

# DIGITAL EURO: ONE FOR ALL AND ALL FOR ONE

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## **Introduction<sup>1</sup>**

Good morning ladies and gentlemen.

It is a great pleasure to be here on such a special occasion. Before I begin, I would like to thank the University of Florence for inviting me, and all of you for joining us today to commemorate Gaetano Colicigno, someone who has touched the lives of so many of us as a research partner, colleague, friend or family member.

I would like to pay tribute to Gaetano for his approach as a professional and as a person, for his pragmatism, competence and attention to young people, by talking about something that will affect the future of us all, a project on which we are working with passion and dedication: a digital euro.

Let us take a moment to think about the life of a university student like many of you here today, and like many of us in the more or less recent past. Every month you have to juggle a number of expenses such as rent, university fees, public transport and perhaps a ticket to the theatre. Then you have your daily expenses, such as dinners with friends, where you split the bill, or coffee before class. For these transactions, you currently need cash, payment cards, or one of the many apps available, each with its own features, functions and groups of users. This fragmented system could lead to complications, not only in managing one's finances, but also in making day-to-day payments.

What if we could simplify all this? With a digital euro, we would be able to process all payments with a single application. Imagine being able to pay for a cappuccino in a bar and for your rent with a single click, without having to worry about having enough cash in your purse if your card is not accepted by the merchant, or having to transfer money between apps because you do not have the necessary amount on the specific platform accepted for payment. A digital euro would be a solution for all payments and all users. Its success, however, will require all stakeholders to play their part, from users to financial intermediaries, from public institutions to civil society: 'One for all and all for one'.

Today, I would like to use this speech at one of Italy's most prestigious universities to explore the roadmap for a digital euro with you and to answer some questions: What is the digital euro? What is it not? Why do we need it? What are its benefits for consumers, businesses and financial

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<sup>1</sup> Thanks to Alessia Vita, Stefano Pietrosanti, Alfonso Francia, Agnese Gentile and Nicola Branzoli for their help in drawing up this speech.

intermediaries? What does economic research tell us about it? What is the status of the European Central Bank (ECB) project and of the legislative process? What is the role of Banca d'Italia? And what is your role?

Let me be clear about what sets the digital euro apart from other forms of money, and from what some see as money but is not, such as the most popular crypto-assets. There is a lot of confusion around this issue: some refer to central bank digital currencies (CBDCs) as 'central bank bitcoins', but it is hard to imagine a more ill-suited comparison. The former are currency and as such fulfil the three basic functions of unit of account, medium of exchange and store of value, making them an ideal payment solution.<sup>2</sup> Instead, crypto-assets – especially if they are not pegged to an underlying asset – could be highly volatile, their value unstable over time, and therefore completely unsuitable as a currency. If anything, this type of cryptocurrency could be compared to a high-risk speculative investment.

To anticipate some conclusions on drivers and benefits, a digital euro would have both micro- and macro-economic positive effects: from simplifying our daily lives to integrating the European payment services market, from facilitating savings and increasing bargaining power for merchants to achieving greater strategic independence for Europe at geopolitical level.

In particular, European co-legislators have a key role to play in ensuring that the regulatory framework for the digital euro is able to balance the needs of all stakeholders. It is important that the work of the Commission, the Council and the European Parliament continues swiftly so that Europe can strengthen its capacity to deal with the ongoing changes in the European and global payment services market.

Only through strong synergies across all sectors of the economy can we create a digital euro that fully meets the requirements of user-friendliness, inclusivity and data protection, while ensuring tangible benefits for all through virtuous public-private cooperation. This is a collective effort involving society as a whole: citizens, merchants, financial intermediaries, private companies, academia and public authorities. Each of these players, and therefore all of us in more than one capacity, have a stake in a digital euro and we should make our voices heard whenever we have the opportunity to discuss our interests and exchange views.

## **1. What the digital euro is and is not**

So what is the digital euro? We can think of the digital euro as a digital version of cash, i.e. sovereign money issued in electronic form. As such, it would be a liability of the Eurosystem and would complement cash and other existing private solutions without replacing them. It would therefore be a payment option in central bank money with harmonized rules to make instant payments at the point of sale, in e-commerce, between people and to the government, through an app or a card, irrespective of where you are in the euro area and of the payment service provider you are using.

