ECPA considerations on the foreseen Digital Euro Compensation Model

Position paper - ECPA (European Card Payment Association) : July 2026

Executive Summary

The digital euro should not be allowed to undercut or crowd out existing European card schemes, since

- *European card schemes already deliver sovereignty, efficiency and resilience.*
- *The introduction of the digital euro should complement those schemes, not replace or weaken them.*
- *The compensation model for the digital euro must include the real costs of payment services, such as scheme and processing costs.*
- *Public funding for its development must not result in the digital euro having an artificial price advantage.*
- *Price caps at the launch of the digital euro would be viewed with suspicion and should preferably be avoided or delayed.*
- *If caps are indeed to be introduced, they should be benchmarked against the more expensive international card schemes, rather than low-cost European schemes.*
- *The digital euro should be priced above European schemes and below international card schemes.*
- *The policy goal should be to reduce dependence on non-European schemes, not to damage existing European alternatives.*

Simply said : **the digital euro should be built as a European alternative to Visa/Mastercard, not as a state-backed competitor that undermines Europe's own card schemes.**

Disclaimer

This document has been prepared by ECPA and its Members

but does not necessarily reflect the views of each ECPA Member individually.

1. Introduction

Over the past decades, **European Card Schemes (ECS) have developed reliable, efficient, and cost-effective payment infrastructures across EU Member States**. Today, they serve European consumers and merchants through the use of more than 300 million cards and over 4 million payment terminals deployed across the European market.

These schemes make a significant contribution to key European policy objectives, notably the strengthening of strategic autonomy in payments and the reduction of external dependencies, thereby supporting Europe's financial sovereignty.

The introduction of the digital euro pursues similar strategic objectives, **particularly addressing Europe's over-reliance on non-EU international card schemes (ICS)** and the associated fee structures.

In this context, it is **essential that the policy instruments underpinning the digital euro are carefully calibrated to ensure effectiveness, coherence, and complementarity with existing European solutions.**

A central element in achieving these objectives is the establishment of a fair, balanced, and sustainable compensation model that appropriately reflects the roles and contributions of all actors within the European payments ecosystem.

It is critical that the design of the digital euro - including its compensation model - supports a coherent and complementary European payments ecosystem, rather than creating distortions that could weaken existing (and vital) European capabilities such as those provided by the European Card Schemes.

Disclaimer

This document has been prepared by ECPA and its Members

but does not necessarily reflect the views of each ECPA Member individually.

2. Context and principles

European domestic payment solutions (including card schemes and wallets) already provide cost-efficient alternatives to international schemes while contributing to innovation, security, and autonomy/sovereignty within the EU payments landscape.

The proposals regarding the introduction of the digital euro raise a number of questions in respect to its compensation model, namely how to:

- **ensure a level playing field across public and private solutions**, in particular in light of the fact that scheme and processing fees are not taken into account in the digital euro framework, and the implications of the use of public funding are ignored.
- **adequately reflect the full cost structure of payment services**, including processing, scheme management and infrastructure costs, and ensure transparency in the allocation of these costs.
- **avoid market distortions and potential crowding-out effects**, particularly with regard to efficient and already competitive European card payment schemes.
- **preserve a competitive, innovative and investment-driven ecosystem**, ensuring that the introduction of the digital euro does not weaken incentives for private sector participation.
- **ensure that any regulatory intervention, including pricing caps, remains proportionate and evidence-based**, and does not pre-emptively constrain market dynamics.
- **align the compensation model with the broader strategic objective to strengthen European payments sovereignty**, including reducing reliance on non-EU providers while leveraging existing European infrastructures.
- **design a compensation framework that incentivises participation across the full value chain**, including PSPs, processors, wallets and schemes.
- **ensure neutrality across use cases and technologies**, including consistency between online and offline transactions and avoidance of price-driven behavioural distortions.

Disclaimer

This document has been prepared by ECPA and its Members

but does not necessarily reflect the views of each ECPA Member individually.

To support both policy objectives and market sustainability, **the compensation framework should be guided by the following principles**:

- **Neutrality and level playing field**

  The digital euro should not introduce structural advantages derived from public subsidisation that distort competition with private European solutions such as the European Card Schemes.

- **Cost reflectiveness and transparency**

  All relevant cost components - including processing and scheme functions - should be transparently recognised and reflected in the compensation model.

- **Designed and implemented in full compliance with EU competition law.**

  Legal tender status and possible mandatory acceptance should not create a structural advantage over private European payment solutions, but compete on proportionate and non-discriminatory terms, without restricting competition or undermining domestic or European card schemes.

- **Market-based pricing as a default**

  Pricing should primarily be determined by market dynamics, with regulatory intervention only where justified and proportionate.

- **Support for innovation and investment**

  The framework should preserve incentives for continued investment in European payment infrastructures and services.

- **Consumer choice must remain genuine and neutral:**

  Consumers should remain free to choose their preferred payment instrument, without regulatory, pricing or user-experience advantages steering them towards the digital euro rather than private alternatives.

- **Consistency and harmonisation across the EU**

  Any regulatory parameters should minimise fragmentation and ensure a coherent single market approach.

Disclaimer

This document has been prepared by ECPA and its Members

but does not necessarily reflect the views of each ECPA Member individually.

