

RETAIL DIGITAL EURO (D€)

Understanding the Digital Euro and what it means for banks and PSPs

May 2026

Summary version – *please contact us for further details*

Note: As the design of the Digital Euro is still evolving, this presentation reflects our current understanding and may be subject to change

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Together, H&C and SBS deliver end-to-end excellence for the Digital Euro setup

Introduction (2/2)

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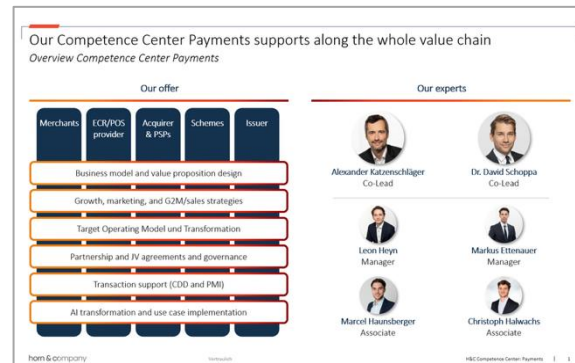
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>270 consultants in 11 offices

Dedicated Payments Competence Center



Berlin, Cologne, Duesseldorf (HQ),
Frankfurt, Hamburg, Munich, Stuttgart,
Charlotte, Singapore, Vienna, Zurich



Multivendor software solutions and managed services for self-service devices and payment infrastructure



Part of ECB's "Pioneer Program" as well as Rulebook Development Group (RDG) workstreams



More than 120 employees with solutions installed in 13 countries

Strategy: Helps define the strategic and business areas to achieve the objectives and enable successful Digital Euro implementation & offering



Solution design: Translates the developed strategy into modular, scalable technical solutions

Program & transformation lead: Manages large-scale transformation across business and IT, ensuring effective programme management



Tech delivery lead: Supports end-to-end technical delivery from architecture to specific implementation and software solutions

Business requirements: Defines business requirements and helps bridge the gap between business and tech



Technical requirements: Translates business requirements into technical requirements and supports in their realization

Agenda

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Digital Euro (D€)

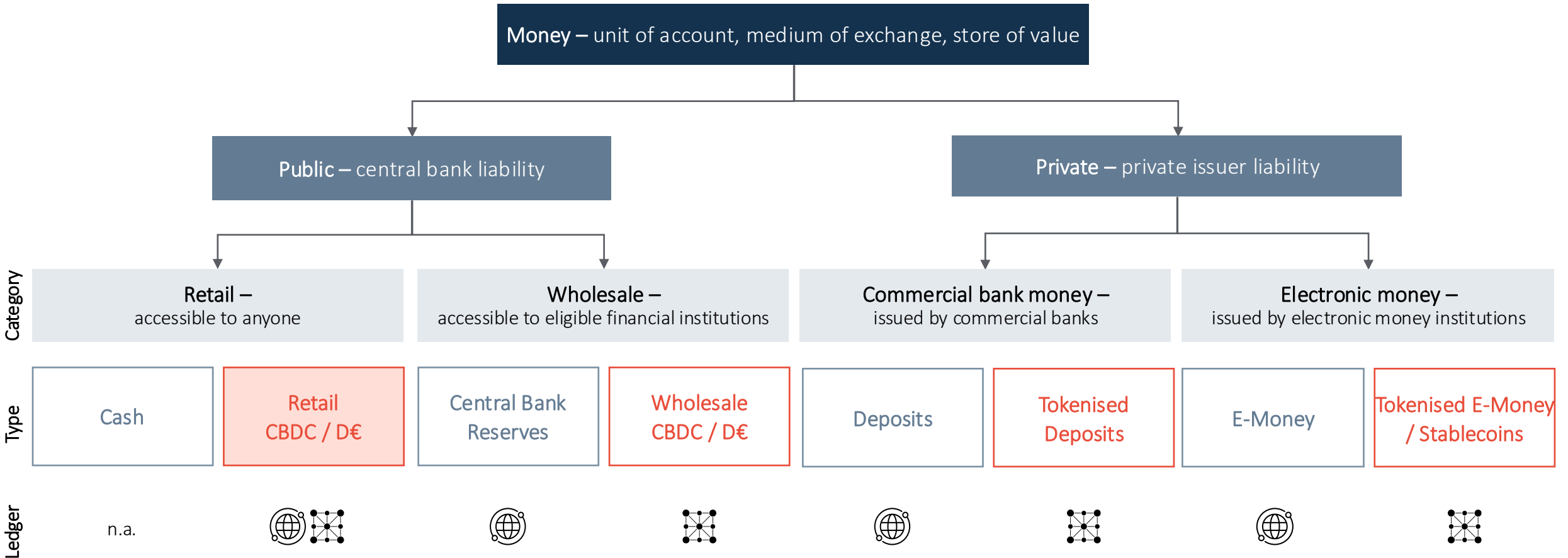
*The Digital Euro is a form of digital cash (central bank money) that can be used for digital retail payments by **individuals, businesses, and governments** across the euro area.*

