Olli Rehn: Money and the monetary system - case Finland, 1811 - 2030

Lecture by Mr Olli Rehn, Governor of the Bank of Finland, at Tampere University, Tampere, 12 November 2025.

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Presentation accompanying the speech

Let me begin by thanking **Tampere University** for inviting me to give this lecture today. It is truly a great pleasure and an honour, as your university conducts **first-class research in the social sciences**, including economics. The Finnish Centre of Excellence in Tax Systems Research is a well-known case in point. I can personally testify to the quality of the education here because my dear wife holds a **Master of Social Sciences degree** from the University of Tampere.

Besides, I myself took 'Introduction to Economics', **Economics 101,** here, during one hot summer, after completing my military service. That was before heading to the United States to study **economics and international relations** on an ASLA/**Fulbright scholarship**.

So, if you have any **complaints or criticisms** about how the **eurozone debt crisis** was managed or now about my input in **ECB monetary policy** you can simply **blame the University of Tampere**!

Anyway, it really is wonderful to be back.

My lecture today is about **money and the monetary system, and how these have evolved and transformed over the past two centuries**. I will use Finland, and to some extent Europe too, as case studies.

This is more **economic history** than economics proper, reflecting my own background in **international political economy**.

Slide 2. Overview of presentation

I will start by discussing money and the definition of money. Then I will move on to different currency arrangements in Finland through history, with a special focus on the 20th century and the Finnish markka, our long-standing national currency.

After that, we'll look at the euro and how it was introduced. How has life been for Finland as a member of the EMU?

Let's then consider the new challenges ahead for the international monetary system, related to geopolitics and technological change. And finally, some conclusions.

Slide 3. What is money and how has it changed over two centuries?

Let's kick off with this question: What is money, and how has it changed over two centuries?

Money is a simple tool for a complex task. It does three jobs.

First, it is a **medium of exchange**. We use it to make payments. It spares us the trouble of barter. If I'm selling timber and want bread, I do not have to find a baker who needs timber. Money stands in the middle and makes trade possible. Related to that, money is also the legal means of payment of debts.

Second, it is a **unit of account**. It enables pricing of goods and services. It is used in contracts as a standard of debts and other obligations. Profits and losses are measured in it. When the unit of account is under pressure, the economy may falter. When the unit is steady, people can make plans for the future.

Third, it is a **store of value**. It preserves purchasing power over time. The store should not be taken for granted though. Inflation may eat away at it. Panics and scares can undermine it. But the point is simple: money ought to hold its worth well enough that people can save, investment can grow, and everyone can sleep soundly at night.

These three functions of money stand on one foundation: **trust**. Trust that the coin is true. Trust that the banknote will be honoured. Trust that the deposit can be redeemed.

Trust does not appear by magic. It is earned and guarded by institutions and through rules and regulations - mints, central banks, courts, laws, regulated practices and procedures. This we can call **a monetary system**. And when we link the various national or supranational monetary systems together, we get **the international monetary system**.

Over the past two centuries **the form of money has changed, but its functions have not**. We moved from metal coins to paper banknotes, used as fiat currency (which is legal tender and inconvertible to metal), and from banknotes to bank deposits, then to credit and debit cards, and from cards to electronic and instant payments.

As for the monetary system, over time we have seen hard pegs to gold and silver, we have seen fixed exchange rates, let currencies float, and we have built currency unions between countries.

And today, we see the terms tokenised deposits, stablecoins and central bank digital currencies.

Through all of this, one lesson is clear: **the form can change, but the function remains**. If trust is strong, the system works. If trust fails, nothing else will help. Let me next elaborate on this by focusing on Case Finland.

Slide 4. Finnish currency arrangements: 1811, 1860, 1865, 1878

Finland's monetary story begins, in modern form, in **1811**, when Tsar Alexander I of Russia established the central banking office that later became the Bank of Finland. This makes us the fourth oldest still existing central bank in the world.

