

# General purpose CBDC

A complement to cash

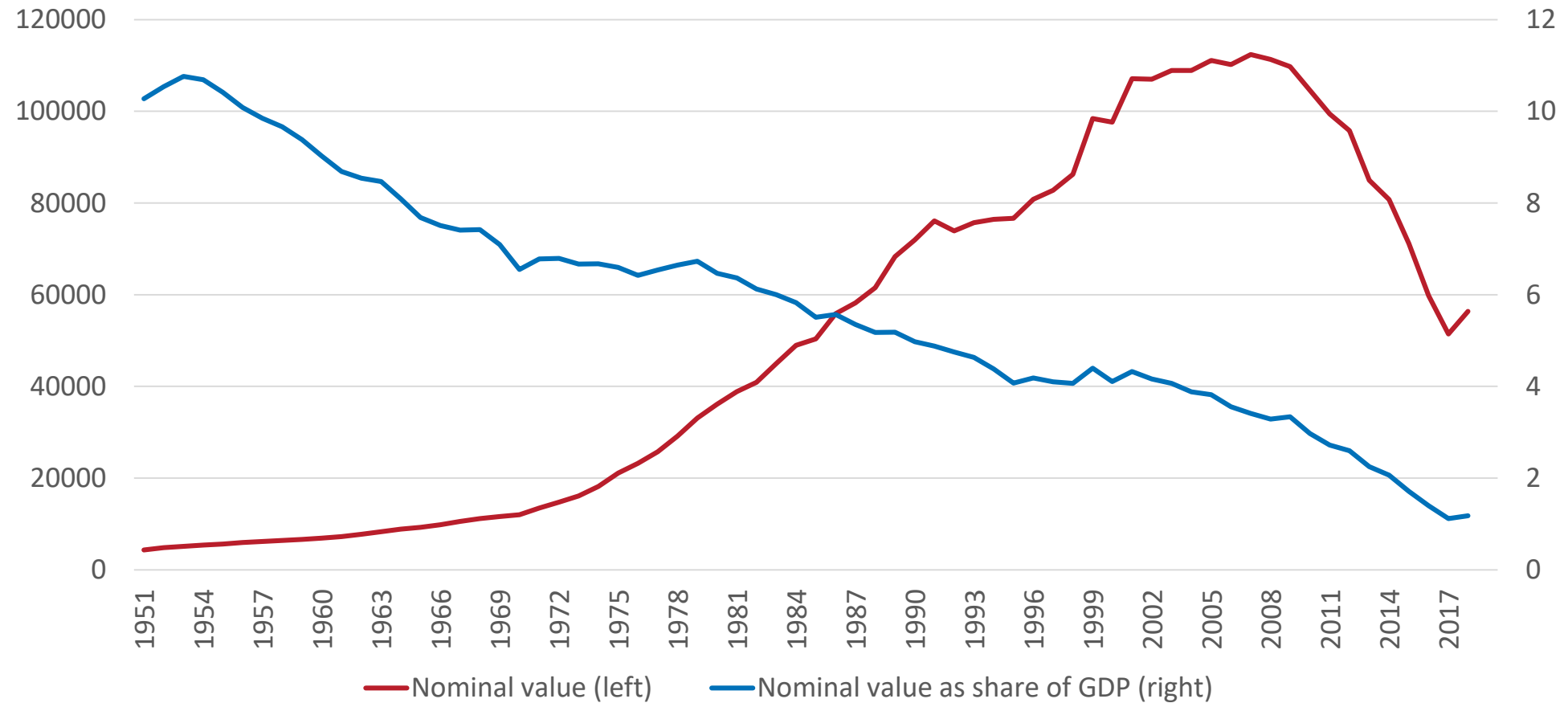
NBU conference on CBDC  
Kiev (2020-02-21)

S V E R I G E S   R I K S B A N K

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# Cash appears to disappear in Sweden

Cash in circulation. Nominal value and as share of GDP



# This can be problematic

- A public good with network externalities
- Vulnerable groups have problems with daily payments
- Crisis preparedness and resilience
- Competition in market with natural monopoly