3. Recommendations

Ensure policy coherence and complementarity

The digital euro should be designed as a complementary payment instrument within the broader European payments ecosystem. Its deployment should focus on addressing identified market gaps (e.g., specific use cases or underserved segments) rather than duplicating or displacing existing efficient European solutions.

One possible approach would be to position the digital euro with lower priority than ECS and higher priority than ICS, aiming for a pricing point higher than ECS and lower than ICS. This would position the digital euro as the preferred cross-border card payment instrument intra-Europe while maintaining the strengths of the ECS.

Establish a fair and sustainable compensation framework

The compensation model should accurately reflect the roles, costs, and contributions of all ecosystem participants, including European card schemes, processors, wallets, and PSPs operating under both open and closed funding models.

Ensure full cost transparency and neutrality

The model currently envisaged for the digital euro does not account for scheme and processing costs that are inherent to the provision of payment services. While these costs are borne by private actors in existing models, their absence in the digital euro model - due to its public funding - introduces a structural asymmetry that needs to be addressed to preserve neutrality.

Avoid market distortions arising from implicit public subsidization

Unless key cost components are taken into account, the digital euro would effectively underprice payment services from private alternatives such as the current European Card Schemes, which are vital today. This could crowd out existing European initiatives and undermine prior investments, without necessarily improving the overall efficiency of the ecosystem or competition.

Preserve "market-based price rationale" as a guiding principle

The introduction of regulated price caps at the outset is difficult to reconcile with a market-based approach, particularly in a context where public and private solutions are expected to coexist. Pricing should, to the greatest extent possible, reflect market dynamics.

Disclaimer

This document has been prepared by ECPA and its Members

but does not necessarily reflect the views of each ECPA Member individually.

The digital euro will have to live with the same market reality - IFR - and define country specific and cross-border interchange-like fees.

Adopt a phased approach to pricing interventions

Avoiding or limiting price caps at the launch of the digital euro should be seriously considered. An initial period (e.g. five years) of unrestricted pricing would allow market participants to adapt and provide empirical evidence on market functioning. Any subsequent intervention should be based on clearly defined Key Performance Indicators (KPIs) and observed market outcomes and trends.

If introduced, must be appropriately benchmarked

Should price caps be deemed necessary, they should be benchmarked against the pricing of dominant international card schemes This approach is aligned with the digital euro's objective of providing a European alternative to such organizations. A harmonized EU-wide approach for caps would be preferable so as to minimize market fragmentation.

Ensure proportionality in benchmarking

The digital euro compensation model should not be benchmarked against existing European domestic solutions, which already operate at highly efficient and economically constrained levels. Doing so would risk undermining these solutions and reduce competitive pressure on non-European providers.

Ensure consistency across use cases (online and offline)

The digital euro compensation model should provide equivalent remuneration for online and offline transactions, avoiding incentives for the artificial migration of volumes driven solely by pricing considerations.

Disclaimer

This document has been prepared by ECPA and its Members

but does not necessarily reflect the views of each ECPA Member individually.

4. Conclusion

The digital euro represents a strategic opportunity to strengthen Europe's payments sovereignty and resilience. However, its success will critically depend on a carefully balanced design and compensation model that reinforces, rather than weakens, the existing European private payments ecosystem.

The majority of the recommendations put forward in this paper were already present in statements from **Piero Cipollone** (Member of the ECB's Executive Board) in February 2026 that should be incorporated on the legislative front**:**

> ***"To avoid cannibalising domestic schemes, the digital euro system will be structured so it remains cheaper for shop owners to use those networks"**, Cipollone said.*
>
> *"**The cap on the fee that merchants will pay on the digital euro network will be lower than what the international payments network**, normally the costliest, charges, but **higher than what domestic payments scheme, normally the cheapest**, charges, he said."*
>
> *"National schemes will be able to issue cards that work across the euro zone by using the digital euro infrastructure under "co-badging" accords."*
>
> ***"digital euro will protect European banks, card schemes"***

A fair, transparent, and sustainable compensation model is essential to ensure that the digital euro contributes to policy objectives without introducing unintended distortions. This requires a proportionate, evidence-based approach that preserves incentives for continued investment, innovation, and competition among European payment solutions.

Disclaimer

This document has been prepared by ECPA and its Members

but does not necessarily reflect the views of each ECPA Member individually.

About ECPA (European Card Payment Association)

Founded in June 2014 as a non-profit international association, ECPA represents European Card Schemes and organisations managing essential functions such as type approval within the European Economic Area (EEA).

The association represents the interests of its members on subjects which impact the use and / or users of payment cards or similar payment instruments, including measures intended to promote the creation of a single European market for card payments (SEPA for Cards).

Current members of the ECPA include Bancontact Company (Belgium), Stø BankAxept (Norway), Borica Bcard (Bulgaria), Groupement des Cartes Bancaires CB (France), Dutch Payments Association (Netherlands), Nets Denmark Dankort (Denmark), Pan-Nordic Card Association (Scandinavia), PostFinance (Switzerland), STMP (Spain), BKM Troy (Türkiye) and SIBS MB (Portugal).

www.europeancardpaymentassociation.com

Disclaimer

This document has been prepared by ECPA and its Members

but does not necessarily reflect the views of each ECPA Member individually.