Furthermore, we can also say that we have a claim for the world's oldest central bank, the Riksbank, because when that institution started its operations in **1668**, Finland was still an integral part of Sweden!

The creation of a central bank for Finland was discussed at **the Diet of Porvoo**, which was a gathering of the four estates of Finland convened in 1809 after Sweden lost Finland to Russia. Meeting in the town of Porvoo, the four estates swore an oath of allegiance to the Tsar, who in turn confirmed Finland's old laws, religion and privileges – including private property.

The Porvoo Diet proposed the setting up of a central bank under the supervision of the Diet, but this was not acceptable to the Tsar. The central bank was instead subordinated to the economic department of the newly created Grand Duchy of Finland – first in Turku, from 1811, and then from 1819 onwards in Helsinki.

The political purpose was clear. Following its crushing defeat in the War of Finland in 18081809, Sweden had ceded Finland to Russia in the Peace Treaty of Hamina in 1809. St Petersburg wanted a measure of monetary order in the new Grand Duchy and to replace the Swedish currency in circulation with Russian roubles.

However, in the first decades after 1809, both Swedish *riksdalers* and Russian paper roubles circulated in Finland. Eventually, the **rouble** dominated, but it was no model of stability. In particular, it was badly shaken by the Crimean War of 18531856. In Finland, the need for a domestic anchor became plain. So, in **1860**, Finland introduced the **markka** as a national unit.

At first the markka was defined as ¼ of the paper rouble. The key break came in **1865**, when the markka was **pegged to silver** and thus freed from the instability of the rouble. It was a polite way of saying: "Thank you, but we'll do this **our way**."

There was a parallel plan in St. Petersburg to stabilize the rouble too, but that plan was derailed by the uprising in Poland and the ensuing costly war. Finland was unaffected, however, and so managed to establish a national monetary system of its own.

The pegging of the currency to a precious metal was not a passing fancy. It was a major signal: Finland wanted credibility, access to European capital, and a place in European trade. It was a means of integration: silver was the dominant monetary standard in Northern Europe at the time.

The late 19th century was a time of economic liberalism and rapid growth in Finland. The Finnish **Law on Freedom of Trade**, enacted in **1879** (effective in 1880), abolished the old guild restrictions and granted citizens the general right to engage in business. Though the priest and liberal policy entrepreneur **Anders Chydenius** had died decades earlier, his **18th-century advocacy of economic liberty and free enterprise** deeply influenced the intellectual climate that made such reform possible. The law thus realized, in practice, the Enlightenment ideals of economic freedom that Chydenius had articulated more than a century before.

The final currency step of this era came in **1878**, when Finland joined the European trend of the 1870's and **adopted the gold standard**, with the markka at parity with the French franc. By pegging to gold at the same gold content as the franc, Finland effectively became integrated with the **Latin Monetary Union** as a kind of 'associate member' at the time.[1]

Again, there was a concurrent plan to take the rouble to the gold standard as well, but that had to be abandoned because of the Russo-Turkish war. As a result, Russia followed Finland to the gold standard only two decades later in 1897.

That anchor of gold held until the First World War. It gave us credibility, capital and access to international markets. Many a railway or factory was built on that foundation. The benefit was concrete: the country could raise funds in Frankfurt, Paris and elsewhere for example, for railway routes like the important Savonian line in Eastern Finland.

A currency is not a mere symbol. It is a bridge to the world – and to the future.

Slide 5. Currency regimes in the 20th century

Fast-forward into the 20th century and we see a collection – if not a cavalcade – of monetary architectures. And Finland experienced most of them up close.

1915–1926: Paper standard. The First World War brought a suspension of gold convertibility and rapid inflation. Money served the home front first – stability was compromised and came only later.

