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NATIONALBANK

CBDC: Reflections and perspectives from a small open economy

Morten Spange, 30 September 2021.



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Agenda

Money and the role of the central bank

CBDC in the context of the current financial system

Potential future developments

CBDC as a response to future challenges

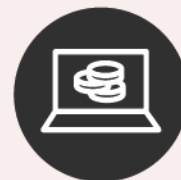
Money and the role of the central bank



**Stable
prices**



**Stable
financial
system**



**Safe and
secure
payments**



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Characteristics of money



Means of payment



Unit of account



Store of value



...and trust

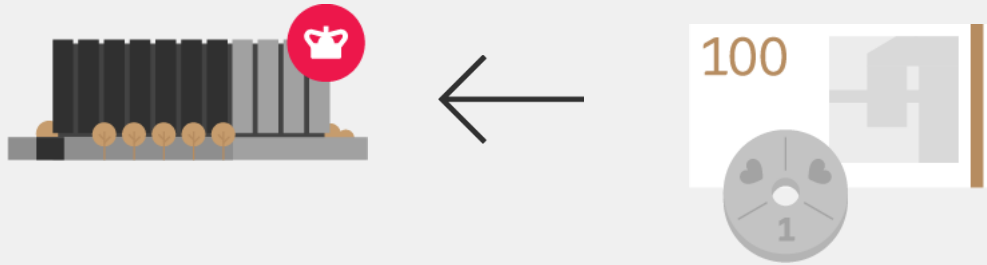
Stable prices

Legislation, including

**sole issuer of notes and coin,
and**

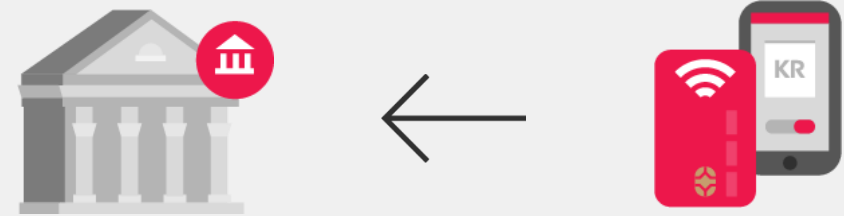
deposit guarantee

Money today



PHYSICAL MONEY

Claim on Danmarks Nationalbank

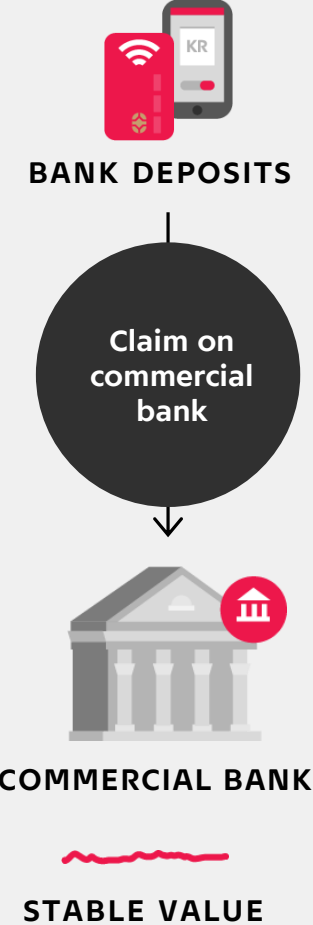
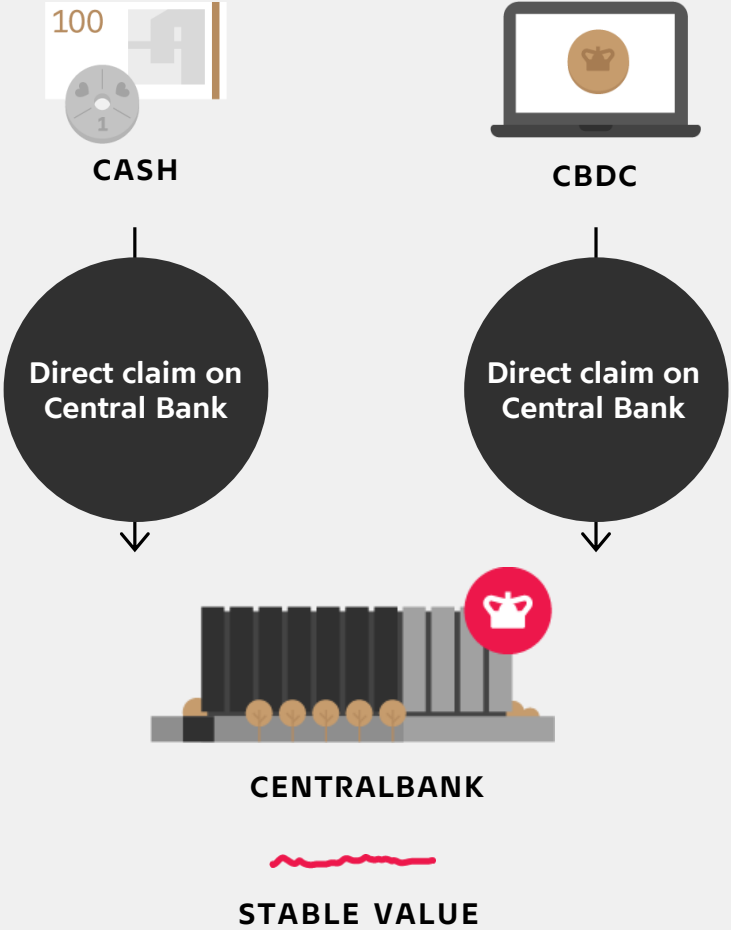


