

Burkhard Balz: Cash and the digital euro – complementary forms of public money

Opening statement by Mr Burkhard Balz, Member of the Executive Board of the Deutsche Bundesbank, at the ESTA Conference and Exhibition 2026, Berlin, 8 June 2026.

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1 Introduction

Ladies and gentlemen,

Thank you very much to ESTA and Bundesvereinigung Deutscher Geld- und Wertdienste (BDGW) for the invitation and for hosting this conference. The question the conference puts at its centre – the role of cash as payments become more digital – is also one I would place at the centre of my own remarks today.

In the Bundesbank's Executive Board, my responsibilities cover cash, payments and settlement systems, as well as the work on the digital euro. These areas are sometimes presented as competing priorities. In fact, they are not. They share a single objective: that people and businesses in the euro area can pay safely, efficiently and reliably – also as payment habits change.

2 Two forms of public money

Let me begin with one observation that, for this audience, deserves to be stated at the outset. The legislative work on a digital euro does not stand alone. It is part of the European Commission's Single Currency Package, which contains two parallel proposals: one on the digital euro, and one on euro banknotes and coins. The two proposals are designed to be considered together.

The cash proposal clarifies the concept of legal tender, reinforces the obligation to accept cash in retail, and requires Member States to ensure that access to cash remains a practical reality. These are not technicalities. They are the legal anchor for the daily functioning of the cash cycle in Germany and across Europe. The Bundesbank actively supports this approach. Cash remains the physical core product of the central bank, and the Eurosystem cash strategy reflects that.

In this context, the digital euro is not designed as a replacement for the cash cycle. It is being developed as a complement to it, in an area where central bank money is not yet directly available to the public for everyday digital payments.

3 Why we need a digital euro

That area is digital payments. Payment habits are changing. In Germany, the share of transactions paid in cash has declined from 74 percent in 2017 to 51 percent in 2023 –

in several other euro area countries, the share is significantly lower. Increasingly, citizens pay digitally – at the point of sale, online, and person-to-person.

From the Eurosystem's perspective, the case for providing a public option in this space rests on three primary considerations: efficiency, resilience and strategic autonomy.

Efficiency, because Europe still has no common digital payment instrument that works in the same way across the euro area. Successful national solutions are in place – girocard in Germany, Bizum in Spain – yet these are generally limited to national markets or specific channels.

Resilience, because the planned offline functionality is intended to allow digital payments even when network connectivity is unavailable. The large-scale power outage that struck Spain and Portugal in April 2025 illustrated the point: cash continued to function while card terminals did not. A digital euro is being designed so that a digital alternative also remains usable in such situations.

Strategic autonomy, because around two-thirds of card payments in the euro area are processed via international card schemes headquartered outside Europe. Thirteen of the twenty-one euro area Member States have no national card scheme of their own. In a critical infrastructure such as payments, this degree of external dependency is, in itself, a structural issue.

A digital euro would provide a public digital means of payment for citizens available across the entire euro area – at the point of sale, online and person-to-person – based on European infrastructure and European rules.

4 How the digital euro would work

The digital euro would follow the two-tier structure of our monetary system. The Eurosystem would issue it and provide the core infrastructure. Banks and other payment service providers would distribute it, integrate it into existing apps and cards, and remain the point of contact for users.

Three design features are particularly relevant. First, the digital euro is intended as a means of payment, not a store of value. It would be non-interest-bearing and subject to holding limits – primarily to protect financial stability and avoid disruptive shifts from bank deposits.

Second, it would work online and offline. Online payments would be processed through Eurosystem infrastructure and supervised intermediaries. Offline payments would be settled directly between the devices of payer and payee, without a continuous internet connection.

Third, privacy is built in from the start. The Eurosystem would not be able to identify individual users or to see what they buy. For online payments, payment service providers would carry out the same checks they already perform today. For offline payments, the level of privacy should be close to that of cash.

5 Where the project stands

The European Commission presented its proposal in June 2023. The Council of the European Union adopted its negotiating mandate on 19 December 2025. In the European Parliament, work on a negotiating position is at an advanced stage. Once Parliament has agreed its mandate, trilogue negotiations can begin.

Let me stress: without a regulation adopted by the co-legislators, there will be no digital euro. On the technical side, the Eurosystem entered the technical readiness phase on 1 November 2025. From the second half of 2027 onwards, a pilot is planned with selected payment service providers, merchants and Eurosystem staff. If the legal framework is adopted and the preparations are successful, the Eurosystem is planning a possible rollout in 2029.

6 Conclusion

Ladies and gentlemen,

When the first President of the European Central Bank, Wim Duisenberg, accepted the Charlemagne Prize in 2002 – shortly after the introduction of euro banknotes and coins – he said that *"banknotes, in their own way, are a physical manifestation of the social contract that is money"*. More than two decades on, that description still holds. The work of the cash industry contributes to that contract every day.

The Bundesbank's continued commitment to a strong cash cycle is not a position taken in spite of the digital euro project. It is part of the same picture. The digital euro is being developed for the area where public money is currently absent – and not at the expense of what already works. Cash will remain the physical anchor of our monetary system. The digital euro would stand alongside it, in a different space. Both are forms of public money – and both will remain a matter of choice.

Now I look forward to our discussion. Thank you for your attention.