1926–1931: Return to the gold standard. After the First World War, Finland like the United Kingdom and others went back on gold. But the old world where the gold standard had worked, had gone. Democracy and strong trade unions, and the highly indebted agricultural sector, made deflation, once the tool of 'internal devaluation', both hard and harmful. Once the Great Depression started, the deflation required by gold proved politically and socially untenable, as Barry Eichengreen has demonstrated.[2]

1931–1933: Floating exchange rate. The gold exchange standard had to be abandoned. Finland devalued its currency and floated, following the United Kingdom and the Scandinavian countries.

1933–1939: Pound peg ('the sterling area'). The markka, and the Scandinavian currencies, were pegged to the British pound. This fitted the trade patterns of the day: the UK was our main export market, above all for forest products. The economy grew briskly in the late 1930s.

1939–1949: Exchange controls. War and reconstruction required rationing of foreign exchange. The external constraints were tight. Controls were necessary, but they were costly in terms of lost efficiency. There was high inflation, and after the war there were several devaluations.

1949–1971/73: Bretton Woods par value system. Fixed but adjustable exchange rates anchored to the US dollar. Membership of the IMF (since 1948) and full current-account convertibility (from 1959) tied Finland into the post-war Western economic order. These were years of fast growth, industrialisation and the expansion of the welfare state.

Between **1959 and 1961**, Finland moved from postwar exchange controls to full participation in the Bretton Woods monetary system. In **1959**, the government ended foreign-exchange rationing and restored current-account convertibility, aligning with the broader European liberalization of payments. Over the next two years, the **Bank of Finland** strengthened reserves in preparation for formal entry into the IMF's framework. This transition culminated in **September 1961**, when Finland **declared a par value for the markka** and accepted the obligations of **IMF Article VIII**, marking the official completion of its monetary liberalization and full integration into the postwar international financial order.

Yet the economy remained volatile. The markka was devalued roughly every ten years from the post-war period until 1992. The lesson from this is that fixed rates alone do not guarantee an equilibrium and stability if economic policy is loose and wages run ahead of productivity.

1971/73–1991: Currency basket. When the dollar was delinked from gold and the oil shocks occurred, Europe and the world were compelled to improvise. Finland pegged the markka to a **currency basket** that reflected trade shares.

In Western Europe the European Monetary System and the Exchange Rate Mechanism, the **EMS/ERM,** emerged under a de facto Deutsche mark anchor – the Bundesbank was the European leader in monetary policy.

1991: European Currency Unit peg. In June 1991, Finland shifted from the trade-weighted currency basket to a peg against the **ECU**, a composite of EU currencies, thereby tightening our link to Europe. It was as much a political as an economic decision, if not more.

The decision to peg the markka was taken after a serious stand-off between the new Government, led by Prime Minister Esko Aho, which would have preferred a 'final devaluation' of between 5% and 10% to correct cost competitiveness when pegging, and the Board of the Bank of Finland, which proposed pegging to the ECU with the then current exchange rates. The Board strengthened its stance by threatening to resign if the markka was devalued. The Government yielded at first.

But the tension did not disappear. On the contrary, Bank of Finland Governor Rolf Kullberg was forced to resign in April 1992, while the Government appointed Sirkka Hämäläinen as the new Governor. She later served on the first-ever European Central Bank Executive Board in 19982003.

1992–1996: Float. The early 1990s crisis born of a failed financial liberalisation, free but excessive capital flows, a fixed exchange rate, lax fiscal policy and the collapse of Soviet trade led to mass unemployment by 1992. In 1991, Finland's GDP fell by 7% and the number of people unemployed increased by 150,000.

The economic crisis and the parallel international currency crisis of September 1992 forced Finland to let the markka float. I, for one, thought of it as **the Last Devaluation** – the final drink before quitting the habit.

The markka fell sharply, at one point roughly 40% against the ECU. By spring 1993, exports had surged and the current account turned for the better. Interest rates, then a key measure of trust on the economy, started finally to decline. But the cost at home was heavy: bankruptcies and a long, painful shake-up of balance sheets. For a long time, job creation failed to counter the job destruction, which was largely structural, occurring in the wake of events within and outside Finland.

