



THE RETAIL DIGITAL EURO

A Public-Private Partnership - How?

Editorial

A general approach on the draft regulations governing the creation of a retail digital euro was agreed on December 19, 2025 by the Member States within Ecofin Council. This approach contains a number of features that raise concerns for economic stakeholders.

This is why, ahead of the forthcoming institutional steps, in particular ahead of the European Parliament deliberations, banks wish to explain their position and set out how, in their view, a genuine public-private partnership could exist – as notably called for by the President of the French Republic – around the Retail Digital Euro project promoted by the European Central Bank (ECB).

The objective of the present paper *“The retail digital euro: a public-private partnership – how?”* is to answer two key questions:

1. How can a public-private partnership be achieved?
2. Which risks must be avoided?

1. How can a public-private partnership be achieved?

The draft regulations on the digital euro should be amended in order to:

- **Require the ECB to reuse existing infrastructures and standards** (e.g. instant payments and others), in order to avoid duplication and therefore unnecessary expenditures; this is the public-private partnership pathway.
- **Frame, or more tightly regulate, open funding**, so that the customer relationship – and the distribution of the retail digital euro – is not monopolised by non-European players.
- **Set a low holding limit**, consistent with payment usage (for reference, average holdings of central bank money for transaction purposes are close to €100), financial stability objectives, and bank financing of households and companies in the Eurozone.
- **Align the workings of offline digital euro with fraud prevention and anti-crime standards**. The offline retail digital euro scheme currently envisaged would create an untraceable digital payment instrument, preventing the work carried out by public authorities to fight fraud, money laundering and terrorism financing.

1.1 Reusing Existing Standards That Work

We believe that the ECB should build on the experience and solutions developed by the private sector by adopting European payment standards that already exist or are currently emerging. This would prevent merchants and businesses from having to connect to a new infrastructure and from maintaining two separate systems: one for today's commercial euro and another for the retail digital euro.

Under the current version of the regulation, merchants would be required to modify their payment software to accept the retail digital euro. This would entail a lengthy and costly migration process, indirectly affecting their customers. The ECB's adoption of European schemes and standards already used in the private sector would make the project more efficient and sturdier.

To ensure that the reuse of existing assets remains compatible with the principles of the digital euro, we propose:

- combining the ECB settlement infrastructure (DESP) with a digital euro account identifier (DEAN) designed in an IBAN format;
- leveraging private-sector assets and standards already developed for European payment schemes at the point of interaction (PoI): initiation instruments, acceptance systems and operational messaging based on existing standards.

For digital euro payments based on wallets of existing instant payment schemes, this implies using:

- EPC SCT Inst messages for settlement exchanges between Payment Service Providers and the DESP of the ECB;
- for acceptance: Nexo protocols, the EPC QR code standard, as well as any equivalent standards defined by the relevant A2A instant payment schemes;
- for banking connectors with the DESP: all existing local or regional API standards (Application Programming Interface).

On the payer side, this approach would mean using the current choices made by each European A2A instant payment solution in the spirit of subsidiarity.

Given the importance of card payment schemes in terms of volumes, quality of service and diversity of use cases, the European standards to be targeted for card-based digital euro payments would be:

- for acceptance: CPACE (terminal core application) and Nexo (acquiring protocols);
- for issuance: CPACE (chip card application).

For settlement messages initiated by card, the approach would rely on the existing choices of each sovereign European scheme, with a commitment to gradually converge.



Conversely, creating an additional "scheme" through the retail digital euro would constitute an unnecessary duplication of existing European infrastructures. This duplication would be costly and could even weaken European private solutions that are currently under development constraining investment choices.

Private solutions are moving fast. Initiatives such as Wero, Bancomat, Bizum, SIBS-MB Way and Vipps MobilePay have announced a memorandum of understanding for cooperation¹, aimed at strengthening European payment sovereignty and enabling cross-border payments across Europe from 2026. This cooperation already covers 13 countries representing 72% of the population of the European Union and Norway, and is open to all European countries, including Switzerland and other non-euro countries wishing to join. The retail digital euro is unlikely to be available before 2030 and would therefore have to establish itself in a landscape already served by private-sector solutions. Using existing standards could accelerate the retail digital euro timeline.



