

Joachim Nagel: The digital euro - promoting innovation, safeguarding sovereignty, strengthening Europe

Speech by Dr Joachim Nagel, President of the Deutsche Bundesbank, at the International Bankers Forum, Frankfurt am Main, 24 June 2026.

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1 Introduction

Ladies and gentlemen,

I'm delighted to be able to speak to you here today. I would have liked to have been there in person, but an important personal occasion means that unfortunately I can't. I'm therefore all the more pleased to be able to send you a few thoughts via video message.

In case some of you were watching England play until almost midnight last night or Croatia until just before 3:00 this morning, I am relying on your sense of fair play to nevertheless now get back into the zone and concentrate. I promise you: my speech won't go on for 90 minutes!

This International Bankers Forum conference is being held under the title "Payments & Banking made in Europe 2026". This title hits a nerve because although making a payment is one of the most common economic activities there is, it's one that is currently undergoing fundamental change.

What used to involve reaching for your wallet or purse now often entails a click, a swipe or your account being debited in the background. This changes not only the way we pay, but also the infrastructure that supports our monetary system on a day-to-day basis.

All this is happening at a time when Europe is reassessing its strategic dependencies. Developments in recent years have shown how vulnerable strategic dependencies are – for example, in the areas of energy and defence. The question of Europe's capacity to act is increasingly also being raised in the domain of payments. That's why "Payments & Banking made in Europe" is more than just a conference title. It's a strategic task.

In my speech, I would like to explain why the digital euro should become a central element of the payments system in Europe. My core message is that the digital euro isn't an end in itself – it's rather a response to three developments: First, the digitalisation of our day-to-day payments, second, the growing importance of European sovereignty and third, global competition in the digital financial world. I would now like to go into these three points in more detail.

2 Propelling central bank money into the digital age and promoting innovation

My first point is that the digital euro would propel central bank money into the digital age and promote innovation.¹

The starting point for reflections on the digital euro is the change that we are all experiencing in our everyday lives. Each of us can probably confirm this for ourselves: The way we pay has changed fundamentally in recent years. Cash remains important, but we have observed over many years that it's being used less and less frequently for payments.

In the euro area, only two-fifths of the total value of payments at the point of sale were made in cash in 2024.² By comparison, this share was almost one-half in 2019. At the same time, the share of online purchases – which by their very nature are cashless – doubled in value terms from 18% to 36%. And the share of outlets in the euro area that do not accept cash tripled between 2021 and 2024 to 12%.³

This shows that the payments system is undergoing profound change. It's becoming more digital and more mobile. In addition, payment processes are becoming increasingly intertwined with digital business processes. This is why we, as a central bank, are faced with a fundamental question: How can we ensure that central bank money also remains accessible and relevant in this digital world?

This is precisely where the digital euro comes into play. It's not a rejection of cash. It's a digital complement. It's about further developing central bank money in an increasingly digital world. This is because central bank money is and remains the anchor of our monetary system.

Currently, in their day-to-day lives, people only hold and use central bank money in the form of cash. The digital euro would ensure that, in future, central bank money would remain available in everyday life not only as cash, but also in digital form. Like cash, it could be used as legal tender throughout the euro area with the aim of being universally accepted.

Or to put it in a nutshell: The digital euro would propel central bank money into the digital age.

It's important to me to make it clear here that central bank money and private payment solutions have long existed side by side. They fulfil different functions to some extent. That is precisely why they complement each other in a meaningful way. The introduction of the digital euro would not change this.

The Eurosystem would provide the basic public infrastructure for the digital euro. The digital euro isn't intended to crowd out private solutions, but to complement and support them. It aims to create trust, facilitate access to consumers throughout the euro area and promote common technical standards in the payments system. On this basis, private sector providers can develop tailored and innovative services.

The digital euro isn't therefore intended to be developed in opposition to the financial sector, but in conjunction with it. Banks and payment service providers will continue to play a central role in the payments system. They will continue to be the interface with

clients. The digital euro isn't intended to create a parallel world. It's intended to fit into the existing financial system.

When I look at the current technical developments, I am certain that the digital euro can serve as a basis for new business opportunities for the financial sector. Consider, for example, conditional payments, which are triggered automatically when certain conditions are met. For example, the automatic payment of an insurance settlement as soon as a claim has been digitally confirmed.

It's also clear that the digital euro must be designed in a way that preserves financial stability and does not impair bank lending. Holding limits for credit balances in digital euro and the absence of interest payments on digital euro holdings are important levers in this regard.

Despite holding limits, payments of higher amounts should of course be possible – namely through the so-called waterfall approach. For payment amounts above the holding limit, the difference would be automatically transferred from the bank account linked to the wallet.

The digital euro is intended to serve as a means of payment – not as a form of investment and not as a substitute for bank deposits. From a European perspective, the digital euro could also help domestic payment service providers to increase their reach. And that brings me to my second point: The digital euro can safeguard European sovereignty in payments.

3 Securing digital sovereignty

Recent geopolitical developments have made it very clear to us in Europe that dependencies in critical areas pose high risks. Many people will immediately think of energy and defence. However, the payments system isn't just a service running in the background either. It's critical infrastructure.

And this is where the crux of the matter lies: Europe's payment system is heavily dependent on non-European providers in important segments.⁴ At present, more than two-thirds of all card payments in the euro area are settled via non-European systems. 13 out of 21 euro area countries do not have a national payment solution. They depend entirely on international payment service providers.

