Digital euro: working towards the final legislation and preparing for the 2027 pilot

1. The digital euro: a public good on which the private sector can build

1.1 Correcting a market failure in a fragmented, non-European payments landscape

A public authority representative argued that the digital euro first and foremost corrects a market failure: for many reasons, the private sector has not managed to build a single, consistent solution for the whole of Europe, and solutions remain fragmented despite greater private-sector action.

The same speaker stressed the sovereignty dimension: in 13 countries, payment systems are entirely dominated by US providers, which raises not only economic but also geopolitical issues, sanctions being of critical importance given the very high uncertainty ahead. The digital euro is a way of establishing a European solution with European governance, operating in line with European values, legislation and frameworks.

The digital euro was presented as only part of a much bigger story, namely a broader payments policy strategy that also includes a wholesale arm, with Pontes soon to be announced as operational and Appia to follow, the aim being to create a whole ecosystem that improves Europe's payment infrastructure and prepares economies for future technological progress.

1.2 We do not have an instrument that works everywhere

A public authority representative described the problem to be solved: it is simply not possible today, across all euro area countries, to pay digitally in all relevant use cases using a European provider.

Very strong national solutions exist, the speaker acknowledged, but they leave gaps. A national debit card scheme may be probably perfect at the point of sale, yet it does not work in e-commerce and stops at the national border – and cash, likewise, cannot be used to pay on the internet. Since user behaviour increasingly means e-commerce, we do not have an instrument that works everywhere.

1.3 Complementing cash, not replacing it

A public authority representative was unequivocal: As long as society requires cash, we will provide it. The digital euro is a retail solution designed to complement cash, not to replace it.

An expert welcomed the fact that cash remains high on the agenda of the ECB and the national central banks as the most inclusive means of payment in existence today, while noting that society is moving ever further into digitalisation.

A public authority representative added that, just as the digital euro does not compete with cash, it does not compete with private solutions either.

2. Cooperation, not competition

A public authority representative summarised the approach as a two-pillar approach based on cooperation, not competition. The digital euro should be a public basic offering, with innovation built on top by the PSPs that customers choose for their specific needs: it is really about building railways on which we can all work together.

Another public authority representative concurred: the objective is to create a public good on which the private sector can build, adding, We are not in the business of taking business away from the private sector.

An industry representative stressed that the digital euro is not an isolated payment solution but part of the ecosystem of future payments in Europe, requiring robust schemes that complement each other and cooperation between the public side and banks on both the issuing and acquiring sides.

Another industry representative emphasised that this is not only a technology product, nor only a regulatory issue: consumers will have to change their habits and merchants will have to accept a new kind of account and payment method. The whole ecosystem must therefore move from talk to action, with significant cooperation and substantial investment from all the entities involved.

2.1 Leveraging existing infrastructures rather than duplicating them

An industry representative pointed out that 26 European countries, EU and non-EU, already have a local payment method, accessible to 94% of the EU population: alternatives provided by the private sector are very real today. These solutions and local infrastructures are critical, in cooperation with the Eurosystem, to the success of the digital euro.

Drawing on experience, the speaker warned that we must not underestimate the investment and complexity involved in launching a Europe-wide retail payment system. A domestic mobile solution launched ten years ago, now used by 90% of the banked population at the point of sale and online, required a huge investment and took a long time. Such well-known brands,

increasingly interconnected across borders, matter because it is not easy to change consumers' payment habits.

The speaker therefore called for leveraging existing infrastructures, connections and the solutions that already aggregate PSPs, with cooperation on standards, on the role of technical service providers, and on ensuring that private rails are compatible with, and complementary to the public means of payment. Benefits would include easier adoption, lower implementation costs and faster time to market, the challenge being to connect more than 5,000 PSPs within a defined timeframe.

A public authority representative agreed that a swift completion would avoid unnecessary, duplicative investment: market participants would build on top of the digital euro rather than duplicate it.

2.2 Interoperability with private schemes is the key to success

An industry representative described interoperability between private schemes and the digital euro as the key to the success of the digital euro, meaning that it must be integrated into banking apps and into Wero or domestic schemes. The digital euro does not need to cover every conceivable niche use case but should remain a simple digital means of payment.

A public authority representative pointed to non-proprietary standards as an example that will work very well: they work for everyone and will be rolled out even before the digital euro exists, giving both the Eurosystem and the market a head start.

2.3 A level playing field and a fair compensation model for issuing banks

An industry representative set a level playing field as the first precondition for cooperation: every participant, whether the digital euro or private solutions, should have the same opportunities in the market.

A public authority representative agreed on equal opportunities but added a nuance: central bankers bear a greater responsibility, because we do not choose our customers, who are all European citizens. You have a choice; we do not – and, to be clear, we do not want one.

The industry representative saw a fair compensation model as a key component: clients only accept a product if they see added value in it, so issuing banks must be incentivised to develop innovative products. Surveys show that clients remain hesitant, particularly where cash use is high, because they do not know the consequences of using the digital euro; offering it through banking apps is the way to overcome this.

