

Primož Dolenc: Opening address - "Stablecoins and their impact on financial stability"

Opening address by Mr Primož Dolenc, Acting Governor of Banka Slovenije, at the event "Stablecoins and their impact on financial stability", Split, 26 February 2026.

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My Esteemed Colleagues,

It's an honour for me to be able to welcome you to today's event. When today we talk about digitalisation, we're no longer talking about the future, but about realities that already have thoroughly shaken up our everyday lives. At Banka Slovenije we're monitoring these shifts closely, as they're changing the very nature of what lies at the heart of our mandate: money.

Today we're here to address one of the most important challenges facing the modern financial system: tokenisation. This process, which aided by distributed ledger technology – DLT – is converting real assets into digital tokens, brings the promise of greater efficiency, lower costs and 24-hour accessibility. But as the guardians of financial stability, we must ask ourselves this question: which money will these transactions be settled in?

Right now stablecoins are the *de facto* means of payment in the tokenised ecosystem. The market capitalisation of stablecoins stood at around 170 billion US dollars at the end of 2024, but is now almost 315 billion. This is impressive growth, but if we look a little more closely, we can see a profound asymmetry. The vast majority of stablecoin is denominated in US dollars.

The dominance of coins like Tether and USDC raises the question not only of market share, but also of monetary sovereignty. In Europe we have put in place the most comprehensive regulatory framework in the world, in the form of the Markets in Crypto-Assets Regulation or MiCAR. The MiCAR is not just a collection of rules; it's our defence mechanism, which ensures that issuers of stablecoins operate safely, transparently, and with adequate reserves. And yet we should be clear: regulation is just one side of the coin. Although the MiCAR allows the issuance of sound stablecoins, which can be denominated in euros, we must face the fact that the market is currently still gravitating towards the dollar. Meanwhile US is actively promoting stablecoins as a means of financing its own public debt, via the Genius Act, legislation adopted last year but yet to take effect. At the same time we should be aware that despite the introduction of the MiCAR, a significant chunk of the crypto ecosystem remains outside the regulatory framework – for example the field of decentralised finance or DeFi. This raises additional questions with regard to security, transparency, and protection of users, which need to be addressed in the future.

As a representative of a central bank, I want to highlight a key principle: unity of money. This means that a hundred euros in your existing payment account, a hundred euros in your pocket, and a hundred euros in any new form of advanced technology must always be equal, and mutually convertible without friction.

Privately issued stablecoins always carry the risk of fragmentation, irrespective of how well they're regulated. If we allow them to become the dominant means of payment, we run the risk of the financial system fracturing into closed gardens, where rules are set by the issuer, and not the central bank.

This is why in the Eurosystem we're focusing not only on the effective functioning of the market, but also on developing our own solutions that go significantly further than stablecoins. In first place we can of course look no further than the digital euro, which will ensure that public money remains an anchor of stability in the digital age. It will be available to all, secure, and impartial. Of course we're also focusing on solutions that will allow the market to innovate on the basis of secure and regulated infrastructure.

To put these concepts into practice, we're conducting a range of experiments in the Eurosystem for the settlement of large-value transactions based on innovative technologies such as DLT. Namely tokenised central bank money, and tokenised reserves.

The first of these is the PONTES project, a short-term bridge to setting up a long-term solution. It will connect advanced DLT platforms with traditional infrastructure such as the TARGET system. The aim is to allow the market to quickly reap the benefits of tokenisation, while maintaining settlement in central bank money via existing infrastructure.

The long-term path is being paved by the APPIA project, whose name is taken from the famous Via Appia, the "queen of roads" that connected Ancient Rome to the further outreaches of the empire, and helped to fuel trade, the fast flow of information, and development. The APPIA project is similarly opening new pathways for connection and progress in the modern financial system. It involves the development of entirely new infrastructure, with central bank money providing the foundation. We're investigating how central banks could directly issue digital reserves in token form, which would allow for the extremely quick and secure settlement of complex financial operations, from securities settlement to cross-border payments.

Slovenia is not only playing a part on this pathway, but is leading by example. In 2024 it was one of the first countries in the world to issue government bonds on a DLT basis. This was not merely a technical experiment; it was a signal to the markets that Slovenia is ready for digital capital markets. The experience gained in this way is key not only from the point of view of using advanced technology, but also in the formulation of future policy at European level.

Today's event is important to us all, in that the crypto ecosystem operates globally, and often takes no account of traditional separations between countries or supervisory authorities, requiring cooperation and a coordinated approach by all stakeholders.

- For our supervisors, it means taking new approaches to monitoring risks in real time.
- For financial stability specialists, it means analysing new channels along which shocks could be transmitted between crypto markets and the traditional financial sector.

- For the Slovenian banking sector and financial industry, it is a call for readiness. Stablecoins, tokenised deposits and other tokenised assets are above all a reminder that users expect faster and cheaper services.

Our goal at Banka Slovenije is clear: we encourage innovation, but aim to ensure that this innovation presents no threat to people's savings. We want a financial system that is efficient, but stable and resilient to cyberattacks and system outages.

The tokenisation of money is a journey that has only just begun. Although tokenised markets right now are dominated by foreign actors and private-sector solutions, with projects like PONTES and APPIA and through pioneering steps like Slovenia's issuance of DLT bonds, we in the European Union have all the ingredients for taking up a leading role.

Today we'll be able to hear a variety of opinions – from the regulatory views of ministries to the practical experience of industry. I invite you all to bold and critical debate. The future of our monetary system lies in our hands.

Thank you for your attention.