

Denis Beau: Our payment system at a time of geopolitical risks

Speech by Mr Denis Beau, First Deputy Governor of the Bank of France, at the Conseil Régional de Limoges, Limoges, 18 April 2025.

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[Slides](#) accompanying the speech

[Slide 1 Cover slide]

The payments sector has undergone significant changes in recent decades, driven by digitalisation and the rise of new technologies. While the latter provide opportunities, they also bring risks, particularly in terms of financial stability and sovereignty. These risks have been amplified since the inauguration of the new US administration and the upheavals to the international order that its challenges to multilateralism and its deregulatory and protectionist policies could cause.

Against this backdrop of great uncertainty and the major shocks to the financial system since the start of the month, the financial authorities have an important role to play in fostering stability and trust among the players in the French and European economy and financial system. Accordingly, in addition to ensuring price stability, the objective of the Banque de France, in keeping with its monetary and financial stability mandates, is to help maintain stable access to financial services, particularly credit, and to encourage innovation and diversification. It also strives to ensure the smooth functioning of our economy and the infrastructures on which it relies, and especially our payment system.

In my presentation this morning, I would first like to review the main trends and challenges facing the European payments ecosystem, and then present the levers we are using at the Banque de France to ensure its efficient operation and the security of payment systems and payment means, and to help strengthen Europe's sovereignty over its payment system.

[Slide 2 - I. Trends and challenges for payments in France and Europe]

I. The digitalisation of payments and its implications

A. Progress in technology is leading to the rapid digitalisation of the payments ecosystem

[Slide 3: A rapid payment digitalisation process]

For a little over a decade now, we have been witnessing a strong move towards digitalisation and the increasing use of electronic payment solutions, with an attendant decrease in the use of cash. Payment cards are now the most commonly used means of payment at the points of sale, accounting for more than 48% of transactions in France in 2024. Conversely, cash payments are gradually decreasing, falling to 43% of point-of-sale transactions in France in 2024, whereas they stood at 50% in 2022, and as high as 68% in 2016.

This trend accelerated even further with the rise of online shopping and the Covid pandemic. The share of e-commerce in the number of transactions thus doubled between 2019 and 2024 to reach a quarter of all transactions in France. At the same time, contactless payments and mobile payments have developed rapidly, with the aim of making payments increasingly seamless and almost invisible to consumers. This trend has been facilitated by the development of new technologies that have modernised payments, such as near-field communication (NFC) and QR codes, which have enabled the roll-out of contactless payments.

Against this backdrop, **new players in payments** have emerged, whose value added stems from technological innovation. These new players are now competing with traditional financial institutions such as banks. They include not only FinTechs but also "non-financial" players, namely telecom operators, technical service providers (specialising, for example, in the tokenisation of payment card data), and BigTechs, in particular the American GAFAMs - ApplePay, GooglePay - which dominate the mobile payments market. They also include Chinese and Korean platforms such as AliPay and WeChatPay.

The growth in the tokenisation of financial instruments, driven by the use of distributed ledger technologies (DLT) such as blockchain, represents a significant opportunity for our markets. Significant benefits are expected: faster exchanges, lower operating costs and greater transparency of transactions. However, this trend is now going hand in hand with a plethora of uncoordinated DLT initiatives, giving rise to the emergence of new private settlement assets, most notably stablecoins. These initiatives are largely controlled by non-European players and mechanisms, whose reference currency is the dollar.

B. The challenges raised by changes in the payments landscape

[Slide 4: Issues and challenges posed by the digitalisation of the European payments system]

While the digitalisation of payment means has delivered many benefits, in particular by enabling simpler, faster, more convenient and more secure payments, it also poses **challenges**.

The decline in the use of cash raises questions about the sustainability of some of its characteristics, particularly confidentiality, universal acceptance and accessibility, which are not currently available in the digital sphere. Furthermore, the increase in the use of digital payments raises questions about the role of central bank money, as opposed to commercial money used for card payments, even though central bank money plays a key role in anchoring confidence in our monetary system.

Furthermore, expanding the use of digital solutions has steadily upped our reliance on non-European entities (particularly from the United States and China), which already leverage significant network effects, thanks notably to their ability to harness extensive datasets and customer bases. They also control a number of widely used proprietary standards (Visa, Mastercard). Beyond the question of operational resilience, this situation raises concerns over competition, strategic autonomy and data protection.

