

Banking
Under a
Digital Fiat Currency
Regime

“Money is What a Payment System Does”

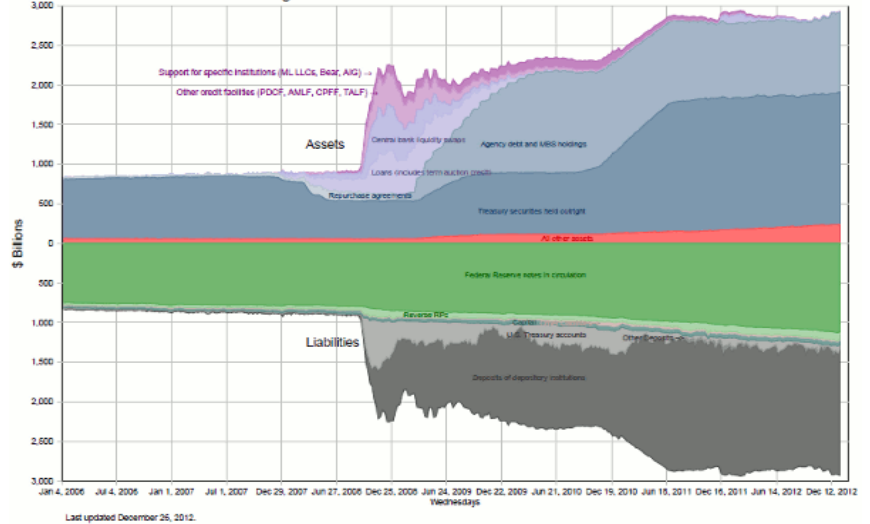
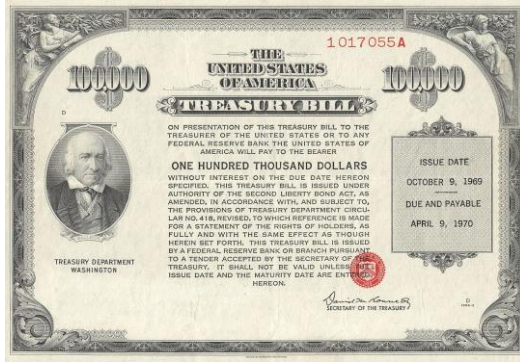
- Joseph Sommer

DFC > CBDC

31 USC § 8

The term “obligation or other security of the United States” includes all bonds, certificates of indebtedness, national bank currency, **Federal Reserve notes, Federal Reserve bank notes**, coupons, United States notes, Treasury notes, gold certificates, silver certificates, fractional notes, certificates of deposit, bills, checks, or drafts for money, drawn by or upon authorized officers of the United States, stamps **and other representatives of value, of whatever denomination, issued under any Act of Congress**, and canceled United States stamps.

