost for the digital euro infrastructure that is born by the ECB is fairly distributed within the system (merchants, customers). • In addition, there should be a concept how to consider different risk categories which today significantly impact the pricing models for acquiring services. Businesses with a higher risk profile (e.g. an online casino) should not be benefitting from lower fees only because the average MSC fee is below their current justified pricing model. • Moreover, the issue of fraud monitoring costs, so far, has not been discussed. Potentially, this could become a relevant factor for PSPs when offering their digital euro services.

Questions	MS comments
	<ul style="list-style-type: none"> Finally, we understand that the non-paper doesn't touch upon the issue of open funding. However, this issue remains very important and would also need to be addressed as part of the compensation model. <p>EE (MS comments): EE: No specific views yet.</p> <p>FI (MS comments): <i>We think that it is too early to express final opinion on this topic.</i></p> <p>IE (MS comments): IE has no further comment but will examine any future proposals put forward by the Commission.</p> <p>IT (MS comments): IT. No additional features.</p> <p>LT (MS comments): We cannot propose any features now. Some new features may emerge after a transitional period.</p> <p>NL</p>

Questions	MS comments
	<p>(MS comments):</p> <p>NL: See answers to previous questions. We would remove the fragmentation through PSP-based MSC-caps and transition towards harmonized pricing.</p> <p>PT</p> <p>(MS comments):</p> <p>Please refer to our answer to Q.4.3.</p> <p>RO</p> <p>(MS comments):</p> <p>-</p>
Review of methodology for fee caps	
<p><i>Q.4.4 Do MS agree with the logic of reviewing the compensation model contained in Article 17 after issuance of the digital euro based on a report that the Commission would share with co-legislators?</i></p>	<p>AT</p> <p>(MS comments):</p> <p>AT: Yes, we agree.</p> <p>BE</p> <p>(MS comments):</p> <p>Yes.</p> <p>DE</p> <p>(MS comments):</p>

Questions	MS comments
	<ul style="list-style-type: none"> • In general, we support the idea of this review clause. We need this data urgently. • However, the long-term model must already be part of the legislative proposal before it is adopted. • If, based on the assessment by COM, amendments would be necessary, this could be addressed. In light of the novelty of the digital euro project, we could support a Commission report that would allow the co-legislators to perform a databased review of the final compensation model. However, all necessary elements of the long-term model must be part of the legislative proposal from the beginning. <p>EE (MS comments): EE: A report of the Commission only is not enough. The review by the Commission seems too late and creates legal and economic uncertainties before the end of/after the transitory period. Therefore, from economic perspective, we believe that an impact study (shorter and longer term) is warranted. The economic viability of the project is important. When it comes to the general principles, we consider it important that fair and free market-oriented pricing of services (a fair compensation model) is ensured when offering digital euro services in the long run.</p> <p>EL</p>

Questions	MS comments
	<p>(MS comments): EL: We do not have strong views at the moment and further work needs to be done on this.</p> <p>FR (MS comments): France supports this 5-year review clause.</p> <p>HR (MS comments): Yes, we agree.</p> <p>IE (MS comments): IE agrees with a review of the compensation model.</p> <p>IT (MS comments): IT. See reply to Q.4.2.</p> <p>LT (MS comments): We agree</p> <p>LV (MS comments): Yes</p>

Questions	MS comments
	<p>NL (MS comments): NL: Yes, this should be a shared effort by co-legislators based on a report of the Commission, perhaps supported by data-analysis of the ECB.</p> <p>PT (MS comments): We have significant concerns regarding this proposal. As we read it, five years after introducing the digital euro, the final compensation model would enter in place. Well, this seems to happen simultaneously with the presentation by the COM of a report assessing the adequacy of the final compensation model. Then, if the final compensation model reveals not to be a suitable solution, the COM would present an amendment to the Regulation aiming to modify the final compensation model. This may lead to several adjustments within a five-year period. We should avoid both complexity and instability in determining the applicable framework. Additionally, it is unclear how the COM would assess the adequacy of the final compensation model, as the data gathered within the 5-year period would likely pertain to the application of the transitory model.</p> <p>RO (MS comments): We agree.</p>

