

# Remarks by Prof. David Yermack

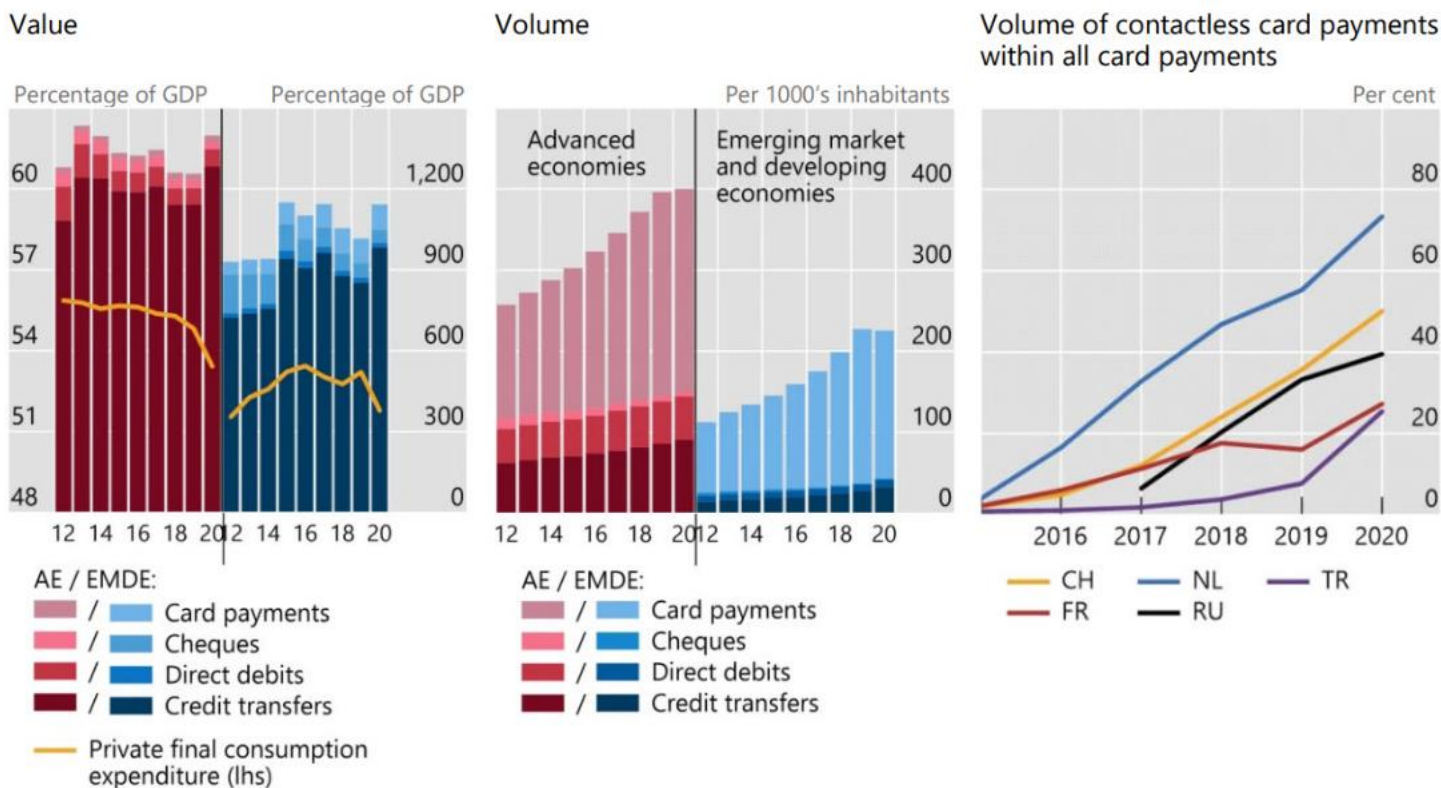
NYU Stern School of Business

NBER

# Payments in the pandemic

Credit transfer and contactless card usage strongly increased in 2020

Graph 1



Sources: CPMI Red Book statistics; OECD main economic indicators and national accounts.

