

Digital Dollar Whitepaper Summary

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The Digital Dollar Project

Exploring a US CBDC

May 2020

DIGITAL DOLLAR FOUNDATION 

What is the Digital Dollar Project?

- Digital Dollar Foundation launched January this year
- Led by former U.S. Commodity Futures Trading Commission (CFTC) Chairman Chris Giancarlo, Gattaca Horizons CEO and former CFTC Chief Innovation Officer Daniel Gorfine, Accenture Senior Managing Director David Treat and Pure Storage CEO Charles Giancarlo, with contributions from a number of Accenture analysts and directors.
- The purpose of the Project is to encourage research and public discussion on the potential advantages of a digital dollar, convene private sector thought leaders and actors, and propose possible models to support the public sector. The Project will develop a framework for potential, practical steps that can be taken to establish a dollar CBDC.



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What is the Digital Dollar Project?

- Believes the US should lead in the effort to tokenize central bank currency
- Takes a “champion-challenger” approach that explores thesis of a tokenized dollar but considers viability of alternatives
- “Champion” model is defined as:
 - Operating alongside existing monies
 - Distributed through 2-tiered banking system
 - Recorded on new infrastructure, maybe DLT
 - *Tokenizes* the dollar, not account-based



The Digital Dollar Project

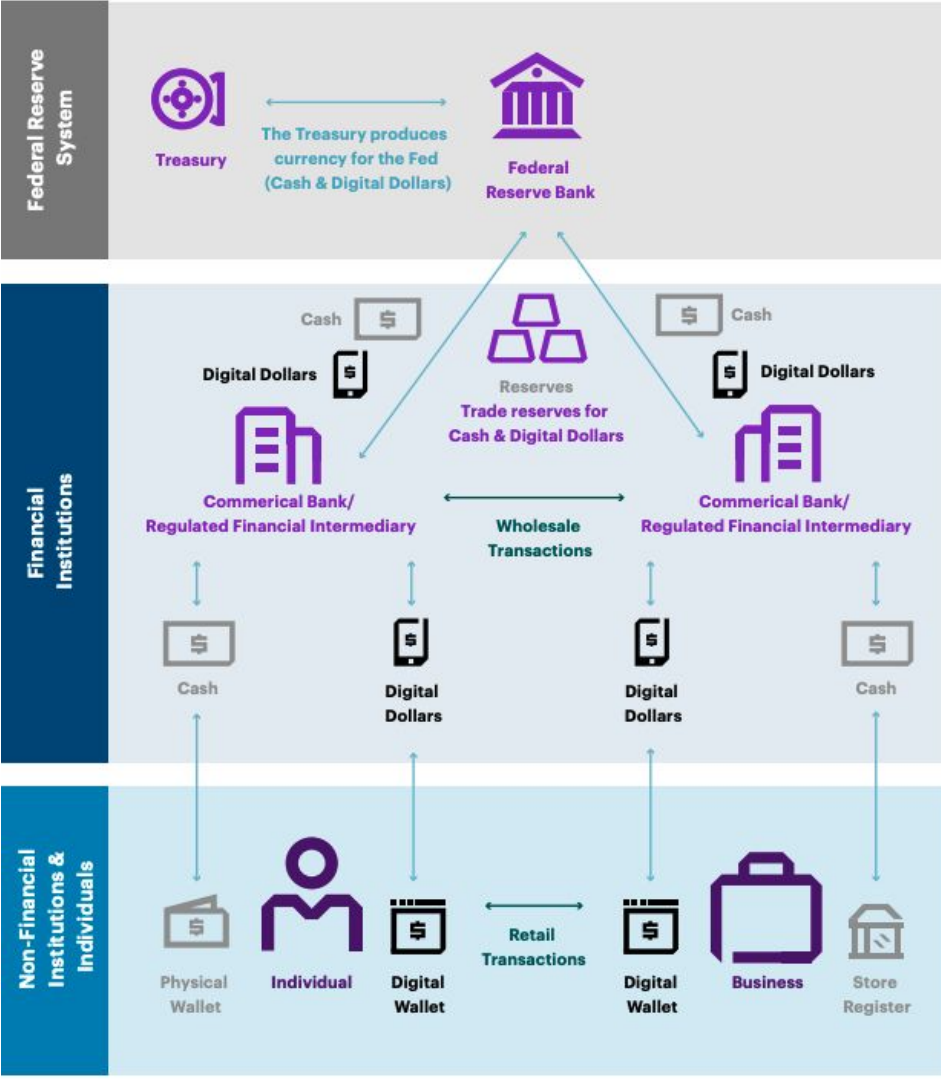
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Main (anticipated) characteristics of a Digital Dollar