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<sup>2</sup> Money is an asset that is commonly used in a given socio-economic context to measure the value of goods and services (unit of account function), to save (store of value function) and to make purchases (medium of exchange function). For an overview of the role and history of money for non-experts, see 'All for one, economics for all!' ([only in Italian](#)), Banca d'Italia, Educational booklets for secondary schools, September 2023.

Basic digital euro services would be free of charge for users and fees for businesses and among payment service providers would be capped by law.<sup>3</sup>

A digital euro would have both online and offline functionalities. The latter would not only be a safety net in the event of poor or no connectivity, but could even become the preferred payment method for all transactions in physical proximity.

Through regular dialogue with the market, especially with consumer associations, the digital euro would be designed to promote digital financial inclusion, enabling those who do not currently use banking services to participate actively in the economy and not feel excluded from an increasingly digitalized payment landscape.

Strategically, the digital euro would also be a European-governance solution, developed by European providers that meet the strict stability and resilience requirements set by the central banks of the Eurosystem.

But what would the digital euro not be? The digital euro would not be a crypto-asset from any point of view. It is crucial to clarify this difference in order to fully understand the benefits of a Eurosystem digital currency compared with crypto-assets.

The most common crypto-assets, such as bitcoin and ethereum, are not issued or guaranteed by a clearly identifiable entity; they are created by software based on algorithms and are used to operate decentralized networks. This exposes them to mainly speculative or illegal uses, such as money laundering and terrorist financing. Their value, which is not pegged to an underlying asset, is extremely volatile: the announcement of a cyber attack, a social media post or speculative activities can cause the price of a cryptocurrency to fluctuate by many percentage points in a matter of minutes, making it a highly unstable instrument.

Nor can holders of crypto assets expect to convert them into currency at face value. For this reason, too, they should not be referred to as 'cryptocurrencies', as is often the case: these products lack the fundamentals of currency and payment instruments, namely the confidence that people can have in their stability and convertibility at any time, at face value, as already mentioned. Buying one of these crypto-assets is like buying a chip in a casino, not a banknote.

Some crypto-assets are pegged to an underlying asset, i.e. stablecoins. When this value is represented by a single fiat currency, stablecoins – if legally recognized and supervised<sup>4</sup> – can be similar to existing payment instruments: this is what happened in Europe with the Markets in Crypto-Assets Regulation (MiCAR), which introduced the possibility for supervised banks and EMLs to issue electronic money tokens (EMTs). Other stablecoins are pegged to a basket of currencies or

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<sup>3</sup> See Article 17 of the [Proposal for a Regulation of the European Parliament and of the Council on the establishment of the digital euro](#).

<sup>4</sup> Without an appropriate regulatory framework, even stablecoins pegged to a single currency are exposed to large fluctuations in value and to the risk of bank runs. The most famous case is that of the Luna USD stablecoin, the value of which fell by about \$50 billion in one week in May 2022. See Azar et al., 'The Financial Stability Implications of Digital Assets', Finance and Economics Discussion Series, 58, Federal Reserve Board, Washington D.C., 31 July 2022.

to other assets; MiCAR defines them as asset-referenced tokens (ARTs) and authorizes a limited use of these assets as a medium of exchange: however, it should be noted that ARTs are also subject to potential fluctuations in value and therefore do not have the characteristics of payment instruments. Unlike these crypto-assets, the digital euro would be a stable digital currency guaranteed by the European Central Bank, with the inherent reliability of an official currency.

## **2. What the digital euro is for**

Now that we have seen what the digital euro is and is not, let me mention some of the reasons why I believe it should be introduced.

In an increasingly digital economy, ensuring the smooth operation of the payment system also means relying on a harmonized pan-European solution for transactions at the point of interaction (point of sale or e-commerce platform) and between citizens. Introducing a digital euro would allow the real economy to be closely integrated with the digital economy while preserving some of the features of cash, such as full freedom to use it across the euro area and its mandatory acceptance.

It would fix the fragmentation of the retail payment system, filling the gap left by the lack of a harmonized pan-European solution for digital payments. Indeed, neither cash nor digital payment services currently on the market are suitable for all the use cases that could be covered by the digital euro, which would be the only one-stop solution for making payments at the physical or online point of interaction and person-to-person transfers with the same application.

