



EUROPEAN CENTRAL BANK

EUROSYSTEM

# The digital transformation of money, payments and finance

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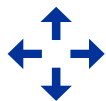
Generali Executive Series

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**Piero Cipollone**  
Member of the Executive Board of the ECB

# The transformation of payments



**The nature of payments** is changing, requiring a **forward-looking** approach to support the development of an **integrated, innovative and competitive European payments market**

## Driven by:



Digitalisation of payments



Emergence of **new technologies**, such as distributed ledger technology (DLT)




Heightened focus on **reducing dependencies** and **strengthening resilience**


# Our comprehensive payments strategy: strategic aims

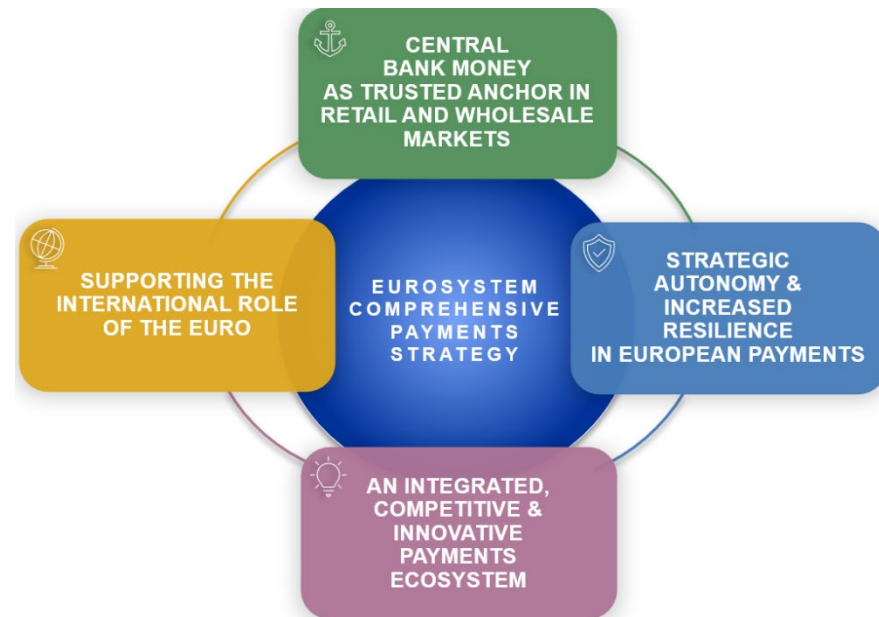
## Provide a steer to:

 Ensure an **integrated, future-oriented** payments **landscape**

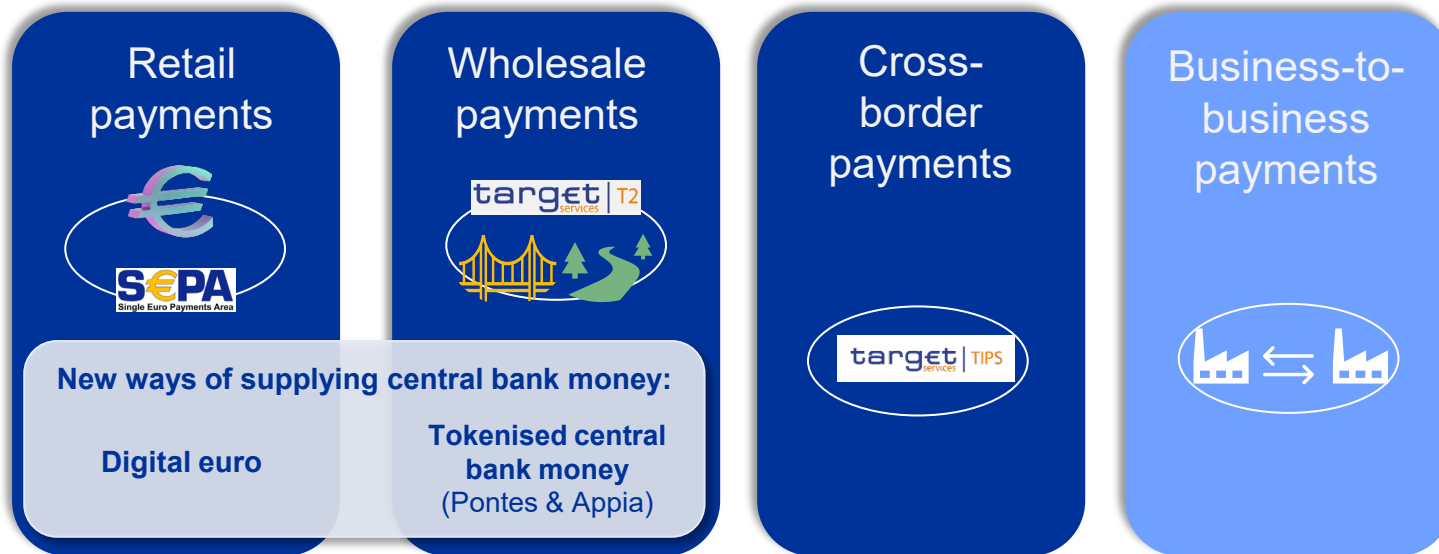
 **Align** policies and initiatives under a **holistic vision**

