

# What is the point of a Central Bank digital currency?

We already have digital money. You and I have money held in a commercial bank which is just an electronic line in their accounts. We can use it to buy something, transferring our digital money to someone else's digital account electronically. We have a digital credit card which we can wave at a machine to pay. If we save money in a deposit account that too is digital. The banks do not keep all our monies in bank notes, just having enough till money to meet usual demands for physical cash with a margin.

Some people have created different digital tokens like Bitcoin. These do not fulfil the normal characteristics of money. You cannot use them to buy things. Most shops and websites decline bitcoin. They are not a store of value as a sound major state currency is, with wildly fluctuating values. They are not a standard of measurement. Few quote prices in bitcoin where many quote them in dollars or pounds.

There are things called stable coins which seek to link their value to a well known currency. Some achieve this, but there could in some cases be failures to do so. If they succeed what advantage do they have over holding the currency itself?

The Bank of England and other leading central banks are thinking of issuing digital versions of their own currencies. Given the way commercial banks already do this I assume it means the Central bank itself offering a current account to regular customers. This would be a big diversion from their current functions and would not offer much that a commercial bank does not already offer.

People worry about the way the state could use a CB digital currency to increase surveillance over people and even control their money. I cannot see them making everyone have a CB account as the Bank of England would not want millions of small accounts. Existing digital money through commercial banks is already under plenty of surveillance to prevent crime and money laundering.