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Central Bank of Ireland
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Dublin 1

By email: Tokenisation@centralbank.ie

Friday 19 June 2026

Dear Sir/Madam

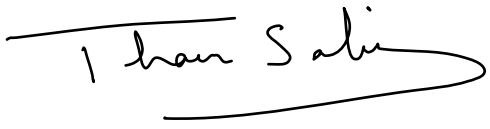
Re: EMA submission regarding the CBI Discussion Paper 12 on "DLT & Tokenisation in Financial Services"

The EMA represents payments, crypto-asset and FinTech firms engaging in the provision of innovative payment services, including the issuance of e-money, stable coins including e-money tokens, open banking payment services, and crypto-asset-related services. For many years our members have been at the forefront of technology-driven innovation of financial services and markets in Europe. We therefore very much welcome the CBI's discussion paper. We trust it will help initiate a dialogue between regulators and industry, informing policy making and, as needed, reform of regulation and infrastructures. We are happy to help develop and shape an environment that facilitates further technology-driven innovation of financial services that the payment industry has pioneered.

The EMA was established some 20 years ago. It has more than 100 members, providing a wealth of experience in regulatory policy relating to payments, electronic money and more recently crypto-assets including stable coins. A full list of our members is provided in the appendix to this document.

We would be grateful for your consideration of our comments, which are set out below, and would welcome to discuss the issues raised at your convenience.

Yours faithfully,



Dr Thaer Sabri
Chief Executive Officer
Electronic Money Association

Response

We very much welcome the CBI's initiative and fully concur that DLT and tokenization offers enormous potential to make the Irish and European financial ecosystems more efficient and effective, improve risk mitigation at all levels, and offer important benefits for consumers and the broader economy.

The payment services and instruments our members offer are instrumental for developing and implementing that new financial ecosystem.

We therefore happily commit to engage in the dialogue triggered by your discussion paper, and help shape the regulatory environment, the infrastructure, and the technology needed for a much-improved DLT-based financial ecosystem.

We note upfront that two Irish banks (Bank of Ireland and AIB) have now joined Qivalis, the consortium of (by now) 37 European banks, which was set up to develop and launch a euro-denominated stablecoin in 2026. These 37 banks have a combined balance sheet of around €15 trillion, roughly a third of total European banking assets. We are not aware of any comparable initiative in Europe or elsewhere aimed at developing tokenised deposits and the necessary infrastructure to ensure their interoperable use. Looking at Qivalis's list of member banks, it is clear that the European banking industry has voted with its feet. The industry has clearly articulated its preference for MiCAR-compliant EMTs as a key payment instrument and important 'cash-leg' in the evolving DLT-based financial ecosystem underpinning the full range of functionalities of on-chain financial markets.

That said, we believe the EBA's "Report on Tokenized Deposits" of December 2024 provides some useful insights. The report sets out key differences between tokenized deposits and EMTs issued by banks that help explain banks' preference for stablecoins. It highlights in particular that, as opposed to EMTs, account-based tokenized deposits are not transferable on secondary markets and do not serve as settlement assets. The report explains *"… for transfers between clients of different credit institutions involving deposit accounts, a parallel interbank settlement is needed to complete the transaction i.e. it is not the 'deposit' itself that is used for this reconciliation – rather there is a withdrawal of funds from the deposit account and an electronic transfer of these funds occurs."* These are important drawbacks, which go a long way in explaining banks' reluctance to engage in the development of tokenised deposits.

In contrast, stablecoins are ideal for environments requiring open-network interoperability, cross-border reach, and independence from traditional banking relationships and hence do meet the key requirements of a DLT-based financial system. They provide a native, frictionless means of transferring value responding to a broad range of market needs and use cases. In public, permissionless networks, stablecoins are the ideal 'cash-leg' for any on-chain trading, liquidity provision or collateralisation. For any tech platforms they offer the possibility of seamless integration of programmable payments including for creator payouts. All these use cases demonstrate the enormous potential of stablecoins as the ideal means of payment for a DLT-based and tokenized financial ecosystem. They facilitate faster and more versatile global transfers, remittances and microtransactions than tokenised deposits since they allow bypassing the downtime and business-day constraints that are common in traditional institutional banking. They reduce settlement friction and enable real-time, low-cost cross-border payments.

