

# **Crisis Preparedness for Europe: Financial and Payments systems facing new risks**

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# **Crypto markets and the Role of CMU and the digital euro in Crisis preparedness and competitiveness**

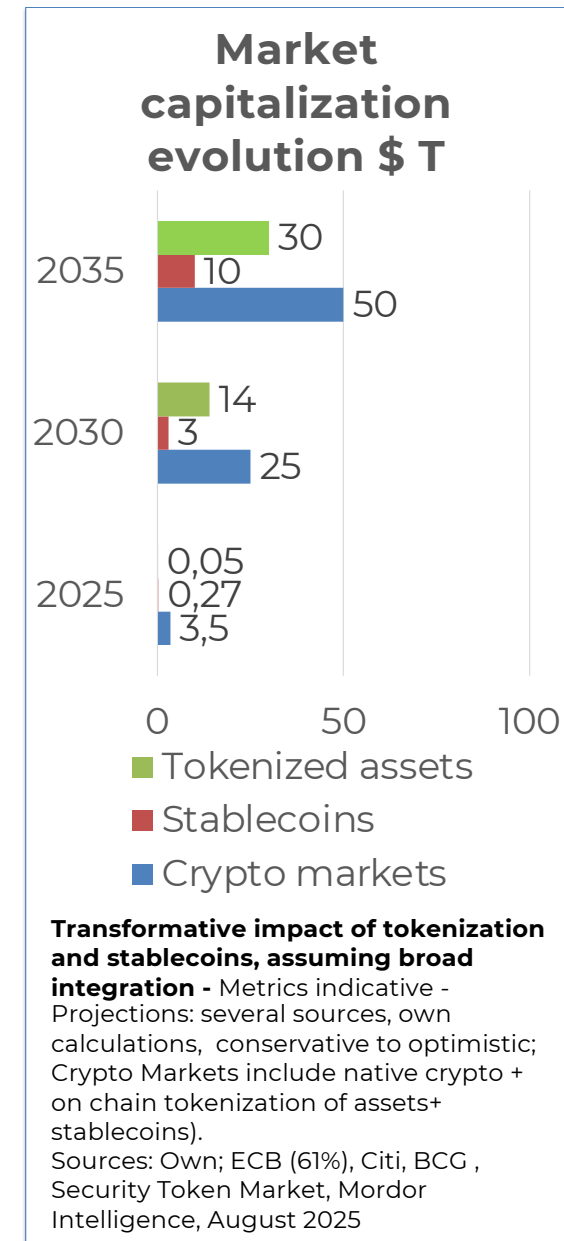
- Crypto developments and market landscape: Stablecoins and Tokenisation
- Implications for Financial infrastructure: Payments and Institutions
- The Role of Digital Euro and Capital Markets Union (CMU)

**Technology alone doesn't build resilience. It's how we design, govern, and collaborate around that technology that defines our capacity to weather disruption**

## Crypto market landscape: exponential growth of stablecoins and tokenisation, USD-centric

- **Global crypto adoption** accelerates economic transformation, driven by **institutional adoption** and tech innovations *in* financial infrastructure. **Crypto rails are scaling.**
- **Stablecoins, mostly USD-linked (99%), dominate settlement** today, posing threats to European monetary sovereignty; **Tokenised assets** (RWAs) are the next growth leg.
- **Crypto infrastructure** concentrated in **US platforms**, undermining EU autonomy.
- EU payments **depend heavily** on **non-EU providers**. (~**61%**; In mobile, high dependence on Big Tech).

Dependency today becomes vulnerability in a crisis

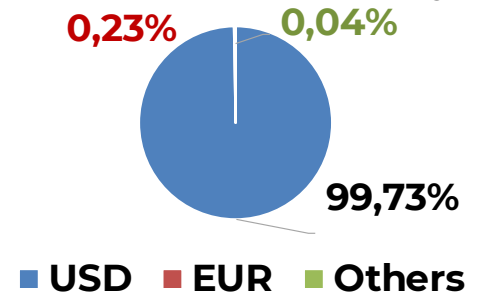


# Stablecoins and **USD dominance**: implications for Europe

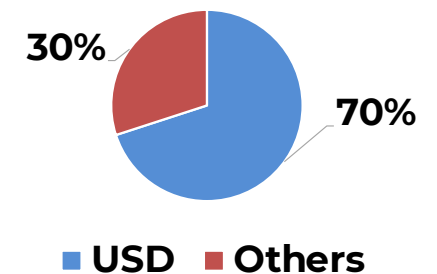
- **Stablecoins are liquidity and settlement bridges** (treasury, FX, collateral), **rivalling global payment networks**. Its ecosystem has become a **cornerstone of digital finance**.
- Most supply is **USD-denominated (99%+)**; mirrors reserve status (USD 58-60% global vs. euro 20%), with 70%+ USD stablecoins share of EU crypto trading volume, creating US dependency.
- **Euro stablecoins exist but remain small in scale. Top euro stablecoin, EURC** issued by Circle-**USA** (holds ~0.09% total market share; ~40% of euro stablecoins).
- **Scaling euro stablecoins** via MiCA and CMU is essential to **counter dollarisation**.

