

Piero Cipollone: The foundations of national sovereignty - the role of central bank money

Speech by Mr Piero Cipollone, Member of the Executive Board of the European Central Bank, at the conference "80 years of the Italian Republic", hosted by Sapienza University, Rome, 19 June 2026.

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It is a great honour to be here today at Sapienza University for this conference commemorating 80 years of the Italian Republic.¹

Eighty years ago, in the aftermath of fascism and the catastrophic Second World War, Italy reclaimed its independence, popular sovereignty and democratic freedoms thanks to the referendum of 2 June 1946 and the subsequent entry into force of the Italian Constitution on 1 January 1948. Our Constitution enshrined the principle "Sovereignty belongs to the people and is exercised by the people in the forms and within the limits of the Constitution."

So today we are not just marking the end of dictatorship but also the birth of a constitutional democracy, one where the sovereignty of the people is exercised in full respect of fundamental rights and freedoms. This principle laid the foundations for a democratic republic founded on work, solidarity and the protection of rights.

Today we live in a profoundly different world, one in which safeguarding our national sovereignty is inextricably linked to defending that of the European Union. But far from entailing giving up sovereignty, European integration has become indispensable to fully exercising sovereignty in a globalised environment. Article 11 of the Constitution provides that Italy shall agree to "such limitations of sovereignty as may be necessary to ensure peace and justice among Nations." Italy's participation in the European Union puts this principle into practice: as a Member State, Italy is better placed to pursue the objectives set out in its Constitution. Sharing our sovereignty in fact means protecting and strengthening it.

As a member of the ECB's Executive Board, I would like to focus on a particular dimension of sovereignty, and that is monetary sovereignty.

Monetary sovereignty – control over central bank money in terms of its issuance, value and role in payments and finance – is one of the key attributes of sovereignty in the modern sense. If we lose control of our money, we lose control of our economic destiny. One of the main objectives of our single currency, the euro, is to protect and strengthen our monetary sovereignty.

Central banks are entrusted with issuing, on behalf of the sovereign, the only money that is legal tender. This central bank money serves as anchor to the financial system: it guarantees that all other forms of money are convertible at par and enables the authorities to retain control of price stability and financing conditions in the economy.

Our job is to preserve the euro's central role over time, even amid ongoing technological and geopolitical change.

At present our monetary sovereignty remains strong thanks to the stability of the euro, which has proven its resilience time and again since its inception despite the many crises we have faced. The euro is the second most important currency in the international monetary system. Across a broad range of indicators, its share in global currency use stands at close to 20%, which is higher than the euro area's weight in global GDP.² This share has grown gradually but steadily for years. In the current economic context, there is an opportunity for the euro to take on a global stabilising role. When trade and geopolitical tensions rocked financial markets in recent months, the euro acted as a safe haven.

The euro has therefore strengthened our monetary sovereignty from both a domestic and international perspective. A very significant and growing share of people in the euro area appear to be fully aware of this, given that 82% of them say they trust our currency.

This is an act of trust that calls on us now more than ever to shoulder our responsibility to safeguard the single currency and our monetary sovereignty in the face of new geopolitical and technological challenges. In a less stable world like today's, external dependencies for critical economic functions can quickly turn into major fragilities.

So we need to adapt to this new reality. As the central bank, we must ensure that external dependencies in payments and finance do not cancel out Europe's hard-earned monetary sovereignty. We need to ensure that our currency, the euro, remains fit for purpose in the digital era and retains its role internally and internationally.

Currently, we face a major dependency in digital retail payments, where we rely to a large extent on a few non-European solutions and payment rails. Given our mandate to ensure the smooth functioning of payment systems, we cannot be content with a situation that puts their resilience at risk.

Debit card payments are one prominent example of this. International card schemes account for two-thirds of card transactions in the euro area. 13 out of 21 euro area countries do not even have a domestic card scheme. At this point, we do not have a European solution that works throughout the euro area for all digital payments.

In a fragmented world, we can no longer allow ourselves to depend on non-European solutions for a critical need like day-to-day payments.

If Europeans can no longer pay, they are no longer in control of their money. Even without reaching this point, current levels of dependency could be used as leverage against Europe's interests.

