

RESEARCH NOTE NO. 5

The ECB Is Moving. The Window for First Movers Is Open.

Project Pontes, Ethereum on the Shortlist, and What Payment Service Providers Should Do Before 2027

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Abstract

Research Notes 1 through 4 in this series have examined value distribution in card payment systems, structural costs borne by merchants, the digital euro as a resilience instrument, and the case for a sovereign European public payment layer. This fifth note shifts from the structural to the operational. The ECB is no longer publishing roadmaps. It is naming participants, setting go-live dates, and selecting infrastructure. Project Pontes – the ECB's distributed ledger settlement initiative – is scheduled to activate in Q3 2026. Technical standards for the digital euro drop this summer. A pilot begins in the second half of 2027. This note documents what has happened, what is happening now, traces the concrete timeline forward to the 2029 first-issuance target, and draws out the strategic implications for payment service providers and merchants. The central argument is that the window between the ECB's infrastructure moves and the 2027 pilot is the period during which early movers can define their positioning. That window is open now. It will not stay open indefinitely.

Scope of Analysis

This note examines the ECB's most recent operational moves on distributed ledger technology and the digital euro specifically the Pontes initiative, the Ethereum/Solana infrastructure question, and the revised issuance timeline – and draws out their implications for PSPs, acquirers, and merchants. It builds directly on the structural framework established in Research Notes 1 through 4. Figures cited are directional and illustrative. This note does not address monetary policy or the retail CBDC adoption debate in full; its focus is the near-term operational and strategic implications of decisions already made.

1.

Introduction: From Deliberation to Execution

For most of its existence, the digital euro project has lived in the space between intention and action. There were investigation phases, consultation papers, working groups, and preparation phases. There were timelines that slipped and frameworks that needed revision. The appropriate response was to follow the project with interest and to build nothing yet.

That posture is now outdated.

In the first half of 2026, the ECB moved from deliberation to execution on two fronts simultaneously. First, it named the participants for Project Pontes, its distributed ledger technology settlement initiative, and confirmed a Q3 2026 go-live. Second, it confirmed that technical standards for the digital euro will be published in the summer of 2026, giving payment service providers the specifications they need to begin integration planning. Neither of these is a consultation. Both are operational.

The implication is straightforward: the payment infrastructure of the eurozone is being redesigned, and the design decisions are being made now – not in 2029 when the digital euro launches, and not in 2027 when the pilot begins. The PSPs and merchants who understand the architecture before it is finalised will be better positioned than those who wait for it to stabilise.

2.

What Happened: A Compressed History of ECB DLT Work

The ECB's engagement with distributed ledger technology did not begin with Pontes. It began with exploratory work conducted between May and November 2024, in which 64 institutions participated in more than 50 experiments testing how DLT platforms could interact with the Eurosystem's existing payment infrastructure. The results were conclusive on one point: there is strong market demand for settling tokenised assets in central bank money. Not in commercial bank deposits. Not in stablecoins. In actual central bank money, with the finality and counterparty-risk elimination that implies.

That demand finding drove the architecture decision. On 1 July 2025, the ECB's Governing Council approved a two-track strategy. The first track – Pontes – would deliver a short-term interoperability solution by linking DLT platforms to the Eurosystem's TARGET Services. The second track – Appia – would pursue a longer-term, more integrated ecosystem including cross-border foreign exchange settlement and international coordination.

Between July 2025 and March 2026, the ECB moved from approval to implementation: it published a detailed launch paper, opened expressions of interest for the Pontes contact group, and named the participants. In parallel, it revised the digital euro timeline downward – removing the earlier suggestion of a 2026 retail launch and replacing it with a more realistic sequence: standards in summer 2026, pilot in H2 2027, and first issuance target in 2029.

"The message I want to pass to you today: it's coming, it will be there to stay."

Dimitri Pattyn, Deputy Director General, ECB – Sibos 2025, Frankfurt

3.

What Is Happening Now: Project Pontes and the Architecture Decision

Pontes is not a pilot in the exploratory sense. It is, in the ECB's own framing, a live system that will be built upon. The Pontes architecture connects distributed ledger platforms – whether private permissioned chains or, in the medium term, potentially public ones – to the Eurosystem's TARGET Services: T2 for large-value payments, T2S for securities settlement, and TIPS for instant euro payments. Settlement occurs in central bank money. The practical consequence is that tokenised securities, on-chain bonds, and programmable collateral can for the first time settle against the ECB's balance sheet rather than a commercial bank proxy.