 Ensure **effectiveness** of **monetary policy** and **financial stability**

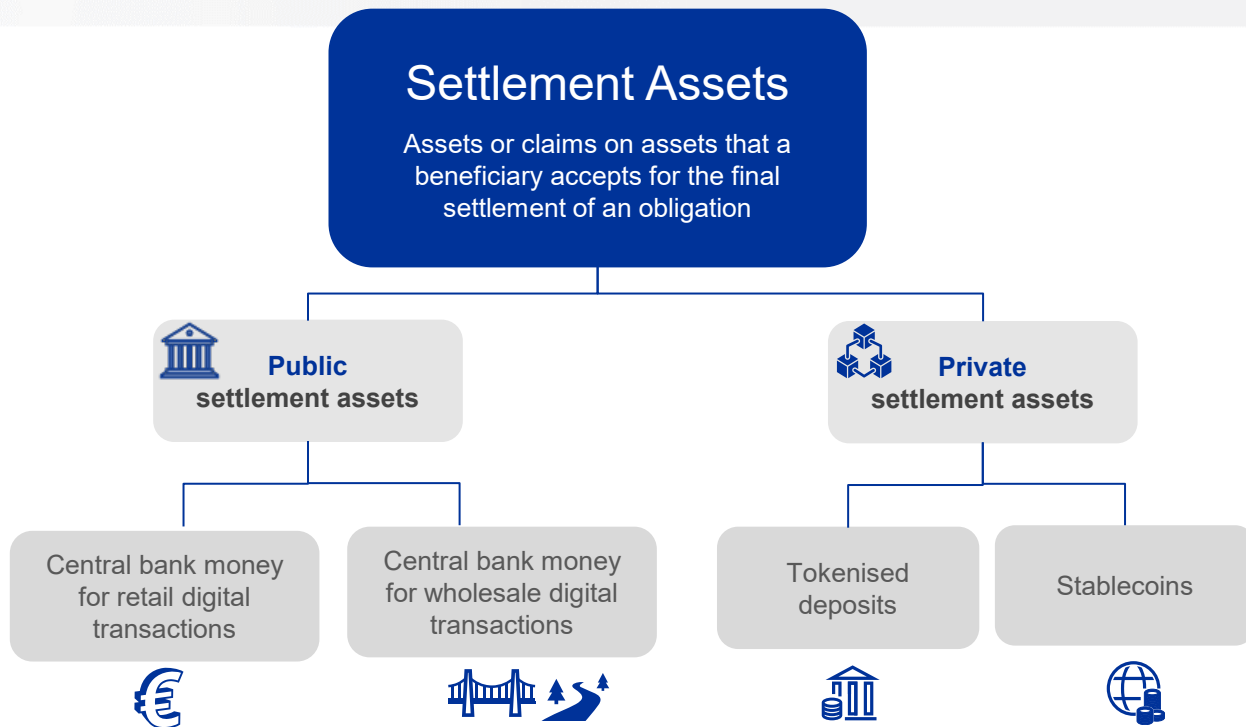
 **Safeguard** continuity and **smooth operation** of the **payment system**



