



Position Paper – March 2026

MAKING THE DIGITAL EURO WORK FOR HOSPITALITY

HOTREC, representing Europe's hospitality sector, supports the European Commission's proposal for the establishment of a digital euro as part of the Single Currency Package. For hotels, restaurants and cafés in Europe – mostly small and medium-sized enterprises – the digital euro offers a unique opportunity to introduce a genuinely public electronic means of payment that can rebalance a payment market dominated by few private companies with high and often opaque fees.

According to European Central Bank data¹, around 75% of daily payments are made in physical shops, and hospitality businesses – often **operating on tight margins** – process a very **high volume of transactions, many of which are of low value**. In recent years, rising card acceptance costs have placed a growing financial burden on the sector, particularly on small and micro enterprises with limited bargaining power vis-à-vis large international payment schemes and acquirers.

Against this background, **the success of the digital euro will depend on one decisive factor: as a form of public money subsidised by the relevant Eurosystem resources², the digital euro must be structurally more cost-effective than existing private payment solutions**. Otherwise, there is a risk of increased costs for micro and small businesses, which would result in higher prices for consumers. This would go against the idea of a free currency for EU citizens.

Without physical merchant promotion, widespread consumer adoption of day-to-day payments will not materialise. With this in mind, we warmly welcome the fact that several political groups have proposed amendments to introduce a zero-fee transitional period for low-value digital euro payments³. The digital euro must therefore function as a true public good – simple, resilient and affordable – to ensure meaningful uptake in everyday transactions.

¹ Study on the payment attitudes of consumers in the euro area, SPACE 2024 - BCE

² <https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.pr251030~8c5b5beef0.en.html>

³ Amendments 992-995 to the draft report of the Committee on Economic and Monetary Affairs (ECON)

KEY RECOMMENDATIONS

1. Complementing cash, preserving choice

The digital euro must complement rather than replace cash, preserving businesses' possibility to offer the payment methods that best reflect both customer expectations and their own commercial interests.

2. The digital euro, as a public money, must cost less than existing payments.

If fees match card costs, hospitality will accept it only nominally and will not promote it, limiting uptake and failing to fulfil its role as a strategic instrument for Europe's economic resilience.

3. Zero fees for low-value POS payments in physical shops are essential.

Everyday use begins with small transactions. To drive early adoption among small and micro businesses, a temporary EU-wide zero-fee regime is essential. In the long term, a simple, permanent, and uniform fee structure should apply: a maximum merchant service charge (MSC) of 0.1% per online digital euro transaction, capped at € 0.04⁴, and no MSC for offline transactions.

4. The digital euro must reduce dependence of few big international payment companies.

With the EU payments market highly concentrated among non-EU digital payment providers, generating more than USD 2 trillion in annual revenue for the USA, small merchants face limited alternative options and restricted access to critical payment-related data.

5. Merchants need pragmatic digital euro holdings and batch settlement.

Mandatory instant conversion drives up admin costs. Intra-day holdings up to 48 hours, and end-of-day batch transfers keep acceptance affordable.

6. Online and offline payments are essential for hospitality.

Online payments could open up competition among PSP and lower merchant fees. Connectivity failures are common. Built-in offline capability avoids disruption, lost revenue, and higher costs.

⁴ To be reviewed regularly – at least every 5 years – by the Commission with assistance of the ECB.

I. The complementary role of the digital euro vis-à-vis cash

HOTREC supports the introduction of the digital euro as a potential public European alternative to payment solutions currently dominated by non-EU private actors. At the same time, it is **essential that the digital euro complements, rather than replaces, physical cash**, as consistently stated by Christine Lagarde and the European Commission. Payment preferences and the use of cash vary significantly across Member States: in some countries cash remains widely used, while in others digital payments are more prevalent and the role of cash has naturally declined. In this context, HOTREC believes that businesses must retain the possibility to **offer payment methods that best reflect both customer expectations and their own commercial interests**.

II. A future-proof digital euro fee acceptance model

a) Cost-effectiveness as a condition for adoption (merchant service charge - MSC)

The so-called “compensation model” effectively defines the fees that payment service providers will charge merchants for the acceptance and processing of digital euro transactions. In practice, these charges are intended to cover PSP costs on both the issuing and acceptance sides of the ecosystem. For clarity and transparency, it is therefore more accurate to refer to this framework as a digital euro fee model, as it establishes the parameters governing the cost burden borne by merchants.