A public authority representative noted that the final design, including the compensation model, is now up to the co-legislators, and that both technical and business aspects have to come together.

The Chair observed that these elements are covered in the legislative discussions and in the joint work of the Rulebook Development Group and noted a strong convergence of ideas.

3. Safeguards embedded in the law and enforceable

An expert stressed a shared responsibility of the public sector, the private sector and civil society to be very clear about what the project is about and about the safeguards embedded in the law – safeguards that are enforceable not only by regulators but also through the technology implementing the project.

3.1 The real test is whether consumers will want to use it

The Chair underlined that the real test is whether consumers will want to use the digital euro.

An expert recalled that, from the outset, the message had been that the digital euro must be something people are willing to use and endorse, because the entire success of this project depends on people actually using it.

According to a 2025 consumer survey cited by the speaker, expectations cover five dimensions: security and reliability, with strong fraud protection and privacy features replicating as far as possible the characteristics of cash; ease of use, including offline use and a physical card; universal acceptance, online and in shops, without having to ask "What am I going to pay with now?"; affordability, with low or no fees; and inclusiveness, which must be built into the work as electronic payments keep increasing.

3.2 The most private electronic means of payment ever

An expert argued that Europe must lead by example: the digital euro needs to become the most private electronic means of payment ever, to uphold the fundamental values of the EU.

The speaker highlighted the explicit prohibition on the Eurosystem identifying users or tracking individual transactions as both a safeguard and a very strong signal, which must be communicated against claims in some Member States that this is a surveillance project: it is designed to raise the floor for privacy features in electronic means of payment.

Privacy by design and by default must be translated into technology: offline transactions known only to the payer and the payee, and a default ban on storing transaction data on the user's device, since people tend not to change default settings.

The Chair confirmed that privacy is secured by law and has been integral to the design from the start: online, the Eurosystem would not be able to link a transaction to an individual, while offline privacy is very close to cash.

A public authority representative framed the choice frankly: someone will provide the infrastructure, and trusting the ECB rather than a third-country provider to safeguard data is a no-brainer, since the ECB can be held to account in a way a private provider cannot. Trust in the ECB and the euro is at record levels, above 80%.

3.3 A means of payment, not a store of value

An industry representative made financial stability a core principle: the digital euro is not a store of value or an investment asset; it is a payment solution, and large-scale deposit shifts must be avoided through a very low holding limit for individuals and a zero limit for legal persons.

A public authority representative agreed that it should not be used as a means of saving or investment, hence no remuneration, recalling that credit to the European economy is mainly driven by banks and that taking away their deposit base would destroy that.

The industry representative argued that low limits do not reduce usability, thanks to the reverse waterfall, which draws funds automatically from the linked bank account. Caution is particularly needed for the many small regional banks funded solely by deposits; if even one bank failed its liquidity coverage ratio (LCR), this could become a reputational risk for the project itself.

The public authority representative rejected the idea of holdings high enough to buy a new car as an extremely steep proposal: holding limits will be evidence-based and grounded in a methodology. The digital euro would not fundamentally change bank-run dynamics – nobody ran to the ATMs in the Silicon Valley Bank case.

The Chair confirmed that a model has been built to set an evidence-based holding limit.

4. From political debate to getting the product right

A public authority representative welcomed the move into pilot mode after more than three years of intense political debate: the right legal foundation is essential, but we need to get the product right, through genuine technical collaboration.

4.1 Time is money: dotting the final i's of the legislation

The Chair reported strong commitment to finalising the legislation this year, expressing the hope that the co-legislators are dotting the final i's.

A public authority representative warned that the length of the process is somewhat worrying: momentum may be lost and alternatives may emerge, so that we could end up building three railway networks instead of one. Parliamentary discussions sometimes seem very odd: since time is money, we are wasting money.

4.2 A pilot to find every flaw

The Chair reported that the pilot, due in the second half of 2027, will involve 36 PSPs and a group of merchants, complemented by a call for additional e-commerce merchants.

A public authority representative stressed representativeness: participants include all three pillars of a national banking sector, merchants and users. Testers will be Eurosystem staff, the most critical crowd you can imagine. They will find every flaw.

An industry representative explained that the pilot gives banks valuable time to assess implementation options, optimise architecture, leverage group synergies and design a cost-efficient digital euro, while large corporates are keen to prepare.

Another industry representative described the emerging role of technical service providers, which aggregate PSPs and help them certify and connect, using a back-end simulator and APIs. They can offload about 90% of a PSP's workload and almost halve its time to market, freeing PSPs to focus on customer experience and adoption. However, time is already short.

4.3 A staggered rollout, not a big bang

An industry representative warned that the pilot alone will not solve every problem, making the 24-month preparation period crucial. A big-bang launch could jeopardise the success of the whole project: once negotiations conclude at the end of 2026, banks need clear timelines, clear definitions and as few open questions as possible.

Another industry representative fully supported a staggered introduction of use cases, as with every successful domestic solution, noting that the 36 pilot PSPs represent less than 1% of all the PSPs in Europe: even over two years, this is very ambitious and requires a coordinated effort across many touchpoints, technologies, schemes and players.