# Our comprehensive payments strategy: use cases

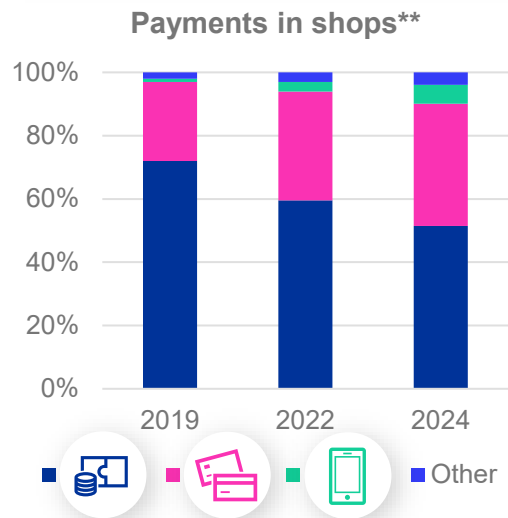


# Taxonomy of the digital settlement asset landscape



# Digital euro: a digital form of cash for retail payments

## Digital payments on the rise\*



## The digital euro: a digital form of cash

Would complement cash



Would offer freedom of choice between cash and digital payments



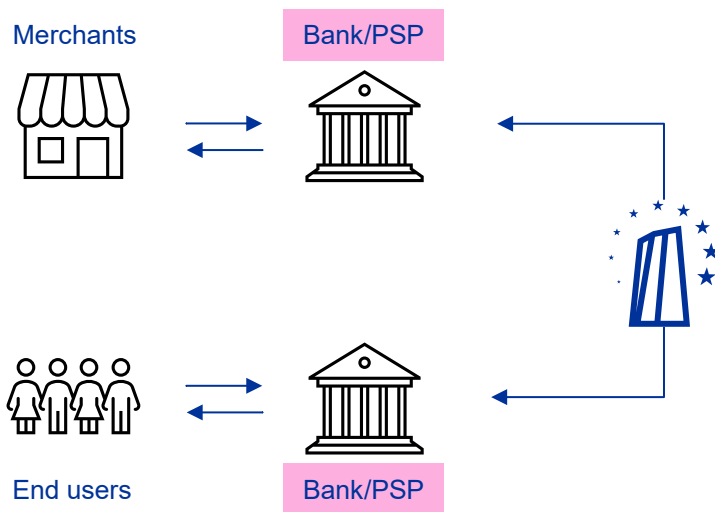
Available across the euro area, online and offline



\* Study on the payment habits of consumers in the euro area (SPACE), ECB, December 2024.

\*\* As a proportion of all day-to-day payments in the euro area, in numbers

# EU-licensed payment service providers (PSPs) will be at the core of digital euro distribution



- **Critical role for banks:** banks will play a key role in digital euro distribution.
- **Preserving customer relationships:** customers will be able to access the digital euro through their trusted banking partners.
- **Robust safeguards:** holding limits, no remuneration, (de)funding features and no holdings for businesses.
- **Fair compensation:** banks will be compensated for their efforts in distributing digital euro.
- **Synergies:** 1) standardised acceptance network; and 2) co-badging.



**Financial stability** and **competitiveness** as key pillars of the digital euro

# Digital euro: a public infrastructure for digital payments



## Digital euro

- Establishes a European acceptance infrastructure with [standards open to private solutions](#)
- Offers a [platform for innovation](#) based on which private providers can build value-added services



## Domestic and regional solutions

Domestic solutions adopt digital euro standards and [achieve pan-European reach without heavy investment](#)

# Digital euro: where we stand

## Investigation phase

Oct 2021 – Oct 2023

Concept definition, technical exploration and design proposal

## Preparation phase

Nov 2023 – Oct 2025

Preparation through testing and experimentation

## Current phase

Nov 2025 - ongoing

Continued preparation follows a **flexible and modular approach**.

Focus on:

- **Advancing** technical readiness
- **Deepening** market engagement
- **Supporting** the legislative process

The **digital euro pilot** will run for 12 months, starting in the **second half of 2027**.

