

CBDC Panel Session

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CBDC Objectives

- Avoid the risk of new forms of private money creation
- Geopolitics
- More efficient payment system/cross-border payments
- More efficient transmission of the monetary policy
- Many extensive reports: e.g., Adolfo (2021), Duffie and Economy (2022), Duffie, Foucault, Veldkamp, Vives (2022)

Payment system: The case for CBDC

- Eliminate unnecessary layers \Rightarrow cheaper and faster settlement
- CBDC accounts are fully insured
- Higher transparency

Concerns (depend on CBDC parameters)

- CBDC will compete with bank deposits ⇒
 - Low franchise value of banks ⇒ potentially endangers maturity transformation and creates reaching for yield incentives
 - Flight-to-safety ⇒ potentially less stable banking system
- Best use of funds?
 - Impact on other markets
 - Populist pressure
- Privacy vs. transparency
- Informational spillovers
- Cyber risk