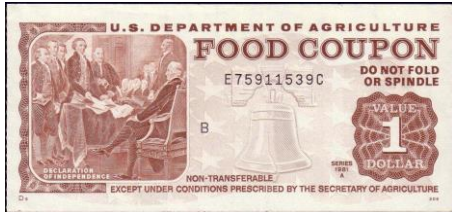
Public Finance



Internal Revenue Code
Child & Dependent Tax Credit Finder



U.S. Department of Education
 Information about your federal student loan

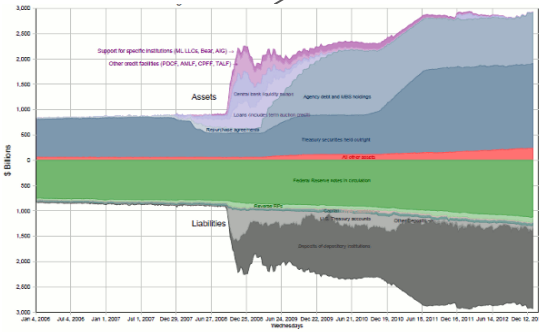


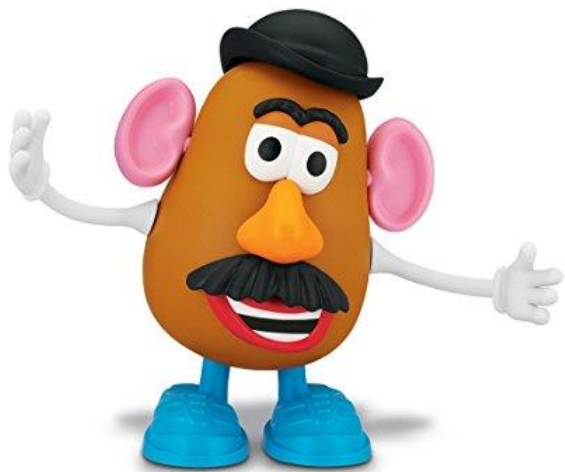


DFC



U.S. Department of Education
Information about your federal student loan





Vs.



Current MacroRegulatory Challenges

1. Safe Asset Shortage / Deposit Insurance Caps
2. Blurred Boundary of Payments--Banking
3. Fragmented, Unplanned Payments Ecology
4. Public Misunderstanding About Money

“You never change things by fighting the existing reality.

To change something, build a new model that makes the existing model obsolete.”

- Buckminster Fuller

"Better Call Saul!"

 **SAUL GOODMAN**

ATTORNEY AT LAW



Social Functions of Banks

- ~~Payments~~

- ~~Deposits/Checks~~

- ~~FRNs/Coins~~

- ~~Government /Interbank)~~

- ~~Safe/Near-Safe Assets~~

- ~~Deposits~~

- ~~Securitized debt~~

- Credit

- Loans/Overdrafts

- Collateral evaluation



DFC System

“Whenever a bank makes a loan, it simultaneously creates a matching deposit in the borrower’s bank account, **thereby creating new money ...**

- Bank of England

“[T]he central bank ... will in effect publicly monetize the promissory note ... **placing the full faith and credit of the United States behind the credit of the individual.**

- Robert Hockett & Saule Omarova

Banking: Old Approach



Bank



Assets	Liabilities
Deposits	Mortgage

Assets	Liabilities
Mortgage	Deposits

Assets	Liabilities

Banking: Old Approach



Bank



Assets	Liabilities
Deposits	Mortgage

Assets	Liabilities
Mortgage	Deposits
Reserves	Secured Overdraft (mortgage)

Assets	Liabilities
Secured Overdraft (mortgage)	Reserves

Banking: New Approach



Bank



Assets	Liabilities
(DFC)	Mortgage

Assets	Liabilities
Mortgage	(DFC)

Assets	Liabilities

Banking: New Approach



Bank



Assets	Liabilities
DFC	Mortgage

Assets	Liabilities
Mortgage	{DFC}
{DFC}	Secured Overdraft (mortgage)

Assets	Liabilities
Secured Overdraft (mortgage)	DFC

“the central bank can easily accommodate any increase in the demand for reserves—provided banks hold adequate collateral—**since it can create them.**”

- International Monetary Fund

“The hard lesson of banking history is that the liability side of banking is not the place for market discipline.”

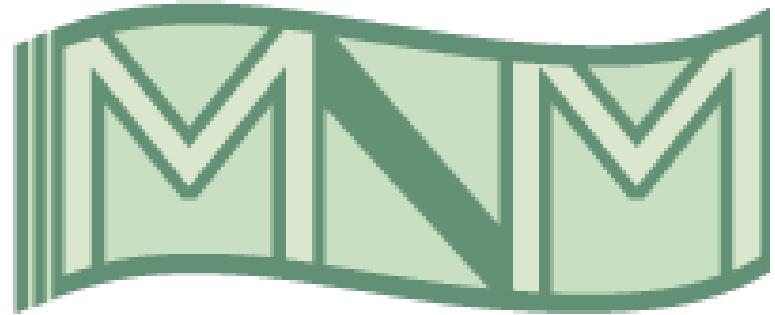
- Warren Mosler

Banks as Franchisees of Public Credit

- Similar to Unlimited Deposit Insurance
- Do One Thing Well: Underwriting/Credit Analysis
- Asset-side Discipline: Collateral/Loan Quality

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The Modern Money Network

www.modernmoneynetwork.org