

US in no hurry to develop digital dollar: Fed's Powell

October 19 2020



Federal Reserve Chair Jerome Powell said the US central bank has a responsibility to be cautious before issuing an official digital currency

The US central bank is researching a possible cyber-dollar, but will move slowly to ensure it first addresses the risks of fraud and counterfeiting,

Federal Reserve Chair Jerome Powell said Monday.

"This is one of those issues where it's more important for the United States to get it right than it is to be first," Powell said during a [panel discussion](#) at the IMF [annual meeting](#) on central bank digital currencies (CBDC).

"And getting it right means that we not only look at the potential benefits of a CBDC, but also the potential risks," such as [cyber attacks](#) and counterfeiting, he said.

There is growing interest among the world's central banks in issuing official digital currencies, driven partially by concerns a private actor—such as Facebook's Libra project—might get there first, without controls on how it is designed or used.

But Powell said the Fed has a special need to be cautious since the US dollar is a global reserve currency, used by companies and [central banks](#) worldwide.

"We have a responsibility both to the US and to the world that any steps taken for a US digital currency be taken safely."

"We're absolutely committed to the soundness of the dollar into safe and efficient US dollar payment systems," he said, but that relies on the "reliable rule of law, strong and transparent institutions, deep financial markets and an open capital account."

The Boston Federal Reserve Bank is working with researchers at the prestigious Massachusetts Institute of Technology to develop a "hypothetical central bank digital currency" to help assess potential security risks, he said.

© 2020 AFP

Citation: US in no hurry to develop digital dollar: Fed's Powell (2020, October 19) retrieved 23 April 2024 from <https://techxplore.com/news/2020-10-digital-dollar-fed-powell.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.