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Member of the Executive Board

Ms Aurore Lalucq
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European Parliament
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Eurosystem moving to next phase of digital euro project

Dear Chair, dear Ms Lalucq,

I am pleased to inform you that the Governing Council of the European Central Bank (ECB) has [decided to move to the next phase of the digital euro project](#). This decision follows the successful completion of the preparation phase, launched by the Eurosystem on 1 November 2023, during which the interaction with the Committee on Economic and Monetary Affairs (ECON) has been invaluable. In that regard, we are grateful for the constructive feedback continuously received from the ECON Committee on the digital euro project. We have also taken note of the Euro Summit's call to accelerate preparatory steps.¹

The ECB Governing Council's final decision on digital euro issuance will only be taken once the legislation has been adopted. If the European co-legislators adopt the Regulation on the establishment of the digital euro in the course of 2026, a pilot exercise could start in mid-2027 ahead of a potential first issuance of the digital euro in 2029.

To deliver on this shared ambition, the Eurosystem will focus on three main areas in the coming phase:

- **technical readiness:** developing the digital euro's technical foundations, including initial system setup and piloting.
- **market engagement:** collaborating with payment providers, merchants and consumers to finalise the rulebook, conduct user research and test the system through pilot activities.

¹ Euro Summit (2025), "[Euro Summit meeting \(23 October 2025\) – Statement](#)", 23 October.

- **legislative process support:** continuing providing technical input to EU co-legislators and assisting the legislative process as required.

In the preparation phase that concludes on 31 October 2025, we built on the insights gained during the investigation phase and refined the practical design of the digital euro. Key achievements of the preparation phase include: (i) the development of the draft digital euro scheme rulebook, (ii) the [selection of providers](#) for digital euro components and related services, (iii) [the successful running of an innovation platform for experimentation](#) with market participants, as well as (iv) the investigation by a technical workstream into the fit of the digital euro in the payment ecosystem.

The further development of the draft digital euro scheme rulebook reflects the extensive market feedback received during the first review launched in January 2024. It covers both the functional and non-functional requirements – including requirements for minimum user experience, dispute management and application of the digital euro brand, along with detailed implementation specifications.

The selection of providers for the digital euro service platform (DESP) marked another key milestone. The sourcing process covered both externally procured and internally sourced components. The final cost of a digital euro – for both its development and operation – will depend on its final design, including components and related services that need to be developed. As a result of the work done in the preparation phase, the total development costs, comprising both externally² and internally developed components, are estimated at around €1.3 billion until the first issuance, which is currently expected during 2029. Subsequent annual operating costs are projected to be approximately €320 million per year from 2029. The Eurosystem would bear these costs, as it does for producing and issuing euro banknotes – which, like the digital euro, are a public good. As in the case of banknotes, these costs are expected to be compensated by the generated seigniorage – even if digital euro holdings were small compared with banknotes in circulation.

The ECB also launched an innovation platform to explore how the digital euro could support innovation in payments and address new market needs. This collaboration and experimentation involved almost 70 market participants – including merchants, fintech companies, start-ups, banks, academics, public sector organisations and other payment service providers (PSPs) – [highlights the digital euro's potential to foster innovation and financial inclusion](#).

The [investigation](#) conducted by the ECB and market participants via the Euro Retail Payments Board, concluded that a digital euro could foster further competition in the European payments market. Besides directly benefiting from distributing the digital euro, banks and other payment service providers could leverage its open standards to expand their reach across the euro area without needing their own acceptance networks. They would also be able to co-badge the digital euro with existing payment solutions.

² External development costs until a first issuance are estimated at around €265 million.

In addition, to ensure that the digital euro is designed to meet the needs of European citizens and merchants, the Eurosystem conducted extensive user research targeting vulnerable consumers and small merchants. The findings – available in a separate [report](#) published today – show the need for a simple, reliable and secure payment experience.

These results reaffirm the ECB's commitment to developing a digital euro that works for everyone, empowering citizens, supporting innovation and strengthening the resilience of our monetary system.

Let me also emphasise that the decision to move to the next phase of the project does not constitute a decision to issue a digital euro; nor does it pre-empt such a decision or prejudice the outcome of the ongoing legislative process. A decision on issuance will only be considered at a later stage, once the legislation has been adopted. The ECB remains ready to support the legislative work through technical input, and to further engage with the negotiating team to facilitate swift progress.

Today we are also publishing a report entitled "[Progress on the preparation phase of a digital euro - Closing report](#)" that presents the main findings from the preparation phase and sets out the next steps. In addition, we are publishing dedicated reports of the three workstreams that concluded today: "[Update on the work of the digital euro scheme's Rulebook Development Group](#)", "[Fit of the digital euro in the payment ecosystem report](#)" and "[ECB digital euro user research](#)". We will also publish further information and explainers on the digital euro web pages.

I would be grateful if you could share the reports with the members of the ECON Committee, including the members of the Parliament's negotiating team on the single currency package and I look forward to continuing our collaboration.

Yours sincerely,

[signed]