A decisive step towards a resilient, sovereign European payment ecosystem.

Wero is an instant payment solution and wallet covering all use cases (P2P, e-commerce and PoS) plus value-added services.

-  Wero markets
-  Interoperability: Countries covered through the central interoperability partnership with Bancomat, Bizum, SIBS-MB WAY and Vipps MobilePay



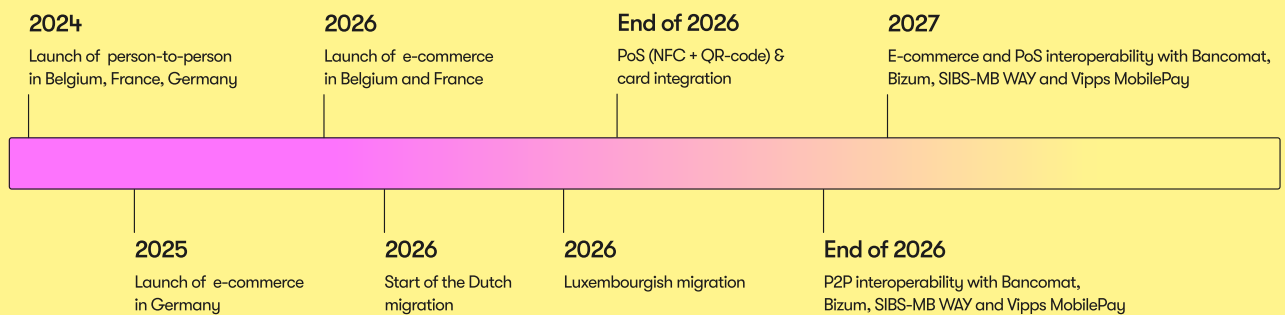
Wero aims to deliver the full value of instant payments for both consumers and merchants for all retail use cases across the European Union.

52M
current Wero users

+15M
users, from the Luxembourgish and Dutch migration

+65M
covered thanks to the interoperability partnership

Key Wero milestones



1.2 Framing, or Better Regulating, Open Funding

To prevent the retail digital euro from being distributed primarily through non-European players, we propose:

- **Prohibiting or strictly regulating open funding:** a digital euro account should be mandatorily linked to a commercial current account held with the same Europe-based PSP. This ensures that the customer relationship remains anchored within the European financial ecosystem and free from the dependencies that the retail digital euro purports to be solving.

For example, this could mean:

- Open funding should be limited to one-off customer instructions between accounts held with different European PSPs, based on contractual agreements between those PSPs.
- Automatic funding operations (including waterfall and reverse waterfall mechanisms) should be reserved to accounts held with the same PSP (digital euro account and non-digital euro account).

1.3 Holding Limits

Each euro deposited with the central bank is a euro withdrawn from commercial banks' balance sheets. Yet it is these commercial bank deposits that finance businesses and households in the European Union. The transfer of deposits to the ECB therefore removes vital resources that are necessary for credit provision. To summarize, one retail digital euro equals one euro less available to finance the European economy.

The ECB is currently working on the assumption of a €3,000 holding limit per individual. Applied to 350 million Europeans, this would represent approximately €1,000 billion no longer available to finance the economy. By comparison, outstanding bank lending to French companies amounted to €1,400 billion at the end of 2025.

Let's take an example, assuming an average of €1,000 holdings per citizen and 200 million users, €200 billion would leave bank balance sheets. To maintain the same level of economic financing, banks would need to refinance themselves with the ECB or issue bonds on the markets. In practical terms, at an interest rate of around 2%, this would increase lending rates for businesses and households by €4 billion per year – potentially more if interest rates rise. The retail digital euro therefore represents a financial levy on European citizens and businesses.

This levy can be reduced. A low holding cap – for example €100 – would significantly limit the negative impact on economic financing. This is essential to support growth, competitiveness and investment in Europe.

We also recommend prohibiting holdings by legal entities.

