



EUROPEAN CENTRAL BANK

EUROSYSTEM

Christine LAGARDE

President

Mr Auke Zijlstra
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 31 January 2025

L/CL/25/17

Re: Your letter (QZ-0013)

Honourable Member of the European Parliament, dear Mr Zijlstra,

Thank you for your letter on the European payments market, which was passed on to me by Ms Aurore Lalucq, Chair of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 28 November 2024.

The way people pay is changing rapidly and consumers in the euro area increasingly prefer to pay electronically rather than with cash.¹ The digital euro would give citizens the option to use central bank money in a digital form, complementing banknotes and coins. In this way, a digital euro would help to safeguard the role of public money and maintain trust in our currency.

Furthermore, and as highlighted by Mr Cipollone in his exchange of views before the Committee on Economic and Monetary Affairs (ECON) on 23 September 2024, a digital euro would preserve European citizens' freedom to use a public means of payment and enhance the resilience of the euro area by offering an additional, European option for electronic retail payments across the region.² This would not only make Europe's payments landscape more competitive but could also help to reduce our dependence on the non-European

¹ According to the ECB's recently released study on the payment attitudes of consumers in the euro area. It found that the share of online payments in consumers' day-to-day payments has continued to increase, reaching 21% in volume and 36% in value in 2024. Moreover, the share of card payments at the point of sale (45%) is now higher than that of cash (39%), which has been declining, while the share of mobile devices has increased to 7%. 55% of euro area consumers expressed a preference for cards and other cashless payments when paying in a shop, while 22% preferred cash and 23% had no clear preference (in 2016, these figures were 43%, 32% and 25% respectively). For more details, see "[Study on the payment attitudes of consumers in the euro area \(SPACE\) – 2024](#)", ECB, December 2024.

² See Cipollone, P., "[From dependency to autonomy: the role of a digital euro in the European payment landscape](#)", introductory statement at the Committee on Economic and Monetary Affairs of the European Parliament, Brussels, 23 September 2024.

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payment providers which currently dominate European retail payments, thus supporting Europe's strategic autonomy and monetary sovereignty.

International card schemes currently account for close to two-thirds (64%) of all electronically initiated transactions with cards issued in the euro area.³ Moreover, 13 out of the 20 euro area countries rely on them entirely due to the absence of a national card scheme. Smaller retailers reportedly face charges that are three to four times higher than those paid by their larger counterparts.⁴ EuroCommerce, the principal organisation in Europe representing the retail and wholesale sector, has recently highlighted concerns about increased payment scheme fees and a lack of competition due to the practices and size of the international card and wallet schemes within the European Union.⁵ In its recent report on digital payments⁶, the European Court of Auditors notes the absence of comprehensive, reliable and up-to-date data on card payments. It concludes that one reason for the limited availability of data is the non-disclosure agreements of card schemes, which prevent merchants, issuers and acquirers from sharing data on the charges linked to card payments.

The European Commission, together with national competition authorities, is responsible for the enforcement of competition rules laid down in the Treaty on the Functioning of the European Union. As part of its statutory task of promoting the smooth operation of payment and settlement systems⁷, the European Central Bank (ECB) recognises that fostering competition and a level playing field is essential for enhancing efficiency and encouraging innovation in the European payments market. The ECB is therefore prepared to support the Commission in fostering a competitive European payments market.

Let me conclude by noting that the digital euro would maintain people's freedom to choose how they pay. Not only would it ensure that everyone across the euro area would have access to central bank money in digital form, but it would also bring broader benefits for the euro area economy by fostering competition and innovation, including by private payment service providers. In particular, the digital euro, thanks to its legal tender status granted by the proposed regulation on its establishment, would expand the opportunities available to payment service providers while reducing the cost of rolling out solutions on a European scale. This would foster a more integrated and innovative European payments market. In fact, there was widespread

³ Volume share of international card schemes in total electronically initiated card payments with cards issued in the euro area and transactions acquired worldwide for the first half of 2023. Based on data collected under Regulation (EU) No 1409/2013 of the European Central Bank on payments statistics (ECB/2013/43), as amended.

⁴ See, for example, figures quoted in *Zahlungssysteme im Einzelhandel*, EHI Retail Institute, 2023; Stewart, S., Dobbeni, J. and Folch, F., "[The Hidden Cost of Cash and the True Cost of Electronic Payments in Australia, Europe, New Zealand and the UK – Addendum](#)", *White Paper*, Boston Consulting Group, August 2024.

⁵ See "[EU businesses' competitiveness impacted by current cards payments landscape – a call for urgent action](#)", *Position paper – Payments*, EuroCommerce, July 2024 and CMSPI & Zephyre's 2021 Scheme Fee Study commissioned by EuroCommerce.

⁶ See "[Digital payments in the EU—Progress towards making them safer, faster, and less expensive, despite remaining gaps](#)", *Special report*, No 01/2025, European Court of Auditors, January 2025.

⁷ See Article 127(2) of the Treaty on the Functioning of the European Union and Articles 3 and 22 of the Statute of the European System of Central Banks and of the European Central Bank. For more details, see "[Payments & securities – The tasks of the Eurosystem](#)".

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interest from industry in the ECB's recent call for expressions of interest in innovation partnerships for the digital euro.⁸ As private providers expand their geographical reach and diversify their product portfolios, they will benefit from cost efficiencies and be better positioned to compete, also internationally.⁹

Of course, Mr Cipollone and I remain committed to keeping you and the other members of the ECON Committee updated on developments related to the European payments landscape and on the digital euro project itself, including through our regular appearances before the Committee. The ECB is available to provide technical support for the legislative discussions and, in that regard, ECB staff and Mr Cipollone stand ready to engage with the negotiating team. In line with existing practice, the ECB will also continue to publish updates related to the digital euro on its website.¹⁰

Yours sincerely,

[signed]

Christine Lagarde

⁸ The ECB received around 100 applications from banks and other payment service providers, fintechs, merchants and academia in response to the "[Call for expressions of interest in innovation partnerships for the digital euro](#)", *MIP News*, ECB, 31 October 2024.

⁹ For more discussion on this matter see "[Progress on the preparation phase of a digital euro – second progress report](#)", ECB, December 2024.

¹⁰ For further information, see our latest progress report "[Progress on the preparation phase of a digital euro – second progress report](#)", op. cit, and the digital euro [website](#).

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