So we need to address our dependencies in retail payments and reverse the tide. Fortunately, we have the means to do this.

The central bank has the mandate to provide means of payment. This is what we do when we issue banknotes. And for many years, cash has not only helped unite Europe, it has also kept us in control of how we pay. Within the Eurosystem we continue to regard cash as essential, and we remain fully committed to ensuring that it remains widely available and accepted. Indeed, we are preparing to produce and issue the third series of euro banknotes, which will feature a new design.

But Europeans are increasingly turning to digital payments and physical cash alone no longer covers all of their needs. For instance, more than one-third of everyday payments in the euro area are for online transactions, where cash cannot be used. We thus need to complement physical cash with its digital equivalent, a digital euro.

Although we are making technical preparations to issue the digital euro, we will only do so once the digital euro Regulation has been adopted. We welcome the recent political agreement reached in the European Parliament on the digital euro Regulation and the prospect of a vote to formally endorse it in the coming weeks. We look forward to a swift conclusion of the trilogue between the EU Council, the European Parliament and the European Commission and the final adoption of the Regulation, which will provide certainty to consumers, merchants and market participants. As we already announced, if the Regulation is adopted by the end of 2026, we intend to launch a pilot in 2027 and to issue the first digital euro in the course of 2029.

A digital euro will ensure that Europeans have a European public payment option, based on European technology and European infrastructure, which makes it possible to pay digitally in all situations, online and offline, throughout the euro area. Moreover, the digital euro will allow banks to offer their clients payment solutions that fulfil all their needs, avoiding the need for them to look elsewhere. By enabling co-badging with the digital euro, banks will be able to offer payment use cases they do not currently cover. By using the digital euro open standards, banks will be able to expand the network that accepts their payment solutions to the European level. Last month we signed an agreement with three European standard-setting bodies to use their technical standards to accept digital euro online payments at points of sale.

Let me explain this second point. As legal tender, the digital euro will be accepted by merchants that accept digital payments. This will lead to the creation of a pan-European acceptance network that all European banks and fintech companies will be able to use to offer their own payment solutions without incurring any costs for new infrastructure, and without having to rely on the proprietary standards of international card schemes.

As a result, it will be cheaper and easier for private firms to achieve a European scale and extend their reach to e-commerce and in-store payments.

Let me now talk about the wholesale market, or interbank payments. A significant portion of these payments are related to the purchase and sale of securities and are largely settled in central bank money.

In the last few years, financial market participants have been exploring the potential of new technologies, such as tokenisation and distributed ledger technology (DLT), to

enhance the efficiency of the infrastructures used for the trade and settlement of securities. These technologies enable the issue or representation of assets digitally, making it possible to trade, settle and manage custody of these assets on a single platform available 24/7, 365 days a year. They also enable the use of smart contracts to automate those transactions that currently require multiple intermediaries and manual operations.

This paves the way for a new digital finance ecosystem that has the potential to transform finance as we know it. But in order to develop, this ecosystem needs settlement instruments that can be used in conjunction with distributed ledger technology. If we do not quickly offer settlement in tokenised central bank money, we run the risk of this ecosystem being built elsewhere, or of relying on non-euro denominated settlement assets. This would undermine our monetary sovereignty.

In its current or tokenised form, central bank money represents a risk-free settlement asset that guarantees the finality of payments and strengthens trust in market infrastructures.

These characteristics will contribute to the growth of the tokenised ecosystem and its integration. A broader market will increase demand for all types of tokenised settlement assets, including private ones. The system that will emerge from this will be similar to the current one, where tokenised central bank money will exist alongside private settlement assets, such as stablecoins and tokenised deposits.

The Eurosystem is taking a gradual approach to this, with the aim of enabling Europe to harness the benefits of tokenisation and to promote the creation of an integrated European market for digital assets.

We are on the verge of connecting commercial DLT platforms to our TARGET Services in order to make it possible to settle tokenised asset trades in central bank money. This service will be available in the coming months within the framework of our Pontes project.

To outline a more long-term vision as to how a fully integrated tokenised ecosystem could work, we engage with the private sector on a continuous basis, including by asking for feedback on the roadmap for the Appia programme published at the start of this year. We are aiming to publish a full blueprint in 2028.

