

Europe's digital finance transformation takes shape

Implications for financial autonomy and market resilience of digital euro and stablecoin integration

Europe's digital finance landscape is evolving along three interconnected tracks: the digital euro, euro stablecoins, and digital bonds. Each offers a distinct route to the digitisation of money and capital markets, but together they signal a structural shift towards a fully tokenised financial ecosystem. If Europe can align these initiatives, it can modernise payments and reinforce the euro's global role. Early adopters among European banks will likely gain a competitive advantage, while slow movers could face revenue and funding pressure.

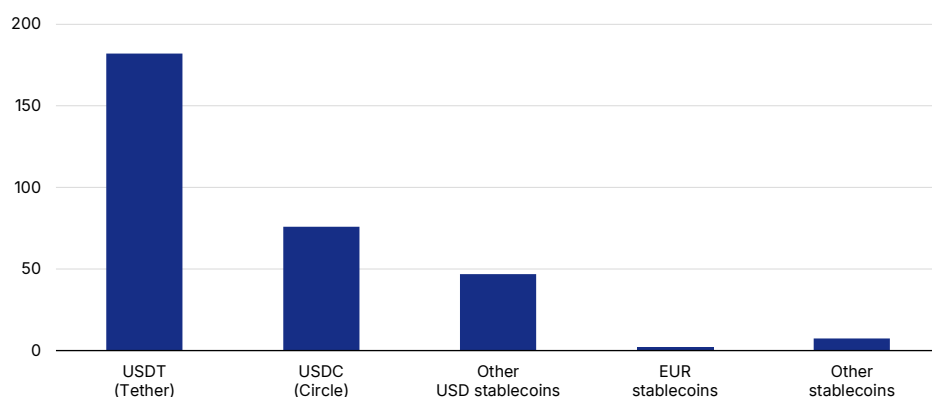
The coexistence of the digital euro and euro stablecoins is set to reshape Europe's payment ecosystem over the medium term, making Europe more resilient to economic fragmentation. The digital euro offers structural advantages such as legal tender status, ECB backing, financial inclusion, and support for both online and offline payments. Regulated euro stablecoins will drive faster innovation, particularly in terms of programmability and cross-border efficiency.

Both instruments have the potential to enhance client engagement, foster financial innovation and strengthen Europe's financial autonomy, providing a credible alternative to other global payment systems, particularly those linked to the US dollar or managed by US institutions. At the same time, competition in payments is intensifying, as incumbent payment providers adapt their business models and European banks accelerate their own stablecoin initiatives.

We expect moderate to high adoption potential for the digital euro. Bank-issued euro stablecoins under the Markets in Crypto-Assets Regulation (MiCAR) should grow steadily in Europe, while those issued by Electronic Money Institutions (EMIs) will likely see limited uptake. Globally, US dollar stablecoins will likely continue expanding but non-MiCAR compliant coins should fade in Europe over time, even as compliant versions dominate stablecoin trading. A key uncertainty lies in how quickly the euro stablecoin infrastructure matures. If progress lags, the US dollar's dominance could persist by default.

Figure 1: Global market capitalisation of stablecoins

As of mid-October 2025 (USD bn)



Source: CoinGecko, Scope Ratings

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The digital euro remains a multi-year project, although key milestones warrant closer investor attention in the coming months. The ECB Governing Council's October 2025 decision on whether to advance to the next stage of digital euro preparation will likely set the tone for potential launch toward the end of the decade. The next step will be the adoption of the digital euro regulation by EU legislators, expected by mid-2026.

Questions on design, regulation, and adoption might cause delays, but these are likely to be temporary. In the long run, we believe the digital euro will be important in underpinning monetary and financial stability, ensuring that Europe's core settlement asset remains sovereign and European rather than privately or foreign issued.

ECB simulations indicate that the digital euro will have only a limited impact on bank deposits under normal conditions, but it could trigger significant outflows in stress scenarios depending on the digital euro holding limit. We anticipate that the final decision on the holding limit will balance user accessibility with the need to limit banking sector disintermediation and preserve financial stability.

1. Europe and the US redefine digital money on divergent paths

Europe and the US are converging on digital money from opposite directions. The US is reasserting regulatory control over a market it previously allowed to evolve freely (innovation wrapped in regulation), while Europe continues to advance through an institution-led approach, prioritising stability, co-ordination and regulatory oversight over rapid market experimentation.

