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Payments sit today at the crossroads of two profound transformations – and understanding both is essential to determining where we need to go.

The first transformation is geopolitical. The world is becoming more fragmented, more transactional, and in some respects more adversarial. In that environment, critical infrastructure – and payment systems are critical infrastructure – becomes susceptible to being used as a lever for geopolitical influence.

Europe is particularly exposed. Today, two-thirds of card payments in the euro area rely on international card schemes. Thirteen of the 21 euro area countries depend exclusively on those international schemes even for purely domestic

transactions. And the rapid growth of mobile payment apps, which are expanding at double-digit rates across Europe, is compounding those external dependencies further.

In a world where such dependencies can be exploited, pan-European payment solutions are not merely a matter of commercial preference. They are a precondition for our collective resilience. This is a point that is being recognised at the highest political level in Europe, including in a recent speech by the President of the French Republic.

The second transformation is technological. Two shifts stand out. First, our transaction habits are changing: citizens are conducting an ever-growing share of their purchases online, and they need genuinely digital means of payment to match. Second, distributed ledger technology is enabling a shift to tokenised platforms – environments where assets can be traded, settled, and stored with greater speed, efficiency, and programmability.

These geopolitical and technological forces are not isolated from one another. They run as a common thread through every segment of the payments landscape: retail, business-to-business, cross-border, and wholesale. And rather than simply reacting to them, the Eurosystem set out to define a holistic, forward-looking vision.

Two weeks ago, we published that vision: our Comprehensive Payments Strategy.

This morning, I want to walk you through its main elements – what we are doing across each of the key payments markets – and then zoom in on how we are putting one crucial part of that strategy into practice: the work on tokenisation in wholesale financial markets, through our projects Pontes and Appia.

Let me start with the strategic logic before turning to the specifics.

The strategy is built around four aims: (i) maintaining the role of central bank money as the anchor of our two-tier monetary system, (ii) achieving strategic autonomy and greater resilience for European payments, (iii) fostering an integrated, competitive, and innovative payments ecosystem, and (iv) supporting the international role of the euro.

These four aims are not separate tracks – they are mutually reinforcing. Resilience without innovation leaves us secure but stagnant. Innovation without a stable monetary anchor creates fragility.

Let me take you through how that plays out across the main payments use cases, starting with **retail payments**.

As the central bank for the euro area, preserving the role of central bank money in the digital age is critical for fulfilling our mandate. But moving to the digital age does not mean that cash will disappear. On that, let me be clear: cash will remain available.

At the same time, the preparatory work on the digital euro is progressing well, in anticipation of the completion of the legislative process. Contingent on that, the plan is to run a pilot in 2027 and to be ready for launch during 2029. The digital euro is designed to complement private payment solutions, not replace them – and in fact support their development. It will do so by creating an acceptance standard at the point-of-interaction that, thanks to the digital euro's legal tender status, will be universally adopted. We will make this standard freely available to private solutions so that they can build on it to scale up.

The new strategy also reaffirms the Eurosystem's support for the European Payments Initiative (EPI), which has made significant progress over the past two years. We also take note of the initiative between EPI and the European Payments Alliance (EuroPA) to create interoperability. Both of these developments show that things are moving in Europe.

Let me now turn to **business-to-business payments**, which sit at the centre of economic activity, and yet they have often been treated as a secondary concern in payments discussions. That is something we want to change.

Through regular dialogue with companies of all sizes, two themes have emerged consistently. First, there is a strong demand for greater standardisation – standardisation that would allow businesses to more seamlessly integrate their payment flows into their operational processes. Second, businesses often feel constrained by the pace in which payment service providers offer new solutions.

To address this, the Eurosystem intends to facilitate more proactive engagement between the supply side of the payments ecosystem and the corporate sector. The Euro Retail Payments Board (ERPB), which brings together supply and demand representatives at a pan-European level, is well-placed to serve as a forum for this dialogue.

Our goal is straightforward: more efficient and innovative solutions for European businesses – solutions that allow them to embed payments into their operations and leverage possibilities such as conditional payments.

On **cross-border payments**, the Eurosystem will continue to shape and advance the G20 roadmap – the international agenda for payments that are faster, cheaper, more transparent, and more inclusive.

As operator of the TIPS system, we are setting-up bilateral and multi-lateral links between our instant payment service, TIPS, and eligible fast payment systems across the world. This will make it possible for users of TIPS to make and receive near-instant payments to and from users of the systems we interlink with. The first project is a link to India's UPI system. The second project is a potential connection to the Nexus hub, which covers six countries across Southeast Asia: Singapore, Malaysia, the Philippines, Thailand, Indonesia and India.

We will engage with the payments industry – through the ERPB – to identify and prioritise further links, for instance, by mapping the main supply chains of European businesses and working further from there.

And this brings me to what I want to spend the most time on today, **wholesale payments and tokenised settlement assets**, as this is a relatively new initiative and one on which we have communicated less so far.