**Europe must grow euro rails or import USD risk**

**Stablecoins supply**



**EU crypto vol. in USD stablecoins**



- Stablecoins market cap: c~\$230–260B mid-2025 (latest readings ≈ \$252B- Source: Reuters); **2024 stablecoin settlement ≈ \$27.6–\$28T**; **Visa FY2024 total volume ≈ \$16T**- Source: Business Insider on 2024 stablecoin settlement; Visa FY2024 AR for total volume. on-chain “transfer volume” isn’t directly comparable to card purchase volume—different definitions and lots of internal wallet flows.
- Sources: Own; Atlantic Council (70%)-Market data: GoInGecko; CoinDesk, DefiLlama, August 2025

# Payments systems disruption with DLT: Opportunities and Risks

- **Stablecoins/tokenisation disrupt payments** via TradFi – DeFi convergence, enabling **instant cross-border** and **fractional ownership**.
- **DLTs** can deliver **material efficiency gains** (time and cost), but **70%+ USD use in EU trading** **risks dollarisation** and **reliance on US platforms** (e.g., Visa/Mastercard).
- **Digital euro + EUR stablecoins: complementary, programmable rails.**
- **Guardians of the rails: AML/CTF** compliance, operational **resilience**, and **consumer protection**.

**Efficiency without sovereignty is a false bargain**

TradFi → DeFi  
Convergence →  
**Cross-Border  
Efficiency**



- **Instant settlement**
- **Low cost**
- **Programmable**



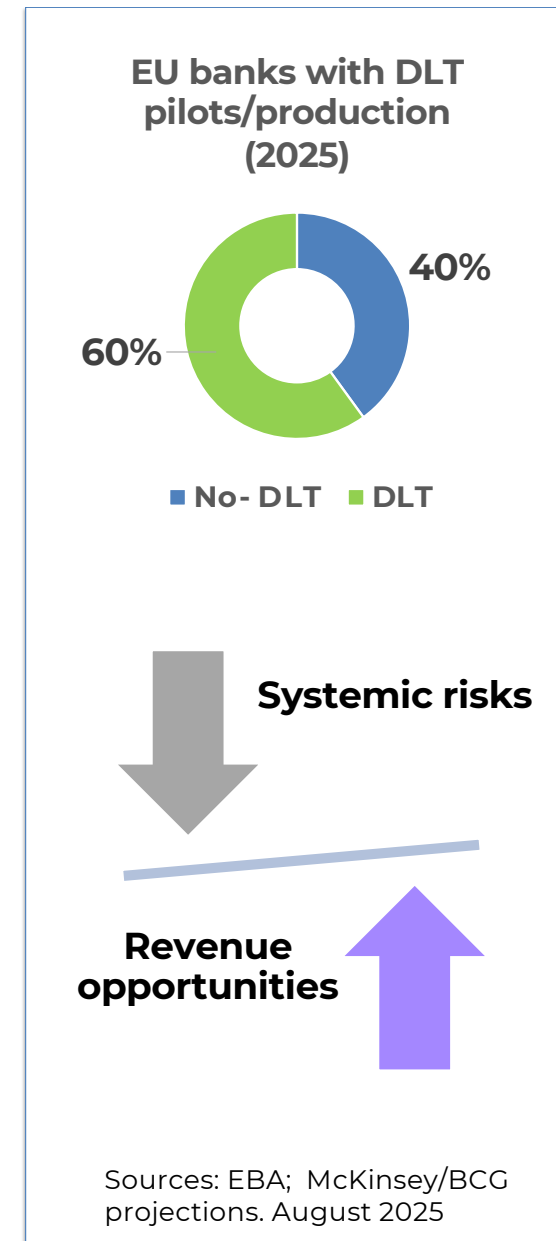
- **Dollarization**
- **Risk of illicit activity**

Sources: Own; ECB, McKinsey, August 2025

# Reshaping Financial Institutions

- **60% of EU banks** explore/implement DLT for tokenized custody, trading, settlement; **boosts competitiveness but amplifies systemic risks** needing oversight.
- **Bank-backed stablecoins** emerge (e.g., JPMorgan Euro JPM Coin, Société Générale EURCV) **alongside USDT/USDC**.
- **Large assets managers** (BlackRock, JPMorgan, Franklin Templeton, Apollo, among others) pilot **RWA tokenisation**.
- **Choice: scale EUR rails** with **MiCA/CMU**, **fostering euro stablecoins** or **cede share to US** (crypto growth ~15% annual).

