Digital Euro: Not Only Financial Innovation, but a Competitiveness Issue

The decision of the European Parliament's ECON Committee does not mean the introduction of the digital euro, but it marks a new phase in the policy debate on the future of Europe's payment infrastructure.

The European Union has taken another important step toward establishing the legal framework for the digital euro. On June 23, 2026, the European Parliament's Committee on Economic and Monetary Affairs (ECON) adopted its position on the Single Currency Package, whose central element is the proposed regulation on the creation of the digital euro. While this decision does not yet mean the launch of the digital euro, it may pave the way for interinstitutional negotiations between the European Parliament, the Council, and the European Commission.

The aim of the digital euro is to make central bank money available in digital form alongside cash. According to the current EU approach, the digital euro would not replace cash but complement it. Users would retain the freedom of choice, while gaining access to a secure, European, and universally available digital payment solution.

The importance of the package goes beyond the introduction of a new payment instrument. The digital euro is also a matter of European payment sovereignty, financial stability, data protection, and digital competitiveness. According to the European Parliament, one of the key objectives of the regulatory work is to reduce Europe's dependence on non-European payment providers, while preserving the role of the banking system and private-sector payment innovations.

The proposed model would include several important safeguards. The digital euro would not bear interest and would function not as a savings instrument but as a means of everyday payment. Basic services would be free of charge for users, while limits on holdings would help protect financial stability. An important feature of the proposal is the possibility of offline use, which could enhance resilience in situations without internet access.

Preparation for the digital euro is also progressing on the technological side. According to the current timeline of the European Central Bank, if the necessary EU legislation is adopted in 2026, a 12-month pilot phase could begin in the second half of 2027, with a possible initial issuance by 2029.

From Hungary's perspective, the digital euro is relevant even though the country is not currently part of the euro area. The Single Currency Package specifically addresses the potential involvement of payment service providers from non-euro area Member States. This means that the digital euro is not exclusively a eurozone issue: in the medium term, it may become a regulatory, technological, and business adaptation challenge for Hungarian banks, fintech companies, mobile payment providers, and digital platforms.

The relevance of the topic for Hungary is further strengthened by the renewed emphasis in government communication on preparations for adopting the euro. According to current

government targets, Hungary could meet the Maastricht criteria required for euro adoption around 2030. This timeline could overlap with the preparation phase and potential initial issuance of the digital euro in Europe. Therefore, domestic preparations for euro adoption should now be viewed not only as a matter of monetary and fiscal policy, but also as an issue of payment infrastructure, digital systems, and service competitiveness.

Developments related to the digital euro also send an important competitiveness signal for Hungary. Digital payments have become a core infrastructure of the modern economy, and preparation for euro adoption should go hand in hand with the development of payment systems and digital infrastructure. In the coming years, it will not only be important to meet the Maastricht criteria, but also to ensure that Hungary's instant payment systems, QR-based solutions, mobile payment infrastructure, and digital service ecosystem are capable of integrating into the euro area and the new payment environment shaped by the digital euro.

The digital euro is therefore not yet a finished project, but European legislative and technological preparations have entered a new phase. In the coming years, the key question will not only be when the digital euro may be launched, but also how well prepared European and national payment players will be to adapt to this new digital payment environment.

Source: European Parliament, European Central Bank, Government of Hungary.