We see that private initiatives and domestic card schemes cannot break out of the national arena to compete at European level in an environment where, for example, digital wallets from non-European providers are becoming very popular. Not having a payment solution that can be used throughout the euro area has resulted in a heavy dependence on a few foreign players and may benefit international BigTechs, which, with millions of users' databases, are considering issuing crypto-assets for digital payments. European independence is therefore a major issue at stake. This has implications for competition, as well as for the efficiency, self-reliance and resilience of the European retail payment system. The dominant positions of big international players can create barriers to market entry, limit the scope for expanding existing domestic solutions and discourage potential competitors from developing new payment solutions.<sup>5</sup>

A digital euro would therefore also be an opportunity to ensure that the European monetary system remains at the forefront of innovation and globally competitive. It would help preserve Europe's monetary sovereignty at a time when payment infrastructures in other parts of the world are gaining ground.

It is the responsibility of central banks to ensure the smooth operation of the payment system and to provide a reliable public means of payment. To fulfil their mandate, central banks must keep pace with the times, technological developments, and the needs of citizens and businesses. In an increasingly digital world and economy, we need to ensure that we offer an additional public payment method that is as inclusive and privacy-friendly as cash, thus giving citizens freedom of

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<sup>5</sup> See [EPI abandons plan for Visa and Mastercard rival as member banks quit \(finextra.com\)](https://finextra.com).

choice. More generally, we want to design a digital euro that can benefit all players in the European payment ecosystem.

### **3. Benefits for stakeholders**

A digital euro could benefit all players in the European payment ecosystem.<sup>6</sup> Let's start with us, euro-area residents and citizens, who would have an instrument for our daily payment needs based, as I have mentioned, on three pillars.

The first pillar is inclusion. Like cash, the digital euro would be an instrument for everyone, designed to be simple, intuitive and user-friendly – therefore with no barriers to inclusion – and to meet the needs of people with limited digital skills, with no bank account or with disabilities. In building this pillar, we are conducting interviews with samples of potential users to ensure that the features of the digital euro meet their expectations. As an example of the benefits of a digital euro in terms of simplification, think about your international bank account number (IBAN), which changes every time you switch banks or when your account is moved from one branch to another, including for reasons beyond your control. A new IBAN means changing the details for all your direct debit payments, such as utility bills or subscriptions to streaming platforms. With a digital euro, you could forget about this, because the digital euro account number (DEAN) would not be associated with a specific country or bank. Even if your bank or country of residence changed, your DEAN would not, just as you can now keep your phone number when switching carriers.

The second pillar is privacy. The level of confidentiality to be ensured by the digital euro will be set by European co-legislators in the digital euro regulation.<sup>7</sup> As with any public instrument, the digital euro project is not driven by profit considerations. The Eurosystem does not intend to take advantage of access to personal data or information. The Eurosystem would not identify payers and payees in online transactions, or trace their financial movements, thanks to the latest data protection technologies. Offline transactions would take the form of direct transfers between the mobile devices of payers and payees, with no intermediary, resulting in essentially the same level of anonymity as in cash payments. The digital euro will need to balance the right to personal data protection with the protection of the collective interest in line with the regulatory framework, particularly with regard to compliance with anti-money laundering and counter-terrorist financing requirements.

The third pillar is freedom of choice. A digital euro would provide an alternative payment option, rather than replacing cash or private sector payment instruments. It would be entirely up to you to choose whether to use the digital euro or not. The aim of the Eurosystem and European co-legislators is to overcome national borders and barriers and to guarantee freedom of payment by means of a public solution that can be used on equal terms in every euro-area country.

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<sup>6</sup> See 'A glimpse into the future: the digital euro' ([only in Italian](#)), speech by C. Scotti at the conference 'The value of proximity. Cooperative credit five years after the establishment of the cooperative banking groups. Key milestones and outlook', 2024.

<sup>7</sup> See [Proposal for a Regulation of the European Parliament and of the Council on the establishment of the digital euro](#).

As I have just mentioned, a digital euro would generate positive externalities to the advantage of all players in its ecosystem. Let us now look at the benefits for businesses. We know how important it is for firms to have funds readily available in their account. A digital euro would allow them to make online and offline instant transfers at any time all year round (24/7/365), with funds being fully and immediately available.