Questions	MS comments
<p><i>Q.4.5 Do MS agree with the time-period of 5 years after issuance of the digital euro for reviewing the compensation model?</i></p>	<p>AT (MS comments):</p> <p>AT: We could be open to an even longer period, if reliable data only available at a later point in time as said by the ECB in the CWP on 26 February 2025.</p> <p>BE (MS comments):</p> <p>Yes, we agree in principle, but if the goal is to implement a transitory compensation model for 5 years, it may be more appropriate to have the review report after 4 years. We would welcome input from the Commission on the optimal timeframe for collecting valuable data, ensuring it is not solely based on the initial issuance.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • We would support a shorter period of time, e.g. three years. The Commission report should be published earlier, e.g. two years before any final compensation model becomes applicable. Based on the current drafting, it appears that a final compensation model would become applicable at the same time as the Commission report is published, i.e. after five years of the digital euro’s introduction. Such a timetable would render it impossible for the co-legislators to take into account any possible findings outlined in the Commission report before the final compensation model becomes applicable.

Questions	MS comments
	<ul style="list-style-type: none"> In our view, the final, long-term model should be up and running after five years and not only the review process. <p>EE (MS comments): EE: We prefer earlier than 5 years after issuance of the digital euro for reviewing the compensation model.</p> <p>EL (MS comments): EL: See the answer on Question 4.2.</p> <p>FI (MS comments): <i>See our answer in Q.4.2</i></p> <p>FR (MS comments): It is essential for France that the final economic model be decided in a level 1 text. The consequences are too important for the payments industry and the European economy to be defined in a delegated text.</p> <p>HR (MS comments): .</p>

Questions	MS comments
	<p>IE (MS comments): IE agrees. Five years is necessary to allow the digital euro time to establish itself. However, data analysis should be ongoing throughout the 5-year period.</p> <p>IT (MS comments): IT. See reply to Q4.2.</p> <p>LT (MS comments): We agree</p> <p>LV (MS comments): Yes</p> <p>NL (MS comments): NL: The time-period of 5 years after issuance for moving towards a permanent compensation model is reasonable to us. However, we consider that a paper on the future of the long-term compensation model would be better suited to be published after 3 years, so that the European Commission and Member States have time to evaluate the model and take necessary legislative action in case this is needed before the 5 year transition phase is over.</p> <p>PT (MS comments):</p>

Questions	MS comments
	<p>Yes, we would support a review of the compensation model five years after the first issuance of the digital euro.</p> <p>RO (MS comments): We agree.</p> <p>SK (MS comments): Taking into account 5 year transitory period we are of the view that the review would be more suitable 3 years after the issuance.</p>
<p><i>Q.4.6 Do MSs agree that for the aforementioned purpose, the Commission should incorporate recent information on (i) the unit cost by PSPs for offering digital euro payment services, and (ii) the development of the level of the MSC for digital euro and for comparable means of payment? What other information shall be included in the report?</i></p>	<p>AT (MS comments): AT: In principle, we agree.</p> <p>DE</p>
<p><i>Q.4.7 Being aware of the importance of finding the right balance between gathering data for the determination of a well-suited compensation model for the D€ and reducing burdens for PSPs: Do MSs have any suggestions on how to make the reporting as simple and cost efficient for PSPs as possible?</i></p>	<p>DE (MS comments):</p> <ul style="list-style-type: none"> • See answer to Q 4.1 and 4.7. <p>EE</p>

Questions	MS comments
	<p>(MS comments): EE: We support relying on existing data, the principle of asking for data only once, and standardization.</p> <p>EL (MS comments): As a general comment we believe that some proposals are likely to have the effect of limiting the widespread use of the digital euro.</p> <p>FI (MS comments): <i>We think that further discussion is needed on this topic.</i></p> <p>FR (MS comments): It would be anachronistic with the current simplification agenda to increase the reporting burden for European PSPs. A global report would therefore be sufficient.</p> <p>IE (MS comments): IE does not have any suggestions at this time but potentially reporting could be built into existing regulatory reporting requirements.</p> <p>IT (MS comments):</p>

