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König, Jörg; Meyer, Tim

Research Report

Alternatives to the digital euro

Positionspapiere, No. 17

Provided in Cooperation with:
Stiftung Marktwirtschaft / The Market Economy Foundation, Berlin

Suggested Citation: König, Jörg; Meyer, Tim (2026) : Alternatives to the digital euro, Positionspapiere, No. 17, Stiftung Marktwirtschaft, Berlin

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https://hdl.handle.net/10419/340005

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STIFTUNG Marktwirtschaft

POSITION PAPER

No. 17 | March 2026

Alternatives to the Digital Euro

Jörg König

Tim Meyer

Dr. Jörg König

Head of Europe, Energy, Competition, Growth and Development at the Market Economy Foundation and Coordinator of the Kronberger Kreis

Tim Meyer

Head of Innovation and Digitalization at the Market Economy Foundation

Core statements

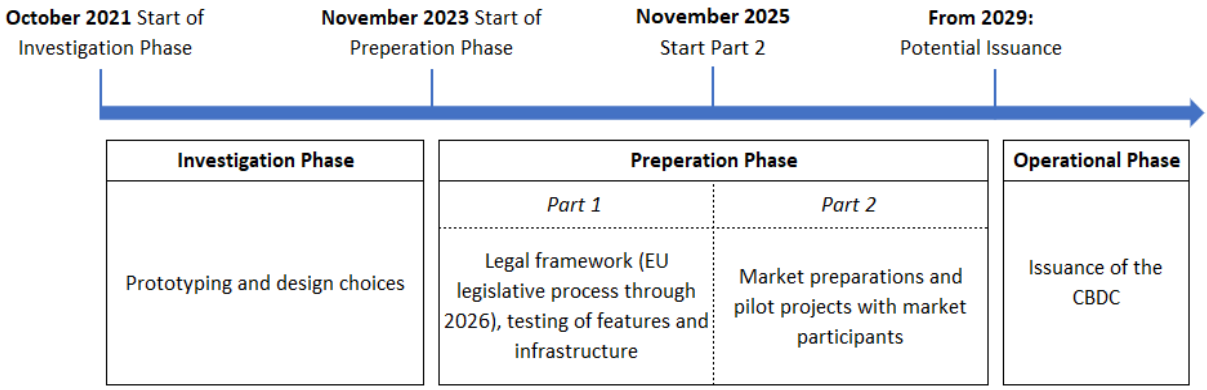
- The European Central Bank (ECB) and the European Commission are driving forward plans to introduce a digital euro. The European legislative process is scheduled to conclude in 2026 while the digital currency is to be fully introduced from 2029 onwards. Advocates of a central bank digital currency (CBDC) argue that it would have a positive effect on Europe's 'strategic autonomy' by reducing its dependency on non-European payment service providers.
- However, there are no signs of market failure that would justify a far-reaching intervention like issuing a CBDC. On the contrary, the digital euro could itself trigger significant distortions to competition thereby hindering innovation in Europe's payment systems and negatively affecting the intermediation function of banks. The higher the holding limit for digital euro balances, the greater the risk to the financial system. Likewise, any expansion of unconventional monetary policy tools, such as negative interest rates or helicopter money, as well as the prospect of a gradual replacement of cash, should be regarded very critically.
- Given the substantial risks and uncertain benefits, the proposed timetable should be reconsidered, with alternative options being explored as part of an open-ended decision-making process at the European level. This includes, in particular, the option of not introducing the digital euro at all. Alternatively, two counterproposals merit consideration: first, the provision of digital infrastructure by the ECB in cooperation with relevant stakeholders, which would constitute a less intrusive market intervention than the issuing of a CBDC. The second is to give priority to private initiatives in the development of digital payment services in Europe. The Swiss payment system Twint illustrates how private solutions, such as those pursued by EPI or EuroPA, can prove successful. Europe’s existing shortcomings and dependencies in the field of digital payment systems cannot be remedied through a CBDC. Instead, European institutions should have greater confidence in market-based processes and a stronger openness to private innovation, including stablecoins.

1 Current status and expected timeline

The ‘Digital Euro’ project, representing the most far-reaching intervention in the European Monetary System since the introduction of the euro as legal tender, is steadily progressing. Concrete preparations for its introduction have been underway since 2021. Building on a preparation phase, which ran from November 2023 to October 2025, the European Central Bank (ECB) aims to be in a position to issue the digital euro by 2029 (see Figure 1). A pilot project involving the first transactions using the digital euro is set to begin in mid-2027. This is conditional upon the completion of the European legislative process in the course of 2026. That process is based on the European Commission’s legislative proposal from June 2023 and the draft report submitted by the European Parliament’s lead rapporteur on the digital euro in November 2025. In December 2025, the finance ministers of the European Union (EU) reached agreement in principle on the introduction of the digital euro and

outlined common positions on key aspects of its design. The European Parliament's Committee on Economic and Monetary Affairs is expected to adopt its negotiating position in May 2026. The European Parliament and the Council of the EU will then discuss the draft and conclude the legislative process. Only once this process has been completed will the ECB take the final decision on when to issue the digital euro.

Figure 1: Timeline for the introduction of the digital euro



Source: Original illustration based on Österreichische Nationalbank (2024).