With the emergence of these international players, European payment solutions appear highly fragmented and their market share has been eroding.¹

The growing digitalisation of payments also represents a challenge to maintain a high level of payment security. Fraud schemes are becoming increasingly complex, involving the manipulation of payers and the circumvention of the strong authentication mechanisms put in place to ensure the security of digital payments in Europe. In particular, artificial intelligence (AI) is **a double-edged sword**.

AI amplifies cyber risk and, in payments, it can considerably facilitate payment scams, for example through deepfakes. But this technology can also become an **invaluable ally in the fight against fraud**, by enabling fraud schemes to be more rapidly and effectively identified. Against this backdrop, integrating AI into anti-fraud models could help to improve the security of the digital payment means available to the public.

It should also be noted that digitalisation could extend to financial assets, through tokenisation, although at present there are no suitable and really secure payment solutions available for these financial transactions. Therefore, without a central bank money-based payment solution for these "wholesale" transactions, private non-European solutions could become dominant, in particular stablecoins. However, almost all stablecoins are currently pegged to the dollar, and their issuance in the United States is not currently subject to any protective federal regulatory framework. If the tokenisation of financial assets were to gather pace, the lack of a central bank money payment solution in euro might therefore threaten the role of central bank money as the anchor of the euro area's monetary architecture, with concrete adverse consequences: an increase in counterparty and liquidity risks, increased fragmentation of settlement, and ultimately a loss of sovereignty and a weakening of financial stability.

In this context, the recent positions adopted by the **new US administration**, and in particular the adoption on 23 January of an Executive order, are likely to amplify these risks as this Executive Order (i) prohibits all work related to the development of a new form of central bank money compatible with technological changes, (ii) promotes the development of dollar-backed stablecoins, and (iii) encourages citizens and businesses to use public blockchains. This new political direction reinforces the need for Europe to preserve its monetary sovereignty, which means developing its payment sovereignty.

II. To meet these challenges, the Banque de France is using several additional levers for action

[Slide 5: Transition – Two additional responses: regulation/support and innovation.]

A. Adapting regulatory frameworks and supporting innovation within a framework of trust

[Slide 6: Adapting regulatory frameworks at national and international level]

First and foremost, the Banque de France promotes **clear, standardised and balanced regulatory frameworks** that allow innovation to flourish within a framework

of trust conducive to their sustainable deployment. It therefore supports and contributes to the development of frameworks that aim to:

- Maintain a level playing field between players. For example, this has made it possible for operators other than Apple to have access to NFC antennae on iPhones at the European level to promote better competition.
- Adapt to technological progress to support the development of new players, while ensuring they are adequately regulated, based on the principle of "same activity, same risk, same regulation". This approach has guided the deployment of the Markets in Crypto-Assets (MiCA) regulation, which standardises the rules applicable to crypto-asset service providers, enabling them to develop their business while ensuring that risks to users and the financial system are properly managed.
- Protect consumers. This was, for example, the aim of the second European Payment Services Directive (PSD2), which introduced "strong customer authentication" (SCA) for more secure payments. The Instant Payment Regulation (IPR) follows the same logic, requiring payment service providers (PSPs) to deploy fraud protection measures (e.g. checking the name of the beneficiary against the IBAN) to ensure the orderly development of instant payments.

[Slide 7: Strengthening the security of means of payment]

As part of its statutory mission, which includes ensuring the security of means of payment, the Banque de France supports innovation by ensuring that it does not jeopardise **the security of payment methods**. The following tasks are performed within the framework of the Observatory for the Security of Payment Means (OSMP).

- Communication campaigns targeting the general public, such as "never give out your data", carried by various audio-visual media and radio, and aiming to raise awareness of the personal nature of passwords in particular,
- Initiatives aimed at boosting cooperation with data protection, cybersecurity and telecommunications authorities to limit fraud as much as possible.

