

SPEECH

The cooperative spirit at the heart of the digital euro

Lecture by Piero Cipollone, Member of the Executive Board of the ECB, at the Annual Meeting of the Federation of Italian Cooperative Credit Banks (Federcasse)

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Long ago, Aristotle himself noted^[1] how money played an essential role in society as an instrument that made it possible to establish a relationship between all things and make them commensurate. But money itself is the by-product of a convention, the expression of a social agreement: it holds its value because people trust it will be accepted tomorrow as it is today. And this social agreement is enshrined in law. Without it, money would be just a simple piece of metal, a scrap of paper or a string of code.

That's why Aristotle referred to money as "*nomisma*", or the expression of the law ("*nomos*"). Today, the law grants legal tender status to money issued by the central bank. In other words, it must be accepted at full face value to settle any payment due. This in turn constitutes the anchor for the monetary system: confidence in every other form of money depends on the ability to convert it at par into central bank money.

Trust is also the basis that sustains banking and enables commercial banks to issue money. Every deposit and every loan depends on confidence in the institution behind it. Your cooperative movement was founded on making that confidence mutual.

In 1883 in Loreggia, near Padua, Leone Wollemborg founded the first Italian cooperative bank with 32 members.^[2] Farmers already had access to credit, but they were dependent on moneylenders who, faced with zero competition, set terms of interest that were very much in their favour.

Wollemborg's solution to this was to found a bank owned by the borrowers themselves, serving only their own interests. The model spread quickly, and by 1897 there were more than 900 cooperative banks throughout Italy.^[3]

In providing means of payment for citizens, the ECB is guided by a similar principle. Public money does not serve any single private interest, and no-one can use it to impose terms in their favour on the citizens that hold it. A euro is a euro wherever it is spent, and it is guaranteed by an institution whose actions are designed to safeguard the public interest.

The task for the Eurosystem today is to ensure that these principles stand firm, even as the economy and technology both undergo change. The switch towards making payments via smartphones, apps and

platforms is accelerating.

Consequently, central bank money needs to keep up with this change. If it fails to do so, it runs the risk of being marginalised. That's why we need a digital form of cash to complement banknotes and coins. This is what lies at the heart of the digital euro project.

Commercial banks have a key role to play in this project, and we are convinced they will derive significant benefits from it. In recognition of the service they have been providing to customers for centuries, banks will play a pivotal role in distributing the digital euro.

The digital euro will therefore not only ensure that Europeans retain sovereignty over their money. It will also provide an opportunity for banks to retain and develop their customer relationships in an increasingly digitalised world. Together we will strengthen trust in money and the banking system.

Let me explain why this matters and how it will work.

Adapting to a more digitalised economy

Digitalisation is reshaping entire sectors of the European economy. The payments sector is perhaps where these changes are the most advanced and the most visible in at least two areas.

The first relates to how citizens pay. Cards and apps are becoming increasingly popular, while the use of cash is declining. This is based on preference, but also because paying with cash is sometimes not an option – when shopping online, for example – or is discouraged, such as when traditional checkouts are replaced with self-checkouts that are card-only.

Moreover, even traditional debit card payments are becoming less popular. In fact, mobile payments are on the rise and they already exceed one in ten point-of-sale transactions in Ireland, the Netherlands and Finland.^[4] Their growth also has repercussions for banks. When their customers use mobile payments, banks typically pay higher fees than those associated with debit cards and often do not receive any information about the payment, so they lose both fees and data. If the use of stablecoins increases in the future, banks will also lose retail deposits.

The second relates to infrastructure. The gradual digitalisation of payments has weakened Europe's ability to rely on its own payments infrastructure. Two-thirds of card payments in the euro area are currently processed using non-European schemes, and this share is increasing. 13 of the 21 euro area countries do not even have a national card scheme, and more than half have no domestic solution for e-commerce payments. And where those solutions do exist, they do not cover all use cases and cannot be used in other euro area countries.

These developments raise two major sets of questions: one for the central bank, the other for commercial banks.

Issuing means of payment is at the core of the central bank's mandate. But if we do not offer a digital form of cash in an increasingly digitalised economy, we can legitimately ask ourselves if we are still fulfilling our mandate. E-commerce payments already account for one-third of day-to-day transactions, and physical

cash cannot be used online. Another of our tasks is to ensure the smooth functioning of payment systems. If Europe is excessively dependent on non-European payment infrastructures and solutions, are we still safeguarding the resilience of payments in the euro area?

When it comes to commercial banks, they need access to payment data to be able to accurately assess the creditworthiness of their clients and their financial needs. If banks were to gradually see their footprint in the payment services segment shrink to the benefit of platforms or other operators, negative spillover effects could have an impact on the core bank activity of lending to the economy. Credit is allocated based on this data, with the smallest banks being the most exposed to these changing trends. The question, then, is whether commercial banks can afford to play an increasingly marginal role in the payments ecosystem?

These considerations are particularly relevant for cooperative banks like yours, which for centuries have built their strength on the close ties they have established with local businesses and the local community. Payment data are the glue that holds these ties together. Without them, it would be impossible to understand the constantly changing demands of customers, manage risk effectively and maintain these relationships for future generations.

