

# Benoît Cœuré: Bitcoin not the answer to a cashless society

Next week, Group of 20 policymakers will discuss bitcoin and other blockchain-based digital tokens. Such cryptocurrencies are poor imitations of money. Almost nobody prices goods in bitcoin, few use them for payments, and, as a store of value, they are no better than gambling in a casino. Policymakers are rightly worried about consumer and investor abuses, as well as illicit use.

Yet, while bitcoin and its cousins are something of a mirage, they might be an early sign of change, just as Palm Pilots paved the way for today's smartphones. Cash will not be king forever, even though it still rules in many parts of the world. New research from the Bank for International Settlements (BIS) shows non-cash payments have roughly doubled in size, as a share of GDP, since the turn of the century. Some Nordic countries are already cutting back on cash. And the iGeneration is more likely to reach for a payment app than a purse. To their children, banknotes and coins may look like museum exhibits.

These trends have sparked a discussion about whether central banks should issue their own digital coinage. A new report on central bank digital currencies (CBDC), released today by the two committees we chair at the BIS, sets the scene for this important debate.

What is a CBDC? The answer goes to the heart of money and payments. Today, banknotes and coins are the only way consumers can access central bank money. The money in your bank account is actually provided by a commercial bank. Your bank promises to exchange that money for cash when you go to the ATM. But when you pay bills online or swipe your credit card, you are using commercial bank money.

Under the current system, only financial institutions have direct access to digital central bank money via accounts at their national central bank. A consumer-oriented CBDC would extend that access to everyone. Although this might not seem like a big step to digitally-savvy consumers, it could have far-reaching ramifications for the role of money, the financial system and the economy.

For example, a CBDC for all would challenge the current model of banks taking customer deposits and using that money to fund the lending that helps drive the economy. The consequences for bank business models and financial stability would need to be carefully parsed.

More fundamentally, do we need a CBDC? Existing payment arrangements – based on commercial money – are already digitally provided and increasingly convenient, instantaneous and available 24/7. Nevertheless, if cash disappeared, there would be a stronger case to consider a CBDC. Otherwise, the public would be wholly dependent on commercial money, and trust in the

currency, a key public good, would be reliant on the creditworthiness of commercial entities and on specific payment technologies. However, despite the growing popularity of electronic payments, the cashless society is not here yet. Demand for banknotes is still growing in many countries.

If it were to come, a CBDC would have to be as convenient for consumers and businesses to use as the commercial equivalent. It would have to be hacker-proof. If we want to stop illegal use, it should not grant the same anonymity of cash to users. But giving central banks unprecedented amounts of information about individuals is equally controversial. There is no one-size-fits-all solution.

In sum, thinking carefully about the future of money is timely in view of new technologies and increasing use of electronic payments. Still, it is not yet clear whether CBDCs for consumers and businesses are necessary or desirable. In other words, the jury is still out, and the answer will clearly differ country by country.

Away from the public eye, change may also be happening and perhaps sooner. The BIS report canvasses a second, complementary, model of CBDCs aimed at financial institutions that would build on the blockchain technologies underlying bitcoin. Such tokenised forms of digital central bank money could potentially help streamline many of the cumbersome clearing and settlement processes that are currently needed to complete securities and foreign exchange trades. So far, however, central bank experiments with such forms of CBDCs have not shown conclusive benefits for wholesale payments and beyond, but technology and design are evolving quickly.

Despite its many faults, bitcoin has put the spotlight on an old failing of our current system: cross-border retail payments. Such payments not only permit shoppers to easily buy goods online from overseas, but also allow foreign workers to send money home, supporting financial inclusion and development. However, these payment channels are generally much slower, less transparent and way more expensive than domestic ones. Improvements here are the best way of rising to the bitcoin challenge.

