



STATUS OF DIGITAL PAYMENTS: ITALY AND EUROPE UNDER MICAR

Whitepaper

Executive Summary

The transformation of payments in Europe

Digital payments are structurally growing across the EU, driven by fintech innovation, a supportive regulatory framework, and new post-pandemic habits. Even markets historically tied to cash, such as Italy, have reached a turning point: by **Bank of Italy estimates**, digital transactions in 2024 accounted for **the mid-40% range of consumer spend**, while cash fell into the low-40% range.¹ This shift signals increasing trust in cashless solutions and sets the stage for next-generation technologies. In comparison, more mature markets such as Sweden and the Netherlands already see over 80% of transactions conducted digitally, highlighting how Italy has made remarkable progress but still has further significant potential to grow.

Digital overtakes cash in Italy (2024) Europe`s next fintech frontier



Source: Bank of Italy 2024, ECB data

MiCAR's new regulatory era

The Markets in Crypto-Assets (MiCAR) regulation, phased in between 2024 and 2025, introduces uniform rules for crypto-assets and providers (CASPs): reserve requirements for stablecoins, licensing, transparency, and safeguards. The goal is to harmonize supervision, protect consumers, and safeguard financial stability while giving innovators legal clarity.

Stablecoins and the digital euro

Stablecoins—crypto-assets pegged to fiat currencies or other assets—are entering the mainstream as potential payment instruments. Under MiCAR, issuers (ART/EMT) must meet strict requirements (1:1 backing, prudential supervision, usage thresholds), reflecting caution toward private digital money that could compete with the euro. In parallel, the ECB is developing the digital euro (CBDC), which could sit alongside—or compete with—private stablecoins in the coming years.

Italy: from cash to a fintech/crypto hub

Italy is emerging as a regulatory testbed and dynamic market: pro-cashless measures and a growing fintech ecosystem pushed digital payments to **around €480bn in 2024 (by Bank of Italy data, +8.5% YoY).**² The country is among the first to implement MiCAR, designating the Bank of Italy and CONSOB as competent authorities and providing transitional licensing paths for CASPs. This proactive approach—combined with an increasingly digital consumer base—makes Italy a strategic EU base.

Case Study – Wirex in Italy

Wirex, a UK-based fintech, chose Milan as its European hub in 2025, recognizing Italy as a strategic point for digital innovation aligned with MiCAR. Operating in a fully regulated environment, the company offers digital payment services—including cards and multi-currency accounts—turning compliance into a distinctive competitive advantage.

At the same time, Wirex’s experience illustrates some of the **challenges that come with being an early mover under MiCAR**: onboarding frictions as users adapt to new compliance checks, the need to redesign certain products to respect velocity caps on stablecoin payments, and liquidity fragmentation between EUR- and USD-denominated stablecoins. These lessons underscore that regulation is not only a catalyst for trust but also a constraint that firms must actively manage.

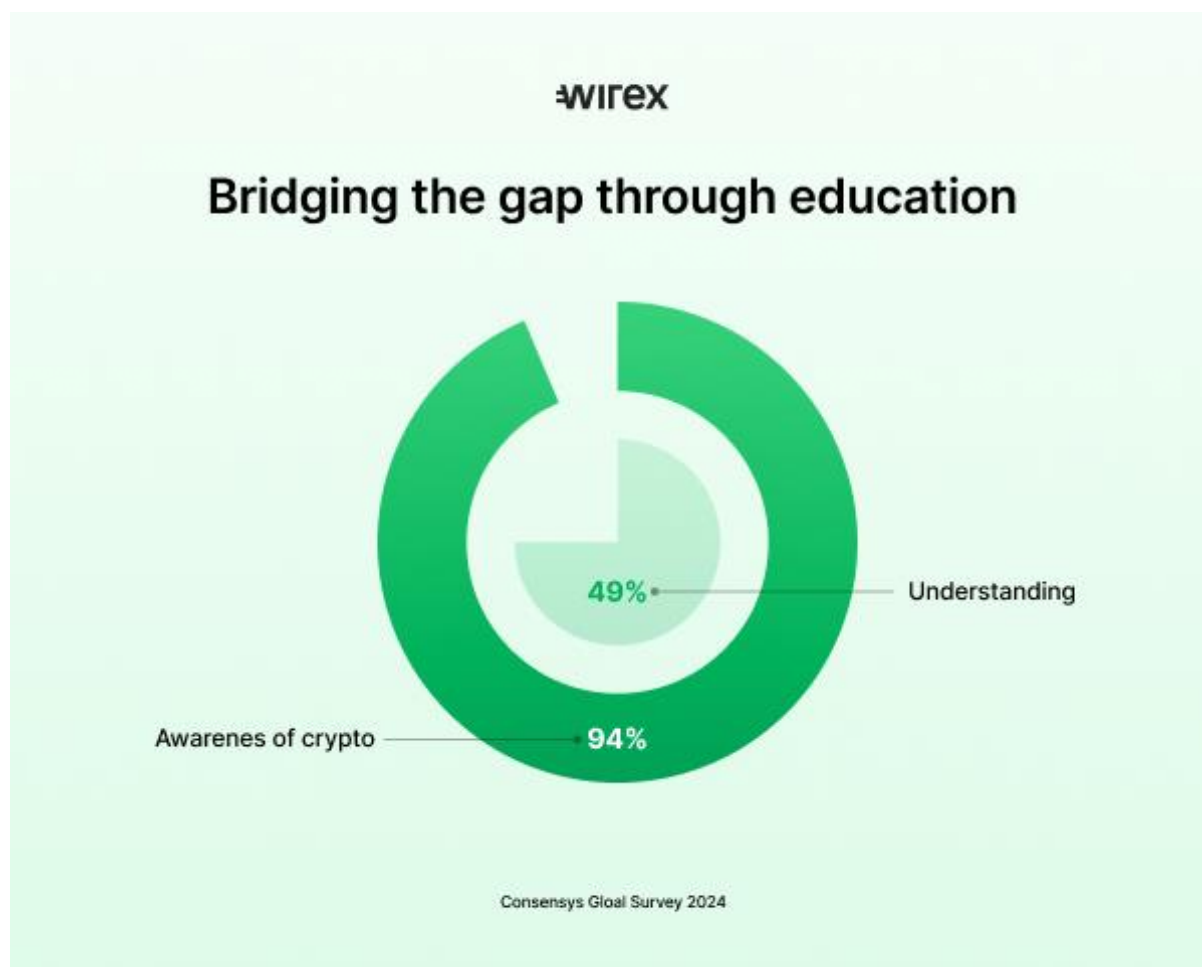
Wirex is not alone in this transition. Other actors are adapting in parallel: Circle obtained an e-money license in France to issue EURC under MiCAR, and Italian banks have piloted tokenized deposits within the Bank of Italy’s innovation sandbox. Together, these examples demonstrate how a diverse ecosystem—fintechs, global issuers, and incumbent banks—is responding to Europe’s new regulatory framework.

Recommendations

To consolidate progress, policymakers should refine regulatory frameworks in step with technological innovation—for example, periodically reviewing stablecoin transaction limits and expanding regulatory sandboxes for new payment solutions. Regulators in Italy and across Europe should coordinate to provide consistent guidelines, ensuring uniform MiCAR implementation and avoiding fragmentation in the Single Market.

At the same time, industry players should treat compliance and consumer financial education as strategic priorities. Closing the knowledge gap is essential: in Italy, 94% of

consumers say they have heard of crypto-assets, but only about 49% feel they understand them.¹



Addressing this gap—alongside concerns about volatility and fraud—requires transparent communication, accessible educational initiatives, and collaboration with institutions and academia.

Finally, a structured public-private dialogue will be crucial to strengthen trust and innovation. Exploring the role of the digital euro alongside private solutions can lay the groundwork for an inclusive, resilient, and innovative digital payments ecosystem in the MiCAR era.

Introduction

Europe's digital payments landscape is undergoing a structural transformation. Over the past decade, technological innovation, the arrival of new players, and targeted public policies have gradually reduced reliance on cash. Consumers and businesses increasingly use

cashless solutions—from instant mobile payments to contactless cards—an evolution accelerated by COVID-19’s impact on spending habits.

In parallel, regulators have played an active role: the **EU’s** Retail Payments Strategy and rules such as PSD2, which introduced open banking, have fostered competition and innovation while ensuring high standards of security and consumer protection.

In this context, crypto-assets have emerged as a new frontier of digital finance. With MiCAR (Markets in Crypto-Assets Regulation) taking effect, the **European Union (EU-27)** now has a comprehensive framework governing the issuance and provision of crypto-asset services across all Member States. MiCAR is part of a broader strategy to strengthen Europe’s strategic autonomy in payments and fintech, reducing regulatory fragmentation and introducing common Union-wide standards.

It also complements ongoing initiatives such as the digital euro (ECB-led, applicable to the euro area) and the European Payments Initiative, reflecting a dual approach: promoting autonomous European payment solutions while ensuring robust regulation of new digital-asset technologies.

