2528-9705

Journal of Organizational Behavior Research

Vol.: 10, Is.: 3, Year: 2025, Pages: 173-187

https://doi.org/10.51847/O456YHvW9D

Available online

https://odad.org/

CBDC as a Point of Contention in Transatlantic Divergence: Gaps in Digital Monetary Policy

Ivor Altaras Penda[1]*

[1]Libertas International University, Zagreb, The Republic of Croatia, EU.

***Corresponding Author**
E-mail: ivoraltaras@gmail.com

ABSTRACT

The paper examines the divergences in approaches to developing a central bank digital currency (CBDC) between the EU and the US, with a focus on political and regulatory aspects. The ECB is systematically developing a digital euro project as an instrument to strengthen the monetary sovereignty and strategic autonomy of the euro area payment system. In contrast, the Fed maintains a cautious, analytical approach, conditioning each step on broad political and legislative consensus. The central axis of this paper is the opposition between the proactive European institutional strategy and the explicitly negative political stance of the current US President, Donald Trump, who in 2025 signed an executive order prohibiting any CBDC-related activity within the US. The analysis reveals that differences in approach are rooted in both regulatory practice and policy conceptions, as well as in varying understandings of the role of money and monetary authorities within the contemporary social context.

Keywords: Central bank digital currency, Digital euro, European central bank, Federal reserve, Digital dollar, Donald Trump.

Introduction

According to a 2024 survey by the Bank for International Settlements (BIS), 94% of the included central banks considered or were actively involved in the process of constructing their own digital currencies (Di Iorio *et al*., 2024). Hence, central bank digital currency (CBDC) has become one of the key monetary topics of the modern era (Auer *et al*., 2021).

The CBDC was offered as a response of the central monetary authorities to the challenges of the comprehensive process of digitalization, which is also expressed through the development of new forms of digital money. This response was not shaped in a monetary vacuum, but was articulated as a reflex of profound transformations within the global financial landscape, which culminated and further intensified during the Great Financial Crisis of 2007-2009, which emerged from the core of the financial system; primarily from the excessive use of complex financial derivatives and systemic weaknesses within deregulated market structures. Financial derivatives present on the balance sheets of large corporate banks have proved to be the riskiest forms of financial assets, primarily due to their volume, complexity, and high level of financial engineering, which directly contributed to the erosion of confidence in the existing financial system and opened space for rethinking the role of money, banks, and central monetary institutions in the digital age (Barrdear & Kumhof, 2022).

The main features of recent changes in digital finance are shown in the high level of innovation and technological sophistication, and the speed with which new phenomena and solutions are implemented in practice, but most of all in the introduction of new structures of monetary power. These transformations go to the core of modern monetary systems, prompting a rethinking of the fundamental postulates of monetary sovereignty and control over the issuance

Recieved: 17.06.2025 –Accepted: 02.10.2025 –Published: 15.10.2025

of money. Against such a backdrop, the established monetary and financial institutions had to devise monetary novelties because of an existential fear for their authority and institutional stability built through centuries of regulatory practice and monopoly over the issuance of money.

However, practice has shown that the responses by incumbent monetary institutions to new challenges are not always aligned or mutually complementary. They can even be contradictory, pointing to deep strategic differences in the understanding of the role of digital assets and the transformation of monetary policies in the 21st century.

Comparative examples, such as the ban on bitcoin mining in China, the fragmented federal approach in the US, and the EU's comprehensive regulation through the MiCA Regulation, point to highly divergent regulatory models for the same type of digital asset (Conlon *et al.*, 2024; Mkrtchyan & Treiblmaier, 2025).

In the field of development of digital currencies issued by central banks, there is a marked tendency of divergence between two key transatlantic actors: the US and the EU. The subject of this paper is this transatlantic divergence in concepts, regulatory approaches, and institutional frameworks of CBDC development, while the aim is to analytically reconstruct the genesis of these differences and systematically explain their argumentative, political-economic, and normative bases.

The basic research question is: *What are the key causes of the pronounced divergence in the approaches of the EU and the US towards the concept of CBDC, and how are these divergences manifested at the normative, institutional, and political levels?*

The initial hypothesis is as follows: *Transatlantic divergence in approaches to the development and implementation of CBDCs is primarily based on structural differences in the political-institutional configurations and regulatory paradigms of the EU and the US, while monetary-technical aspects occupy a secondary role in shaping the dominant strategic orientations*.

The paper is based on a qualitative analysis of the institutional documents of the ECB and the Fed and other references, as well as on a discursive interpretation of the political narratives expressed, especially in the context of the executive order of the President of the United States.

Current Literature On CBDC

The scientific and professional literature on central bank-issued digital currencies has its recognizable prehistory, rooted in the development of a wider range of forms of digital money. CBDC, as a specific subtype of digital financial assets, appears chronologically after a number of previous concepts and instruments such as electronic money, digital money of commercial banks, cryptocurrencies, stablecoins, and tokenized assets (Panetta, 2022; Dionysopoulos *et al.*, 2024).

The first scientific-theoretical approaches to the phenomenon of digital money appeared during the 1980s, primarily within the field of cryptography, computer science, law and economics, especially within monetary theory. Interest in this topic has spread to other scientific fields, including sociology, political science, and interdisciplinary fields that question the implications of digital money in the context of futuristic and utopian visions of the social order (Arnold & Fleming, 2023).

In 1983, the American computer scientist, cryptographer, and inventor David Chaum, in his paper *Blind Signatures for Untraceable Payments*, proposed the concept of anonymous digital money through *blind signature* (Chaum, 1983). Chaum also founded the digital currency DigCash in 1990. In 1998, the same author, in co-authorship with Amos Fiat and Moni Naor, in the paper *Untraceable Electronic Cash*, further elaborated a practical model for digital tokens that preserve user privacy (Chaum *et al.*, 1988).

In 1999, former Bank of England Governor Mervyn King wrote a notable paper *Challenges for Monetary Policy: New and Old* where he examines the digitalization of money in the context of challenges to classical monetary structures (King, 1999).

One of the first institutional documents that, in the regulatory sense, defines *e-money* is the *Report on Electronic Money* by the ECB from 1998 (ECB, 1998).

In 2005, Kahn, McAndrews & Roberds published the paper *Money is Privacy* where they analyze digital money from the aspect of privacy and legal responsibility (Kahn et al., 2005; Kumar & Rani, 2025).

2008 saw a cult work by someone under the pseudonym Satoshi Nakamoto, *Bitcoin: A Peer-to-Peer Electronic Cash System,* in which the possibility of using blockchain technology for direct electronic payment between two parties without the need for an intermediary is presented (Nakamoto, 2008).