The result is a hybrid model for the global financial system: the US letting the private sector innovate under regulatory scrutiny, while Europe anchors innovation within its institutional framework. Determined to close the gap in digital payments with the US, Europe is pursuing a strategy built on co-ordination, credibility, and control rather than market forces.

We view Europe's digital money model as more resilient and credible over the long term, reflecting clear governance, harmonised supervision, and public trust in central-bank money. Under the framework of the European Banking Union, the digital euro better supports financial integration and monetary stability, while euro stablecoins primarily enhance market innovation and operational efficiency at the market edge.

Top-down vs. market-first:
diverging transatlantic approach
to digital money design

Europe's approach to digital money is top-down and institution-driven, led by the ECB and the European Commission. The digital euro is framed as a question of monetary sovereignty, ensuring that public money retains its foundational role in the evolving digital age. At the same time, MiCAR brings private stablecoins firmly under regulatory oversight, introducing licensing, reserve and supervisory requirements to safeguard market integrity and systematic stability.

The forthcoming Payment Services Directive 3 (PSD3) and Payment Services Regulation (PSR) mark a significant evolution in the EU's payments landscape. Together, they aim to modernise and harmonise the regulatory perimeter for payments, ensuring consistent supervision, enhanced consumer protection and improved fraud-prevention standards across the single market.

We also expect PSD3 and the PSR to support the digital euro rollout and MiCAR-compliant stablecoins, ensuring all forms of digital money operate on common infrastructure, conduct, and security standards. While implementation will require substantial investment in compliance, particularly smaller payment service providers and EMIs, the reforms are likely to enhance long-term trust and competitiveness in Europe's digital payments market.

The US, by contrast, has historically taken a market-first approach, allowing private stablecoins to fill the digital money gap while policymakers debate the federal response. The 2025 GENIUS Act marks a turning point: it establishes a comprehensive federal framework for payment stablecoins, mandating 1:1 reserve backing, oversight by banking regulators, and restricts issuance to supervised institutions. While it does not introduce a Central Bank Digital Currency (CBDC), the framework integrates privately issued digital dollars into the existing banking and prudential system, signalling a convergence between innovation and institutional control.

2. Risks and opportunities for European banks

Introducing new digital payment instruments in Europe (both the digital euro and euro stablecoins) poses material risks to European banks but offers strategic opportunities. Banks that proactively integrate digital euro capabilities alongside stablecoin services are better positioned to capture revenue streams and enhance client engagement. Slower adoption or limited investment could leave banks at a competitive disadvantage and increase pressure on traditional deposit-based funding. Competition from fintechs, Big Tech, and US dollar stablecoins adds further pressure.

Key risks include deposit disintermediation, reduced capacity to extend credit, higher funding costs and pressure on margins and fee-based revenues, with potentially adverse effects on profitability. Additional challenges include fraud risk, compliance demands, heavy IT investment, and cybersecurity concerns. Larger banking groups with stronger balance sheets and greater scale are clearly better placed to absorb these costs and manage the risks. Market synergies also help, as shared outsourcing and common vendors reduce duplication and technology costs.

The ECB's October 2025 findings from its assessment of digital euro investment costs for euro area banks suggest that once potential savings from synergies and cost sharing are factored in, banks' investment in the digital euro could range between EUR 4bn and EUR 5.8bn over four years. This is comparable to those of the Payment Services Directive (PSD2), although remains well below the implementation costs of the Single Euro Payments Area (SEPA) project. The annual costs (over four years) correspond to approximately 3.4% of significant banks' annual IT upgrade budgets.

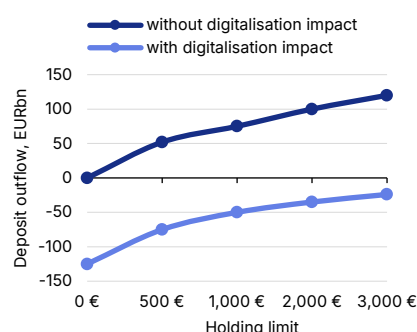
From a financial stability standpoint, a key policy choice is how to calibrate the digital euro holding limit as it will determine the extent of deposit migration from banks and the effect on liquidity and funding structures. A EUR 3,000 cap is the most cited benchmark. The operational choice between pre-funding and a reverse waterfall¹ model will also influence liquidity dynamics, while a non-interest-bearing design would discourage large holdings. The holding limit will be equally crucial for users, shaping how widely and frequently the digital euro is used for day-to-day payments.