3.1 The Ethereum Question

A detail that has received less analytical attention than it deserves: in August 2025, reporting confirmed that the ECB is actively exploring Ethereum and Solana as potential infrastructure options for the digital euro itself – not private, permissioned networks, but public blockchains with existing network effects, developer ecosystems, and DeFi integrations.

The argument for a public chain is structural. Dollar-backed stablecoins did not achieve their current scale by running on government-controlled infrastructure. They achieved it by operating on open networks where liquidity, composability, and global reach compound over time. If the digital euro is to function as a genuine alternative to USDC and USDT in cross-border and DeFi contexts, it requires the same network properties. A closed CBDC, however technically sound, competes at a permanent disadvantage on those dimensions.

The argument against is equally clear: the ECB does not govern Ethereum. Monetary sovereignty exercised on infrastructure the central bank cannot pause, censor, or roll back is a difficult political sell – particularly to European lawmakers still processing the implications of TARGET outages. The decision has not been finalised. But the ECB is asking the question in public, in 2026, and that itself is a signal of how far the strategic conversation has shifted.

3.2 Project Appia: The Long Game

Alongside Pontes, Project Appia defines the ECB's longer-term DLT ambition. Where Pontes is an interoperability bridge – connecting existing DLT platforms to existing TARGET Services – Appia is a blueprint for a more integrated settlement ecosystem, including cross-border foreign exchange settlement and engagement with international initiatives. Appia is scheduled to begin in early 2028 and will run in parallel with the digital euro pilot phase. It represents the ECB's acknowledgment that wholesale DLT settlement and retail CBDC are not separate projects. They are two layers of the same infrastructure transformation.

4.

The Operational Timeline

The table below consolidates the ECB's confirmed commitments as of June 2026, derived from ECB press releases, board member statements, and institutional documentation. Dates marked as targets remain subject to EU legislative progress on the digital euro regulation.

Period	Event	Status
2024 Q2 Q4	ECB conducts DLT exploratory work with 64 institutions, 50+ experiments. Findings confirm strong demand for central bank money settlement on DLT.	Completed

2025 Q3	ECB Governing Council approves two-track DLT strategy (Pontes + Appia). Pontes contact group opened.	Completed
2025 Aug	Reports confirm ECB is evaluating Ethereum and Solana as potential digital euro infrastructure shift toward public blockchain consideration.	Confirmed
2025 Dec	ECB revises digital euro timeline. First issuance target moved to 2029, contingent on EU legislative adoption in 2026.	Completed
2026 Q1	ECB names Pontes contact group participants. Legal and operational framework for DLT settlement entering final configuration.	Completed
2026 Summer	ECB publishes technical standards for the digital euro. Selected counterparties for pilot notified end of June. PSP adaptation window opens.	Imminent
2026 Q3	Project Pontes goes live. DLT platforms connected to TARGET Services for central bank money settlement. First real institutional transactions.	Target
2027 H2	Digital euro pilot begins. Expected duration approximately 12 months. Limited participant set; PSP integration required for inclusion.	Target
2028 Q1	Project Appia launches. Deeper DLT integration including cross-border FX settlement. Runs in parallel with digital euro pilot.	Target
2029	Digital euro first issuance subject to EU legislative adoption. Full retail CBDC availability for eurozone consumers and merchants.	Target

Table 1. ECB DLT and digital euro timeline, compiled from ECB press releases and institutional statements. June 2026.

5.

Implications for PSPs and Merchants

The Pontes go-live and the digital euro standards release create a concrete, near-term decision window for payment service providers. The decisions being made in late 2026 about which PSPs participate in the Pontes contact group, which acquirers begin digital euro integration planning, and which merchants pilot early acceptance will shape the network topology of the system well into the 2030s.

5.1 Settlement in Central Bank Money: What Changes

Research Note No. 4 established the structural argument for central bank money settlement: it eliminates counterparty risk at the settlement layer and removes the private credit risk propagation that commercial bank intermediation introduces under stress. The Pontes launch makes that argument operational at the wholesale level for the first time.