1.4 Security of the Offline Mode

The offline retail digital euro would represent a major departure from the principles underpinning anti-money laundering, counter-terrorist financing and the protection of monetary integrity.

This choice was made by the European Commission in the initial draft text and retained by the Ecofin Council in its decision of December 19, 2025 to mirror banknotes and to limit public criticism linked to the anonymity of cash transactions.

In a speech delivered on 25 February, Commissioner Dombrovskis stated: *"The digital euro will provide cash-like privacy in the digital world for offline payments and a high degree of privacy for online payments."*²

In practice, the offline retail digital euro would be an untraceable digital payment instrument ("Payment transaction data pertaining to offline digital euro payment transactions shall not be retained").

It is paradoxical that, when creating a public digital instrument, public authorities – the European Commission, the ECB and the Ecofin Council – would choose features that hinder their own ability to fight money laundering, terrorist financing and other illicit activities.

In its current design, the offline retail digital euro represents a major regression in the fight against money laundering, fraud and illicit activities. This is all the more damaging that a simpler design could enhance payment resilience without creating risks to public order. Traceability is entirely feasible and compatible with payment resilience. It is therefore essential to delete Article 37.2 of the draft regulation and to amend Article 37.3 so that payment service providers retain offline transaction data.

2. Which risks must be avoided?

These proposals would mitigate some of the major risks identified by private payment stakeholders in relation to the retail digital euro. Even with these changes, we believe that the digital euro project will not resolve the issue of European payment sovereignty, nor strengthen the international role of the euro.

On the contrary, we believe it risks mobilising significant resources – amounting to tens of billions of euros – that could be far better deployed to strengthen European sovereignty.

Our conviction, based on experience, is that European payment sovereignty also depends on European payment players and European payment solutions.

2.1 Retail Digital Euro and European Sovereignty

Europe already possesses the tools required for payment sovereignty (SEPA credit transfers, both standard and instant)³ and dedicated European infrastructures governed by a regulatory framework, all of which are part of the European Payments Strategy set out by the European Commission. The Single Euro Payments Area is already a sovereign endeavor, with European rules and infrastructures under ECB oversight.⁴

Since the same players – both European and non-European – would continue to operate with the retail digital euro, there is a significant risk that payment transactions currently carried out in commercial money would shift towards central bank money processing, without eliminating dependencies on non-European players. In such a case, the retail digital euro would have missed its target.

In this regard, it must be noted that the retail digital euro would unfortunately change nothing for judges of the International Criminal Court placed on US sanctions lists. Indeed, these lists are used by all economic actors having access to the US dollar, including public institutions, in order to combat terrorism and avoid US sanctions.

For example, if a payment service provider were to distribute retail digital euros to a person subject to US sanctions, it would be exposed to sanctions due to the extraterritorial application of US law.

2.2 Retail Digital Euro, Stablecoins and the International Role of the Euro

The retail digital euro does not address the needs that drive the use of stablecoins.

- **A difference in nature:** Stablecoins are decentralised (blockchain-based) and private, whereas the retail digital euro is centralised and public. It is not clear how the opposite of a stablecoin can meet the needs of stablecoins' clients.
- **An neglected alternative:** Rather than attempting to compete with USD stablecoins using an ill-suited instrument, public authorities should support the emergence of euro-denominated stablecoins.

Financial and human resources devoted to developing the retail digital euro should instead be allocated to priority projects: private euro stablecoins and the wholesale digital euro.

The international status of a currency requires it to function as a settlement currency, a reserve currency and an investment currency.

- With capped holdings (fortunately so, as the alternative would entail severe financial stability risks), the retail digital euro cannot serve as collateral, as a reserve instrument or as a settlement tool. Moreover, its acceptance outside the European Union is conditional upon the agreement of the central banks of the countries concerned.
- **The wholesale alternative:** it is the wholesale digital euro (used between financial market professionals and the ECB), rather than the retail digital euro, that would facilitate the settlement of tokenised assets, enable instant cross-border settlements and enhance the international attractiveness of the euro.

2.3 Costs / Benefits of the Retail Digital Euro

The retail digital euro provides no new functionality for citizens. All payment use cases envisaged for the retail digital euro are already possible today for European citizens.

