Contents

List of figures and tables
List of acronyms and abbreviations
Editors and Authors
Acknowledgements
Preface

PART I

Overview

1 A History of Central Bank Digital Currency and the Money Monopoly

FRANKLIN NOLL

- 1.1 CBDCs defined
- 1.2 The evolution of CBDCs
- 1.3 The money monopoly
- 1.4 Conclusion: The money monopoly and CBDC

2 The Technological Factor in the Conception of Central Bank Digital Currencies

VINCENZO VESPRI AND ANDREA BRACCIALI

- 2.1 Introduction
- 2.2 Technological choices
- 2.3 Cash versus CBDC
- 2.4 CBDC opportunities
- 2.5 Conclusions

PART II

Central Banking and Monetary Economics in the Digital Currency Era

3 Monetary Sovereignty in the Digital Currency Era

CHRISTIAN PFISTER

- 3.1 Introduction
- 3.2 Notions
- 3.3 Government and money
- 3.4 Risks to monetary sovereignty
- 3.5 Policy recommendations

4 Central Bank Digital Currencies: A New Nexus Between Central and Commercial Banks?

ARTHUR ROSSITHE VIEWS EXPRESSED IN THIS CHAPTER ARE SOLELY THOSE OF THE AUTHOR AND MAY NOT NECESSARILY REPRESENT THE POSITION OF THE SAUDI CENTRAL BANK.

- 4.1 CBDCs, a game changer for the relationship between central and commercial banks?
- 4.2 The Bahamas sand dollar or the challenges of introducing a general, domestic, two-tier, permission-based CBDC
- 4.3 The design choices of CBDCs are a crucial determinant of the potential impact on the banking architecture
- 4.4 Conclusion

5 Unlocking the Potential of Central Bank Digital Currencies in Developing Countries

SANGITA GAZI

- 5.1 Introduction
- 5.2 Financial exclusion vs financial inclusion: Existing trends of innovative financial services in developing countries
- 5.3 The transformative potential of technology in promoting financial inclusion: From mobile money to CBDC
- 5.4 CBDC's promise of accelerating financial inclusion: Capitalising on existing infrastructure to adopt, distribute, and scale CBDC
- 5.5 Promoting financial inclusion in a CBDC economy: A digital currency ecosystem as the primer
- 5.6 Looking ahead: Additional macroeconomic challenges for developing countries hindering CBDC's success

6 A Universal Stablecoin to Rule Them All?

DAVID TERCERO-LUCAS

- 6.1 Foreword
- 6.2 The risks posed by the euro area monetary system and its regulatory framework
- 6.3 A multi-currency stablecoin issuance
- 6.4 A single-currency, e-money issuance
- 6.5 What comes next? Improving the regulatory framework
- 6.6 Conclusion

PART III

The Central Bank Digital Currencies in the Mirror

7 Implications of the Digital Euro for Monetary Policy Transmission Outside the Euro Area

DEYAN RADEV

- 7.1 Motivation
- 7.2 Overview of digital euro designs
- 7.3 Monetary policy implications
- 7.4 Cross-border payments
- 7.5 Euroisation: Point of concern or an opportunity?
- 7.6 Conclusion and policy discussion

8 Digital Euro: Issued by Commercial Banks, Digitally Transforming the Industry

PHILIPP SANDNER, JONAS GROSS, AND ROMAN AVDEEV

- 8.1 Motivation
- 8.2 Forms of the digital euro
- 8.3 Digital euro issued by commercial banks
- 8.4 Digital transformation driven by the digital euro
- 8.5 Outlook and conclusion

9 How To Design a Private and Compliant Central Bank Digital Currency?

IONAS GROSS

- 9.1 The CBDC landscape
- 9.2 Why privacy matters for CBDC
- 9.3 Privacy and compliance
- 9.4 A detailed proposal
- 9.5 Conclusion

10 Beyond Central Bank Digital Currencies: Lessons from Japan's experience

SHUJI KOBAYAKAWA

- 10.1 Introduction
- 10.2 Overview of Japan's payment, clearing, and settlement
- 10.3 Recent initiatives for next-generation FMIs
- 10.4 Medium- to long-term strategy for next-generation FMIs
- 10.5 Conclusion

PART IV

Digital Currencies, Cryptocurrencies, and Stablecoins: Fiat Money and Legal Tender

11 The Applicable Laws to Cross-Border Payments in Central Bank Digital

Currencies: The Late Lex Monetae or Long Live the Lex Monetae?