The ECB estimates that under a business-as-usual scenario, the impact of the digital euro on bank deposits remains limited across all assessed holding limits (Figure 2.1). However, under the flight-to-safety scenario, potential deposit outflows could range from EUR 156bn with a EUR 500 holding limit (0.5% of total banking assets or 1.8% of retail sight deposits) to EUR 699bn with a EUR 3,000 limit (2.2% of total banking assets, 8.2% of retail sight deposits, Figure 2.2).

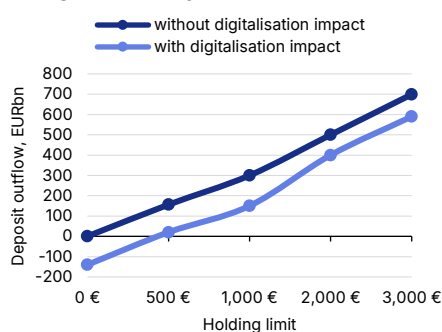
Digital euro holding limit is crucial for Europe's financial stability

Figure 2: Estimated deposit outflows by holding limits

2.1 Business-as-usual scenario

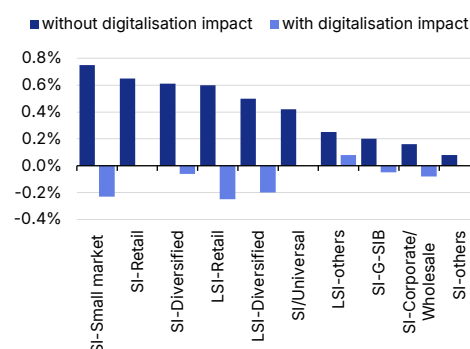
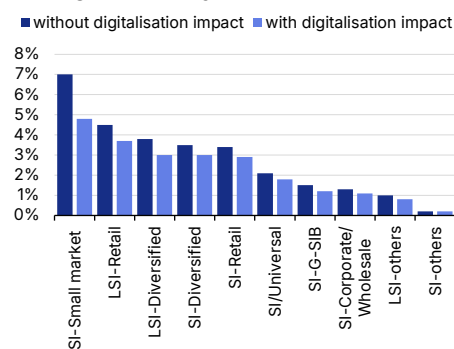


2.2 Flight-to-safety scenario



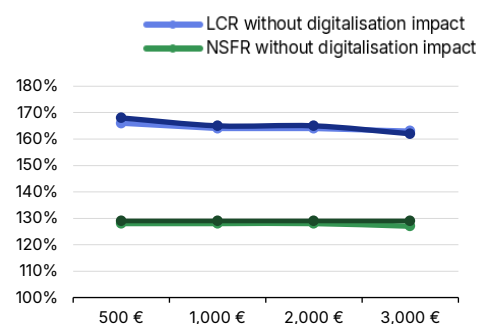
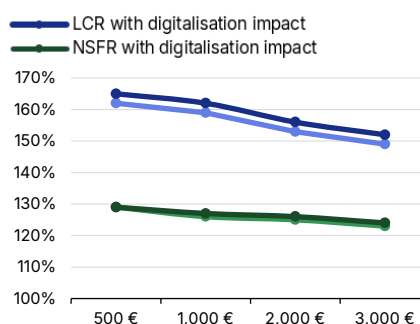
Note: The sample includes 2,025 banks. Based on Q1 2024
Source: ECB, Scope Ratings

¹ The reverse waterfall mechanism allows users to make digital euro payments even when their balance is insufficient, with the shortfall automatically covered by their private bank account. If that account also lacks funds, the payment fails. The feature would be optional for individuals but mandatory for merchants, which could accept digital euro payments but not hold digital euros themselves.