This is where our mandate and your business model intersect. The digital euro would both preserve the role of public money and ensure banks remain involved in the payments ecosystem while continuing to meet their customers' needs. It would also provide Europe with a payments infrastructure under European governance.

A digital form of cash that preserves bank's customer relationships

A digital form of cash

The digital euro is public money in digital form, issued by the Eurosystem and distributed by banks.

For banks, how it works is simple. A customer who wants to use the digital euro asks their bank to open a digital euro account. That customer will then be able to use the account to pay for free throughout the euro area in shops, in e-commerce and from person to person, with or without an internet connection. Because of its legal tender status, all merchants that accept digital payments will also have to accept the digital euro.

People will still be able to make payments in the same way they do today, but new options will become available: if a debit card is co-badged with the digital euro, users will be able to pay with it throughout the euro area. And they will do so using European infrastructure rather than an international card network.^[5]

Moreover, the digital euro standards – which will be applied by all merchants who accept digital payments – are open standards. This means that national payment solutions can use them to scale up across the euro area and across use cases, without the need to convince merchants to accept a new standard.

The digital euro will also work without an internet connection. Anyone visiting areas that are remote or have unreliable connectivity will be able to load a small amount of money onto their digital euro wallet –

think of it as a cash withdrawal, but in digital form. When there is no signal, consumers and merchants will still be able to settle payments directly between their devices, with the same level of privacy as cash.

Preserving banks' customer relationships

The digital euro will leave the customer relationship side of things to the banks, since they are best placed to manage it. Your bank will hold the digital euro account. You know your customers best, and your relationship with them will be strengthened thanks to the digital euro's high privacy standards.

When your customers use the digital euro, they can rest assured that the Eurosystem will not be able to identify either the payer or the payee; it will only see an encrypted code. Where, when and how users spend online will remain visible only to banks so they can comply with anti-money laundering and countering the financing of terrorism regulations along with data for credit and risk analysis.

The digital euro also ensures that deposits stay in the banking system. Thanks to its integration with current accounts, users will be able to choose to pay in digital euro even if they have no direct access to digital euro. And since no interest will be paid on digital euro holdings, users will have little reason to park large amounts of money in their digital euro accounts. Holding limits will provide an additional safeguard and will be calibrated to avoid impairing usability, financial stability or monetary policy. The analysis we prepared for the co-legislators and published last October shows that the digital euro does not pose a risk to either banks' liquidity positions or financial stability.^[6]

It will also offer other benefits.

The infrastructure we are building will enable your customers to use their existing banking app for digital euro payments in shops and online across the entire euro area, with the same reach as any global bank or technology platform. If your bank prefers not to integrate the digital euro in your proprietary banking app or solution, you will be able to offer the Eurosystem's app instead free of charge. So, banks will retain their customer relationships, interchange fees and transaction records. And because the Eurosystem will not charge card scheme fees, this will generate savings for both banks and merchants.

The digital euro infrastructure will also make it easier for banks to innovate and roll out new services at scale, without depending on external platforms. For example, banks could trigger automatic payments once an agreed condition is met, such as when it is confirmed that goods have been delivered, a train has arrived on time or insurance conditions have been met. Banks will have the opportunity to offer their customers innovative digital payment solutions, capitalising on the data at their disposal and leveraging the relationship of trust they have built up over time. In this way, they will continue to guide customers towards innovation, just as they have done successfully in recent years.^[7]

The costs are manageable: we estimate total investment across the euro area at between €4 billion and €5.8 billion over four years, which represents around 3.4% of the annual technology budget of significant banks. And for savings and cooperative banking groups, having central IT providers will allow them to benefit from the "develop once, deploy to many" approach, avoiding duplication of effort and costs.^[8]

It will also be possible to generate savings by using the digital euro app. In addition to providing a ready-to-use app, the ECB will make available a software development kit consisting of a set of ready-made software components that banks can easily integrate into their own app or use as a basis for offering this service.

No-one left behind

None of this will work unless every citizen can rely on the digital euro everywhere.

Cash meets this standard, and public money in digital form must meet it too. In both cases, banks play a key role. Today, they provide ATMs so customers can withdraw cash. Tomorrow, they will enable users to access the digital euro. By supporting the Eurosystem's app, they will provide them with simple and convenient access to the digital euro.

The principle of leaving no-one behind lies at the heart of your community. Your ability to serve the most vulnerable members of society or those living in remote areas is a tangible demonstration of this.^[9] There is no doubt that this commitment will continue to guide your work with the introduction of the digital euro.

We, too, will play our part by ensuring that the digital euro leaves no one behind. The digital euro app will go beyond the requirements of the European Accessibility Act.^[10] Whether it's person who is visually impaired, an elderly customer or someone who doesn't have a bank account, everyone should be able to rely on the digital euro just as they rely on a banknote today.

That's why the Eurosystem fully supports the Commission's legislative proposal to guarantee all European citizens freedom to choose how to pay. Everyone should always have the option of using this app if they wish: it should be offered as yet another option, without replacing existing means of payment.

