

Explaining the world, daily

The Economist explains



The Economist explains

What is the fuss over central-bank digital currencies?

For central banks, digital cash offers a safer, faster and more flexible alternative to notes and coins

Feb 16th 2021

CENTRAL-BANK digital currencies are coming. China has started large-scale trials of the “e-yuan”. European officials want to launch a digital euro by 2025. America’s Federal Reserve is studying whether to

banks also see opportunities. Cashless transactions make for faster, more reliable payments and are less susceptible to counterfeiting. Issuing digital cash is cheaper than minting coins, so long as it is protected against hacking. Officials also have an easier time monitoring how digital money is used, making it harder to fund criminal activities. In poorer countries central banks hope that digital currencies will bring unbanked citizens into the financial system, boosting economic development. Central banks could also gain new powers. An impediment to negative interest rates at the moment is



FINANCE & ECONOMICS
Bitcoin crosses \$50,000