General purpose

CBDC
A complement to cash

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

Björn Segendorf
Senior Adviser
Cash appears to disappear in Sweden

Cash in circulation. Nominal value and as share of GDP

Source: Riksbanken
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

Payer

Payment service providers

Payee

The e-krona platform
Timeline proof of concept project (tentative)

- Parliamentary inquiry
- PoC project
- Possible extension of the project
  - Increased functionality
- Launch of e-krona
  - Completely developed and launched e-kr
- Vision e-krona

Dec 2020
At most Dec 2026

https://www.riksbank.se/en-gb/payments--cash/e-krona/
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?