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Keynote speech

Esteemed guests, ladies and gentlemen, colleagues, and friends,

I am delighted to participate once again in the Eurofi High Level Seminar. I am speaking to you from the general vicinity of the Venetian walls of Nicosia. These walls were raised in the 16th century to defend the island from invaders and to protect civil life and commerce against hostile forces beyond Cyprus' shores. These walls were not symbols of division; they were structures of protection, resilience, and strategic foresight.

Today, Europe, as the rest of the world, is facing unprecedented turbulence. The threats we confront no longer arrive on wooden hulls, but through shifting global currents and fragmentation, competitive pressures, technologies shaped outside our borders and, unfortunately, armed conflicts. It is thus imperative to strengthen the safeguards that protect our economic life — not with stone bastions, but with digital foundations; not with walls that divide, but with systems that secure; not with fortresses of the past, but with architectures and infrastructures of trust for the future. We must renew and deepen the European project, shaping it into an even more resilient, autonomous, united and forward-looking union that delivers for all its citizens.

Colleagues,

At Eurofi, I am addressing people who already understand the strategic importance of a digital euro; knowledgeable experts involved in technical and political

discussions; and as we meet today, the picture is still evolving. Whereas the Council of the European Union has agreed its general approach since last December, the European Parliament is debating extensive compromise amendments, and the ECB continues the preparatory work with speed and determination.

What we can say with confidence is this: from idea to policy, and now to legislation in 2026 — the digital euro is on a well-defined trajectory to becoming a reality in 2029.

The Council has set out a clear direction. It sees the digital euro as complementary to cash, available both online and offline, and designed to strengthen Europe's strategic autonomy and payments' resilience.

Parliament, meanwhile, has been navigating an enormous volume of amendments to the European Commission's proposal — more than 1,400 — reflecting a wide spectrum of positions on privacy, governance, legal tender, and distribution. Last November, the rapporteur, Mr. Fernando Navarrete, tabled his long-awaited draft report in the European Parliament's ECON Committee. The draft was cautious. It questioned online functionality. It proposed conditionality — a "market test" to determine whether an online digital euro should ever exist. It leaned heavily towards an offline only, token-based instrument. It reflected concerns about privacy, financial stability, and private sector displacement — concerns that deserve respect and engagement.

However, it appears that the

rapporteur is currently working on a new draft that removes his proposal that an online version should only be launched if European private sector alternatives fail. This is good news.

It is a fact though, that the debate in Parliament is still maturing. It is a fact that the Cypriot Presidency stands ready to launch the trilogues later this semester. And it is a fact that, once the co-legislators come together, convergence will come — swiftly and constructively. And I have no doubt that everyone here at Eurofi understands the importance of getting this right and with urgency.

Today I want to keep my message simple. So let me focus on only three themes that will shape the success of the project: trust, balance, and implementation.

A digital euro will only succeed if people trust it as much as they trust cash today. And trust here means two things: (i) privacy, and (ii) clarity.

Privacy has emerged as one of the most sensitive issues. The Council speaks of ensuring "a high degree of privacy" for digital euro transactions. Parliament goes further, particularly on the offline version, emphasising that it should function as closely as possible to cash — a form of payment that leaves no trace.

These are different expressions of the same concern: Europeans want to know that the digital euro is on their side.

Co-legislators will need to remember three things: (a) that the

ECB will track no one; (b) that the digital euro design will protect our privacy; (c) that personal data will be pseudonymised and stay personal. Co-legislators must decide what will be enshrined in the law and what will be set out in the ECB's scheme rulebook — but let's be clear about what people expect:

- to feel safe, not watched.
- to feel free, not monitored.
- to feel empowered, not constrained.

Clarity will also matter. Citizens are asking: "What is the digital euro for?"; "Will it replace cash?"; "Will my bank account be affected?"

The Council is clear that the digital euro will complement, not replace, cash.

Parliament seems broadly aligned, but with stronger attention around legal tender and acceptance obligations. Mandatory acceptance matters. Without it, there is no inclusion, no resilience, no sovereignty. Exemptions must stay exceptional — otherwise legal tender loses meaning. And let's be pragmatic: if a merchant already accepts digital payments, they can also accept the digital euro — the infrastructure is there, the cost is minimal, and the obligation is proportionate.

This leads us to the second theme: balance.

Designing the digital euro is not simply a technological challenge. It is an economic balancing act.

Both the Council and Parliament agree that the digital euro must be distributed through private intermediaries: banks, payment institutions, electronic money institutions, and other service providers.

And that is important. Europe is not trying to bypass the market. It is trying to strengthen it by ensuring that central bank money can function in the digital sphere.

