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New Developments in Central Bank Digital Currencies and their Implications for Japan

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Summary

- In recent years, central banks around the world have been researching and developing central bank digital currencies (CBDC), one of the global trends in digitalization and FinTech. The CBDC era began in October, 2020, in the Bahamas, and since then research regarding issuance of CBDC have accelerated further.
- If major economies introduce CBDC in the future, the impact will likely extend not only to central banks, but also to the global financial ecosystem.
- This paper provides an overview of the current situation of CBDC issuance and R&D in various countries and regions of the world. And we outline the classification of CBDC and the actual form of issuance and circulation, and compare and examine the specifications and functions of overseas cases. In addition, we examine major issues such as merits and demerits of CBDC which Japanese related entities should know in anticipation of the official issuance of a Japanese version of CBDC in the future.
- The Bank of Japan (BOJ) does not currently plan to issue CBDC. However, in order not to be left behind in global trends, it will become increasingly important in the future to thoroughly analyze the current situations in other countries and regions. And BOJ should take into account Japan-specific circumstances such as its cash-oriented society and its being a disaster-prone country, and then consider these factors in the research and development of CBDC.

Attention

This report is a summary translation. The official document is only in Japanese, included in the DIR Research Quarterly Review (Vol.45)