Another priority for businesses is cost control, particularly in terms of digital payment processing fees. Did you know that the fees paid by small firms are three to four times higher than for large corporations?<sup>8</sup> With the digital euro as a payment option, there would be a cap on the regulatory merchant service charge for all businesses, regardless of their size, thus increasing their bargaining power vis-à-vis other payment system operators.

Lastly, the availability of alternative options for receiving payments is an added value for business operations. Just imagine a long line of customers waiting to pay at a check-out counter with no internet connection. The digital euro offline payment option would solve this problem by providing a backup for online payments, thus improving customer experience.

A digital euro would also benefit the financial system. European financial intermediaries could use this new form of money to offer low-cost payment services throughout the euro area and develop new value-added services for customers, thereby strengthening their business models in the digital age and their bargaining power in negotiations with BigTechs. This would also be possible because, as with banknote production and issuance, the Eurosystem would bear the costs of setting up the digital euro scheme and infrastructure. In addition, the Eurosystem would seek to minimize additional investment costs for financial intermediaries by leveraging existing standards and infrastructure.

As well as liaising with the already mentioned consumer associations, we have an open channel for discussion and active engagement with businesses and payment service providers at both European and national level, so as to ensure that their voices are heard. The Eurosystem central banks have developed and provide the financial community with a number of critical services for the settlement of interbank payments. This is a concrete example of the Eurosystem's long-standing and fruitful cooperation with the market, which we intend to replicate in the rollout of the digital euro. Financial intermediaries would be at the forefront of digital euro distribution, acting as a point of contact with users, upon compensation for the services offered. This would give them the opportunity to offer value-added services and develop them on a pan-European platform, with a positive impact on competitiveness that has so far been unimaginable, especially for smaller payment service providers.

#### **4. Economic research**

A digital euro would be one of the first examples of a central bank digital currency (CBDC) being introduced in a Western economy. The possibility that such a major innovation might occur in the payment system of one of the world's largest economic areas highlights an issue that is especially

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<sup>8</sup> See '[Studie: Zahlungssysteme im Einzelhandel 2023 \(PDF\) - EHI Retail Institute](#)', a study of the retail payment system in 2023.

dear to me:<sup>9</sup> the value of economic research and of the dialogue with academia for the work of a central bank.

Money is a universal instrument that affects us all every day. It brings together the demand for and the supply of goods and services, it measures the value of what our economy produces and it serves as a store of value. Innovation in the payment system raises fundamental questions that economists have been studying for centuries.<sup>10</sup>

While 94 per cent of global central banks are either exploring or testing the issuance of a CBDC,<sup>11</sup> as you can see in the figure, academia's interest in the topic has grown exponentially, and with it the number of studies on CBDCs. To date, researchers' efforts have mainly focused on three key areas.

The first one is the study of the factors that could determine the adoption of and the demand for CBDCs. By 'demand', I mean a consumer's choice to hold and use a CBDC as a means of payment or store of value as an alternative to cash and bank deposits. By 'adoption', instead, I mean choosing to have the possibility of using a CBDC, for example by enabling it as one of the options in a hypothetical digital wallet. Several studies have focused on estimating the potential demand for CBDCs, exploiting data on the payment attitudes of consumers and how these are linked to different characteristics of the payment instruments available, mainly cash and cards.<sup>12</sup> These analyses suggest that the amount of CBDCs held and used by consumers will be highly sensitive to the characteristics of the new form of money.<sup>13</sup>

As for the adoption of a CBDC, research underscores the importance of ease of use in transactions and of network effects. When a new technology becomes available, users often influence each others' decisions to adopt it or not and this is especially true in the payment sector. If I knew that many of my friends and colleagues were using the digital euro for small payments, for example to split a restaurant bill, I would be more likely to use it. This means that even small differences in the design of a CBDC and in a central bank's ability to communicate its usefulness could make a huge difference in how quickly and successfully it is adopted by the general public.<sup>14</sup>

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<sup>9</sup> See ['Regulator or Researcher Hat? The Interconnectedness Case'](#), keynote speech by Chiara Scotti, Deputy Governor of Banca d'Italia, at the 13<sup>th</sup> EBA Annual Research Workshop - Boundaries of Banking Regulation.

<sup>10</sup> See, for example, W. S. Jevons, *Money and the Mechanism of Exchange*, London, D. Appleton and Co., 1875.