Of course, this does not mean that the international providers currently present in Europe are providing a poor service. On the contrary, many of these solutions are convenient, reliable and have become well established. But convenience must not be at the expense of sovereignty.

Recent geopolitical developments have shown us very clearly that it's not enough for something to function well under normal circumstances. Crucially, Europe must also remain capable of taking action if the worst comes to the worst. This also applies to the payments system.

Anyone making a payment is using infrastructure. And those who provide the payment infrastructure shape standards, availability and scope for action. The digital euro would

therefore be a central and concrete step towards greater European sovereignty in payments. Or, linking back to the title of this conference, it would be a key component for "Payments & Banking made in Europe".

Not in the sense of isolation or self-sufficiency. Not as a vote of no confidence in private sector providers. But as an autonomous European basic infrastructure. An infrastructure that can be used throughout the euro area, that is under European control and that fosters private innovation.

But it's not only a matter of technical sovereignty. It's also about strengthening important values in digital payments. Data protection, privacy, inclusion and a clear legal framework are not merely added extras. They are among the key specifications of the digital euro's design.

In concrete terms, this means, for example, that the Eurosystem can only see holdings and transaction patterns of pseudonymised users. It therefore cannot link payment data to a specific person and cannot create individual payment profiles. The offline mode of the digital euro actually provides a level of privacy that is almost as high as that of cash. This is because such payments are made, for example, directly from smartphone to smartphone, without having to use central systems.

The digital euro would therefore not result in people's transactions being laid bare. Rather, its design aims to ensure the best possible technical and organisational safeguards for data protection and privacy. The digital euro can thus play a decisive role in safeguarding Europe's sovereignty in payments – based on European values.

4 Strengthening Europe's role in the digital financial world

Let me now turn to my third point: Europe's role in a changing digital financial world. The digital euro isn't the only response to these changes. It's an important building block in a broader European payments strategy.

This is because money is never just a technical payment instrument. The value of a currency always reflects trust as well. Trust in institutions, in stability, in the rule of law and in the economic performance of a currency area.

Over the past few decades, the euro has established itself as a currency that is stable both internally and externally. The average inflation rate since the introduction of the euro has been around 2%. The euro exchange rate is flexible but without major fluctuations. And the euro is the second most important currency in the international monetary system, for example in foreign reserve assets, international bond issuances and payment transactions.⁵

This status isn't a given. Trade, financial markets and value chains are becoming increasingly digital. That is why the euro's infrastructure also needs to be further developed. After all, the attractiveness of a currency isn't based solely on its stability in the traditional sense. It also depends on whether payments can be settled securely, efficiently and innovatively – in retail payments, but also in financial markets.

This is precisely why the Eurosystem's comprehensive payments strategy is deliberately broad-based.⁶ The aim is to create a European payments system that is innovative, competitive and resilient. In this overall picture, the digital euro is – first and foremost – modern digital central bank money for day-to-day payments in the euro area.

At the same time, the digital euro can be used to create new offerings that strengthen Europe as a financial location in the broader sense. This includes better interfaces for enterprises and more efficient payment processes. In this way, the digital euro could indirectly increase the attractiveness of the euro.

At the same time, new digital solutions are emerging around the world. Tokenised market environments, in which assets are digitally represented, transferred and settled, are one important development here. They give rise to new requirements for how such transactions are settled.

In addition, privately issued digital forms of money such as stablecoins are becoming more widespread. They can enable new forms of payment and settlement, but at the same time raise questions about regulation, financial stability and monetary sovereignty.

Europe should play an active role in shaping these developments. This applies to technical standards, market structures and regulatory requirements. This way, the euro will remain competitive and practical to use in the digital financial world, too.

For example, the Eurosystem is currently working on making central bank money usable in new DLT-based market environments. Specifically, the Pontes project is providing a solution for the settlement of large-value payments and securities transactions in central bank money.⁷ In contrast to the digital euro, which is geared towards day-to-day payments, this is tokenised central bank money for the wholesale sector.

Taken together, it's about more than just a new way of paying. It's about Europe's place in a digital world economy. The digital euro isn't the whole answer here. But as part of a broader strategy, it will help to transfer the strength of our currency into the next technological era.

5 Closing remarks

And that brings me to the end of my speech. Before you jump straight into the discussion, I would like to briefly summarise my main messages once again.

Our monetary system is evolving. I believe that the digital euro is the logical answer to this – for three reasons: First, it would propel central bank money into the digital age and promote innovation. Second, it would secure Europe's sovereignty in payments. And third, it would help to consolidate Europe's role in the digital financial world.

The digital euro isn't a substitute for cash and not a counterproject to the financial sector. It's a European basic public infrastructure for the digital age – sovereign and open to private innovation.

I am very grateful for the opportunity to speak to you today. This event brings together representatives from all relevant areas of the financial sector. Your ideas and critical objections will help us to further refine the digital euro project.

With this in mind, I would like to close with an appeal: Let's make the digital euro a joint project and shape it together.

I wish you a productive discussion. Thank you very much for your attention.

¹ See Deutsche Bundesbank (2026), The digital euro: key elements and outlook, Monthly Report, March.

² See: European Central Bank (2024a), Study on the payment attitudes of consumers in the euro area 2024, December.

³ See: European Central Bank (2024b), Use of cash by companies in the euro area in 2024, September.

⁴ See ECB (2026), The Eurosystem's comprehensive payments strategy, March.

⁵ See ECB (2026), The international role of the euro, June.

⁶ See ECB (2026), op. cit.

⁷ See the ECB's website on [Pontes](#)