BANKA SLOVENIJE
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ZIP za in proti zavod za kulturo dialoga

Why debate on the digital euro?

The payments landscape has changed dramatically in recent decades due to rapid technological development. Users increasingly rely on cards, smartphones, and online applications, while the use of cash has been steadily declining. According to the European Central Bank (ECB), cash accounted for only around 39% of daily transactions in the euro area in 2024, while card and other electronic payments continued to rise. Between 2019 and 2024, the value of online purchases in Europe doubled, which reflects the longterm trend toward the digitization of money.

ECB, 2024, Eurostat, 2025

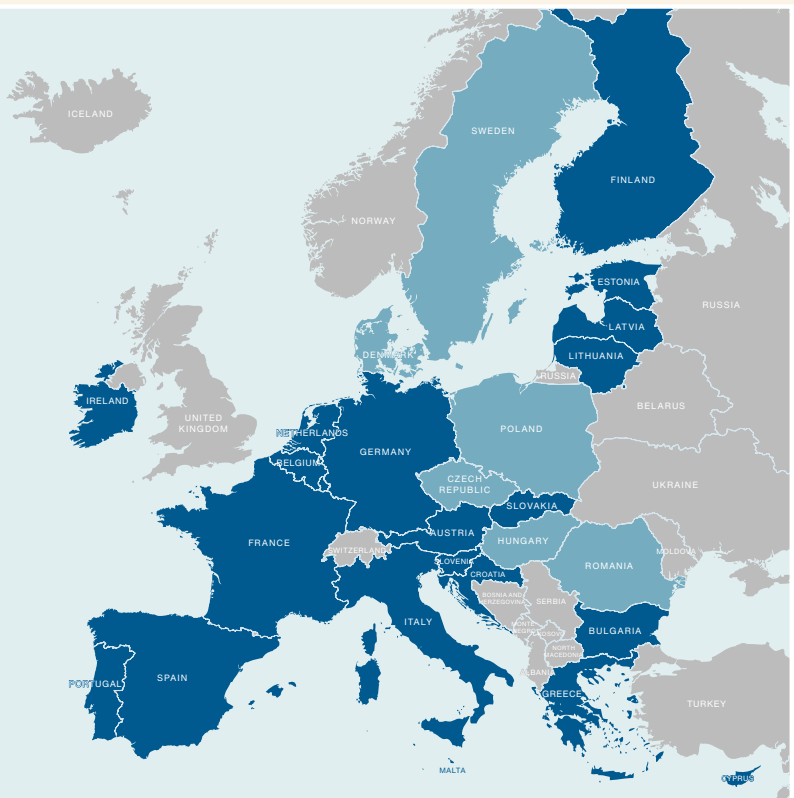
At the same time, Europe lacks a unified digital payment solution, that would function across the entire euro area. Nearly twothirds of card transactions are processed by nonEuropean providers such as Visa and Mastercard, and around 13 euro-area countries remain fully dependent on foreign payment systems. This raises concerns about Europe's economic resilience in times of crisis, the costs borne by countries and citizens, data privacy, and the preservation of European monetary sovereignty.

ECB, 2025

Euro area and Eurosystem

The euro area
is a group of European Union countries that use the euro (€) as their official currency and have a common monetary policy managed by the European Central Bank. These countries have the same currency, interest rates, and basic rules regarding money.

The Eurosystem
is the institutional structure that implements monetary policy in the euro area. It consists of the European Central Bank (ECB) and the national central banks of the euro area countries.



What is the digital euro?

The digital euro is a proposed digital form of cash issued by the European Central Bank in cooperation with national central banks of the euro area. It would be a central bank digital currency (CBDC) designed primarily for small-value, everyday payments.

If EU lawmakers adopt the necessary legislation in 2026, the digital euro could be launched as early as 2029. It would complement — not replace — physical cash, offering consumers an additional payment option.

The digital euro would not be a cryptocurrency or an investment asset. Its value would always equal that of physical euros and would be fully guaranteed by the ECB. It would therefore represent a secure, risk-free form of digital central bank money.

ECB, 2026

A comparable system is already in place in China, where the digital yuan (eCNY) has been introduced. This centrally issued digital currency, provided by the People's Bank of China, is used by citizens for everyday payments.

How would the digital euro work in practice?

The digital euro would be available to all residents and businesses in the euro area. It could be used in physical stores for online purchases, for peertopeer transfers and for payments to or from public institutions. Payments could be made in two ways:

Online payments

- Required internet connection.
- Transactions processed instantly.

