The Global Impact of China’s Central Bank Digital Currency

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Cryptocurrencies and the Digital Asset Economy
Outlook for 2021

The Gershon Fintech Center
University of Jerusalem

March 24, 2021
A payment

Alice → ¥ 80 → Bob, the baker
A conventional bank-railed payment
Bank payment rails
A DC/EP payment

PSP_A message

A's account

¥ 80

PSP_B message

B's account

PBC's DC/EP ledger
Examples of PBoC’s commercial DC/EP partners

- People’s Bank of China
- Banks
  - Bank of China
  - China Construction Bank
  - Agricultural Bank of China
  - Industrial and Commercial Bank of China
- Telcos
  - China Mobile
  - China Telecom
  - China Unicom
- Fintech PSPs
  - WeChat Pay
  - Alipay
  - Huawei
Cross-border payment via correspondent banks
International use of DC/EP

ZHU Min, Chairman of China’s National Institute of Financial Research

“So, let’s say if Singapore was willing to have the Chinese digital currency moving to Singapore and China was willing to accept the Singapore digital currency, maybe the two countries can sign a deal to work on those things.”

International use of DC/EP

Christopher Hui, Secretary for Financial Services and the Treasury, Hong Kong.

“In the event that the PBoC would like to explore the use of DC/EP in places outside of the Mainland, including Hong Kong, the Government and the HKMA will actively respond and collaborate.”

–Hong Kong Legislative Council, October 21, 2020.
Appendix: Alice puts ¥ 5000 into her DC/EP account
Appendix: DC/EP governance

State Council → Financial Stability and Development Commission → Central Commission for Discipline Inspection → Central Committee of the Chinese Communist Party

The People’s Bank of China

- Digital Currency Institute
- Financial Series Division
- Currency, Gold and Silver Bureau
- Technology Division
- International Affairs
- Legal Affairs
- PBC Central Clearing Centre
- Payment and Clearing Division
- Monetary Policy Division
Appendix: DC/EP infrastructure