



EUROPEAN CENTRAL BANK

EUROSYSTEM

Discussion of Money in crisis

SUERF BAFFI
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Disclaimer

The views expressed here are those of the presenter and do not necessarily reflect those of the ECB.

What the book is about

- A **history** of money from **ancient to modern times** and the role of **technology**.
- On the road from **clay tablets** to **digital money**, we learn about crises, monetary theory, role of banks, the digital transformation of payments, crypto, the global monetary system and CBDC, ...
- Crisis: state of **disorder** or just **turning points**?

Authors with great credentials and knowledge.

A **must-read** for professionals in the financial sector and anybody interested in monetary theory and current developments!

Very much enjoyed reading!

Money as a public-private partnership

Monetary stability is ensured by balancing a **state-founded guarantee** with credibility derived from a **competitive set-up**.

- **Political economy incentives** to deviate from state-founded guarantee.
- Money has **network effects** that are not conducive to a competitive setup.

How does the boundary between **public and private** depend on technology?

- **Dematerialisation** of money
- Increasing complexity and **speed of transactions**
- **Faster** and more transparent **information flows**

Retail CBDC goes against the established balance

Central banks should not provide **digital payment instruments**.

- This “*would be akin to “nationalizing” a service in which private companies have so far played the central role, and successfully so*”.

Setting the boundary between **public and private spheres** is the essence of good monetary governance.

- This **boundary** is **not independent** of **technology**.
- Private sector usually **more innovative** but not always ensures **socially adequate outcomes**.

The road to the future

Bank of the state

Does technology shift the boundary between private and public?

How to preserve central bank independence?

Bank for everyone

How to deal with increasing digitalisation?

How to regulate technological innovation?

Bank for banks

Challenge to stability from increasing speed of transactions

How to navigate the blurring lines between banks and non-banks?