For the hospitality sector, the digital euro fee model is the single most important determinant of whether the digital euro will be successfully adopted. Hotels and restaurants handle large transaction volumes, often for small amounts, making acceptance costs a critical barrier. Moreover, as a legal tender instrument, merchants will not have other choice but to accept any digital euro payments, regardless of the related costs. If acceptance costs mirror or exceed existing card fees, businesses will accept the digital euro in a purely formal manner, without encouraging its daily use.

To **turn hospitality businesses into active partners** rather than reluctant accepters, the digital euro must be demonstrably cheaper and simpler than current private payment instruments. As a public currency issued and financed by the Eurosystem, the digital euro differs fundamentally from private payment schemes. Consequently, **merchant service charges (MSC) should not be structured by reference to cost components typical of private card systems**, such as scheme and processing fees, as currently envisaged in Articles 15 and 17 of the proposal.

This point is reinforced by the European Central Bank itself. The ECB itself questioned the appropriateness of including a notion of “reasonable margin profit⁵” for intermediaries when

⁵ European Central Bank (ECB), Opinion C/2024/669, Section 10.12: “The proposed regulation also obliges the ECB to develop a methodology for the calculation of the amounts and establishes parameters to that end. The proposed regulation seeks to reduce the competent authority’s discretion in establishing the fee amounts by specifying the relevant parameters to apply. However, this objective is not fully achieved, as some of the relevant parameters, such as a ‘reasonable margin of profit’ and the ‘most cost- efficient payment service providers’, are subjective notions whose interpretation depends on accounting rules, business strategies among different PSPs, different business models and areas of operation. The ECB thus suggests further clarifying these parameters in the proposed regulation or in the proposed methodology.”

determining merchant fees for the digital euro. The ECB has also highlighted that, in international card scheme debit transactions, scheme and processing fees represent around 64% of the merchant service charge. Under comparable operational conditions, **the digital euro could therefore reduce payment service providers' average costs by more than 47%**⁶. A share of these efficiency gains should be passed on to merchants through materially lower MSCs, in line with the ECB's findings⁷ and the rationale reflected in recital 41 of the proposal⁸.

In addition, **payment service providers will be able to develop new value-added services for businesses on top of the basic digital euro payment functionality, including services related to data management, reconciliation and collection.** These services, already envisaged in Annex I of the Commission proposal and Annex II of the Council's General Approach, **will create additional revenue streams for PSPs** and should be taken into account when designing the compensation model.

For these reasons, the regulatory framework should ensure that the cost structure of the digital euro fully reflects its nature as a public payment infrastructure and that the resulting merchant service charges are significantly lower than those of existing debit card payments. Only under these conditions will hospitality businesses have a clear economic incentive to promote its use in daily transactions.

b) Preferred option: transitional zero-fee regime for low-value physical point-of-sale payments

HOTREC's primary and indispensable recommendation is the introduction of a transitional zero-fee regime for low-value digital euro payments made at physical points of sale. Without such a regime, the digital euro is unlikely to gain traction in the hospitality sector.

Low-value transactions are the gateway to mainstream payment adoption. According to the ECB, more than half of point-of-sale payments in the euro area are €20 or less, and the majority of very small payments, particularly below €10, are still made in cash⁹. Cafés, bars, restaurants, and hotels account for a substantial share of these everyday transactions and are therefore critical leverage points for embedding new payment habits among consumers.

The digital euro is introduced primarily to pursue public policy objectives, including strengthening European payment sovereignty and resilience, rather than to meet an existing market demand. In this context, merchants must be given clear and immediate incentives to accept and actively promote it. **A transitional zero-fee regime would make acceptance economically viable for hospitality businesses, clearly differentiate the digital euro from costly private solutions, and support early adoption during the crucial first years.**

⁶ European Central Bank (ECB), Study on the payment attitudes of consumers in the euro area – SPACE 2024

⁷ Ibidem

⁸ "The European Central Bank or the Eurosystem do not charge payment service providers for the costs it bears to support their provision of digital euro services to digital euro users."

⁹ European Central Bank (ECB), Study on the payment attitudes of consumers in the euro area – SPACE 2024

This zero-fee regime could be strictly time-limited, allowing usage patterns to stabilise and enabling policymakers to design a sustainable long-term fee model based on real-world evidence. Importantly, it would also address structural market failures in the acquiring market, which is highly concentrated and characterised by limited competition. Small hospitality businesses routinely pay 3- 4 times higher fees than large retailers¹⁰, because have little ability to negotiate better terms. A fee-free digital euro for low-value payments would therefore provide a genuine European alternative and reduce dependency on international card schemes.