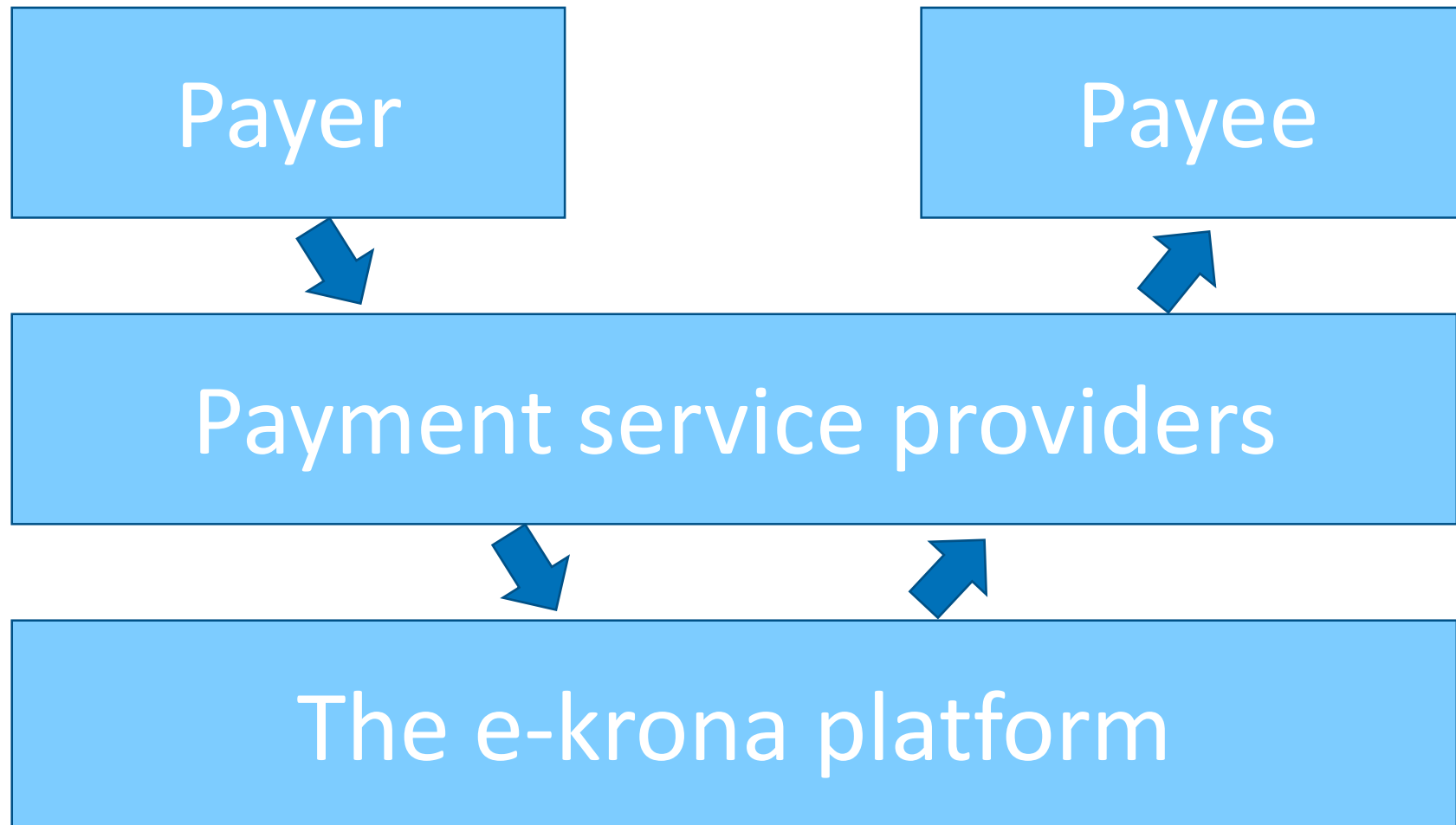


# Overall concept – Which basic functions *could* an e-krona have?

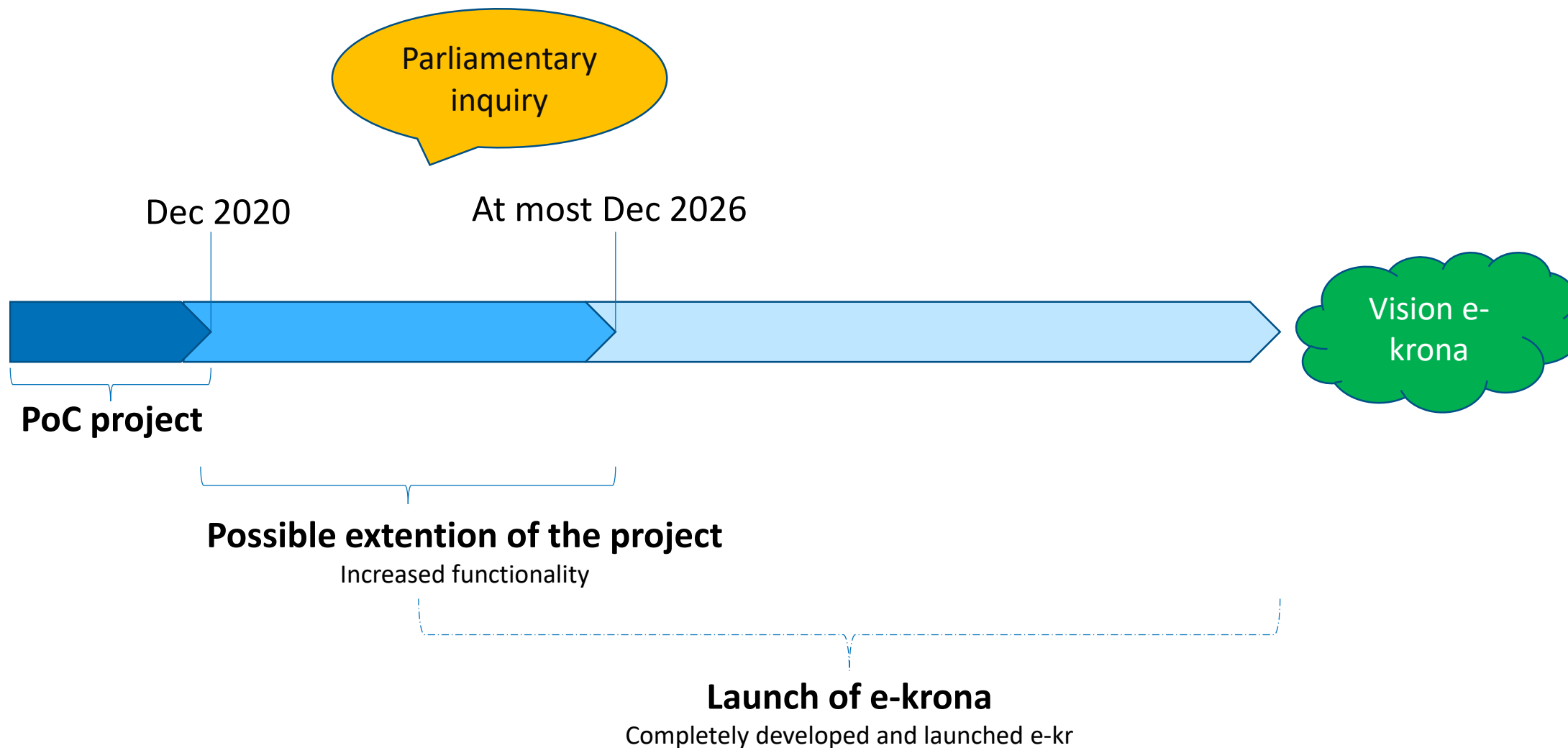
- Means of payment – primarily between households and companies
- Accessible 24/7, real time
- Denominated in SEK
  - Value based (~e-money)
  - Account based (~deposits)
- No legal support for interest rate – initially not interest bearing
- Anonymity (partial)?
- Off-line functionality?



# With the market, not against it



# Timeline proof of concept project (tentative)



# New times, new roles?

- Digitalization requires a rethink
- Big tech firms are entering the payment market
- Already have large networks
- Switching costs lower in a digital world
- Small open digitalized economies vulnerable to "digital dollarization" (Brunnermeier et al., 2019)



# What is the role of the state?

- A retail CBDC is ultimately a political issue
- What role should the state have in the monetary system and payments market?
- What is the role of the central bank?
- A CBDC and the technology enabling are merely tools to reach economic and political objectives
- Petition sent to the parliament. Inquiry 2020?