Upon the advent of Bitcoin and all its repercussions on the monetary system, the preconditions were created for central banks to consider establishing their digital currencies, resulting in the first conceptual works on this topic (Basu, 2025). The term CBDC was first publicly highlighted in a speech, *Central Banks and Digital Currencies*, delivered in 2016 in London by Ben Broadbent, the then Deputy Governor of the BoE (Broadbent, 2016).

We have since witnessed an extremely intensive production of scientific, professional and technical literature on various aspects of this topic, from theoretical and regulatory frameworks to high-tech solutions aimed at operationalizing the concept of CBDC (Bibi & Canelli, 2024).

In addition to academic papers, official documents of the ECB and the Fed concerning CBDC are particularly important, which we will refer to in the paper.

Methodological Basis: What Is CBDC, and What Are the Sources of Its Origin?

To understand the origin and purpose of the introduction of CBDC, one needs to look through the prism of recent historical events. The idea of creating a CBDC is not a direct result of long-term monetary development, but represents a response to the specific challenges that marked the global financial system at the beginning of the 21st century, especially during and after the Great Financial Crisis of 2007-2009. This crisis, starting in the U.S. mortgage market, soon took on global proportions, destabilizing financial systems around the world. Unlike previous economic upheavals, the causes of this crisis did not lie primarily in real sector imbalances or geopolitical disturbances, but in the structural weaknesses of the financial system. A key role in the emergence of the crisis was played by the excessive expansion of financial derivatives based on securitized receivables, the total market value of which exceeded the value of the underlying assets from which they were derived. These financial instruments, created by sophisticated mathematical-statistical models, were attractive to the market due to their potentially high returns, but they also carried an extremely high degree of financial, regulatory, and often social and moral hazards. Such financial engineering has resulted in the creation of complex, difficult to understand, and less regulated instruments that have contributed to the accumulation of systemic risks. In 2002, Warren Buffett warned in an annual letter to Berkshire Hathaway shareholders of the destructive potential of such instruments as *financial weapons of mass destruction* (Buffett, 2002).

Given the scale of the damage caused not only for financial institutions, but also for individuals, businesses and the entire national economy, the idea of the need to create an alternative form of money gradually began to form in the public, with three key features:

- digital
- universal and
- decentralized (i.e. independent from traditional financial institutions and intermediaries).

The emergence of cryptocurrencies needs to be observed against such a backdrop, primarily Bitcoin. Its main determinant is its decentralization, which has an extremely important direct consequence, i.e., the elimination of a third party from the payment system (most often commercial banks or other financial intermediaries). The latter also implies the elimination of the need for institutionally mediated trust. This renunciation of trust, which is a constitutive element of any fiduciary money[1], can be interpreted as a reaction to the deeply damaged trust in the existing financial system that culminated during the financial crisis.

Therefore, the emergence of cryptocurrencies and the conceptualization of CBDCs cannot be reduced to the domain of technological innovation, but it is an institutional reaction to the increasingly pronounced crisis of legitimacy of the modern monetary and financial order (Weber, 2015).

This crisis stems both from the accumulated weaknesses of the existing system (including the instability of financial markets, the growing concentration of monetary power and the loss of trust in institutional intermediaries) and from societal demands for greater transparency, autonomy, and decentralization in money management.

[1] The word "fiducium" comes from Latin, from the noun fiducia, which means trust, faith, confidence.

More than 9,500 different cryptocurrencies are offered for trading on CoinMarketCap, with their total number increasing daily, resulting from the constant creation of new tokens, mostly of private origin, which are put into circulation through various blockchain infrastructures. Although these cryptocurrencies differ in technical architecture and functional design, most of them share a common fundamental ambition: to offer an alternative form of money independent of traditional monetary authorities, primarily central but also commercial banks. A similar project, in essence, to classic cryptocurrencies, designed not by enthusiastic individuals, but by private established corporations, was the digital currency Libra, announced in 2019 by Facebook (later Meta) through its umbrella organization, Libra Association, based in Switzerland. Nevertheless, after regulatory pressures, the project was renamed Diem in 2020 and suspended in 2022 (Abraham & Guégan, 2019; Zhang *et al*., 2019).

These digital currencies are not only a competition to existing payment instruments, but also a challenge to the institutional logic of modern monetary sovereignty. The question remains whether some of these cryptocurrencies will gain wider social legitimacy and become a generally accepted form of money and, in a functional sense, create and permanently retain the characteristics of a medium of exchange, unit of account, and store of value (De Caria, 2019). However, the initial impetus for their emergence can be interpreted as an expression of a collective aspiration to devise monetary solutions beyond the reach of the existing regulatory and institutional frameworks.

This fact needs to be highlighted in view of the far-reaching implications that the loss of central banks' monopoly in the issue of money could produce. The potential surrender of these fundamental monopolistic monetary prerogatives by the state and/or central banks to unidentified and decentralized private or corporate actors is not merely a technical or regulatory change within the existing system, but is a deeply disruptive challenge to the existing institutional architecture of monetary power. The stakes are much wider than just the issue of monetary issuance. These are possible transformations that touch all key dimensions of the social order, from economic and social relations, through political dynamics within states, to geopolitical tensions and the redistribution of global power. Monetary sovereignty is inextricably linked to the institutional ability of the state (or transnational authority in the EU) to direct value flows, coordinate monetary policies, and impose fundamental rules of exchange (Mathieu, 2024).

Consequently, the attitude of central banks was not only expected, but also inevitable. The idea of establishing a CBDC is an attempt at technical adaptation to new circumstances, which further reaffirms the role of central banks as monopolistic-regulatory and symbolically-dominant bodies over the monetary system. In this way, central banks are reinterpreted and rebranded in a new context, striving to assimilate innovations, but also to strengthen the institutional foundations of their monopoly on the issuance of money.

Unlike cryptocurrencies, which can be issued by natural or legal persons without institutional guarantee and whose value is not linked with the monetary instruments of central banks, and in relation to the process of creating money through the credit multiplier of commercial banks, CBDCs represent a digital version of existing fiat money that is issued, regulated and guaranteed exclusively by the central bank of a particular country. Thus, it is a form of money that retains all the institutional and legal characteristics of existing fiat money, but is implemented in digital form, often with the aim of improving the monetary system, payment transactions, and financial inclusion. (ECB, 2020) Hence, CBDC can be seen as a digital extension of the national currency within the existing monetary architecture. Any central bank that holds sovereignty over its own currency has the possibility of issuing a digital version of it, provided that the technical, regulatory, and societal prerequisites for such a step are met. Unlike other cryptocurrencies that are not the obligation of any entity, and consequently, there is no reliable framework for maintaining their value and protecting their holders (which means that they are traded as speculative assets), CBDC is an obligation of the central bank, and it fully guarantees it. This makes CBDCs fundamentally different from any other crypto-asset (ECB, 2020).