Questions	MS comments
	<p>IT. No suggestions on our side. Still, we would like to flag that the perimeter of the reporting obligation should be carefully assessed to make it proportionate. The proposed new article 17.2b impose the reporting obligation on European PSPs, not on euro area PSPs only. We believe that the perimeter should align with what will be decided in terms of acceptance and distribution of the digital euro outside the euro area. If it is in the end extended to the whole Europe, then the proposed reporting obligation on European PSPs is proportionate, otherwise we suggest to restrict it to euro area PSPs only.</p> <p>LT (MS comments): At the moment we don't have any suggestions, but we consider that a cost-based compensation model would impose a significant administrative burden on both market participants and public authorities.</p> <p>LV (MS comments): Currently we do not have any precise proposals. This should be the next focus after agreeing on the compensation model principles.</p> <p>NL (MS comments): NL: This is an important question, as the data collection should not unduly burden PSP's. Data collection should be standardized and considerate of their administrative burden: the data points collected should be limited to those data points that are needed to become informed about the implementation costs and the going concern costs of digital euro payments per transaction. As explained in</p>

Questions	MS comments
	<p>Q1.2, we believe the regulatory burden for PSP’s could be reduced if the additional cap (based on an EU average) is not included. The inclusion of this next to the no worse-off clause is not necessary in our opinion. However, we can understand its inclusion if the burden for PSPs remains low and Member States have a strong preference to include this.</p> <p>PT (MS comments): Please refer to our answers to Q.4.4. and Q.4.6.</p> <p>RO (MS comments): It is crucial for data to be gathered during the transitory model. We believe a solution could be PSPs sending their NCA a yearly report, containing only as many indicators as needed, for the DE services they offer. These reports could then be forwarded to the Commission to be taken into account.</p>
5. List of basic services	<p>FR (MS comments): Firstly, France states that it is in favour of package fees for banking services. There is no reason why consumers should not bear the cost of providing a service. Basic services will therefore be provided as part of an account agreement.</p>

Questions	MS comments
	<p>We must therefore ensure that the list of free services is as limited as possible. Any additions will ultimately be passed on to consumers in the Union via an increase in the price of traditional banking services, whether they open a digital euro account or not.</p> <p>We would like to make a particular point about the value-added services provided by PSPs that would not be covered by the basic services. Let me explain our doubts about their existence.</p> <p>For us, these services are in one way or another ‘Buy Now, Pay Later’. But this kind of service requires credit and therefore commercial money. Central bank money cannot be used for these use cases because it is unacceptable for the ECB to grant credit to consumers or merchants. We are also concerned about the credit risk created by BNPL.</p> <p>We are therefore very sceptical and would like to have the opinion of the other Member States on this.</p> <p>NL (MS comments): NL general comment: In our opinion, it should be possible for PSPs to set a package fee for both normal services and digital euro services, as the costs have to be borne by all participants in the digital euro payments infrastructure.</p>
	<p>BE (MS comments): In general, we believe the list of basic services should be discussed at a later stage, particularly after other discussions, such as those on distribution, are concluded.</p>

Questions	MS comments
<p><i>Q.5.1 Do MSs agree that there should be two lists of basic services: (i) one list of basic services for natural persons, that credit institutions are obliged to provide to their clients upon their demand and that need to be provided free of charge and (ii) another list of basic acquiring services for payees with acceptance obligations, that their acquiring PSPs are obliged to provide because they are indispensable to be able to accept digital euro payments, subject to a cap (the no worse off clause)?</i></p>	<p>DE (MS comments):</p> <ul style="list-style-type: none"> • <i>General comment:</i> Regarding the idea of free basic services for consumers, we could support such an approach subject to two conditions: • The first condition is that package fees are possible as explained by the Commission in the April 2024 CWP and as explicitly stated in the non-paper. The Commission said that it would be ok for PSPs to package basic digital euro services together with non-digital euro services (like opening and maintenance of a non-digital euro payment account) and charge a fee for the “package”. However, this needs to be addressed directly in the legal text (either in Article 14 or Article 17). • The second condition is that we address the issue of SEPA credit transfers and exclude those cases from the scope of legal tender. This is proposed in the ESP non-paper and we clearly support this. • In general, we support the idea of two separate lists as this could enhance legal clarity This approach might address an unequal treatment of issuing and acquiring PSPs in the Commission's proposal. • When the list of basis services is compiled, it should be ensured that that list covers all services that are indispensable to ensure a highly convenient customer experience at the point of interaction.