- Tokenized form of USD
- Operate alongside fiat as third format of currency
- Distributed through 2-tier system of commercial banks and regulated intermediaries
- Respect individual privacy and comply with regulations
- Neutral monetary policy - no impact on Fed control
- Design driven by policy and economic requirements
- Architecture will be adaptable to future policy or technological developments
- Catalyze private sector innovation



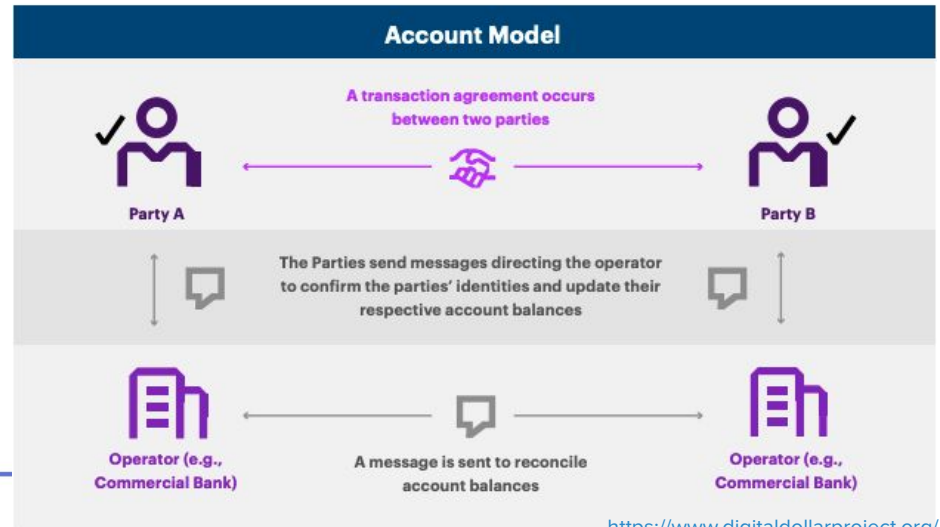
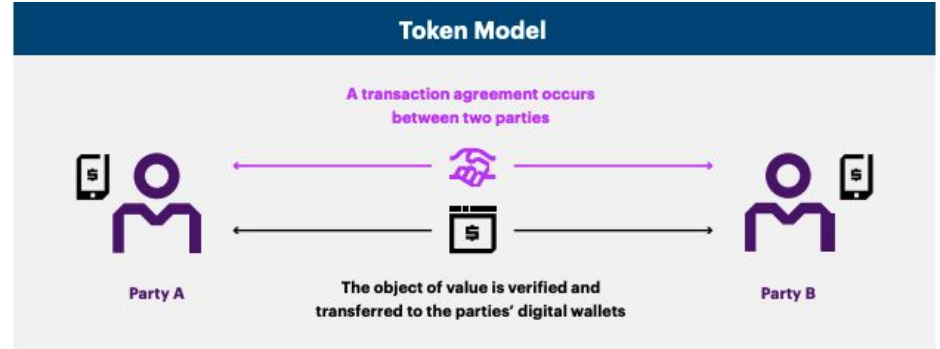
Why tokenize the Dollar?

- Drive innovation: new financial medium on which central bank money can flow
- Programmability: Individual programmability per token or transaction
- Portability: “sent like a text”
- Efficiency: lower costs, diversify payment rails, allow more direct monetary relations
- Accessibility: alternative access to central bank money outside of accounts (Fedwire). Atomic delivery. Digital international payments.
- Financial inclusion?: lower systems costs such as cost to provide services thereby expanding coverage of services and digital wallets, may make distribution easier (Covid-relief)



Benefits of Tokenization

- Token contains all info necessary for transaction to be verified and complete in one step
 - ◆ DLT can ensure uniqueness of token
- Account model requires additional steps in verification and reconciliation
- Enhanced automation of transactions
- Near real-time exchange, no matter where parties are
- Individual programmability per token or transaction i.e. controlled anonymity, interest-bearing features, account limits, etc.



Benefits of a CBDC

- Broader access to USD, a public good, status as world reserve currency
- Reduced operational complexities
- Improved cost efficiencies
- Greater market transparency
- Reduced counterparty risk
- Increased trade liquidity
- Money flow at the speed of digital
- Enhance not just national currency, but global economic



Use Cases

- Domestic Payments
 - ◆ Peer-to-Peer Payments
 - ◆ Domestic Retail Payments (Consumer and Business)
 - ◆ Domestic Payments: Delivery vs Payments DVP
- International Payments
 - ◆ Remittance Payments
 - ◆ Cross Border Payments
- Government Benefits
 - ◆ Benefit Administration
 - ◆ Exceptional Circumstances (Covid-19)



Downsides / Challenges of a Digital Dollar?

→ Your thoughts?

Welcome public feedback

Comments and questions at feedback@digitaldollarproject.org

