

# Digital euro: addressing outstanding design and implementation challenges

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## 1. Reaching the last mile of legislation to deliver Europe's payments sovereignty

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### 1.1 A breakthrough at the European Parliament after 1,500 amendments

A policy Maker reported that a breakthrough has occurred this week in the European Parliament's negotiations on the digital euro: after weeks of discussions and over 1,500 amendments, a scaled-back version now seems entirely off the table. Developments at the Parliament suggest the legislative process can be closed by the end of 2026, following the Parliament's position foreseen for May. The Council's negotiating mandate, agreed in December, largely follows the Commission proposal and sends a strong signal that member states stand by the digital euro. A Central Bank representative recalled that the political commitment was re-emphasised at the recent Euro Summit, where member states were asked to accelerate the next steps; the Council position helps enhance the EU's strategic autonomy, economic security and resilience. Frequent meetings continue at the Parliament and ECON, with a vote expected before the end of May. A representative of the Industry noted that the digital euro is not yet fully defined – with around 1,500 amendments still to be landed – and warned that the suggested 5- to 10-year implementation horizon is an extremely long time in payments: ten years ago Apple Pay was just being introduced, and five years ago ChatGPT did not yet exist for the public.

### 1.2 Public money in Europe as a response to excessive external dependencies

A policy Maker explained that, in today's uncertain global climate, the digital euro has become a must to ensure Europe's sovereignty, autonomy and resilience: a simple US decision affecting the international card schemes could send shockwaves across the EU, as happened in Russia before. The Commission set out its vision in the 2023 Retail Payments Strategy, and progress has been made through the IPR, PSD3 and PSR; it is now time to reach the last mile and to be ambitious. Europe cannot afford to depend excessively on external actors for something as basic as the daily payments its citizens make. The vital ingredient ahead will be collaboration with industry, users, merchants, consumers and businesses: the digital euro is more than a financial sector project – it is a project for society, and the goal of a sovereign EU payments market is within reach. An Official added that it is vital to ensure that European citizens can access public money issued and governed in Europe, an issue of stability and resilience. The digital euro would offer a pan-European

payment solution anchored to central bank money. The recent Parliament discussion makes clear that focusing solely on offline payments would not build resilience – on the contrary, it would hamper Europe in this respect. Both online and offline functionality are needed.

### 1.3 Cypriot and Irish presidencies ready to navigate the trilogue within 2026

A Central Bank representative stated that the Cypriot presidency stands ready to engage with the European Parliament as soon as possible, given the urgency of the project; the forthcoming Irish presidency is well prepared to take the baton and expertly navigate the trilogue, with a view to a conclusion within 2026. An Official confirmed that both presidencies stand ready to engage constructively once a negotiating mandate is in place, and that recent positive developments on the online/offline aspects are encouraging. If the negotiations fall to the Irish presidency, which begins on 1 July, it will be well prepared to take them forward, working towards a balanced trilogue outcome through effective collaboration between the Council, the Parliament, member states and industry, aiming for agreement by the end of 2026. A Central Bank representative concluded by noting that it is encouraging to see convergence on the key issues. Although the legislative process is still ongoing, the precise factors that must be addressed are increasingly clear: the time to act is now – the digital euro should not arrive in ten years' time. With further clarity on design and timeline, and through the reuse of standards, implementation can be both efficient and complementary, ensuring that investments are made as much as possible as one-offs benefiting both the pan-European schemes and the digital euro.

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## 2. Getting the design right to make the digital euro a success for all stakeholders

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### 2.1 Complementing, not replacing, Europe's successful payment systems

A policy Maker stressed that interoperability is a key priority and that the ECB is reusing existing standards as far as possible to develop open EU standards for POS and e-commerce. Any European private solution provider will be able to use these standards, and domestic schemes will be able to co-brand with the digital euro. The digital euro must complement, not replace, private sector solutions, and will coexist with European champions such as Wero and EuroPA: the digital payments pie is growing every day, and everyone can get a slice of it. A representative of the industry

argued that the first key design question is the balance between complementation and coexistence: Europe already has innovative pan-European systems, and the digital euro must complement rather than harm them. The BVR strongly advocated for a resilient tokenised approach working both offline and online and will continue to propose steps to reduce complexity and mitigate financial risks. An Official added that the Council emphasises that the digital euro must coexist with existing solutions, serving as a public anchor rather than displacing private providers. A representative of the industry noted that, at full rollout, 100% of European consumers will have a payment solution and over 90% will be able to pay with a sovereign retail solution; common standards will allow merchants and acquirers to avoid duplicate investments.

## **2.2 A funding model and level playing field that strengthens, not weakens, European banks and PSPs**

A policy Maker highlighted that PSPs distributing the digital euro will be compensated and able to innovate on the platform to increase revenues: the future of payments is 'payments with value', and a 'universe of opportunities' lies ahead. A Central Bank representative noted that the Council reaffirms legal tender status, the obligation on banks to distribute basic services, and fee caps to protect merchants. The Council position also makes it harder for non-European big tech to gain an edge; sets fee caps initially at the level of average debit card fees, providing ample PSP revenues; and removes the obligation on PSPs to support the Eurosystem app, which will instead be a backup. A representative of the industry emphasised that the legislative framework is decisive: there is no silver bullet, and an 'overloaded' approach risks unintended consequences. Legislation must uphold the separation of roles between central banks and commercial banks. The funding model is crucial: European banks cannot be left to absorb the costs while non-European platforms reap the benefits. An Official added that the compensation approach must provide predictability and a clear pathway to a cost-based model. A representative of the industry stressed that there must be a true level playing field: Europe – not the US or Asia – must win, without losing traction in agentic AI, agentic commerce and crypto.