Questions	MS comments
	<ul style="list-style-type: none"> • However, we propose to consider broadening the scope. Both, on the acquirer side and the issuer side, basic services must be offered also to new customers or businesses. A business deciding to switch from cash to digital euro, a business which was just funded or a customer who just turns 18 years old and wishes to open a digital euro wallet for the first time. <p>EE (MS comments): EE: We can agree.</p> <p>EL (MS comments): EL: Yes, we could agree.</p> <p>FI (MS comments): Yes</p> <p>FR (MS comments): France acknowledges that the legal tender status of the digital euro makes it difficult for merchants to find an acquiring PSP that provides the service.</p> <p>However, it considers that the acquiring PSP market is sufficiently competitive to allow free choice at competitive rates and that there is no need to create a list of basic services for merchants.</p>

Questions	MS comments
	<p>HR (MS comments): Yes, we agree that there should be two lists of basic services, one list of basic services for natural persons and another list of basic acquiring services for payees with acceptance obligations.</p> <p>IE (MS comments): IE agrees with the need to have a list of basic acquiring services to ensure merchants are supported by PSPs in their mandatory acceptance of digital euro as a means of payment. IE agrees with both (i) and (ii) as the digital euro cannot place an onus on the demand side without providing support to the supply side.</p> <p>IT (MS comments): IT. We agree on the proposed services, with no strong view of combining them in a single Annex rather than splitting it into two.</p> <p>LT (MS comments): We agree</p> <p>LV</p>

Questions	MS comments
	<p>(MS comments):</p> <p>Yes.</p> <p>NL</p> <p>(MS comments):</p> <p>NL: Yes, we understand the need to include a second list of basic services for the acquiring PSP. We do believe that this list should be limited to those acquiring services which are essential for merchants to be able to receive digital euros. In our opinion, this is limited to 1) opening a digital euro account through the PSP which also provides the commercial money bank account; 2) accepting payments on this digital euro account; and 3) transferring those payments to the commercial bank account at the same PSP using the immediate waterfall-functionality. In this case, for example, we do not think that providing for waterfall-functionalities to other PSPs is necessarily a mandatory or free service as the added value is limited due to the zero holding-limit of the digital euro accounts for merchants. It would be valuable to discuss the contents of Annex ii for acquiring PSP's with merchant and PSP stakeholders. For all services not contained in either Annex II or Annex IIa, PSPs should be allowed to provide these services at the fair market price.</p> <p>PT</p> <p>(MS comments):</p> <p>For the moment, we support having a list of basic services for natural persons. However, we remain open to discussing potential solutions to mitigate the risk of smaller merchants being overcharged.</p> <p>RO</p>

Questions	MS comments
	<p>(MS comments):</p> <p>We agree, but we believe it is crucial that these services are clearly defined in order to avoid confusion or abuses.</p> <p>SK</p> <p>(MS comments):</p> <p>No strong view, can support both lists.</p>
<p><i>Q.5.2 Regarding the list of basic services for natural persons (Annex II): Do MSs support eliminating B2P and G2P payments from the list of basic services to ensure that PSPs are not obliged to provide for free these services that lead to a duplication of costs and go beyond the scope and objectives of the digital euro project?</i></p>	<p>AT</p> <p>(MS comments):</p> <p>AT: We are open to this suggestion. However, both use cases should be technically possible from the start.</p> <p>DE</p> <p>(MS comments):</p> <ul style="list-style-type: none"> • We understand the rationale behind this proposal. However, we would propose a slightly different approach, seeking to reach the same policy objective. • Instead of excluding certain – legally not defined – use cases, the annex should set out clearly which services should be offered as basic services. From a legal perspective, we are of the view that the legal text, in particular in the operative provisions, should avoid referencing certain ‘use cases’, also because those use cases are evolving rapidly which might render the legal text outdated.