Preparing for the future

When members of the public first have access to the digital euro, they will address their initial questions to you, in your branches and in the towns and communities you serve. The trust your customers already place in you will be an invaluable asset for communicating the benefits of the digital euro. To do so, it will be important henceforth to prepare for a change that is not so far off.

Last week, the European Parliament voted on its position on the digital euro, which broadly mirrors that of the European Commission, recognising the importance and need for this project. It was approved by almost 70% of the votes. This is a significant achievement because, as I have underlined several times today, it gives strong democratic legitimacy to the digital euro which, being a form of money, requires citizen's trust.

The Parliament's vote was the final step needed to start the trilogue, which actually began on Monday this week.

More than four years have passed since Fabio Panetta, former member of the ECB's Executive Board responsible for the digital euro project and current Governor of the Banca d'Italia, explained the rationale

and the main features of the project to this very same audience.^[11] Thanks to the fruitful cooperation between all parties involved, much ground has been covered since then, both in terms of the legislative process and the technical preparations, to give concrete shape to the vision he set out at that time.

But there is still a long way to go. Assuming the legislative process is completed by the end of this year, the digital euro could be issued for the first time in 2029.

In the meantime, cooperation with banks and merchants remains crucial to ensure that the entire ecosystem is ready in time for first issuance.

On Tuesday we published the list of payment service providers selected to take part in the pilot project, which we will launch in September 2027. There are 36 participants, comprising banks and non-banks, which span a broad range of business models and sizes and offer near-complete coverage of the European market.

Italian operators are well represented. Although participation in the pilot is limited to a select number of providers, all payment service providers will play a key role once the digital euro becomes a reality. That's why the Eurosystem is committed to involving the sector as a whole, regardless of participation in the pilot, so that everyone can prepare in good time. We will share technical information, promote continuous dialogue and ensure a level playing field, so that every single payment service provider will be ready to offer the digital euro to its customers from day one.

Conclusion

Let me conclude.

Leone Wollemborg offered a compelling definition of the cooperative spirit: "a cooperative is the spontaneous organisation of a number of individual economic entities, united by a common need, to collectively and autonomously carry out entrepreneurial activities that produce the specific economic outputs necessary to satisfy that need."^[12]

In this vision, trust rests on the understanding that we share a common interest that is best delivered collectively. According to Wollemborg, trust is best achieved through proximity, by people who know one another and answer to one another. Wollemborg wrote the statutes of the Banca di Loreggia in language that was plain enough for farmers to follow, because people cannot trust what they do not understand.

The same cooperative spirit that your founders inspired among the farmers of Veneto can help make the digital euro a success. We share a common interest in ensuring that, in a digital world, money will retain its role of bringing people together and will serve our communities. To achieve this joint goal, we must join forces. That's why from the outset we conceived the digital euro as a public-private partnership, in which you have a key role to play.

In Book V of *Nicomachean Ethics*, Aristotle wrote, “Money has become by convention a sort of representative of demand; and this is why it has the name “money” (*nomisma*) – because it exists not by nature but by law (*nomos*) and it is in our power to change it and make it useless. (...) There must, then, be a unit, and that fixed by agreement (for which reason it is called money); for it is this that makes all things commensurate, since all things are measured by money.”

2.

Cafaro, P. (2001), *La solidarietà efficiente. Storia e prospettive del credito cooperativo in Italia (1883–2000)*, Laterza.

3.

Cafaro, P. (2001), op. cit.

4.

ECB (2025), *Study on the Payment Attitudes of Consumers in the Euro Area* ([SPACE](#)), 2024 edition, published January.

5.

Cipollone, P. and Elderson, F. (2026), “[Digital euro: an opportunity for banks](#)”, *The ECB Blog*, ECB, 27 March.

6.

See ECB (2025), [Technical data on the financial stability impact of the digital euro](#), October.

7.

Brancati, E. and Brancati, R. (2025), “Piccoli movimenti e grandi trasformazioni nell’industria italiana”, MET report 2023-2024. The report highlights that companies which name a cooperative bank (*Banca di Credito Cooperativo* or *BCC*) as their primary bank have showed greater propensity to innovate in recent years, particularly small firms.

8.

European Central Bank (2025), [A view on recent assessments of digital euro investment costs for the euro area banking sector](#), October.

9.

Data for 2022 show that half of cooperative bank branches are located in towns with fewer than 10,000 inhabitants, while one-third are located in areas with limited access to other essential services. See Federkasse (2023), “Credito cooperativo’s footprint on Italy”, report.

10.

Directive (EU) 2019/882 of the European Parliament and of the Council of 17 April 2019 on the accessibility requirements for products and services (OJ L 151, 7.6.2019, p. 70).

11.

Panetta, F. (2021), "[The present and future of money in the digital age](#)", Lecture at the Federcasse Lectiones cooperativae, Rome, 10 December.

12.

Wollemborg, Leone (1883), "La teorica della cooperazione", *Giornale Degli Economisti*, Vol. 2(2), pp.129-144.

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