

# Central Bank Digital Currencies and the New World of Money and Payment Systems

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- **Digital Finance and the COVID-19 Coronavirus Crisis: Strategies and Tools**
- [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3558889](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3558889)
- After Libra, the Digital Yuan and COVID-19:
- [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3622311](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3622311)

# Central Bank Digital Currencies

- Technological revolution in money and payment: decentralised / centralised
- Money, payments, finance and the technological horizon
- RTGS / mobile money / FPS
- Bitcoin
- Blockchain
- Libra
- Covid19
- Digital Yuan: DCEP

# Libra 1.0

- Private
  - Blockchain based (permissioned to permissionless)
  - Purpose?
  - Issues
  - Regulation: financial, data, competition
  - Implications
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- Regulating Libra: The Transformative Potential of Facebook's Cryptocurrency and Possible Regulatory Responses:
  - [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3414401](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3414401)

# Crises, Epidemics and Digital Finance

- Health / human crises
- Economic crises
  - Real economy, shocks
  - Pandemic + oil price shock: demand / supply / confidence
- Financial crises

# Financial crises: This is not 2008

- Financial crises
  - Currency
  - Banking / financial
  - Debt
  - Current account
- Liquidity / solvency
- Private / sovereign
- Domestic / international

# Finance: Responses & digital finance

- Preventing a financial crisis
  - Financial infrastructure: payments, securities, intermediaries, regulators
  - Liquidity
  - Solvency
- Response
  - shock / economic crisis / financial crisis – breaking the chain
  - Information / communication / resources: payment, digital ID, government services
- Funding: crowdfunding, blockchain
- Tracing / isolating: Ecommerce, healthtech, edtech
- Support: transfers

# Finance in the 2020s: Pandemic Impact

- Technology
  - Digitisation: track / trace / test / ecommerce etc
  - BigTech / scale
  - Infrastructure
  - CBDCs
  - Techrisk
- Sustainability
  - Development
  - Travel
  - Small businesses
  - Future crises: resilience? (jared diamond): digital ID / simplified account opening / eKYC / electronic payment (CBDCs?)
- Globalisation / fragmentation
  - Trade patterns
  - Movement
  - Finance / money
  - Geopolitics



# Technology is no longer the constraint in an increasing range of cases.

- Digitisation
- RegTech
- BigTech
- AML / market integrity
- Electronic payments / CBDCs

# RegTech and the Reconceptualisation of Regulation

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RegTech digital disruption is not just about greater efficiency in existing processes  
but new processes altogether.

SSRN: <http://ssrn.com/abstract=2847806>

# Central Bank Functions and Evolution

- Monetary policy / stability
- Financial stability (positive / negative)
- Payments
- Supervision
- Development / inclusion
- Central banks as technology

# CBDCs: Structure – Legal and Regulatory Aspects

- Money vs payment
- Public / private / public-private / independent
- Structure: account / token / blockchain?
- Access: Retail / wholesale, domestic / foreign
- Interoperability? Cashless? Interaction with cash, other currencies etc
- Governance
- Liabilities?
- Finality
- Security
- Privacy
- Competition
- International / regional context

# Digital Yuan: Digital Currency / Electronic Payment (DCEP)

- Public-private
- Public: Monetary system (centralised)
- Intermediated / private: existing payment system
- Privacy
- Pilot testing

# China DCEP Rationale

- Monetary policy
- Financial crime
- Social policy
- Technology and innovation
- Global geopolitics
- Risk management

# 'Digital Dollar'

- FedAccounts
- Digital dollar wallets
- Hybrid: money + payment
- Retail
- Centralised
- Financial inclusion
- COVID-19

# Digital Euro

- EU Digital Finance Strategy 2020
- ECB Digital Euro (2020)



# Looking forward

- Technology
- Structure: money, payment, hybrid
- Rationale:
- Major currencies
- Others – individual circumstances
  - IFCs
  - Developed economies
  - Emerging / Developing economies
- Most: payment focus
- International / regional systems

# International Money and Payment Arrangements

- Cross-border payments: G20 / CPMI / Libra / SWIFT etc
- International arrangements?

Thank you!