Questions	MS comments
	<ul style="list-style-type: none"> • We believe that the offer of additional use cases should not be restricted from the start. In order to set the right focus from the beginning, we believe that defining an adequate list of free basic services which must be offered by the PSPs at the beginning is sufficient. Instead of limiting the initial offer and thereby potentially restricting innovation and additional services by PSPs, they should be obliged to offer only the free basic services. However, if a PSP recognises a business case with uses cases other than the basic services, it should be free to offer these services at any time. • We consider it sufficient to refer to the list of basic payment services in Annex II. According to Article 14 (1), credit institutions shall only (mandatorily) provide their clients with the basic services set out in Annex II. This regulatory approach is less intrusive and sets incentives through the pricing and the list of free basic services in Annex II. Of course, there would be no further obligation for PSPs to offer other services. However, if a PSP voluntarily decides to offer other services or use cases, we should not restrict such an offer in the interest of innovation and creating incentives for PSPs. • With a view to the policy objectives to be achieved with the digital euro, the clear focus should rest on the use of the digital euro for P2P transactions between consumers, transactions at the POS and for ecommerce. Those key basic services should be offered by PSPs free of

Questions	MS comments
	<p>charge to their clients. Additional functionalities, such as government to person or person to business transactions (other than at the POI) which are similar to existing account services and functionalities of non-digital euro SEPA current accounts, should be subject to a possible fee. Similar to the existing PAD framework for current accounts (i.e. Article 18 PAD), PSPs should not be restricted to charge consumers a reasonable account/wallet fee or other fees if users wish to use the digital euro account as a replacement for their current account.</p> <ul style="list-style-type: none"> • Regarding the issue of open funding, we propose to limit the regulatory intervention. PSPs should only offer funding and defunding as well as waterfall and reverse waterfall functionalities free of charge to their clients if the digital euro wallet is linked to a current non-digital euro account held with the same PSP. If user wish to link a digital euro account to a non-digital euro account held with another PSP, the PSP offering the basic digital euro services should not be obliged to offer such ‘open funding’ functionalities free of charge. • <p>EE (MS comments): EE: We are sceptical.</p> <p>EL (MS comments):</p>

Questions	MS comments
	<p>EL: We do not have strong views at the moment.</p> <p>FR (MS comments): France supports this simplification.</p> <p>IE (MS comments): IE supports the removal of all use cases from Annex II. By citing use cases in the legislation, the co-legislators would have to define said use cases. IE considers that this could add rigidity to the legislation that could not account for the future development of the use cases (in line with market developments).</p> <p>IT (MS comments): IT. No, we are not in favour of this provision. It would open the door to charging fees on services which today are already provided for free. In B2P, this means that merchants could apply a fee to refunds, making a payment with the digital euro much less convenient and trustable than existing payment solutions, which is against the digital euro objectives. It is even more concerning the possibility to charge a fee on salaries, a fee that is definitely not common practice today. Finally, it is of utmost concern the possibility to charge consumers for receiving payments from the Government, hence from the public sector, through the public money. This is the list of free services for natural persons, i.e. individual human</p>

Questions	MS comments
	<p>beings, distinguished from the broader category of a legal person, which includes also businesses and public organizations; hence, we believe that also (receiving) G2P and B2P payments should be free of charge for individuals.</p> <p>In addition to that, with respect to page 9 of the non-paper, while we didn't find a specific question on the topic of P2P transactions, we would like to flag that P2P payments should always be free of charge. It is passing a banknote hands in hands: this is really the digitalization of a banknote and we don't see why there should be a fee on the payer nor the payee, who in a P2P transaction are both natural persons. Shall a person be charged when receiving back the money for a group present? We don't understand the reference to the payee or the payer acting as a consumer: if one actor is a consumer, then the other should be a merchant, so it is no longer a P2P payment.</p> <p>Finally, looking at the list of services, we would appreciate that our suggestion already conveyed under the HU Presidency to explore a model closer to the cash one is taken into account. In particular, offline funding can be seen as a cash withdraw and so should be chargeable if two different PSPs are involved, resembling what happens if an ATM cash withdrawal is made by a user who is a client of a different PSP.</p> <p>LT (MS comments): We agree</p>