# Disruption in the private sector

JPMorgan Chase & Co

## How JPMorgan's plan to kill credit cards split the bank

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Jamie Dimon warned executives to put aside rivalries and deliver critical 'pay-by-bank' project



© FT montage/Bloom

# Pres. Biden's executive order

March 9, 2022

THE WHITE HOUSE



- **Explore a U.S. Central Bank Digital Currency (CBDC)** by placing urgency on research and development of a potential United States CBDC, should issuance be deemed in the national interest. The Order directs the U.S. Government to assess the technological infrastructure and capacity needs for a potential U.S. CBDC in a manner that protects Americans' interests. The Order also encourages the Federal Reserve to continue its research, development, and assessment efforts for a U.S. CBDC, including development of a plan for broader U.S. Government action in support of their work. This effort prioritizes U.S. participation in multi-country experimentation, and ensures U.S. leadership internationally to promote CBDC development that is consistent with U.S. priorities and democratic values.

# The Treasury Department's response

September 20, 2022, after six months of deliberation



**U.S. Department of the Treasury**  
Office of Public Affairs

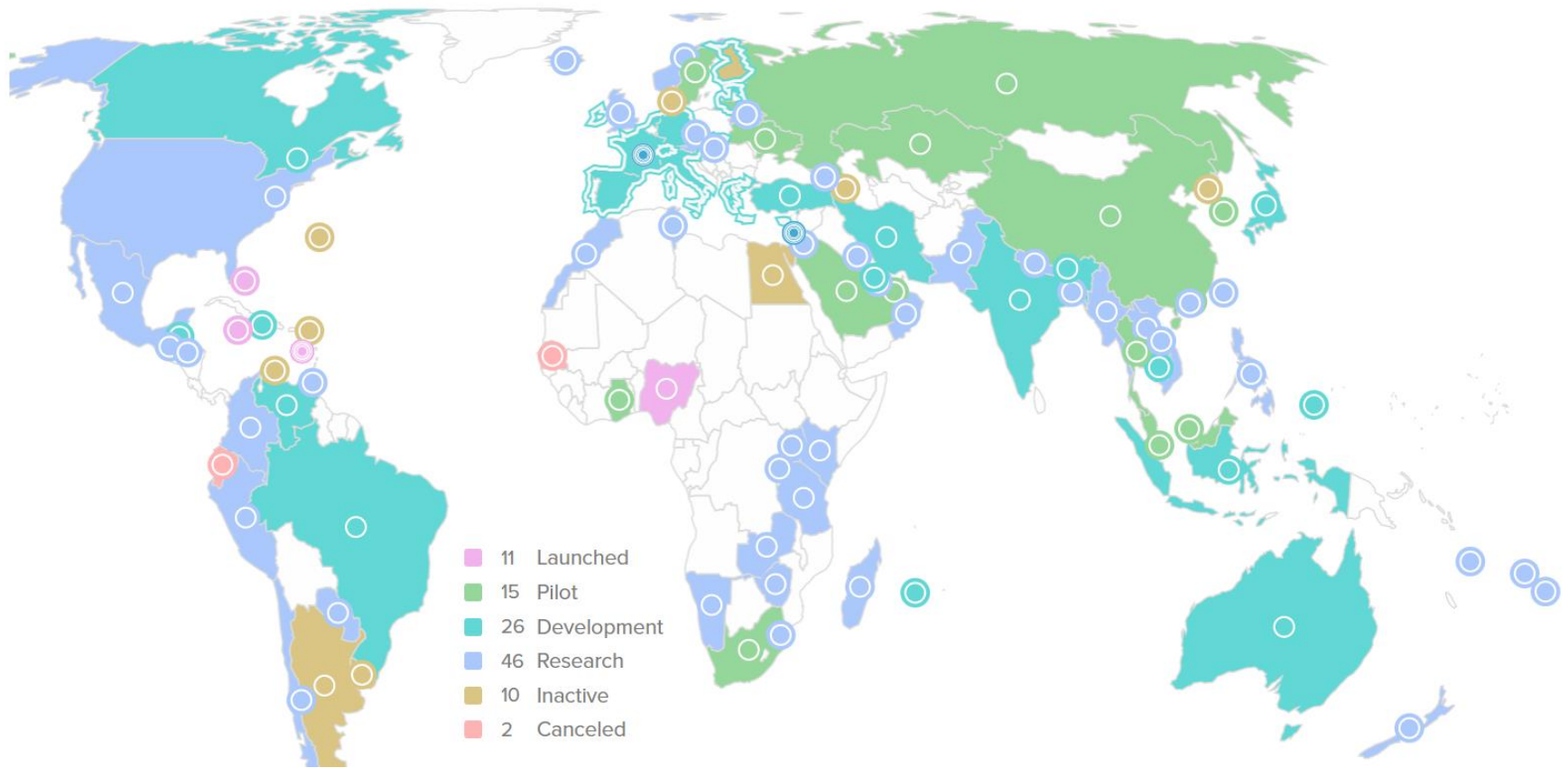
**Press Release:** September 20, 2022  
**Contact:** Treasury Public Affairs, [Press@Treasury.gov](mailto:Press@Treasury.gov)