Slides 6-8. Impossible Trinity

The period from roughly 1988 to 1992 is of particular importance from the standpoint of monetary policy and monetary regime choice. Finland in that period is a perfect case study in what is known as 'impossible trilemma' or 'trinity'.

The **impossible trinity**, also known as the '**Mundell-Fleming trilemma'**, is a core concept in international macroeconomics. It states that **a country cannot simultaneously have all three** of the following policy goals:

1. **Free capital mobility** (no restrictions on capital flows – investors can move money in and out freely).
2. **A fixed exchange rate** (the domestic currency's value is pegged to another currency or a basket of currencies).
3. **An independent monetary policy** (the central bank can set interest rates to achieve domestic goals, like inflation or unemployment).

In other words, a country can **choose only two** of these three at the same time – the third must be sacrificed. In a nutshell, you cannot have a fixed exchange rate, free capital flows and an independent monetary policy all at once.

I must add that Professor Hélène Rey, has in her empirically grounded papers in 2013-15, suggested a significant revision of the Trinity. Her reformulation of the trilemma into a **"dilemma"** captures a deeper truth about the contemporary global monetary order: sovereignty in finance has become conditional. The global financial cycle – driven by the liquidity, leverage, and risk preferences of dollar-based markets – binds national policy far more tightly than exchange-rate regimes once did. In this system, **the U.S. dollar functions as both a currency and a global infrastructure**, transmitting financial impulses across borders and shaping the rhythm of credit worldwide.

Rey's insight thus redefines monetary autonomy not as the freedom to set interest rates independently, but as the **capacity to manage exposure to the global balance sheet** through macroprudential, regulatory, and institutional means. The modern challenge is thus not to escape interdependence, but to govern it, or at least, manage it – a task that lies at the heart of the post-crisis debate over the future of global finance and the boundaries of economic sovereignty.

Anyway, for Finland, the 'impossible trinity' was a hard lesson in the late 1980s and early 1990s. According to the ex-post analysis of the Finnish economic crisis of the 1990s, the central causes behind the overheating of the late 1980s and the subsequent deep recession were financial market and monetary factors and monetary policy. This was also the conclusion of the three foreign economic experts commissioned by the Bank of Finland in 1993 to conduct an in-depth study.[3]

It is worth noting that Dr. Sirkka Hämäläinen, Governor of the Bank of Finland from 1992 to 1998, asks in her memoirs whether it would have been possible to move already to a floating rate regime in the early 1980s. Some Bank of Finland economists had in fact analysed this matter earlier and even recommended opting for a floating exchange rate regime. But, as she notes, "the Governor and the majority of the Board did not warm to such ideas".[4]

Hämäläinen also concludes that even if the Governor and the Board had been ready to pursue a regime change to floating rates, they would have faced formidable opposition not only from the politicians and policymakers, but also from the export industries. These, as well as the labour market partners, clearly saw the exchange rates as far too important to be left to the whims of the markets. The export industries, both the corporate leaders and the trade unions, were accustomed to the support of devaluations when the going got tough.[5]

Dr. Pertti Kukkonen, one of the most perceptive and intellectually honest critics of central bank policy of the time, argued that a floating rate regime would have facilitated both a revaluation in 1988, which would have contained overheating, and an earlier devaluation in 1990, which would have relieved the downward spiral of production and employment. He regrets the collapse of the "social contract" (which was referred to then as 'Sorsa's contract') proposal in the autumn of 1991 and criticizes the trade unions and export industry for not accepting an internal devaluation, which would have been less costly for growth and jobs than the external one.[6]

As Kukkonen writes: "If the markka had been floating, monetary policy would have had a larger countercyclical impact, but floating did not yet fit in the realm of ideas in European economic policy in the 1980s."[7]

1996–1998: ERM link on the road to Economic and Monetary Union. Finland joined the EU in 1995. As its economy stabilised, Finland tied its exchange rate to the Exchange Rate Mechanism of the EU, thereby paving the way for becoming a founding member of the euro.