This whitepaper examines the state of digital payments in Italy and the EU through the lens of MiCAR implementation. We analyze progress in cashless adoption, MiCAR’s implications for stablecoins and crypto-based payment innovation, and present a concrete case of a fintech (Wirex) leveraging Italy’s regulatory context. Finally, we provide policy recommendations for regulators and industry players to sustain growth, trust, and innovation in digital payments as Europe enters the MiCAR era.

The goal is an institutional yet media-friendly analysis to inform regulators, financial industry leaders, and the public—both internationally and in Italy—about the opportunities and challenges at this pivotal intersection of payments and policy.

Europe’s Digital Payments Landscape in 2025

Across the **European Union (EU-27)**, digital payments are now the norm for everyday transactions, though usage varies by country. Northern and Western Europe have led the shift to cashless (in some nations like Sweden and the Netherlands, cash use is minimal), while Southern and Eastern Europe have recently shown strong growth from lower starting points.

The EU policy framework has actively encouraged this transition. Directives such as the revision of PSD2 opened banking data to fintechs, spawning a new wave of mobile banking apps, digital wallets, and instant payment services available throughout the Single Market.

In parallel, the ECB and the European Commission have promoted initiatives to build a “pan-European” payments system independent of foreign schemes such as Visa, Mastercard, and Amex. This is designed to guarantee Europe’s strategic autonomy in the payments sector, which today remains heavily dependent on U.S. card schemes.

By 2025, virtually all EU residents have access to contactless payments and instant credit transfers. E-commerce and mobile commerce continue to push digital payment volumes higher. The value of electronic transactions at EU level is projected to hit **the high-hundreds of billions of euros (by ECB and market estimates, 2025)**, as both consumers and merchants rely on electronic methods for convenience and security.¹

Meanwhile, the real-time payments push is bearing fruit: a growing share of bank transfers are executed in seconds thanks to services such as SEPA Instant, moving the EU closer to a 24/7 real-time payment infrastructure.

While traditional digital payments flourish, the EU is also laying foundations for the next leap: central bank digital money and regulated crypto-assets. The ECB’s work on a digital euro continues, with authorities emphasizing how a retail CBDC could preserve monetary sovereignty and complement private payment solutions.

In parallel, the EU moved early on crypto. MiCAR, approved in 2023, is the world’s first comprehensive regulatory regime for crypto-assets. By establishing common rules for issuance and crypto services, MiCAR aims to eliminate regulatory arbitrage within the EU and mitigate risks (such as money laundering, consumer harm, or financial instability) before they escalate.

This contrasts with the United States, which tends to regulate crypto via enforcement rather than clear statutes, and parts of Asia, where approaches are highly heterogeneous. The EU’s approach, by contrast, is proactive and harmonized across Member States.

Europe’s bet is that clarity and uniform supervision will, over time, yield a safer and more innovative digital-finance environment across Member States.

Importantly, MiCAR also signals that crypto-based payments—such as stablecoins or tokenized money—are now part of the mainstream conversation about the future of payments in Europe. European regulators intend to bring these new forms within the regulatory perimeter rather than leave them in a grey area.

The stage is set for European banks, fintechs, and even big techs to incorporate (under supervision) crypto-assets into payment offerings—from cross-border transfers in stablecoins to tokenized bank deposits—in the years ahead. Thus, the EU’s 2025 digital

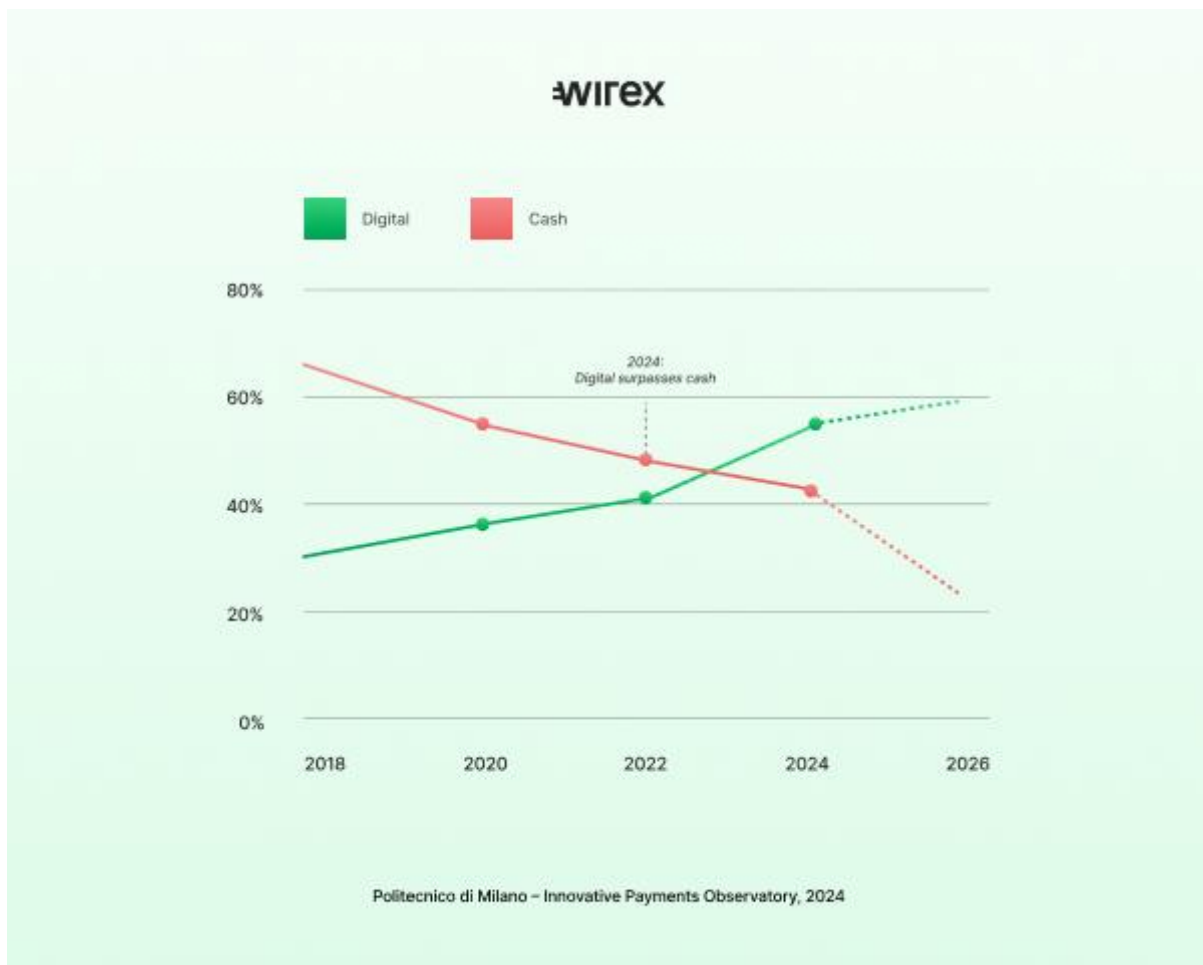
payments landscape features both consolidation—mature digital payment systems firmly established—and ferment, with new regulated digital-asset models on the horizon.

Italy's Path in Digital Payments: From Cash Culture to the Fintech Frontier

Italy exemplifies rapid evolution in payments. Historically marked by heavy cash use and low electronic transaction rates, the country has in recent years accelerated toward digital, thanks to public policies, technological innovation, and changing consumer habits.

Government initiatives—from mandatory acceptance of electronic payments to incentives for card use and fines for merchants refusing cashless transactions—have significantly spread digital solutions. The COVID-19 pandemic further accelerated this process, cementing contactless and online payments for safety and convenience.

In 2024 a historic milestone was reached: for the first time, the total value of digital payments surpassed that of cash payments. According to **the Politecnico di Milano's Innovative Payments Observatory**, Italian consumers made **just over 40% of their spending via digital instruments (estimated ~43%)**, compared with the low-40% range for cash (estimated ~41%).¹ Digital transaction value reached **about €481bn in 2024 (up 8.5% year-on-year)**.²



Adoption has been driven above all by contactless cards—now nearly 90% of in-store transactions—and by mobile wallets and innovative fintech solutions, which together exceeded €50bn in volumes. Small businesses, traditionally more reluctant for cultural or cost reasons, are progressively integrating digital payments, recognizing benefits in traceability, lower cash-handling costs, and improved customer relationships.

In parallel, Italy has developed an increasingly dynamic, attractive fintech ecosystem. By 2023, over 600 fintech and insurtech startups were active, with total fundraising around €174m despite the global venture downturn. Italians’ interest in crypto-assets is also rising: **about 2.7 million Italians (roughly 7% of the online adult population) held digital assets in 2024, more than doubling (+118%) in five years (by Consensys survey data).**³

Regulatorily, Italy stands out for a proactive approach. Even before MiCAR took effect, it required registration for virtual asset service providers (VASPs). With Legislative Decree 129/2024, the country transposed MiCAR at national level, designating the Bank of Italy and CONSOB as competent authorities for issuer and service-provider supervision. A transitional regime allows already-registered operators to continue operating while obtaining MiCAR authorization by mid-2025.