According to the plans advanced by the ECB, the European Commission, and EU finance ministers, the digital euro is intended for widespread use in everyday transactions, both online and offline, as a Retail Central Bank Digital Currency. In addition to conventional bank accounts, private individuals would hold a separate digital euro account with their commercial bank. Digital euro balances are expected to be subject to a holding limit of €3,000. Any excess would be automatically transferred to a conventional bank account (reference account) via a so-called waterfall function. Payments in the retail sector are intended to be made via a mobile device wallet, although the necessary infrastructure still needs to be developed. It is repeatedly emphasised that the digital euro is not intended to replace or displace cash, but merely to complement it.

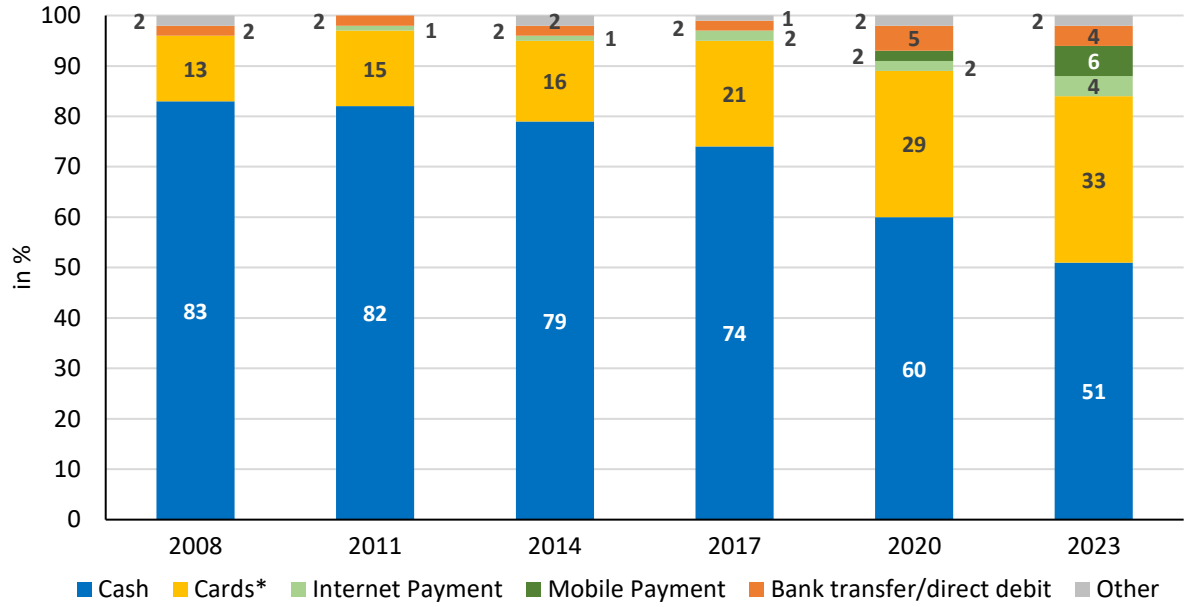
2 Potential advantages of the digital euro

The ECB and other proponents of a European digital currency put forward a range of arguments for the introduction of the digital euro.[1] Reference is often made to Europe's 'strategic autonomy' and 'resilience of the payment infrastructure', both of which, it is claimed, would be strengthened as a result of a CBDC. In this view, existing dependencies on non-European payment service providers, particularly US companies such as Visa and Mastercard, could be reduced by offering the digital euro as an additional payment option, and in this way, challenge the strong market position of established providers. At the same time, it is hoped that the digital euro could act as a catalyst for subsequent innovations in the digital sector and thus generate positive effects for the further developments of digital business models.

[1] See König/Meyer (2025) for an in-depth discussion.

In addition, proponents of a CBDC point to fundamental changes in payment behaviour. Over the past decade, the proportion of cash payments has decreased significantly, while card and digital payments have increased markedly (see Figure 2).[2]

Figure 2: Digital payment methods are getting more important



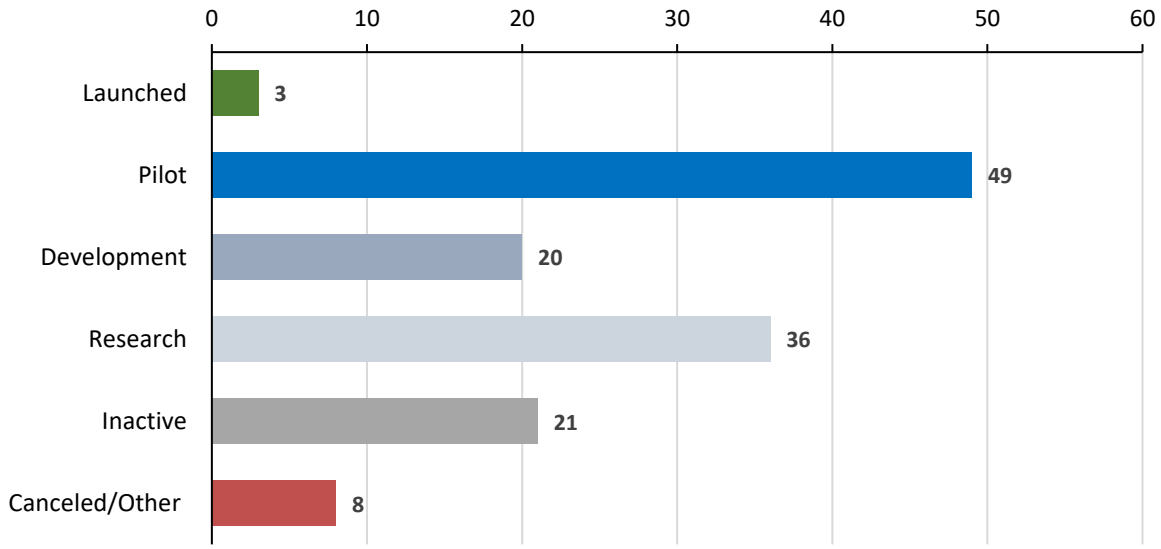
*Source: Deutsche Bundesbank (2024b). *Credit and debit cards.*

