Digital Finance / Payments
burstoned after GFC, reinforced during COVID-19 pandemic

• Traditional Banking
  = Maturity Transformation + Payment Service

• Payments-Fintech are replacing banks’ payment service.
  • Better technology → Speedier and cheaper
  • Less regulation → Lower costs
  • Monetary policy after GFC → Zero deposit rate

• Banks could benefit from real time gross settlement everywhere plus real time monitoring to enhance stability.
  • e.g. Dynamic pricing for withdrawal fee contingent on real time aggregate deposit withdrawal could prevent bank run.
    (Bank b/s also need to be more transparent for depositors.)
Digital Currency
born and grown after GFC and during COVID-19 pandemic

• Central bank DC → could replace bank deposits, not just cash.

• Crypto-assets (crypto-currencies)
  • Stable coins → Need “currency board” (an exchange rate regime) → If globally used, who would monitor and supervise? Bail out?
  • Unstable coins → Trades has been increasing, values stabilizing → becoming medium of exchange?