A pragmatic approach has also been adopted on taxation and consumer protection. After initial debate over raising capital-gains taxes on crypto, the rate was kept at 26% for 2025, with a gradual increase to 33% from 2026, thus avoiding choking sector development. On protection, CONSOB launched awareness initiatives on risks linked to unauthorized platforms and began collaborations with universities and associations to bolster financial literacy.

In sum, Italy's trajectory shows a shift from a cash-heavy economy to a fast-growing hub for digital payments and crypto-assets. If Italy continues at this pace, its cash share could fall to levels similar to Germany within a few years, further narrowing the gap with Northern Europe. Consumers, businesses, and institutions are moving in a coordinated fashion: the former show greater openness to digital finance, the latter innovate in fintech, and regulators create an environment combining innovation and compliance—positioning Italy as a European reference laboratory.

MiCAR: Europe's New Era of Crypto-Asset Regulation

MiCAR (Regulation (EU) 2023/1114 on markets in crypto-assets) is a milestone in EU financial regulation. Enacted in 2023 and phased in between 2024 and 2025, MiCAR is the first attempt by a major jurisdiction to comprehensively regulate crypto-assets, spanning from cryptocurrencies like Bitcoin (when offered to the public) to fiat-pegged stablecoins, to exchange and custody activities. Its main goals are to establish uniform rules across the EU/EEA, protect consumers and investors, and safeguard financial stability without stifling innovation.

Scope and key provisions

MiCAR applies to both crypto-asset issuers and crypto-asset service providers (CASPs). Issuers—entities offering crypto-assets to the public or seeking admission to trading—must publish a dedicated white paper (akin to a prospectus) with all information on the initiative, technology, and risks. Issuers of certain token types, particularly stablecoins, must obtain prior authorization from the supervisory authority. CASPs—including trading platforms, exchanges, custodial wallets, brokers, and crypto advisors—must obtain a license from a national competent authority (e.g., CONSOB in Italy or BaFin in Germany) and meet prudential and conduct requirements. These cover minimum capital, cybersecurity, governance, segregation of client assets, and fair-dealing obligations. Crucially, a CASP

license granted in one EU country is “passportable,” allowing the company to operate across Member States—a major step for market integration.

MiCAR introduces specific crypto-asset categories:

- **Asset-Referenced Tokens (ARTs):** In effect, stablecoins whose value references other assets or combinations thereof (e.g., official currencies or commodities). ARTs face strict oversight, including reserve requirements and, in many cases, authorization as an e-money issuer or credit institution.
- **Electronic Money Tokens (EMTs):** Stablecoins pegged to a single fiat currency (tokenized e-money, e.g., a 1:1 euro-pegged token). EMT issuers generally must be authorized as e-money institutions or banks and ensure full 1:1 reserve backing in liquid assets.
- **Other crypto-assets:** A catch-all category including cryptocurrencies and utility tokens not classified as stablecoins. These bear lighter requirements (no prior authorization, but a white paper and notification), as they are seen as lower systemic risk; CASPs dealing in them must still be licensed.

Significant tokens and usage caps

An innovation in MiCAR is the concept of “significant” tokens. If a stablecoin (ART or EMT) becomes widely used—e.g., exceeding **10 million users or €5bn market value**—it may be designated “significant” by the European Banking Authority (EBA). Significant stablecoins face even tighter supervision and additional requirements (e.g., higher own-funds, more frequent reporting) under direct EBA oversight, reflecting potential systemic importance.

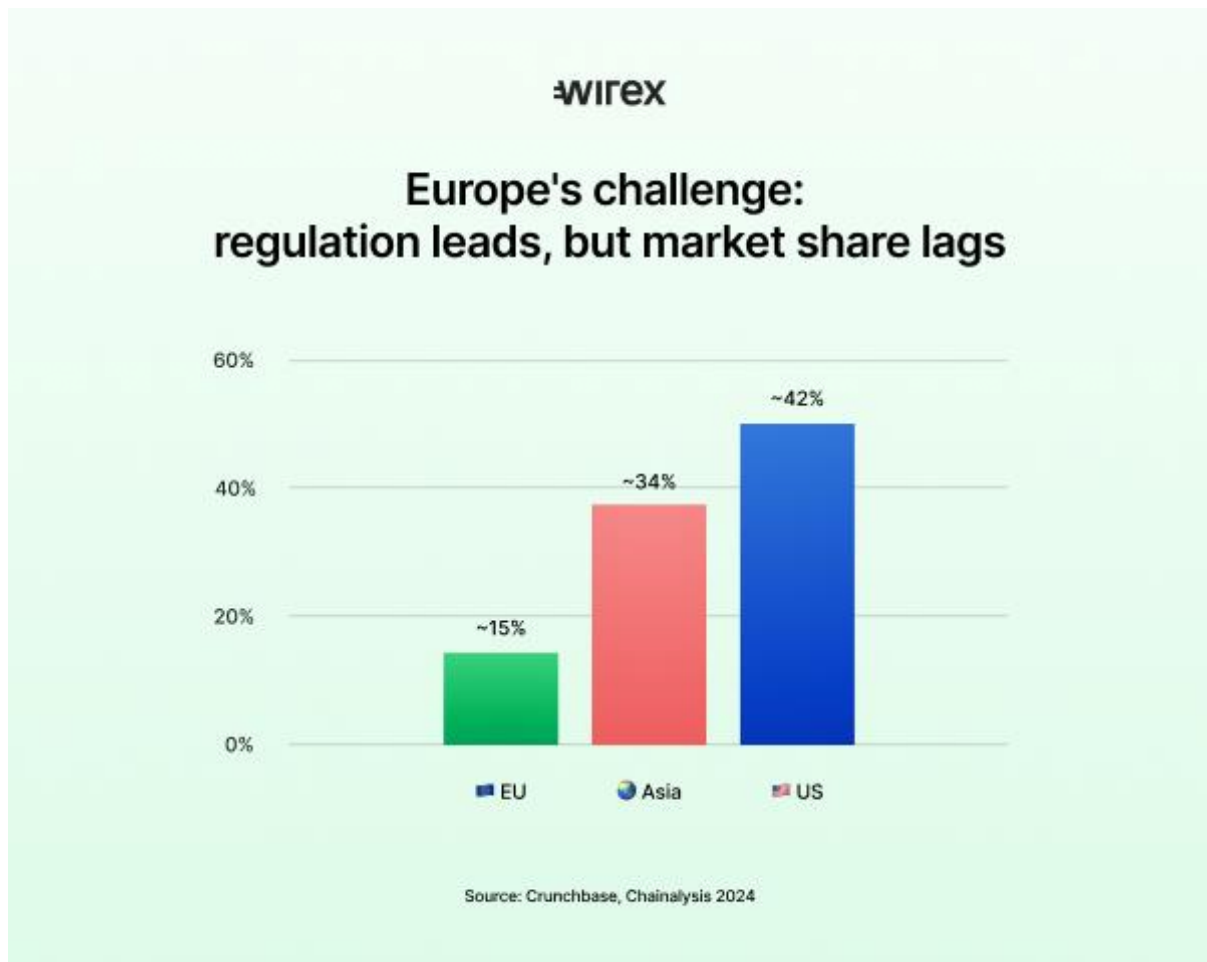
MiCAR also empowers regulators to cap stablecoin use in day-to-day payments if a token’s volume threatens monetary stability. Under **Articles 22–23**, supervisors may restrict non-euro denominated ARTs if their transaction volumes in the euro area exceed **1 million transactions per day or €200m in daily value**. In practice, this has been widely interpreted as aimed at preventing large dollar stablecoins (e.g., USDT) from displacing the euro in payments.²

This underscores the tension between fostering innovation and protecting monetary sovereignty. In practice, the cap could significantly limit the role of non-EU stablecoins in payments, especially compared with the U.S. or Asia where no such restrictions exist.

Competitiveness and market presence

Currently, the EU lags behind the U.S. and Asia in crypto market presence. Depending on methodology, **the EU accounts for only the mid-teens share of the world’s top crypto**

firms, compared with over 40% in the U.S. and roughly 30–35% in Asia (by industry estimates).³ This gap makes MiCAR both an opportunity and a challenge: Europe can grow local responsible actors through clarity, but risks losing competitiveness if rules are seen as overly restrictive.



Timeline

Implementation was staggered to allow industry adjustment. Rules for stablecoins (ARTs and EMTs) took effect first, in June 2024, reflecting policymakers' urgency to rein in unregulated stablecoin activity. The broader CASP licensing regime and other provisions apply from December 2024, with a transition period into 2025 for existing providers to obtain authorization. By mid-2025, any crypto firm operating in the EU must be authorized under MiCAR or cease operations—a dramatic shift from the previous patchwork of national registrations.

