

The digital euro

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The digital euro is the most advanced retail central bank digital currency project among the large advanced economies. The European Central Bank completed an investigation phase in October 2023 and moved to a preparation phase. In June 2023, the European Commission published a legislative proposal for a regulation on the establishment of the digital euro together with a proposal on the legal tender of euro banknotes and coins. The proposal provides for a digital euro with legal tender status and with holding limits to prevent large outflows from bank deposits. It also provides for offline payments with a high degree of privacy and for distribution through payment service providers.¹

The legislative process has been slow. The European Parliament and the Council have debated holding limits, privacy, the costs for merchants and the relationship with private payment solutions. In late 2025, the Governing Council of the ECB decided to move to the next phase of the project and indicated that a pilot could start in 2027 and a first issuance could follow in 2029, provided the regulation was adopted in 2026. Whether the legislators adopt the regulation on this timetable is one of the signposts of this chapter. Status to be verified.²

For Basel, the digital euro has a direct practical dimension. Tens of thousands of cross-border commuters from Alsace and southern Baden work in the city, as Part H, Chapter II described, while many residents of the region hold accounts on both sides of the border. Retailers in Basel accept euros in cash and by card. A digital euro would raise the question of whether Swiss banks and payment service providers may distribute it to their clients, how holding limits apply to residents of Switzerland and how Swiss merchants could accept it. The draft regulation allows access for non-residents under conditions that remain to be defined in agreements with third countries.³

1 Notes

1. European Commission, Proposal for a Regulation on the establishment of the digital euro, COM(2023) 369 final, 28 June 2023; ECB, press release of 18 October 2023 on the conclusion of the investigation phase. To be verified. ↩
2. ECB, press release on the decision of the Governing Council to move to the next phase of the digital euro project (October 2025); Council of the European Union, general approach on the digital euro regulation; state of deliberations in the European Parliament. Status to be verified. ↩
3. On cross-border commuters in the Basel region, see Part H, Chapter II. On the treatment of non-residents and third countries in the digital euro proposal, see Arts. 18 and 19 of COM(2023) 369 final. To be verified. ↩

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