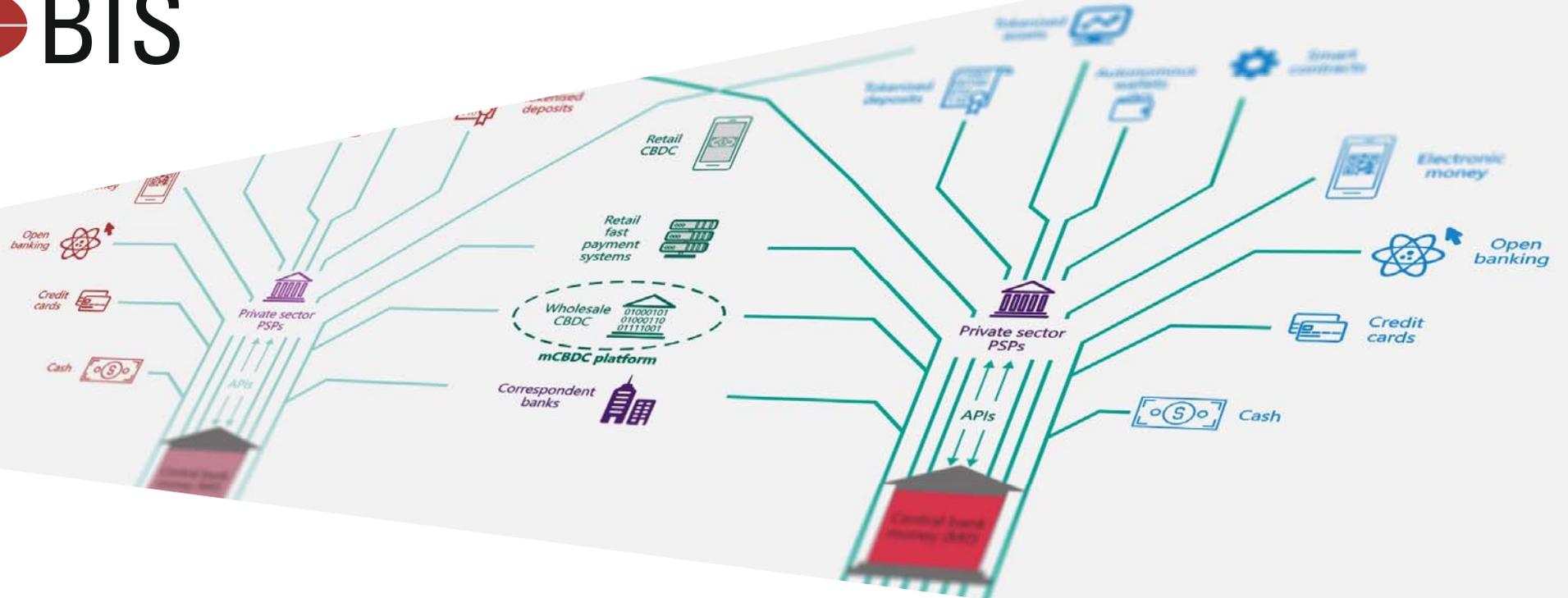




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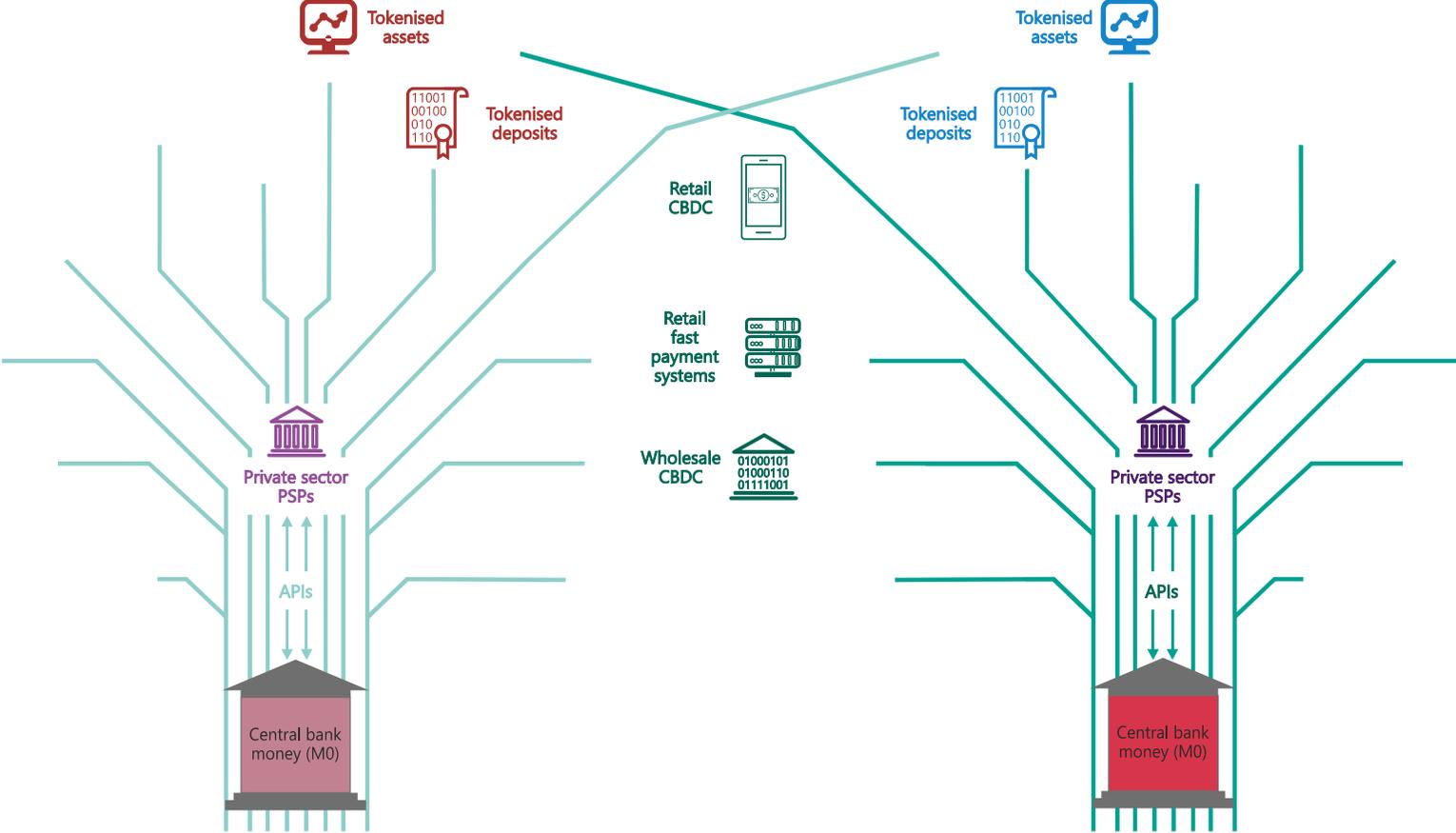
CBDCs and the future monetary system

Hyun Song Shin*
Economic Adviser and Head of Research

"Central bank digital currencies:
threat or opportunity?" LSE conference,
Virtual, 28 October 2022

*The views expressed here are those of the authors and not necessarily those of the Bank for International Settlements.

