



# EUROPEAN DIGITAL MONEY: BUILDING A PAYMENTS ARCHITECTURE FOR STRATEGIC RESILIENCE



**A VISION FOR EUROPE'S NEXT GENERATION PAYMENTS  
INFRASTRUCTURE (IN PROGRESS)**

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## **Introduction**

Europe stands today at a strategic crossroads, as the next decade will determine whether the continent remains a consumer of digital technologies and payment infrastructures designed elsewhere, or becomes an active architect of its own digital future. In the digital payments area, debates around digital sovereignty have traditionally been framed as a binary choice between preserving the existing payments system versus embracing disruptive alternatives such as cryptocurrencies and stablecoins. But this framing is highly misleading: In order to foster resilience and enable sustainable economic growth, Europe does not need a single new payment system but rather a coherent, scalable “digital money architecture”.

The future monetary ecosystems, both in Europe and globally, will likely consist of different interoperable forms of payment, with multiple transaction rails operating simultaneously: Commercial bank transactions, instant account-to-account payments, card payments, Central Bank Digital Currencies, currency-denominated stablecoins and others, all powered by emerging Open Banking infrastructures and Open Finance services, as well as by Digital Identity frameworks

The strategic objective for Europe should therefore not be autarky or isolation from global financial systems. Rather, Europe should pursue its well needed resilience and sustain its innovation ecosystem by fostering interdependence while reducing excessive dependencies from non-European payment schemes, but remaining connected to global markets.

In order to make this happen, a new approach is urgently needed to enable the rollout of a European payments’ architecture capable of supporting competitiveness, innovation, monetary sovereignty and economic resilience.

## **From Payment Systems to Strategic Infrastructure**

Payments are no longer merely mechanisms for moving money, as they increasingly represent a critical infrastructure sitting at the intersection of Cross-Border Trade, Digital identity, Artificial intelligence, Energy systems, Public services, Capital markets and Geopolitics. The same payment infrastructures that process retail purchases today increasingly support welfare disbursements, tax collections, transportation systems, EV charging networks, energy payments, machine-to-machine transactions as well as economic intelligence through the granular data they produce. As geopolitical tensions increase and economic fragmentation

accelerates, payment infrastructures have surged to become new instruments of national and regional power.

The challenge Europe faces needs to extend from the reduction of dependency from foreign schemes and the related guarantee for business continuity, into the need to retain control over the infrastructure through which value, data, identity and ultimately trust flow, as these will be the value drivers of the future payment and broader economic systems.

## **The Emergence of a New Architecture for Digital Money**

At the same time, the rise of blockchain technologies and digital assets over the last decade has triggered an important debate regarding the future of money. While early cryptocurrencies failed to become mainstream payment instruments, they introduced a powerful innovation in the ability to transfer value digitally without relying on traditional payment infrastructures. The most successful manifestation of this innovation has been the emergence of stablecoins: Unlike speculative crypto-assets, stablecoins seek to maintain stable value by being backed by reserves of traditional financial assets.

However, today the overwhelming majority of stablecoin activity remains linked to the US dollar. This creates an important strategic question: Will Europe allow the next generation of programmable money to be still dominated by dollar-denominated instruments? The answer cannot entitle the simple replacement of the existing European financial system with stablecoins, but it is rather about ensuring that Europe proactively participates in shaping their future development at global level. This is how Europe can reclaim its position as a leading shaper of the global financial systems, and this is where a strategic shift needs to take place from seeking independence to enabling global interdependence. This means that Europe's future monetary system should be built around complementary layers:

Instant Payments constitutes the first layer, with SEPA Instant becoming the default transaction infrastructure for Europe. Instant payments today provide real-time settlement, enable lower transaction costs, fostered pan-European interoperability while reducing dependency on external payment schemes. For most retail transactions needed today, instant payments represent the most practical and scalable foundation.

Secondly, a pan-European Digital Identity Wallet should become the trust layer of the entire payments ecosystem. Identity enables authentication, authorization, compliance, fraud prevention and consent management. This means that in the future, identity and payments will increasingly operate as a single integrated experience, and Europe will need to focus on the integration of both layers.

