



FEDERAL RESERVE BANK *of* NEW YORK

# Central bank digital currency: What is it and is it useful?

Antoine Martin  
Federal Reserve Bank of New York

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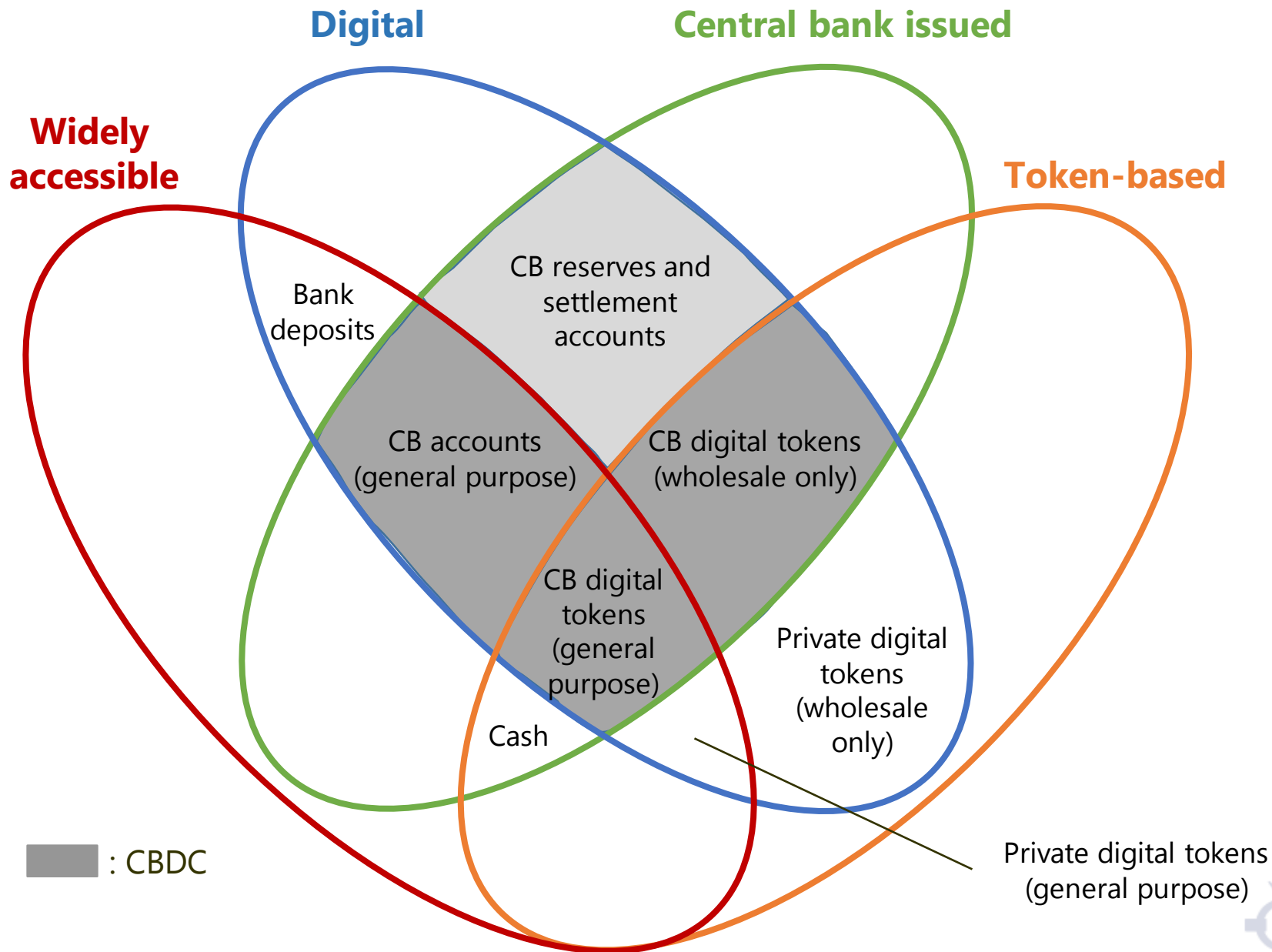
# Overview

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1. CBDC: What are we talking about?
2. What is a CBDC useful for?



# CBDC: What are we talking about?



# Different types of CBDCs

- CB wholesale digital tokens:
  - Some CBs are experimenting with blockchain applications of such token
  - Purpose seems to be to gain familiarity with the technology
- General purpose CB accounts:
  - Perhaps a good idea but not a new idea (e.g., Tobin 1985)
- General purpose CB digital tokens:
  - Some CBs are considering the costs and benefits of such tokens
- Considerable implementation challenges for any general purpose CB digital liability



# What is a CBDC useful for?

- It seems difficult to make a clear case in favor of a CBDC
  - What is the problem that needs to be solved?
  - Is a CBDC the best way to solve that problem?
- We can learn a lot from CB experimenting with different approaches
- We should remember that most payment systems rely on the cooperation between the CB and the private sector
  - Key question: How do new technologies affect the way we think if this distribution of roles?