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## [Joint conference on judicial cooperation in cybercrime matters](#)



12 March 2018

To cope with the ever-increasing number and complexity of cybercrime cases, enhanced international judicial cooperation is required. On 7 and 8 March 2018, participants from more than 60 countries around the world met at

Eurojust to gain a better understanding of the assistance available to practitioners in the pursuit of a common criminal policy toward cybercrime and the gathering of electronic evidence. The conference was co-organised by Eurojust and the Cybercrime Programme Office of the Council of Europe (C-PROC) within the framework of the Global Action on Cybercrime Extended (GLACY+) Project.

Participants and speakers were Eurojust National Members, Council of Europe officials, representatives of EU and international agencies and networks as well as authorities, engaged in international cooperation in cases involving cybercrime, electronic evidence and mutual legal assistance in criminal matters. The meeting was opened by Ladislav Hamran, President of Eurojust, and Alexander Seger, Head of the Cybercrime Division, Council of Europe.

Topics discussed included Eurojust's mission, objectives, core tasks and work in the field of cybercrime; challenges, obstacles and constraints in international cooperation; capacity building projects of the Council of Europe; the implementation of the Budapest Convention and the role of the Cybercrime Convention Committee; cooperation with the private sector; case examples and practical experience; and the way forward. By the end of this conference, participants were able to better utilise Eurojust and the Budapest Convention in terms of judicial cooperation in cybercrime matters and electronic evidence collection through:

- a better understanding of Eurojust's role and tools;
- a better understanding of the Budapest Convention and capacity-building programmes; and
- an exchange of experience and case work among EU Member States and other participating countries regarding the implementation of the Budapest Convention and the use of Eurojust's tools.

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## [EU industrial policy strategy: Council adopts conclusions](#)

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THE COUNCIL OF THE EUROPEAN UNION,

RECALLING the Council conclusions from May<sup>[1]</sup> and November 2017<sup>[2]</sup>, as well as the European Council Conclusions from June 2017<sup>[3]</sup>, which all emphasised the need for developing a comprehensive and long-term EU industrial strategy,

1. UNDERLINES the importance of strengthening the industrial base as a key component of Europe's future, keeping in mind that European industry continues to be a major driver for productivity, growth, innovation and employment and a cornerstone of economic prosperity in Europe; CONSIDERS in this regard the Commission's communication from 2017 on "A renewed EU Industrial Policy Strategy"<sup>[4]</sup> as an important signal and a useful first step towards developing a future-oriented EU industrial strategy;
2. REITERATES that a fully functioning internal market in the digital age is a fundamental pillar for strengthening industrial competitiveness and HIGHLIGHTS the importance of enforcement and implementation of the internal market rules in that context; BELIEVES that, in order to face the challenges and use the opportunities that are emerging, industry needs a clear, predictable and non-discriminatory regulatory environment in order to make future-oriented investments; in this context RECALLS the importance of business-related services and UNDERLINES the need to remove remaining unjustified or disproportionate barriers; therefore STRESSES that a structured and comprehensive long-term strategic approach is necessary;
3. CONSIDERS, in the light of the long-term industrial policies and

measures in other regions of the world, that the EU needs a common approach building on the competitive advantages of our economy and businesses, taking into account the European model with high environmental and social standards, and setting an ambitious long-term vision where its industry could be in a decade and beyond to the benefit of citizens and the economy; ACKNOWLEDGES that the major and sometimes disruptive changes which industry is undergoing, if properly addressed, can help create new jobs, lead to increased manufacturing in Europe and turn challenges into opportunities;