The objective should not be to keep stablecoins at bay as much as possible. In contrast, the example of non-bank PSPs, which, as the discussion paper highlights, have been given central bank access allowing them to settle transactions in central bank money, should be followed as much as possible also for stablecoins.

Integration combined with appropriate regulatory safeguards and ongoing assessment and mitigation of financial stability risk is the better way forward. It helps facilitate welcome innovation towards the desired outcome of a much more efficient and effective DLT-based financial ecosystem in Ireland and Europe that eventually benefits customers, the broader economy and the Irish and pan-European financial markets.

1. **Beyond the enablers outlined in the discussion paper, what additional enablers are required to realise the potential of tokenisation in financial services?**

In addition to the enablers identified in the discussion paper, the CBI may wish to also consider common standards and practical connectivity between different platforms.

The benefits of tokenisation will be limited if assets, payment systems and settlement arrangements operate in separate environments that are difficult to connect. Firms need confidence that transactions can move between platforms without creating additional operational complexity or cost.

Legal certainty will also be important. Market participants need clarity on the treatment of tokenised assets, ownership rights, custody arrangements and settlement processes before tokenisation can be adopted at scale.

Finally, the regulatory framework should remain technology-neutral. The objective should be to support safe and efficient markets rather than favouring any particular technology, platform or form of regulated money.

2. **Which elements of the current Irish or EU framework may constrain scalable tokenisation?**

In our view, the main challenge is not the absence of regulation. The EU has already put in place a substantial body of legislation that is relevant to tokenised financial services, including MiFID, MiCAR, DORA, AML rules etc. The greater challenge is providing firms with sufficient certainty as to how these frameworks apply when assets, money and settlement processes move on-chain.

A recurring issue is the treatment of tokenised assets and the legal rights attached to them. Payments made over DLT are not within scope of the Settlement Finality Directive, so issues relating to ownership, settlement finality, custody arrangements and the legal effect of smart contracts, particularly where transactions involve multiple jurisdictions are not completely certain. These uncertainties may not prevent firms from testing new models, but they can make it more difficult to commit significant investment or move beyond limited pilots.

Another challenge is that tokenised transactions often sit across several regulatory frameworks at the same time. Firms need clarity not only on the rules themselves, but also on how those rules fit together in practice. This is particularly important where payments, securities and crypto-asset activities intersect.

3. **What legal clarifications are needed regarding ownership, settlement finality and smart contract enforceability, particularly cross-border?**

Greater clarity would be helpful on ownership rights, settlement finality and the legal status of smart contracts. Firms need certainty that ownership of tokenised assets is legally recognised, that transactions become final and irrevocable at a clearly defined point, and that smart contract outcomes are enforceable.

4. **What governance arrangements are appropriate for tokenised markets, including permissionless networks?**

Whatever technology is used, there should always be clarity about who is responsible for operating the system and dealing with problems when they arise.

Participants should be able to understand how decisions are made, how changes to the system are approved and what process exists if disputes occur.

Different networks may organise themselves in different ways. The focus should therefore be less on the specific technology being used and more on whether responsibilities are clear, risks are properly managed and users are adequately protected.

5. **Are existing operational resilience standards sufficient for DLT-based infrastructures? Where might gaps arise?**

Yes. Existing operational resilience frameworks, in particular DORA, provide a strong basis for managing the operational risks associated with DLT-based infrastructures.

Many of the underlying risks are not new. Cyber security, outages, third-party dependencies and business continuity remain important regardless of the technology being used.

We do not see the need for a new DLT-specific DORA, for example.

6. **What infrastructure developments are critical for scalable tokenisation of financial instruments?**

The development of reliable settlement infrastructure, common technical standards and effective connectivity between different platforms will be critical to supporting tokenisation at scale. Infrastructure should enable the efficient movement of assets and money while maintaining high standards of resilience, security and operational reliability. Efforts to support interoperability between existing and new market infrastructures will also be important.

As tokenised markets develop, consideration should also be given to ensuring that access arrangements are proportionate and support participation by a broad range of regulated market participants, including non-bank payment service providers.

