
ERSTE
THE GLOBAL EURO STARTS AT HOME – SESSION V: LIQUIDITY DIPLOMACY AND ITS LIMITS
Is there more sparkl in euro?
Radovan Jelasity – CEO of Erste Bank Hungary
Frankfurt, 16 November 2026

What can liquidity diplomacy achieve? What else is needed?

Liquidity lines
build
confidence.

Trade and finance
build
usage.

Capital markets build depth.

Stronger global euro requires liquidity, deeper markets and wider economic use – a coordinated action across players

Central banks

1. Liquidity builds confidence

Maintain credible international EUR liquidity backstops through swap and repo facilities

Policymakers

2. Integration builds strength

Complete the Single Market and Savings and Investments Union, while expanding the supply of liquid, high-quality EUR assets

Businesses

3. Trade creates demand

Expand the use of EUR in cross-border trade, invoicing and commercial transactions

Banks & financial markets

4. Finance enables scale

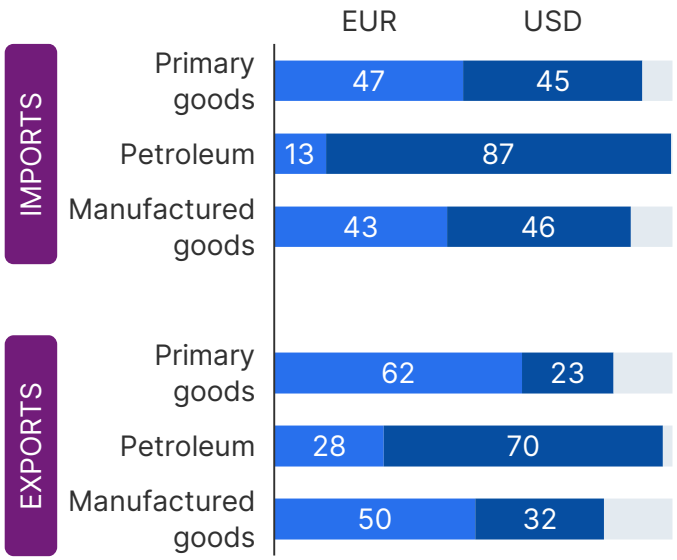
Provide competitive EUR financing, efficient payments, deep funding markets and accessible hedging

Central banks can provide the safety net – but the real economy and financial markets build the global currency

Currency choices are shaped by trade conventions, financing costs and hedging markets

USD dominates oil trade, but EUR leads in other segments

Currency invoicing of extra-EU trade in goods, EU-27, 2025 (% of trade value)



Trade and finance reinforce each other in shaping currency choice

PRICING & INVOICING

Commercial conventions shape currency choice

TRADE FINANCING

Competitive EUR financing supports wider adoption

HEDGING MARKETS

Deep FX markets make currency risk manageable

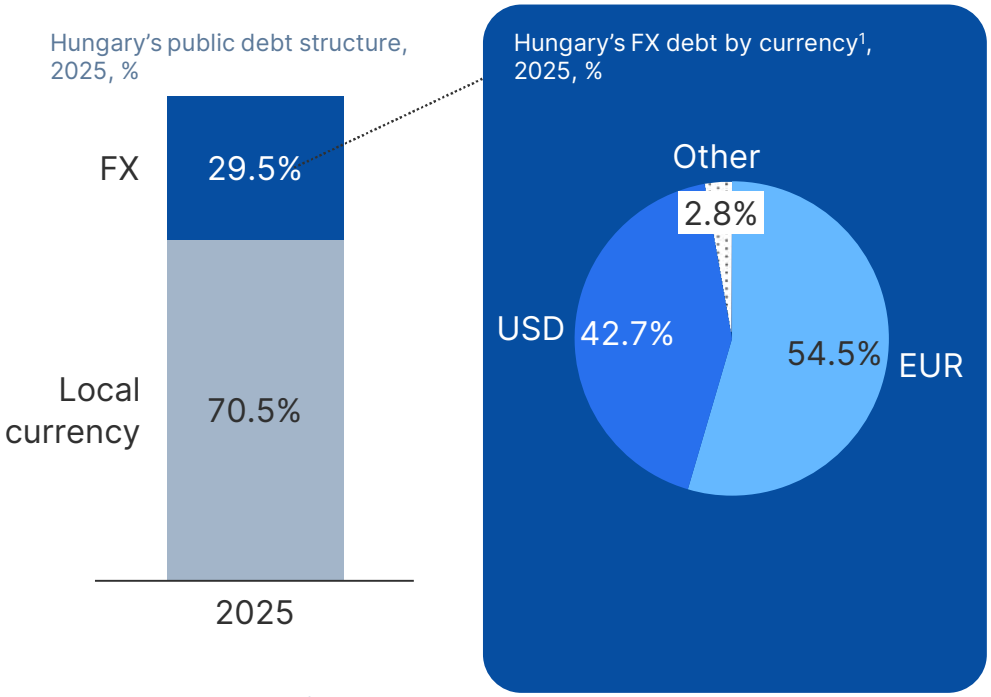
Trade creates demand for a currency, financing and hedging make its use scalable.