But co-legislators will have to grapple with the question: What does "intermediation" really mean in practice?

- Does it mean protecting banks from deposit flight?
- Does it mean ensuring space for private innovation?
- Does it mean safeguarding the relationship between citizens and their payment providers?

In truth, it means all of the above. And it means doing so in a way that maintains the fundamentality of financial stability and monetary policy transmission. It keeps banks strong, keeps innovation alive, and keeps citizens firmly in control of their money.

In all these debates, a simple principle stands out: we need a digital euro that strengthens Europe's payments ecosystem, not one that fragments it. In fact, it is envisaged as a platform for innovation and growth; exploiting existing standards and infrastructures for efficiency and cost minimisation, combined with being technology neutral.

The trilogues will need to find a balance that is firm but flexible; strong enough to protect the public interest, but agile enough to allow innovation.

The final theme is implementation. And here we are talking about sequencing, testing and governance. The Council sets out a structured path: establish the legal framework, empower the ECB, safeguard financial stability, and ensure both the online and offline versions are ready from day one. Parliament, by contrast, is leaning toward a more explicit set of pre conditions — calling for robust pre issuance testing, cyber resilience checks, liability allocation, and a phased or conditional roll out.

These questions stem from a reasonable concern: before we ask 350 million Europeans to use a new form of money, we must test it thoroughly and get the 'mechanics' right. The trilogue question, then, is straightforward: which implementation details belong in primary legislation, and which belong in secondary acts or the ECB's scheme rulebook? The art will be in deciding where to draw that line, while ensuring legal certainty and flexibility in responding to evolving market and technological developments.

Ladies and gentlemen,

The euro remains the world's second most important currency; but stability is not destiny. A stronger euro tomorrow needs stronger markets, stronger infrastructure, cross-border payment links, and a digital euro today. And I hasten to add that,

in due course, the digital euro will reinforce the importance of Europe in the international arena. The exploration of new technologies in payment and settlement, in which the Eurosystem is at the forefront, will bring opportunities to establish further the credibility of the euro as a currency of choice for trade, settlement and store of value. The digital euro will not chase reserve status abroad; it will build trust at home; and a stronger euro at home becomes a stronger euro in the world.

That's why we cannot slow down. Not now. Not when others are moving. I am confident that co-legislators will accelerate the legislative debate and keep 2029 on track — not as a hope, but as a commitment. Because every delay weakens us. And every step forward strengthens Europe.

Here in Nicosia, the symbolism is impossible to ignore.

- Cyprus knows what it means to negotiate under pressure.
- Cyprus knows what it means to preserve unity, even when the landscape is divided.

And so, perhaps from no other capital is the message clearer: 'Europe must design its digital currency with purpose — knowing that our monetary union is only as strong as the trust we build together.'

As we move into the trilogues, we must keep the conversation open and the details proportionate:

- We have seen that Parliament's early concerns on privacy and

stability are being answered: through cash-like offline design and a fully intermediated model.

- We have seen that the Commission's approach for 'both online and offline modalities' is emerging as the practical path to universal use from day one.
- We have seen the ECB respond to Parliament's request for modelling from 500 up to 3.000 euros per user, and Mr Cipollone's message to ECON Committee was unambiguous: holding limits are being calibrated with scientific precision, grounded in usability, monetary policy, and financial stability. The calibration mechanism is technocratic, and it will continue to be transparent.
- And on banks' investment costs, the ECB's own analysis shows that once synergies and cost-sharing are accounted for, the burden aligns with past pan-European payment projects — far from the costs of individual banks stand-alone investments some had feared.

While the democratic debate will continue to deep dive into issues that are highly technical, it ultimately returns to something profoundly human: the need for digital public money that is safe, simple, and trusted.

This is the era of unprecedented digital innovation and change. The future will be shaped by those who design its rules. The lesson

for today is clear; we must lead, not be led. Cyprus offers an ancient example of this mindset. In the 4th century BC, Evagoras, King of Salamis asserted political and economic authority by issuing his own coinage, an act that symbolized authority, confidence and participation in the wider Hellenic region defining his own terms. The lesson endures: those who mint their own course in history define their future.,

Ladies and gentlemen, let me close with an important message:

Today, as global conditions remain volatile and our Union is once again tested, it is essential that we sustain this momentum. Strengthening the foundations of our economic and financial architecture is more important than ever.

In this context, I firmly believe that Europe's digital transition, and in particular the work on the Digital Euro, can become a key pillar of our resilience and strategic autonomy reinforcing confidence in our common currency in an increasingly digital world.

Thank you.