SPEECH

Empowering Europe: boosting strategic autonomy through the digital euro

Introductory statement by Piero Cipollone, Member of the Executive Board of the ECB, at the Committee on Economic and Monetary Affairs of the European Parliament

Brussels, 8 April 2025

It is a privilege to be here today to continue our discussion on the digital euro.

There are many compelling arguments in favour of introducing a digital euro, and in my view they all converge on one fundamental principle: strengthening Europe's strategic autonomy.

Today I would like to discuss what strategic autonomy in day-to-day payments means in practice, looking at both the key role of cash and the benefits of a digital euro.

Faced with a less predictable international environment, it is now time to take concrete action.

Retail payments are becoming increasingly digital.[1] Consumers are increasingly choosing to use digital means of payment in shops, and they are also making ever more purchases online. Yet, a significant share of these transactions depend on non-European providers. Today, people in 13 euro area countries rely solely on international card schemes or mobile solutions for in-shop payments.[2] And even where national card schemes exist, they rely on co-badging with international card schemes to enable cross-border payments within the euro area. In the not so distant future, this could evolve into dependence on other private means of payment, for instance foreign stablecoins.

Excessively relying on foreign providers undermines our resilience and compromises our monetary sovereignty.[3] It also underscores the urgent need for a digital euro. Failing to act would not only expose us to significant risks, but also deprive us of a great opportunity.

The vital role of cash in ensuring financial inclusion and resilience

Despite the rapid digitalisation of retail payments, cash remains a cornerstone of the European financial system and is currently our only sovereign means of payment.

The continued strong demand for cash[4] highlights the importance of ensuring that it remains a convenient, secure and universally accepted means of payment and store of value.

Cash ensures financial inclusion, but it also plays a crucial role in maintaining the resilience of our payment systems and economies. In times of crisis, for example during cyberattacks or power failures, cash provides a reliable fall-back option. We have also seen this during the natural disasters that have affected parts of the euro area over the past year.

Against this background, the Eurosystem is fully committed to ensuring that cash remains a widely available and accepted means of payment for everyone in Europe. We have implemented a comprehensive cash strategy[5], and we are redesigning euro banknotes to make them fit for the future.

Moreover, the ECB strongly welcomes the proposed regulation governing the legal tender status of euro banknotes and coins. As we explained in our opinion, the regulation should clearly prohibit ex ante unilateral exclusions of cash by retailers or service providers. It should also ensure that Member States will hold the banking sector responsible for providing essential cash services to both private and corporate customers, ensuring good access to facilities for withdrawing and depositing euro cash across the euro area.[6]

The need to enhance Europe’s strategic autonomy in digital payments in a changing geopolitical environment

However, we must also ensure that Europeans have a secure and reliable digital means of payment that complements cash and extends its key benefits to the digital sphere. The growing preference for digital payments means that the acceptance and the availability of cash are no longer sufficient to cover a growing share of use cases. For example, online shopping accounts for more than one-third of our retail transactions, but cash cannot be used online and it is often not possible to pay using a European payment service[7], meaning we need to rely on non-European payment systems. This is a structural weakness that we need to address.

Europe cannot afford to rely excessively on foreign payment solutions. Doing so makes us dependent on the kindness of strangers in a context of heightened geopolitical tensions. The urgency of preserving our autonomy in defence and energy is already extremely clear. But ensuring autonomy for essential services like daily payments is just as urgent. Without it, we are vulnerable to geopolitical threats and risk losing our monetary sovereignty. Recent international developments underscore these risks.

Meanwhile, our reliance on foreign payment providers weakens our economic potential and our ability to compete. Owing to the fragmented payments market, European payment service providers often lack the scale to offer their services across the EU. This plays into the hands of non-European providers that can offer their services at the European level, and even internationally.

Our fragmented market structure also comes with a large price tag. But it does not have to be this way – we have the power to decide how unified our payments market should be.

Data show that domestic card schemes are losing market share across Europe[8], while international schemes charge high fees to European banks and merchants.[9]

And the growing popularity of digital wallets like PayPal or Apple Pay is exposing European banks to further outflows of fees and data.