<sup>11</sup> See A. Di Iorio, A. Kosse and I. Mattei, ['Embracing diversity, advancing together - results of the 2023 BIS survey on central bank digital currencies and crypto'](#), BIS Papers, BIS, 147, 2024.

<sup>12</sup> For examples from the literature, see C. Lambert et al., ['Digital euro demand: Design, individuals' payment preferences and socioeconomic factors'](#), Working Paper Series, 2908, ECB, Frankfurt am Main, February, 2024; J. Li, ['Predicting the demand for central bank digital currency: A structural analysis with survey data'](#), *Journal of Monetary Economics*, 134, 2023; S. Infante et al., ['Retail CBDC: Implications for Banking and Financial Stability'](#), *Annual Review of Financial Economics*, 16, 2024.

<sup>13</sup> The analysis carried out by Li concludes that the aggregate holdings of a baseline CBDC as a percentage of the total household liquid assets could range from 4 per cent to 52 per cent, depending on whether households would perceive CBDC to be closer to cash or deposits. See J. Li, ['Predicting the demand for central bank digital currency: A structural analysis with survey data'](#), *Journal of Monetary Economics*, 134, 2023.

<sup>14</sup> On the importance of making design choices that facilitate the use of CBDCs in transactions, see L. Nocciola and A. Zamora-Pérez ['Transactional Demand for Central Bank Digital Currency'](#), Working Paper Series, 2926, ECB, Frankfurt am Main, April, 2024. On the network effects, see F. Alvarez et al., ['Strategic complementarities in a dynamic model of technology adoption: P2P digital payments'](#), Working Paper Series, 31280, NBER, May,



The second research area encompasses the possible impact of the adoption of a CBDC on the financial system and the supply of credit to the economy. The literature suggests that the effects of a CBDC depend on various factors, including the degree of competition in the deposit market, as deposits are the main form of private money in circulation. If financial intermediaries operated under conditions of perfect competition, introducing a CBDC could lead to a decrease in deposits and a contraction in bank lending. Conversely, if banks had market power, an assumption that is more in line with the empirical evidence available, the introduction of a CBDC could increase competition and, consequently, deposits and credit supply too.<sup>15</sup>

The third area focuses on the implications of a CBDC for the world economy. Research in this field suggests that a CBDC could be an effective tool for ensuring monetary sovereignty in an economy where a foreign digital currency is widely used domestically.<sup>16</sup> At the same time, current studies show that allowing the use of a country's CBDC abroad could generate capital movements that are potentially harmful for other countries.<sup>17</sup>

Many questions remain. For instance, what role would the adoption of a CBDC play in financial inclusion and in the innovation of financial services? How has the increasing shift from cash to private digital means of payment affected the economy? Research on these topics will provide food for thought for the digital euro project.

## 5. Background and progress report

The issuance of a digital euro would be the culmination of a process that started in October 2020, with the first report on a digital euro published by the ECB, and which has involved the public, financial intermediaries and institutions. The report laid out, among other things, the premise for the ongoing work, namely that the Eurosystem cannot ignore the rapid changes in the retail payment

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2023; and N. Crouzet, G. Apoorv and F. Mezzanotti, '[Shocks and technology adoption: evidence from electronic payment systems](#)', *Journal of Political Economy*, 131, 11, 2023. In particular, Crouzet, Apoorv and Mezzanotti suggest that 45 per cent of firms' adoption rate for one of the most common digital payment methods in India is attributable to network effects. Alvarez et al. document similar evidence with regard to the adoption among consumers of a digital payment platform operated by the Central Bank of Costa Rica, in line with the model of technology adoption featuring strategic complementarities developed by them. For an analysis of the infrastructure options to implement a CBDC, see E. Urbinati et al., '[A digital euro: A contribution to the discussion on technical design choices](#)', Banca d'Italia, Mercati, infrastrutture, sistemi di pagamento (Markets, Infrastructures, Payment Systems), 10, 2021.