The first functional form of CBDC was introduced by the Central Bank of the Bahamas in 2020, with the launch of the Sand Dollar. This was followed by Nigeria in 2021 with the introduction of the eNaira, and Jamaica in 2022 with the JAM-DEX currency. In the meantime, pilot projects have been launched or announced in several countries, among which the People's Republic of China with its digital currency e-CNY, Brazil with the announced introduction of a

digital real Drex, Ukraine with its digital currency e-hryvnia, and Sweden with e-krona,[2] among others (Corbet *et al*., 2024; Josyula, 2023).

Transatlantic Arguments: The Foundations of Different Approaches to CBDC

This paper presents the thesis that there are significant differences in the approach to CBDC between the main transatlantic allies, or, informally, between Europe and the US. However, the situation is much more complex. "Europe" cannot be understood as a single entity, especially when it comes to monetary policies. Firstly, Europe is made up of 27 EU member states and about 23 non-EU countries.[3]

Moreover, among the EU member states, 20 are in the eurozone[4] and use the euro as their currency, while 7 are outside this system and have their national currency.

Also, the EU is institutionally based on seven fundamental institutions[5] that do not express a unified position towards the CBDC and the introduction of a digital euro, although they are still inclined to it, because it represents an additional link in Eurocentrism, from which these institutions mostly live and for which they exist. And finally, the voice of the public, the business and academic sectors, the sector of non-governmental organizations and numerous other interest groups where there is a clearly expressed pluralism of views on CBDC in general, and on the digital euro.

The US sees a marked divergence of attitudes of different social actors concerning the introduction of CBDCs. Monetary authorities, especially the FED, show a positive attitude and interest in the opportunities provided by the CBDC, but they also take an extremely cautious and research-based approach, insisting on comprehensive analyses of potential effects on the monetary system, financial stability and civil rights. This stance is significantly more restrained compared to the more proactive institutional approach reflected in the ECB.

The American public simultaneously shows deep divisions concerning the acceptability and desirability of CBDC implementation. According to research by the CATO Institute, it can be linked to ideological preferences, political party affiliation, and broader worldview orientations of American citizens, where members of the conservative community and the Republican Party (such as Florida Governor Ron DeSantis or Texas Senator Ted Cruz) and libertarians (such as Congressman Thomas Massie) are mostly explicitly against CBDCs, while members of the political center and a significant part of the Democratic Party are more inclined to them (CATO Institute, 2023).

In this context, special attention is drawn to the explicitly negative attitude of Donald Trump, who is resolutely opposed to the introduction of any form of CBDC within the area of US monetary and legal jurisdiction and prefers a return to the gold standard (in his first term) and the use of cryptocurrencies and stablecoins (in his second term).

Consequently, there are significant internal polarizations in both the EU and the US when it comes to CBDC. However, when looking at the current institutional consensus at the level of bodies with the power to make political decisions, a deep transatlantic divide is evident. It is this discrepancy, both in the approach and in the basic argumentation, that represents the central analytical backbone of this paper.

The EU and CBDC

Since 2020, the ECB, which is supposed to be the creator of a digital euro, has published a number of strategic documents and technical reports that articulate the key reasons for considering the introduction of a digital euro, as well as the basic characteristics that this form of money should have (Bindseil et al., 2024).

Some of the relevant ECB documents on a digital euro are:

[2] The Swedish central bank continuously informs its citizens and the general interested public on its website about the phases of the implementation of the e-krona digital money project: https://www.riksbank.se/en-gb/payments--cash/e-krona

[3] The exact number of these countries depending on the definition of "European state", which can be determined according to several different criteria such as: geographical, political, cultural... or according to the status of the territory – internationally recognized or not recognized as a separate entity.

[4] At the beginning of 2026, Bulgaria's accession as the 21st member of the euro area was announced.

[5] These institutions are: 1) the European Parliament, 2) the European Council, 3) the Council of the European Union (Council of Ministers), 4) the European Commission, 5) the Court of Justice of the European Union, 6) the European Central Bank (ECB) and 7) the Court of Auditors of the European Union (Gueguen, 2023).

1. *Report on a Digital Euro* (2020) – a fundamental ECB study covering the purpose, strategy, design, and possible distribution models of a digital euro (ECB, 2020).
2. *Digital Euro Experimentation Scope and Key Learnings* (2021) – a technical report on experimental work testing different digital payment technologies (ECB, 2021).
3. *Investigation Phase Progress Reports* – a report on the investigation phase of the digital euro project, launched in October 2021. (ECB, 2022).
4. *Options for the Digital Euro – Stocktaking Report* (2023) – a report on the key options under consideration for the design of a digital euro (ECB, 2023).
5. *A Stocktake on the Digital Euro Ecosystem* (2023) – the paper addresses the issue of interoperability, market structures, and the role of intermediaries in the distribution of a digital euro (ECB, 2023a).
6. *Digital Euro – Market Research Insights* (2023) – a survey of the market and attitudes of citizens, traders, and intermediaries towards a digital euro. It includes user preferences for privacy, ease of use, and trust (ECB, 2023b).
7. *Eurosystem's Preparation Phase for a Digital Euro – Objectives and Work Plan* (2023) – the start of the preparatory phase concretizes the design and planning of testing and cooperation with market actors (ECB, 2023c).
8. *Rulebook Development for the Digital Euro* (2024) – a report on the development of rules for the functioning of a digital euro, including standards, roles of the parties involved, technical requirements, and business processes (ECB, 2024).
9. *Digital Euro: Eurosystem Launches Preparation Phase* (2024) – official confirmation of the start of the preparatory phase. The phase is to last two years, with the involvement of markets and regulators (ECB, 2024a).

These documents provide a detailed overview of the set goals and desired outcomes, working methods, technical characteristics, and timeframe for the introduction of a digital euro. The **Figure 1** presents the current itinerary of events concerning the process of introducing a digital euro in the period 2023-2025.