Offline payments

- Internet access not required as long as payer and payee devices are in close proximity (e.g., two mobile phones).
- Instant and direct payment between devices.

Higher level of privacy as data would remain stored only on users' devices and would not be transmitted to the ECB or payment service providers.

Privacy and security

The ECB emphasizes that the digital euro is being designed with data minimization as a core principle. The Eurosystem would not have access to users' identities or payment histories. Transaction data would be visible only to the parties involved and shared solely when legally required for preventing money laundering, terrorist financing or fraud.

Individuals would hold their digital euros in accounts opened with commercial banks or authorized public intermediaries, where privacy protections would apply. For example, withdrawing EUR 100 from a bank account and converting it into digital euros would provide a level of privacy comparable to cash.

ECB, 2025

The system would also be technologically resilient. The main ledger for digital euro transactions would be distributed across multiple EU regions, thus reducing the risk of outages or systemic failures. In case of a cyberattack or technical malfunction, users could regain access to their funds upon proving their identity — without the ECB learning their identity.

ECB, Piero Cipollone Speech, 2025

Does Europe need the digital euro?

Protecting European monetary sovereignty is one of the principal reasons for introducing the digital euro. Today, most digital payments in Europe rely on nonEuropean infrastructures, creating dependencies, higher costs for merchants and limited EU control over a critical economic function.

At the same time, new forms of private digital money are emerging, such as stablecoins, which are often pegged to the US dollar. Their widespread adoption could weaken the role of the euro over time and reduce the ECB's ability to conduct effective monetary policy.

The digital euro is therefore intended as a public, panEuropean digital payment solution that would strengthen financial resilience and promote competitive monetary autonomy.

ECB, Pietro Cipollone Interview with El País, 2026

Debate

Advocates

Advocates of the digital euro argue that it would safeguard access to digital public money at a time when the use of cash is steadily declining. They emphasize that the digital euro could enhance financial inclusion by offering a payment option accessible even to individuals with limited access to traditional banking services or commercial payment apps. Moreover, it would reduce Europe's reliance on nonEuropean payment systems, thereby strengthening the EU's strategic autonomy and potentially lowering transaction costs for merchants.

A particularly important advantage is its ability to function in crisis situations — including scenarios without an internet connection and ensuring continuity of payments when other systems fail. As a panEuropean, public digital payment solution, the digital euro could contribute to greater stability, competitiveness and sovereignty across the European economy.

Opponents

Opponents argue that the digital euro could accelerate the decline of cash and increase society's dependence on technology, electricity, and digital devices. They warn that this shift could make everyday payments more vulnerable to outages or technical failures. Critics also point to potential negative effects on the business models of commercial banks and express doubts about whether longterm privacy guarantees can truly be upheld.

Many sceptics question whether a digital euro is needed at all, noting that efficient digital payment solutions already exist. They argue that creating another payment system may bring limited added value and could overlap with services already provided by the private sector. Some maintain that digital payments should remain the responsibility of commercial banks, while central banks should focus on their core mandates—maintaining price stability and conducting monetary policy.

Analysis of the debate statement

The following guiding questions can help structure debate preparation:

- What is the difference between the digital euro and cryptocurrencies?
- What is the difference between public and private money?
- Which digital payment methods already exist?
- Would the digital euro enhance the European Union's monetary autonomy?
- Would it increase or reduce personal freedom?
- What safeguards will accompany the introduction of the digital euro?
- How would the digital euro function in practice, particularly during crisis situations?
- Does the decline in cash usage do more harm than good?
- How might the digital euro influence political, economic, and cultural relations among euroarea members?
- Would the digital euro influence inflation or create new monetary policy challenges?
- How would merchants, especially small businesses, be affected in terms of fees and infrastructure costs?
- Which stakeholders would be affected by its introduction (political, social, economic, environmental, legal, technological, demographic groups, etc.)?
- Would the digital euro provide users with more or less security and privacy compared to cash and existing digital payment methods?
- How could privacy be balanced with the need to prevent illicit activities?
- Who should have access to transaction data and under what conditions?

Resources for further reading

- ECB_Digital euro
- Digital Euro | Banka Slovenije
- Digital euro_benefits and pitfalls
- The Digital Euro: A strategic step toward Europe's monetary sovereignty?
- The-road-ahead-digital-euro-challenges-and-opportunities/
- The Digital Euro in 2025: Progress, Market Impact and Readiness
- ECB Unveils Digital Euro Use Cases and Plans New Experiments for 2026 - CBDC
- Why Europe Needs a Digital Euro