Autorité de la concurrence

Digital money: making the right choices for the future

Opening remarks at the IESE Banking Initiative 8th Conference, Barcelona, 20 March 2026

Benoît Cœuré[1]

I would like to thank Xavier Vives for inviting me to speak about digital money—a topic I have followed in various capacities since 2012: first as an overseer of payment systems, then as a central bank technologist, and more recently as a competition enforcer.

A decade ago, the Bank for International Settlements' Committee on Payments and Market Infrastructures published its first report on digital currencies (CPMI, 2015). That report observed—an observation that still holds today—that the truly innovative element of digital currency schemes lies not in the assets themselves, but in the mechanisms by which they are transferred, typically through a built-in distributed ledger.

Since then, digital money has steadily gained ground. Crypto-assets have been promoted successfully as mainstream investment vehicles. Dollar-denominated stablecoins have flourished as well, even if their footprint within the global financial system remains modest.

Central banks, in turn, have actively debated whether to issue their own digital currencies (CBDC), yet concrete action has been limited. At present, the ECB is the only advanced-economy central bank pursuing a fully fledged retail CBDC project: the digital euro.

Academic research has explored the implications of digital money across many dimensions (CEPR, 2025). These include competition with existing means of payment; the future architecture of the financial system; consequences for financial stability; risks to integrity arising from fraud, AML/CFT non-compliance, and cyber threats; macroeconomic outcomes; and effects on the international monetary system and the global role of the U.S. dollar.

Clearly, it would be unrealistic to cover all these issues today. Instead, I would like to ask a simpler but more fundamental question: what properties should the monetary system of the future exhibit if digital money continues to expand? Drawing on the classic distinction between

[1] Autorité de la concurrence, Paris. The views expressed here are mine only.

the allocative, stabilising, and distributive functions of public policy (Musgrave and Musgrave, 1989), I will focus on three dimensions: efficiency, stability, and fairness. I will then discuss adoption dynamics and the risk of being trapped in a low-technology equilibrium.

Efficiency

The efficiency gains promised by tokenisation are well documented. The BIS report to the G20 on tokenisation (BIS, 2024) offers many examples. Decentralised finance, or DeFi is gaining traction, yet it remains striking how many of its opportunities have not materialised at scale.

Cross-border payments offer a clear illustration. The G20 effort to make such payments cheaper and faster has focused mainly on upgrading and interlinking domestic fast-payment systems, rather than on leveraging tokenised payment rails (Lammer *et al.*, 2025). Private actors—including stablecoin issuers and Bitcoin-based money transfer solutions—have been quicker to move.

Other underused opportunities relate to programmability and (possibly conditional) automation.

These features can substantially improve settlement efficiency and liquidity management, yet they are still largely absent from mainstream financial infrastructures and treasury operations. Settlement could also be streamlined by enabling delivery-versus-payment and payment-versus-payment arrangements across multiple assets and parties.

Even relatively straightforward use cases—such as tokenised bank deposits, tokenised government securities, or trade finance—remain at an early stage. In short, digital money and tokenised finance are not yet being used in ways that fully support economic efficiency.

Stability

Let me now turn to financial stability.

Some risks arise from the *design* of new digital instruments.

A prominent example is the risk of runs on stablecoins. This risk is not new—constant net asset value money market funds provide an obvious parallel. It can and should be mitigated through appropriate regulation of reserve assets and redemption mechanisms.

Other risks arise if digital money remains predominantly—or exclusively—privately issued.

In academic terms, such a system would rely only on *inside money*, whereas stability requires a supply of *outside money*, typically issued by a central bank, to ensure that liquidity can expand elastically when needed (Holmström and Tirole, 1998). There is a compelling case for enabling settlement in central bank money within a tokenised environment.

Settlement in central bank money has additional advantages: it is single, risk-free, and can therefore be accepted on a ‘no-questions-asked’ basis.

Central banks should therefore move decisively toward issuing tokenised reserves that can be used to settle on-chain transactions. The ECB will soon launch a pilot project to link commercial DLT platforms and its own TARGET system, Project Pontes, and the BIS Innovation Hub's Project Agora illustrates the approach in the context of cross-border payments (Maechler, 2025). Tokenised central bank reserves could also be used—though this has received less attention—to provide emergency liquidity on-chain.

