BANQUE DE FRANCE
EUROSYSTÈME

# SARB Payments Conference 2026

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# Payments in a fragmenting world: sovereignty, strategy and system design

## Speech by Denis Beau, First Deputy Governor

***Introduction***

Good morning everyone,

It is a great pleasure to be with you today, and I would like to warmly thank the South African Reserve Bank for its invitation and for organising this conference.

The theme of this session, *"Payments in a fragmenting world: sovereignty, strategy and system design"*, is particularly timely. A number of drivers are currently at play to transform our payments and market infrastructures both domestically and internationally, ranging from geopolitical development to technological innovation and including structural transformation in demand for and supply of clearing and settlement services. They could weight both negatively and positively on their efficiency and safety. An important determinant in my view of the actual impact of those drivers for change will depend on the evolution of central banks policies. This is certainly the case in the euro area, and in France in particular, where the Banque de France has been explicitly mandated to ensure the safety and efficiency of clearing and settlement systems, and the safety of payments instruments.

The scale and form this adaptation of central bank policies may take vary from one jurisdiction to another depending on local circumstances and policy priorities. In the euro-area in general and in France in particular an important point of attention currently is the impact of technological innovations, and in particular the spread of DLT-based infrastructures in support of the development of tokenised financial markets. Therefore, I would like to focus my remarks today on the implications of this transformation for our policy stance and actions.

To put it simply we believe that this transformation requires from us in the wholesale payments and market infrastructure space, to adapt the implementation modalities of our policies but not to change their substance, in particular as providers of central bank money services and of critical market infrastructures, to ensure that the expansion of tokenisation bring its expected efficiency benefits without weighting negatively on monetary and financial stability and our strategic control over the functioning and evolution of the euro's payment and settlement infrastructure.

What does that mean in terms of evolution of our policy objectives and actions?

***Slide 1 – Preserving the two-tier monetary system in a tokenised ecosystem***

In terms of objective this means extending to the tokenised space our current two-tier monetary system, as illustrated in a stylised form on the slide you see on your screen.

Indeed, our monetary system currently relies on a two-tier structure, in which central bank money and commercial bank money perform distinct and complementary functions. Central bank money provides the common monetary anchor with the associated legal tender status. Supported by market participants' recognition that it is the safest settlement asset and a regulatory framework which encourages the use of central bank money as a settlement asset in systemically important market infrastructures, central bank money is actually dominant in wholesale transactions between financial intermediaries, while commercial bank money plays an essential role in retail payments involving households and non-financial corporations.

As financial markets may become increasingly tokenised, we see merits from a monetary and financial stability standpoint in preserving this two-tier structure and extending it to the tokenised space of the financial system. In addition, this objective was clearly supported by the Eurosystem's exploratory work in 2024, which demonstrated strong market demand for access to central bank money settlement as a prerequisite for scaling up tokenised financial markets. Consequently, the Eurosystem has responded with an operational solution and an ambitious roadmap for the coming years, on which I will come back when I turn to the concrete steps we have taken to help us meet this objective.

But it should be clear that in this two-tier system central bank money is not intended to serve every use case. Private settlement assets in the form of euro-denominated tokenised commercial bank money and stable coins issued by European regulated institutions, have also an important role to play alongside wholesale central bank money, supporting a wide range of financial activities, from treasury management to cross-border transactions. Ensuring that these two forms of money, private and public, coexist and interact seamlessly will be essential to preserving the

two-tier monetary system and the singleness of money in a financial system where tokenisation could play an important role.

This also has a sovereignty dimension. With stablecoins overwhelmingly denominated in US dollars, developing competitive euro-denominated settlement assets issued by EU based and regulated institutions is essential to preserving Europe's monetary autonomy in digital financial markets.

Yet preserving this monetary architecture is only part of the challenge. As tokenisation develops across different networks and infrastructures, two challenges will be particularly important to ensure that tokenisation fulfils its promises in terms of efficiency gains in strengthening market integration rather than creating new forms of fragmentation.

