

Statement of the Eurogroup+ on digital finance

The digital transformation of the financial sector, driven by rapid technological advancement, represents a fundamental shift in the European financial landscape. Digital finance can act as a powerful catalyst for the development of a more efficient, resilient, competitive, integrated and sovereign European financial system. As other jurisdictions move rapidly in this field, Europe too must act with speed and ambition. The Eurogroup in inclusive format is determined to contribute to shaping this transformation and to ensure that the EU financial system is fit for the digital age, in order to fully harness the benefits for our citizens and businesses.

Digital finance can bring substantial benefits to the EU's economy, financial integration, competitiveness and technological sovereignty

Digital finance can offer tangible improvements to the way our financial system functions. Tokenisation and distributed ledger technologies (DLTs) can enable assets, cash and transaction data to be safely recorded and exchanged on a shared ledger. This can streamline and accelerate the trading, settlement and servicing of assets, reduce settlement risks, lower operating and intermediation costs, and enable new products and services. In the payment space, the development of new infrastructures, instruments and mechanisms, such as smart contracts, can help reduce processing times, costs and counterparty risks, simplify transactions within the EU and with non-EU jurisdictions, and broaden access to efficient payment services.

An efficient, integrated euro-based digital financial system will also be a powerful lever to deepen our capital markets and complete the Savings and Investments Union. As highlighted in the Draghi, Letta, and Noyer reports, the longstanding fragmentation of European market infrastructures remains a major obstacle to the Savings and Investments Union. Tokenisation and DLT can help overcome this and accelerate our integration. Moreover, the development of trusted euro-denominated tokenised instruments, including stablecoins and tokenised deposits, could strengthen the competitiveness of Europe's financial sector, support financial inclusion, contribute to our technology sovereignty, and reinforce the international role of the euro.

Digital transformation could also have implications for, among others, financial sector operational resilience and cyber security, financial stability, fraud protection and anti-money laundering. In order to ensure the success of digital finance, the associated risks need to be properly monitored and, where necessary, mitigated. At the same time, the EU cannot fail to keep pace with this development.

Preparing the EU's financial system for the digital age and enabling innovation by ensuring trust, stability, broad access and integration

The digital euro project stands at the core of our digital finance agenda for retail payments and is essential to ensure that the single currency remains a robust and trusted anchor in an increasingly digital global landscape. By providing a universally accessible, secure and convenient form of digital public money, the digital euro will not only reinforce our monetary sovereignty, but will also serve as a critical catalyst for innovation in retail payments and for our broader resilience. We recall the statement of the Eurogroup¹ and in that regard welcome the progress made by the co-legislators on the legal framework for the digital euro and look forward to the conclusion of the trilogue negotiations on the Single Currency Package by the end of the year. The digital euro, thanks to its legal tender status, would also facilitate the adoption of common standards throughout the euro area, which could help private sector solutions to

¹ [Eurogroup statement on the digital euro project, 16 January 2023](#)

scale up and expand at the euro area level. We thus welcome progress made so far by the private sector, notably on the interoperability of instant payment solutions.

The digital transformation of our financial system must also harness the opportunities of tokenisation. In this perspective, with a view to accelerating innovation and achieving scale, we embrace a number of principles: trust, stability, broad access, integration, and safety. In line with these guiding principles, the Eurogroup in inclusive format agrees on the following:

- **Continued cooperation between public and private sectors:** market-led solutions have an essential role to play, and the regulatory framework is instrumental for creating the conditions for their development. The public sector must also guarantee the stability and integrity of our financial and payment systems, as well as play a leading role in educating and protecting consumers. To accelerate the scaling of tokenisation in Europe, our policies should remain technology-neutral and support the development by the private sector of a range of instruments and use cases. A continuous dialogue between the public and private sectors will be crucial to identify and overcome potential barriers.
- **Central bank money as the anchor of the system:** central bank money is necessarily at the core of a digitalised financial system, to ensure scale, trust and stability. We strongly support ongoing Eurosystem work to maintain the two-tier monetary system in the digital age, including through the preparations for the potential issuance of a digital euro, the forthcoming launch of *Pontes*, and the *Appia* project.
- **Interoperability and standardisation:** without shared standards, the multiplication of DLT networks risks recreating and compounding the fragmentation that we have been trying hard to overcome in the EU financial and payment systems. The EU should therefore seize this historic opportunity and engage in setting common standards and promoting interoperability – both among different DLT networks and between DLTs and traditional systems.
- **Global regulatory cooperation to ensure a level playing field:** divergences in regulatory frameworks across jurisdictions can lead to arbitrage and undermine the benefits that digital finance can deliver. It is therefore essential to deepen regulatory and supervisory cooperation both within the EU and with non-EU jurisdictions.

The path forward: from laying the groundwork to scaling up

The EU has been a pioneer in providing a legal framework for digital finance through the Markets in Crypto-Assets Regulation (MiCAR) and the DLT Pilot Regime, and we will continue to ensure an environment conducive to innovation while upholding the principles outlined above.

We need to provide additional legal clarity to allow new technologies and tokenised assets to develop at scale. We invite the Commission to assess how to further facilitate the tokenisation of a range of financial assets. The merits of harmonising the legal treatment of tokenised assets, including deposits, and of a more integrated framework for the issuance of DLT securities, should be assessed. Whilst we acknowledge the innovation potential of MiCAR-compliant stablecoins, it will also be important to provide greater legal clarity to market participants and supervisors on multi-issuer schemes. Our national approaches to facilitate tokenisation should be further coordinated in order to avoid fragmentation of digital finance. We look forward to the conclusion of the negotiations on the Market Integration and Supervision Package before the end of the year as called for by the European Council in March 2026. The package contains crucial elements to accelerate the growth of digital finance. The report on MiCAR planned in 2027 will also provide an opportunity to identify ways to facilitate digital finance development within a robust framework. In that perspective, we welcome the consultation launched by the Commission on the functioning of the EU's regulatory framework on crypto-assets.

Our digital ecosystem should encourage the development of products for a broad range of use cases, with their success ultimately depending on market uptake. We invite the Commission and the Eurosystem to monitor and address industry needs in order to create the conditions for different applications to flourish. We welcome the Eurosystem's intention to advance its ongoing work to provide a public DLT-based settlement asset and the agenda for expanding eligibility as Eurosystem collateral to further DLT-based assets. We will assess how to further support the tokenisation of bonds and of existing securities. Additionally, in recognition of the crucial role of the private sector, we encourage market participants to invest in the associated technologies and applications, while coordinating to ensure interoperability.

Finally, it will be important to review our regulatory framework as markets and risks evolve and to address emerging challenges. To this end, we invite supervisory authorities to continue monitoring and reporting on market developments, to identify the materialisation of any risks so as to continuously inform our policy stance.

Next steps

The Eurogroup in inclusive format will continue to regularly assess developments through dedicated monitoring and stands ready to coordinate efforts in this field. While we deepen our work on digital finance, we should further assess how we could promote research and financial innovations that can contribute to our resilience and technological sovereignty in a forward-looking way. We will also consider the growing implications of artificial intelligence, which also has great potential to reshape the financial sector. We are convinced that by building on the existing strengths of our financial system and upholding our guiding principles, the EU can be a leader in digital finance. **We will act swiftly and decisively to ensure that it enhances the prosperity of our economy and society.**