Technical note on

Eurosystem's comprehensive payments strategy

Analysis of the Eurosystem strategy to modernize payments through tokenization, digital euro and infrastructure enhancements

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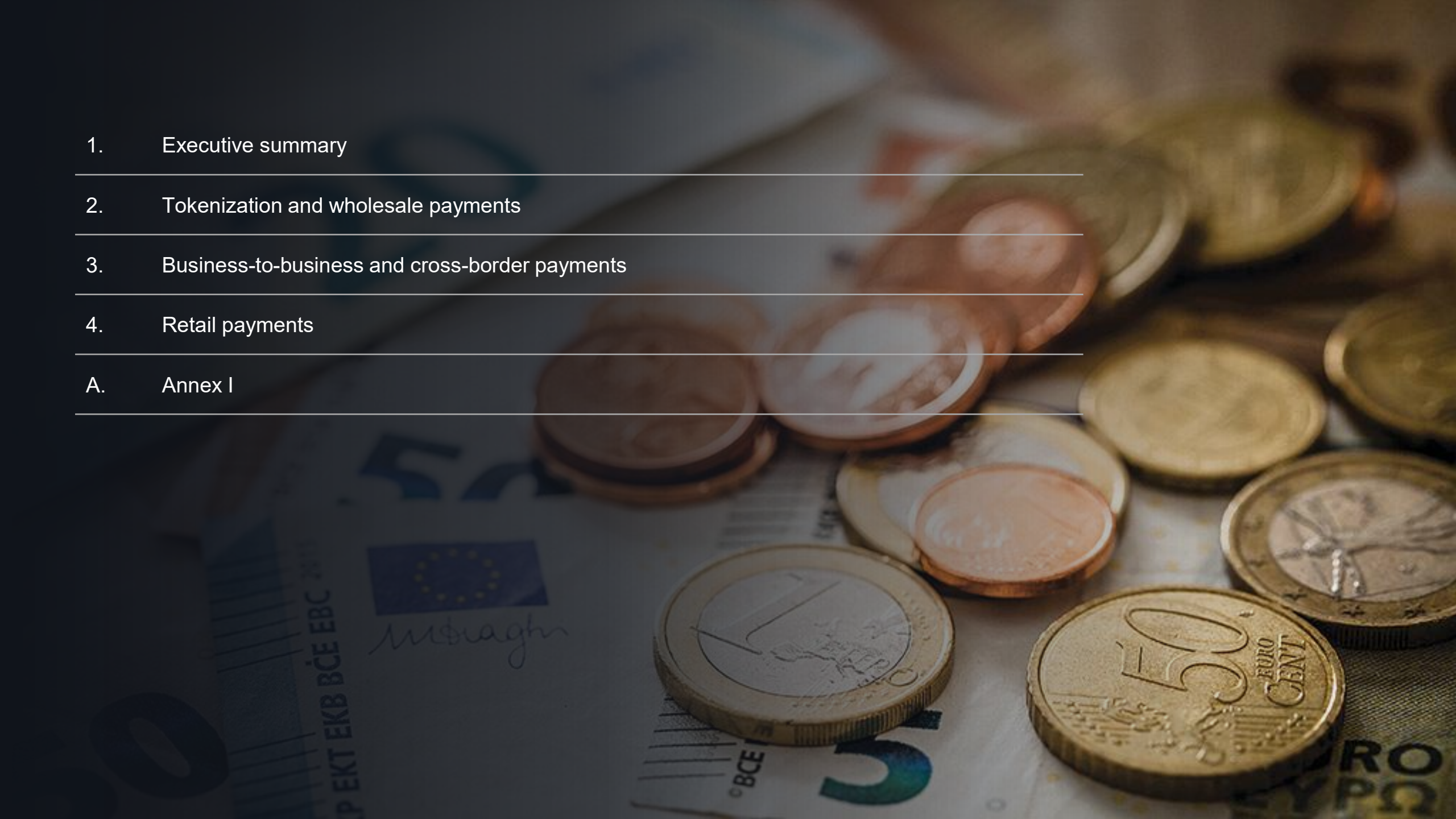