Moreover, the rising popularity and prevalence of private digital currencies, such as Bitcoin or Facebook's former Libra project, is seen by some market participants as a competitor to, if not a replacement for, the state's monetary monopoly.[3] From the ECB's perspective, this increases the pressure to provide a digital monetary instrument of its own. The aim here is to strengthen the role of government-issued money (central bank money) in competition with private means of payment in the digital sphere and to preserve the effectiveness of monetary policy decisions. Otherwise, it is argued, there is a risk of the state's monetary monopoly gradually eroding, which could negatively impact price stability, among other things.

The ECB is by no means the only central bank pursuing plans to introduce a CBDC. Worldwide, the central banks of almost 70 countries or currency zones are currently in a pilot or development phase, with more than an additional 30 in earlier preparatory stages (see Figure 3). It is frequently argued that Europe must not fall behind in the international race to develop a CBDC and allow other central banks to dominate the field. At the same time, it should be noted that, to date, none of the central banks in a major currency zone, such as the United States, the United Kingdom or Japan, have completed the introduction of a digital currency. In the United States, the Federal Reserve has, due to political pressure, even suspended its plans indefinitely.[4]

[2] See Deutsche Bundesbank (2024) as well as ECB (2024).
[3] See Broemel/Meyer-Gohde/Wieland (2023) as well as Auer et al. (2021).
[4] See White House (2025).

Figure 3: Central Banks are pushing the introduction of CBDCs



Note: Number of countries/currency areas that are working on or have worked on the development of a digital central bank currency. The categorization is based on the current stage of development.

Source: Atlantic Council. Last Update: July 2025.

Further advantages are seen in the prospect of stronger integration of European payment systems. As a common foundation for digital payments, the digital euro is intended to overcome existing fragmentation within the monetary union resulting from the use of different, poorly interoperable systems. It is also intended to promote closer integration of European capital markets.[5]

3 Potential disadvantages of the digital euro

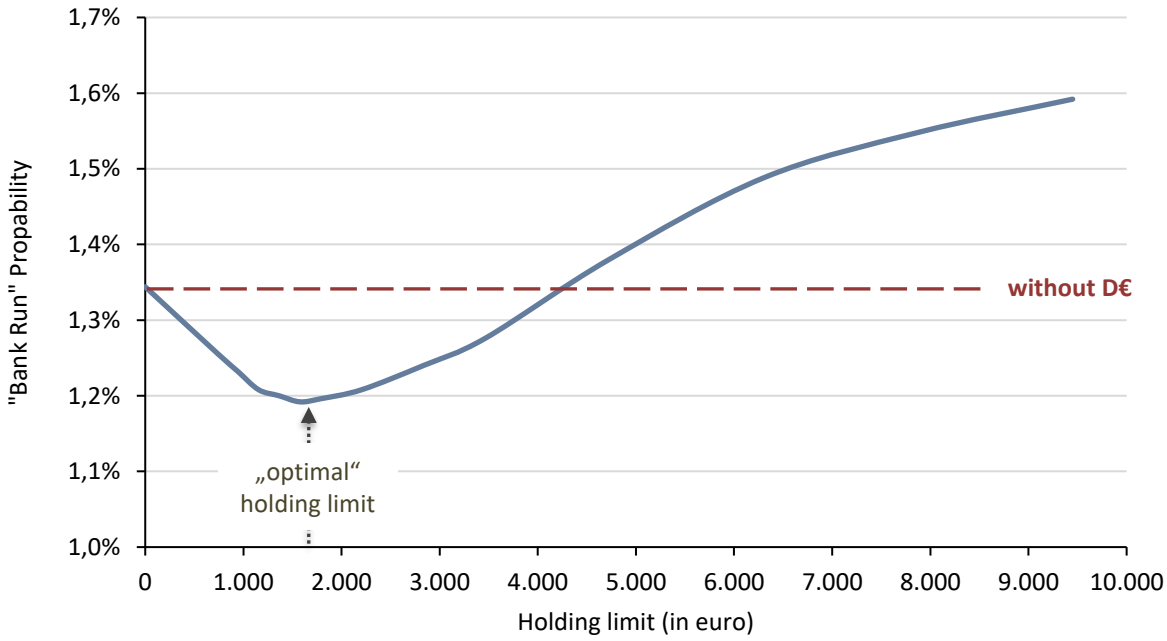
The potential advantages of a European CBDC are offset by significant risks.[6] A digital currency issued by the ECB may give rise to substantial distortions of competition in the market for payment services due to its status as legal tender and the corresponding obligation to accept it. This creates a structural advantage over private digital means of payment that do not have such a status. A dominant market position for the digital euro could cause barriers to innovation for and impede the development of alternative digital payment methods in the Euro Area that are potentially more efficient, user-friendly, and resource-conserving. Ultimately, private digital means of payment are in danger of being displaced.[7] Moreover, the expectation that the digital euro will act as a catalyst for innovation is overly optimistic and could instead have the opposite effect. There is a legitimate concern that future private innovation in payment systems may increasingly take place outside the European monetary union, with the result that existing dependencies could deepen rather than diminish. Current shortcomings and dependencies cannot be remedied through a CBDC but instead require an attractive environment for the development of private payment systems (see Chapter 4).