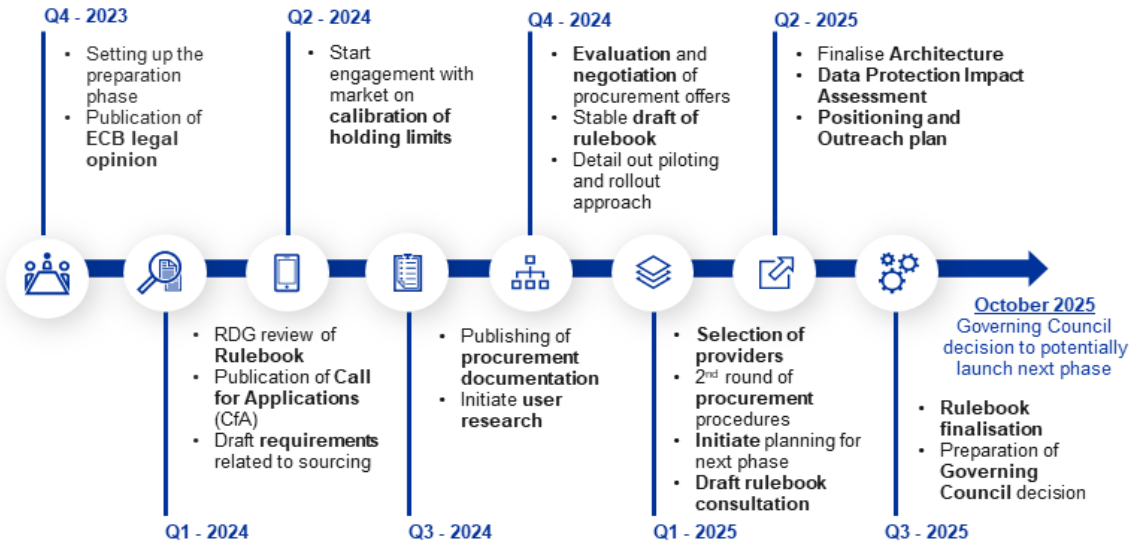

Figure 1. Itinerary of events concerning the process of introducing a digital euro (2023-2025)
Source:
https://www.ecb.europa.eu/euro/digital_euro/progress/html/ecb.deprp202406.en.html?utm_source=chatgpt.com
(accessed on 06/07/2025)

Through a systematic analysis of these documents, the key features of a digital euro can be identified and articulated, according to the current proposals and the planned framework. This analysis provides a descriptive overview of the anticipated features and a deeper understanding of the normative guidelines, institutional expectations, and potential implications of the introduction of a digital euro for the monetary system of the euro area.

The idea of a digital euro has been developed and upgraded over time, with changes primarily resulting from an institutional response to expert and public feedback, additionally emphasizing the importance of a participatory approach in shaping European monetary policy. Several technical issues have not yet been resolved, nor has a final decision been made on the direction in which they will evolves. Still, the following list indicates the most significant desired characteristics of a digital euro and the entire associated ecosystem that has yet to be built, which emerge from the ECB's published official documents on a digital euro:

1. The digital euro will be issued directly by the ECB without the intermediation of any commercial bank.
2. Upon the establishment of a digital euro, the ECB is adapting to the digital age.
3. The digital euro will be designed for peer-to-peer payments.
4. The ECB will execute instant settlements as its new important function.
5. A digital euro should be user-friendly for end-users.
6. The digital euro will work in both online and offline modes.
7. To use a digital euro, all euro area citizens will need to have a digital identity.
8. The application for a digital euro will be linked either to the ECB or will be used through one of the commercial banks. (A decision has yet to be made.)
9. The application for a digital euro should replace the need to use foreign (mostly American) payment networks such as Visa or Mastercard.
10. The digital euro will be free of charge for end-users in its basic package.
11. Any merchant that accepts a digital payment method will also have to accept a digital euro.
12. The aim is for the digital euro to be an additional option, not to replace cash.
13. The digital euro will not be credit money, so there will be no option of an overdraft per account.
14. To protect the interests of commercial banks, there will be a limit to the amount of digital money that citizens will be able to own. (The current proposal is €3,000.00 per month).
15. The ECB will not have direct access to the identity of digital euro users, but commercial banks will be allowed to share this information with third parties only based on a court order.
16. A digital euro will not be programmable money.

Concerning the latter, in the first versions of the proposal for the introduction of a digital euro (2020 – 2021), it was explicitly conceived as programmable, i.e. the issuer of money (i.e. the ECB) should be able to determine the conditions, modalities and restrictions on the use of that money to which final beneficiaries would have to agree (ECB, 2020; ECB, 2021). However, after harsh criticism from the public, this option was abandoned, because it turned out to be a controversial provision that could jeopardize the project of introducing a digital euro. Given the inherent technical possibilities of programmable money, dystopian scenarios come to mind for the future development of the monetary and wider socio-economic system. The nature of digital money constructed in this way, which introduces conditional spending, restriction of transactions, selective access to financial resources or the automatic imposition of sanctions, raises serious questions about the limits of surveillance, the violation of financial and fundamental human freedoms, and the instrumentalization of money as a means of social control. Such hypothetical scenarios provide an important analytical tool for anticipating possible, and even institutionalized, forms of misuse of the digital form of money (Vollmar & Wening, 2024).

In terms of transatlantic relations, point 9 is the most important, as it clearly expresses the ECB's position that the introduction of a digital euro aims to end the exposures and dependence of the European payment system on private international payment service providers, mainly based in the US. However, this could have been solved by establishing a pan-European payment network, for which there are already ideas such as the establishment of the European Card Payment Scheme (ECPS), within the European Payments Initiative (Judt, 2021), and to implement this project, it is not necessary to introduce a digital euro. Since the provision of payment services is a highly profitable activity, and simultaneously offers the possibility of insight into payment data, it is clear that the US does not like such efforts of the ECB in terms of business and intelligence, and that the establishment of a European mechanism for the provision of payment services is in the interest of Europe, rather than the US.

The US and CBDC

From a U.S. perspective, the idea of introducing a digital dollar is also preoccupying Fed representatives.
Both this monetary institution and its leaders have so far published a number of analytical and technical documents and reports, and have given notable speeches that define the purpose and reasons for the potential establishment of a digital dollar and its possible technical characteristics (Hemphill, 2024).

The following documents and speeches represent some of the most significant and media-focused contributions to the CBDC debate that originate in the US:

1. *Money and Payments: The U.S. Dollar in the Age of Digital Transformation* - this is the Fed's official document on CBDC, striving to stimulate public debate and address key design issues, benefits, risks, privacy issues, financial stability, and technological challenges of introducing a digital dollar (FED, 2022).
2. *Retail CBDC and U.S. Monetary Policy Implementation: A Stylized Balance Sheet Analysis* – The paper analyzes how CBDC would affect monetary policy implementation, using a central bank balance sheet model (Malloy *et al*., 2022).
3. Speech by the Chairman of the Fed Board of Governors, Jerome Powell, 15/07/2021[6] – in which he explains the Fed's position on CBDCs
4. Speech by the former Vice Chair of the Fed Board of Governors Leal Brainard, from 18/02/2022 – in which she expresses the view that the introduction of CBDCs would have far-reaching consequences for the international monetary system (Brainard, 2022).