To ensure legal certainty and avoid market distortions, **the definition of low-value payments should be set at EU level** through harmonised thresholds, based on objective market data and consumer payment behaviour. Acceptance of low-value digital euro payments must be at least as economically advantageous for merchants as existing retail payment instruments in all Member States. Finally, **zero fees for everyday payments would promote fairness and transparency for consumers**. Like cash, the digital euro should allow small transactions to be processed at face value, without minimum-payment thresholds, cash-only practices, or indirect surcharges. This is essential to foster trust, inclusion, and acceptance of a new public means of payment.

In this regard, HOTREC strongly welcomes amendments 992, 993 and 994 to the draft report of the Committee on Economic and Monetary Affairs (ECON), which introduce a temporary zero-fee regime for low-value digital euro transactions at physical points of sale. Such a mechanism would allow the digital euro to function, for everyday payments, in a manner closer to cash and would support its early adoption by both merchants and consumers. We therefore hope that these amendments will receive broad and unanimous support during the parliamentary process.

c) Long-term fee structure

Once adoption has stabilised, any permanent compensation model must remain aligned with the digital euro's nature as a public good. **Inter-PSP fees should be eliminated**. Digital euro transactions settle instantly in central bank money and do not generate counterparty or settlement risk. Fees designed to compensate such risks in private systems are therefore unjustified in a public digital currency.

Fees charged to merchants should reflect a simple, permanent and uniform fee structure. In particular, HOTREC supports **a maximum merchant service charge of 0.1% per transaction for online digital euro payments, capped at 4 cents per transaction, combined with no merchant service charge for offline digital euro payments**. Such a model would ensure a uniform cap across the euro area below the lowest fees currently paid by merchants in the Eurozone¹¹, while reflecting the absence of ECB scheme fees and the cash-like nature of the offline digital euro.

A simple and permanent fee structure would also avoid the complexity of maintaining separate transitional and final fee models and would eliminate the need to benchmark the digital euro against private payment systems, which are structurally different from a public currency. At the

¹⁰ European Central Bank (ECB) presentation on the European payments landscape, 29 April 2024

¹¹ ~6-7 cents/transaction in e.g. Belgium, Spain, The Netherlands and Ireland

same time, it would reduce the regulatory burden on the European Commission and the ECB, as it would not require ongoing cost calculations or complex methodologies to determine caps. It would also remove the need for detailed Level-2 legal acts to interpret concepts such as “statistically significant”, “relevant costs”, or “reasonable margin”.

A uniform, **EU-wide fee cap, regularly reviewed by the Commission, at least every five years**, with the assistance of the ECB, would streamline implementation for the Commission, the ECB, payment service providers, and merchants, while also enhancing legal certainty and enforceability. Importantly, it would ensure that merchants benefit from the structural cost advantages of the digital euro, notably the absence of scheme fees, while still allowing PSPs to recover operational costs within the 0.1% cap. For merchants, the predictable and limited cost structure would also help offset the investments required to accept the digital euro, such as hardware, software integration, staff training and operational adjustments, and could allow businesses to incentivise consumer uptake of the new payment method.

III. Flexible and pragmatic merchant holdings

a) Limited holdings as a cost-efficiency measure

The European Commission proposal currently envisages equal holding limits for natural and legal persons in order to mitigate risks to financial stability stemming from large accumulations of digital euro. While HOTREC recognises the importance of safeguards for financial stability, applying the same limits to merchants as to individual users would create significant operational challenges for businesses accepting the digital euro.

In practice, hospitality businesses process high volumes of transactions throughout the day, often for relatively small amounts. **If merchants were required to remain below the same holding limit as natural persons, they would likely need to convert each digital euro payment into commercial bank money immediately after every transaction in order to avoid breaching the cap.** Such a system would create unnecessary administrative complexity, multiply accounting entries, and increase operational costs, making the digital euro less attractive than existing payment solutions.

For the digital euro to function as an efficient business payment instrument, hospitality businesses must be able to manage incoming funds in a way that aligns with existing accounting and reconciliation practices. Allowing **limited intra-day holdings combined with end-of-day batch transfers** is therefore essential. This approach would allow merchants to accumulate digital euro during the business day and convert the balance into commercial bank money once per day.

This is not merely an operational preference but also a cost-efficiency measure. A busy restaurant processing several hundred digital euro payments during lunch and dinner service would otherwise generate hundreds of individual conversion entries, increasing accounting workload and external bookkeeping costs. **End-of-day batch transfers, extendable to 48 hours during weekends and public holidays, would allow all receipts to be reconciled in a single entry,**

aligning digital euro payments with existing cash and card reconciliation processes. Similarly, hotels receiving payments throughout the day, for accommodation, food and beverage services or conference facilities, could consolidate receipts into one daily transfer, simplifying cash-flow monitoring and treasury management.