[5] See Passacantando (2021).
[6] See König/Meyer (2025) for an in-depth discussion.
[7] See Deutsche Kreditwirtschaft (2024).

Equally troubling is the unequal competition between central and commercial banks for customers' deposits and balances. The planned obligation for commercial banks to offer all digital euro services free of charge will likely entail a shifting of the costs associated with processing such payments onto existing products by commercial banks. Higher costs, such as fees for traditional bank accounts, may prompt customers to reallocate their funds to the digital euro. This could lead to instability in the entire banking sector and contribute to a weakening of the commercial banks' intermediation function within the wider economy.

The effects of the digital euro on the banking and financial systems depend to a considerable extent on the proposed holding limit (see Figure 4). A high holding limit would facilitate reallocating funds and, in doing so, increase the likelihood of distortions and imbalances within the banking sector, including bank runs. While a low holding limit – currently under discussion at a level of €3,000 – may mitigate this problem. But at the same time, it raises the question of what added value the CBDC would offer from the consumer's perspective in comparison with existing private payment methods. This could result in acceptance issues. In the right, or rather wrong, circumstances acceptance problems could result in limited consumer usage and insufficient support within the banking sector, calling into question whether the digital euro would achieve sufficiently widespread use and ultimately succeed. Failure, in turn, could result in a significant loss of credibility for the ECB.

Figure 4: The higher the holding limit, the higher risks for financial stability



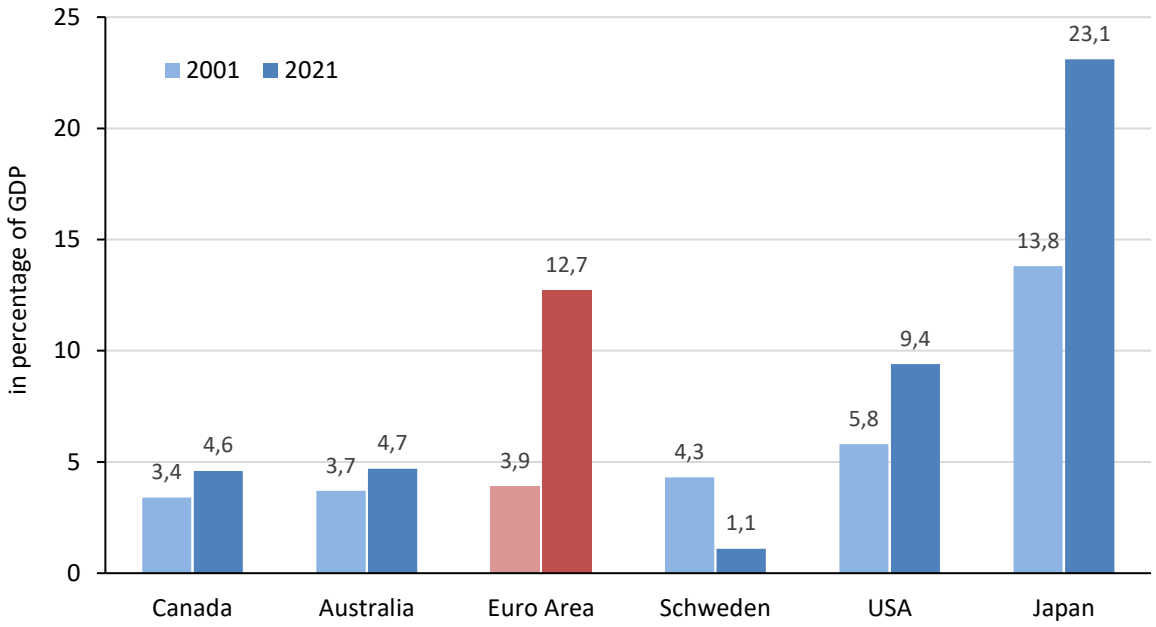
Source: Bidder et al. (2024). Explanation: Change in the annualised "bank run" probability depending on the holding limit for digital euro balances, assuming that these balances do not earn interest.

In addition, the digital euro would expand the unconventional monetary policy toolbox, which carries risks, primarily in three areas. Firstly, the direct issuance of central bank money to end users (so-called 'helicopter money') would open an additional transmission channel that could create incentives for the financing of fiscal stimulus packages through monetary policy. Secondly, the ECB would

in principle have the option of pushing interest rates on digital euro holdings significantly into negative territory, particularly, if it is no longer possible to switch to cash without restriction. Thirdly, expansionary policy options are associated with long-term inflation risks.

