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Remarks

Good afternoon, ladies and gentlemen.

Thank you for the invitation to join you.

Eurofi remains a crucial forum to exchange on the financial and economic developments that are shaping our world today.

The fact that we are meeting virtually today is another reminder of the changing and challenging world we are living in.

I am grateful to the Eurofi team for ensuring that today's conference is still taking place as planned.

Europe will continue to stand in full solidarity with Cyprus during this difficult period.

The ongoing conflict in the Middle East clearly poses serious risks for the global economy.

As an energy importer, Europe is particularly affected.

Of course, the impact will depend on the duration, scope and intensity of the conflict.

In any case, it further underlines the urgency of acting decisively to improve our resilience.

We must move now to safeguard our long-term prosperity.

The broad challenges that the European economy has to overcome are not new.

Productivity and growth have been lower than they should be for some two decades already.

What has changed is the broader context.

Technological change is

accelerating.

Trade policy uncertainty remains high.

Dependencies are being exploited.

And Russia continues its brutal war of aggression against Ukraine.

The urgency of addressing economic and security challenges has therefore increased sharply.

A larger and more productive European economy is needed to enhance our economic resilience.

Only a resilient European economy can absorb the shocks and seize the opportunities of this new era.

It requires action across all fronts at both European and national levels.

The European Commission is determined to play its part.

We are deepening our Single Market and strengthening our trade network.

Our ambitious simplification agenda is another important element of enhancing Europe's competitiveness.

We know the European economy needs less red tape and more growth.

That is why the European Commission has been delivering on a simplification agenda that is unprecedented in both scale and ambition.

In December, the Economic and Financial Affairs Council called for ambitious simplification packages targeting the EU's financial services regulation.

The recommendations from the ECB's High Level Task Force on Simplification and the European Banking Federation's "Simply Competitive" report represent important contributions to these discussions.

We will take these inputs and others into account when presenting our next steps in this area.

More broadly, we will follow up the European Council's conclusions from last week where leaders call on us to put forward further omnibus and other simplification initiatives.

We will also continue to screen and stress test the EU acquis to eliminate outdated provisions, overlaps, inconsistencies and redundancies.

To that effect, we will set out an action plan for "regulatory cleaning", as part of our upcoming Communication on better regulation and enforcement later this spring.

But that's not all.

We must also leverage one of our greatest economic assets.

The euro has become a beacon of stability and a symbol of European unity.

It is used by over 358 million people across 21 EU countries.

The benefits of the euro - price stability, lower transaction costs, and deeper economic integration - have reinforced the EU as the world's most integrated economic area.

A greater international role for

the euro can be an important cornerstone of preparing the European economy to thrive in a more challenging world.

It can act to limit our vulnerabilities and enhance our economic and financial stability and security.

At the same time, it can boost the EU's competitiveness.

It could, for instance, help lower borrowing costs and shield EU importers and exporters from exchange rate fluctuations.

The European Commission presented a comprehensive set of possible actions to enhance the euro's global role earlier this year.

This demands a multifaceted strategy.

There is no silver bullet.

The global appeal of the euro in the world will first and foremost be determined by the strength and resilience of the European economy.

That means we must double down on efforts to drive the EU's competitiveness agenda forward and deepen our Single Market.

It also means implementing the Savings and Investments Union, diversifying our trade network, and enhancing our defensive capabilities.

These are the fundamentals that we need to get right.

If we succeed, we can create a positive feedback loop wherein our economy can strengthen the international role of the euro and a stronger international role for the euro can strengthen our economy.

Global geopolitical developments also underline the need to make the EU's retail payment systems more autonomous.

We are continually adapting to a less stable and more challenging geopolitical environment where dependencies are becoming vulnerabilities.

This is evident, for example, in our determined push to derisk, diversify and strengthen our trade network.

But we must also limit our exposure in other domains.

For this, we have a project whose time has well and truly come: the digital euro.

No area is more critical than our financial and payments infrastructure.

It is the circulatory system of the European economy.

Today, our payments landscape is highly dominated by non-European providers.

Almost two-thirds of card-based transactions in the euro area are carried out by non-European companies.

Thirteen euro area countries rely entirely on international card schemes for card transactions.

The annual transaction volume represents trillions of euro.

So, we are highly dependent on foreign-owned companies.

Our dependency can create vulnerabilities, especially in the current volatile context.

The EU must act to ensure its

citizens and businesses have access to a resilient payment infrastructure.

When it comes to services of such critical strategic importance, we simply must have a European alternative.

The digital euro is part of the solution.

It is a European public good that is fundamental to strengthening our digital and monetary sovereignty.

It is a key pillar of reinforcing the EU's overall strategic autonomy.

The digital euro is also crucial to spur competition and innovation.

It is not intended to compete with, or replace, private payment solutions.

It will provide a complementary solution.

Its open access standards will be made available to the private sector.

This will enable them to build innovative payment solutions on top of the digital euro.

It will also facilitate something that's all too often missing when we speak about European innovation: scale and network effect.

It will enable private payment providers to expand their services seamlessly across national borders within the EU.

In doing so, it will foster innovation and competition in the retail payments market that will benefit consumers, merchants and payment service providers alike.

So, the digital euro is not just an insurance policy against the dangers of dependency.

It provides the foundation for innovative European alternatives that can push every actor in the payments ecosystem to raise its game.

Finally, it responds to how our citizens are actually using their currency.

More and more Europeans are choosing to pay digitally.

The share of cash payments in the euro area between 2019 and 2024 dropped from 72% to 52% at the point of sale.

Yet, we lack a genuine European digital means of payment to fill the space left behind by this decline in the use of cash.

So, our currency must also adapt to keep up.

Of course, we are not seeking to replace cash.

Euro coins and banknotes are not going anywhere.

In fact, we are going to protect and preserve their role.

Our Single Currency Package will ensure individuals and businesses can continue to access and pay with euro banknotes and coins across the euro area.

But we do need a system to complement physical cash with its digital equivalent.

We must ensure that public money satisfies the evolving needs of Europeans.

The digital euro also responds to the value our citizens attach to maintaining their privacy.

It will provide cash-like privacy in the digital world for offline payments and a high degree of privacy for online payments.

It strikes the right balance between citizens' legitimate request for privacy in payments and the need to counter money laundering, terrorist financing and fraud risks.

Payment service providers, merchants and consumers need clarity and predictability to plan for the issuance of digital euro.

One important feature for the digital euro to succeed – and for its legal tender status to be effective – is that its online and offline features are implemented from the beginning.

The next step in the process is for the European Parliament must now reach a consensus on its position on the proposal.

Time is of the essence.

As leaders reminded us last week in their Euro Summit statement, we need to complete the legislative process and facilitate the necessary preparations for the introduction of the digital euro as quickly as possible.

Ladies and gentlemen, to conclude,

The challenges before us are significant, but so too is Europe's capacity to respond with unity, determination and vision.

I am convinced that by taking the steps we know we need to take today, we can build the resilience

needed to navigate an increasingly uncertain world.

These steps are essential to not only safeguarding our economic sovereignty, but also to lay the foundations for innovation and growth in the years to come.

If we act decisively, Europe will not merely adapt to change, it will help shape it.

Thank you.