Here, transatlantic approaches diverge. While the BIS and European central banks have argued forcefully for settlement in central bank money, the United States has prohibited the Federal Reserve from issuing CBDC—although it remains unclear whether this prohibition extends to wholesale CBDC—and has instead promoted privately issued stablecoins through regulation. In the absence of tokenised central bank reserves, stability hinges on the assumption that stablecoin issuers will have reliable access either to Federal Reserve facilities, or to bank funding.

Whether such a "three-tier" system can withstand severe liquidity stress remains uncertain, and there are good reasons for scepticism. Even then, the lack of a single, risk-free settlement asset for decentralised transactions risks entrenching fragmentation and vulnerability.

A further, less discussed consequence of digital finance is a potential reduction in the demand for collateral. This could result from data-rich ecosystems—particularly those operated by BigTech firms—that improve credit analytics and reduce reliance on traditional guarantees (Gambacorta *et al.*, 2023). It could also result from technologies that replicate delivery-versus-payment across distributed ledgers (ECB and Bank of Japan, 2018).

A sustained reduction in collateral demand would reverse a post-Great Financial Crisis trend toward fully collateralised finance, with significant implications for the demand for safe assets and possibly for the global natural rate of interest (the global r^*). Current stablecoin dynamics, however, pull in the opposite direction, as their issuance mechanically increases demand for safe assets. Scenarios where stablecoins would displace existing payment systems would make it even worse, by substituting intraday with overnight (and possibly permanent) collateral.

Fairness

Debates on digital money have largely focused on efficiency and stability. Yet distributional effects also matter, not least because they shape adoption and political legitimacy. After all, Bitcoin itself was framed as a response to the Great Financial Crisis and the perceived unfairness of bank bailouts.

There are different channels through which digital money could affect fairness.

Efficiency gains from digitisation may not be passed on to users. Ensuring that they are shared requires robust competition and, where necessary, regulatory intervention.

There are plausible scenarios in which these gains are instead captured by powerful firms, reinforcing market dominance. This risk is particularly acute with BigTech companies, which have a history of building closed ecosystems and engaging in exclusionary and exploitative

practices (Autorité de la concurrence, 2021; OECD, 2025). This was one reason—alongside financial stability—why central banks reacted forcefully to Meta's Libra project in 2019 (G7 Working Group on Stablecoins, 2019).

While Brunnermeier and Payne (2025) correctly point out that BigTech finance may create a trade-off between efficiency (in the form of reduced collateral) and fairness, I would argue that entrenched market power ultimately undermines *both* innovation and efficiency. Similar, though less acute, competitive risks can arise when incumbent financial institutions continue to act as gatekeepers (OECD, 2025).

Fairness concerns are less pronounced for publicly issued electronic money such as CBDC, though they do not disappear. Issues include access for the poorest, the less technologically skilled, and the unbanked, as well as the potential acceleration of cash decline.

At the same time, well-designed CBDC can expand access to services that cash cannot provide and can prevent dominant retail payment providers, such as international credit card schemes, from further increasing their market power as cash usage declines (Cœuré, 2019).

Moreover, risks to the integrity of the financial system may be perceived as unfair if digital money facilitates fraud, money laundering, tax evasion, or ransomware. The appropriate response is not rejection, but modernising compliance by leveraging technology and embedding supervision into tokenised systems (Auer, 2019).

Slow adoption and the need for a big push

The adoption of new technologies typically follows an S-shaped curve. The current slow uptake of digital money could therefore accelerate as network effects emerge and regulatory uncertainty diminishes.

Alternatively, the system could become locked into legacy solutions. This might reflect a domination of causes: excessive regulatory caution, high perceived switching costs, or the incentives of incumbents to preserve existing arrangements facing Schumpeterian innovation—particularly in payments, where long-standing ties between banks and card schemes have proven resilient. Backward-looking incentives may help explain why banks have been sometimes sceptical of digital money in general and hostile to CBDC (Bindseil, 2026).

How, then, can we accelerate the uptake of digital money and tokenised finance while safeguarding stability and fairness?

Thriving private ecosystems will be essential. But when there is a risk of slow adoption or inferior equilibria, the public sector has a role to play. Just as war is too important to be left to the generals, money is too important to be left to bankers and technologists alone.

I would suggest a four-pronged public response.