The highest representatives of the Fed repeatedly emphasize that they will not decide on the issuance of a digital dollar without:

1. the full support of the President of the United States,
2. legislation that must be passed by Congress and
3. broad public and market debate and the resulting consensus.

Hence, the Fed made it clear that the introduction of a digital dollar is not just a monetary decision, but a move that could have far-reaching political, geopolitical, economic, and social repercussions, for the possible consequences of which only one institution should not be responsible (Sung & Thomas, 2022; Kuehnlenz *et al.*, 2022).
Contrary to this understanding, the ECB leaves its final decision on initiating the implementation phase of the introduction of a digital euro, after alleged broad consultations, to the Governing Council of the ECB. Therefore, the decision is made within one European institution.
If the Fed remains consistent in its position, and given the explicitly negative attitude of the current US President towards the concept of CBDC, it could be concluded that it will not be implemented during the term of this administration. However, it will be just the opposite. Trump expressed his position on CBDCs in the executive order 14178 *Strengthening American Leadership in the Field of Digital Financial Technologies*, which he signed immediately after his inauguration. (Trump, 2025).
There are several paragraphs in that regulation that directly address the risks of the introduction of a CBDC and explicitly prohibit any activity related to it.

Here are some of the paragraphs of this executive order:
"By the authority vested in me as President by the Constitution and the laws of the United States of America, and to promote U.S. leadership in digital assets and financial technology while protecting economic liberty, it is hereby ordered as follows:
…

- Taking measures to protect Americans from the risks of Central Bank Digital Currencies (CBDCs), which threaten the stability of the financial system, individual privacy, and the sovereignty of the

[6] A public announcement about this speech is available at the link: https://www.reuters.com/business/finance/feds-powell-says-hes-undecided-central-bank-digital-currency-2021-07-15 (accessed on 11/07/2025)

United States, including by prohibiting the establishment, issuance, circulation, and use of CBDCs within the jurisdiction of the United States (Section 1, paragraph V).

…

- Prohibition of Central Bank Digital Currencies.
  a) Except to the extent required by law, agencies are hereby prohibited from undertaking any action to establish, use, or promote CBDCs within the jurisdiction of the United States or abroad.
  b) Except to the extent required by law, any ongoing plans or initiatives at any agency related to the creation of a CBDC within the jurisdiction of the United States shall be immediately terminated, and no further actions may be taken to develop or implement such plans or initiatives. (Section 5)" (Trump, 2025).

Trump explicitly states that a CBDC represents:

a) a threat to the stability of the US financial system;
b) a threat to individual privacy
c) a risk to U.S. national sovereignty.

If we compare Trump's positions on the issue of CBDCs with those represented by the ECB (where both sides have the institutional capacity to make key decisions on launching, limiting or even suspending such a project), it becomes clear that these are mutually opposing positions (Krecke, 2025).

Results and Discussion

In the context of the global development of CBDC projects, the information from this paper shows how the transatlantic approaches of the EU and the US, at the level of institutions that decide whether or not to introduce CBDCs, are shaped by profoundly different normative, political, and institutional perspectives (De Conti & Guttmann, 2025).

Firstly, the differences in access to CBDCs do not only reflect technical and/or regulatory differences, but point to different understandings of the nature of money and its place in the social order. While the ECB is building an institutional framework for the introduction of a digital euro as a functional upgrade of the existing monetary policy, the Fed is approaching the same issue with noticeably more caution, while insisting on the necessity of political consensus, legislative authority, and public debate. This difference is significant. It suggests different levels of trust in regulatory institutions, different political cultures, and even different legal traditions when it comes to money and financial flow management.

The European model assumes that monetary policy is a technical domain, which should be shaped by an expert body independently of the day-to-day policy. Accordingly, the preparatory phase for a digital euro takes place within the ECB and its Governing Council, and with only the advisory involvement of a wider range of political and public stakeholders. This presents the digital euro as a continuation of the existing monetary system, but adapted to the needs of the digital age, with an emphasis on institutional stability, payment sovereignty, and European technological autonomy.

By contrast, in the US, although formally independent, monetary policy is embedded in broader political dynamics. The Fed's position that without the support of the president, Congress, a wider circle of professionals, and the lay public, it will not initiate the implementation of a digital dollar is not just an institutional formalism, but a deep-rooted political position. It reflects the prevailing concern of the US political and business community that a CBDC could upset the existing balance of power within the financial system, especially in relation to commercial banks, but also potentially open a space for surveillance of citizens that is incompatible with (American) liberal-democratic values. Trump's executive order prohibiting any institutional activity concerning CBDCs should be seen in this light, arguing that it poses a threat to financial stability, privacy, and national sovereignty.

Such polarization in attitudes does not apply only to institutional actors but reflects a broader difference in the political understanding of the role of money in society. In Europe, the digital euro is seen as a means of consolidating European

identity and sovereignty, especially in the context of increasing dependence on US payment infrastructures such as Visa and Mastercard. The digital euro, in addition to being a monetary innovation, is a geopolitical strategy. In contrast, the fear of digital centralization of power dominates in the US, with CBDCs seen as a potential "Big Brother" instrument. This difference is not only a reflex of the current political climate, but also the result of long-term cultural and institutional formations: the European model is dominated by the idea of a "regulated space of freedom", while in the American model, freedom is defined primarily as the "absence of state control".

In this context, divergence is not exhausted at the level of normative positions, but is concretized in regulatory documents and legislative practices. While the ECB continuously publishes documents detailing the technical, legal, and operational aspects of a digital euro, the Fed has framed its approach as a series of analytical announcements without a clear strategic plan, i.e., not making final decisions on this issue is the basic plan. The EU is more willing to invest institutionally in the CBDC project, while the US still views it as a potential risk that requires broad political consensus. This implies that if the current political dynamics persist, the EU is likely to launch its digital currency before the US, which could take on the role of regulatory leader in this segment within the transatlantic alliance.

Moreover, one must not ignore the role of international organizations such as the BIS, IMF and WB, which are increasingly actively involved in shaping the framework for the implementation of CBDCs, and which, although they do not represent a single model, shape the broader architecture within which national central banks operate with their normative guidelines and technical assistance.

