Central Bank Digital Currencies: Building Better Monetary and Payment Systems

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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
• eCNY
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
Central Bank Functions and Evolution

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

- Financial stability
- Monetary, financial and economic policy
- Financial inclusion
- Financial integrity
- Technology and innovation
- External interactions
Looking forward

• Technology
• Structure: money, payment, hybrid

• Rationale:
• Major currencies / economies: China, EU, US
• Others – individual circumstances
  – International financial centres: UK, Switzerland, Singapore, HKSAR – wholesale / xbdr focus
  – Other developed economies: Sweden, Canada etc
  – Emerging / Developing economies: Cambodia, Nigeria, Bahamas etc – inclusion / payments / substitution

• Most: payment focus
• International / regional systems
• Sovereign Digital Currencies: Reshaping the Design of Money and Payments Systems by Ross P. Buckley, Douglas W. Arner, Dirk A. Zetzsche, Anton N. Didenko, Lucien van Romburg :: SSRN
A framework of contextual analysis

- The key is to analyse your own context. I suggest looking at 7 different aspects, derived from AFI FinTech4FI strategy, of which the level of development of the commercial banking system is only one:
  - 3. Banking system? financial inclusion: bank accounts, other accounts?
  - 4. National ID / digital ID / KYC/ekyc framework?
  - 6. Legal context: does the central bank have payment systems supervision / authorisation? does the currency issuance / monetary stability authority extend to digital?

International Money and Payment Arrangements

• Cross-border payments: G20 / CPMI / Libra / SWIFT etc

• International arrangements?
Future of the International Monetary System

• New dominant currency (eCNY, bitcoin etc)
• New international monetary / payment system (eSDR, new SWIFT etc)
• Reinforce USD via DigDollar
• Multipolarity

Thank you!

Introduction to FinTech – on edX:
https://www.edx.org/course/introduction-to-fintech