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1 Executive summary
General overview

The strategy is to modernize the European payments ecosystem by leveraging digital innovation while strengthening autonomy, resilience, and the role of central bank money

Context

- The payments landscape is undergoing rapid transformation, driven by **digitalization** and the increasing adoption of new technologies such as **DLT and tokenization**. In this context, the Eurosystem has defined a **comprehensive and forward-looking payments strategy** to respond to structural changes, evolving user needs and emerging technological and geopolitical risks.
- This strategy reflects a holistic vision aimed at strengthening the **European payments ecosystem, reducing external dependencies** and ensuring that central bank money remains at the core of the monetary system in an **increasingly digital environment**.

Key objectives

- Ensuring the role of **central bank money as the anchor**.
- Strengthening **Europe´s autonomy and resilience**.
- Fostering an **integrated, innovative payments ecosystem**.
- Reinforcing the **international role of the euro**.

Next steps

- **Digital euro framework regulatory approval (2026)**.
- **Launch of Pontes (Q3 2026)**: a central bank money settlement solution for transactions based on DLT.
- **Potential issuance of the digital euro (2029).** The Eurosystem aims to be ready to issue the digital euro by 2029, although the final decision will only be taken once the legislation has been adopted.

Main content

Tokenization and evolution of settlement assets

- **Transforming the payments and settlement landscape** through tokenization, ensuring that central bank money remains the anchor for settlement while facilitating convertibility and interoperability between different forms of tokenized assets.

Wholesale payments and financial infrastructures

- The Eurosystem is **evolving and enhancing its settlement infrastructure** through the Pontes and Appia initiatives to support the development of an Integrated European digital ecosystem, while also investing in the T2 RTGS system for extended operating hours and improved resilience.

Business-to-business (B2B) payments

- **The industry needs increased standardization** to improve process eficiencies and reduce dependencies on providers. Payment service providers should also collaborate with the ecosystem providing both innovative and standardized solutions.

Retail payments and the digital euro

- **Europe aims to achieve financial sovereignty through the launch of the digital euro in 2029** and the promotion of instant payments. The objective is to eliminate critical dependence on external providers, ensuring a free, resilient, and unified payment system across the entire region.

Cross-border payments

- **The integration of TIPS with domestic networks outside of the Eurozone** seeks to ensure that cross-border payments are instant, low-cost, and transparent.

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2 Tokenization and wholesale payments

Transformation of settlement assets and wholesale payments

Tokenization and DLT are reshaping settlement assets and wholesale payments, with the Eurosystem modernising infrastructures to ensure efficient, integrated and secure settlement in central bank money

Developing an integrated European market for tokenized settlement assets

- **Tokenization enables programmable transactions**, integrating functions such as messaging, reconciliation and settlement, and improving efficiency, transparency and automation.
- The settlement landscape continues to rely on **public and private money**, with tokenization introducing **digital representations and parallel instruments** rather than replacing existing forms.
- Tokenization expands the ecosystem through **tokenized central bank money and deposits** as well as other **private instruments such as stablecoins**[1], thereby broadening settlement options in programmable environments.
- This creates a **more flexible settlement landscape** where multiple asset types interact on DLT-based platforms and may reshape the structure of the monetary system.
- **Tokenized central bank money remains foundational**, supporting convertibility, interoperability and the singleness of money across tokenized ecosystems.
- **Tokenized deposits show strong potential** as a private settlement asset, while stablecoins offer **benefits**[2] but continue to raise **financial stability and integrity concerns.**
- The Eurosystem supports a **European market for euro-denominated tokenized assets**[3], backed by EU infrastructure and frameworks such as **MiCAR** to strengthen autonomy and resilience.

Developments in wholesale payments

- **Public and private initiatives are driving innovation in wholesale markets**, seeking greater efficiency, speed and stronger settlement conditions.
- **DLT enables programmable wholesale transactions** by integrating issuance, trading, settlement and custody on a single platform.
- Public institutions are also exploring **enhanced RTGS systems and tokenized central bank money** to strengthen finality, availability and system integration.