<sup>15</sup> For research examples, see L. Burlon, M. A. Munoz and F. Smets, '[The Optimal quantity of CBDC in a Bank-Based Economy](#)', *American Economic Journal: Macroeconomics*, 16, 4, 2024, pp. 172–217. J. Chiu et al., '[Bank market power and central bank digital currency: Theory and quantitative assessment](#)', *Journal of Political Economy*, 131, 5, 2023. For a critical review of the literature, see S. Auer et al., '[CBDC and the banking system](#)', *Jahrbucher fur Nationalokonomie und Statistik*, 2024; and U. Bindseil and R. Senner, '[Macroeconomic modelling of CBDC: A critical review](#)', Working Paper Series, 2978, ECB, Frankfurt am Main, August, 2024.

<sup>16</sup> See P. Cova et al., '[Monetary policy in the open economy with digital currencies](#)', Banca d'Italia. Temi di Discussione (Working Papers), 1366, 2022; and the policy brief published in [SUERF – The European Money and Finance Forum](#).

<sup>17</sup> See A. Moro and V. Nispi Landi, '[The external financial spillovers of CBDCs](#)', *Journal of Economic Dynamics and Control*, 159, 2024; and the policy brief published in [SUERF – The European Money and Finance Forum](#).



landscape. Thus, in view of the advantages of a digital form of cash, I believe that preparing for its issuance together with all the potential stakeholders is merely common sense.<sup>18</sup>

The possible future scenarios discussed in the report led the ECB Governing Council to decide, in July 2021, to launch the digital euro project. The investigation phase started in October 2021 and enabled us to identify the project requirements and the ways in which to distribute digital cash so as to benefit citizens, businesses and intermediaries. This phase ended in October 2023 and was followed by the preparation phase currently under way, during which we are working on the practical definition of some of the key features of a digital euro such as privacy, offline functionality and holding limits. In addition, we are finalizing the digital euro scheme, which will consist of a common rulebook that financial intermediaries will have to follow to provide digital euro services, and the selection of the internal and external providers that will develop the infrastructure for the new form of money. Cooperation with the market has not stopped; on the contrary, it has deepened and strengthened.

By the end of next year, the ECB Governing Council will decide whether to move to the next part of the preparation phase and establish, in such case, its scope and duration. The final decision on whether to issue a digital euro will only be considered by the Governing Council once the EU's legislative process has been completed.

## **6. The legislative proposal to establish a digital euro**

Given that I cannot avoid mentioning the legislative proposal, let us take a moment to focus on why it is necessary and its basic features.

The integration of the European payment system has always moved forward in parallel with supportive legislative measures. The history of our single currency began with the introduction of the euro and continued with the creation of SEPA – the Single Euro Payments Area – which harmonized the standards for processing non-cash payments such as credit transfers and direct debits. In an increasingly digitalized world, there are use cases, such as point-of-sale purchases, that still must be figured out, and a digital euro may indeed prove to be the missing piece of the puzzle that would enable everyone to make payments of all kinds on the same terms throughout the euro area. Its introduction will once again require a joint European effort, with European co-legislators laying down the legal framework.

In this vein, on 28 June 2023, the European Commission put forth the 'Single Currency Package', comprised of complementary legislative proposals on the use of cash and the introduction of a digital euro. The proposal for a regulation on the digital euro sets out some of its essential features, such as its status as legal tender, with its mandatory acceptance by merchants who already accept digital payments. It also outlines how it is to be distributed, including the requirements for banks to do so, and the services that must be offered to users for free. It then addresses the measures needed to ensure the financial inclusion of persons with low digital literacy.

The regulation also assigns the ECB the task of developing instruments to limit the use of the digital euro as a store of value to minimize the possible impact on the financial system. Imposing limits on

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<sup>18</sup> 'The possible advantages of a digital euro and the rapid changes in the retail payment landscape imply that the Eurosystem needs to be equipped to issue it in the future' (*Report on a Digital Euro*, ECB, 2020, p.3).

the amount of digital euros that can be held by users, coupled with a lack of remuneration, is an effective way to achieve this. It is important for the ECB to decide these limits by balancing both the right of users to have free access to the legal tender<sup>19</sup> and the objective of preserving financial stability and the proper transmission of monetary policy. To this end, the Eurosystem is developing a methodology that takes into account the needs of all the project's stakeholders.<sup>20</sup>

Finally, another key theme of the Regulation is the establishment of the compensation model for providers of digital euro payment services, which is linked to the determination of the fees they may charge merchants. These fees must balance the interests of the merchant obliged to accept the digital euro with those of the payment service provider that processes its transactions: establishing a fair and economically sustainable fee system is critical to duly considering the interests of all those involved.