7. **How should regulation distinguish between tokenisation at instrument, portfolio and infrastructure levels?**

Regulation should focus on the activity being carried out and the risks involved rather than the technology itself.

Tokenisation of individual instruments raises questions around ownership, custody and settlement. Tokenisation at portfolio level introduces additional considerations relating to valuation, liquidity and investor protection. At the infrastructure level, the focus should be on operational resilience, governance, access arrangements and settlement processes.

8. **What high-value use cases could tokenisation deliver for investment funds?**

No comment on the basis that investment funds are not within the EMA's remit.

9. **What new liquidity, valuation or interconnectedness dynamics could emerge as tokenised fund markets scale?**

No comment on the basis that investment funds are not within the EMA's remit.

10. **How can regulators monitor these developments effectively?**

Regulators should maintain regular engagement with industry and monitor how tokenisation is being used in practice. Given the cross-border nature of many tokenisation initiatives, coordination between national authorities and international bodies will also be important.

11. **How can cross-border interoperability be supported without creating regulatory fragmentation?**

Cross-border interoperability will be easier to achieve if regulators take broadly consistent approaches to tokenisation. Firms should not face significantly different rules for the same activity simply because it takes place in another jurisdiction.

Common standards and ongoing cooperation between regulators will help reduce unnecessary complexity and make it easier for firms to operate across borders.

12. **What factors constrain the development or adoption of tokenised deposits in Ireland or internationally?**

The development of tokenised deposits is still at an early stage and there is not yet a clear view as to where they offer advantages over existing payment and settlement arrangements.

Their adoption may also depend on whether they can be used across different platforms and institutions. Solutions that operate only within a particular bank or network are likely to face greater challenges in achieving broad adoption.

More broadly, tokenised markets are likely to support a range of regulated forms of money, including central bank money, tokenised deposits and electronic money tokens. The market should be allowed to determine which solutions are most effective for different use cases.

A further consideration is legal certainty. In many proposed models, the tokenised deposit and the underlying deposit are not the same thing. The deposit remains on the bank's books, while the token represents a claim linked to that deposit. This raises questions around ownership, transfer, insolvency treatment and the legal effect of transactions. Until these questions are addressed consistently across jurisdictions, they may limit the willingness of market participants to rely on tokenised deposits as settlement assets.

13. **Are there particular use cases or market needs that are better met by stablecoins relative to tokenised deposits in a future DLT-based financial system? If so, why?**

Yes. Stablecoins may be better suited to some use cases, particularly where transactions need to move between different institutions, platforms or countries.

Tokenised deposits are typically linked to a particular bank, while stablecoins can be used by a wider range of participants. This may make them more useful for cross-border payments, transfers between different platforms and certain tokenised market transactions.

It is unlikely that a single form of tokenised money will meet every need. Central bank money, tokenised deposits and stablecoins are likely to serve different purposes, and the market should be allowed to determine which solutions work best for particular use cases.

There may also be benefits from having more than one form of regulated tokenised money available. It is generally not desirable for a market to depend entirely on a single payment or settlement mechanism. If one instrument, platform or infrastructure experiences operational difficulties, the availability of credible alternatives can reduce disruption and support continuity of service. From that perspective, regulated electronic money tokens can complement rather than compete with other forms of tokenised money.

14. What implications do current Eurosystem exploratory initiatives (Pontes and Appia) have for market development and risk management?

Pontes and Appia are important because they show that central banks are actively preparing for a more tokenised financial system rather than waiting for the market to develop on its own.

They also recognise that central bank money will continue to play an important role in settlement, particularly for larger financial transactions. That is a positive development and should help support confidence in tokenised markets.

Pontes and Appia are welcome developments and demonstrate that central banks are actively preparing for tokenised forms of settlement. As these initiatives progress, it will also be important to continue discussions around access to payment and settlement infrastructure by regulated non-bank PSPs. The benefits of tokenisation are likely to be greater if a broad range of regulated participants can make use of new infrastructure rather than relying exclusively on indirect access through banking partners.

However, these initiatives should not be interpreted as suggesting that tokenised markets will be built around a single form of money. Different use cases are likely to require different solutions. While central bank money may be preferred in some situations, tokenised deposits and electronic money tokens may be better suited to others.