DIGITAL MONEY

Claim on private bank

CBDC in the current financial system

Central bank digital currency – what are we talking about?



Status on CBDC in selected central banks



Rapport on CBDC 2020

Launched project on digital euro



Pilot projekt – 2nd phase

Financial institutions included in tests



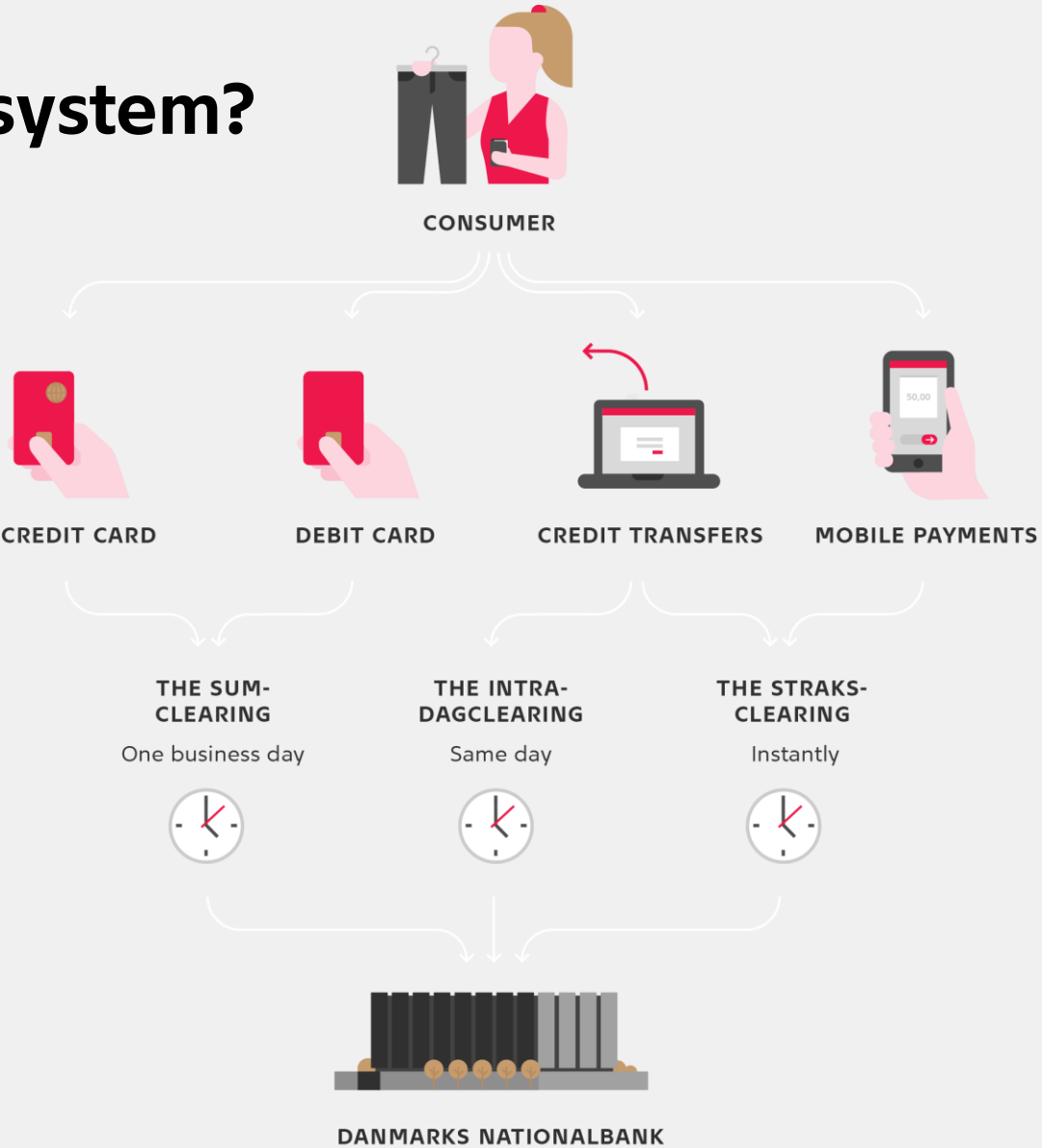
BANK OF ENGLAND

Taskforce on CBDC

Public hearing

No final decision on issuance of CBDC in western Europe

CBDC to improve payments system?



CBDC as a risk free financial asset?

