

FT Trading Room Digital currencies

Central banks 'hesitant' on digital currencies, says former governor

Christian Noyer believes projects available to consumers are a way off yet



On digital currencies for consumers, Christian Noyer said: 'I don't think we are close to the departure lounge, but the fact that they want to study it means a lot of work will continue this year' © Reuters

Philip Stafford in London FEBRUARY 5 2020

Christian Noyer, former governor of the Banque de France, has raised doubts that major central banks will launch digital currencies for consumers within the next 10 years, but forecast that digital payments between commercial banks “will happen fairly soon”.

Last month, a [report by the Bank for International Settlements](#) noted that more than 50 central banks were working on digital currency projects. Most of this work is focused on a token or account that could be accessed by the general public, as opposed to one used by commercial banks and clearing organisations to settle transactions. At the moment, individuals' access to central bank money is limited to notes and coins.

Sweden and Uruguay have gone as far as running pilot projects for consumer-focused digital currencies, trialling the [e-krona](#) and e-peso, respectively.

Mr Noyer told the Financial Times that the decline in usage of physical cash, along with the rise of private initiatives such as Facebook's [Libra](#), had prompted central banks around the world to look more deeply into [digital currencies](#). But he added there was "clear hesitation" from the world's top central banks over whether to launch their own projects, because of concerns over privacy and the impact on the central bank's ability to conduct monetary policy.

"Whether they will enact the projects in the next 10 years remains to be seen," he said, pointing to the scale of the task in upending current systems. "I don't think we are close to the departure lounge, but the fact that they want to study it means a lot of work will continue this year."

Mr Noyer was governor of France's central bank for 12 years until 2015, and vice-president of the ECB when it was founded in 1998. He now sits on the board of Setl, a London blockchain technology group that develops electronic ledgers to process payments that are on a central bank's balance sheet.

Policymakers have been [put under pressure](#) to innovate by projects such as Libra, which some fear could pose a threat to the role of central banks in the financial system.

But Mr Noyer said the links that commercial banks provide between consumers and the central bank would be decisive. Central banks "will probably wait to see what the commercial banks are doing themselves," he said. Policymakers are not keen on the concept of "private money" such as Libra, he added.

A digital currency for consumers would typically require that people have an account at their central bank rather than a commercial bank. That would mean central banks were responsible for critical checks on customer activity and screening for illegal activity such as money laundering. Such a move would undermine the commercial banks' traditional roles as trusted intermediaries in the circulation of money.

However, Mr Noyer said digital currency for wholesale payments between commercial and central banks, the way that most payments are processed in modern-day banking, was a possible compromise. "There needs to be a central bank-backed currency somewhere. It's an important part of the credibility of money that the general public can access [it]," he added.

Letter in response to this article:

[*Er, currency has been digital for decades / From Neil McNaughton, Sèvres, France*](#)

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