## **2.3 Convenience, security and inclusion to make the digital euro attractive for citizens**

An Expert observed that Europe is at a historical moment in the development of the digital euro, with developments in the European Parliament reflecting consumer expectations. A BEUC survey across 10 eurozone countries showed that consumers prioritise security and reliability, but also call for ease of use, very low or no fees, refunds in cases of fraud or scams, strong privacy protection and universal acceptance. Offline functionality represents added value, and the success of the digital euro will depend on its actual use: it must be convenient and secure. Cash is strongly supported but in decline, which makes it even more important to provide a public alternative replicating the characteristics of cash that consumers still appreciate. The initiative must also be inclusive: rapid digitalisation has already led to financial exclusion among vulnerable

parts of society, and the digital euro is an opportunity to design something inclusive from the outset. The project is for citizens and for European sovereignty in a volatile geopolitical environment. One key concrete issue is holding limits: financial stability must be preserved, but consumers must also be able to use the digital euro in a practical way – if limits are too low, people will not find it useful. The threshold should be set at a reasonable level, and the ECB should set it. The design must rest on factual evidence: the digital euro can be integrated into the online payment solutions being developed, reducing upfront investment costs.

## **3. From pilot to rollout: leveraging Europe's existing assets to act now**

### **3.1 The autumn 2027 pilot as the first real-world experience of a CBDC**

A Central Bank representative explained that the Bank of Lithuania is eagerly anticipating the digital euro pilot, which will be the first real-world experience of a central bank digital currency (CBDC) – a significant milestone for the financial system. The pilot, scheduled for autumn 2027, will test four use cases: P2P online payments; P2P offline payments via NFC; P2B NFC payments at soft POS terminals; and online payments for e-commerce and mobile commerce. P2B offline POS use cases are not included, despite being particularly relevant for resilience – especially in the Baltic region – because of complexity and delivery risks. The call for expressions of interest from PSPs is ongoing, with applications due by 14 May. The pilot will validate the digital euro's functionalities within a controlled environment, using a 'beta digital euro' without legal tender status, in everyday situations such as paying in a cafeteria. Each NCB must decide its own level of involvement, depending on the readiness of the domestic market. The Bank of Lithuania aims to enable testing of all envisaged use cases, having engaged early with PSPs and merchants in 2025; it stands ready to commit the necessary resources, both to test how a CBDC operates in practice and – more importantly – to draw lessons that will inform the rollout. Participation is a demanding task given the volume of documentation to process within a short timeframe, but this is to be expected given the urgency of the project.

### **3.2 Reusing existing European standards to avoid duplicate integrations and costs**

A representative of the industry explained that European payment processors such as SIBS can play an important role by building the technology PSPs need to connect to the platform, enable payment terminals and e-commerce checkouts. Wherever possible, the digital euro should reuse existing European standards, avoiding duplicate integrations and certification processes that would increase costs and slow adoption. Without proper safeguards, it could end up being distributed primarily through non-European wallet ecosystems, defeating Europe's strategic autonomy objective. Experience shows that regulatory initiatives

have led to disinvestment in local card schemes, and overly prescriptive implementation requirements could divert PSP resources from scaling private solutions. A representative of the industry added that making the technical choices is a huge task, with a risk of focusing on internal topics rather than on digital and payment trends. The balance of power between actors should not be underestimated; many banks consider that opening the door to all actors may be dangerous and should be addressed through technical decisions. The reuse of standards, protocols and scheme rules will deliver significant agility benefits for PSPs, and the competition between public and private schemes should be carefully managed through cooperation beyond acceptance networks. The technical choices made over the coming months will be decisive for the digital euro's agility within the existing ecosystem.

### **3.3 Interoperability with European champions to drive adoption while time is short**

A representative of the industry noted that European payments are at the forefront of innovation and security, with one of the most developed instant payment networks and homegrown champions enjoying broad consumer trust. SIBS launched MB WAY several years ago, and most of the Portuguese population now pays with it daily. Twenty other EU countries have similar solutions, and the European Payments Alliance

(EuroPA) has moved from concept to reality at remarkable speed, now reaching over 60 million users: MB WAY users in Portugal can already send money seamlessly to Spain and Italy, with Poland, the Nordics, Greece and others to follow; engagement with EPI is also ongoing. Another representative of the industry added that creating sovereign means of payment at local and European level is positive and will involve collaboration with initiatives such as Wero and EuroPA – consumers will ultimately determine the pace of adoption. A representative of the industry indicated that the DSGVO has been deeply engaged in the project, with around ten people working permanently on it and an investment in the tens of millions. The time to strengthen European sovereignty in retail payments is now: initiatives such as EPI, Bancomat, MB WAY, Bancontact and Vipps Pay are already collaborating, empowering over 150 million European consumers and 100,000 merchants.

A staggered for the digital euro implementation may create room for the private sector to continue its focused work on creating a market of independent home-grown European Payment Solutions. Such solutions would find Europe wide acceptance and creating consumer choice for payments