Global significance and impact

MiCAR sets a worldwide precedent. By laying down clear definitions and requirements (a crypto-asset taxonomy, transparency obligations, prudential safeguards, etc.), the EU has outpaced many jurisdictions in establishing common standards, plugging regulatory gaps before they widen.

This clarity is attracting major crypto firms to Europe—e.g., various exchanges and stablecoin issuers from the U.S. have announced plans to obtain EU licenses under MiCAR. Gemini chose Malta as its EU hub to leverage passporting, and Coinbase has praised the EU's moves. Not all players are embracing MiCAR: Tether (USDT's issuer), the largest stablecoin by market cap, publicly criticized the restrictions and hinted it might forgo the EU market rather than comply. European regulators seem to accept this trade-off, prioritizing financial stability; some have suggested that if MiCAR's strict rules push out riskier actors, that validates the framework.

For Europe's financial sector, MiCAR opens the door for traditional institutions to enter crypto under clear rules. European banks and fintechs now have a framework to launch crypto services or even issue their own tokens (e.g., some banks are considering internal stablecoins or tokenized deposits). Over time, MiCAR could facilitate the integration of crypto-assets into Europe's mainstream financial system and payment rails, much as past regulatory harmonization integrated card payments and online banking across the EU.

Conclusion of the section

In short, MiCAR ushers in a new era where crypto-assets are regulated in Europe on par with other financial products in the single market. Full effects will unfold over the coming years, but the immediate shift is a new paradigm: firms now have a clear path to develop compliant crypto innovation in Europe, and consumers get protections and transparency akin to traditional finance when interacting with digital assets.

The next section delves into one of the most relevant aspects—stablecoin regulation—and what it means for the future of digital payments in Europe.

Stablecoins: A New Chapter in Digital Payments

Stablecoins are central to the debate on the future of digital money, and MiCAR gives them special attention. A stablecoin is typically a crypto-asset designed to maintain a stable value

relative to an asset, such as a fiat currency (e.g., 1 token = €1 or \$1) or a basket of assets. In recent years, stablecoins have grown globally as a bridge between traditional money and the crypto world—used for trading, cross-border remittances, and sometimes payments—but they have also raised regulators’ alarms. In 2019, Facebook’s Libra (later Diem) project signalled to policymakers worldwide the potential for private money to scale rapidly. The EU’s early work on MiCAR was partly a response, aiming to set guardrails before a “big tech stablecoin” could dominate European transactions.

Requirements under MiCAR

Under MiCAR, stablecoins are formalized as ARTs and EMTs as described above. The regulation imposes strict requirements on their issuers, reflecting the importance these solutions would have if widely adopted:

- **Authorized issuers:** An ART/EMT issuer must be established in the EU and obtain authorization from a national authority (unless already an authorized credit institution or e-money institution). This prevents a scenario in which a systemic stablecoin is issued outside EU jurisdiction without accountability.
- **White paper and transparency:** Issuers must publish a detailed asset white paper and, for stablecoins specifically, provide clear information on the stabilization mechanism, reserves, governance, and holder rights. Misleading information or omissions can trigger liability and sanctions.
- **Reserves and custody:** Stablecoins must be fully collateralized by reserve assets to maintain the peg. For an EMT (e.g., a euro stablecoin) this means a 100% reserve, mostly in safe, liquid assets denominated in that currency. MiCAR requires at least 30% of EMT reserves to be deposited with credit institutions (banks), with the remainder in highly liquid instruments. Reserves must be segregated from the issuer’s own funds and protected even in the event of issuer insolvency—a key safeguard for token holders.
- **Prudential safeguards:** Significant stablecoin issuers must meet prudential requirements similar to financial institutions. They must hold own funds (an extra buffer against reserve valuation drops) and implement robust risk management and audits, aligning with stringent financial standards.
- **Redemption right:** EMT holders have the right to redeem their stablecoins in fiat (e.g., 1 token = €1) at par, at least at all times or at defined frequency. This helps prevent deviations from the peg without a path to conversion.
- **Ongoing supervision:** National authorities supervise smaller issuers, while the EBA directly oversees significant ones. Issuers have reporting obligations, including notifying authorities upon reaching growth thresholds, and must publish periodic reserve attestations.

Market impact

The net effect is that any widely used stablecoin in Europe will operate much like a regulated e-money issuer or bank. For example, Circle’s USDC issuer obtained an e-money license in France and, by extension, MiCAR compliance to offer a euro stablecoin (EURC) in Europe—showing willingness to meet EU standards. In contrast, Tether’s USDT—dominant globally but subject to questions on reserve composition—has opted not to seek EU authorization, publicly criticizing MiCAR as overly restrictive. This has led to speculation that exchanges may eventually delist non-compliant stablecoins like USDT in the EU, potentially ceding market share to regulated euro-denominated tokens and other compliant stablecoins.

From a policy perspective, European authorities view stablecoins as both opportunity and threat in payments. On the one hand, well-regulated stablecoins could make cross-border payments faster and cheaper and foster financial inclusion by enabling digital transactions for the unbanked. They can also serve as a testbed for innovative payment functions (like programmable money via smart contracts) ahead of a future digital euro. On the other hand, widespread use of stablecoins pegged to foreign currencies (e.g., a dollar-linked token) in Europe could undermine euro monetary sovereignty or replicate “dollarization” in digital form. MiCAR’s strict volume caps clearly aim to prevent any non-euro stablecoin from becoming a de facto alternative currency for daily transactions in the euro area. As a 2025 European Parliament study noted, without public-sector support, stablecoin adoption in Europe is unlikely to reach mass scale—and a central-bank-backed digital euro has better odds of success if properly designed.

Digital euro and long-term outlook

The introduction of a digital euro, likely in the latter half of this decade if approved, will be decisive for the stablecoin landscape. If the ECB issues a retail digital euro, it will provide state-backed digital money that could outcompete private stablecoins or coexist with them (much like cash coexists with private bank deposits). MiCAR, in a sense, prepares for this by ensuring any private stablecoins are sound and non-problematic so that—should the digital euro arrive—the ecosystem is orderly. Some observers even suggest that, by pushing out unregulated stablecoins and encouraging banks to issue tokenized forms of money, Europe is carving out space for a digital euro to slot in smoothly and safely.

In short, under MiCAR, stablecoins are likely to move from a “Wild West” era to one of greater institutional acceptance—albeit with fewer players able to meet high regulatory bars. European consumers and businesses may soon have stablecoins as reliable as their bank accounts—useful for e-commerce, remittances, and even tax payments—while

regulators keep systemic risks in check. The trade-off is a potential slowdown in innovation and reduced availability of some popular global stablecoins in Europe. How the balance is struck will be a key storyline in the evolution of digital payments.

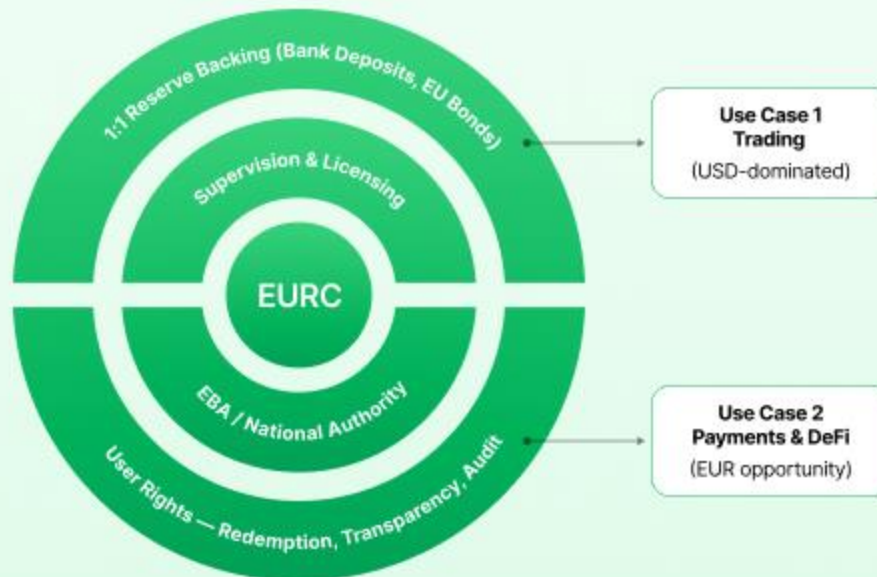
Use cases

Stablecoins today serve two very different use cases:

- **Trading pair and reserve asset:** Crypto is traded against USD stablecoins the way commodities are priced in dollars (gold, oil, etc.). This function is globally entrenched and unlikely to change soon.
- **Payments and financial markets:** The EU's main focus should be here—growing EUR stablecoins for:
 - a) retail payments (P2P and merchants)
 - b) international payments and settlements
 - c) sourcing sustainable yield on EUR stablecoins
 - d) building effective EUR lending and borrowing markets (both DeFi and CeFi).