## **Fact Sheet: Treasury Report on the Future of Money and Payments**

Recommendation 1: Advance work on a possible U.S. CBDC, in case one is determined to be in the national interest.

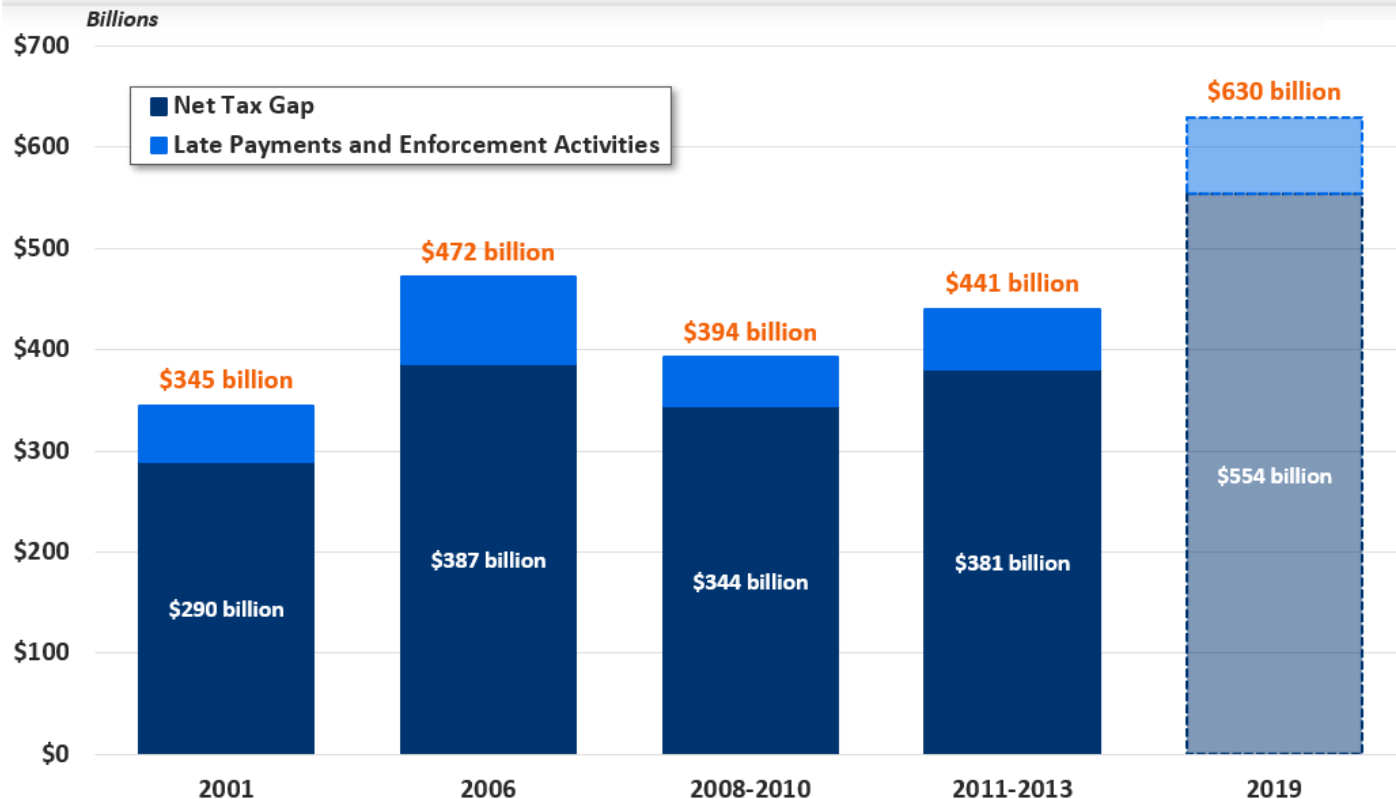
- The Treasury Department will lead an inter-agency working group (the “CBDC Working Group”) to support the Federal Reserve’s efforts and to advance further work on a possible U.S. CBDC. The CBDC Working Group will continue to assess the merits of a CBDC, and coordinate and consider implications of a U.S. CBDC for policy objectives such as national security, democratic values, the smooth functioning of the international financial system, financial inclusion, and privacy.