Most recently, the measures taken by the new US Administration to promote crypto-assets and US dollar-backed stablecoins raise concerns for Europe’s financial stability and strategic autonomy. They could potentially result not just in further losses of fees and data, but also in euro deposits being moved to the United States and in a further strengthening of the role of the dollar in cross-border payments. At the same time, private businesses are increasingly open to accepting stablecoins for customer payments, which could have far-reaching implications for monetary sovereignty.[10]

Faced with these challenges, we need a public-private partnership to retain our sovereignty. The digital euro – as a sovereign European means of payment based on EU legislation – would be the cornerstone of this partnership.

It would ensure that the euro area retains control over its financial future. By offering a secure and universally accepted digital payment option which would be suitable for all use cases – and, crucially, under European governance – it would reduce our dependence on foreign providers. And it would limit the potential for foreign currency stablecoins to become a common medium of exchange within the euro area.[11]

The digital euro would provide European consumers with a simple and safe digital payment option, free for basic use, that covers all their payment needs everywhere in the euro area while ensuring their privacy.[12] It would also protect European merchants from excessive charges imposed by international card schemes and put them in a stronger position to negotiate fees with these schemes.[13]

In addition, the digital euro could be used offline, making our daily payments more resilient as both consumers and merchants would still be able to use the digital euro without a network connection.

And, importantly, the digital euro would enable European payment service providers to operate autonomously once more.[14] The digital euro would not compete with private initiatives. Instead, it would exploit synergies and enable private initiatives to scale up more easily across the EU. This would help overcome the hurdles that have led to the current fragmentation.

One example of these synergies is offering an integrated solution that enables private initiatives to provide services across the euro area and effectively cover all use cases thanks to the common digital euro standards.

This would mean that people would not have to look for alternative foreign payment solutions. European banks would be able to retain their customers and be adequately compensated for their services.

The world of payments is changing fast, which is why it is crucial to move forwards with the digital euro legislation now.

The consequences of inaction are becoming increasingly apparent. Inaction could lead to a loss of control over our financial infrastructure, increased reliance on foreign systems and potential disruptions to our banking and credit systems. Delaying the digital euro would slow down our collective public-private response to these risks. European citizens are relying on us to secure Europe’s chance to drive change rather than watch from the sidelines.

Digital euro project on track

Let me now focus on the technical progress of our project.

The legal framework is crucial in shaping how the digital euro operates, including its status as legal tender and how privacy is protected. In parallel, the digital euro project is progressing according to schedule and we are nearing the end of the preparation phase.[15]

Together with market participants we are working on the digital euro rulebook – a single set of rules, standards and procedures for digital euro payments.[16] You have previously asked about the benefits a digital euro would have for the private sector. This rulebook will enable European payment providers to expand their services across the euro area by capitalising on the open standards and legal tender status of the digital euro. As soon as the legislation is adopted by the co-legislators, these standards can be finalised and market participants can use them, even before the potential issuance of a digital euro.[17] This would frontload the benefits for both merchants and consumers. Later this week we will publish an update on the progress we have made on developing the rulebook.

It is vital that the digital euro ensures the stability of the financial system – we have heard your concerns on this topic, and it is one of our key priorities. As I mentioned the last time we met, we are currently developing the methodology that builds a solid analytical base to determine the digital euro holding limit.[18] This methodology is based on the three pillars indicated in the draft legislation – usability, monetary policy and financial stability. We are building on the feedback we have received from all market stakeholders, and we aim to publish the results in the summer. Preliminary findings already indicate that using the digital euro for daily payments will not harm financial stability, banking supervision or monetary policy.

This public-private effort to regain our autonomy in the retail payment space will be more likely to succeed if it also fosters innovation, as some of you have mentioned previously. Therefore, last October we issued a call for expressions of interest in innovation partnerships for the digital euro.[19] The primary goal is to experiment with conditional payments and other innovative use cases. For example, we are exploring the possibility of allowing people to pay only if a given service is provided, thereby avoiding lengthy and uncertain reimbursement procedures.

We have seen a lot of interest from various market sectors, with around 100 applicants wanting to experiment further with new use cases and technological solutions.[20] These innovation partnerships will ultimately benefit all digital euro providers and users. Providers will be able to expand their customer and revenue bases, while users will benefit from innovative payment options.