Even though the digital euro is not intended to replace cash, but rather to complement it, there are incentives for the ECB and legislators to gradually displace cash. Firstly, through a stronger obligation to accept the digital euro and, secondly, through stricter limits on the use of cash. Restrictions on access to cash, or on its usability, must be viewed extremely critically – not only in terms of their impact on fundamental freedoms, but also because of the potential discrimination against certain sections of the population who, because of their age or household income, do not have sufficient access to other means of payment.[8] Data protection and anonymity considerations, as well as the low-threshold nature for its use, remain clear advantages and distinctive features of cash. These are worth preserving and are likely to ensure a structural demand for cash, notwithstanding the changes in payment behaviour described above and the growing importance of digital payment methods (see Figure 5).

Figure 5: Cash in circulation has increased significantly in the euro area



Source: Bofinger/Haas (2023). Cash in circulation as a percentage of GDP.

Furthermore, there are no clear signs of market failure that would justify the far-reaching intervention of issuing a CBDC. The digital payments sector already features a variety of private providers and dynamic competition, both of which can be expected to contribute to further innovation and to the development of European solutions in the future.[9] Creating a Central Bank quasi-monopoly would be misguided and is likely to have an adverse effect.

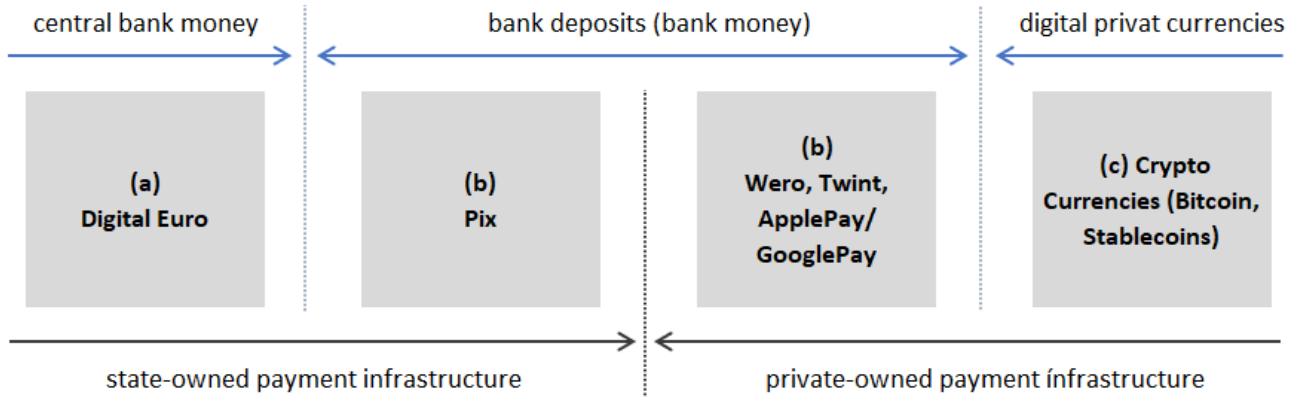
[8] See König (2016).
[9] See Bofinger/Haas (2023) as well as Oehler-Sincai (2022).

In summary, the digital euro entails serious risks that may outweigh its potential benefits, indicating that no overall net benefit can be reasonably expected. This applies above all to the innovative potential of European payment systems and to the likely effects on the banking and financial sector. Against this background, the current concept should be fundamentally questioned, rather than being rushed through under considerable time pressure. This includes allowing the European Parliament and other European institutions adequate time, within the legislative process, for open-ended deliberation. In this context, the decision-making process should explicitly take into account alternative options that could strengthen and further develop digital payment systems in Europe while entailing fewer risks than the digital euro. Looking beyond the confines of the Euro Area, and considered in more detail below, there are already several successful examples of this that should inform the decision-making process.

4 Alternatives to the digital euro

Various methods can be employed to establish efficient and secure digital payment systems in Europe. These differ primarily in the extent of the ECB's public influence over the underlying infrastructure and means of transaction, as well as in the degree of freedom available to private providers (see Figure 6).

Figure 6: Classification of digital payment systems



Source: Original illustration

a) Public payment infrastructure with conventional commercial bank money

One possible avenue for the further development of digital payment systems would be the establishment of a payment infrastructure operated by the central bank. This approach can be justified on economic grounds, as the creation of a functional infrastructure within a heterogeneous monetary union may encounter elements of market failure: high infrastructure set-up costs, differences in usage behaviour, and insufficient harmonisation of capital markets may impede the emergence of private payment systems that are interoperable across borders. A central bank-operated infrastructure could then serve as a common platform.

In addition to the operation of the payment infrastructure, the central bank could also be responsible for its regulation and supervision, for example with regard to access conditions and other design features. Commercial banks and payment service providers could be connected to the payment infrastructure on a mandatory basis and would be responsible for providing services to end users on a decentralised basis.[10] A regular exchange between the central bank, commercial banks, payment service providers and other participants would help to ensure the functionality and adaptability of the payment infrastructure.