1999–today: The euro. First as a fixed euro conversion rate used only for accounting purposes and electronic payments; then the launch of euro coins and banknotes in 2002.

Over time the euro's institutions have moved from **EMU 1.0** to the more robust **EMU 2.0** , including a sturdier framework for European economic governance, a permanent crisis fund (the European Stability Mechanism, ESM), new legislation for banking regulation, supervision and resolution, as well as the creation of the euro area banking union under the auspices of the ECB.

In short, Finland has experienced floats and pegs, metals and paper, currency baskets and unions. Each move was a response to the conditions at the time. None was a magic solution. But, taken together, they represent our path from peripheral volatility to European stability.

Slide 9. The euro and why it was introduced

The euro was not born of romance. It was born of hard problems.

After Bretton Woods collapsed, Europe faced recurring exchange-rate crises. The EMS /ERM worked until it did not. In **1992**, currency pressures swept the system. German unification had shifted the centre of gravity. Capital was mobile. National politics clashed with monetary constraints. Competitive devaluations returned and sapped trust.

At the same time, in 1993, the European **single** market was established. Goods, services, labour, people and capital were to move freely. But a market without monetary stability is a table with one leg short. Prices, wages and interest rates cannot be compared if exchange rates fluctuate. Finance cannot be well integrated if currency risk dominates.

The euro promised three things. **First**, to end the game of beggar-thy-neighbour devaluations inside Europe. **Second**, to deliver price stability under a rules-based, independent central bank system. **Third**, to deepen the single market by stripping out exchange-rate costs and noise.

There were **political goals** too. After the Cold War, Europe needed anchors. A common currency, run by a supranational central bank and embedded in law, was seen as a strong anchor. France and Germany made the decisive bargain: in effect, Europeanising the anti-inflation credibility of the Bundesbank by embedding it in a new European Central Bank, and binding German power within shared institutions.

The design was not perfect. The original EMU was a monetary union without a full fiscal and financial union. That gap would matter later. But the purpose was clear and, for most EU countries, compelling.

Slide 10. Finland in the euro

Why, specifically, did Finland join?

The 1990s had taught us a hard truth – actually this was already apparent in the 1970s and 1980s as we were living then in a devaluation-inflation cycle, with periodic devaluations following high inflation and the erosion of the competitiveness gains of the previous devaluation. That is with free capital movements and a fixed exchange rate, a small country cannot run a patchwork of lax or inconsistent policies and expect mercy from the markets. We needed a **credibility anchor** that could not be kicked away in a storm. The euro offered that.

What has it brought?

Stability, first of all. Compared with the early 1990s, the euro years – since its creation in 1999 – have delivered low and predictable inflation, lower interest rates, and a more even cost of capital.

Trade and investment have benefited from the removal of currency risk within the euro area. **Households** have gained from price transparency and ease of payments. **Businesses** have gained from a deeper market for finance and customers.

Slide 11. Responses to the financial crises

After almost a decade of the euro, came the litmus test – or the moment of truth.

The global financial crisis and the euro area sovereign debt crisis exposed the **faults of EMU 1.0**. A single monetary policy alongside many nationally regulated banking systems and national fiscal policies can breed imbalances when credit flows too quickly in some parts of the network. When the tide went out, such imbalances left weak banks, fragile sovereign finances, and a dangerous feedback loop between the two.

Europe's answer, though slow, was real and resolute. It built a **banking union** with common supervision and resolution. It created a **permanent crisis fund, the European Stability Mechanism (ESM)**. The ECB acted as a central bank should in a crisis: lender of last resort to the system, guardian of the payments backbone, and, in exceptional times, buyer of last resort to prevent self-fulfilling panics.

The architecture moved towards **EMU 2.0**. Not perfect, but stronger.