In CEE, the euro plays a major role in business – even outside the euro area.

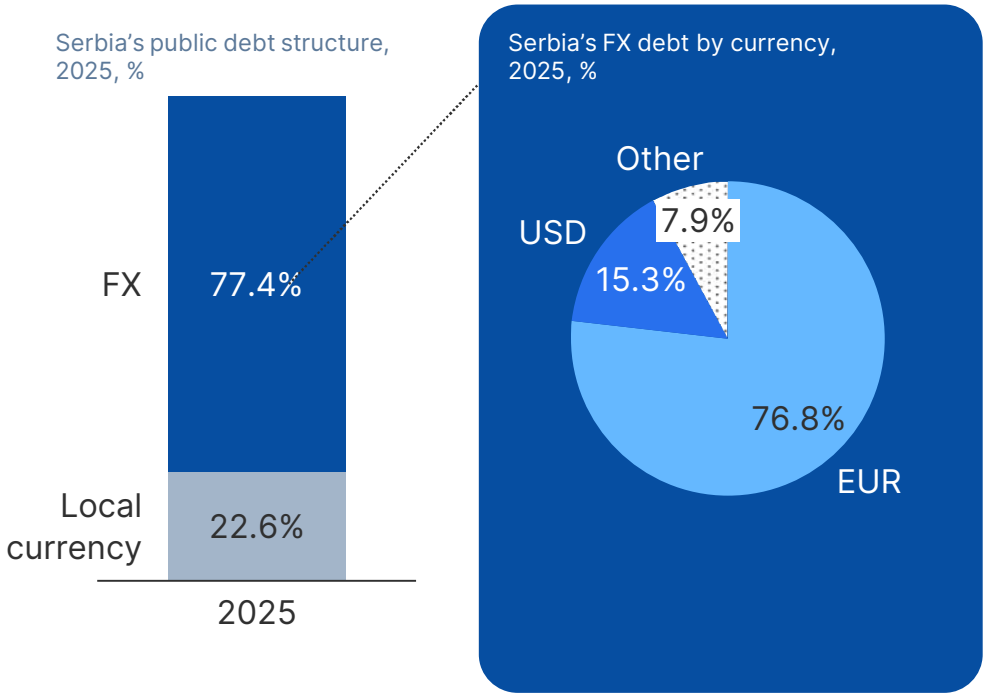
Source: Eurostat: Trade shares by invoicing currency, Erste analysis

Both Hungary and Serbia have relatively large USD-denominated debt

Hungary: USD accounts for nearly half of FX debt



Serbia: EUR dominates, but USD still plays a role

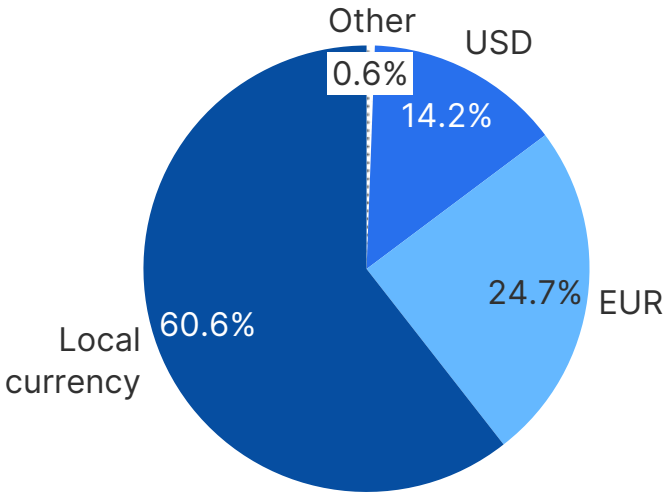


1. ÁKK swapped all non-EUR foreign currency bonds into EUR liabilities, resulting in a 100% EUR share in FX debt at year-end
Source: Government Debt Management Agency (ÁKK) – Annual Report 2025; Republic of Serbia Ministry of Finance – Public Finance Bulletin 2025; ONB – CESEE-8 government debt and risks in 2025; Erste analysis