A key factor in this scenario is that all transactions within the payment system could be carried out via mobile access and on the basis of conventional bank balances. The introduction of a digital central bank currency would therefore not be necessary. This would avoid many of the disadvantages associated with CBDC (as outlined in Chapter 3). Distortions of competition in the market for payment services would be unlikely, since the relevant actors would retain a degree of freedom, within the regulatory framework, to shape their own payment services. Furthermore, no state-backed competing product carrying an obligation of acceptance would be introduced. As a result, subsequent innovation by private actors would not be impeded.

This approach would not entail an expansion of the ECB's unconventional monetary policy toolbox, with the attendant risks for price stability. Likewise, concerns about the abolition of cash could at least be mitigated, since no new form of money would be created that might serve as a direct substitute. The conditions for providing digital payments would merely be improved. Even so, a decline in the use of cash due to changing user preferences, as has already been observed in recent years, is likely.

However, it should be borne in mind that overly rigid regulation and insufficiently adaptable infrastructure could hinder technological progress and unduly restrict the scope for action of private actors. Similarly, artificial competition between central and commercial banks for customers' deposits would be avoided. Questions concerning the level, or indeed the rationale, of a holding limit would not arise, meaning that the associated adverse effects on the stability of the banking and financial sector would not be expected.

A successful example of a digital payment infrastructure operated by a central bank is Brazil's instant payment system, Pix. Introduced by the Central Bank of Brazil at the end of 2020, Pix was designed to complement existing payment methods by enabling faster, safer and more modern electronic transactions between individuals (P2P), between individuals and businesses (P2B), and between businesses (B2B). Its nationwide availability has contributed to the gradual expansion of its user base. Over 75 per cent of the population and more than 80 per cent of businesses in Brazil now have direct access to Pix.[11]

According to the International Monetary Fund (IMF), Pix's success is due to a combination of various features.[12] From the outset, there was extensive consultation with stakeholders and users in order to ensure that the system operated smoothly and in a user-friendly manner, whilst also allowing for its continuous development. Pix enables instant payments to be made without a predetermined limit. Low transaction costs – particularly, free use for private individuals – contribute to the efficiency of the payment system. For businesses, for example, the costs are, on average, lower than those for

[10] See IMF (2023).
[11] See Banco Central do Brasil (2026).
[12] See IMF (2023).

card payments. Its success is also partly attributable to the mandatory participation of large banks with more than 500,000 customers. At the same time, strict anti-fraud and data protection mechanisms ensure a high level of security and widespread public acceptance. Pix's suitability for everyday use and low threshold for entry are further enhanced by its integration into many digital services and business models (e.g. online orders, apps).

b) Private payment infrastructure based on conventional commercial bank money

Digital payment systems and their underlying infrastructure can, however, also be developed entirely by private actors through a decentralised process. For this purpose, the introduction of a digital central bank currency is neither necessary nor advisable, since transactions can be carried out via users' existing bank accounts. Competition among private market participants to develop the most effective solutions provides the foundation for innovation and technological progress across the entire European payment system.

At the same time, the establishment of a digital payment infrastructure entails considerable costs and requires cooperation among private actors in Europe, including banks and payment service providers. Voluntary collaboration among different participants is essential to achieve a 'critical mass' and thereby secure a more promising market position. This is particularly important given the strong market position of a small number of predominantly non-European providers in the field of mobile and digital payment services, a position that could be challenged through intensified competition. In the past, cooperation among European actors has often been limited, with initiatives confined to individual countries and involving too few participants. As a result of that, comprehensive or interoperable services failed to emerge, making it virtually impossible to compete effectively with established providers.[13]

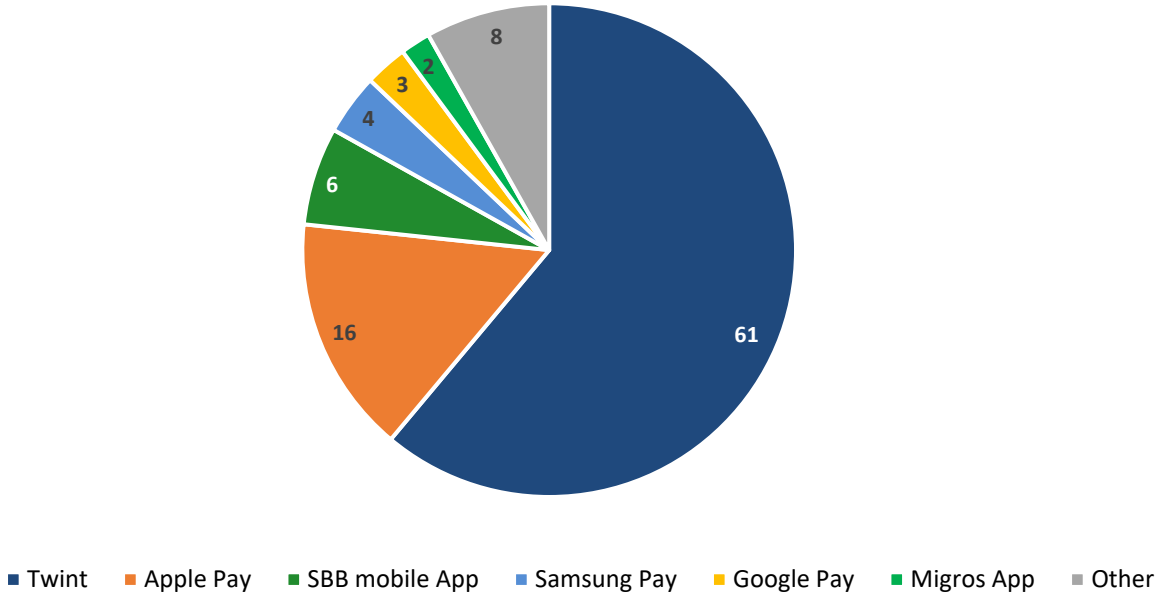
In recent years, however, European banks and payment service providers have significantly intensified their efforts to develop joint digital payment solutions for the European market. One example is the payment service Wero, launched in 2024 and driven primarily by the European Payments Initiative (EPI).[14] To date, Wero is available only in Germany, France and Belgium, although the accession of further banks is likely to extend its availability to additional countries in the near future. Another private initiative aimed at establishing digital payment services is the European Payments Alliance (EuroPA), operated principally by banks and payment service providers from Spain, Portugal and Italy, and, since 2025, also from the Nordic countries. In mid-2025, EPI and EuroPA agreed on a far-reaching partnership with the aim of offering interoperable cross-border digital payment services in an initial 15 EU countries over the coming years, leveraging the synergies of both systems. These services would be accessible to over 80 per cent of the EU population, including in Norway. This could, for the first time, create a comprehensive digital payments service organised by private European providers and could secure a promising market position.