An innovation – or a 2,000-year-old technology? The retail digital euro does not rely on blockchain technology, but on an account entry mechanism, similar to that used by bankers in Roman times. Payments were already made through simple account-to-account transfers without the physical movement of cash.

Yet the estimated cost of this project is colossal.

Environmental cost first. The carbon footprint of the project is at odds with the EU's climate objectives. Due to its centralised architecture at the ECB, with complex cascades per transaction, a

retail digital euro payment would consume approximately **twice as much energy** as a current commercial euro payment.

Financial cost next. The construction of the retail digital euro alone would cost between €18 billion and €31 billion to euro area banks, according to a PwC study. **Operating costs:** for French banks alone, annual operating costs would exceed €600 million.

The ECB's cost estimate is significantly lower – though still very high (€4–6 billion) – as it is based on two assumptions:

1. existing infrastructures can be reused (which is not currently provided for in the project specifications); and
2. savings could be achieved on cash handling, as cash would circulate less (an objective that the ECB regularly states it does not pursue).

Additional costs would also be incurred by the ECB, as well as by merchants and public administrations, which would have to upgrade their systems to accept retail digital euro payments. Public administrations and merchants in the euro area have carried out no assessment of the cost of adapting their payment equipment and infrastructures.

With the draft regulation amended by the Council on 19 December, the European Union is heading towards expenditure ultimately borne by citizens of around €40–50 billion for an unnecessary and potentially dangerous infrastructure.

To put this into perspective, an investment of €40–50 billion represents:

- 10 months of Ukraine's war effort (approximately **€172 million** per day according to the IMF);
- a cost of around €142 per European citizen (based on €50 billion for 350 million citizens), compared with France's defence budget per capita (€735 in 2025)⁵.

Fundamental questions arise regarding citizens' perception of money with the retail digital euro.

What will be the consequences of explicitly showing citizens the distinction between central bank money and commercial bank money? Today, citizens use these two in different forms with equal confidence in both. How will they behave – especially in times of crisis – towards commercial money, whose "fiduciary" nature would be highlighted by the retail digital euro?

Limitations on holding or withdrawing central bank money have typically occurred during periods of extreme economic stress, in attempts to prevent bank runs and financial instability – often at the risk of exacerbating citizens' distress or triggering anticipatory reactions. The fact that the limit is part of the retail digital euro project, not just in crisis times, but in normal times is telling.

(1) EPI Company | Bancomat, Bizum, EPI, SIBS and Vipps MobilePay sign MoU...

(2) Article 37.2 of the Retail Digital Euro Regulation "Payment transaction data relating to offline digital euro transactions shall not be retained by payment service providers, the European Central Bank or the national central banks."

(3) These payment solutions are European in nature. They are schemes developed, maintained and governed by the European Payments Council (EPC).

(4) As stated by the Banque de France in Payments and market infrastructures in the digital age: "The Single Euro Payments Area was established by around forty major European banks which, in 2002, formed the EPC (European Payments Council), with the support of the ECB and the European Commission. Launched in 2002, the project aimed to harmonise euro payment instruments across the 34 countries of the SEPA area so that a cross-border euro payment would be processed with the same speed, security and conditions as a domestic payment. SEPA thus complements the introduction of the euro as the currency of the 19 euro area countries." And further: "The Euro Retail Payments Board (ERPB – i.e. the ECB) tasked the EPC with rapidly developing a 'scheme' (a set of rules and usage standards) for European instant payments. Building on credit transfers, the EPC developed an instant payment scheme in the form of a credit transfer, known as SCT Inst. [...] The Eurosystem formulated specific expectations, notably in terms of access policy, interoperability and risk reduction. It is these funds, held in central bank money, that ensure the settlement of SCT Inst payments on a 24/7/365 basis, even when TARGET2 is closed."

(5) <https://www.economie.gouv.fr/aqsmi/comment-sont-utilises-mes-impots>

18, rue La Fayette — 75440 Paris Cedex 09 — fbf.fr
April 2026

