September 2026

CEE Perspective Series

POLICY INSIGHT

A Two-Speed Digital Euro for Central and Eastern Europe

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Introduction

After years of preparation, the digital euro is entering a decisive stage of its legislative process. On 9 July 2026, the European Parliament confirmed its negotiating mandate on the proposal, paving the way for trilogue negotiations. The first trilogue took place on 13 July, with negotiators aiming to reach a political agreement by the end of 2026. In parallel, the European Central Bank (ECB) is preparing a 12-month pilot starting in the second half of 2027, while it aims to be ready for a potential first issuance during 2029.

On For the euro area, the debate is increasingly focused on how the digital euro should be designed and implemented. For the four CEE Member States that remain outside the euro area, namely Czechia, Hungary, Poland and Romania, the key questions are different: under what conditions could residents and businesses gain access to the digital euro, and how would its use interact with national currencies?

Digital Euro Legislative Timeline

Milestone	Date
Council adopts mandate	19 Dec 2025
Parliament confirms mandate	9 Jul 2026
First trilogue session	13 Jul 2026
Target political agreement	End 2026
ECB pilot	H2 2027
Possible issuance	Not before 2029

The dates for the pilot and potential issuance remain conditional on the legislative process.

Setting the scene: the Single Currency Package

The digital euro forms part of the Single Currency Package presented by the European Commission in June 2023. The package comprises three legislative files: a regulation establishing the digital euro, a linked regulation governing the provision of digital euro services by payment service providers established in Member States whose currency is not the euro, and a regulation on the legal tender of euro banknotes and coins. The first two provide the legal framework for a potential digital euro, while the third is intended to safeguard the availability and acceptance of cash.

The digital euro would be a digital form of central bank money issued by the ECB for retail payments, complementing rather than replacing cash. It is designed to support both online and offline payments, and the legislative proposals provide for free basic services for users.

An accession-linked gate

For the four non-euro CEE Member States, access to the digital euro would not be automatic. Under Article 18 of the Commission's current proposal, payment service providers could distribute the digital euro to natural and legal persons residing or established in a non-euro Member State only where the ECB and that Member State's national central bank have concluded an arrangement. The arrangement would follow a request from the Member State concerned and would set out the necessary implementing measures and procedures.

This means that domestic availability for residents of Czechia, Hungary, Poland or Romania would not follow automatically from the potential launch of the digital euro. It would depend on whether the relevant Member State requested access and subsequently entered into the required arrangement with the ECB.

This should be distinguished from the separate framework applicable to merchants established in non-euro Member States. Under the Council's December 2025 negotiating position, merchants established outside the euro area could accept digital-euro payments without an Article 18 arrangement. They would not, however, be able to hold and store digital euro under this specific arrangement. Instead, digital euro immediately would be converted to commercial bank money.

The operational picture may also develop unevenly. The ECB has selected 36 PSPs from across the euro area to participate in its pilot and is now recruiting euro-area merchants for the exercise. This does not determine future access in non-euro Member States, but it could give participating euro-area providers earlier experience with the digital euro's technical and operational requirements.

The result could be a two-speed model for CEE: initial availability within euro area, followed by potentially different timelines for non-euro Member States depending on whether and when they seek access.

The monetary sovereignty dimension

This conditionality reflects a broader concern: the interaction between the digital euro and national currencies still in circulation. The euro already has a significant informal footprint beyond the euro area, used across Central, Eastern and Southeastern Europe for trade invoicing, financial transactions, savings and as an accounting unit, even in countries that retain their national currencies.

The introduction of a digital form of the euro could reinforce these existing dynamics by making euro-denominated payments more accessible in everyday transactions. According to the proposal on digital euro, this conditional approach reflects concerns about the potential impact of widespread use of the digital euro outside the euro area. Extensive distribution could affect the balance sheets of the ECB and national central banks of the Eurosystem and, depending on the scale of use, have implications for monetary sovereignty and financial stability in non-euro Member States. If the digital euro were to become dominant in domestic transactions and effectively replace a national currency, this could interfere with the euro adoption criteria and process under Article 140 TFEU, which sets the convergence criteria and procedure by which a Member State qualified to adopt the euro. The arrangement between the ECB and the national central bank would therefore provide a framework for managing these risks, while setting out the conditions under which access could be restricted, suspended or terminated.

The treatment of merchants reflects a different risk assessment. Under the Council's position, a merchant in a non-euro Member State may receive a digital-euro payment without an Article 18 arrangement, but cannot hold digital euro. The Council considers that this would have negligible effects on the balance sheets of the ECB and national central banks, as well as on monetary sovereignty and financial stability in non-euro Member States.

For the remaining non-euro CEE Member States, the issue therefore goes beyond the technical question of when residents could use the digital euro. It also concerns how a widely accessible digital form of the euro would coexist with national currencies that remain in place. The final legislation will determine how this balance is struck as the EU moves towards a potential digital-euro issuance.

Looking ahead

The negotiations now need to be followed at a more granular level. For non-euro CEE Member States, three issues deserve particular attention: the final conditions attached to Article 18 access; the powers retained by the ECB and national authorities to monitor or restrict use where monetary-sovereignty or financial-stability concerns arise; and the treatment of merchants that receive digital-euro payments without holding digital euro themselves.

A separate political question is whether Czechia, Hungary, Poland or Romania eventually indicate that they intend to make use of the access framework. Any such move would offer an early indication of how governments outside the euro area view the benefits and risks of domestic digital-euro availability.

Key takeaways

- The digital euro is now in trilogue, with political agreement targeted for end-2026 and a possible first issuance in 2029, both dates depend on the legislative timetable holding.

- For CEE Member States outside the euro area domestic access to the digital euro is not automatic, it requires a national request and a bilateral arrangement between the ECB and the national central bank

- The framework distinguishes between access for users, services provided by PSPs incorporated in non-euro Member States, and merchant acceptance.

- The conditional-access model is also a monetary-sovereignty safeguard, aimed at limiting unmanaged euroisation effects in countries that retain their own currency.

ABOUT THE AUTHOR

Afroditi-Eirini Tzileridou is a qualified lawyer with experience in financial regulation, and corporate governance. She has experience in policy and legal analysis within the European Commission's DG FISMA, where she worked on issues relating to economic security and preparedness in the financial sector. Previously, she worked at Institutional Shareholder Services (ISS) in Brussels, advising on corporate governance and regulatory analysis. She holds an LL.M. in International and European Business Law from KU Leuven and a Bachelor of Laws from the Aristotle University of Thessaloniki.