Improving infrastructure in line with technological change

- The Eurosystem is **modernizing infrastructures** to ensure that wholesale transactions continue to be settled in **central bank money**, thereby limiting settlement and financial stability risks.
- Through **Pontes and Appia**, it is developing DLT-compatible infrastructures to support programmable settlement and the integration of tokenized assets and private settlement instruments.
- These initiatives aim to enhance **interoperability, efficiency and market integration**, while reducing fragmentation across different forms of money.
- In parallel, the Eurosystem continues to invest in **T2 as the backbone of euro area payments**, focusing on improving resilience and assessing options for **extending operating hours.**

AEC Forum (Mar-26) Highlights: 1. tokenization is increasingly linked to real market use cases and to stablecoin-based instant settlement models operating beyond traditional market hours; 2. market developments show growing operational use of stablecoins for instant settlement, although within new architectural and governance requirements and 3. tokenization is already finding practical application in real estate, digital private debt and alternative assets, reinforcing the case for scalable European infrastructures.

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3 Business-to-business and cross-border payments

Enhancing integration and efficiency in corporate and cross-border payments

B2B and cross-border payments face fragmentation and efficiency challenges. The Eurosystem is promoting standardization and interlinking solutions to enable faster, more integrated and resilient payment processes

Current needs of the corporate sector

- Businesses call for greater **standardization and transparency** to improve payment reconciliation, invoicing and compliance efficiency, including **through the use of LEI and digital identification standards**[1].
- Greater adoption of **straight-through processing and ISO 20022** can enhance automation, while **standardized and data-rich transactions** can improve cash flow forecasting and liquidity management.
- Corporates remain highly **dependent on payment service providers**, while insufficient standardization and limited integration with **ERP systems and APIs**[2] continue to create operational inefficiencies.

Enhancing standardization, automation and process integration

- The Eurosystem promotes **instant payments (TIPS)**[3] as a key enabler for B2B transactions, offering real-time settlement in central bank money and a faster, safer alternative to traditional payment methods.
- However, the full benefits depend on stronger integration between **payment systems and corporate infrastructures**[4], including ERP and treasury systems, as well as solutions such as **electronic invoicing and conditional payments**.
- The Eurosystem also encourages PSPs to improve **services, standardization and transparency**, while strengthening the role of the **ERPB** in coordinating innovative B2B solutions.

Developments in cross-border payments

- Cross-border payments continue to face **structural challenges**, including high costs, slow processing times, limited access and insufficient transparency, as highlighted in the **G20 roadmap**.
- Despite some progress, improvements remain **uneven globally**, with many transactions still exceeding cost targets amid limited competition and growing geopolitical fragmentation.
- Further **coordination and implementation efforts** are needed to achieve global efficiency and interoperability objectives.

Eurosystem action to improve cross-border payments

- The Eurosystem is expanding cross-border capabilities through **TIPS interlinking**, including cross-currency settlement services and links with other fast payment systems such as Sweden, Denmark, Switzerland and India.
- Initiatives such as **Project Nexus (BIS)** and bilateral links aim to enable **instant cross-border payments**[5], improving speed, reach and integration beyond the EU.
- These efforts seek to strengthen **interoperability, financial inclusion and regulatory compliance**, while also exploring synergies with **tokenized assets** and global trade flows.

AEC Forum (Mar-26) Highlights: 1. digital identity is becoming a core enabler to reduce friction, strengthen KYC/AML controls and support interoperable payment architectures; 2. competitive advantage increasingly depends on orchestrating third-party ecosystems, APIs and interoperable service layers rather than only proprietary channels; 3. instant payments have become a market standard, requiring redesigned risk, fraud and infrastructure models; 4. payments are increasingly embedded into wider digital journeys, reinforcing the need for interoperable integration between payment rails and corporate systems and 5. the strategic direction is moving towards real-time, interoperable payment infrastructures operating across jurisdictions and platforms.

