

Christine Lagarde: Money in transition

Opening speech by Ms Christine Lagarde, President of the European Central Bank, at the ECB conference on "Money in transition: digitalisation and innovation in payments", Frankfurt am Main, 15 June 2026.

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Eight centuries ago, the fairs of Champagne were where Europe settled its accounts.

Held throughout the year, they drew merchants from the cloth towns of Flanders to the banking city-states of Italy who came to clear their debts against one another on paper rather than carting silver across the continent. Bills written all over Europe were timed to come due at these fairs, to be reckoned together, so that great sums changed hands with barely a coin in sight. For a time, a divided Europe settled its accounts as one.

Since then, Europe has advanced enormously towards integrated settlement, above all with the euro and the systems that underpin it. But the challenges never stop, and Champagne shows what is at stake if they go unanswered. As tolls rose and new sea routes opened the merchants drifted away, and Europe's first common market faded into memory.

Today, we face two new challenges at once.

Technology is rewriting how money is exchanged and trades can be settled, most of all through tokenisation. And geopolitics has turned the ownership of financial infrastructure into an instrument of power, so that sovereignty now matters where once it did not.

Real as these challenges are, for Europe they are above all an opportunity. In our capital markets, they offer the chance to tackle the fragmentation that has held us back for decades, and in our retail payments, the chance to open the field to operators working right across Europe, and to more competition.

In the Eurosystem, we are pursuing a comprehensive strategy to seize this opportunity.

It starts with wholesale markets.

Today, a single cross-border transaction passes through a chain of separate record-keepers, each holding its own ledger, creating high transaction costs and reinforcing home bias. 32 central securities depositories keep these records across our Union. The United States has two.

Tokenisation offers a way past this. On a shared ledger, ownership is recorded once and payment changes hands in the same instant as securities do, with the terms of settlement written into the instrument itself. We have been trying for decades to weave our national systems into one. Now we can build a new layer that is complete from the start.

But the technology settles nothing on its own. Without a credible, risk-free asset to settle in, tokenised finance will splinter into private islands and fail to reach escape velocity from its current sandbox status.

The market has told us as much. We brought together more than 60 participants from across the industry, and their message was clear: they will not commit to issuing digital assets at scale until they can settle in central bank money.

Nothing else is trusted and accepted by all, and nothing else can expand and contract with the market's needs so that liquidity is there when the system most needs it. A token that is backed euro-for-euro can never do that.

So we are answering the call. Already in the course of this year, our Pontes project will settle tokenised transactions in central bank money. And our Appia project reaches further still. With the market, it is drawing the blueprint for a single European market in tokenised finance and putting Europe at the frontier of this new technology.

The next dimension is retail payments, and the role of central bank money within them.

The only public money we can hold today is cash, our ultimate claim on the central bank, and our connection to it. The Eurosystem is committed to preserving cash, with a new series of euro banknotes on the way. But as more of daily life moves online, Europeans risk losing that connection altogether. The digital euro carries it forward, a euro issued by the ECB and available to all.

The digital euro does more than preserve what we have. It is also a chance to end a dependence we have lived with for too long. Europe has no pan-European card scheme of its own, and most of what people tap and swipe runs on networks we do not own. International schemes account for more than 60% of card payments, and 13 out of 21 euro area countries have no national card scheme.

European schemes have never reached pan-European scale because they are caught in a vicious circle: no merchant adopts what few customers use, and no customer uses what few merchants accept.

The digital euro breaks that circle. Because of its legal tender status, it must be accepted everywhere. This would give Europe, at last, a payment instrument that works across the whole Union. And because its technical standards are open, any provider can build on them and reach across Europe from the start. For the first time, European players could compete on equal terms.

The final dimension is cross-border payments.

Sending money abroad is still slow and costly, routed through long chains of correspondent banks. US dollar-denominated stablecoins are positioning themselves to move into that gap, promising to be faster and often cheaper than the current system.

It remains to be seen whether the promise will be kept once end-to-end costs are factored in and compliance standards are brought up to those of regulated providers.

But the gap is there and the case for action is clear. The G20 has recognised as much, putting cross-border payments at the centre of its own reform roadmap.

The Eurosystem is acting here, too. By interlinking our instant payment system, TIPS, with others, we are letting European payments reach across the world.

A link to India's UPI, the largest instant payment system in the world, is now being built, while connections to the Nexus Global Payments network in South-East Asia, and to Switzerland's SIC IP system, are in advanced stages of analysis. The aim is simple: that Europeans can transfer money to a growing list of countries around the world in seconds, on rails of their own.

Which brings me to the largest prize of all. The euro's international role has long been held back by the same fragmentation that limits us at home: markets that are too shallow, infrastructure that is too divided. Put our own house in order, and that begins to change. A deep and integrated market, anchored in trusted public money, is the path to a currency the world will want to use.

The Eurosystem is doing its part. But we cannot deliver this vision for Europe alone.

We need the market to invest in the technology and to agree on shared standards. With Appia, we are building them together so that tokenised networks connect to each other, rather than remaining siloed.

And we need governments to provide legal certainty through a common framework for digital assets. National regimes are already multiplying, and unless we establish that framework first, we will rebuild in law the fragmentation that technology is currently dissolving.

Eight centuries ago, a divided Europe settled its accounts as one. But this did not last. What we have built since then – a single currency settled on shared rails – is extraordinary. The challenge is to carry it into the tokenised age, so that the new technology extends our single settlement rather than fragmenting it. This time, we can keep it.