Figure 3: Estimated deposit outflows by business model for EUR 3,000 holding limit**3.1 Business-as-usual scenario****3.2 Flight-to-safety scenario**

Note: The sample includes 2,025 banks (less significant institution (LSI), significant institution (SI)). Based on Q1 2024
Source: ECB, Scope Ratings

Under a EUR 3,000 holding limit, the digital euro would only have a marginal impact on the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). The ECB's role as lender of last resort and existing liquidity facilities provide additional safeguards. In a business-as-usual scenario, the aggregate LCR declines marginally from 166% to 163%, while the NSFR decreases from 128% to 127% (Figure 4.1). Even in a flight-to-safety scenario, both ratios would remain above 100% (Figure 4.2). At the individual level, only 13 banks (0.3% of total sector assets) would hit the 100% LCR threshold, and just nine banks (0.1% of assets) risk falling below it.

Figure 4: Aggregate liquidity metrics under the flight-to-safety scenario**4.1 Business-as-usual scenario****4.2 Flight-to-safety scenario**

Note: The sample includes 2,025 banks. Based on Q1 2024
Source: ECB, Scope Ratings

The ECB also examined the potential impact on banks' profitability, focusing on net interest income (NII). Under the business-as-usual scenario, changes in NII remain limited across all holding limits. For limits between EUR 500 and EUR 3,000, the estimated decline in NII ranges from 9bp to 18bp, excluding digitalisation effects and other potential positive developments.

The adoption of new digital payment instruments does create notable opportunities. Banks may be able to recapture fee pools by offering value-added services such as digital wallets, custody and settlement. They could also broaden their client propositions through programmable payments using stablecoins while achieving efficiency gains in operations and settlement processes and contributing to greater financial inclusion. By linking digital bonds with the wholesale digital euro, banks could generate broader revenue streams in custody and issuance.

Banks can turn digital payments into growth and efficiency gains

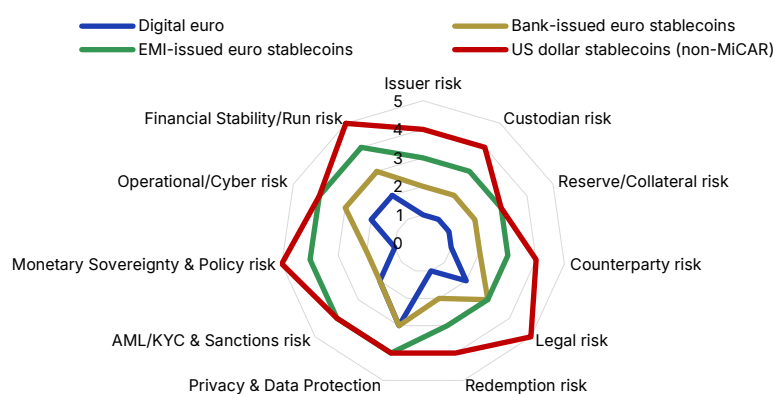
A digitised wholesale payment system that uses real-time data and embedded compliance rules could facilitate automated oversight and reduce the need for manual checks, making risk monitoring more efficient. However, strong legal, technical and cybersecurity safeguards will remain essential to ensure compliance trust and financial stability.

Overall, we expect a gradual adoption path for European banks, with meaningful business model impacts likely to materialise between 2026 and 2030. We believe banks' ability to balance the integration of the digital euro with stablecoin innovation will be a key determinant of medium-term profitability, competitiveness and market positioning.

3. The digital euro and stablecoins: risks and adoption potential

The digital euro and euro stablecoins do not materially differ from today's euro, ensuring 1:1 convertibility into cash and deposits, but they have significant differences in issuance, regulation and monetary policy implications (see Table 1: [Risk criteria and rationale: the digital euro and stablecoins in the European context](#) on p.9). From a credit risk angle, the main distinction is that the digital euro carries no default risk due to ECB backing, while fiat stablecoins are exposed, among other things, to higher issuer, custody, counterparty, reserve and technical risks.

Figure 5: Risk comparison: the digital euro and stablecoins in the European context



Note: EMI: electronic-money institution - non-bank financial institution authorised to issue electronic money under MiCAR
 Risk scoring: 1 - Very Low, 2 - Low, 3 - Moderate, 4 - High, 5 - Very High
 Source: Scope Ratings

The digital euro represents the safest form of digital money, though it still faces privacy, design and implementation challenges. It is expected to have an explicit legal mandate, although details of issuance, access, and data governance are still under development. We assess the adoption potential of the digital euro as moderate to high, backed by EU-wide infrastructure and policy support. However, uptake will hinge on privacy, user incentives, functionality, and limits on individual holdings.