It has provided resilience during the many crises of the 2020s, from the COVID-19 pandemic to the economic consequences of Russia's illegal war in Ukraine, including the subsequent energy crisis and inflationary surge.

But still the euro and EMU are very much work in progress.

For Finland the core lesson is not new. A country in a currency union must keep its **competitiveness** aligned with productivity. It must keep its **public finances** resilient, not just for today, but for the next shock and for the realities of an ageing society. Wage-setting must be moderate enough to support employment in a small, open economy. Innovation and education must feed productivity – human capital matters. Finance must be well supervised and capitalized.

The euro does not do these jobs for us. But it makes success in these more likely if we do our own job well as a society.

Slide 12. New challenges for the international monetary system

The next chapter in this story is being written on two fronts at once.

First, **geopolitical confrontation**. The world is less rules-based and more power-based than a decade ago. Tensions between the United States and China run through trade, technology and finance. Sanctions and export controls have become standard tools. Payment systems and reserve currencies are viewed and used as instruments of statecraft.

The **US dollar** remains **the dominant reserve currency**. Market depth, ample liquidity and the rule of law can keep it at the top. But the use of financial sanctions is encouraging some countries to seek partial workarounds: more trade invoicing in other currencies, regional payment systems, and local currency swaps.

Escalating geopolitical tensions, trade wars and volatile policy shifts are reshaping the rules of global finance. While the US dollar will likely remain dominant, its supremacy may become somewhat less hegemonic in the evolving more multipolar world economy.

As to the euro, it is a solid regional reserve currency, and globally distant second – for the euro to become **a more broadly used global anchor**, Europe will need to act strategically and reduce its dependencies.

Europe must not simply drift in this global environment. It must strengthen its economic base, reduce strategic dependencies and be able to stand on its own feet - while keeping alliances strong.

The second front is **technological disruption**. Here the words are new, but the questions are old: Who issues money? Who controls the payment rails? And who bears the risk?

- **Crypto-assets** without backing promise much but deliver little as money. They are volatile and speculative. They fail the tests of unit of account and stable store of value.
- **Stablecoins** are different in design. They promise a claim on safe assets say, short-term government bills wrapped in a token that moves fast on new rails. The EU now has a **harmonised rulebook** for crypto-assets and stablecoins. The US has moved to a more permissive model with strict reserve requirements for issuers. There is room for coordination between the EU and the US, but the politics have not yet reached this point.
- **Tokenised deposits** are the banking sector's answer. They keep money inside the regulated system, make it movable on new infrastructures, and allow programmability without breaking the link to insured deposits and central bank

settlement. If well designed, they can give us the **speed of tokens** with the **safety of banks**.

- **A central bank digital currency** in Europe, the **digital euro** will be for broad use by the general public. In October, in the ECB Governing Council, we decided to move to the next phase, ensuring technical readiness. A digital euro will be legal tender in digital form, the monetary anchor in the digital world, available to households and businesses, designed to be private by default for small payments and safe by design for all. It would **complement, not replace, cash**. It would ensure that in a digital age the basic unit of money remains a **public good**, not a private monopoly.

Slide 13. A stronger international role for the euro

A stronger international role for the euro is increasingly seen as desirable. But it requires a stronger, more dynamic Europe. Both in terms of its security and its economy.

The euro's global weight ultimately depends on the vitality of the economy behind it. That is why the path forward rests on **three key priorities: Defence, Dynamism and Digital Sovereignty.**

The first D is Defence and security as an economic asset. Russia's war of aggression in Ukraine has reminded us, painfully, that **security and economics are inseparable**.

The second D is **Dynamism** the engine of Europe's prosperity and the foundation of the euro's strength. The lesson is simple: **a currency cannot be stronger than the economy it represents.**

The third D is **Digital Sovereignty** perhaps the most strategic frontier of all. In this arena, Europe is far too dependent on non-European platforms and payment systems.

