



# OUR PAYMENT SYSTEM AT A TIME OF GEOPOLITICAL RISKS

## CONSEIL RÉGIONAL DE LIMOGES

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1

# **Trends and challenges for payments in France and Europe**

# A rapid payment digitalisation process



## Increasing use of electronic means of payment

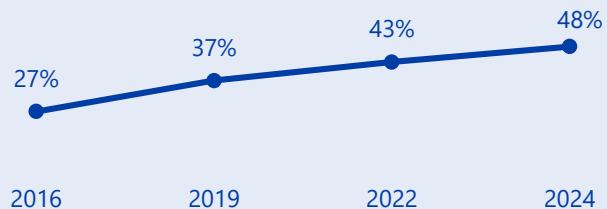
### Use of cash

(volume, in-store transactions, France, SPACE/ECB)



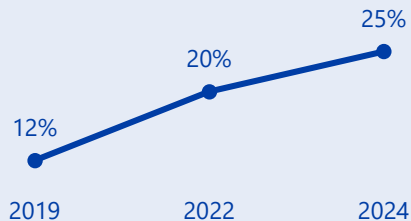
### Use of payment cards

(volume, in-store transactions, France, SPACE/ECB)



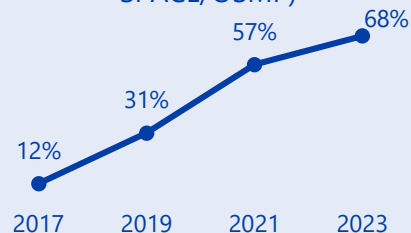
### E-commerce

(Day-to-day volume, transactions, France, SPACE/ECB)



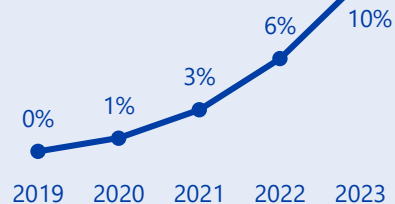
### Contactless payments

(Point-of-sale volume, transactions, France, SPACE/OSMP)



### Mobile payments

(Point-of-sale volume, transactions, France, SPACE/OSMP)



## Transformation of the ecosystem

**Apple Pay** **New actors** playing various roles (*FinTechs, BigTechs*, etc.), especially US and Chinese players

**Google Pay**



**New technologies** (DLT) based on instantaneousness, in response to a growing need for rapidity and related solutions

# Issues and challenges posed by the digitalisation of the European payments system



## Features of cash that are not available in the digital sphere



Universal acceptance (legal tender)



Free of charge



Anonymity



Central bank currency



## Increased dependence on non-European players



Sovereignty



Resilience



Competition



Integration



## Developments involving risks to monetary sovereignty



**New settlement assets** (crypto-assets) linked to non-European settlement platforms and infrastructure



## More complex fraud schemes



System for manipulating payers



Uncertainty created by AI



## DLT and tokenisation



Rapidity



Transparency



Cost



**New players** (BigTechs, FinTechs),  
**new challenges** (fragmentation, private assets)



## A January 2025 Executive Order in the United States:

1. prohibits the development of CBDC
2. promotes dollar-backed stablecoins
3. encourages the use of public blockchains

**2**

**Two additional responses:  
regulation/support and innovation**

# Adapting regulatory frameworks at national and international level



## Ensure a level playing field between players

- Open up competition throughout the payment chain as much as possible (NFC, etc.)



## Enable balanced innovation

- Monitor innovation to gradually adapt the regulatory framework (MiCA and crypto, etc.)



## Ensure effective consumer protection

- Introduce general security measures for payments (strong authentication, etc.)



- Ensure effective and meaningful competition where it exists (co-branding, etc.)



- Anticipate the expansion of major players to provide a balanced development framework (wallets, etc.)



PayPal™

G Pay



- Provide secure support for new payment means (instant transfers, etc.)

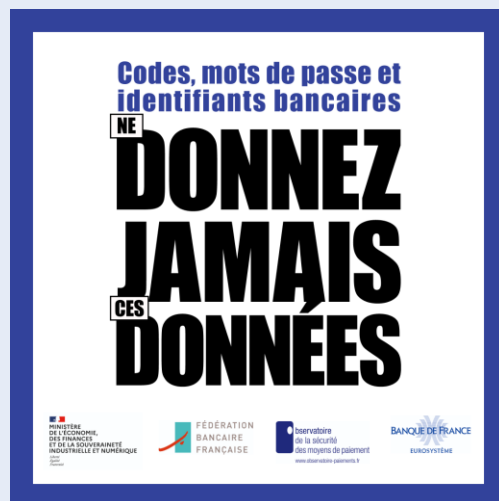


# Strengthening the security of means of payment



## Communicate with consumers in order to protect them

- With campaigns on radio, TV and social media



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## Foster cooperation between payment players

- Use discussion and recommendation platforms
- Strengthen cooperation with all relevant players (telcoms, cyber security, etc.)