Questions	MS comments
	<p>LV (MS comments): Support. But, we suggest adding the no worse clause also for the use cases that are not considered point of interaction, so that the payment services made with digital euros by public institutions or businesses are not higher than for those made with SEPA.</p> <p>NL (MS comments): NL: Yes, we agree with limiting the basic services for natural persons in this way. It is important to us that P2P and P2B use cases including e-commerce have priority in the roll-out of the digital euro, along with offline use cases from the start.</p> <p>PT (MS comments): We oppose eliminating B2P and G2P payments from the list of basic services, for the reasons we have previously mentioned.</p> <p>RO (MS comments):</p>

Questions	MS comments
	<p>We agree, but this should be reviewed before the final model, in case these use cases prove to be more desirable and not offering them for free hinders the use of the digital euro.</p> <p>SK (MS comments): We do not support. To achieve the aim of the digital euro project, broad acceptance of digital euro should be established.</p>
<p><i>Q.5.3 Regarding the list of basic acquiring services to payees with acceptance obligation (Annex IIa): Do MSs agree that these basic acquiring services should as well be used for the calculation of the MSC for the application of the no worse -off clause?</i></p>	<p>DE (MS comments):</p> <ul style="list-style-type: none"> • In general, yes. However, the list must still be defined. • As mentioned above, in order to achieve comparability, we generally agree the list of basic services should also be used for the calculation of the MSC for the private comparable means of payments. At the same time, we see a significant challenge for PSPs in precisely defining the corresponding basic acquiring services, compiling them and reporting/disclosing them accordingly. <p>EE (MS comments): EE: We agree.</p> <p>EL</p>

Questions	MS comments
	<p>(MS comments): EL: We do not have strong views at the moment and further work needs to be done on this.</p> <p>FR (MS comments): France is not in favour of capping the MSC or basic services for merchants.</p> <p>HR (MS comments): We agree that these basic acquiring services should as well be used for the calculation of the MSC for the application of the no worse -off clause.</p> <p>IE (MS comments): IE currently agrees that basic acquiring services should be used for the calculation of the MSC for the application of the no worse off clause.</p> <p>IT (MS comments): IT. We understand that this question is roughly the same as Q.2.1.1 (to be more specific, Q2.1.1. is more precise than Q5.2 because the former also specifies the methodology for the calculation of the cap). If the question refers to those</p>

Questions	MS comments
	<p>services that are indispensable and cannot be avoided by the payee to accept digital euro payments, then yes – but it is not so clear.</p> <p>LT (MS comments): We agree</p> <p>LV (MS comments): Agree.</p> <p>NL (MS comments): NL: We think this allows for a fair comparison.</p> <p>PT (MS comments): In case the proposed approach is adopted, we would not oppose using these basic acquiring services for the referred calculation.</p> <p>RO (MS comments): We agree.</p>
<p><i>Q.5.4. Would MSs support a gradual approach in the obligation for PSPs to develop use cases? If yes, in which use cases would they prefer to focus initially? Are 2 steps a correct approach? Do five years seem reasonable?</i></p>	<p>AT (MS comments):</p>

Questions	MS comments
	<p>AT: We agree with Spain that use cases should not be excluded beforehand but some use cases might not be compulsory from the start.</p> <p>BE (MS comments): We are not in favor of including a gradual approach in the regulation as this could limit the private sectors' flexibility to fully leverage the digital euro as an innovation platform and also its ability to adopt the most effective rollout approach for optimal adoption.</p> <p>DE (MS comments):</p> <ul style="list-style-type: none"> • We do not support this approach (see answer to Q 5.2). • We should only list those services which must be offered free of charge. We don't see the necessity to further address other scenarios or use cases, some of which might not even be known today. If a PSP would want to offer certain services, it should be free to do so. PSPs – and customers – should be in a position to understand which services would be offered free of charge. That seems to suffice. • Generally, we are questioning the necessity to restrict or postpone the offer of certain particular use cases explicitly in the legal text. We find it problematic to include in the legal text these categories of use cases, such as B2P or G2P payments, while they are not defined.