Furthermore, the transatlantic divergence in the approach to CBDCs is not a mere difference in the project phase or in technical solutions, but a reflection of different understandings of the role of central banks, the limits of regulatory power, and the meaning of monetary sovereignty in the digital age. The European model affirms the idea of institutional adaptation of existing structures to preserve stability and sovereignty in the context of technological changes. The American model warns of the dangers that such an adaptation can produce in terms of the concentration of power and the loss of personal freedoms.

Hence, the differences between the EU and the US in the approach to CBDCs are an expression of a broader disagreement over fundamental issues of monetary authority, institutional legitimacy, and democratic oversight.

This divergence of attitudes towards CBDC between the EU and the US can be interpreted through the prism of the personality of the current US President, who is extremely prone to making unexpected political decisions that are not the result of a political agreement within his administration, nor have they been consulted or agreed with other (American) political actors. This does not mean that his decisions do not have support from part of his political base. On the other hand, a scenario is possible in which the US, under another president, could very quickly radically change its attitude towards CBDC, and in that case, the US could just as quickly implement all the necessary actions to introduce a digital dollar.

If Trump is indeed acting "alone" on the issue of CBDCs (which, although not impossible, is a limited probability), the question may arise as to why Trump has such a negative attitude towards CBDCs.

There are several possible origins:

a) *Ideological* – Trump's negative attitude towards the concept of CBDC can be interpreted through the prism of the ideological strongholds of classical liberalism, emphasized in the American political context through the values of personal freedoms, the right to privacy, and skepticism towards the expansion of state control. CBDC, as a digital instrument issued and managed by the central monetary authority, represents a potential tool for an unprecedented form of control over the financial behavior of citizens. Trump, as a political figure who often rhetorically positions himself against "big government", said in his 2024 election campaign that if elected: "... ban the central bank digital currency forever...", warning that it would allow the government to: "... block your purchases, know what you're doing, and it controls your money." (Trump, 2024). This narrative resonates strongly with libertarian and conservative circles in the US who see CBDC as a step towards financial totalitarianism. In this context, Trump's resistance can be seen as a continuation of an ideological line that promotes the decentralization of power, the limited role of the state, and the protection of individual rights, especially in the sphere of private property and free exchange. The often-implicit layer of Trump's technosceptic rhetoric helps, which refers to active opposition to digital passports, vaccination through surveillance systems,

etc. This positions Trump as the voice of conservative America, which distrusts technologies that promise greater efficiency, but at the cost of control, complexity, and unpredictable consequences. Trump understands the CBDC seen in this way as a technocratic project of the elite alienated from the "common man", further strengthening the political position of resistance and creating an emotional resonance with a part of his electorate.

b) *Monetary* – the US dollar, despite the noticeable process of de-dollarization, still enjoys the status of the primary global reserve currency, which brings numerous economic and geopolitical advantages to the US. The introduction of a digital dollar could be a double-edged sword. On the one hand, it can strengthen the international position of the dollar, but on the other, it opens space for internal destabilization of the existing banking system and can have potential negative effects in terms of additional distrust in the dollar as a currency, which can further contribute to the reputational damage that the dollar already has due to the unstoppable growth of the US national debt and the increasing share of GDP that interest on this debt has. Trump, known for his approach to protecting national interests through the doctrine of economic sovereignty (MAGA and America First), probably sees CBDCs as a potential threat to the stability of a system in which the dollar is dominant. Trump's political rhetoric often includes harsh and open criticism of the Fed and its leadership, which further complicates his position towards any new financial instrument created by the same institution.

c) *Political* – in the context of the deep polarization of the American political space, attitudes towards CBDCs increasingly reflect broader ideological divisions. With the CBDC emerging as part of the Biden administration's agenda, Trump's resistance can be seen as part of a broader strategy to politically "disgust" his predecessor and the Democratic Party. Here, opposing a CBDC is aimed at opposing its holders. Trump's position on the CBDC can be read as a political signal to his base, with a high level of distrust of the Biden administration, technocratic institutions, as well as anything they perceive as "big government". Opposing the digital dollar is a political gesture with multiple symbolic effects.

d) *Speculative* – Trump is known for his huge political turn between two presidential terms, in which he went from being a great critic to a firm advocate of cryptocurrencies, especially the stablecoins, which in their functionalities partly compete with the idea of CBDCs. In 2024, Trump, as the first president in history, began receiving political donations in the form of cryptocurrencies, and his team signaled openness to the deregulation of the digital asset sector. Moreover, Trump and his wife, Melania, issued their own cryptocurrencies just before the presidential inauguration, assessed as politically extremely incorrect but financially very lucrative. In this sense, Trump's opposition to the digital dollar can also be viewed partly through the prism of his business model, which has often mixed private and political interests. Consequently, Trump's opposition to a CBDC can also be seen as a strategic move in favor of private digital currencies, which could benefit from the absence of a public competitor in the form of a digital dollar.

Although it is methodologically justified and necessary to point out the internal differences in attitudes towards CBDC both in the US and within the EU, a clear and relevant divergence is noticeable when observing the attitudes of institutions with political and regulatory decision-making power. In Europe, the ECB has consistently advocated the development of a digital euro as a public good and a strategic instrument of monetary sovereignty. In the US, the strongest resistance does not occur in the central banking system, but in the political leadership – especially in the views of Trump, who openly and sharply rejects the concept of a digital dollar, with ideological, political, and market explanations.

This juxtaposition between a proactive institutional approach in the Eurozone and political resistance in the US has significant implications for the global development of CBDCs, as the two most influential actors in the global financial system not only differ in pace and priorities but also increasingly occupy opposing strategic positions, providing an important context for understanding the future dynamics of the global digital monetary architecture.

Conclusion

This paper analyses transatlantic differences in the approach to the concept of a central bank digital currency (CBDC), focusing on the comparative analysis of institutional, policy, and normative approaches in the EU and the US. A

comparison of relevant official documents, policy positions, and regulatory frameworks shows that the differences between these two international actors are not only manifested in the project development phase or technical execution, but in much deeper levels: in decision-making approaches, monetary policy legitimacy, and perception of the function of central banks in the digital age.

The ECB has for years been systematically developing the concept of a digital euro as an instrument that should improve the monetary infrastructure of the euro area, increase the resilience of the European payment system, and reduce dependence on external (predominantly American) payment service providers. The digital euro project is presented as an institutionally controlled innovation with clearly defined goals and implementation phases. The ECB's documents demonstrate the ambition for a digital euro to become an additional channel of monetary policy transmission, complementary to cash and existing electronic payment instruments, without the intention of phasing out existing forms of money. The ECB emphasizes the principles of privacy, functional neutrality, and technological operability, while recognizing the geopolitical dimension of the project as a form of consolidation of European monetary sovereignty.

