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Report of the Study Group on Legal Issues
regarding Central Bank Digital Currency (Abstract)¹

The Bank of Japan's Institute for Monetary and Economic Studies commissioned the Study Group on Legal Issues regarding Central Bank Digital Currency (CBDC) to examine the issues surrounding the issuance of CBDC in Japan. The Report of the Study Group was released today.²

CBDC has recently attracted increasing attention internationally. Discussions and suggestions have been made in academia. Central banks and international organizations have released reports examining the major issues regarding the implementation of CBDC. A few countries are already considering the possibility of issuing CBDC.

Ongoing discussion of CBDC is driven by developments in the financial environment. These developments include technological innovations in the financial sector, the transformation of payment services, and the declining use of cash. Issues of financial inclusion may also be of concern in emerging countries. The appropriateness of CBDC issuance must be discussed from a wide range of perspectives, including the possible effects on financial systems and economies. Currently, most central banks, including the Bank of Japan, have made no plans to issue CBDC.

Meanwhile, in light of recent changes such as rapid developments in information technologies, it is important to identify potential legal issues that may arise from the issuance of CBDC in Japan. Such analysis will also contribute to deepening our understanding of the functions of currency in general, as well as the relationship between central bank money and commercial bank money.

¹ Views expressed in the paper are those of the Study Group members and do not necessarily reflect those of the Bank of Japan or the Institute for Monetary and Economic Studies.

² The text of the Report is available in Japanese only.

The Report examines the models for CBDC issuance and discusses the crucial legal issues that may arise from the implementation of CBDC within the Japanese legal framework, including issues pertaining to both private and criminal law, the Bank of Japan Act, legislation on data collection, and administrative and competition law.