Bank-backed euro stablecoins are generally less risky than those issued by EMIs, crypto-native firms, payment providers, or algorithmic models, but are not risk-free. We anticipate that bank-backed stablecoins will gradually expand in coming years, benefiting from integration within established banking rails and strong regulatory alignment under MiCAR. Nonetheless, fragmented issuance, heterogeneous IT standards, and slower innovation cycles will likely temper growth and keep overall market penetration contained in the near term.

We view non-bank (EMI)-issued euro stablecoins as having limited adoption prospects due to higher reserve, governance, and run risks compared to bank-issued stablecoins. Their reach will likely remain limited to crypto-native and DeFi segments, reflecting trust and interoperability gaps with the traditional financial sector. Broader retail uptake appears unlikely without deeper integration with mainstream payment networks.

US dollar stablecoins circulating in Europe carry the highest risk, particularly in terms of sovereignty and legal alignment (see Table 1 on p.9), although they exhibit very high and rising global adoption, propelled by US dollar demand, deep liquidity, and powerful network effects. We anticipate sustained high-speed global expansion, with market capitalisation increasing sharply over the medium term.

Digital euro leads on safety, but stablecoins retain market momentum

However, the implementation of MiCAR and enhanced supervisory scrutiny will likely curb the use of non-compliant stablecoins in the EU over time. Regulatory divergence between the US and Europe could create cross border arbitrage risks. In Europe, trading activity in MiCAR-compliant US dollar stablecoins may remain stronger than in euro stablecoins.

Digital (tokenised) bonds, issued in Europe could become the first large-scale use case demonstrating the need for the digital euro. They are typically issued using blockchain or other distributed ledger technology (DLT) platforms and are moving from pilot into practice.

Digital bonds could make the case for digital euro

The [European Investment Bank](#) (AAA/Stable), [KfW](#) (AAA/Stable), [Cassa Depositi e Prestiti](#) (BBB+/Stable), Caisse des Dépôts, Société Générale, [Santander](#) (AA-/Stable), UBS, Berlin Hyp, NRW.BANK and Siemens among others have issued bonds using DLT, testing new efficiencies in transparency, programmability, and settlement. [Slovenia](#) (A+/Stable) and [Luxembourg](#) (AAA/Stable) have piloted sovereign issues to modernise public debt management.

Recent digital bond issuance in Europe has largely taken place under ECB-led exploratory work. The aim has been to test different approaches to issuing digital bonds, and these have provided important insights into market standards, essential for wider-scale adoption.

Digital bonds require a secure and efficient settlement medium. The digital euro, particularly in its wholesale form for banks and financial institutions, would allow atomic delivery-versus-payment (DvP) in central bank money, eliminating settlement lags and counterparty risks. Linking digital bonds to a wholesale digital euro will help determine whether Europe can build a capital market infrastructure independent of US dollar stablecoin dominance.

The retail digital euro could extend access to households and firms, creating an end-to-end digital environment for issuance, trading, and settlement. Together, these innovations can reduce counterparty risk, increase settlement efficiency and strengthen the euro's role in capital markets.

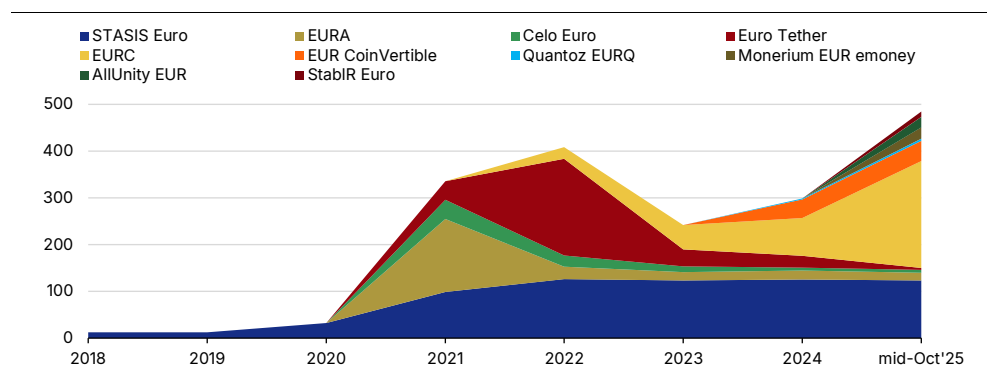
4. Euro stablecoins complement rather than replace the digital euro