In addition, technical work on privacy, offline functionality and operational resilience is progressing well. We are also in the middle of the procurement process to establish framework agreements with possible future providers of digital euro services.[21]

Finally, we are conducting comprehensive user research to gather actionable insights into user preferences and ensure that the digital euro offers people clear benefits.[22] This is something you also raised in the European Parliament's recent resolution on the ECB's Annual Report.[23]

Conclusion

Let me conclude.

The time to act is now. Making progress on both the digital euro regulation and the regulation on the legal tender status of cash has become urgent if we are to increase our resilience to possible disruptions and reverse our ever-increasing dependence on foreign companies.

We have been highlighting the importance of Europe's strategic autonomy since the very beginning of the digital euro project.[24] The good news is that both the co-legislators and the ECB have been working hard on this issue in recent years.

This is a public-private common European project, and as co-legislators you are central to making it happen. Now is the moment to make Europe's strategic autonomy in the critical area of payments a reality.

For the digital euro to be successful, we need robust and forward-looking legislation. The ECB stands ready to support you with technical input as your deliberations progress, and we will of course continue to update you on the progress we are making.

In a fast-changing world, let's show all Europeans that we respond to challenges head-on, protect our currency and guarantee people's freedom to pay as they choose.

Thank you for your attention.

1.

ECB (2024), *Study on the payment attitudes of consumers in the euro area (SPACE)*, December.

2.

ECB (2025), *Report on card schemes and processors*, February. In addition, only a limited number of European countries offer a domestic payment option for online shopping.

3.

According to the most recent ECB payment statistics, in the first half of 2024 international card schemes accounted for 66% of all electronically initiated transactions conducted using cards issued in the euro area (up from 61% in 2022).

4.

The total value of euro banknotes in circulation is currently just below €1.6 trillion. And banknotes circulate rapidly: in 2024 the value of banknotes supplied by banks to their customers was at a similar level, just above €1.6 trillion.

5.

The Eurosystem cash strategy aims to ensure that cash remains widely available and accepted as both a means of payment and a store of value. See also ECB (2025), “ECB selects motifs for future euro banknotes”, *press release*, 31 January.

6.

This approach ensures legal certainty for in-person payments and is aligned with the provisions laid down in the digital euro draft regulation. See Proposal for a Regulation of the European Parliament and of the Council on the legal tender of euro banknotes and coins, European Commission, COM(2023) 364 final, 28 June 2023 and Opinion of the European Central Bank of 13 October 2023 on a proposal for a regulation on the legal tender of euro banknotes and coins (CON/2023/31).

7.

ECB (2024), op. cit.

8.

ECB (2025), *Report on card schemes and processors*, February.

9.

EuroCommerce (2024), “EU businesses’ competitiveness impacted by current cards payments landscape – a call for urgent action”, *position paper*, 8 July.

10.

For example, PayPal has announced plans to offer its own stablecoin – PayPal USD (PYUSD) – as a payment option to more than 20 million small and medium-sized merchants by the end of 2025. This will allow merchants to easily pay their vendors in stablecoins through a new PYUSD-powered feature for paying bills. Instead of wiring payments through traditional banking networks, businesses will be able to send PYUSD instantly, with no intermediaries involved. PYUSD can be used anywhere PayPal is accepted, including millions of merchants worldwide. PYUSD can therefore already be used as a payment option on e-commerce platforms and at point-of-sale terminals, enabling merchants to accept payments from customers.

11.

See also Lane, P.R. (2025), “The digital euro: maintaining the autonomy of the monetary system”, speech at the University College Cork Economics Society Conference 2025, Cork, 20 March.

12.

An offline functionality would allow people to use digital euro even when they have poor or no network reception. Before making a payment, the user would need to prefund their offline digital euro payment account and the funds would be stored locally on their device. The payment would take place without any third-party involvement. For more information on privacy, see Daman, M.G.A. (2024), "Making the digital euro truly private", *The ECB Blog*, ECB, 13 June.

13.

As is currently the case for other payment systems, payment service providers distributing the digital euro would be able to charge merchants for these services. Price-setting for merchants and payment service providers would be subject to a cap, as proposed by the European Commission in its digital euro legislative proposal. As with the production and issuance of banknotes, the Eurosystem would bear the costs of establishing the digital euro scheme and infrastructure.

14.