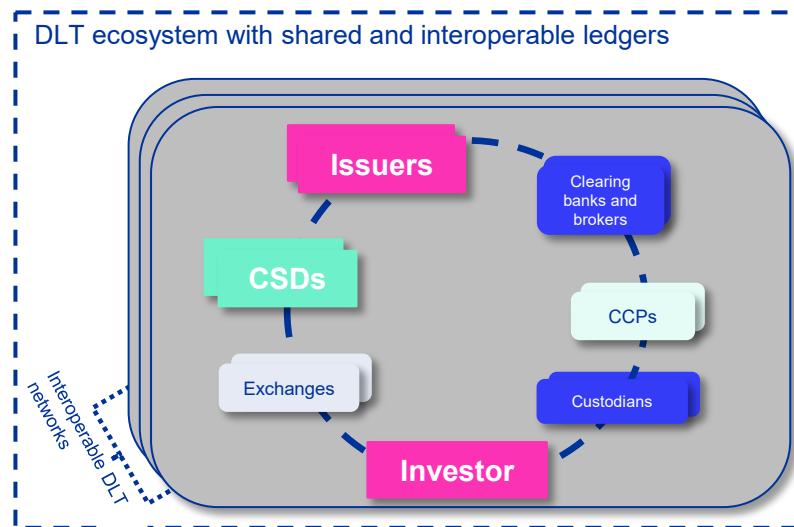
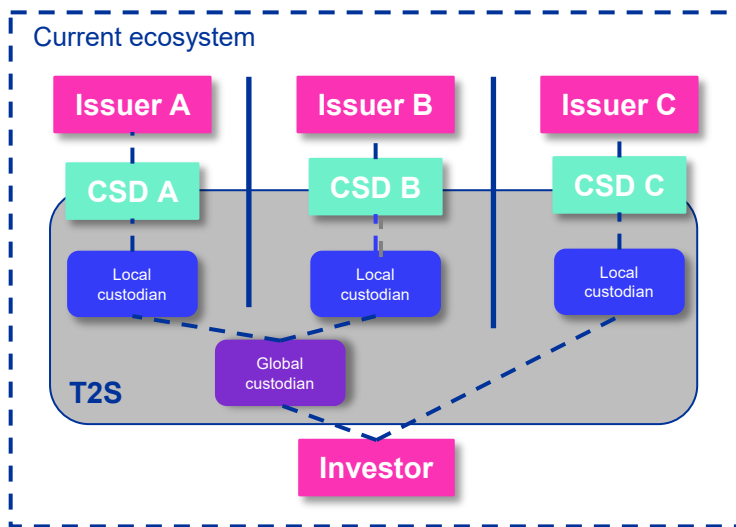
The ECB **aims to be ready for a potential first issuance** of the digital euro during **2029**. Preparing for the digital euro pilot does not pre-empt any decision to issue the digital euro. The ECB will only take a decision on whether to issue the digital euro once the EU co-legislators adopt the digital euro Regulation.