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4 Retail payments

Addressing fragmentation and strengthening the European retail payments

Retail payments in Europe face fragmentation and external dependencies. The digital euro and pan-European solutions aim to enhance sovereignty, resilience and innovation in an increasingly digital payments landscape

Challenges in the retail payments landscape[1]

- Europe's retail payments market remains **highly fragmented**, with many countries still relying heavily on **non-European providers** for card and digital payments.
- Several euro area countries depend on **international card schemes or mobile in-store solutions**, increasing structural dependence on external providers.
- There is still **no pan-European electronic payments solution** covering all use cases, while existing European solutions remain limited in scale or scope.
- European PSPs face difficulties in **scaling up and keeping pace with innovation**, reducing competitiveness in the European market.
- At the same time, the **shift towards digital payments and e-commerce**, together with declining cash usage, is transforming payment habits across the euro area.

Preserving the role of central bank money in the digital age: the digital euro

- The digital euro[2] would ensure **universal access to central bank money in digital form**, complementing physical cash and supporting everyday transactions across the euro area.
- It would enable **payments in all circumstances**, including offline scenarios, reducing reliance on a limited number of mostly non-European private providers.
- The digital euro would support **financial inclusion, privacy and data protection**, reinforcing trust and positioning it as a public good within the payments ecosystem.
- By preserving the **two-tier monetary system**, it would maintain banks' role in financial intermediation and monetary policy transmission.
- It could also foster **innovation and scalability** by reducing costs, enabling **standardization** at the point of interaction and facilitating coexistence with private solutions.

Fostering a resilient, integrated, innovative and competitive euro retail payments market

- The Eurosystem supports the development of **pan-European payment solutions**[3] at the point of interaction, including initiatives such as EPI, to reduce fragmentation and strengthen sovereignty.
- It also promotes the **expansion and adoption of instant payments**, particularly SCT Inst, as a backbone for innovative and efficient retail payment solutions.
- Further innovation is encouraged through solutions such as **Request-to-Pay (SRTP)** and **account-to-account payments**, improving automation, efficiency and reconciliation.
- The strengthening of **SEPA remains a key priority**, supporting interoperability and a broad range of payment use cases across the euro area
- The strategy also focuses on **operational resilience**, including fallback options, continuity of payments in extreme scenarios, fraud prevention and sustainability of payment infrastructures.

AEC Forum (Mar-26) Highlights: 1. more than 70% of financial interactions already take place outside traditional bank channels, increasing the importance of interoperable platform ecosystems; 2. the digital euro is viewed as a new public monetary infrastructure that will require interoperable architectures, digital identity capabilities and integration with legacy systems and 3. leadership will depend on interoperable third-party ecosystems rather than proprietary channels.

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Annex I
Abbreviations

Abbreviation	Meaning
AML/CFT	Anti-Money Laundering / Countering the Financing of Terrorism
API	Application Programming Interface
BIS	Bank for International Settlements
B2B	Business-to-Business
CBDC	Central Bank Digital Currency
DLT	Distributed Ledger Technology
ECB	European Central Bank
EPI	European Payments Initiative
ERPB	Euro Retail Payments Board
ERP	Enterprise Resource Planning
EU	European Union
ISO	International Organization for Standardization
KYC	Know Your Customer

Abbreviation	Meaning
LEI	Legal Entity Identifier
MiCAR	Markets in Crypto-Assets Regulation
OCT Inst	One-Leg Out Instant Credit Transfer
POI	Point of Interaction
PSP	Payment Service Provider
RTGS	Real-Time Gross Settlement
SCT	SEPA Credit Transfer
SCT Inst	SEPA Instant Credit Transfer
SDD	SEPA Direct Debit
SEPA	Single Euro Payments Area
SPAA	SEPA Payment Account Access
SRTP	SEPA Request-to-Pay
T2	TARGET2 Real-Time Gross Settlement System
TIPS	TARGET Instant Payment Settlement

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