First, invest in *foundational infrastructure*, such as digital identity, to enable rapid adoption. These rails can be private, but public initiatives—such as India's Aadhaar—have proven

critical. The digital euro is another example. If well designed, it can become a springboard for private solutions to expand (Cipollone, 2025). More ambitious projects, including unified programmable ledgers combining public and private tokens on a single platform, should not be ruled out (Carstens, 2023).

Second, ensure *robust competition and contestable markets*, particularly in payments, through regulation and enforcement (OECD, 2025). Europe's second payments directive (PSD2) provides a useful example of procompetitive regulation and underscores the value of close cooperation between central banks, regulators, and competition authorities (Cœuré, 2025).

Third, lead by example by *moving faster to tokenise core public-sector functions*, including wholesale and retail CBDC, government funding and transfer programmes such as handouts for the unbanked. Of course, we should move in a careful way—"Move fast and don't break things" could be the motto of the BIS Innovation Hub, which explores new technological solutions for central banks and which I have been proud to lead.

Fourth, *encourage incumbents to embrace new technologies* by providing regulatory clarity, particularly in decentralised finance, and addressing legitimate concerns related to stability and integrity.

These steps are needed to engineer a "big push" toward a better equilibrium, in which we fully reap the benefits of digital money and tokenisation. They are not sufficient, however. In Europe in particular, benefits will remain limited if regulation and markets continue to be fragmented.

Thank you for your attention.

References

Auer, R. (2019), "Embedded supervision. How to build regulation into decentralised finance", BIS Working Paper, 811.

Autorité de la concurrence (2021), Opinion 21-A-05 of April 29, 2021 on the sector of new technologies applied to payment activities.

BIS (2024), "Tokenisation in the context of money and other assets: concepts and implications for central banks", Report to the G20.

BIS (2025a), "The next-generation monetary and financial system", Annual Report, Chapter III, 77-113.

BIS (2025b), "Advancing in tandem – results of the 2024 BIS survey on central bank digital currencies and crypto", BIS Papers, 159.

Bindseil, U. (2026), "Public discourse on retail payments and the case of CBDC", 15 March.

Brunnermeier, M. and Payne, J. (2025), "BigTechs, Credit and Digital Money", Princeton University

Carstens, A (2023), “Innovation and the future of the monetary system”, keynote speech at the Monetary Authority of Singapore, 22 February.

Chainalysis (2026), The Chainalysis 2026 Crypto Crime Report, March.

CEPR (2025), Frontiers of digital finance, eBook edited by Dirk Niepelt, 12 November.

Cipollone, P. (2025), “The transformation of money: technological disruption and the future of financial services”, Guest lecture at the Frankfurt School of Finance & Management, Frankfurt am Main, 8 December.

Cœuré, B. (2019), “Towards the retail payments of tomorrow – a European strategy”, speech at the Joint Conference of the European Central Bank and the National Bank of Belgium on “Crossing the chasm to the retail payments of tomorrow”, Brussels, 26 November.

Cœuré, B. (2025), “Financial regulation and competition law & policy: fireside chat with regulators. A conversation with HKMA Deputy Chief Executive Arthur Yuen and Prof. K C Chan”, Hong Kong, 25 February, available on the French Competition Authority’s website.

CPMI (2015), “Digital currencies”, November.

ECB and Bank of Japan (2018), “Project Stella. Securities settlement systems: Delivery versus payment in a distributed ledger environment”, March.

Gambacorta, L., Huang, Y., Li, Z., Qiu, H., and Chen, S. (2023), “Data versus collateral”, Review of Finance, 27(2), 369-398.

G7 Working Group on Stablecoins (2019), “Investigating the impact of global stablecoins”, 18 October.

Holmström, B., and Tirole, J. (1998), “Private and public supply of liquidity”, Journal of Political Economy, 106(1), 1-40.

Lammer, T., Rees, D., Rice, T. and Shirakami, T. (2025), “Enhancing cross-border payments: state of play and way forward”, BIS Bulletin, 119.

Maechler, A. (2025), “How deposits can harness tokenisation”, remarks at the Singapore Fintech Festival, 12 November.

Musgrave, R., and Musgrave, P. (1989), Public Finance in Theory and Practice, New York, McGraw Hill.

OECD (2025), “Competition in mobile payment services”, OECD Roundtables on Competition Policy Papers, 324.