Euro stablecoins are filling the market gap in the absence of a widely available digital euro. They deliver instant, low-cost, programmable payments and cross-border settlement, positioning themselves as a trusted European standard and an alternative to US dollar stablecoins. Under MiCAR, only credit institutions and EMIs can issue euro stablecoins, and they must maintain fully-backed reserves. This framework gives stablecoins legal certainty and has already encouraged experimentation in payments, DeFi, and cross-border transactions.

As of mid-October 2025, the market capitalisation of stablecoins exceeded USD 300bn, with US dollar stablecoins remaining dominant. This dominance is largely driven by a duopoly of USDT Tether (USD 182bn) and USDC (USD 76bn) stablecoins. Euro stablecoins remain marginal, with an estimated market capitalisation accounting for only 0.2% of the global stablecoin market. The euro stablecoin segment is also highly concentrated, with EURC and STASIS EURS making up around 70% of total issuance. Among them, EURC is the clear leader, with market capitalisation of around USD 256m.

US dollar stablecoins dominate the global market

Figure 6: Top euro stablecoins by market capitalisation (EUR m)



Source: CoinGecko, Scope Ratings

Société Générale (via its FORGE subsidiary) was among the earliest European banks to launch a euro stablecoin in 2023 as well as a US dollar stablecoin in 2025 designed to be compliant with MiCAR. In October 2025, ODDO BHF issued EUROD, a stablecoin backed by the euro under MiCAR.

In September 2025, a consortium of nine European banks - ING, [UniCredit](#) (A/Stable), [Danske Bank](#) (A+/Positive), KBC, CaixaBank, SEB, Raiffeisen Bank International, DekaBank, Banca Sella - announced plans to launch a euro stablecoin in the second half of 2026, managed through a Dutch entity under Dutch central bank supervision.

European banks' attempts to launch a euro stablecoin

In October 2025, 10 international banks ([Banco Santander](#) (AA-/Stable), Bank of America, Barclays, [BNP Paribas](#) (AA-/Stable), Citi, [Deutsche Bank](#) (A-/Positive), Goldman Sachs, MUFG Bank, TD Bank Group, UBS) announced plans to develop a jointly backed stablecoin focused on G7 currencies.

We believe that multi-bank operating model enhances resilience by reducing single-point-of-failure risk, but greater co-ordination requirements may introduce operational challenges. Banks or consortiums issuing euro stablecoins could change the game by providing faster private solutions under regulated frameworks, potentially meeting many market needs before the digital euro is fully rolled out.

If well designed private solutions meet user demand, they could reduce public pressure for the digital euro in certain cases. Under MiCAR, the regulatory environment for stablecoins is becoming more certain. This increases the credibility of euro stablecoins, which could accelerate adoption.

But euro stablecoins have underlying risks. Like all fiat stablecoins, they remain subject to issuer, reserve and custodian risks, and their current scale is limited compared to US dollar stablecoins. Moreover, all fiat stablecoins mirror the inflation and monetary policy risks of their underlying currencies.

Stablecoins bring innovation but carry elevated risks compared to the digital euro

A core weakness is reliance on the reserve custodian's integrity and liquidity management. If reserves are poorly managed, opaque, or illiquid, market confidence in the issuer's ability to maintain the peg may weaken, causing valuation pressure even before redemption stress emerges.

Under MiCAR, reserves must consist of risk-free, highly liquid assets, such as cash or deposits with credit institutions or central banks, and short-term highly rated EU sovereign bonds. Government securities expose euro stablecoins to sovereign credit risk, while commercial bank deposits create counterparty exposures requiring diversification and credit quality maintenance.

MiCAR requires fiat stablecoin issuers to diversify their reserves so that no more than 30% is held with any single commercial bank, preventing concentration risk. In addition, issuers must regularly audit reserve assets and submit reports to national competent authorities.