For traditional wholesale payments, the Eurosystem will continue to invest in T2, which remains the backbone of the euro area payment system. For example we are exploring an extension of the operating hours of T2.

But the strategy also recognises something more forward-looking: the transformative potential of tokenisation.

Leveraging this potential is the work I want to focus on now. Let me start by briefly explaining what we are aiming for, before turning to more concretely how we are trying to achieve it.

In traditional settlement, the full life cycle of a transaction – issuance, trading, settlement, custody, asset servicing – is spread across multiple platforms run by different entities, each requiring reconciliation with the others. DLT makes it possible, in principle, to consolidate all of these steps onto a single shared

environment. Smart contracts can then automate what today requires manual intervention: coupon payments, compliance checks, corporate actions. These are not marginal improvements. They are structural ones.

Market participants are recognising the promise of tokenisation by engaging in real transactions – the case is not merely theoretical.

European issuers have placed close to €4 billion in DLT-based fixed-income instruments since 2021. Nearly €1.6 billion were settled in wholesale central bank money across the 50 trials and experiments conducted with the Eurosystem in 2024, involving 64 market participants from nine jurisdictions. The technology works and the demand is real.

Yet for all its promise, the tokenised market in Europe faces two concrete obstacles that are preventing it from scaling. The first is the absence of a safe, natively tokenised settlement asset. The second is the fragmentation of DLT networks, which today operate largely in isolation from one another. Unless both are addressed, the efficiency gains will remain trapped within individual platforms, and the liquidity that makes markets deep and competitive will not materialise.

On the first obstacle, tokenised central bank money can be the safe, trusted and scalable settlement asset that is needed. And let me be direct: central bank money is not a rival to private settlement assets, it is an enabler. In traditional finance, a client of Bank A can transfer funds from their deposit account to a client of Bank B because the two banks can settle between each other in central bank money.

The same logic applies in the tokenised world. Without tokenised central bank money as a shared settlement layer, tokenised deposits issued by different banks are not freely fungible across networks.

Private settlement assets – both tokenised deposits and potentially EUR-denominated stablecoins that are EU-governed and well-regulated – can and will play an important role, just as commercial bank money does today. But international standards established after the 2008 financial crisis are unambiguous: systemically important transactions should settle in central bank money where practical and available. That is not an ECB preference – it is the hard-won global consensus. And it is also a market preference – this is a key takeaway from our 2024 exploratory work.

This is precisely why we are launching Pontes. Later this year – in the third quarter – Pontes will make settlement in central bank money available on DLT,

providing the foundation on which the entire ecosystem, public and private alike, can safely scale.

But Pontes alone is not enough. Providing a safe settlement asset solves the first obstacle. It does not address the second. During the 2024 Eurosystem exploratory work, we observed a proliferation of entirely separate DLT networks, with no connection between them. This is fragmentation recreated in digital form – and because the barriers to launching a new DLT network can be lower than building a traditional market infrastructure, the risk of further proliferation is very real. Fragmentation of that kind would undermine the very benefits that tokenisation is supposed to deliver.

Overcoming network fragmentation requires shared utilities and common standards – and that is precisely what Appia is designed to deliver.

Appia is the Eurosystem's initiative to co-design, together with the market, an integrated European tokenised financial ecosystem. Its six building blocks span technical interoperability, asset standards, monetary policy implementation, cross-border connectivity and the legal and regulatory foundations that underpin them all.

The central instrument for avoiding fragmentation is standardisation: agreeing, across platforms and jurisdictions, on the data formats, smart contract standards and communication protocols that allow tokenised assets to move freely. The Eurosystem can play a convening role in establishing that direction of travel. But standards only work if they are adopted – and adoption requires the active involvement of CSDs, custodians, banks, trading venues and technology providers – the types of entities that many of you today represent.

This is why we published the Appia roadmap on 11 March and launched an open public consultation alongside it – and why your response to that consultation matters. Appia is a public-private partnership from the outset. We will work alongside industry to define standards, build prototypes, and ultimately produce a blueprint with concrete design preferences for the future ecosystem by 2028. Pontes will evolve in parallel, incorporating insights from that work, so that by the time the blueprint is complete, a substantial part of the infrastructure will already be operational.

Let me conclude by drawing the two threads of today's remarks together.

The comprehensive payments strategy sets out our vision for the full breadth of euro payments – from the point of sale to the settlement of wholesale securities transactions and from payments within the euro area to transactions that span the globe. It is a coherent whole. Within it, the work on tokenised wholesale finance represents a particularly consequential frontier, because the architecture we build now will shape European capital markets for decades.

The window in which Europe can shape that architecture is open – but it will not remain so indefinitely. And I want to be clear: Europe is not a latecomer to this transformation – we are at the cutting edge.

What we need now to consolidate this position is to work together: your feedback through the public consultation, your technical expertise, and your willingness to invest in standards will be critical for building a vibrant and flourishing European tokenised financial market.

We look forward to building this together.