4. WELCOMES the initiatives undertaken by the EU in the digital domain, and, given that speed and scale are decisive for market success, CALLS FOR strengthened efforts and the rapid implementation of policy priorities in respect of the digitalization of industry with a special emphasis on strengthening initiatives like Digital Innovation Hubs and other initiatives under the European platform on digitising industry supporting small and medium-sized enterprises (SMEs) in their digital transformation; REITERATES the importance of ambitious, coherent, consistent, timely and industry-led standards for interoperability for the competitiveness of European industries on global markets;
5. STRESSES that, in order to operate in a data economy, companies need a continued focus on the innovative development and take-up of key forward looking trends including the Internet of Things, Artificial Intelligence, robotics, Big Data and platforms, connected and autonomous systems, 5G, 3D printing, standardization, ICT security and blockchain; EMPHASISES that, as data is becoming the new competitive factor in our connected world, data storage, cloud computing as well as high-performance processing technologies and capabilities should be strengthened in the EU to ensure an ambitious level of cybersecurity, data protection and trusted ICT services; RECOGNISES the significant risk of ICT-enabled infringements and misappropriation of intellectual property and the importance of finding a response to this threat;
6. HIGHLIGHTS that the ability of the EU to make use of new technologies depends on its ability to innovate and that, therefore, achieving significant and more effective investments and the right framework for research, development and innovation is of crucial importance, also in the perspective of the next multiannual financial framework; CONSIDERS that a better knowledge transfer and uptake of advanced and key enabling technologies in the industrial base is essential to promote productivity gains and the overall industrial competitiveness; RECALLS that the links between businesses and research, development and innovation are essential for market application and uptake and turning knowledge into new products and services, and that the creation, scaling-up and interconnection of innovation hubs throughout the EU should be accommodated to strengthen the innovation ecosystem;
7. CALLS for the further development of the European cluster policy, with the aim of linking-up and scaling-up regional clusters into cross-European world-class clusters, based on smart specialisation principles, in order to support the emergence of new value chains across Europe;

8. ACKNOWLEDGES that there is an untapped potential for European innovative projects and that large scale innovation initiatives and disruptive innovation should be supported; HIGHLIGHTS the importance of ongoing initiatives for public-private partnerships, innovation and investments and REGARDS favourably the communication on EU State Aid Modernisation setting out criteria on support for Important Projects of Common European Interest which aims at facilitating large-scale innovative projects of transnational character;
9. UNDERLINES the importance of public procurement, including pre-commercial procurement and public procurement for innovation, for promoting innovation and improving the competitiveness of the EU industry and REGARDS favourably initiatives such as the recently adopted communication on “Making Public Procurement work in and for Europe” to use procurement as a strategic tool to foster a transition to a more innovative, environment-friendly and socially inclusive economy;
10. Having in mind that competition in a market economy is of outstanding importance for the innovation orientation of the economy, RECOGNIZES that, when it comes to innovation and digital transition, the EU and its Member States, in order to be able to compete globally, should support investments and create favourable conditions for private investment funds, including innovative forms of financing and targeted growth support measures for SMEs and start-ups as the backbone of the EU economy; furthermore POINTS TO the need for continued dedicated policies towards scale-ups and mid-caps, as well as increased support for innovation with high technological risk and a long-term investment horizon; UNDERLINES the need for the right mix of investment and funding tools by the EU, Member States, regions and the private sector;
11. STRESSES that fostering the Union’s industrial growth requires the right skills, and that harnessing the digital transition notably requires addressing the insufficient level of digital skills in Europe’s labour force and shortages of ICT professionals as well as science, technology, engineering and mathematics graduates; REAFFIRMS the potential of additional sectoral blueprints as a basis for bottom-up identification of sector-specific skills needs, increased business-education partnerships as well as dedicated investments in the skills of young people and lifelong learning;
12. CONSIDERS that trade is essential to creating growth and jobs; RECOGNISES the importance for EU industry of global value chains and trade; NOTES the global changes in trade policy and therefore REITERATES the importance of the EU’s approach to pursue a robust trade policy upholding an open and rules-based multilateral trading system, with a central role of the WTO, convinced that trade and investment can only be free if they are also fair and mutually beneficial; in the context of this robust trade policy and seeking to foster a truly level playing field, URGES all actors involved to prepare an adequate answer on how to handle the industrial strategies of third countries, facilitating the integration of European companies in global value chains, also in a

long-term competitiveness perspective;