By contrast, the US approach is characterized by marked institutional caution, political fragmentation, and a lack of strategic coherence among key actors. The Fed is formally open to the possibility of developing a digital dollar, but insists on the prior fulfillment of three preconditions: a clear legislative basis, political support from the executive branch, and a broad public debate. Such a position reflects the institutional culture of the United States, in which monetary sovereignty is seen as a politically sensitive issue that should not be the exclusive competence of one institution. In this context, it is important to observe President Trump's executive order of January 2025, which explicitly prohibits further development and implementation of any form of CBDC within the framework of US monetary and legal jurisdiction. The regulation is justified by the arguments of protecting the privacy of citizens, preserving financial stability, and defending national sovereignty.

Special weight is given to this divergence by the fact that the key political conflict over CBDCs in the transatlantic alliance is not taking place between the ECB and the FED, but between the ECB and the US executive, specifically President Trump. Trump's position here is not only a function of institutional authority, but also of an ideological framework in which he perceives CBDCs as a threat to the core values of American individualism, freedom, and market autonomy. An analysis of the motives of Trump's opposition to the CBDC points to possible multi-layered sources of his views: from ideological, through monetary-strategic and political, to speculative and interest-positional. Support for alternative forms of digital assets, including private cryptocurrencies and separately stablecoins, as well as direct inclusion in the cryptocurrency space through the issuance of its own tokens, further deepens the gap between the US political leadership and the EU's institutional approach.

While internal pluralisms of opinion on the acceptability of CBDCs can be identified in both the EU and the US, there is an unambiguous divergence in approaches to CBDCs at the level of decision-making bodies. In Europe, the ECB uses its functional autonomy to spearhead the digital currency initiative. In America, the president, as the dominant political figure, not only rejects the CBDC but also institutionally prevents its development. Consequently, the divergence in the approach to CBDC between the EU and the US is primarily political, and only secondarily technical, regulatory, or monetary.

This reveals that the key causes of divergence in the approaches of the EU and the US to CBDC lie in different political constellations, institutional architectures and normative orientations that shape the perception and function of money in society.

The hypothesis has been confirmed that the transatlantic divergence in approaches to the development and implementation of CBDCs is based on institutional-political differences arising from different regulatory traditions, levels of consensus, and the role of political actors in shaping monetary policy, while the monetary-technical aspects have only a secondary, i.e., performative function.

Therefore, it can be argued that the future of the global digital monetary architecture will not be shaped in a single, technologically determined direction, but through negotiation between different normative frameworks, political priorities, and institutional capacities. The EU and the US do not share a common vision of the function and purpose of CBDCs at this time. While Europe sees the digital euro as an extension of institutional stability and a means of strengthening monetary autonomy, the American leadership, at least in the current constellation, recognizes a political

and ideological risk in the digital dollar. In this sense, CBDC is proving to be not only an innovation within modern digital-monetary technology but also as a field of symbolic struggle over the limits of regulatory power, the role of the state, and the definition of economic freedoms in a digitized society.

Acknowledgments: None

Conflict of Interest: None

Financial Support: None

Ethics Statement: None

References

Abraham, L., & Guégan, D. (2019). The other side of the coin: Risks of the Libra blockchain. *ArXiv*. https://arxiv.org/abs/1910.07775

Arnold, M., & Fleming, S. (2023). The digital euro: a solution seeking a problem? *Financial Times*. https://www.ft.com/content/7c892d3b-c646-4247-9504-5f755e486101

Auer, R., Frost, J., Gambacorta, L., Monnet, C., Rice, T., & Shin, H. S. (2021). CBDC: motives, economic implications and the research frontier. *BIS Working Papers*. https://www.bis.org/publ/work976.pdf

Barrdear, J., & Kumhof, M. (2022). The macroeconomics of CBDC. *Journal of Economic Dynamics and Control, 142*. doi:10.1016/j.jedc.2021.104148

Basu, P. (2025). Bitcoins and central bank digital currency in a simple real business cycle model. *South Asian Journal of Macroeconomics and Public Finance*. doi:10.1177/22779787251338905

Bibi, S., & Canelli, R. (2024). Is CBDC undermining the process of money creation? *Review of Political Economy, 37*(2), 564–592. doi:10.1080/09538259.2024.2366253

Bindseil, U., Marrazzo, M., & Sauer, S. (2024). The impact of CBDC on central bank profitability, risk-taking and capital. *ESB – Occasional Paper Series No. 360*. https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op360~35915b25bd.en.pdf

Brainard, L. (2022). Preparing for the financial system of the future. *FED*. https://www.federalreserve.gov/newsevents/speech/brainard20220218a.htm

Broadbent, B. (2016). Central banks and digital currencies. *Bank of International Settlements*. https://www.bis.org/review/r160303e.pdf

Buffett, W. (2002). Berkshire Hathaway annual letter, 2002. https://www.berkshirehathaway.com/letters/2002pdf.pdf

CATO Institute. (2023). Poll: Only 16% of Americans support the government issuing a central bank digital currency. https://www.cato.org/survey-reports/poll-only-16-americans-support-government-issuing-central-bank-digital-currency

Chaum, D. (1983). Blind signatures for untraceable payments. University of Houston. https://sceweb.sce.uhcl.edu/yang/teaching/csci5234WebSecurityFall2011/Chaum-blind-signatures.PDF

Chaum, D., Fiat, A., & Naor, M. (1988). Untraceable electronic cash. https://chaum.com/wp-content/uploads/2021/12/Untraceable_Electronic_Cash.pdf

Conlon, T., Corbet, S., & Oxley, L. (2024). The influence of European MiCa regulation on cryptocurrencies. *Global Finance Journal, 63*, 101040. doi:10.1016/j.gfj.2024.101040

Corbet, S., Cumming, D., Glatzer, Z., & Johan, S. (2024). Understanding the rapid development of CBDC in emerging economies. *Finance Research Letters, 70*, 106226. doi:10.1016/j.frl.2024.106226

De Caria, R. (2019). Blockchain-based money as the ultimate challenge to sovereignty: reflections from a public economic law perspective. *European Journal of Comparative Law and Governance, 6*(2), 131–145. doi:10.1163/22134514-00602004

De Conti, B., & Guttmann, R. (2025). Digital money: fragmentation of the monetary regime. *Review of Political Economy*, 1–22. doi:10.1080/09538259.2025.2573356