Examples already exist: protocols like Morpho and Aave have offered collateralised borrowing and **5–8% yields on EURC lending pools (by Q3 2025 estimates)**.¹ These examples show that vibrant euro-denominated markets are possible if supported.

How a MiCAR-Compliant Stablecoin Works



Case Study: Wirex – Compliance as a Competitive Strategy in Italy

The Wirex section is not just a successful corporate strategy story; it's a concrete demonstration of what MiCAR aims to achieve in the European market. Wirex is not an exception but rather one example of the type of player Europe seeks to attract and entrench: a fintech operator capable of combining technological innovation with full compliance.

This approach reflects MiCAR's primary objective: to turn regulation into a driver of development, fostering the birth and growth of firms that use compliance as a competitive lever. In this sense, the Wirex case illustrates how regulatory clarity can incentivize trustworthy operators to invest, innovate, and create value in Europe's digital payments ecosystem—while also showing the frictions that accompany early adoption.



Why Italy?

Wirex is a UK-founded fintech platform offering crypto-linked payment services. It provides users with a mobile app and a Visa/Mastercard debit card that allows seamless spending of cryptocurrencies or traditional currencies, making digital assets usable in everyday transactions.

In 2025 the company made a strategic decision: to establish Italy as its main hub for European operations, choosing Milan as the “nerve center” for activities across the European Economic Area (EEA). This was significant: while many crypto firms were cautious about new regulations, Wirex chose to “fully embrace” the regulatory framework, explicitly aligning its growth with the emerging European context.

Management highlighted Italy’s pragmatic, fintech-friendly regulatory climate as a key factor. Pavel Matveev, Wirex co-founder, noted that the industry could no longer “improvise indefinitely” amid regulatory uncertainty; success would depend on embracing “regulatory clarity, operational resilience, and user protection.”

Operations in Italy

By establishing in Milan, Wirex invested in building a specialized compliance, legal, and fintech team, treating the hub not as a mere sales office but as a European center for development and compliance. Product offerings in Italy reflect a blend of innovation and adherence to rules:

- **Crypto debit card** integrated with Visa/Mastercard networks, automatically converting crypto into euros at the point of sale.
- **Multi-currency digital wallet**, enabling users to hold and exchange euros and crypto within a single account, with all operations subject to rigorous AML procedures.
- **Compliance by design**, with features such as real-time monitoring, appropriate spending limits, and transparent disclosures. The user experience is designed to be intuitive while promoting mindful, safe use of crypto, in line with MiCAR's protection principles.



Strategy and results

Wirex's strategy is built on integrating cryptocurrencies into familiar, everyday use cases, narrowing the perceived gap between technological innovation and traditional financial tools. This approach has resonated in Italy, where crypto awareness is high but practical adoption is constrained by trust issues.

A 2024 Consensys survey found that 94% of Italians have heard of crypto-assets, but only 49% say they understand them; among non-investors, the main obstacles are fear of volatility (60%), fraud (54%), and difficulty navigating the space (41%). By offering a regulated, user-friendly platform, Wirex aims to bridge this trust gap, positioning itself as a provider that makes crypto as reliable and safe as online banking.

Initial results support the approach:

- Wirex was among the few sector companies recognized by Europe's compliance community, with a nomination at the 2025 ICA Compliance Awards.
- Globally, it reached over 6 million users and processed more than \$20bn in transactions.
- In Italy, the user base is growing, and the company has launched partnerships with universities and fintech associations to promote education on blockchain and compliance.

Institutional participation and ecosystem dialogue

In 2025 Wirex joined AssoCASP, Italy's first association dedicated to crypto-asset service providers (CASPs). With this move, the company consolidates its roots in Italy and strengthens dialogue with institutions, authorities, and sector players, bringing international experience in innovation and compliance.

Wirex also became part of **Future Blend | Hub Finanza Futura**, an initiative involving PwC, DLA Piper, and the Politecnico di Milano among its partners. The Hub is a forum on digital payments, tokenization, and European regulation, where Wirex contributes its know-how to building a competitive ecosystem fully aligned with MiCAR.

A broader lesson

Wirex shows how, in the post-MiCAR era, regulation can become a strategic competitive advantage. By adhering to the rules and engaging regulators, fintech companies gain legitimacy and a first-mover edge. But the case also highlights challenges: adapting

onboarding to new compliance checks, product design limits created by velocity caps, and liquidity fragmentation between EUR- and USD-denominated stablecoins.

Other players illustrate the same dynamics. Circle obtained an e-money license in France to issue EURC, showing how non-EU firms can adapt to MiCAR, while several Italian banks have piloted tokenized deposits within the Bank of Italy's sandbox. Together, these examples demonstrate that MiCAR's clarity both enables growth and forces adaptation.

“By integrating MiCAR standards into our operations, we're not only meeting regulators' expectations—we're also setting a benchmark for responsible innovation. This approach lets us offer cutting-edge crypto services while maintaining the trust and safety users expect from a regulated operator.”

— Alessandro Bruno-Bossio, Regional Managing Director Italy & Chief Customer Strategy & Retention Officer, Wirex

Conclusion of the Wirex Case Study

Wirex's path in Italy demonstrates that MiCAR is not a barrier to innovation, but a catalyst for orderly, sustainable growth. The company has embedded regulatory principles—transparency, user protection, resilience—turning them into a competitive edge and a market trust factor.

Wirex is an important example, but not the only one. Taken together, fintechs, global issuers, and banks adapting to MiCAR show that European regulatory clarity fosters not only safety, but also the development of a reliable, innovative digital payments ecosystem.



By integrating MiCAR standards into our operations, we're not only meeting regulators' expectations—we're setting a benchmark for responsible innovation.

– Alessandro Bruno-Bossio
Regional Managing Director Italy, Wirex

Policy Recommendations

On self-custody wallets

While MiCAR currently focuses on custodial service providers and excludes self-custody, it is worth acknowledging the debate. Highlighting the pros and cons—greater user control and resilience vs. security risks and lack of recourse—can enrich public understanding. Even if formally out of scope, self-custody remains an important piece of the future payments landscape.

To ensure healthy, continued growth of digital payments under MiCAR, we propose the following recommendations for policymakers and industry stakeholders:

Harmonize implementation across the EU

EU institutions (European Commission, ESMA, EBA) and national regulators should work closely to apply MiCAR consistently. This includes developing clear technical standards and guidelines to avoid divergent interpretations across countries. A harmonized approach will prevent gaps or regulatory arbitrage and provide fintechs with a predictable single-market environment. Permanent forums between regulators and industry (at EU level and within Member States like Italy) could help spot implementation issues early and adjust guidance accordingly.

Support sandboxes and pilot projects for innovation

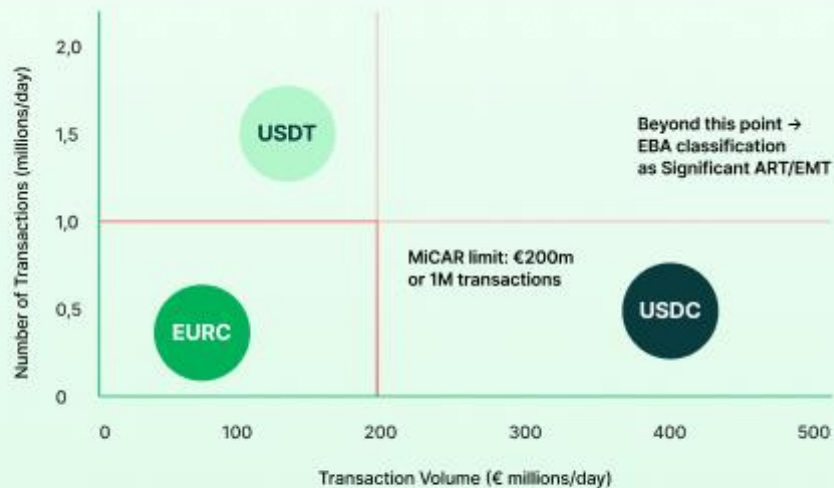
Regulators in Italy and other EU countries could expand regulatory sandboxes for digital payment innovations, including stablecoins, blockchain-based payments, and CBDC-related experiments. Sandboxes let innovators test solutions under supervision, and results can inform better regulation. Italy, for instance, could create a “MiCAR sandbox” where firms trial new crypto payment services with a limited number of real users, sharing data with regulators—encouraging mutual learning.

Monitor stablecoin impact and calibrate rules

Authorities should closely monitor stablecoin adoption in payments. If volumes remain modest and under control, regulators may cautiously adjust limits or requirements to encourage useful innovation (e.g., raising transaction caps for fully compliant euro-stablecoins). Conversely, if new risks emerge (e.g., new algorithmic stablecoins or foreign CBDCs used in the EU), the framework should be agile enough to extend oversight or safeguards.

Under MiCAR Articles 22–23, non-euro ARTs may face restrictions if their daily use in the euro area exceeds **1 million transactions or €200m in value**.³ Regular reviews of these thresholds by the European Commission, with ECB input, can ensure rules remain proportionate to market reality.