Under MiCAR, a 'significant stablecoin' is subject to enhanced oversight if it exceeds any of the following thresholds: more than 10 million holders, a market capitalisation above EUR 5bn, over 2.5m transactions per day, or a daily transaction volume above EUR 500m.

These criteria reflect the EU's intent to prevent any single token from achieving systemic dominance without robust safeguards. Oversight of such significant stablecoins is centralised under the EBA to ensure consistent supervision across the EU.

For significant issuers, the EBA may require central bank deposits only. We believe that by identifying large-scale stablecoins early, regulators can impose stricter capital, reserve and governance requirements to protect users, preserve financial stability and reduce dependence on foreign issuers, though this can act as a brake to adoption.

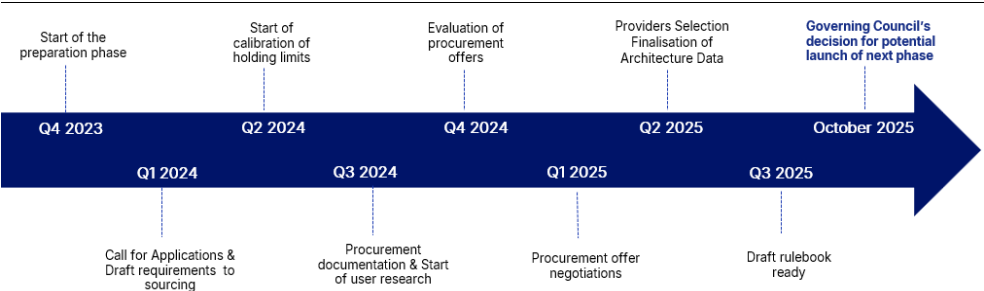
In our view, euro stablecoins are unlikely to eliminate the need for the digital euro, especially for certain policy goals. Sovereignty, legal tender status, universal access, and central bank backing remain exclusive to the digital euro. Technical and governance risks (reserves, peg maintenance, market confidence) further limit the role of stablecoins as a full alternative. We anticipate that any delay to the rollout of the digital euro is likely to be modest and shifting rather than permanent.

5. Digital euro moves to next phase as legal hurdles remain

After completing the two-year preparation period, the ECB’s Governing Council will decide on the next stages of the digital euro project in October 2025. A decision on whether to launch the digital euro will be taken only after the EU legislative process is completed, which ECB officials expect could conclude by mid-2026, with mid-2029 cited by officials as a realistic target date.

What comes next for digital euro?

Figure 7: Digital euro project timeline: next phase



Source: ECB, Scope Ratings

Several strategic moves demonstrate significant progress during the preparation phase:

Progress made for the launch of the digital euro

1. For now, the ECB has refined the digital euro scheme rulebook, the design of the digital euro and the digital euro app, focusing on accessibility and offline capabilities to ensure resilience in emergencies.
2. In September 2025, the ECB published findings from its digital euro innovation platform, highlighting use cases of the digital euro, such as conditional payments (pay-on-delivery, pay-per-use or milestone-based payments), secure e-receipts, transport tap-to-pay use and tailored consumer wallets. Testing underscored the need for a pan-European digital euro to reduce fragmentation and align industries across borders and allow new business opportunities. The second experimentation phase is planned for the first half of 2026.
3. Also in September, the Eurogroup reached political agreement on the governance framework for the digital euro, confirming the roles of the Council and the ECB in setting the holding-limit ceiling and overseeing final issuance. Once the digital euro’s envisaged issuance date has been announced, it will take at least 18 months to define the holding limit.
4. In early October 2025, the ECB announced the conclusion of framework agreements with selected technology partners. These agreements mark a significant step in advancing the digital euro initiative, as they establish the foundation for building out core infrastructure.

The partnerships are expected to focus on the digital euro app and related software developments; offline functionality, enabling payments without internet or power connectivity; data minimisation, supporting transactions without recording sensitive payment details; fraud prevention and security, enhancing the integrity of information exchange and protecting against systemic vulnerabilities.

We see the successful execution of these agreements as pivotal for the credibility and resilience of the digital euro.