13. EMPHASISES that the contribution of the private sector is essential to achieving the ambitious goals for fighting climate change and ensuring sustainability; NOTES that satisfactory results can only be achieved through vision, partnership and by creating the appropriate framework conditions for innovation, new business and manufacturing models, including through measures to support the low-carbon transition in industrial sectors; WELCOMES the efforts made by various sectors to develop long-term transition roadmaps to 2030 and beyond, stretching up to 2050, and INVITES the Commission, together with industry and Member States, to work actively with all sectors on the further elaboration of such roadmaps and their interlinkages as an input to the future comprehensive and long-term EU industrial strategy;
14. CALLS FOR a comprehensive industrial policy that makes best use of the opportunities resulting from the transition towards safe and sustainable technologies, low-carbon and circular economy and is in balance with coherent European climate and energy policies, aiming at creating a strong, resource-efficient and competitive European industrial base; UNDERLINES that this comprehensive policy should take into account the sustainable supply of raw materials and the external dimension of the EU climate policy, while paying special attention to addressing the issue of high energy costs and preventing significant disadvantages in international competition, in particular for energy-intensive industries;
15. REITERATES that industrial competitiveness concerns should be systematically mainstreamed across all EU policy areas and its call on the Commission to evaluate the impact of mainstreaming industrial policy into the EU strategic initiatives and put forward proposals how the mainstreaming can be more effective; POINTS OUT that cumulative cost assessments and the reduction of unnecessary regulatory burdens are an indispensable part of any comprehensive effort to support the global competitiveness of EU industry; UNDERLINES in this regard the importance of concrete targets for the reduction of unnecessary regulatory burdens, whilst respecting existing protection standards and without undermining the underlying objectives of the legislation; EMPHASISES that systematic steps at EU level could effectively complement measures at national and regional level and thus improve the coordination and synergies between EU and Member States' policies; CALLS ON the Commission to ensure that the SME test is applied more thoroughly when preparing initiatives;
16. RECALLS that appropriate framework policies should be accompanied, when necessary, by initiatives to stimulate new and emerging sectors with high growth potential, and for sectors facing economic change;
17. NOTES that, in order to effectively implement a comprehensive EU industrial policy, strategic objectives need to be established and the progress towards their achievement be constantly monitored; therefore CALLS ON the Commission to intensify work, in consultation with Member States and stakeholders, on appropriate industrial policy objectives to be achieved by 2030 and beyond, synchronizing the efforts



made under the EU's industrial, energy and environment (including climate change) policies; TAKES NOTE with interest of the recent EU Industry Day, including the establishment of the High Level Industrial Roundtable "Industry 2030" which is expected to deliver a positive and timely contribution to the development of a comprehensive and long-term EU industrial strategy, and CALLS ON the Commission to keep Member States informed of the work of the Roundtable;

18. EMPHASISES the need to monitor the implementation of the industrial policy objectives and, even more importantly, the trends in the development of the EU industry with appropriate indicators, keeping in mind that the indicators need to be measurable, time sensitive and should, where feasible, allow for comparison at a global level;
19. In order to keep Europe globally competitive, STRESSES the urgent need for a comprehensive and long-term EU industrial strategy which should be in place at the latest by the beginning of the next EU institutional cycle; to this end CALLS ON the Commission to build upon the existing governance structure and focus on the preparation of all the elements that will form the future strategy, including an action plan; NOTES also the need to closely involve Member States in this process and REAFFIRMS the strategic role of the Competitiveness Council to provide political guidance and momentum.

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[1] Doc. 9760/17.

[2] Doc. 15223/17.

[3] Doc. EUCO 8/17, paragraph 15.

[4] Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank – Investing in a smart, innovative and sustainable Industry – A renewed EU Industrial Policy Strategy, doc. 12202/17 + ADD 1.

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