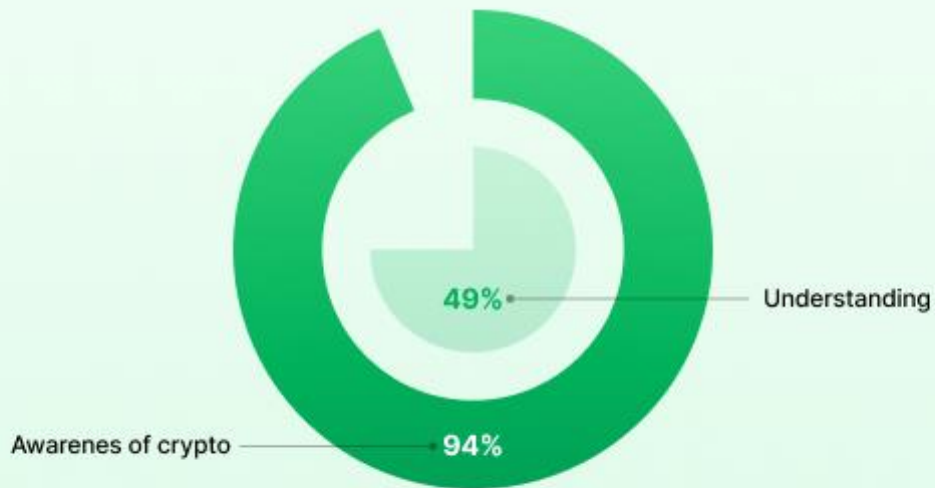
Stablecoin Growth vs Regulatory Thresholds



Promote financial education and trust

Both public authorities and private companies should invest in initiatives to boost understanding of digital payments and crypto-assets. Italy shows high awareness but low comprehension, which can breed distrust. Regulators (e.g., Bank of Italy, CONSOB) could partner with academia and fintech associations to provide neutral, accessible information on how stablecoins, the future digital euro, and other digital payment tools work—including their benefits and risks. In parallel, industry should prioritize transparency (plain-language white papers, clear user terms) to demystify products. Building trust is a shared responsibility.

Bridging the gap through education



Consensus Global Survey 2024

Leverage the digital euro as a catalyst

EU policymakers could design the digital euro to complement private-sector innovation. A successful retail digital euro could provide a foundation of trust and safety in digital money—potentially usable in public services or offline payments—while authorized fintechs build value-added services on top.

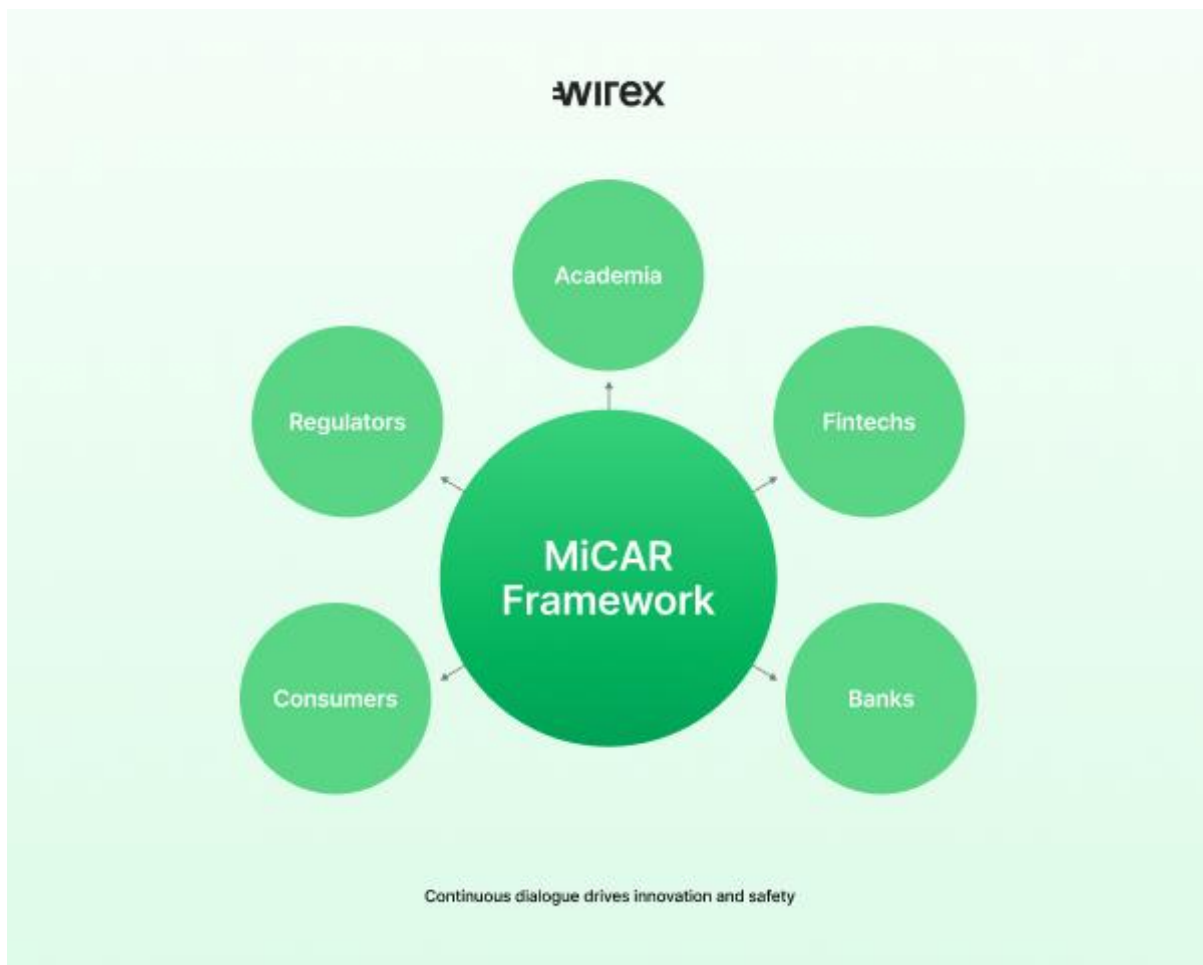
Planning interoperability between the digital euro and approved private euro-stablecoins or existing e-money services will be key. For example, ensuring wallets can hold both digital euros and private EUR stablecoins, or that merchants can accept either seamlessly, would create a unified user experience. Early collaboration between the ECB’s digital euro team and industry groups (including euro-stablecoin issuers) can identify technical standards and use cases to benefit all.



Encourage public-private collaboration

Maintain continuous dialogue among regulators, banks, fintechs, and consumer associations. Payments evolve rapidly—areas like DeFi, crypto in e-commerce, and cross-border remittances are developing models that may sit just outside current rules. By keeping joint working groups or task forces (at EU level and within Member States like Italy) that meet regularly, stakeholders can anticipate change and co-create solutions.

This might include co-regulatory approaches where industry develops best practices later adopted by regulators. For instance, a sector code of conduct for crypto advertising or cybersecurity standards could complement formal rules. Collaboration will keep EU frameworks adaptable and innovation-friendly, avoiding a world where regulation is always “chasing” technology.



Driving the Shift: From USD Stablecoins to EUR Stablecoins

MiCAR provides a harmonized framework for crypto-assets, but regulation alone will not rebalance a market where **industry estimates suggest over 90–95% of global stablecoin circulation is dollar-denominated, while euro-denominated stablecoins account for less than €350m.**¹ If left unaddressed, this imbalance risks entrenching a form of “digital dollarization” across the EU—undermining monetary sovereignty and leaving consumers and businesses dependent on USD-based rails.

To correct this, Europe may need not only regulation but also a combination of **policy incentives and market-led initiatives** to steer adoption of EUR-backed stablecoins (EMTs) across the payment, financial, and developer ecosystem. The following options illustrate levers available at different levels of competence (EU institutions, national regulators, payment schemes, and industry).

1. Payments & Scheme-Level Incentives

At the core of stablecoin usage are merchants and payment schemes. By making EUR-EMTs the most cost-efficient and convenient option, Europe could shift transaction flows:

- **Fee structures:** Acquirers and schemes might consider lower merchant discount rates (MDRs) and settlement fees for EUR-EMTs, while reducing rebates or applying surcharges to USD-EMTs for EU-resident merchants. Such measures would require coordination between regulators and schemes, with competition implications carefully weighed.
- **Native settlement:** Regulators and supervisors could require or encourage EUR-EMT acquirers to provide T+0 SEPA Instant sweeps from on-chain balances. By contrast, USD-EMTs may face slower settlement with FX costs and correspondent banking frictions.
- **Wallet defaults:** EU-licensed wallets might default to EUR-EMTs as the “pay” currency for EU IBAN-linked users, with USD requiring a manual override. Here, user choice and consumer-protection implications would need to be considered.