Hungarian investors show a strong preference for USD-denominated assets

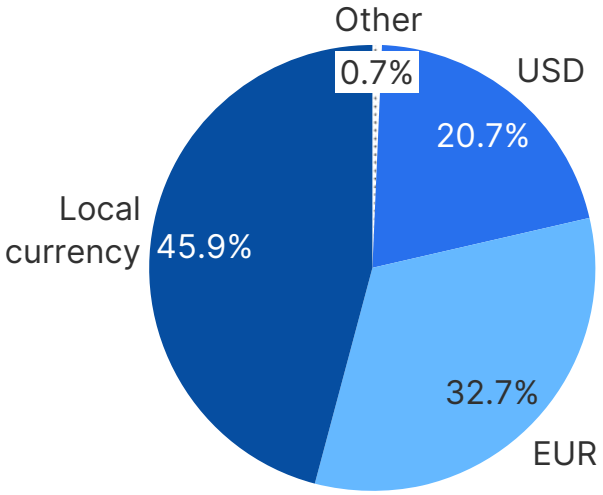
USD accounts for a significant share of retail investments…

EBH Private Individuals - AuM; 2026 Oct, %



…USD exposure is even higher among wealthier clients

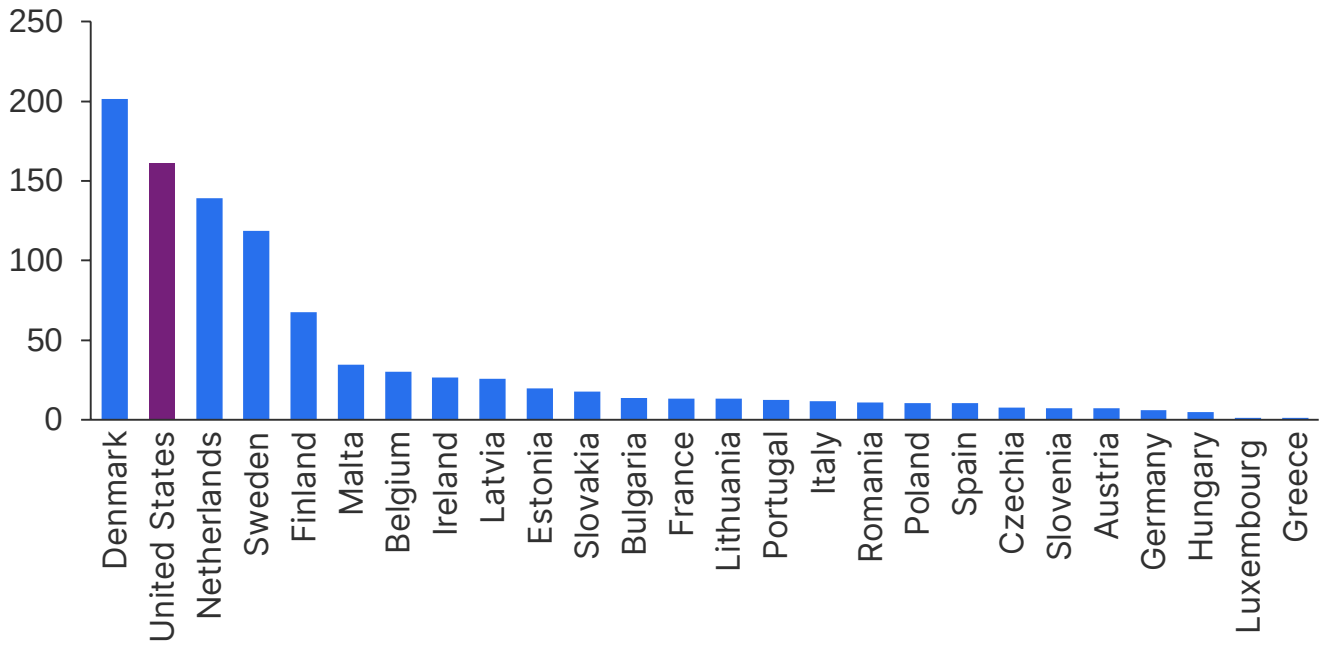
EBH Private Banking clients - AuM; 2026 Oct, %



Source: Erste analysis

Development of the European capital markets will further boost the popularity of the euro

Total assets managed by pension providers, EU27 (w/o Cyprus) and USA, % of GDP, 2025



Source: OECD Pensions Outlook 2026; Erste analysis

Thank you for your attention!