

Burkhard Balz: Empowering Europe - how the digital euro unlocks digital sovereignty

Speech by Mr Burkhard Balz, Member of the Executive Board of the Deutsche Bundesbank, at the Global FinTech Fest, Mumbai, 9 October 2025.

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1 Introduction

Ladies and Gentlemen,

I am delighted to be a part of the sixth edition of the Global FinTech Fest—one of the largest FinTech conferences in the world. The fest brings together FinTech leaders from all over the globe.

To this day, 19 years ago, one of the most important steps in the history of the internet took place: Google acquired YouTube for only 1.65 billion U.S. dollar.¹ Today, YouTube is the biggest video sharing platform worldwide, dominating the global market.

This is just one example of Big Techs, predominantly from the U.S., dominating global digital markets. In sectors such as e-commerce and social media, where innovations and the strategic use of large datasets play a central role, companies like Google, Apple, and Amazon, are taking key roles. This holds also true for digital retail payments in Europe with Visa, Mastercard, and PayPal having large market shares.

As global geopolitical uncertainty rises, not only India has been put in a tight spot. For Europe, it reiterated the need to strengthen our strategic independence without hesitation. The digital euro represents a cornerstone of European digital sovereignty.

2 European Payments under Geopolitical Uncertainty

Let me focus on European cross-border payments for a moment. At present, almost two-third of all card payments in the euro area are processed by non-European, predominantly U.S.-based, providers such as Visa and Mastercard.

And almost two-thirds of all area economies lack a domestic payment solution. Only a little more than one third (35%) possess their own, independent, and domestic solution—one of them Germany with its Girocard. However, these payment solutions are typically limited to national usage and to specific applications. Cross-border payments within the euro area usually require the infrastructure of international providers.

Furthermore, e-commerce payments are dominated by non-European providers as well. For instance, in Germany PayPal is the major payment method used for online shopping with a market share of almost 30%.

Additionally, new providers face difficulties entering the market as they must compete against established, mostly American competitors. Technological developments have further reinforced these dependencies.

The popularity of these non-European systems is understandable—they are convenient, reliable, and usable across borders.

Yet, payment systems are not just a technical matter; they are critical infrastructure. An impairment of these systems could result in severe financial and economic consequences. Moreover, non-European actors like the international card schemes decide e.g. on the scheme fees to be paid by European banks and private providers gain valuable insights into economic and personal relationships, raising concerns about data sovereignty.

Looking forward, recent developments suggest that stablecoins might further increase the reliance on non-European firms in the payment industry. The U.S.-administration supports the crypto market and promotes the issuance of privately emitted stablecoins, pegged to the U.S. dollar. These could rapidly expand their presence, particularly in cross-border payments and digital applications. However, widespread use of U.S. dollar-denominated stablecoins may present significant threats to the euro area: European sovereignty in payments would be at risk.

This dependency raises questions on Europe's digital sovereignty. Europe needs its own, open, and trustworthy infrastructure for payments. The digital euro can become a strategic anchor in this regard.

The challenges we face in Europe are mirrored worldwide. The G20 have made faster, cheaper, more transparent, and more inclusive (cross-border) payments a global priority. India, for instance, has demonstrated the power of innovation in this area with its Unified Payments Interface. Other jurisdictions are similarly exploring digital currencies and new settlement arrangements, while also considering how their local payment systems and currencies—such as the Indian rupee—can play a stronger role in facilitating trade and financial flows. These developments underline that the debate about digital money and payments is not a European one alone—it is a truly global endeavor.

3 Strategic Response of the Digital Euro

Let me turn, now, to the European response, to our vision of a digital euro, which will boost autonomy, efficiency, and resilience of the European payments sector.

First, the digital euro will improve the autonomy of the European payment system. Europe cannot afford to heavily rely on foreign providers for critical infrastructure like payments. The digital euro would operate entirely on European infrastructures, granting a degree of operational independence.

Moreover, the digital euro will improve the autonomy of every single European citizen. This "digital twin" of cash shares many of its characteristics. Like cash, it would be state-guaranteed, always available, provide a higher degree of privacy than other

digital payment methods, and it would be usable all-over Europe. Whether in stores, online shopping, or transferring money to friends—the digital euro is designed to make payments simple, secure, and data-efficient. Additionally, offline payments would be possible to a limited extent, ensuring functionality even during internet or power outages. The digital euro translates into freedom of choice, which digital payment method Europeans would like to use.

Secondly, the digital euro would establish a unified payment zone within the euro area. Uniform European standards would guarantee a strong and future-proof payment system, while also simplifying cross-border transactions. Same standards, same scheme, same "payment rails" across Europe. Hence, the digital euro would enhance efficiency within the euro area. In addition, the digital euro could prospectively also be used abroad—although this is not our main objective in the near future.

Thirdly, the digital euro would strengthen the resilience of euro area economies against competing currencies and stablecoins by preserving the anchoring function of central bank money. Unlike stablecoins, which are prone to liquidity and credit risks, the digital euro would provide a secure and reliable alternative. Stablecoins, particularly those pegged to the U.S. dollar and not regulated within Europe, are not a viable substitute from a European perspective.

However, this ambitious project will take time. At the Bundesbank, we anticipate a gradual introduction no earlier than 2028. This is also due to the legislative process for the introduction of a digital euro by the European co-legislators which is still ongoing.

4 Conclusion

Ladies and Gentlemen,

Let me conclude by highlighting a crucial insight from the non-digital world.

As the American baseball player Hank Aaron said "In playing ball, and in life, a person occasionally gets the opportunity to do something great. When that time comes, only two things matter: being prepared to seize the moment and having the courage to take your best swing."

I am confident that Europe has got the opportunity to do something great and I can assure you: The Eurosystem is prepared to enhance the efficiency, resilience, and autonomy of European retail payments.

With the support of courageous legislators, I am confident that Europe will take its best swing.

Thank you very much for your attention!

1 <https://www.spiegel.de/wirtschaft/milliardendeal-google-uebernimmt-videoportal-youtube-a-441664.html>