# The Atlantic Council's CBDC Tracker



# CBDC can reduce the Tax Gap

## Gross and Net Tax Gaps Over Time



*Note: Due to updated methodologies, these estimates are not directly comparable. The estimate for TY 2006 has been revised to reflect methodologies used for the TY 2008-2010 estimate, and the TY 2008-2010 estimate has been revised to reflect methodologies used for the TY 2011-2013 estimate. The TY 2019 estimate, which is preliminary, reflects an even newer methodology.*

*Source: Internal Revenue Service, Treasury Department.*



# CBDC can improve precision of federal government spending



THE UNITED STATES  
DEPARTMENT OF JUSTICE

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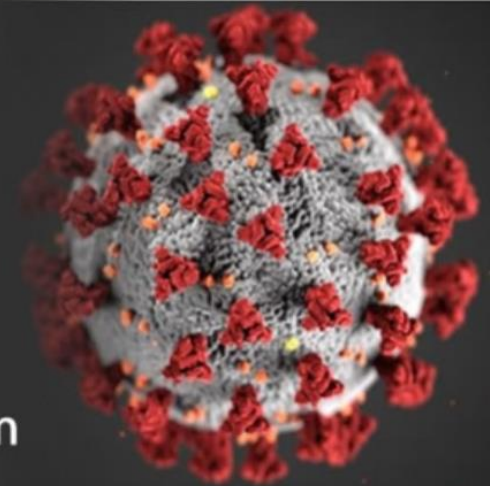
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COMBATING COVID-19 FRAUD

