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The Digital Euro Blueprint: Navigating Geopolitical Autonomy and Systemic Risk Mitigation

Role: Digital Euro Project Team
Audience: European Parliament ECON Committee

KEY POINTS

1. The perspective that EU payment infrastructure brings to geopolitical and economic sovereignty.

2. Emphasis on preserving the role of public money in the new generation digital area.

3. Potential risks that may arise within the scope of this project and policies to mitigate these risks.

Summary

This study argues that the implementation of an independent Digital Euro would strengthen Europe's monetary sovereignty and geopolitical autonomy by reducing its reliance on foreign payment infrastructures. In this context, this brief examines how the European Union can manage the cyber, financial and data privacy risks associated with a "Digital Euro" while simultaneously preserving the role of public money in the digital age. The analysis indicates that dependence on US based payment system poses a strategic risk; however, the transition to a centralized digital currency also entails significant systemic threats such as cyberattacks, digital bank runs and data breaches. To address these challenges the study proposes establishing a distributed system architecture capable of operating offline to prevent cyber crises, imposing a holding limit of 4,000 euros per person to avert liquidity crises and implementing legal safeguards (such as encryption) that ensure full, cash like anonymity to protect user privacy.



(Figure, 1)

European Commission

1) **Examining the contributions of the EU payment infrastructure**

The European Union's (EU) payment infrastructure strtegy is positioned as a direct effort to build geopolitical and financial sovereignty by reducing reliance on US based global systems. In this context, initiatives to develop independent infrastructure aim to eliminate external dependencies in foreign policy decision making and to ensure continental cohesion. Changes in the way payments are executed imply a shift in control over the critical infrastructure through which money circulate and this has consequences for the exercise of monetary sovereignty (Duran, 2026). The EU's efforts to develop, expand and establish the independence of its own payment infrastructure have evolved beyond mere technical or commercial banking matters into a strategic struggle for « economic and geopolitical sovereignty « . The European Commission and the European Central Bank (ECB) have made it a primary objective to achieve financial independence from US based global payment giants (such as Visa, Mastercard and PayPal) as well as from emerging digital platforms originating in Asia [Bahar, 2026].

2) Preventing the depreciaton of a public currency in the face of advancing technology

The rapid decline in the use of physical cash, alongside the rise of stablecoins and crypto assets, threatens the role of central bank money as an "anchor" within the financial system [Cipollone, 2026]. In this context, the European Union is implementing the Digital Euro project and innovative wholesale financial infrastructures with the aim of preserving the role of public money in the new generation digital era [Cipollone, 2026].

3) What are the challenges and potential risks that might be encourtered in a digital euro system?

Establishing a central bank currency (CBDC) at the state level entails significant systemic risks and vulnerabilities related to cybersecurity. It is essential to examine the key risks areas, which could render a "digital euro" potentially "dangerous", as well as the precautionary policies adopted by the European Central Bank (ECB) to address these risks.

- Risk of Single Point Failure and Cyberattack

- Digital Bank Run and Financial Collapse

- Data Leaks and Mass Surveillance

4) Recommendations

- Risk and Single Point Failure and Cyberattack

Establishing a centralized digital currency

infrastructure across Europe carries the risk of making the entire regional economy dependent on a single digital backbone (Nunes, 2025). All European economies could be locked down overnight. Instead of housing the system on a single central server, it should be designed with a highly distributed architecture and a layered backup infrastructure. Furthermore, an offline payment module –capable of functioning even in the absence of an internet connection- could be developed.

- Digital Run and Financial Collapse

The Digital Euro and the rapidly growing trend of digital banking are fundamentally transforming the global financial architecture while simultaneously bringing with them a significant risk of financial collapse (a bank run or liquidity crisis) [Reuters,2025]. As for a solution, "holding limits" can be implemented as a measure. We plan to set a limit of for example a maximum of €4,000 per person. This way no one will be able to transfer all of their savings from commercial banks into the Digital Euro all at once.

- Data Leaks and Mass Surveillance

Recent large scale data breaches in Europe (such as the incident involving the fintech company Revolut) as well as leaks from national population registries, have demonstrated that no digital system is %100 secure. A breach of the Digital Euro system could result in the financial histories and account balances of millions of EU citizens falling into the hands of cybercriminals [CNBC-e,2026]. In such scenarios it guarantees that individuals spending details (what they buy and how much they spend) will not be visible that data will be encrypted and that particularly for small value offline transactions, complete anonymity will be ensure, just as it is with cash.



(Figure, 2)

FOOTNOTE

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8. Figure 2, https://www.electronicpaymentsinternational.com/news/european-parliament-clears-path-for-digital-euro-talks/

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This Policy Brief has been prepared as part of the participants / students' assessment in the framework of the EU Politics lecture.

The content of this policy brief lies entirely with the author. It does not reflect the official opinion of Çağ University.