*It would be the only **digital legal tender** in the euro area.*



The Retail Digital Euro is one of the emerging forms of money (Retail CBDC)

Overview of today's money landscape



Compared to other retail forms of money, the D€ is a legal tender and direct liability at the ECB

Note: Cryptoassets, which is another type of digital money, are not reflected in above structure for simplicity reasons (due to negligent importance as a means of payment)

Source: BDI, Deutsche Kreditwirtschaft, Deutsche Bank, Cambridge University

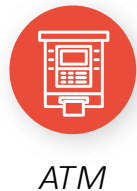
Legend: Traditional New Centralized ledger: a single entity controls the system Distributed ledger: Multiple parties jointly maintain the ledger

The D€ will cover P2P and P2B use cases leveraging a wallet or payment card

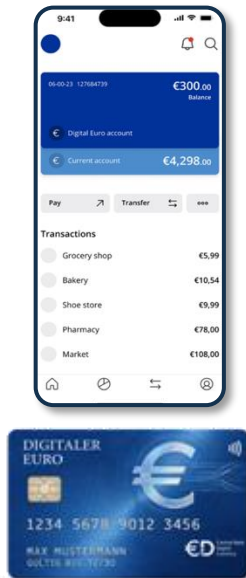
Conceptual overview

How does the Digital Euro work?

Funding & Defunding



Form factor



Technology



Use Cases

Person-to-Person (P2P):



Person-to-Business (P2B)²:



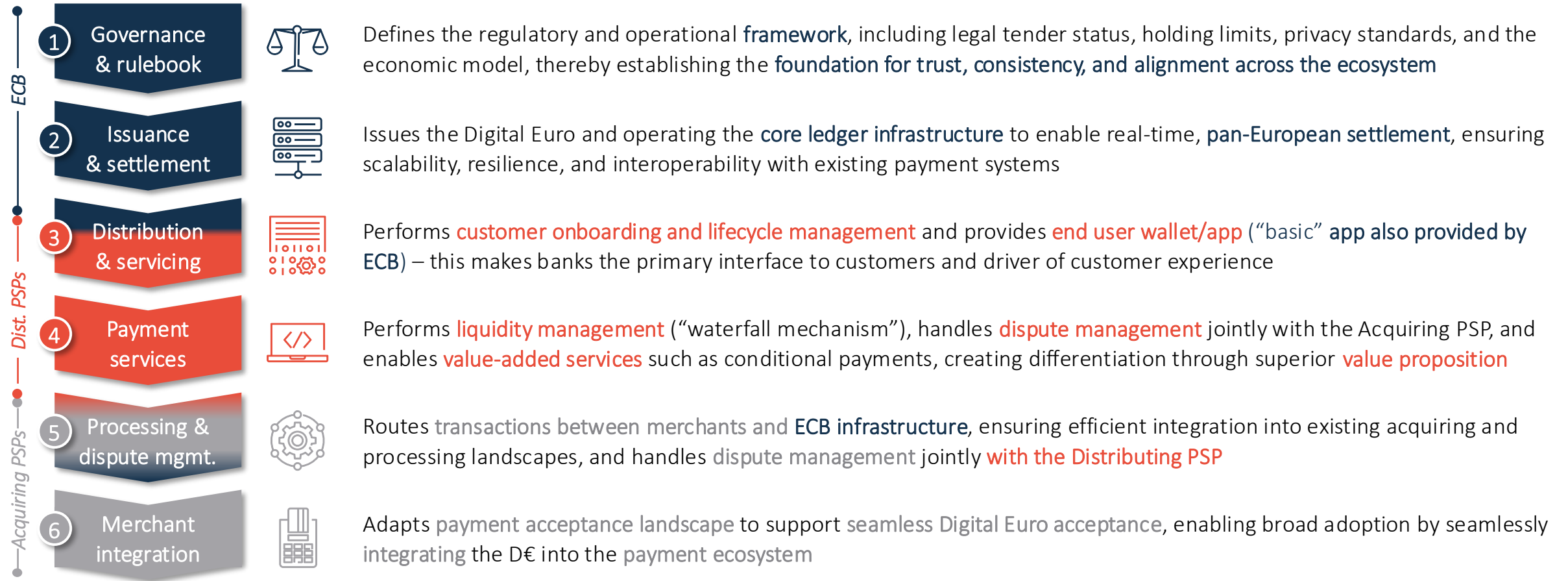
- The Digital Euro is **enabled via a wallet or card** – provided by the bank or the ECB in a basic version
- It would **typically be connected to a Digital Euro account** at the bank – a D€ holding limit applies
- The **holding limit** will potentially be set at 3'000 EUR in order to protect commercial bank funding
- Amounts above this limit will be transferred to the normal bank account (“**waterfall mechanism**”)
- Purchases of goods/services **above 3'000 EUR** are nevertheless **possible**
- In such a case, the additional **funding is taken from the classic bank account** simultaneously

