

# The digital euro: Where do we stand today?



STEPHANIE GATT

Europe is in the process of a digital transformation in the payments' landscape, with Malta playing its part

The introduction of a digital euro will enable citizens to use central bank money also in transactions where currently this is not possible with physical cash. The digital euro, as a central bank digital currency (CBDC), represents a transformative innovation in Europe's payment system. Initially proposed nearly two decades ago, it gained momentum in recent years, attracting strong interest from central banks, policymakers, regulators, and various other stakeholders alike.

Following the 2020 report and public consultation of the European Central Bank (ECB), a structured roadmap was launched, covering investigation, preparation, and legislative coordination phases, each supported by rigorous legal and technical analysis.

## Legal tender and accessibility

The digital euro will be legal tender, meaning that businesses across the Eurozone, will be required to accept it, and is designed to complement cash, which remains vital for resilience and financial inclusion. This approach ensures that the digital euro will be accessible and easy to use for everyone, regardless of age, ability, or digital literacy. To achieve this, a comprehensive accessibility strategy guides the design of

## Benefits of the Digital Euro



Secure



Works online and offline



Respects privacy



Complements cash



Supported by the Central Bank

## Supported by the Central Bank

the digital euro application, ensuring full compliance with the European Accessibility Directive.

### Key achievements during the preparation phase

After two years of preparation between 2023 and 2025, the Digital Euro project has advanced from concept to technical implementation, achieving several important milestones:

**Digital Euro Scheme Rulebook:** The ECB completed the first draft of the Digital Euro Scheme Rulebook, establishing unified rules and standards for the digital euro's operation. This covers user protection, dispute resolution, and privacy compliance, ensuring consistent security and service quality for all users, regardless of their payment service provider (PSP) and location.

**Financial stability and cost analysis:** To safeguard financial stability, the ECB developed a method for setting holding limits on the digital euro for citizens, preventing large withdrawals from banks and supporting monetary policy. It also published two studies in this regard.

**Financial Stability Impact:** The ECB tested different scenarios, including allowing up to €3,000 holding limit per person in digital euro. The results showed that using the digital euro for everyday payments would not create risks for the financial system, although the holding limit amount is still yet to be determined.

**Cost for banks:** The ECB estimated that banks across the Eurozone would need to collectively spend between €4 billion and €5.8 billion over four years to upgrade their

systems for the digital euro. This cost is similar to what banks spent on previous regulatory changes, like the revised Payment Services Directive (PSD2), and is much lower than the costs of major payment system reforms such as the Single Euro Payments Area (SEPA).

### Technical experiments and system design

Extensive technical tests were conducted to refine the digital euro's design and user experience. These confirmed that the system can meet the needs of consumers and businesses while adapting to future innovations. Key features include enabling offline payments between devices without internet access and introducing strong privacy protection. These features ensure the digital euro cannot be restricted or pro-

grammed for specific purposes, thereby preserving its universal usability, while offline transactions offer a level of anonymity similar to cash. The ECB also focused on building a resilient and secure system, with advanced cybersecurity measures and regular penetration testing to protect data and maintain reliable operations across the Eurozone.

With these foundations in place, the digital euro is now ready to move to the next stage of its preparation phase and eventually to practical implementation, in the event of approval by the European Parliament.

### Way forward

The digital euro now enters a decisive phase. The European Parliament, Council, and Commission aim to finalise the necessary regulation by mid-2026, paving the way for three years of infrastructure development. As the project advances, the ECB and the Eurosystem are working closely with EU lawmakers and institutions to shape a robust legal framework and provide technical expertise. Preparations follow a flexible, modular approach, allowing technical development to progress alongside the evolving legislative process.

The decision to issue the digital euro will only be made once the agreed legal framework is approved by the European Parliament, ensuring compliance and readiness.

The Central Bank of Malta's ongoing engagement at the national and European level in shaping the digital euro, ensures that Malta is contributing to build a European payment system that is secure and practical for its citizens to be at the forefront of Europe's digital future. As the digital euro moves from vision to reality, Malta stands ready to embrace the opportunities of digital innovation, ensuring that the benefits of this new means of payment is accessible to all.

For more information on the digital euro, please visit the official ECB page at [https://www.ecb.europa.eu/euro/digital\\_euro/html/index.en.html](https://www.ecb.europa.eu/euro/digital_euro/html/index.en.html)

Dr Stephanie Gatt is manager Legal Department at the Central Bank of Malta