With clear rules, Europe can lead in tokenised finance



## Digital euro: a user-centric standard CBDC

What would a user-centric digital euro, aligned with market needs, look like?

- **Privacy by design:** Zero-knowledge proofs/homomorphic encryption for anonymous small transactions; auditable for larger.
- **Low fees, high throughput; energy-efficient architecture** permissioned DLT with layer-2 (similar or outperforming stablecoin networks).
- **Tokenisation:** DLT for securities settlement (bonds, RWAs) with dynamic limits/cross-chain swaps.
- **Distribution:** hybrid via banks/fintech; robust UX/security
- **Interoperability:** bridges with euro stablecoins/permissioned DeFi.

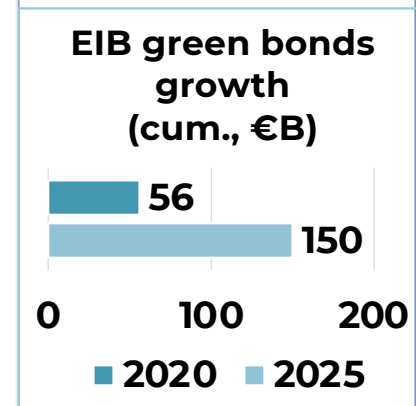
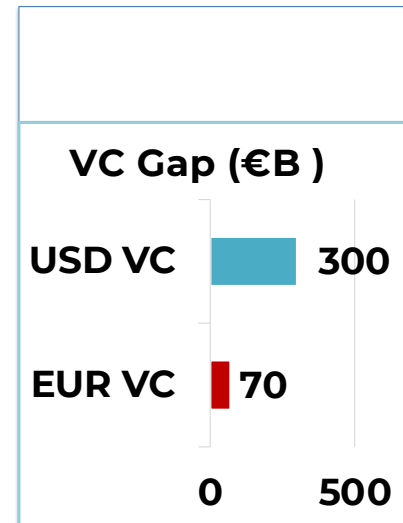
An operative “user-centric” CBDC standard with enhanced privacy, interoperability, and programmability, without compromising stability, raises resilience and competitiveness.

# CMU as competitiveness & crisis tool

A **European tokenised capital market**, including the **best & market competitive EU practices** (tax incentives, diversification), **key to unlock Europe's financial potential** (savings, financial innovation, green economy) & **strengthening crisis resilience**:

- Mobilise c. **€40T** in savings; boost retail participation; facilitates cross-border/tokenised funds.
- Tackle **VC gap** (c.77%); channel capital to SMEs and deep tech.
- Support **green/digital** transitions; scale tokenised markets. (€100B+ cumulative Climate & Sustainability Awareness Bonds).
- During shocks: **harmonised** rules and **tokenised liquidity pools**.

**CMU is the scale engine for Europe's capital markets, and the shock absorber**



Sources: Own, VC Gap: Pitchbook, Statista, KPMG Venture Pulse- EIB, for estimated figure YE2025: scooperatings; August 2025 Eurostat (2023): EU households' financial assets ≈ €37.3T (2023)

# Digital euro + CMU: the dual strategy for crisis preparedness

**Benefits** of a digital euro with advanced functionalities and deep integration with CMU ecosystem - strengthen policy transmission and liquidity during crises:

- **Modernise infrastructure**: pan-EU payments, broad tokenisation.
- **Counter USD dominance**: scale safe **euro rails**
- **Deepen euro markets**: mobilise savings; expand ESG leadership

## Strategies to boost competitiveness:

- Build a **human-centric digital euro**, as a **standard CBDC**.
- Public-private partnerships for **euro stablecoins/DeFi**.
- Accelerate **EU tokenised market** pilots; fast-track key **CMU** files.
- **Harmonise digital-asset taxation** and licensing processes.
- **Streamline MiCA** to safely scale **EUR stablecoins** and **licensing**, to support startups and foster innovation.

Pair a usable digital euro + euro stablecoins with CMU to boost resilience and competitiveness

# The future of Europe: digital euro, and CMU: Building a resilient, competitive Europe

- **USD-centric rails** persist until viable **CBDCs/euro rails** scale.
- Digital euro + CMU **accelerate programmable, instant finance.**
- It's ultimately about **people**. Europe (6% of world population, ageing) has long championed **human values: freedom, equality, and dignity**, setting **standards above global norms**. Rooted in a tradition of **consensus** for **collective progress**, Europe is well-placed to **promote a digital future through these principles**. **These values will also shape the digital euro and the CMU.**
- A **human-centric digital euro**, robust **euro stablecoins**, and strong **CMU** can **boost Europe's economy** and **confidence.**



**Technology alone doesn't build resilience; how we design, govern, and cooperate will - and today's choices will shape Europe's tomorrow**