1. Digital Euro Account Number | 2. Includes in principle also Business-to-Person (B2P), i.e. refunds, as well as P2G (Person-to-Government)

Source: ECB, internal analysis

The ECB and banks (“distributing PSPs”) will work together to deliver the D€

Macro value chain



Banks, as Distributing PSPs, will have the key role as interface to the end users

Source: ECB, Rulebook, internal analysis

Pilot phase planned for 2027 & issuance in 2029 – pending final “go” decision

Projected timeline

2029 | Potential first issuance

- / Official introduction of the Digital Euro as legal tender across the Eurozone
- / Initial focus on P2P transfers and domestic e-commerce

2028 | Technical implementation

- / Participation will likely be mandatory for Euro area banks (final scope still to be confirmed)
- / Focus on system integration, security testing, and AML compliance

2027 | Start of pilot phase

- / Digital Euro pilot, run by the Eurosystem with private sector PSPs
- / Final ECB decision to launch the issuance of the Digital Euro

2026 | Political agreement & preparation for pilot

- / The European Parliament decision on the ECON report is expected for H1/26 to start the trilogue
- / Final vote on the Digital Euro regulation by Parliament and Council, based on the trilogue compromise



Lars Klingbeil
German Minister of Finance

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Given the geopolitical situation we are in, everyone who truly cares about Europe must now understand that we need to break the deadlock. It has to happen quickly now. This is precisely the momentum for Europe, and everyone should do their part

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The D€ impacts several dimensions which banks need to (re-)design

Introduction of the D€ impact framework

OUR DIGITAL EURO IMPACT FRAMEWORK

Design dimensions

<p>1 Value proposition & market strategy</p> <ul style="list-style-type: none"> Core value proposition Value-added services Position in paym. ecosystem 	<p>2 Solution design & architecture <i>Deep-Dive</i></p> <ul style="list-style-type: none"> End-to-end processes Solution & target architecture Channel & service embedment 	<p>3 Risk and regulatory model</p> <ul style="list-style-type: none"> AML and KYC approach Fraud prevention & controls Data privacy and compliance 	<p>4 Commercial model and economics</p> <ul style="list-style-type: none"> Pricing & revenue mechanisms Business case & profitability Bal. sheet & funding impact
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What to design

Enabler


 Technology and infrastructure

 Operating model (organization, governance, internal processes)

How to realize

 Marketing, communication, end user education

Principles

 Trust and security

 Privacy by design

 User acceptance focus

How to guide decisions

Source: internal analysis

Based on the Rulebook, different implementation complexities arise along the value chain

Deep dive: solution design & architecture (1/3)



Onboarding	User Lifecycle Management	Liquidity Management	Payment Initiation	Processing & Fraud	Settlement	Value-Added Services
<ul style="list-style-type: none"> ▪ Digital / In-Person ▪ KYC / Identity Verification ▪ DEAN Issuance by DESP ▪ Payment Instrument Activation — Card, App, Offline Device 	<ul style="list-style-type: none"> ▪ Alias Registration & Management ▪ Account Block / Unblock ▪ Notification Preferences ▪ Switching — PSP Transfer, DEAN retained ▪ Offboarding 	<ul style="list-style-type: none"> ▪ Manual Funding / Defunding ▪ ATM / Branch / Non-Digital Euro Payment Account ▪ Automated Funding / Defunding → Waterfall - Reverse Waterfall ▪ Holding Limit Enforcement 	<ul style="list-style-type: none"> ▪ P2P / POS / E-Commerce ▪ QR Code / NFC / Alias / DEAN / Pay-by-Link ▪ Strong Customer Authentication ▪ Payer-initiated / Payee-initiated ▪ Standing Order / Recurring Payment / Pre-Authorisation 	<ul style="list-style-type: none"> ▪ PSP Validation — Payer & Payee ▪ Balance Pre-Check ▪ Fraud Risk Score (DESP) ▪ Fraud & Sanction Controls ▪ Secure Exchange of Payment Information (SEPI) 	<ul style="list-style-type: none"> ▪ Settlement Instruction via DESP ▪ Settlement Verification & Recording ▪ Immediate Balance Update & User Notification 	<ul style="list-style-type: none"> ▪ Value-added services offerings, e.g.: ▪ Wallet & identity services, ▪ Ecosystem & loyalty services, ▪ Smart payment features ▪ Data & financial management services