Third, the Digital Euro's objective should be to become Europe's sovereign public-money rail. The objective, mentioned by some, of replacing commercial bank money should give way to a region-wide focus that ensures that central-bank money remains accessible in a digital economy: If developed with clearer policy objectives in mind, the Digital Euro has the potential to enable monetary sovereignty, accelerate financial inclusion and resilience, while restoring

public trust. The Digital Euro should be therefore deployed as a foundational component of the European digital economy, but not as its only one.

Fourth, Euro-denominated stablecoins should be viewed as complementary infrastructure to other payment rails, rather than as a replacement. Their strongest applications are likely (and yet) to emerge in cross-border commerce, wholesale settlement and capital markets, as well as potentially in entire new areas such as machine commerce and the related programmable transactions. This is where Europe should leverage on its strong, yet struggling industrial base and transform it through electronic payments and automation. Rather than treating stablecoins as competitors to the Digital Euro, Europe should position them as innovation layers operating alongside sovereign money, in a Europe-wide approach to a new payments architecture.

Finally, Open Banking and Open Finance should serve as the interoperability layer connecting all forms of money. Through its long term focus on Open Banking and PSD2 regulation, Europe has managed to create a thriving Fintech ecosystem that effectively competes with the rest of the world. The role of such ecosystem will be from now to ensure that user experiences become seamless and interconnected, regardless of which monetary rail is being used underneath.

## **Collaborative Sovereignty: A European Third Way**

While the United States payments ecosystem relies primarily on market-led payment innovation and while China relies on more state-directed digital infrastructures, Europe has an opportunity to develop a third model and become the new, de facto standard on how Digital Money can be leveraged. This model is based on collaborative sovereignty, recognizing that neither governments nor private actors can build next-generation payment systems alone.

While Governments provide legitimacy, regulatory certainty, monetary authority and public trust, European private actors will need to provide innovation, enable distribution, ensure a consistent user experience and scale through operational excellence. The future European payments architecture will therefore require large-scale public-private partnerships rather than purely regulatory initiatives, aligning with Europe's historical strengths: From interoperability to governance, from trust to institutional coordination.

## **Turning Strategy into Execution**

Building a new, multi-rail, European payment architecture will require a relentless focus on execution. Europe, through the support of the European Central Bank and the active sponsorship of the European Council and the EU institutions, will need to accelerate the deployment of a number of programs, around six strategic domains:

1. A modular and reusable Government Payments program should aim at modernizing welfare, pensions, tax refunds and other public disbursements.
2. A Government Collections initiative should be tested in selected markets and rolled out with the objective of digitalizing tax collectiouns, fees, transit payments and other forms of public, or semi-public revenues including utilities payments.

3. A SME Payments' Digitization and Economic Resilience program should aim at supporting Europe's 24 million SMEs with instant settlement, digital identity and embedded finance.
4. A cross border payments program focused on Trade and on Tourism should create frictionless cross-border experiences for both traders and tourists.
5. Existing Energy and Mobility policy should be accelerated by the establishment of interoperable payment systems for EV charging and intermodal mobility services.
6. And finally, Economic Intelligence and policy making should be underpinned by European data spaces that leverage privacy-preserving payment data, to support economic planning and policy design.

Horizontally and across these domains, the same digital money architectures will be progressively tested, deployed and scaled.

## **Conclusions: Achieving Resilience Through Interdependence**

In order to achieve the above objectives and to turn policies into execution, Europe should start from the premise that existing payment infrastructures will not remain untouched for the next decade. While stablecoins alone will not represent the future of payments, the real opportunity for Europe lies in combining multiple forms of money into a coherent, consistent and shared architecture. Such interoperable architecture needs to include instant payments, card payments, digital identity, the Digital euro, commercial banks' money, Euro-backed stablecoins and new innovative technologies emerging in the Open Finance space.

Together, these elements have the potential to create a uniquely European model of digital money that does not seek isolation and technological nationalism, but rather embraces openness while reducing strategic vulnerabilities. A model that does not thrive on autarky but that fosters resilience in a digital economy, increasingly built through trusted interdependence between public institutions, private innovators and shared infrastructures. And a model that the rest of the world will take as a reference, to make their economies resilient and to secure their future.