Di Iorio, A., Kosse, A., & Mattei, I. (2024). Embracing diversity, advancing together – results of the 2023 BIS survey on central bank digital currencies and crypto. *BIS Papers No. 147*. https://www.bis.org/publ/bppdf/bispap147.htm

Dionysopoulos, L., Marra, M., & Urquhart, A. (2023). Central bank digital currencies: a critical review. *International Review of Financial Analysis, 91*, 103031. doi:10.1016/j.irfa.2023.103031

ECB. (1998). Report on electronic money. https://www.ecb.europa.eu/pub/pdf/other/emoneyen.pdf

ECB. (2020). Report on a digital euro. https://www.ecb.europa.eu/pub/pdf/other/Report_on_a_digital_euro~4d7268b458.en.pdf

ECB. (2021). Digital euro experimentation scope and key learnings. https://www.ecb.europa.eu/pub/pdf/other/ecb.digitaleuroscopekeylearnings202107~564d89045e.en.pdf

ECB. (2022). Investigation phase progress reports. www.ecb.europa.eu/euro/digital_euro/timeline/profuse/shared/pdf/ecb.degov230424_progress.en.pdf

ECB. (2023). Options for the digital euro – Stocktaking report. https://www.ecb.europa.eu/pub/pdf/other/ecb.optionsfordigitaleuro202301~01250f4c1d.en.pdf

ECB. (2023a). A stocktake on the digital euro ecosystem. https://www.ecb.europa.eu/pub/pdf/other/ecb.digitaleuroecosystemstocktake202307~6978593433.en.pdf

ECB. (2023b). Digital euro – Market research insights. https://www.ecb.europa.eu/pub/pdf/other/ecb.digitaleuromarketresearch202310~b3c8139e80.en.pdf

ECB. (2023c). Eurosystem's preparation phase for a digital euro – Objectives and work plan. https://www.ecb.europa.eu/pub/pdf/other/ecb.digitaleuropreparationphaseobjectives202310~e17024e1a0.en.pdf

ECB. (2024). Rulebook development for the digital euro. https://www.ecb.europa.eu/pub/pdf/other/ecb.digitaleurorulebookdevelopment202404~c650ebf95e.en.pdf

ECB. (2024a). Digital euro: Eurosystem launches preparation phase. https://www.ecb.europa.eu/press/pr/date/2023/html/ecb.pr231018~4d7268b458.en.html

FED. (2022). Money and payments: The U.S. dollar in the age of digital transformation. www.federalreserve.gov/publications/files/money-and-payments-20220120.pdf

Gueguen, D. (2023). The practical guide to the EU labyrinth: understand everything about EU institutions. ANTHEMIS.

Hemphill, T. A. (2024). U.S. central bank digital currency: benefits and challenges to policy implementation. *The Bulletin of Science, Technology and Society, 44*(1-2). doi:10.1177/02704676241285524

Josyula, H. P. (2023). Trends in central bank digital currencies. *Social Science Research Network*. doi:10.2139/ssrn.4613619

Judt, E. (2021). The European payments initiative: the next big thing in European payments? *Journal of Payments Strategy & Systems, 15*(3), 319–331. https://henrystewartpublications.com/journal/journal-of-payments-strategy-systems/volume-15-2021

Kahn, C., McAndrews, J., & Roberds, W. (2005). Money is privacy. *International Economic Review, 46*(2), 377–399. http://www.jstor.org/stable/3663561

King, M. (1999). Challenges for monetary policy: New and old. Stanford University. https://web.stanford.edu/~johntayl/PolRulLinkpapers/Challenges_for_Monetary_Policy-New_and_Old_King.pdf

Krecke, E. (2025). What the U.S. ban on central bank digital currencies means for Europe? *Gis Report Online*. https://www.gisreportsonline.com/r/cbdc-ban/

Kuehnlenz, S., Orsi, B., & Kaltenbrunner, A. (2022). Central bank digital currencies and the international payment system: The demise of the US dollar? *Research in International Business and Finance, 64*, 101834. doi:10.1016/j.ribaf.2022.101834

Kumar, J., & Rani, M. (2025). Past, present and future of central bank digital currency: a systematic literature review and relevant issues. *Journal of Banking Regulation*. doi:10.1057/s41261-025-00283-0

Malloy, M., Martinez, F., Styczynski, M. F., & Thorp, A. (2022). Retail CBDC and U.S. monetary policy implementation: a stylized balance sheet analysis. *Finance and Economics Discussion Series, 2022:032*, FED Washington D.C. doi:10.17016/FEDS.2022.032

Mathieu, A. (2024). Clarifying the concepts of monetary sovereignty and monetary power: an institutionalist perspective. *Review of Radical Political Economics*. doi:10.1177/04866134251345171

Mkrtchyan, G., & Treiblmaier, H. (2025). Business implications and theoretical integration of the Markets in Crypto-Assets (MiCA) regulation. *FinTech, 4*(2), 11. doi:10.3390/fintech4020011

Nakamoto, S. (2008). Bitcoin: a peer-to-peer electronic cash system. Cryptography mailing list. https://www.ussc.gov/sites/default/files/pdf/training/annual-national-training-seminar/2018/Emerging_Tech_Bitcoin_Crypto.pdf

Panetta, F. (2022). CBDC: defining the problems, designing the solutions. *ECB*. https://www.ecb.europa.eu/press/key/date/2022/html/ecb.sp220218_1~938e881b13.en.html

Sung, M., & Thomas, C. A. (2022). The innovator's dilemma and U.S. adoption of a digital dollar. *Brookings*. https://www.brookings.edu/articles/the-innovators-dilemma-and-u-s-adoption-of-a-digital-dollar/

Trump, J. D. (2024). Campaign speech in New Hampshire, Jan 2024. https://www.c-span.org/program/campaign-2024/donald-trump-new-hampshire-primary-night-remarks/637571

Trump, J. D. (2025). Executive Order 14178: Strengthening American leadership in digital financial technology. *The White House*. https://www.whitehouse.gov/presidential-actions/2025/01/strengthening-american-leadership-in-digital-financial-technology

Vollmar, S., & Wening, F. (2024). The impact of CBDC on a deposit-dependent banking system. *Journal of Financial Stability, 73*, 101283. doi:10.1016/j.jfs.2024.101283

Weber, B. (2015). Bitcoin and the legitimacy crisis of money. *Cambridge Journal of Economics, 40*(1), 17–41. doi:10.1093/cje/beu067

Zhang, J., Gao, J., Wu, Z., Yan, W., Wo, Q., Li, Q., & Chen, Z. (2019). Performance analysis of the Libra blockchain: An experimental study. *ArXiv*. https://arxiv.org/abs/1912.05241