At the same time, **US dollar-backed stablecoins** are spreading rapidly, aiming at extending dollar dominance into digital finance.

Europe is not ignoring this shift. That's why the **digital euro** is important.

Together, the three Ds form **a coherent strategy for a *stronger Europe and a stronger euro***. And all three support one another: **a credible defence** requires a dynamic economy to fund it; **economic dynamism** benefits from digital innovation; and **digital sovereignty**, in turn, depends on both secure infrastructure and economic scale.

Technology also changes power. If the rails of payments are controlled from afar, sovereignty is eroded. If key platforms are private and foreign, policy levers shrink. This is why, in the 2020s, **digital sovereignty** means monetary sovereignty. Europe should ensure the backbone of its payment infrastructure remains open, interoperable and resilient but it must not be naïve about this.

One more hard fact, if I may. A global currency needs a **deep, liquid safe asset** behind it. The US has its Treasury securities. The EU has a patchwork. Its joint issuance has grown in recent years for specific common purposes, but a larger, permanent pool of safe euro-denominated assets anchored in sound fiscal rules would help integrate capital markets and strengthen the euro's international role. Defence and security, if funded wisely together, could form both a shield and a financial mainstay.

Slide 14. General conclusions

This brings us now to my conclusions. I will summarise five key lessons.

First, money is **a social contract** backed by the state and tested by the market. Its three jobs exchange, account, store are simple to state and hard to maintain.

Institutions and credibility do the heavy lifting. However, there is **no perfect regime**. Fixed exchange rates bring discipline but can become a straitjacket. Floating rates bring flexibility but can tempt drift and reduce credibility. A currency union brings stability of prices and payments, but it demands that members keep their own houses in order.

Second, Finland's path shows that **currency choice is the result of policy**, not fate. We moved from rouble instability to silver, from silver to gold, from pegs to floats, from baskets to the euro.

Each shift matched a need: to attract capital, to stabilise trade, to escape crisis, or to anchor expectations.

Today, with Finland in the euro, there is **work that only we can do**. We must keep competitiveness aligned with productivity. We must keep public finances resilient in an ageing society. We must invest in education, research and innovation. We must supervise the financial sector well. We must ensure that wage-setting supports employment in our small, open economy. These are not tasks for Brussels, or Frankfurt. They are ours.

Third, the euro is a **stability project**. It brought to an end the European habit of competitive devaluations. It delivered low inflation and deepened the single market. Its first design had gaps in it, but its second design is sturdier.

The task now for the EU is to finish the job. This means completing the banking union in practice, building a true capital markets union, and ensuring that fiscal rules are simple, credible and countercyclical.

Fourth, the international monetary system is entering a **more contested and more technologically advanced era**. Dollar dominance will likely persist, but the edges are fraying. Europe must reduce strategic dependencies, guard its digital and financial sovereignty, and act with partners where interests align.

Fifth, in money as in politics, **pragmatism beats ideology**. We should **use what works and fix what fails**. This means regulating the new forms of private money so that they do not undermine stability. It means building a digital euro that is useful, secure and privacy-preserving. It means considering how Europe can supply more of the safe assets that a strong currency requires. And it means sticking to the rule of law and open markets, because they are the true engines of trust.

Slide 15. Case Finland, 18112030

The time span from 1811 to 2030 is long, but the thread is clear. A small, open economy can prosper when it marries **stability** with **adaptation** and **reform**.

Yesterday we sought credibility with silver and gold.

Today we hold it with the euro.

Tomorrow, whatever form money takes we will need the same plain virtues sound institutions, honest accounts, careful risk-taking, steady reform, economic and entrepreneurial dynamism.

If we keep this compass, Finland will not be a passive participant in the next chapter of Europe's monetary story, but will help to write it.

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[6] Kukkonen, Pertti (1997), Rahapolitiikka ja Suomen kriisi, PTT publications no. 16, pp. 24, 3362.

[7] Ibid., pp. 2021.