2. Issuer & Liquidity Actions

Strong issuer credibility and deep liquidity are prerequisites for adoption. Today, the largest USD stablecoins benefit from scale and established trust. To compete, EUR-EMTs must offer equal or better assurances:

- **Anchor issuers:** Authorities could prioritize bank- or e-money-institution-issued EUR-EMTs, with daily reserve attestations and full euro asset backing. The narrative could emphasize safety and sovereignty.
- **Liquidity programs:** Market-led or public-private liquidity seeding could help establish EUR-EMT depth on major exchanges (CEXs and DEXs), ensuring tight spreads against the euro spot rate.
- **DeFi infrastructure:** Policymakers and industry could support the creation of EUR-denominated DeFi primitives—money markets, tokenised EU T-bills, and EUR settlement pairs—so that apps and protocols can operate natively in euros rather than defaulting to USD rails.

3. Merchant & Consumer Demand Creation

Even the most credible stablecoin needs real-world utility. Demand may be cultivated through targeted incentives:

- **Accounting simplicity:** Tooling could enable invoicing, settlement, and VAT reporting in EUR-EMTs to remove FX risk and simplify bookkeeping.
- **Guaranteed payouts:** Merchants could be offered net-of-fee certainty (e.g., gross – flat fee = net, same-day SEPA credit) for EUR-EMTs, versus variable FX spreads and compliance frictions for USD.
- **Loyalty and rebates:** Cashback and rewards schemes could be designed to operate exclusively in EUR-EMTs for EU residents, embedding tokens in everyday consumer behavior.
- **Public sector pilots:** National or municipal authorities could test EUR-EMT acceptance for fees, fines, or local taxes—signaling legitimacy and creating baseline adoption.

4. Developer & Chain-Level Nudges

Developers and blockchain networks are the invisible architects of adoption. Default settings and technical design matter:

- **Gas abstraction:** EU-focused L2s could subsidize gas payments in EUR-EMTs. SDKs could make EUR the default top-up token.
- **DEX routing:** EU-facing routers could prioritize EUR-EMT pairs for euro-priced goods, with USD pairs only as a fallback.
- **Treasury tooling:** Industry providers could create turnkey EUR-EMT treasury solutions for startups (payroll, yield in tokenised EU bills, sweep rules) so that companies set EUR as their unit of account from inception.

5. Communications & Transparency

Finally, trust requires visibility and accountability. Without data, adoption remains invisible:

- **Dashboards:** EU institutions, industry associations, or private analytics firms could publish monthly “Currency of Crypto Payments in the EU” reports, segmented by country and sector.
- **Name-and-fame campaigns:** Highlight PSPs, merchants, and developers leading in EUR adoption, creating positive competition across the ecosystem.

Conclusion of the section

In sum, Europe’s stablecoin strategy cannot rely on regulation alone. MiCAR ensures safety and clarity, but adoption will only follow if the full payments stack—issuers, merchants, consumers, developers, and regulators—aligns around **incentives and choices**. Policy

options include steering mechanisms (fees, settlement design, defaults) and market-led alternatives (liquidity programs, dashboards, interoperability with the digital euro).

If implemented in a balanced way, these measures could help rebalance a dollar-heavy digital landscape and ensure the euro remains not just a legacy currency, but a leading unit of account in the age of programmable money.

Conclusion

Europe stands at a turning point in the evolution of digital money. In just a few years, the region has moved from fragmented national rules and heavy reliance on cash to a harmonized framework for digital payments and crypto-assets under MiCAR. Italy's transition from a cash-heavy economy to a fintech testbed illustrates the speed of change when consumers, businesses, and regulators move in concert.

MiCAR's comprehensive framework provides the legal certainty innovators need, the safeguards consumers demand, and the tools regulators require to manage risks. Its early implementation—covering stablecoins first, and then the broader crypto-asset services industry—marks the EU as the first major jurisdiction to regulate crypto-assets at scale. By comparison, the United States continues to regulate largely by enforcement, and Asia offers a patchwork of national approaches. Europe's rules-based, harmonized model positions it as a global standard-setter.

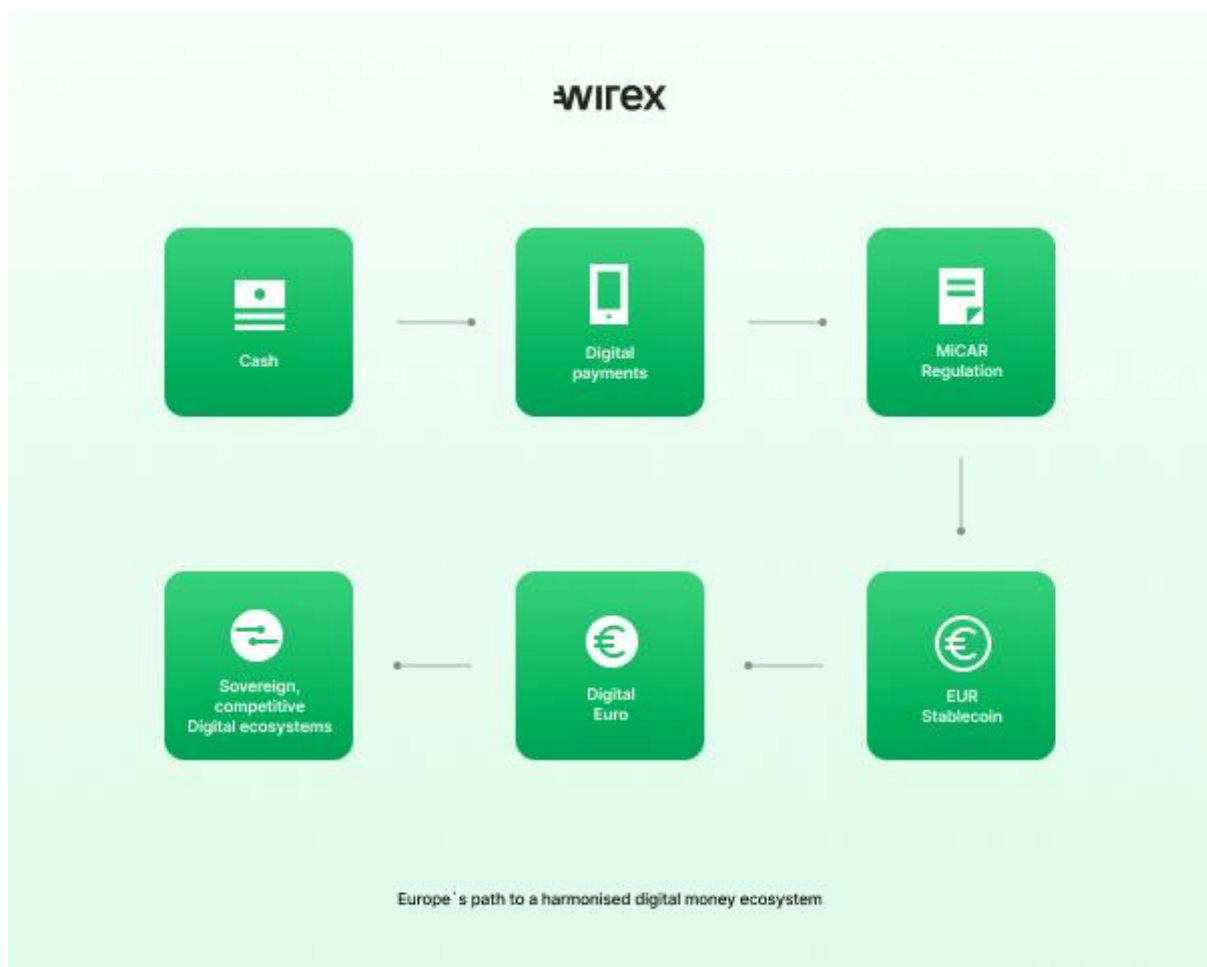
Yet clarity is only the foundation. The reality today is that the digital asset economy is dominated by the dollar: **by industry estimates, 90–95% of stablecoins in circulation are USD-pegged**, while euro-denominated tokens represent only a small fraction (less than €350m). Without action, the EU risks importing “digital dollarization,” ceding sovereignty and competitiveness to other regions.

That is why building a robust EUR stablecoin ecosystem is increasingly seen as essential. The measures outlined—payments incentives, credible issuers, merchant and consumer demand, developer nudges, and transparency—are not just technical levers but policy options with trade-offs. The question for Europe is not whether to act, but how: through regulatory steering, market-led adoption, or some blend of the two.

At the same time, the forthcoming digital euro offers Europe an opportunity to complement private-sector innovation with public trust. If designed for interoperability—with wallets, merchants, and EUR stablecoins—it can catalyze an integrated digital money ecosystem where sovereignty and innovation reinforce each other.

The Wirex case study illustrates one pathway forward. By making compliance a competitive strategy, fintechs can bridge the trust gap, embed consumer protections, and still innovate rapidly. This model—innovation within guardrails—should be a hallmark of Europe’s digital era.