There are several examples of market initiatives that aim to provide pan-European solutions. For example, 14 banks from France, Germany, Belgium, the Netherlands and Luxembourg are seeking to position a new brand, Wero, as part of the European Payments Initiative (EPI). Wero currently offers payment solutions for person-to-person and online (where accepted) use cases. While this is a positive development, Wero still has a limited scope in the EU and does not intend to expand into point-of-sale payments with a contactless (NFC) solution. In parallel, EuroPA, the European Payments Alliance, has been created, under which Bancomat, Bizum and MB WAY have started rolling out their service to enable users in Italy, Portugal, Spain and Andorra to send and receive money instantly via mobile phone number. While interoperability among domestic schemes has the potential to connect separate payment systems, achieving a truly seamless and integrated payment experience requires significant technical, regulatory and user experience challenges to be overcome, particularly when considering various use cases like point-of-sale and e-commerce. These European private initiatives could capitalise on the open standards and legal tender status of the digital euro, thereby expanding into new countries and addressing new use cases more cost-effectively.

15.

ECB (2024), *Progress on the preparation phase of a digital euro – Second Progress Report*, 2 December.

16.

The Eurosystem established a Rulebook Development Group for the digital euro scheme to obtain input from the financial industry, consumers and merchants. The Group consists of 22 public and private sector experts with experience in finance and payments. See ECB (2023), "Members of the Rulebook Development Group", 15 February. For more information, see the letter from Piero Cipollone to Aurore

Lalucq, Chair of the Committee on Economic and Monetary Affairs of the European Parliament, on the "Update on work of digital euro Rulebook Development Group", 5 September 2024.

17.

The digital euro rulebook would mandate common standards across the euro area. The digital euro acceptance standards would be made available for free for reuse by private parties, who will be able to develop their services on that basis. This will help private providers achieve a pan-European acceptance on a technical level, leading to cost efficiencies and a more integrated European payment market. The expansion of both their geographical reach and their portfolio of products will, in turn, make it easier for them to compete internationally. While technical acceptance would be guaranteed, commercial agreements would still be needed.

18.

The ECB has been working with experts from national central banks and national competent authorities to develop a comprehensive methodology for calibrating the digital euro holding limit. At the technical session on a digital euro held on 16 July 2024, Euro Retail Payments Board member associations shared their views on the factors influencing this calibration, which were incorporated into the development process. See ECB (2024), "Preliminary methodology for calibrating holding limits", 10 December.

19.

ECB (2024), "Call for expressions of interest in innovation partnerships for the digital euro", *MIP News*, 31 October.

20.

The applicants included 25 start-ups, 18 IT companies, ten other payment service providers, nine universities and five banks. Examples of new use cases include i) suburban transportation using a smartphone as the check-in/out device and allowing for conditional reimbursement if a service is delayed; ii) implementing consumer rights to withdraw from subscriptions, a process that is currently not always transparent.

21.

In 2024 we launched the process to select potential providers. We issued calls for applications to establish framework agreements for five digital euro components expected to be operated by providers outside the Eurosystem: (i) the alias lookup component; (ii) the secure exchange of payment information component; (iii) the fraud and risk management component; (iv) the offline component; and (v) a digital euro app and related software development kit. Other components, such as payment settlement, would be sourced from within the Eurosystem. For more information, see the letter from Piero Cipollone to Irene Tinagli, Chair of the Committee on Economic and Monetary Affairs of the European Parliament, on "Update on work of digital euro Rulebook Development Group and start of selection procedure for potential digital euro providers", 3 January 2024.

22.

The ECB has engaged a specialised provider to conduct comprehensive user research, which began in September 2024. The aim of this research is to gather actionable insights into user preferences to enhance the digital euro's value proposition. Key focus areas include: (i) a general segmentation analysis of the broader population to identify who would use a digital euro and what they would need; (ii) user preferences for holding limits that will inform the technical work on the methodology for calibrating the holding limit; and (iii) in-depth studies carried out with vulnerable groups and small merchants. The methodologies employed include surveys, focus groups, peer interviews and an online community for rapid consultation with users. The research findings are expected to be published in mid-2025.

23.

European Parliament (2025), *REPORT on European Central Bank – annual report 2024*, 22 January.

24.

ECB (2020), *Report on a digital euro*, October.