[Slide 8: Promoting innovation by supporting private initiatives]

Support for innovation also seeks to ensure that private initiatives help to strengthen European sovereignty over the euro payment system:

- At the national level, this support aims to consolidate the position of high-performance French payment solutions, such as the *Groupe carte bancaire* (CB bank card group), which has been allocated specific support within the framework of the new national retail payments strategy for 2025-30, implemented by the National Payments Committee (CNMP) last October.
- At the European level, pan-European solutions, such as the European Payments Initiative (EPI), are strongly supported. EPI launched the 'Wero' digital payment wallet for consumers last autumn, providing instant payments across five European countries (Belgium, France, Germany, Luxembourg and the

Netherlands). This initiative with pan-European ambition aims to promote competition and strengthen Europe's strategic autonomy in retail payments.

B. The provision of new central bank money services to preserve the key role of central bank money in a digitalised world

Alongside regulating and supporting private initiatives, the Banque de France is making a strong and decisive contribution to the Eurosystem's work on developing its services through the creation of a central bank digital currency for both retail and wholesale transactions. This work has become more strategically important in terms of ensuring European sovereignty over its payment system since the policy shift initiated by the new US administration that I referred to a few minutes ago.

[Slide 9: Innovating with the digital euro: a European payment solution]

1. The digital euro

Given the strong dependence on American payment solutions and networks, the Banque de France thus supports and participates fully in the digital euro project spearheaded by the Eurosystem, which will constitute a public alternative, preserving the freedom to choose means of payment, sovereignty and competition in the euro area.

The digital euro aims to provide everyone with the possibility to use a 'digital banknote' in the digital payments sphere that incorporates the main features of a 'physical' banknote. Its off-line mechanism will provide a cash-like level of privacy and will be a guarantee of resilience. It will be free of charge for individuals. Its characteristics will foster digital financial inclusion, including for people without bank accounts or smartphones. It will also be a **new form of public money**, which will safeguard the anchoring role of central bank money and trust in our single currency.

The digital euro also aims to strengthen **European** integration and strategic autonomy in payments thanks to the legal tender status it would be given, making it usable anywhere and in any circumstances within the euro area. It will also be based on **open and harmonised standards**, which private payment solutions such as Wero will be able to use to expand their reach. In this way, the digital euro aims to foster the development of private solutions under European governance, which can be used across the euro area, whereas most solutions are currently restricted to certain countries or use cases.

The Eurosystem is currently in a **preparation phase** that will last until the end of 2025. At the same time, a democratic debate is taking place at the European level to define, by means of legislation, the conditions in which the digital euro may be used. A decision on issuance can be taken once this legislation has been approved by the European Parliament and the Council.

[Slide 10: From Wholesale CBDC to a shared European ledger]

2. Wholesale central bank digital currency

With the development of tokenised assets, the Banque de France is also firmly committed to providing a payment solution in central bank money that includes making it available in tokenised form, in other words, a "wholesale CBDC".

The Banque de France has been resolutely committed to this solution since 2020, playing a pioneering role at the European level in an experimental programme conducted between 2020 and 2022, in partnership with various private and institutional sector players. This work, which allowed the Banque de France to develop and test its own blockchain (DL3S), was followed by that of the Eurosystem in 2024. This was used to test three solutions for settling tokenised assets in central bank currency through around 40 or so experiments.

Drawing on the lessons learned from these experiments and their confirmation of a demand for adapting central bank money services, in February 2025, the ECB Governing Council decided to quickly make available a settlement service in CB money adapted for tokenised assets, which will include money in token form, i.e. a "wholesale" CB digital currency.

This decision also paves the way for discussions on building a European shared ledger that could be used to adapt European payment infrastructures to the digital era to ensure sovereignty. By providing a credible alternative to non-European solutions, based on a standardised legal and regulatory framework, a European shared ledger could support financial integration within the EU and help strengthen the resilience and attractiveness of our financial market.

Conclusion : As a central bank tasked with safeguarding monetary and financial stability, and notably the security and efficiency of payment systems and means of payment for the euro, the Banque de France is fully committed to monitoring, understanding and supporting the major transformations currently taking place in the payments landscape. These transformations have recently assumed major strategic importance for the monetary sovereignty of euro area countries, necessitating the mobilisation of all the European players concerned to respond in an appropriate and adequate manner. This involves developing secure, efficient public and private pan-European payment solutions that contribute to European sovereignty over its payment system. As both supervisor and provider of central bank money services, we are determined to play our part.

[Slide 11: Thank you for your attention]

[¹ Report on card schemes and processors](#)