Questions	MS comments
	<ul style="list-style-type: none"> • With regard to B2P use cases, it must be recognised that in cases of refunds or charge backs, there must be a way of re-transferring digital euro. Therefore, the list of basic services in Annex II should be amended accordingly. • We believe that, instead of limiting the use cases to be offered from the beginning in the text, it would be sufficient to simply state what services should be offered as basic services from the beginning and free of charge. • If PSPs see a business case for offering any additional services or use cases, why should we restrict them to offer such additional services and generate revenue <p>EE (MS comments): EE: We support a market-oriented approach to promote innovation.</p> <p>EL (MS comments): EL: We do not have strong views at the moment.</p> <p>FI (MS comments): <i>We do not have final opinion on this topic. We think that further discussions are needed.</i></p>

Questions	MS comments
	<p>FR (MS comments):</p> <p>We do not support the obligation for PSPs to develop use cases, as innovation will only develop with motivated players in a competitive market. It is not up to the legislator to impose new use cases, unless this appears necessary for reasons of general interest. Beyond the case of basic services, this does not appear necessary at present.</p> <p>HR (MS comments):</p> <p>In principle, we support a gradual approach but further discussions are needed regarding use cases.</p> <p>IE (MS comments):</p> <p>IE is reluctant to see use cases referenced in the legislation. As outlined in response to Q5.2, IE sees that use cases references would require the inclusion of supporting use case definitions in the legislation. Definitions would be a point-in-time and may not account for future innovation or developments. Developments of use cases could then leave the legislation definitions outmoded. IE therefore does not agree with a gradual approach, as it would require use case definitions in the legislation.</p> <p>IT (MS comments):</p>

Questions	MS comments
	<p>A gradual rollout approach is reasonable. No doubts that the P2P, payments at POS and e-commerce should be there already at launch. More specifically, e-commerce is the use case where European dependence on non-domestic schemes is highest, and where maybe less adaptation on the acceptance side is needed (no POS terminals to replace), so not pursuing e-commerce use case at launch would be detrimental to the digital euro uptake and its contribution to strategic autonomy's objective.</p> <p>We noticed that the proposed drafting suggestions don't distinguish between online and offline modalities when developing a use case. If not specified, there is room for diverging interpretations of this provision: i) both online and offline modalities need to be offered, or ii) offering one modality only out of the two would be enough as long as the use case is covered. We would prefer to specify that offline needs to be offered at launch at least for P2P. We are open to discuss about P2B availability at launch for point of sale transactions, as ideally it should be there, but considerations on investment costs to upgrade POS terminals to accept offline payments may advise us otherwise.</p> <p>LT (MS comments):</p> <p>We do not support. We do not agree that all possible use cases should be listed and determined in the legislation, as the old ones may change and new ones may appear. We suggest that this issue be assessed during the review of the implementation of the legislation.</p>

Questions	MS comments
	<p>LV (MS comments): For us the priority is P2P (incl. offline), POS (incl. offline) and e-commerce payments. We should focus on these uses cases initially.</p> <p>NL (MS comments): NL: No, the mandatory use cases should be determined for PSPs before the digital euro becomes operational. The most important use cases (in our opinion, P2P and P2B) should be mandatory to provide for PSPs. Other use cases can be provided at the fair market price if there is sufficient demand for these services.</p> <p>PT (MS comments): We support having a gradual approach, but we should further assess how exactly this could be introduced in the Regulation.</p> <p>RO (MS comments): We agree.</p> <p>SK (MS comments): We do not support gradual approach, for the success of the digital euro project broader scope is preferable.</p>

Questions	MS comments
6. Additional question	
<p><i>Q.6. Have MSs established a national framework for inter-PSP charges for card schemes and, if so, please indicate what does it consist of (amount of the ceilings, etc.)?</i></p>	<p>DE (MS comments):</p> <ul style="list-style-type: none"> Germany has not established a national framework for inter-PSP charges for card schemes. <p>EE (MS comments):</p> <p>EE: We have limits of fees for basic payment services. The fee must be reasonable and the following shall be taken into account upon determination thereof:</p> <ol style="list-style-type: none"> 1) the level of income of the residents of Estonia; 2) the average amount of the fees charged for payment services related to payment accounts by credit institutions in Estonia. <p>EL (MS comments):</p> <p>EL: Greece has established a national framework for interchange fees between providers for card payment systems, primarily based on Regulation (EU) 2015/751 of the European Parliament and the Council on interchange fees for card-based payment transactions. This framework sets specific caps on</p>