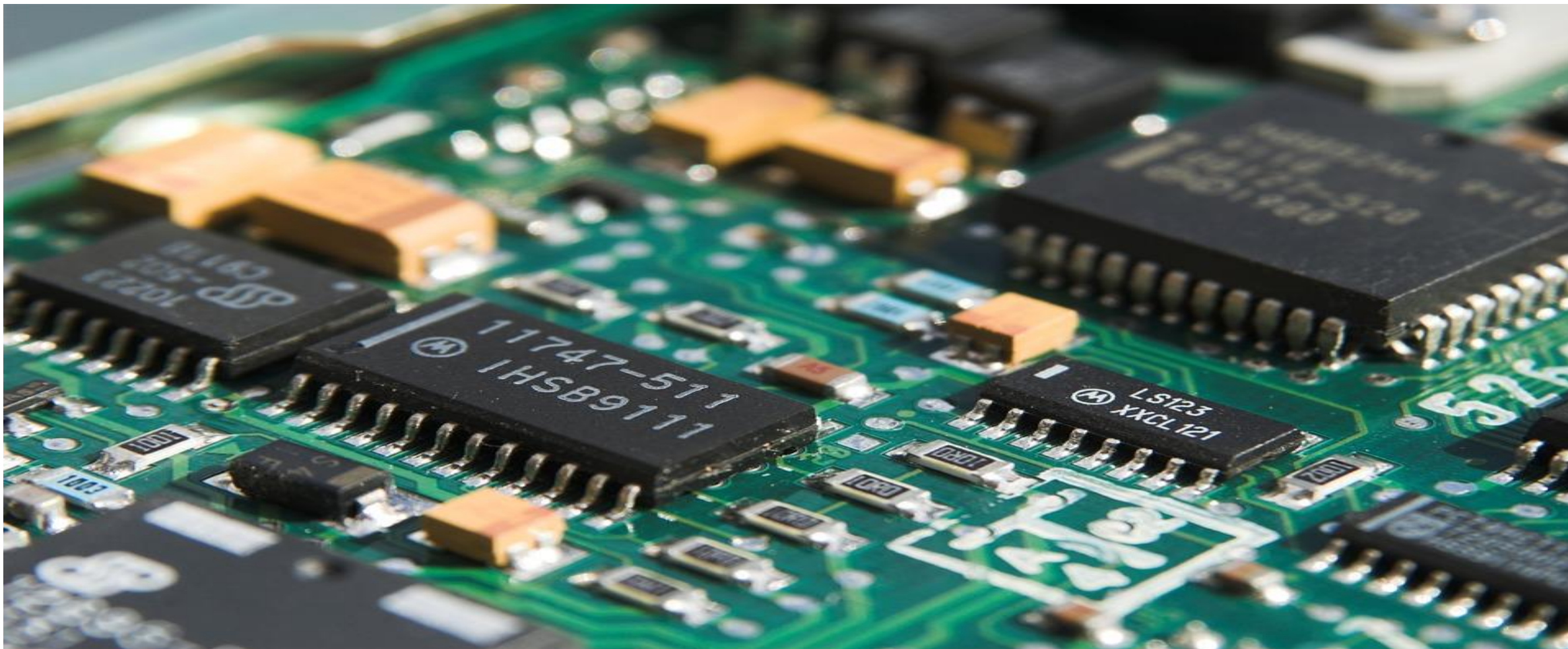


Cash



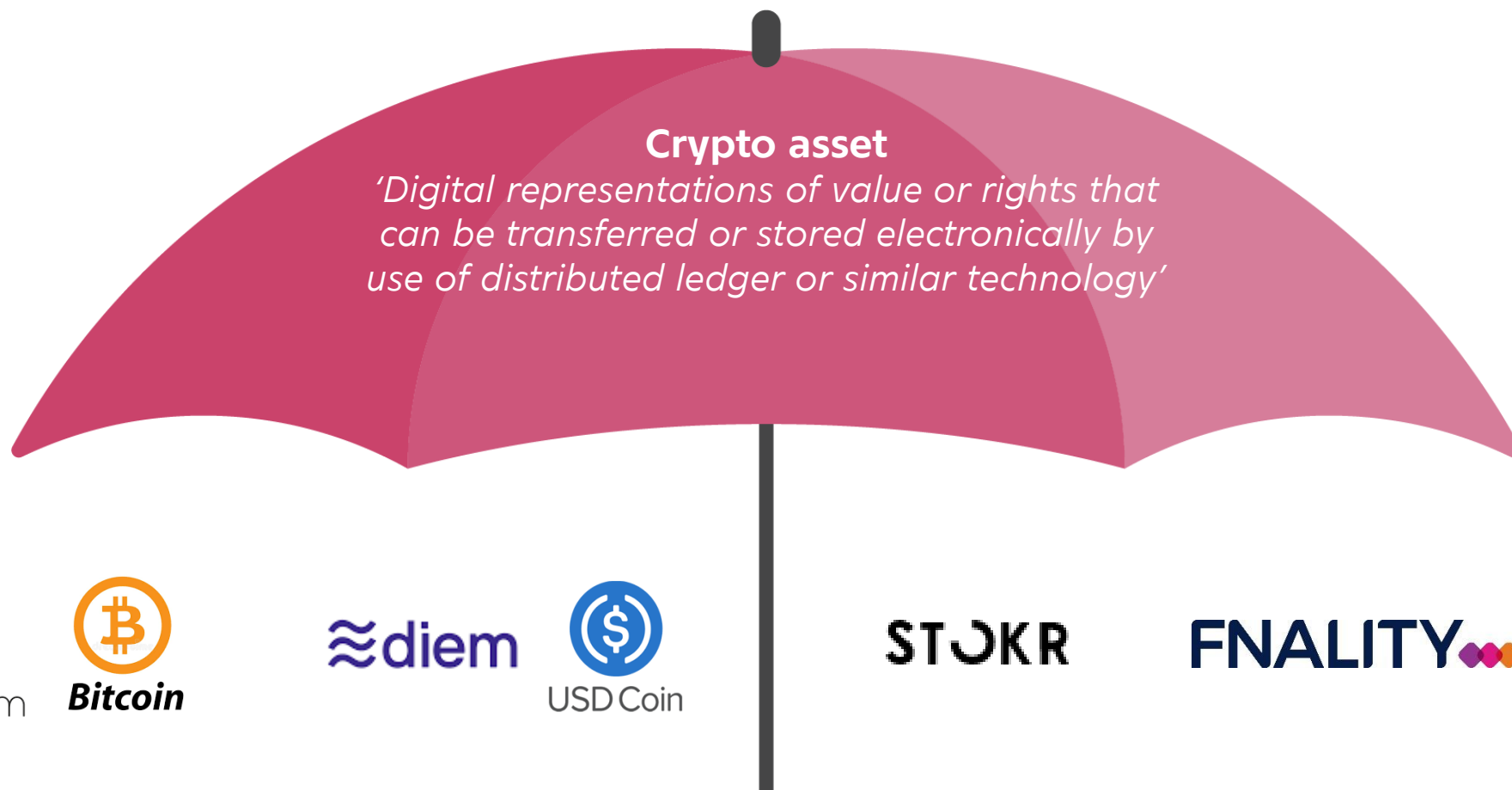
Central bank digital
currency

CBDC as a back up?



Potential future developments

Wide range of crypto assets



Volatily crypto assets are not money



Means of payment



Unit of account



Store of value

Bitcoin price in DKK - index, 1 January 2019 = 100



May stablecoin develop into a complement to money as we know today?