For this reason, **higher and temporary holding limits for merchants** would allow businesses to accumulate digital euro during the business day before converting balances into commercial bank money for free. Such differentiated treatment would ensure that the digital euro remains operationally usable for merchants while fully preserving the objective of preventing large structural holdings of central bank money in the private sector.

In this context, the Council's General Approach moves closer to this objective by allowing an explicit **distinction between natural and legal persons**, thereby enabling differentiated treatment when setting holding limits. In the European Parliament, among the amendments tabled to the ECON draft report, Amendment 863 also points in this direction. The amendment proposes a €300 cap for natural persons while allowing legal persons to hold digital euro strictly for operational purposes, combined with the obligation to **defund wallets at least once per day**. This approach represents a pragmatic compromise that recognises the operational needs of merchants while maintaining safeguards for financial stability.

b) Enabling B2B payments

Differentiated holding limits for merchants would also be essential to enable business-to-business (B2B) payments in digital euro. If the **digital euro is to contribute to strengthening the international market role of the euro** and the resilience of the European payments ecosystem, its use should **not be limited to peer-to-peer (P2P) and peer-to-business (P2B) transactions**. Restaurants and hotels regularly make frequent low- and medium-value payments to suppliers, including food and beverage distributors, laundry services, cleaning providers, and maintenance contractors. If digital euro received from customers could be reused to settle these obligations, businesses would be able to avoid commercial card fees and certain bank transfer costs, simplify their payment set-up, and reduce reliance on multiple payment instruments. Such a circular flow of payments within the hospitality value chain would significantly increase the attractiveness of the digital euro for businesses and create strong incentives for merchants to actively promote its use to customers, thereby supporting broader adoption across the European economy.

IV. Functional online and offline wallets

Online payments can increase competition among payment service providers (PSPs) and help reduce merchant fees. However, connectivity failures remain common. Built-in offline functionality therefore plays a crucial role in ensuring the **continuity of payments**, avoiding service disruption, lost revenue and additional operational costs for merchants.

84% of small merchants with physical shops consider offline functionality to be a vital feature for ensuring business continuity¹². Offline functionality is a core requirement and prerequisite for the

¹² ECB Digital euro user research report – 30th October 2025

cost-effective acceptance in the hospitality sector. Hospitality venues frequently operate in environments where connectivity issues are common rather than exceptional, including historic city centres with thick walls, basement dining rooms, rural or coastal locations, seasonal establishments, outdoor terraces, and periods of peak tourist congestion.

In such settings, even short network outages can prevent electronic payments from being accepted, directly disrupting service, delaying check-outs, and creating friction with customers. Payment failures often require staff intervention, manual workarounds, or forced cash handling, all of which increase operational costs and risk revenue loss. **Offline functionality ensures that hospitality businesses can continue to accept payments and discharge payment obligations at all times, including during temporary connectivity failures.** This is particularly critical during peak service hours and hotel check-outs, when delays have immediate operational and reputational consequences.

To minimise complexity and costs, offline functionality must be **fully integrated into the main digital euro wallet and payment infrastructure.** There should be **no requirement for separate devices, additional terminals, or parallel payment infrastructures** to process offline transactions. Online and offline payments should operate within the **same system and user interface**, without technical limitations, duplication of processes, or additional operational steps for merchants. Any separation between online and offline solutions would create unnecessary complexity, increase staff training needs, raise the risk of errors, and generate additional implementation and management costs, particularly in a sector characterised by high staff turnover.

Finally, merchants should **not face overlapping or duplicated fees for online and offline transactions.** An integrated offline wallet is therefore essential to ensure that the digital euro remains **simple, reliable and cost-neutral for merchants**, avoiding additional equipment, operational burdens or parallel cost structures compared with existing payment solutions.

V. A sustainable Digital Euro beyond the Euro area

Although the digital euro will initially be introduced within the euro area, the regulatory model established by the Regulation will also have **practical implications for hospitality businesses across the entire European Union**, including in Member States that do not use the euro. The hospitality sector is inherently cross-border: hotel groups, restaurant chains, payment service providers and booking platforms often operate in multiple EU markets, and hospitality businesses regularly serve international travellers.

As a result, the standards governing the digital euro, such as acceptance requirements, technical specifications and the merchant compensation model, are likely to **influence payment practices beyond the euro area.** It is therefore important that the framework is designed with a **Union-wide perspective**, ensuring that it remains workable and proportionate for hospitality businesses operating across different EU payment environments.