Questions	MS comments
	<p>interchange fees, applies to all card systems, prohibits fee compensation, and includes compliance and enforcement measures.</p> <p>The interchange fee caps are set at 0.2% of the transaction value for debit cards and 0.3% for credit cards. These limits apply to all interchange fees charged between providers, including banks and other card issuers, and cover both domestic transactions in Greece and cross-border transactions within the EU. Furthermore, providers are prohibited from imposing additional charges to offset the restrictions on interchange fees. Compliance with this framework is monitored by the Bank of Greece, and violations are subject to penalties under Greek and EU law.</p> <p>Overall, this framework aims to reduce costs for merchants and consumers while enhancing competition and transparency in electronic payments.</p> <p>FI (MS comments): <i>We do not have national card schemes in Finland.</i></p> <p>FR (MS comments): France has no national regulation regarding inter-PSP charges.</p> <p>HR (MS comments): No, Croatia did not establish a national framework for inter-PSP charges for card schemes.</p>

Questions	MS comments
	<p>IE (MS comments):</p> <p>Under Regulation (EU) 2015/751 on Interchange fees for card-based payment transactions, transposed into Irish legislation by titled the European Union (interchanges Fees for Card-based Payment Transactions), transposed into Irish legislation by SI No. 550 of 2015 the European Union (Interchange Fees for Card-based Payment Transactions) Regulations 2015, PSPs are prohibited from offering or requesting an interchange fee of more than the equivalent of 0.10% of the value of individual domestic debit card transactions, and of more than the equivalent of 0.30% of the value of the individual credit card transaction.</p> <p>Irish card payments are facilitated by international card payment schemes (such as VISA and MasterCard). As such, the Central Bank of Ireland seeks an annual certification from international card schemes verified by an independent auditor that they are compliance with the caps laid out in Irish legislation.</p> <p>,</p> <p>IT (MS comments):</p> <p>IT. EU Interchange Fee Regulation is in force in Italy for intra-EU card-based transactions. Bank of Italy, as national competent authority, issued a secondary regulation for reporting obligations addressed to payment card schemes for the implementation of the IFR. Accordingly, payment card schemes have to design a</p>

Questions	MS comments
	<p>national representative office for the exchange of information with the national competent authority. Moreover, Italian rules introduce a lower IF cap for national card transactions lower than 5 euro – while not defining the exact value of such cap.</p> <p>LT (MS comments): No, we have not set up a national framework for inter-PSP fee.</p> <p>NL (MS comments): NL: The Netherlands has made use of the member state option provided in Regulation 2015/751, article 3, paragraph 2, subparagraph b, first sentence, limiting the interchange fee for national debit card transactions to an amount of EUR €0,02 per transaction.</p> <p>PT (MS comments): In Portugal, the framework for inter-PSP charges for card schemes is the one set in the IFR.</p> <p>RO (MS comments): We are currently developing a statistical report to gather information on inter-PSP charges for card payments.</p>
end	<p>AT (MS comments):</p>

Questions	MS comments
	<p style="text-align: right;">end</p> <p>BE (MS comments):</p> <p style="text-align: right;">end</p> <p>DE (MS comments):</p> <p style="text-align: right;">end</p> <p>DK (MS comments):</p> <p style="text-align: right;">end</p> <p>EE (MS comments):</p> <p style="text-align: right;">end</p> <p>EL (MS comments):</p> <p style="text-align: right;">end</p> <p>FI (MS comments):</p> <p style="text-align: right;">end</p> <p>FR (MS comments):</p> <p style="text-align: right;">end</p>

Questions	MS comments
	<p>HR (MS comments): end</p> <p>IE (MS comments): end</p> <p>IT (MS comments): end</p> <p>LT (MS comments): end</p> <p>LV (MS comments): end</p> <p>NL (MS comments): end</p> <p>PT (MS comments): end</p> <p>RO</p>

Questions	MS comments
	<p>(MS comments):</p> <p style="text-align: right;">end</p> <p>SK</p> <p>(MS comments):</p> <p style="text-align: right;">end</p>