Appendix

Risk criteria and rationale: the digital euro and stablecoins in the European context

Digital payment instrument / Type of risk	Digital euro (projected conditions)	Bank-issued euro stablecoin (under MiCAR)	Non-bank (EMI)-issued euro stablecoin (under MiCAR)	US dollar stablecoins (non-MiCAR)
Issuer risk	Very Low → The ECB is the direct issuer	Low → Dependent on bank's solvency; issued by regulated banks subject to full prudential, liquidity, and resolution oversight	Moderate → Dependent on fintechs with lighter capital base than banks; issued by licensed electronic money institutions (EMIs)	High → Dependent on private foreign issuers' solvency with limited EU oversight
Custodian risk	Very Low → Reserves held at central bank	Low → Reserves held internally or at central bank; tight custody standards; banks, while regulated, can fail or mis-manage reserves	Moderate → Relies on external custodians or partner banks; segregation and audit essential; risk from less regulated or opaque entities	High → High risk from US custody misaligned with EU regulation
Reserve/Collateral risk	Very Low → Backed by the central bank	Low → Fully backed by high-quality liquid assets, but some credit and sovereign risk remains	Moderate → Fully backed by liquid assets, but more reliant on credit institutions, while sovereign risk remains	Moderate → Mostly US Treasuries and cash equivalents but also other assets; risk from opacity
Counterparty risk	Very Low → Even if distributed through banks or payment service providers, the underlying balance remains a central bank claim	Low → Dependent on bank and custodian performance	Moderate → Dependent on banking partners and custodians; risk concentration possible	High → Dependent on offshore partners; weak supervision
Legal risk	Low → Explicit legal mandate but details still under development	Moderate → More clarity under MiCAR, but open issues on harmonisation across jurisdictions	Moderate → MiCAR aims to regulate, but implementation and enforcement vary; cross-border legal recognition	Very High → Lack of harmonised EU oversight; potential conflicts with MiCAR/EU law
Redemption risk	Very Low → Always 1:1 redemption	Low → 1:1 redemption is promised, but stress conditions (e.g. bank runs, liquidity mismatches) could delay or limit redemptions	Moderate → 1:1 redemption is promised, but risk of suspension or delayed redemptions in stress events if confidence falters	High → 1:1 redemption is promised, but even large issuers could restrict EU customers or face jurisdictional frictions, making redemption uncertain or slow
Privacy & Data Protection	Moderate → Concerns over central bank access to transaction data, even if mitigated by intermediaries	Moderate → Banks offer some protections but questions on data sharing remain	High → Multiple intermediaries increase exposure; potential commercial use of transaction data	High → Risks linked to US data governance standards; unclear data location and legal recourse for EU
AML/KYC & Sanctions risk	Low → Bank-driven AML/KYC is strong, yet privacy concerns may limit adoption	Low → Mature compliance infrastructure, established reporting, but cross-border flows add complexity	High → Varies by issuer; compliance provided service providers; risks of regulatory arbitrage	High → US-based compliance not fully aligned with EU standards
Monetary Sovereignty & Policy risk	Very Low → Direct tool of monetary policy, strengthens sovereignty	Low → Better alignment with EU policy than non-bank issuers, but privately issued	High → Private issuance can undermine policy transmission	Very High → The growing use of US dollar stablecoins in EU payments poses risks to monetary sovereignty
Operational/Cyber risk	Low → High resilience expected, but still exposed to systemic cyber risks	Moderate → Bank-grade controls; legacy IT adds complexity; depends on design and infrastructure resilience	High → Higher vulnerabilities in fragmented infrastructures; fewer redundancy layers	High → Reliance on US systems increases jurisdictional vulnerabilities
Financial Stability & Run risk	Low → Potential run risk under systemic stress but holding limits and ECB liquidity management contain flows	Moderate → Potential run risk under bank stress but mitigated by reserves and access to central-bank funding	High → No backstop; susceptible to runs during de-pegging or confidence shocks	Very High → Unregulated mass redemptions could disrupt money markets

Source: Scope Ratings

Related research

[Digital euro: a wake-up call for banks to adapt and innovate](#), February 2025.

[Banks need to prepare more and worry less about a digital euro](#), February 2024

[European banks should benefit from a digital euro](#), July 2022

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