In conclusion: MiCAR has given Europe a first-mover advantage in regulating digital finance. The next challenge is turning regulation into adoption. By fostering euro-denominated stablecoins, embracing the digital euro, supporting trusted fintechs, and investing in education, the EU can ensure its financial system is not only safe and fair, but also globally competitive. The prize is a digital payments ecosystem where the euro remains a leading unit of account in the age of programmable money—anchoring European sovereignty and innovation in the decades to come.



Appendix

An essential glossary to decode the language and regulations rewriting the rules of the game.

MiCAR (Markets in Crypto-Assets Regulation): The EU regulation establishing a uniform framework for crypto-asset markets in EU/EEA states. MiCAR introduces licenses for crypto service providers, oversight of stablecoin issuers, and transparency/conduct rules to protect investors.

CASP (Crypto-Asset Service Provider): Under MiCAR, any company providing crypto-asset services such as trading platforms, exchanges, custodial wallets, brokers, advisors, etc. CASPs must be authorized by supervisory authorities and meet prudential and conduct requirements.

Stablecoin: Common term for crypto-assets designed to maintain a stable value relative to an asset (often a currency). Under MiCAR they fall into ARTs and EMTs. Examples: tokens pegged to the euro or the dollar. Stablecoins can be used for payments, remittances, or as a store of value without Bitcoin-style volatility.

ART (Asset-Referenced Token): A MiCAR-defined stablecoin referencing multiple assets or non-EU currencies. For example, a token backed by a basket of different currencies or commodities is an ART.

EMT (Electronic Money Token): A MiCAR stablecoin tied to a single fiat currency (e.g., one token equals one euro). EMTs are regulated similarly to e-money; issuers generally need a bank or e-money institution license.

CONSOB: Italy's financial markets authority. Under Italy's MiCAR implementation, CONSOB oversees crypto-asset offerings and non-bank crypto services (e.g., exchange activity, transparency, market-abuse bans).

Bank of Italy: Italy's central bank and banking supervisor. Under MiCAR, it handles prudential supervision of stablecoin issuers (EMTs/ARTs) and AML oversight of CASPs operating in Italy.

Digital euro: The potential CBDC for the euro area—a digital form of the euro issued by the ECB. As of 2025 it is under analysis; if introduced, it could be used by the public for payments like cash.

CBDC: Central Bank Digital Currency, a digital form of sovereign money issued and guaranteed by a country's central bank. The digital euro would be the euro area's CBDC.

PSD2/PSD3: EU Payment Services Directive No. 2 and the upcoming No. 3, which promote open banking and set rules for payment services (not directly about crypto, but part of the broader digital-payments regulatory framework). PSD2 (in force since 2018) required banks

to open APIs to fintechs and introduced strong customer authentication, among other things.

VASP (Virtual Asset Service Provider): Term used by the FATF and formerly in some EU rules (including Italy pre-MiCAR) for firms operating with virtual assets (crypto). Under MiCAR the concept is essentially encompassed by CASPs, and existing VASPs are transitioning to CASP licenses.

Notes/References

Executive Summary

1. Bank of Italy – *Relazione Annuale 2024*:
<https://www.bancaditalia.it/pubblicazioni/relazione-annuale/2024/sintesi/index.html?com.dotmarketing.htmlpage.language=1>
2. ECB – Statistical Data Warehouse (Payments data): <https://sdw.ecb.europa.eu/>

Case Study – Wirex in Italy

1. ConsenSys – *Global Survey 2024: Italy insights*: <https://www.consensys.io/insight-report/web3-and-crypto-global-survey>

Introduction

(no footnotes)

Europe's Digital Payments Landscape in 2025

1. ECB – Statistical Data Warehouse: <https://sdw.ecb.europa.eu/>
European Payments Council – *Payments in Europe 2025 projections*:
<https://www.europeanpaymentscouncil.eu/>
2. Chainalysis – *Global Crypto Adoption Index 2024*:
<https://www.chainalysis.com/blog/2024-global-crypto-adoption-index/>

Italy's Path in Digital Payments: From Cash Culture to the Fintech Frontier

1. Politecnico di Milano – *Innovative Payments Observatory 2024*:
<https://eng.osservatori.net/innovative-payments-eng/>
2. Bank of Italy – *Relazione Annuale 2024*:
<https://www.bancaditalia.it/pubblicazioni/relazione-annuale/2024/sintesi/index.html?com.dotmarketing.htmlpage.language=1>
3. ConsenSys – *Global Survey 2024: Italy insights*: <https://www.consensys.io/insight-report/web3-and-crypto-global-survey>

MiCAR: Europe's New Era of Crypto-Asset Regulation

1. Official text – *Regulation (EU) 2023/1114 on Markets in Crypto-Assets (MiCAR)*, Title III (Stablecoins), Articles 22–23, 43–45: <https://eur-lex.europa.eu/eli/reg/2023/1114/oj/eng>
2. Crunchbase – Crypto companies HQ data (2024): <https://www.crunchbase.com/>
Chainalysis – *2024 Geography of Cryptocurrency Report*:
<https://www.chainalysis.com/wp-content/uploads/2024/10/the-2024-geography-of-crypto-report-release.pdf>

Stablecoins: A New Chapter in Digital Payments

1. Aave Protocol – EURC markets dashboard: <https://aavescan.com/base-v3/eurc>
Morpho – Protocol dashboard: <https://app.morpho.org/>

Case Study: Wirex – Compliance as a Competitive Strategy in Italy

(no footnotes)

Policy Recommendations

1. Official text – *Regulation (EU) 2023/1114 on Markets in Crypto-Assets (MiCAR)*, Title III (Stablecoins), Articles 22–23: <https://eur-lex.europa.eu/eli/reg/2023/1114/oj/eng>

Driving the Shift: From USD Stablecoins to EUR Stablecoins

1. Circle – Stablecoin insights: <https://www.circle.com/blog>
Chainalysis – *Stablecoins are the most popular crypto asset* (2024):
<https://www.chainalysis.com/blog/stablecoins-most-popular-asset/>
ECB staff papers on stablecoins (2024):
<https://www.ecb.europa.eu/pub/research/occasional-papers/html/index.en.html>

Conclusion

(no footnotes)

Additional Reading

- European Commission – *MiCA FAQs (2024–25)*:
https://finance.ec.europa.eu/regulation-and-supervision/financial-services-legislation/markets-crypto-assets-mica_en
- ESMA – MiCAR Q&A and supervisory updates: <https://www.esma.europa.eu/esmas-activities/digital-finance-and-innovation/markets-crypto-assets-regulation-mica>

- Hogan Lovells briefing – *Italian Legislative Decree 129/2024 implementing MiCAR*: <https://digital-client-solutions.hoganlovells.com/resources/blockchain/insight/italian-legislative-decree-implementing-micar>
- European Parliament – *Stablecoins and the Digital Euro* (2025): [https://www.europarl.europa.eu/thinktank/en/document/ECTI_IDA\(2025\)764387](https://www.europarl.europa.eu/thinktank/en/document/ECTI_IDA(2025)764387)
- Circle – *EURC MiCA White Paper*: <https://www.circle.com/legal/mica-eurc-whitepaper>
- Circle – EURC overview: <https://www.circle.com/eurc>
- EBA – RTS on ARTs/EMTs as means of exchange: <https://www.eba.europa.eu/sites/default/files/2024-06/4befe99b-36d3-4b92-96b1-13a0f47e039a/Final%20Report%20on%20RTS%20on%20use%20of%20ARTs%20and%20EMTs%20as%20a%20means%20of%20exchange%20under%20MICAR.pdf>
- ICA Compliance Awards Europe 2025 – Winners list: <https://events.int-comp.org/event/icacomplianceawards/winners-2025>
- PR Newswire – Wirex award press release: <https://www.prnewswire.com/news-releases/wirex-named-winner-of-compliance-culture-initiative-of-the-year-at-ica-awards-2025-302495669.html>
- AssoCASP – Italy's CASP association: <https://www.assocasp.it/en>
- IMF – *Crypto-Assets Monitor (Q2 2025)*: <https://www.imfconnect.org/content/dam/imf/News%20and%20Generic%20Content/GMM/Special%20Features/Crypto%20Assets%20Monitor.pdf>
- BCG – *Stablecoins: Five Killer Tests to Gauge Their Potential*: <https://media-publications.bcg.com/Stablecoins-five-killer-tests-to-gauge-their-potential.pdf>
- Chainalysis – *Global Crypto Adoption Index 2025*: <https://www.chainalysis.com/blog/2025-global-crypto-adoption-index/>
- ECB – Digital Euro project hub: https://www.ecb.europa.eu/euro/digital_euro/html/index.en.html
- ECB – Digital Euro timeline & progress: https://www.ecb.europa.eu/euro/digital_euro/progress/html/index.en.html
- Bank of Italy – *Retail Payments White Paper* (2022): <https://www.bancaditalia.it/pubblicazioni/qef/2022-0662/index.html?com.dotmarketing.htmlpage.language=1>