



22 May 2023

Dear Commissioner McGuinness,

The Financial Services User Group (FSUG) follows the Commission's **initiatives for digital transformation and expansion of payment possibilities** and welcomes the ECB's projected role in providing a secure and safe digital means of payment for households, small businesses and others alike through the digital euro project.

In this respect, we would like to share with you some concerns and thoughts about the project.

Following the progress of ECB in investigating the digital euro project, including potential use of design options, implementation, accessibility and features for end-users, we would like to draw your attention to the **importance of designing the digital euro as a public project, without any critical or extensive role given to private intermediaries** (i.e commercial banks and other, payment service providers).

However, in light of the ECB progress reports on the investigation phase of a digital euro¹, **we are concerned** that preference to distribute the digital euro is given to private intermediaries and not to public entities. Payment services providers already charge **high fees for services**, raising them unilaterally and significantly above any market index, such as inflation.²

Without a **strong legislative framework**, private intermediaries are likely to make the digital euro as unattractive as possible given that it stands in competition with their private digital payment methods. We are thus looking forward to a legislative framework which supports a digital euro fully **replicating the characteristics of cash** in terms of costs, privacy, data protection and digital financial inclusion.

As regards **privacy and data protection**, we acknowledge the objective of AML and CFT rules, however we think that a **proportionate balance between privacy and traceability** needs to be found by ensuring anonymity wherever possible. For offline transactions, the rules applying to cash should be replicated. For online transactions, **full privacy should apply for transactions that do not raise any AML/CFT risks** (e.g. in terms of value, purpose or beneficiaries).

We welcome the recent proposals by the ECB³ to develop a specific focus on **digital and financial inclusion** taking into account the provision of basic services free of charge including funding in cash, payment instruments in line with the EU Accessibility Act such as a payment card and a public digital euro app, dedicated public entities in charge of ensuring inclusion and the obligation for intermediaries to provide human advice.

A **legal tender status for the digital euro** will provide a major added value for consumers being able to pay with a public digital payment method offline and online throughout the eurozone. We do not think that the digital euro should be launched to protect the interests of banks and other intermediaries, but to **serve the interests of the EU consumers**.

I really hope that you will take into account our concerns, and possible future input from the FSUG for the benefit of the EU consumers and for the success of the future adoption of the digital euro.

Yours faithfully,
Alin Iacob, FSUG Chairperson

¹ https://www.ecb.europa.eu/paym/digital_euro/governance/html/index.en.html

² Vinay Pranjivan (2023) "Increases in retail bank fees and charges", available upon request.

³ ECB (2023) [Item 3 - Digital financial inclusion \(europa.eu\)](#)