Legend: ■ High complexity ■ Medium complexity ■ Low complexity ...based on SBS & H&C assessment build on the DE Pilot documents

Source: internal analysis

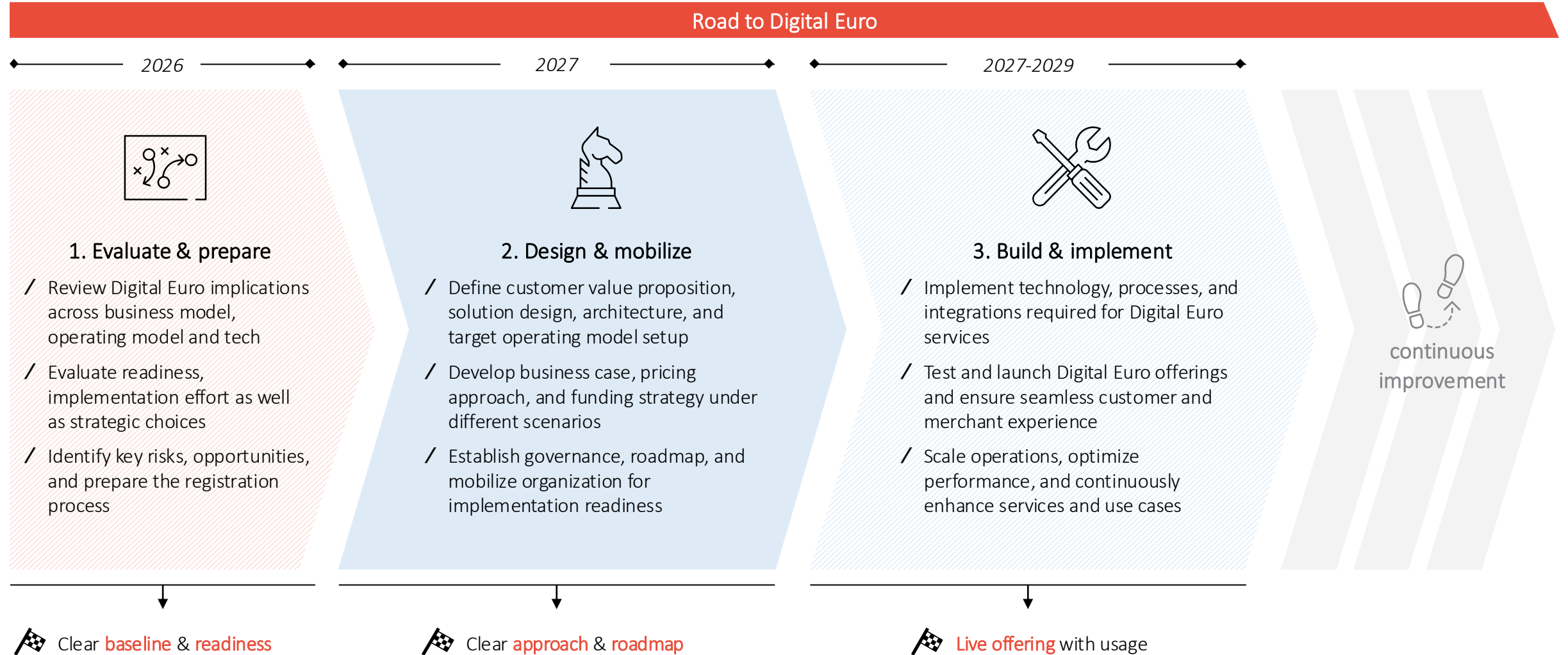
*: dependent on specific VAS

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The road to the Digital Euro is complex – a structured approach is required

Next steps



Our co-value creation is grounded in fundamental principles

Principles



- I **Deliver entirely from within Europe** — no offshore — ensuring data sovereignty, regulatory alignment, and seamless collaboration
- II **Drive full compliance with Rulebook provisions** — thanks to our direct involvement in the Rulebook Development Group, we have first understanding of the D€ functional & tech requirements
- III **Ensure alignment between business and tech** — the D€ will have high impact on the business as well as the tech side of PSPs — we will ensure that both are aligned, and nothing is “lost in translation”
- IV **Enable efficient integration in overall business model** — as the D€ is still evolving, we apply an approach based on flexible, low-regret steps and consider overall fit in the overall business model
- V **Work in true partnership with your teams** — co-creating solutions, transferring knowledge, and building capabilities over time: “we win together, we grow together”

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