Why tokenised deposits are no threat to stability

Pierre Gramegna, ESM Managing Director

“Why tokenised deposits are no threat to stability”

[*The Banker* magazine](), 30 July 2026

The race to shape the future of money is accelerating. Tokenisation underpins the new financial architecture, promising faster payments at lower costs. Some instruments are viewed with scepticism because of the risks associated with the adoption of novel systems. But Europe should make the right choices and view digital finance as a fast route to much-needed modernisation.

Innovation and stability can be mutually reinforcing. The goal is not simply to digitise money, but rather to design a digital financial system that supports growth and safeguards financial stability within the euro area. For the European Stability Mechanism, the organisation I lead and that stands at the heart of Europe's crisis management framework, this dimension matters.

Europe enters this transition from a position of strength. It boasts a robust banking sector and more than €15 trillion in bank deposits from households and firms, one of the largest pools of financial wealth in the region. Moreover, currency and deposits account for roughly one-third of euro area households' financial assets, compared with around one-eighth in the US. Europe is also substantially more bank-financed than the US.

Yet, Europe faces a pressing and growing investment challenge. Defence activities, technological innovation and the green transition require vast amounts of capital. Public budgets alone cannot meet these needs. Europe must mobilise private savings more effectively and channel them towards productive investment.

This is the ambition behind the Savings and Investments Union. Deeper and more integrated capital markets and more equity financing, venture capital and risk-bearing financial instruments are essential.

This is where tokenised deposits come into play.

As markets digitalise, the European Central Bank will back the issuance of the digital euro, the public alternative to physical cash. But a successful digital ecosystem will not consist of central bank money alone. Tomorrow's system will accommodate public money and different forms of digital private money too.

Stablecoins, so far mainly used in crypto markets, will to some extent figure in this picture. At the end of May 2026, market capitalisation stood at around $320 billion, but the impressive growth registered last year seems to be levelling off, with some US banks also turning their backs on stablecoin initiatives.

Tokenised deposits offer distinct advantages and a more promising path. This is the path Europe should choose.

First, tokenised deposits build on an existing foundation of trust. They emerge from a regulated banking system subject to prudential supervision and deposit guarantee frameworks.

Second, they can be remunerated, which is excluded by current regulation for stablecoins. For households and firms, savings instruments that generate a return are likely to remain attractive even as payment technologies evolve.

Third, they can preserve the singleness of money and monetary policy transmission. A euro held in tokenised form remains a euro. The banking system plays an essential role in the transmission of monetary policy.

Last, they help integrate households and firms into the capital market by linking Europe's large deposit base more directly to investment opportunities.

Through programmability, payments can become smarter and more automated. Firms can streamline supply chains and treasury operations. Tokenised deposits can more smoothly connect money and asset settlement with fewer intermediaries. They more directly connect deposit pools and investment platforms. This would enable atomic settlement in tokenised securities markets and help turn savings more effectively into productive capital.

The prize is not only faster payments but more efficient resource allocation across the financial system and economy, together with a stronger capacity to finance Europe's future.

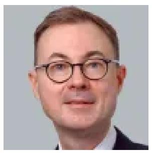
Realising this potential will require clear policy choices. A dedicated European framework would reduce legal uncertainty and fragmentation. Equally important is investing in a digital infrastructure that ensures interoperability between tokenised deposits and the digital euro. It would provide a foundation for innovation to realise the potential of the single market.

If Europe gets this right, it can harness tokenised deposits to unlock the full potential of Europe's savings for its future.

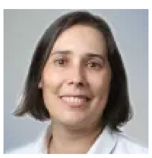
Author

Pierre Gramegna
Managing Director

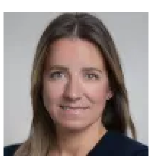
Contacts



Cédric Crelo
Head of Communications and Chief Spokesperson
+352 260 962 205
c.crelo@esm.europa.eu



Anabela Reis
Deputy Head of Communications and Deputy Chief Spokesperson
+352 260 962 551
a.reis@esm.europa.eu



Juliana Dahl
Principal Speechwriter and Principal Spokesperson
+352 260 962 654
j.dahl@esm.europa.eu

The Banker

[ARTICLE IN THE BANKER]