

EPIF's views on a Digital Euro

January 2021

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EPIF welcomes the opportunity to provide our views on the issuance of a central bank digital currency (CBDC). While EPIF's individual members will reply to this consultation individually on their own capacity, we would like to take this opportunity to share with you some general comments that our members have on this issue.

First of all, allow us to stress that EPIF fully support the ECB task of to promote the smooth operation of payment systems and we agree that the safety and efficiency of the payment system is essential for a stable and well-functioning financial system and contributes to confidence in the currency. EPIF agrees with the ECB that while cash is still the dominant means of payment and should remain an option for consumers, new technologies and the increasing demand for immediacy from consumers are changing the way European citizens pay and the role of fast electronic payments is expanding.

With regard to the design of the digital Euro, EPIF believes that any CBDC needs to be designed and structured in a way that does not discriminate non-banks so they have equal access as other PSPs (banks). A CBDC should deliver settlement finality and it should be interoperable with other payments solutions. In order to achieve that, EPIF members would like to see the Settlement Finality Directive amended in order to allow non-bank payments providers to have access to the intra-bank payment system as long as they comply with the ECB requirements.

Requirement 12 (R12) of the report - *Easy accessibility throughout the euro area*, notes that the digital euro should be made available through standardised front-end solutions throughout the entire euro area and should be interoperable with private payment solutions. The ECB has said that has no intention to provide the front-end solutions to the customers. Therefore, direct access to the interbank payment systems is key for non-bank payments providers to be able to compete equally with banks. In both sides, back-end and front-end, banks and non-banks payments providers should be able to compete on equal teams in order not to distort competition. EPIF stressed the importance of allowing non-banks payments sector the possibility of being part of the distribution framework and provide the front-end solutions. We welcome that Central banks do not have ambition to take-up the front-end or to take away deposits from banks' balance sheets.

EPIF agrees with the ECB that a digital euro would be introduced alongside cash and it will complement it but not substitute it. We also agree with the ECB that there should be co-existence of several means of payments. The private sector will remain more innovative. EPIF also agrees that the CBDC should be offered through supervised service providers.

We believe that a CBDC would support digitalisation in the European economy. On the global dimension, EPIF would like to point out that there should be some form of interoperability between different central banks digital currencies. There is a need for coordination between CBDCs.

The ECB is considering two types of digital euro: Account-based and bearer. Given that the EBC does not plan to provide the front end solutions we do not foresee how the bearer models could work.

Finally, EPIF would support that a CBDC is only launched once all the implications have been assessed by the ECB. Including privacy and decentralised use AML.

ABOUT EPIF (EUROPEAN PAYMENT INSTITUTIONS FEDERATION)

EPIF, founded in 2011, represents the interests of the non-bank payment sector at the European level. We currently have over 190 authorised payment institutions and other non-bank payment providers as our members offering services in every part of Europe. **EPIF** thus represents roughly one third of all authorized Payment Institutions (“PI”) in Europe. All of our members operate online. Our diverse membership includes a broad range of business models, including:

- Three-party Card Network Schemes
- E-Money Providers
- E-Payment Service Providers and Gateways
- Money Transfer Operators
- Acquirers
- Digital Wallets
- FX Payment Providers and Operators
- Payment Processing Services
- Card Issuers
- Independent Card Processors
- Third Party Providers
- Payment Collectors

EPIF seeks to represent the voice of the PI industry and the non-bank payment sector with EU institutions, policy-makers and stakeholders. We aim to play a constructive role in shaping and developing market conditions for payments in a modern and constantly evolving environment. It is our desire to promote a single EU payments market via the removal of excessive regulatory obstacles.

We wish to be seen as a provider for efficient payments in that single market and it is our aim to increase payment product diversification and innovation tailored to the needs of payment users (e.g. via mobile and internet).