The international role of the euro has taken centre stage in the economic policy debate of late. I have already alluded to the fact that our monetary sovereignty would benefit from the euro having a stronger role on the global stage.

However, the emergence of US dollar-denominated stablecoins has given rise to new concerns about the euro's role in cross-border transactions. In addition to their current use as settlement assets in decentralised finance, US dollar stablecoins aim to provide a digital dollar for global transactions.

Stablecoins seem to be filling the gaps left by the retrenching of the "correspondent banking" model in recent years. According to Swift data, active correspondent banking relationships declined by 29% between January 2011 and December 2022. If US dollar-denominated stablecoins were to fill this gap, the euro's share of global export invoicing – which, at over 40%, is currently on a par with that of the US dollar – could be put under pressure.

The Eurosystem has therefore also taken action in this area. We are further expanding links between the TARGET Instant Payment Settlement (TIPS) system and other instant payment systems, taking advantage of the fact that there are about 100 of these systems around the world. This will make it possible for ordinary people and businesses to transfer money quickly from their own bank account to any other account in a connected country in a transparent and cost-efficient way.

Euro area countries are already connected with Denmark and Sweden via TIPS. Norway will follow in 2028 and Iceland has also expressed an interest. In addition, a bilateral link between TIPS and India's Unified Payments Interface will go live in 2027, and we are actively exploring similar opportunities with Switzerland, Brazil and Nexus Global Payments, a network which will connect fast payment systems from Malaysia, the Philippines, Singapore, Thailand, India and Indonesia. Moreover, the Eurosystem, through the Banca d'Italia, is supporting the central banks of several Western Balkan countries in their efforts to develop a fast payment system modelled on TIPS. Once this "TIPS clone" is operational later this year, it will be technically possible to link it with TIPS.

These links will boost the efficiency of correspondent banking by shortening settlement chains. And they will use the euro and currencies of linked jurisdictions as settlement assets, thereby reducing the role of third currencies. We are exploring how public or private tokenised settlement assets could be used in this context to further enhance efficiency and monetary sovereignty.

Although designed for domestic use first and foremost, in the future the digital euro could also play an important role in facilitating cross-border transactions, taking advantage of the fact that the supporting infrastructure can also accommodate currencies other than the euro.

Let me conclude. In establishing the euro, European countries regained their monetary sovereignty. And in an unstable world, this benefit offered by our single currency has only grown in importance.

Thanks to the euro, we have pooled a fundamental attribute of sovereignty. In the words of Carlo Azeglio Ciampi, a central banker who once served as President of our Republic, the principle of shared sovereignty "has been highly effective in safeguarding the interests of States". It has fulfilled the people's wishes for peace, security and progress. It has prevented the resurgence of nationalism and the disasters caused by the clash of selfish interests and bitter rivalries.³

As both Governor and President, Ciampi referred to the challenges faced in building European unity from within Europe. In spite of the difficulties faced, we have made huge progress on this front.

Today, the lessons learned must be our guiding force as we tackle the challenges to our sovereignty arising from our excessive external dependencies, which can be taken advantage of to exert pressure on us. In reflecting on this, Governor Panetta recently reminded us that "in an increasingly competitive and unstable world, Europe's capacity to take action in a coherent and coordinated manner is not just one of many options, but the prerequisite for maintaining our prosperity, security and economic strength".⁴

Preserving our monetary sovereignty therefore also requires measures to overcome those dependencies in payments and finance that we have hitherto tacitly accepted.

Strengthening resilience, efficiency and economic security, and reinforcing the sovereignty of our money, the euro, are the prerequisites for preserving the nation's sovereignty that the Republic and the Constitution entrusted us with 80 years ago.

Thank you for listening.

¹ This speech is adapted from the [speech](#) on "Europe and monetary sovereignty" by Piero Cipollone at the Accademia Nazionale dei Lincei on 12 February 2026.

² European Central Bank (2026), *The international role of the euro*, June.

³ [Speech](#) by Carlo Azeglio Ciampi at the Carlo Magno prize giving ceremony, 5 May 2005.

⁴ Panetta, F. (2026), "[Trade and finance in a fragmented world](#)", speech at the 32nd Assiom Forex Congress, Venice, 21 February.