



How will digital currencies change the global monetary order?

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Recent news about crypto & CBDCs

The Washington Post

Crypto leaders press Trump to create federal bitcoin reserve



BIS hands over mBridge CBDC payment system, after BRICS controversy

Overview

1. Money & (digital) currencies
 2. The global monetary system
 3. Brief history
 4. Digital currencies
 5. **Can crypto become a reserve currency?**
 6. **How will CBDCs affect the monetary order?**
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Money & currencies

Money: medium of exchange, store of value & unit of account

Currency: the *money* that is *used* in a particular **country** (community) at a particular time.

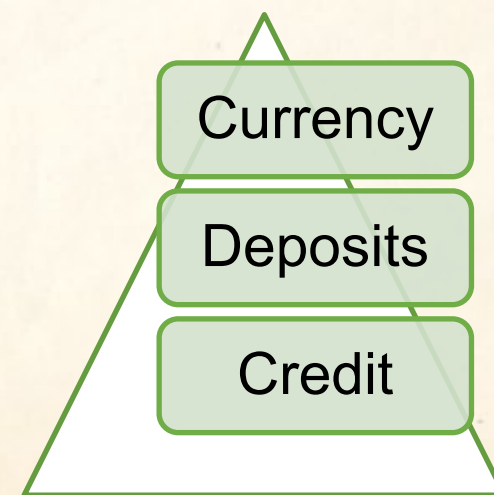
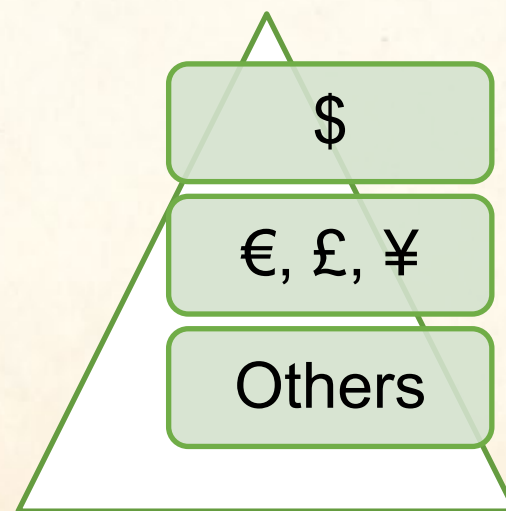
Reserve currency: a large quantity of currency maintained by central banks and other major financial institutions

- Paper currencies: e.g. the Euro
- Central bank digital currencies (CBDC): the Euro
- Private digital currencies: Bitcoin, Ethereum
- Private digital money: banks issued money



The global monetary system

Oatly Thomas (2009): a set of internationally agreed rules, conventions and supporting institutions that facilitate international trade, cross border investment and generally the reallocation of capital between states that have different currencies.



Brief history

Period	Name	Reserve currency
1870 - 1914	Gold standard	Gold
1920 – 1931	Gold exchange standard	Gold, US Dollar & UK Pound
1944 - 1970	Bretton Woods	Gold, US Dollar
1970 – today	Dollar system	US Dollar

What is next?

New (digital) currencies

Digital currencies	Example	Backing	Issuance	Clearing	Quantity
Original crypto	Bitcoin	Speculation	Centralized	Decentralized	Fixed
Corporate crypto	XRP	Speculation	Centralized	(De)centralized	Fixed - Flexible
Community	Bristol Pound	Debt	Decentralized	Centralized	Flexible
CBDC Wholesale	Euro	Rule of law	Centralized	Centralized	Flexible
CBDC Retail	Digital Euro	“”	(De)centralized	Centralized	Flexible

How will these affect the monetary order?

Can crypto become a reserve currency?

1. It already is

El Salvador's Experiment with Bitcoin as Legal Tender

Tender



He also shared that only one central bank — the Central Bank of El Salvador — has publicly disclosed the addition of bitcoin to its sovereign reserves, highlighting that bitcoin makes up just under 10% of the bank's reserves

Despite free bitcoin and discounted gasoline for those downloading and using the cryptocurrency app, downloads have stalled and use in daily life is not widespread.

Forbes

2. Crypto's biggest challenges

Digital currencies	Backing	Quantity
Crypto	Speculation	Fixed
CBDC	Rule of law	Flexible

How will CBDCs affect the monetary order?

What makes an attractive reserve currency?

- Trade-ability (CBDC vs. correspondent banking)
- Invest-ability (..)
- Liquidity (..)

Who can dethrone the Dollar?





Thoughts?