# Tokenisation can deliver efficiency and innovation



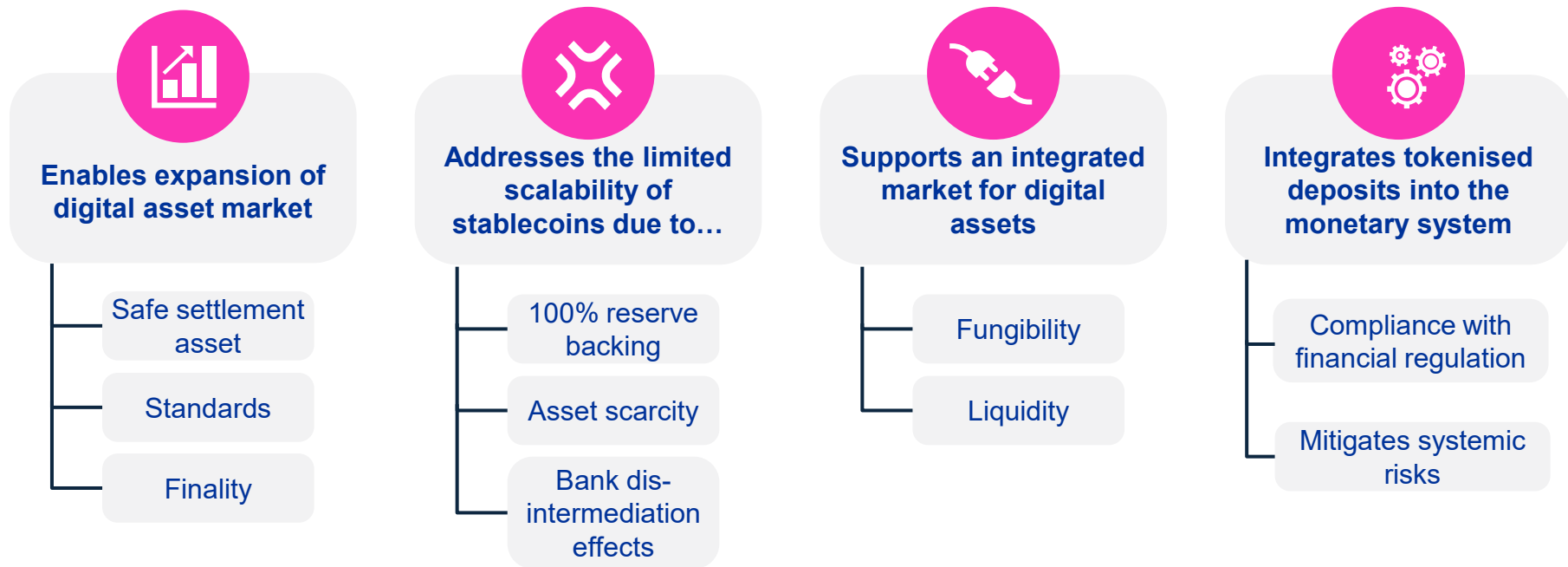
## Current capital markets are highly complex and fragmented, mainly due to:

- Separate, independent ledgers for bookkeeping across market participants
- Fragmented regulatory framework for custody, asset servicing and tax-related processes
- Non-interoperable technological ecosystems in each country, creating siloed pools of asset liquidity



# Eurosystem policy response: tokenised central bank money

Central bank money as the **risk-free settlement anchor** alongside private settlement assets



# A tokenised euro for wholesale transactions: Pontes & Appia



**Pontes** provides the bridge between DLT platforms and TARGET Services, so that DLT transactions can be settled in central bank money

*Launch in September 2026, followed by enhancements*



**Pontes & Appia will deliver on the Eurosystem's commitment to safe, efficient settlement in central bank money**



**Appia** supports the development of a future-ready, innovative and integrated tokenised ecosystem in a public-private partnership

*Analysis, standardisation, longer-term design – vision to be documented in a Blueprint in 2028*

# Cross-border interlinking: our initiatives in line with G20 objectives



## GLOBAL CROSS-BORDER PAYMENTS

The ECB is committed to improving cross-border payments globally by:

- exploring interlinking TIPS with fast payments systems outside Europe through bilateral links (e.g. India, Switzerland and Brazil) and multilateral networks (Nexus)
- participating in [Project Agorá](#), a public-private collaboration led by the Bank for International Settlements (BIS), to test a multi-currency shared platform



## MULTI-CURRENCY SETTLEMENT

Leveraging the multi-currency feature of the Eurosystem's instant payments settlement service (TIPS) to settle funds end to end instantly in central bank money, in TIPS hosted currencies.



- [The Eurosystem's comprehensive payments strategy](#)

#### **Digital euro:**

- [Dedicated webpage](#)
- [FAQs](#)
- [Latest progress report](#)
- [Fit in the payment ecosystem](#)
- [Key findings on innovation potential](#)
- [User research report by Ipsos](#)

#### **Settlement of DLT-based transactions:**

- [Tokenisation and DLT](#)
- [Pontes](#)
- [Appia](#)
- [Focus session on the Appia roadmap](#)
- [Focus session on Pontes](#)

#### **Cross-border payments**

- [Dedicated webpage](#)

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# Thank you