In our view, the most important outcome is not determining which form of money should dominate, but ensuring that different forms of regulated money can operate alongside one another. This will give market participants flexibility and allow the market to develop based on practical needs rather than predetermined outcomes.

15. What additional risks arise from tokenised finance that may not be fully captured today?

One risk is that tokenisation ends up benefiting the same institutions that already control access to much of the financial system today.

Non-bank payment firms have spent years having to access important payment and settlement systems through banks because direct access was not available to them. That has made it harder to compete and has left many firms dependent on banking partners for services that are fundamental to their business.

There is a danger that tokenisation follows the same path. Pontes is currently limited to T2 participants. If the most important tokenised settlement infrastructure is only available to banks and a small number of existing participants, EMIs issuing EMTs could find themselves largely excluded from tokenised markets despite being regulated institutions issuing regulated forms of money.

The industry should not spend the next twenty years repeating debates about access that should have been resolved in the last twenty. If tokenisation is going to change financial markets, it should create opportunities for a wider range of regulated firms to participate, not just digitise existing arrangements.

16. To what extent are existing regulatory frameworks sufficient, and where might targeted adaptations be warranted?

We do not see a need for an entirely new regulatory framework. The more important question is whether existing rules work as intended when assets, money and settlement take place on new forms of infrastructure.

There are still open questions around settlement, smart contracts and the interaction between different forms of regulated money. These issues will become easier to assess as tokenisation becomes more widely used.

We would also encourage policymakers to think carefully about access. The payments sector has spent years dealing with the consequences of restricted access to important infrastructure. As tokenised markets develop, there is an opportunity to avoid repeating those mistakes and to ensure that regulated non-bank firms are able to participate meaningfully in the future market.

Members as at June 2026

- Airbnb Inc
- Aircash
- Airwallex (UK) Limited
- Amazon
- American Express
- Banked
- BCB Digital Ltd
- Bitstamp
- Blackhawk Network EMEA Limited
- Boku Inc
- Booking Holdings Financial Services International Limited
- BVNK
- Bytedance Payments
- Cardaq Ltd
- CashFlows
- Circle
- Coinbase
- Crypto.com
- Currenxie Technologies Limited
- Decta Limited
- Deel
- eBay Sarl
- ECOMMPAY Limited
- emerchantpay Group Ltd
- EML Payments
- EPG Financial Services Limited
- eToro Money
- Etsy Ireland UC
- Euronet Worldwide Inc
- Finance Incorporated Limited
- Financial House Limited
- FinXP
- First Rate Exchange Services
- Fiserv
- Flywire
- Globepay Limited
- GoCardless Ltd
- Google Payment Ltd
- IDT Financial Services Limited
- iFAST Global Bank Limited
- Imagor SA
- Intersolve
- Kraken
- Loodapay LU S.A.
- Modulr Finance B.V.
- MONAVATE
- MONETLEY LTD
- Moneyhub Financial Technology Ltd
- Moorwand Ltd
- MuchBetter
- myPOS Payments Ltd
- Navro Group Limited
- Newrails, UAB
- Nium Solutions Limited
- Nuvei Financial Services Ltd
- OFX
- OKX
- OpenPayd
- Owl Payments Europe Limited
- Own.Solutions
- Papaya Global / Azimo
- Park Card Services Limited
- pay.cetera B.V.
- Payhawk Financial Services Limited
- Paymentsense Limited
- Payoneer Europe Limited
- PayPal
- Paysafe Group
- Paysend EU DAC
- Peratera UK Ltd
- Plaid B.V.
- Pleo Financial Services A/S
- PPS
- Push Labs Limited
- Remitly
- Revolut
- Ripple
- Satispay Europe S.A.
- Securiclick Limited
- Segpay
- Soldo Financial Services Ireland DAC
- Square
- Stripe
- SumUp Limited
- Syspay Ltd
- TransactPay
- TransferGo Ltd
- TransferMate Global Payments
- TrueLayer Limited
- Uber BV
- Unzer Luxembourg SA
- Vitesse PSP Ltd
- VIVA WALLET.COM LTD
- Weavr Limited
- WEX Europe UK Limited
- Wise
- WorldFirst
- Worldpay