The Swiss payment system Twint demonstrates that privately organised services can be successful and operate without the involvement of a central bank or its infrastructure. Initially formed in 2016 from the merger of various private initiatives, Twint has since developed into the leading provider of mobile P2B and P2P payments in Switzerland, with transactions processed via users' respective

[13] See Atzler (2024).
[14] See WERO (2026).

bank accounts.[15] The early launch of the system (at a time when digital payment methods were still far less widespread than they are today) is likely to have contributed decisively to its remarkable success in establishing itself within the Swiss market for mobile payments against other providers such as Apple Pay and Google Pay.[16] Twint's currently high market share should be regarded as neither problematic nor fixed, but rather as a snapshot in time, since the dynamic nature of competition and the emergence of new providers and products may at any moment bring about structural change (see Figure 7).

Figure 7: Can Twint serve as a model?



Source: Graf et al. (2025) and own calculations. Average shares for the period 2021 to 2025 in percent.

Even if one assumes that such success is easier to achieve in a small economic area such as Switzerland than in a heterogeneous entity such as the EU, it nevertheless becomes clear that dependencies on non-European providers can be reduced effectively through privately organised market solutions. The argument that this would require a digital euro is therefore unconvincing. On the contrary, the introduction of a digital central bank currency would be likely to distort the market through the creation of a state-run quasi-monopoly, thereby stifling private innovation and hindering its development.

Greater integration of payment systems in Europe based on privately organised solutions should therefore not be obstructed. Such systems could contribute to the closer integration of Europe's capital markets and create an opportunity not only to compete successfully at the international level, but also to set new standards.

[15] See TWINT (2026).
[16] See Graf et al. (2025).

c) Private payment infrastructure for privately issued money

Innovations in payment systems are opening new possibilities, including decentralised, blockchain-based systems. Stablecoins play a central role, which, owing to their peg to underlying assets (typically currencies such as the US dollar or the euro) and the backing of corresponding reserves, are less volatile than other cryptocurrencies, such as Bitcoin, and can be used globally for instant payments. From an economic perspective, stablecoins can therefore satisfy key criteria of an efficient payment instrument: value stability, rapid settlement, low transaction costs and cross-border usability. At the same time, it must be recognised that the widespread use of stablecoins may entail risks to financial market stability, for example where confidence in the underlying reserves were to deteriorate.

In principle, there are two types of stablecoins: bank-backed stablecoins, which use existing bank deposits as collateral, and bond-backed stablecoins, which primarily rely on short-term government bonds as collateral.[17] This distinction is important in view of the respective implications for the monetary and banking system. Bank-backed stablecoins do not involve the creation of additional money, and the economic role of banks as financial intermediaries remains unaffected. At the same time, however, the close link between deposits and stablecoins may itself become a source of stability risks in the banking and financial sector and a trigger for bank runs, as illustrated by the case of Silicon Valley Bank in spring 2023. By contrast, the bond-backed variant confines potential default risks to bond markets. Yet it may also expand the government's ability to borrow on capital markets by issuing extra government bonds. In both cases, the scale of the associated risks depends on the degree of dissemination, that is, on the size of the stablecoin market and the extent of its integration into the financial system and can be mitigated through minimum reserve requirements imposed by the central bank or through other regulatory instruments. However, as illustrated by the example of Silicon Valley Bank in early 2023, bank-backed stablecoins are generally riskier than bond-backed ones due to potential spillover effects.