Means of payment

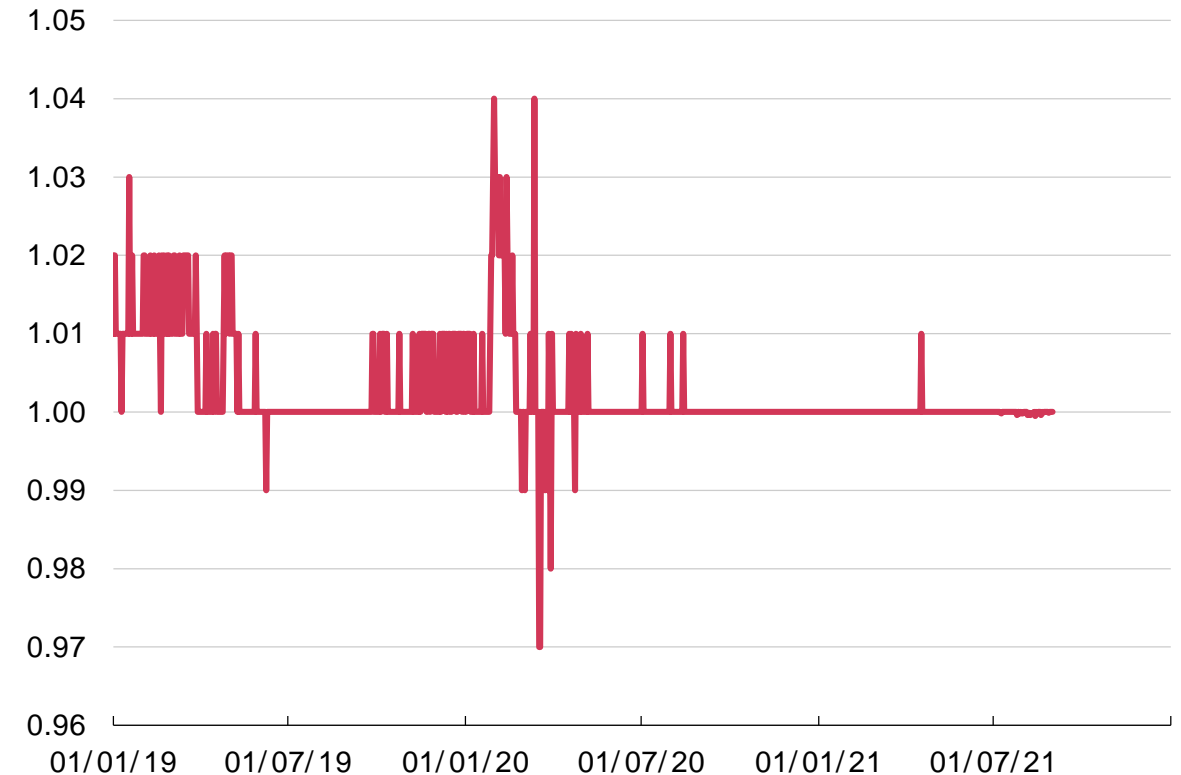


Unit of account

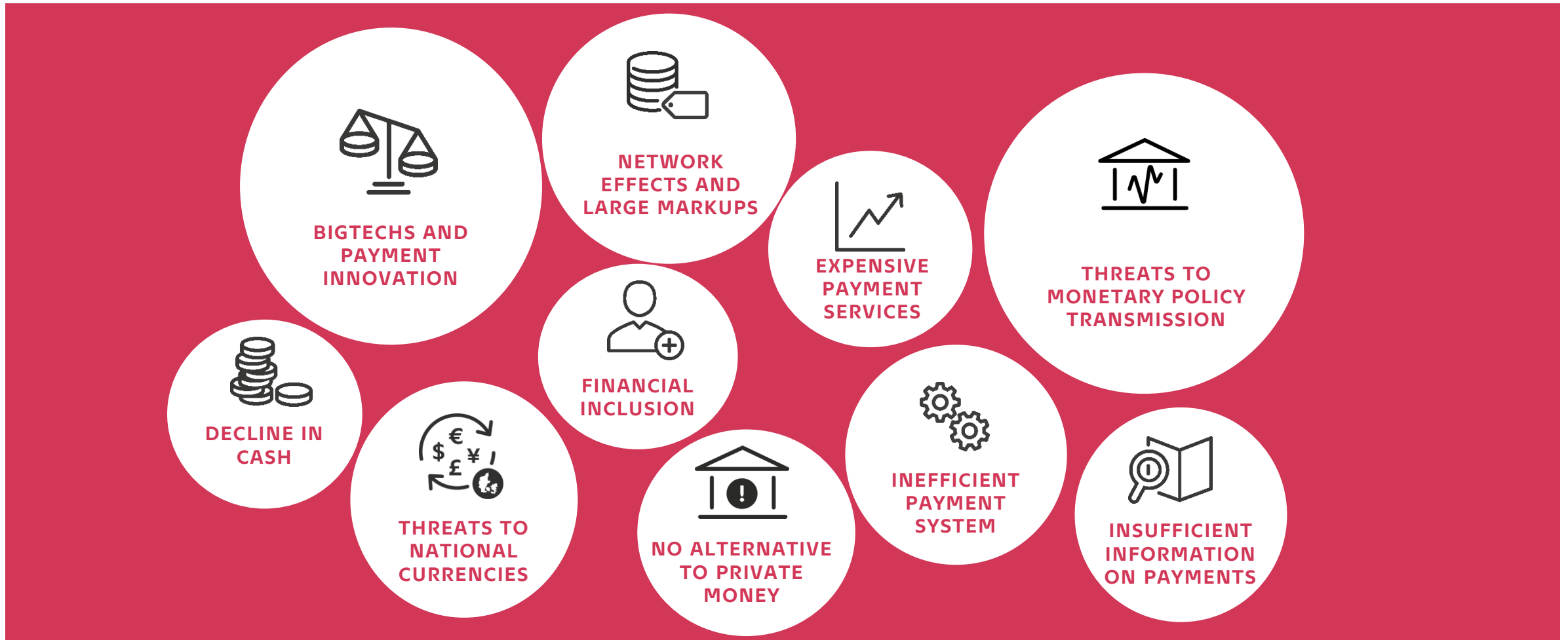


Store of value

USD Coin, price in USD



Digitalization of money and payments: Monetary and Financial Stability Challenges



Role of CBDC in addressing challenges? Jury still out



Stimulating innovation
and competition?



Ensuring monetary
and financial stability?



Improving cross
border payments?



Thank you for your attention!