The first is interoperability: enabling efficient financial services based on assets and money available across different platforms, without creating new silos or fragmenting liquidity. This requires not only technical connectivity, but also common standards and legal certainty.

The second is liquidity efficiency. While atomic settlement can reduce counterparty and settlement risks, greater reliance on gross settlement may limit netting opportunities and increase participants' liquidity needs. Finding the right balance between settlement safety and liquidity efficiency will therefore be essential as tokenised markets grow.

**Within the Eurosystem, we are addressing our objective of extending the current two-tier monetary system and its associated challenges through an evolution of our central bank money services, called Pontes, combined with a catalyst work with market participants, framed in a project called Appia, to create a shared vision on the longer-term architecture needed to support tokenised financial markets in euro.**

***Slide 2 – Pontes and Appia***

This combination of actions was decided in February 2025 by the Governing Council of the ECB.

Pontes provides new central bank money services in tokenised form, which can be connected to DLT-based market infrastructures supporting the exchange of tokenised financial assets to provide the cash settlement leg. Pontes went live one month ago on 21 September, marking an important milestone for the Eurosystem. Pontes provides an operational solution already today, with an ambitious roadmap to progressively extend its capabilities, including longer operating hours – aiming for 24/7 – and additional functionalities by 2028. But as tokenisation spreads across more platforms and assets, ensuring their interoperability will become increasingly important.

Hence the Appia project. Its ambition is to shape an integrated, innovative and resilient European financial ecosystem leveraging tokenisation and DLT, firmly anchored in central bank money as the foundational settlement asset. To that end the Eurosystem is currently exploring with market participants several architectural options, including interoperability arrangements, infrastructure models and mechanisms to ensure efficient liquidity management. The findings will feed into an Appia Blueprint expected in 2028.

**Together, Pontes and Appia should contribute as a reference framework, with central bank money services for the development of an integrated and interoperable European tokenised financial ecosystem, and help moving from individual tokenised transactions towards the tokenisation of entire market segments.**

***Slide 3 – Scaling up tokenisation: initiatives in France***

In France, we are specifically contributing to this scaling up objective through initiatives like the Pythagore project and the Strategic Group on Innovation and Tokenisation.

The Pythagore project is a joint initiative of the Banque de France and Euroclear France.

It aims at tokenizing fully the market for Negotiable European Commercial Paper, or NEU CP. This market is particularly well suited to tokenisation given its size, the simplicity of its instruments and the relatively concentrated set of participants. Under Pythagore, NEU CP will be issued natively on Euroclear France's DLT infrastructure, D-FMI+, and settled in tokenised central bank money using Pontes services. The first issuances are expected for December this year. The ambition is to demonstrate how tokenisation can support an existing financial market at scale, end to end, from issuance to settlement, while delivering tangible efficiency gains through greater automation, reduced reconciliation needs and more efficient settlement.

In France, the Banque de France is also contributing as a catalyst to a Strategic Group on Innovation and Tokenisation of the French market place. Its objective is to strengthen market coordination and accelerate the development of concrete tokenisation projects. Its conclusions, to be published shortly, point to practical measures and priority projects to support the scaling up of tokenised markets. It should call for instance on the private sector to develop a clearing mechanism for tokenised deposits, relying on Pontes for settlement in central bank money in tokenised form.

***Conclusion***

The payments landscape is likely to evolve significantly in the coming decade, under the impact of important drivers for change, starting with technological innovation.

This perspective has already prompted many central banks to adapt their policies, given their mandate most often calling them to ensure the safety and efficiency of their market infrastructure and payment systems.

For the Eurosystem -and the Banque de France in particular-, this adaptation has already translated into a significant evolution of a central bank money services for the wholesale space to adapt them to the tokenisation of possibly a significant part of the financial system. A similar evolution is in the making in the retail space with the preparation of the launch of a digital banknote, the so called “digital euro”.

Thank you.