

**COMMENTS ON “RISE OF THE CENTRAL BANK
DIGITAL CURRENCIES: DRIVERS, APPROACHES
AND TECHNOLOGIES”**

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The paper in a nutshell

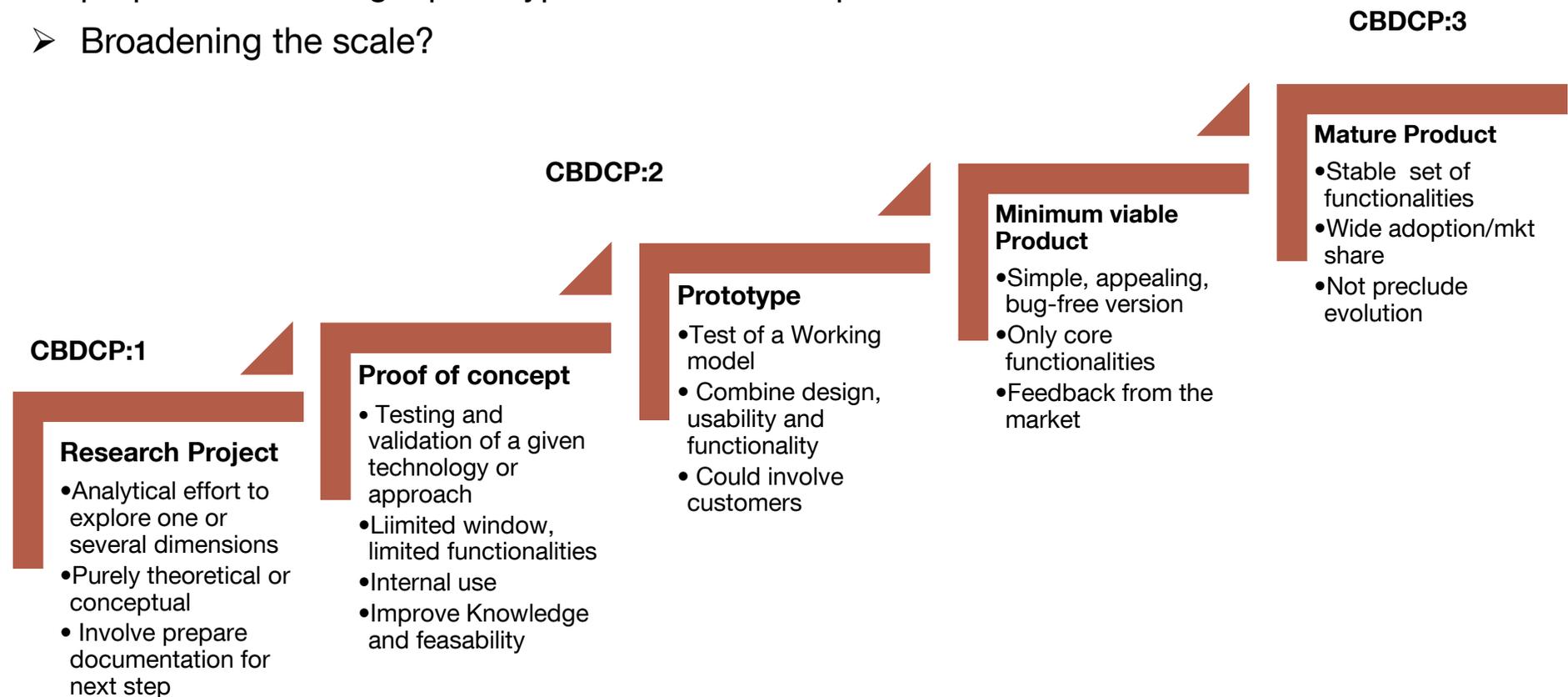
- **Comprehensive stock taking: Project Status, Speeches and Motivations: Increasing and more favorable trend**
- **Empirical analysis of the drivers on CBDC: synthetic indicator & Factors (technological-institutional capability and demand related variables): Related with IT infrastructures, Innovation capacity, institutional quality and financial and economic development. Less clear role for financial inclusion reasons.**
- **Stocktaking on all the projects on CBDC: Architecture, Infrastructure, Access and Cross Border use. [empirical analysis for the first three]: Direct and Hybrid (development), DLT (remittances) and account based (Remittances)**
- **Update analysis of three projects: DC/EP, E-krona and BoC CBDC studies**

General comments

- Overview of the discussion: Two levels, focus on design , operational possibilities and effects on payments system infrastructure and discussion on “collateral” or “unintended” effects of CBDC (monetary policy, financial system, fiscal policy...). (some shift from one to another?)
- Surprisingly lack of discussion on the specific use cases: what will it be possible to do with a CBDC that is not feasible now?, How will change the customer experience in payments?
- Wholesale/Retail it has some sense to mix them up in the index? Different underlying reasons, different implications.
- What about the speed/ambition of the project? Trade off between ambition and disruptive use cases and be ready as soon as possible.
- Broad picture: CBDC domestic projects, CPMI-FSB Cross border payments BB (1-19); is the coalition of Central Banks the missing link? Role of technical standards (BoJ paper)

State of a CBDC Project: A General taxonomy

- Some confusing terms, i.e “ Research project”
- Broadening the range of cases: PoC with the aim of creating knowledge vs PoC with the purpose of creating a prototype and launch the production.
- Broadening the scale?



Minor comments

- Sentiment on central bank speeches is based on author's judgement, could be introduce some kind of NPL techniques?

- Potential demand variables to test:
 - *FX volatility*
 - *Trade partners interest on CBDC*

- DC/EP: Distribution of roles (CB core infrastructure, intermediaries provides the public services to avoid disintermediation(Fan 2020)). Two ways of disintermediation from a CBDC: 1.funding 2.banking relationship

- DC/EP: Cross border coordination despite the lack of representativeness on international forums

- Cross border Interoperability in a world where CBDC will not be homgeneous

Open questions

- Cross border Interoperability in a world where CBDC will not be homogeneous?

- The “Three principles” : coexistence, not harm and innovation/efficiency apply only with current infrastructures or including possible alternatives?:
 - Complete cost-benefit analysis : consider other alternatives
 - Define a clear/neutral framework for other payment alternatives (stable coins)
 - BoE consultation paper on “new forms of money”, looking for a holistic approach.

- Collateral effects: the role of banks on credit provision: separate transition from steady state.

- Not only most use cases are still not available but also need to fix important issues on a digital economy:
 - How to regulate competition?
 - Privacy/Anonymity
 - Digital Identity