Currently, the market is almost entirely dominated by US dollar-backed stablecoins, which are estimated to account for 99 per cent of the global market. As with other digital platforms, this dominance is due in no small part to the scale and network effects enjoyed by the respective issuers. The momentum in the United States is being further reinforced by the GENIUS Act, which establishes a legal framework for the crypto market and stipulates the use of the US dollar or short-term US government securities as the anchor for the underlying reserves. In doing so, the US administration is clearly pursuing the objective of consolidating and further expanding the leading role of both the United States and the US dollar in the private digital currency sector.[18]

Despite its recent strong growth momentum, the stablecoin market remains a niche, amounting to only around 1.2 per cent of the money supply in circulation in the United States (M2). In Europe, the stablecoin market is practically non-existent.[19] This creates the risk that Europe will fall further behind in the emergence and development of innovative solutions in digital payments and lose ground in international comparison. Since mid-2024, the EU has strictly regulated the market for crypto-assets, specifically stablecoins, under the MiCA Regulation (Markets in Crypto-Assets Regulation). Under this framework, issuers of stablecoins are required to hold at least 60 per cent of their collateral in

[17] See Bofinger (2025).
[18] See Weber (2025).
[19] See Deutsche Bundesbank (2025).

the form of bank deposits.[20] This regulatory approach favours the generally riskier bank-backed variant and makes the development of bond-backed stablecoins in Europe practically impossible. At the same time, it has contributed to the exit of international providers offering bond-backed stablecoins from the European market (e.g. Tether).[21] This excessively restrictive and one-sided regulatory approach in favour of bank-backed stablecoins is problematic, as it favours a comparatively riskier structure and could create new concentration risk within the banking sector. Particularly concerning is the fact that, to date, no supplementary regulation exists to prevent an excessive concentration of reserves and the resulting financial difficulties this could cause individual banks.

Against this backdrop, it seems appropriate to fundamentally revise the MiCA Regulation. The regulatory framework should be adjusted in such a way as to allow sufficient scope for innovation in digital payments in Europe without jeopardising financial stability. In view of the attractiveness of the European financial market, the international role of the euro and the reduction of dependencies on the US dollar, the emergence of a market for euro-denominated stablecoins on an acceptable macroeconomic scale would be welcome. This would require, in particular, abandoning the requirement that 60 per cent of the underlying reserves be held in the form of bank deposits, as well as addressing the regulatory disadvantage faced by bond-backed variants. In the case of deposit-backed stablecoins, a mechanism to prevent an excessive concentration of reserves would also be desirable.

It would also be unwise to subject stablecoins to even stricter regulation across the board in order to render them less attractive by comparison with a digital central bank currency, such as the digital euro. Such an approach would be misguided not least because stablecoins are used for international transactions and in the storage of value, whereas the digital euro is intended solely as a means of payment for private individuals, subject to a low holding limit and confined to the European Monetary Union.

5 Conclusion

The introduction of a digital euro entails clear risks while the potential benefits remain difficult to assess. In its current form, it is unlikely that this digital common currency would facilitate technological progress and efficiency gains in digital payments, reduce dependencies on non-European providers or serve as a globally usable digital currency. Taken together, this suggests that its introduction is driven more by political rather than economic considerations.[22] Although the digital euro is officially not intended as a substitute for cash, there is growing risk that monetary and fiscal policy incentives could gradually displace cash in order to expand the state's scope for action (for example through the use of negative interest rates, helicopter money, or enhanced traceability of financial transactions).

Rather than adhering to a predefined timetable and treating it as irreversible, an open-ended process without time pressure is needed. Such a process should give equal consideration to alternative options and preserve the possibility of deciding against the introduction of a digital euro. From an economic perspective, two approaches in particular merit serious consideration:

[20] See European Parliament (2023).
[21] See Bofinger (2025).
[22] See König/Meyer (2025).

(1) Provision of a digital payment infrastructure by the ECB

The ECB could build on the insights gained to date, as well as on its ongoing dialogue with stakeholders, to establish and operate a digital payment infrastructure in Europe. This would constitute a less intrusive form of market intervention than issuing a CBDC, while allowing payments to continue to be conducted via traditional bank accounts. In this way, distortions of competition arising from a CBDC, as well as adverse effects on the stability of the banking sector, could be reduced. At the same time, cross-border payments could be facilitated and sufficient scope preserved for subsequent private innovation. The payment system Pix, developed by the Central Bank of Brazil, could serve as a model.

(2) Priority for private initiatives

Under this approach, the development of European payment services and their underlying infrastructures would be carried out entirely by private actors – without ECB involvement – in a decentralised process. The emergence of European market-based solutions could strengthen competition in the payment services market, reduce dependence on non-European providers and lead to far-reaching innovation benefiting European economies as a whole. Cross-border cooperation among private actors in Europe, as exemplified by Wero and EuroPA, is a promising example of this. The Swiss payment system TWINT provides a compelling example of how private solutions can develop into successful ventures.

European institutions should be united in their objective of creating the best possible conditions for competitive, innovative and secure digital payment systems. Prestige projects such as the digital euro are unlikely to contribute to this aim and will not enhance Europe’s success or resilience in global competition. Instead, policy should focus on enabling stronger innovation in digital payments within Europe and through European providers. Such innovation is essential for strengthening the euro's role as a global reserve currency and enhancing Europe's attractiveness as a financial centre. Achieving this requires greater trust in European companies and market-based processes, together with a balanced regulatory approach to digital currencies rather than one shaped by disproportionate risk aversion.

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Stiftung Marktwirtschaft
Charlottenstraße 60
10117 Berlin
www.stiftung-marktwirtschaft.de

ISSN 2197-3059