CAROLINE KLEINER

- 11.1 Premise
- 11.2 The concept and scope of the lex monetae

11.3 The interaction between the lex monetae and other laws applicable to a cross-border payment

11.4 The resurgence of the lex monetae within CBDCs: A new digital lex monetae?

12 'Legal tender' and Central Bank Digital Currency

FILIPPO ZATTI

- 12.1 Changes in legal tender
- 12.2 The role of digital currency in shaping a new banking and payment system
- 12.3 The legal dimension of digital monies issued (or not) by a central bank
- 12.4 Some final considerations

13 A European Central Bank Digital Currency under German Law

SEBASTIAN OMLOR AND AURELIA BIRNE

- 13.1 Status quo
- 13.2 The legal nature of CBDC under German law
- 13.3 Legal regulation of CBDC under German law
- 13.4 Future questions
- 13.5 Conclusion

14 The Digital Loonie: The Legal Framework for a Central Bank Digital Currency in Canada and Beyond

POONAM PURI AND ILONA LARIONOVA

- 14.1 Introduction
- 14.2 Background: The loonie through the years
- 14.3 Implementing the digital loonie
- 14.4 The potential risk of non-digitisation
- 14.5 Considerations for a digital loonie
- 14.6 Conclusions

15 The Evolution of the Finality of Payment or 'How RTGSs, Instant Payment Systems, and DLT Platforms Change the Concept of Money'

ROSA GIOVANNA BARRESI

- 15.1 The concept of finality and its historical evolution
- 15.2 The principle of settlement finality
- 15.3 Frameworks and legislations about digital assets
- 15.4 The extension of the doctrine of finality to digital assets
- 15.5 Law in the making: Digital assets
- 15.6 A temporary conclusion

16 Central Bank Digital Currencies and the European Framework for Payments: Friends or Foes?

GABRIELLA GIMIGLIANO AND MARIA CECILIA DEL BARRIO ARLEO

-	-		7	luction													
- 1	h		ıν	11	•	r	$\boldsymbol{\cap}$	-	1	11	1	•	•	1	1	17	1

- 16.2 A primer on digital euro design choices
- 16.3 The digital euro and payments: Trade-offs and policy choices
- 16.4 The digital euro and the European regulatory framework for payments
- 16.5 The digital euro and payments oversight function
- 16.6 Conclusions

17 The Digital Euro, Stablecoins, and the Banking Sector

REYES PALÁ LAGUNA

- 17.1 Introduction
- 17.2 The digital euro: Why now?
- 17.3 The digital euro and risks for the banking system
- 17.4 Stablecoins, MiCA, and the banking sector
- 17.5 Conclusion

PART V

Towards the Uncharted Times of the Digital Assets Era

18 Decentralised Finance and Capital Markets Regulation

EUGENIA MACCHIAVELLO

- 18.1 Decentralised finance, capital markets regulation, and CBDC: The aim of this chapter
- 18.2 Benefits and risks of DeFi and different levels of decentralisation
- 18.3 'Decentralised DLT' systems: Their multi-layered structure and governance implications
- 18.4 DLT networks and EU capital markets regulation: Existing laws
- 18.5 The EU regulation of decentralised DLT systems
- 18.6 Decentralised networks: A new type of business organisation deserving new rules?
- 18.7 Conclusions: Decentralisation, regulation, and insights for CBDCs

19 Central Bank Digital Currencies: What Future for Banks and Other Financial Intermediaries?

FRANCESCA MATTASSOGLIO

- 19.1 Introduction
- 19.2 A memo on how central and commercial banks create money
- 19.3 The CBDC and the new monetary theories
- 19.4 Direct, indirect, or hybrid CBDC
- 19.5 Remuneration and limit holdings of CBDCs
- 19.6 Some CBDC projects around the world
- 19.7 Some final remarks

20 Beyond Digital Assets: What is Next for Money and Payments?

FILIPPO ZATTI AND ROSA GIOVANNA BARRESI

20.1 Introduction: Fiat, legal tender, official currency, what else?

20.2 Sovereignty and seigniorage in the digital currency era 20.3 Interoperability, sovereignty, and finality 20.4 Emission rights as digital assets 20.5 The digital euro and payment privacy 20.6 Some final 'tips'

Index