# Promoting innovation by supporting private initiatives



A National Payment Committee with a national strategy for 2025-2030

**Pillar 1:** Confidence and sustainability

**Pillar 2:** Anticipation and innovation

**Pillar 3:** Attractiveness and sovereignty



## Supporting national initiatives



- Showcasing French industrial advantages
- Anchoring the principle of co-branding for the long term



## Supporting European initiatives



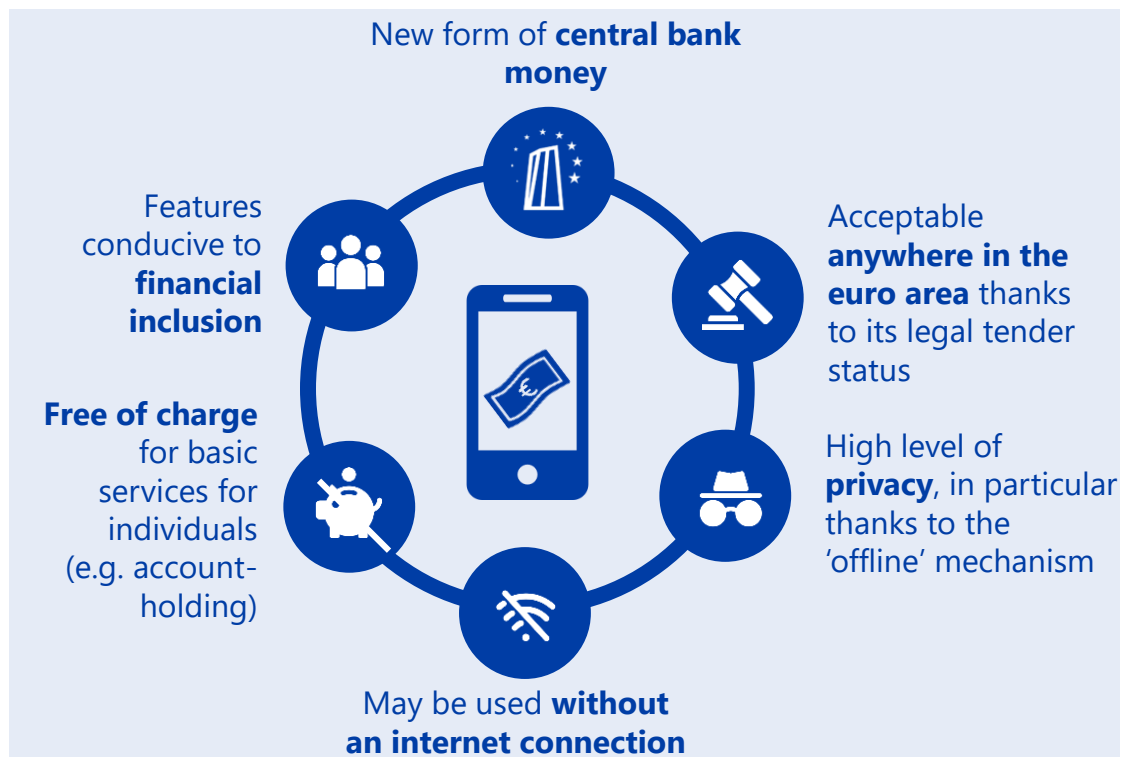
- Promoting **pan-European payment solutions**
- End dependence on non-European players





# Innovating with the digital euro: a European payment solution

## A “digital banknote”



Adapt to changing payment practices



Safeguards the anchoring role of central bank money



Guarantees the balance between public and private money

## A new solution guaranteeing EU sovereignty and integration



Under **EU governance** (incl. in terms of standards used)



Can be used **anywhere in the euro area** (thanks to its legal tender status)



May be used in **all contexts** (between individuals, in-store, on-line)

## Next steps



**Oct. 2021 – Oct. 2023:** Investigation phase

**Nov. 2023 – Oct. 2025:** Preparation phase (part 1)

**End-2025:** Decision of Governing Council concerning next phase

**The decision to issue a digital euro will not be taken until legislation has been finalised**

# From Wholesale CBDC to a shared European ledger

## Wholesale CBDC: key to financial stability

- Safeguards the **anchoring role of central bank money**
- Ensures secure settlement of tokenised securities and preserves **trust**
- Avoids increasing liquidity, counterparty and fragmentation risks

## Eurosystem experiments (2024)

- > 40 experiments (including 18 by the Banque de France)
- > 60 participants (banks, infrastructures, funds, fintechs, public infrastructures, etc.)

Conclusion: **a short-term operational solution is needed**



Banque de France  
preliminary work



Eurosystem exploratory  
work



Governing Council decision:  
February 2025



### A two-pronged approach:

1. Develop a short-term interoperability solution
2. Review possible long-term integration solutions



## Towards a shared ledger

### A new generation of infrastructure

- **European** governance
- Brings together and centralises tokenised assets, wholesale CBDC, etc.

- ✓ Potential lever for strengthening **the Savings and Investments Union**
- ✓ **Reducing the number of different silos** between current infrastructure
- ✓ **Smooth** market operations
- ✓ Promote greater **interoperability** between actors
- ✓ Strengthen **European sovereignty**