The proposal for a Regulation is currently in negotiations at the first reading stage: the Council and the European Parliament are discussing in parallel various aspects of the Regulation in order to reach an agreement addressing the needs of all the stakeholders. Given the importance and innovative scope of the topic, the digital euro is a case study on intensifying the cooperation between the Eurosystem and European co-legislators. For the first time, the ECB has established a regular dialogue on a specific topic with the Committee on Economic and Monetary Affairs of the European Parliament, engaging in ten public exchanges of views so far.<sup>21</sup> Cooperation between national central banks and ministries has been equally intense and fruitful, such as that between Banca d'Italia and the Italian Ministry of Economy and Finance.

## **7. Banca d'Italia's activity**

Banca d'Italia is working on many fronts to make the digital euro project a reality. We contribute to the governance of the project, as part of the activities of the Eurosystem and, as I mentioned earlier, to the negotiations within the European Council, supporting and cooperating with the Ministry of Economy and Finance. We intend to actively participate in the development of the infrastructure, having put forth our candidacy as provider of the Digital Euro Service Platform in cooperation with other central banks in the euro area.

On 30 September, Banca d'Italia set up a Digital Euro Unit to centralize the activities carried out by various departments within a single centre of expertise dedicated to the project. The unit is composed of three teams, two focusing on our activities as a Eurosystem infrastructure provider and one serving as a strategic steering team dealing with regulation, research, communication, training and market engagement.

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<sup>19</sup> Users would be able to link their digital euro accounts to their bank accounts to automatically transfer funds that exceed their individual holding limits ('waterfall functionalities').

<sup>20</sup> In order to keep the dialogue open with the industry and the users on this topic, the ECB has launched a series of meetings with the market through the European Retail Payments Board. See, for example, [Update on workstream on the methodology for the calibration of holding limits](#) and [Summary of inputs on the methodology for calibrating holding limits](#).

<sup>21</sup> See 'The ECB's accountability to the European Parliament 2019-2024: commitment in times of change', ECB, *Economic Bulletin*, 7, 2024.

The latter is specifically involved in stepping up our engagement with different national stakeholders. A particularly important initiative is the creation of a dedicated digital euro working group within the Italian Payments Committee, the cooperation forum for the Italian payments market made up of trade associations representing payment service providers (banks, Poste Italiane, payment institutions) and users (consumers, businesses, merchants), a limited number of banks, as well as some of the most important technology service providers to the payment system. Active participation by everyone in the working group and in the various initiatives is critical to ensure that the disparate needs are brought to the attention of the international cooperation forums and thus reflected in the decisions of both the Eurosystem and European co-legislators.

## Conclusions

I hope that all of us will return home today not only with a better understanding of the digital euro, but above all with a clearer view of how and where you can make your voices heard, whether as individual citizens, students, teachers, academic researchers, or as store employees or payment service providers.<sup>22</sup> As I stated at the beginning, this is a project in which everyone plays a part: one for all and all for one.

There are many opportunities for involving the market that vary as to both project progress and how each category of stakeholder can contribute. I would like to conclude this speech by citing a tangible example of the cooperation between the Eurosystem and the external stakeholders, which I have mentioned several times already. Just recently, the call has gone out for expressions of interest in partnering with the Eurosystem on its platform to explore the most innovative aspects of a digital euro by carrying out testing and research projects.<sup>23</sup> I invite you to consider this opportunity, which is open not only to merchants, payment service providers and fintech companies, but also to research institutes, technical experts and universities. There are two ways to participate: through 'pioneer partnerships', which will test certain technical options and complex types of payment (such as conditional payments), to make the digital euro as innovative as possible, and through 'visionary partnerships', which will conduct theoretical work to explore innovative use cases, community impact and social factors. Those interested have until 29 November to apply.

Finally, I hope that my forward-looking speech have helped honour Gaetano Colicigno, in whose memory so many of us have gathered here today.

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<sup>22</sup> See 'Il cammino verso l'euro digitale', *Economics for everyone*, Banca d'Italia's financial education website ([only in Italian](#)).

<sup>23</sup> See [Call for expressions of interest in innovation partnerships for the digital euro](#).