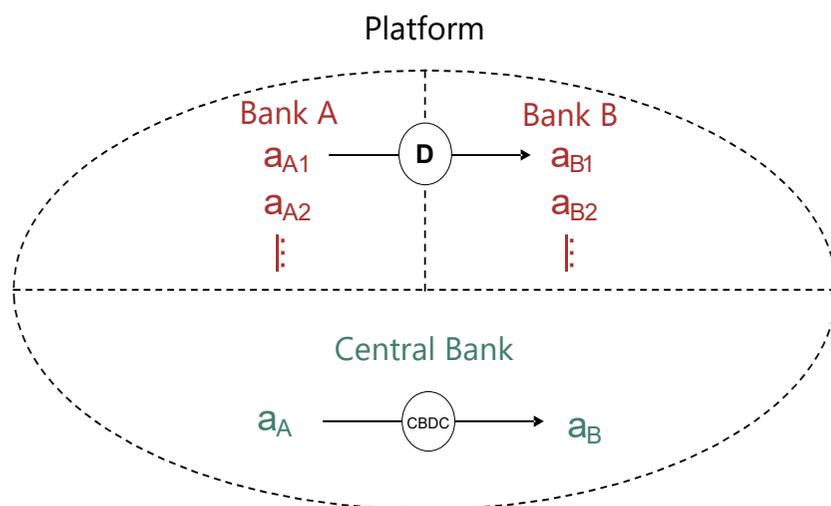
Metaphor for the future monetary system from 2022 BIS Annual Economic Report



Three themes

- Tokenisation
 - Digital representation of claims (building on legal, historical precedents)
 - Expanding the universe of contractual outcomes by incorporating contingent actions
- Decentralisation
 - Expanding the universe of contractual outcomes through common knowledge of the state of the world among diverse set of interested parties
 - Applications to supply chains, real estate conveyancing process
 - Governance
- Permissioned platforms
 - Connecting with real world claims based on identity of natural and legal persons, not private keys
 - KYC/AML/CFT

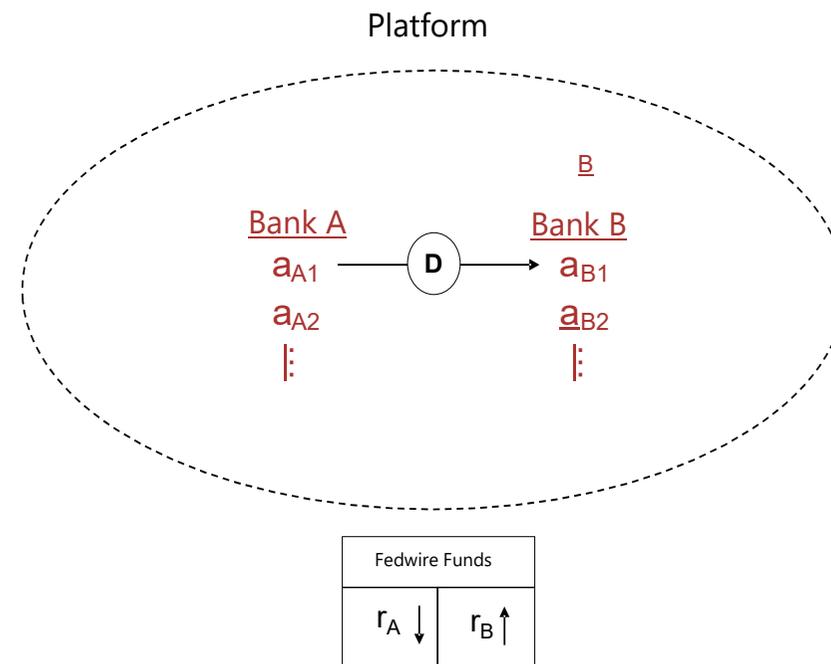
Two models of (non-stablecoin) tokenised deposits



Example 1:

Common platform used by banks A and B, with settlement taking place using CBDCs.

www.citibank.com/tts/insights/articles/article191.html



Example 2:

Common platform used by banks A and B, with settlement taking place via conventional RTGS

https://www.usdfconsortium.com/files/ugd/0a0cc5_4c71b4ac01974b8b8d2af1d6a970b83c.pdf

Comparing stablecoins and tokenised deposits

- Is there a foundational role for central bank money?
- What are the implications for interoperability within the platform and any fragmentation of the monetary system?
- Do platform members know who holds their claims?
- Do platform members have control over who holds their claims?