For PSPs operating in capital markets handling tokenised securities, on-chain collateral, or repo transactions this is directly relevant. Settlement in ECB money rather than commercial bank deposits alters the risk profile of the transaction and may affect regulatory capital treatment. The specifics depend on how the ECB finalises the Pontes technical framework, which makes participation in the contact group or at minimum close monitoring of its outputs a practical necessity.

5.2 The Merchant Acceptance Precondition

The resilience argument for the digital euro which this series has developed across Notes 3 and 4 depends on one precondition that remains unresolved: broad merchant acceptance. A fallback payment layer that merchants

have not integrated provides no fallback at all. The 2027 pilot will test exactly this: whether consumers can use the digital euro at real merchants, in real transactions, under real conditions.

Merchants and PSPs that wait until the pilot is publicly announced to begin integration planning will be working against the clock. The technical standards released this summer are the starting point for that planning. The merchants included in the 2027 pilot will be those whose PSPs have already worked through the integration not those who read about it afterward.

5.3 The Fee Structure Question

The digital euro's fee structure has not been publicly finalised, but the ECB's stated design principle is clear: the base payment layer the central bank money transfer itself will carry no interchange in the card-scheme sense. Revenue for PSPs and acquirers would come from value-added services built on top of the base layer: programmable payment features, data analytics, compliance tooling, and user-facing wallet services.

This is the commercial challenge that RN3 and RN4 identified as underweighted in institutional documentation. PSPs need a credible business case for digital euro integration before they will invest in it at scale. The ECB's technical standards release this summer is also, in effect, the opening of that commercial negotiation. PSPs that engage early understanding what the base layer provides and where the value-added opportunity sits will have more influence over the outcome than those who arrive after the architecture is fixed.

6.

Strategic Observations

The following observations are not forecasts. They are structural inferences from the current configuration of decisions, incentives, and timelines.

Observation	Implication
The ECB has moved from roadmap to execution. Pontes participants are named; standards are weeks away.	The period for observing and waiting has closed. The period for positioning has opened.
Public blockchain evaluation (Ethereum/Solana) is confirmed, though the decision is not final.	PSPs building on public chain infrastructure may be building toward the ECB's preferred layer, not away from it.
The digital euro pilot (H2 2027) will include a defined, limited set of merchant and PSP participants.	Inclusion in the pilot is not automatic. It requires prior integration and ECB selection.
Dollar stablecoins now have a \$167bn+ market cap and are expanding into B2B cross-border payments.	The window for a euro-denominated alternative to establish network effects is narrowing, not widening.
Merchant acceptance remains the critical unresolved precondition for digital euro resilience claims.	PSPs that solve the merchant integration problem early capture the acceptance network that makes the system real.

Table 2. Strategic observations derived from ECB operational moves as of June 2026.

7.

The Real Argument

Europe spent three years debating the digital euro while dollar stablecoins built the liquidity network, the developer ecosystem, and the cross-border payment footprint that a CBDC is now trying to compete with. The ECB knows

this. That is why Pontes is not a pilot – it is a live system that will be there to stay.

The question is no longer whether the ECB will build the infrastructure. It is whether the PSPs and merchants of the eurozone will use the window between now and 2027 to position themselves inside the architecture – or whether they will arrive after the network effects have accrued to whoever moved first.

An institution that waited for the MiCA framework to stabilise before building stablecoin infrastructure had a reasonable argument in 2022. It has a less reasonable argument in 2026, when the framework exists and the competitors are already operating under it.

The 2018 Visa outage demonstrated that payment rails fail. The digital euro was designed, in part, as the answer to that failure mode. A PSP that has not integrated the digital euro by the time the next major rail disruption occurs will have to explain, to its merchant clients, why it built no redundancy into a system whose fragility was publicly demonstrated eight years earlier.

Europe's payment infrastructure is being redesigned at the settlement layer, at the retail layer, and potentially at the public blockchain layer simultaneously. The institutions that treat this as a compliance event to be managed will find themselves inside an architecture they did not help design. The institutions that treat it as a strategic opening will have helped design the architecture they compete within.

The ECB is not waiting any longer. The only open question is whether the market will move with it or be moved by it.

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About Savion Systems

Savion Systems analyses how value is created and distributed in modern payment infrastructures, with a focus on the economic and structural implications of emerging systems including instant payments, open banking, and the digital euro. The project publishes independent research aimed at practitioners, operators, and institutions working on payment infrastructure decisions.

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