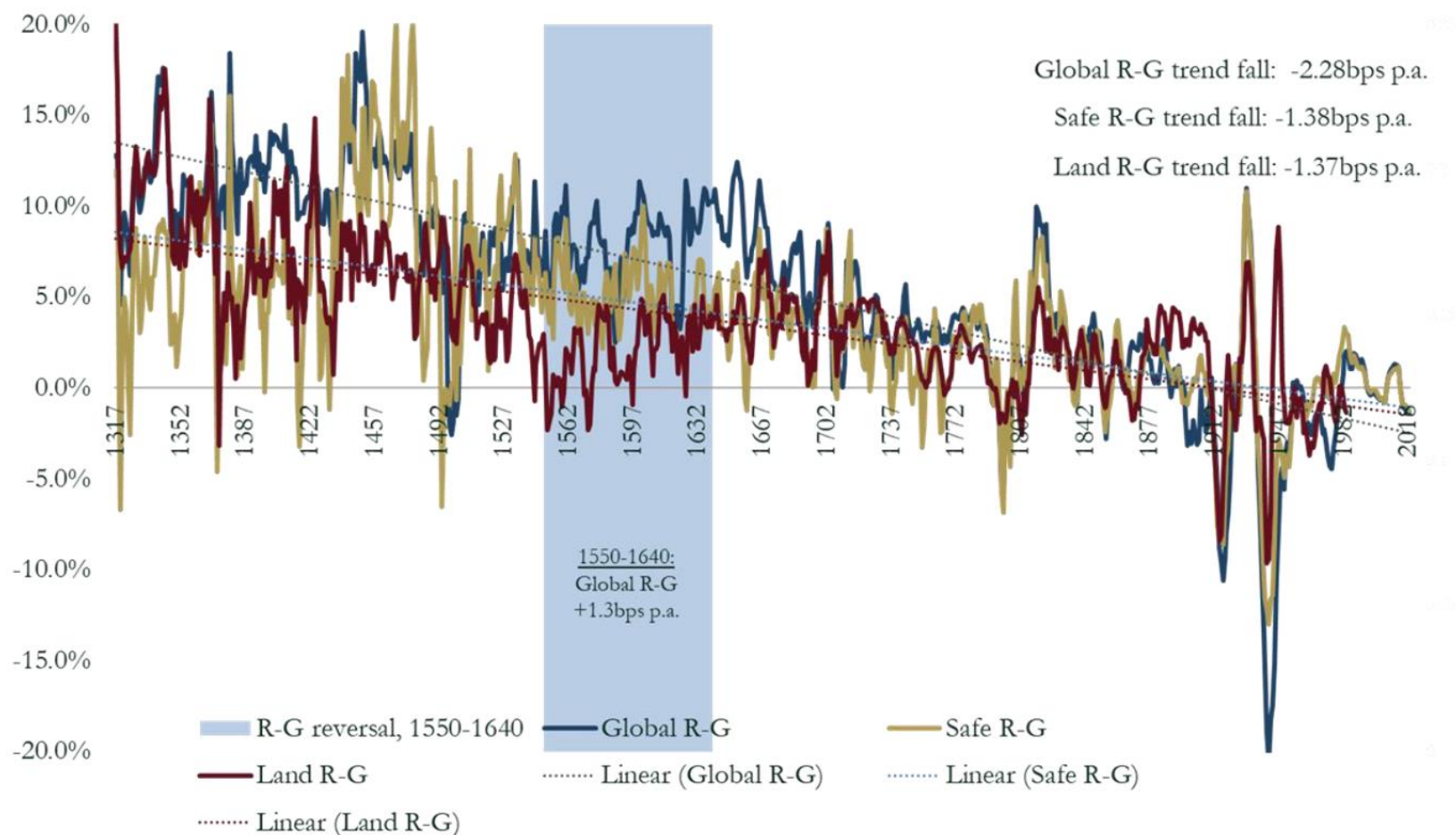
## REPORT COVID-19 FRAUD

Contact the National Center for  
Disaster Fraud Hotline:  
866-720-5721 or  
[Justice.gov/DisasterComplaintForm](https://Justice.gov/DisasterComplaintForm)





# CBDC is necessary for payment of negative government interest rates



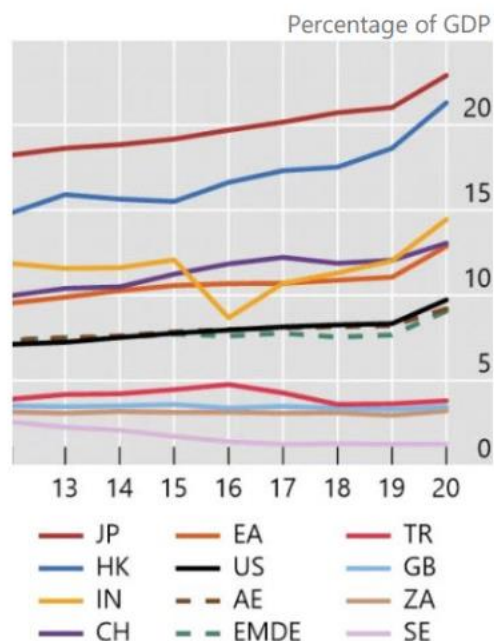
Source: Schmelzing (2019)

# Hoarding of cash by the public

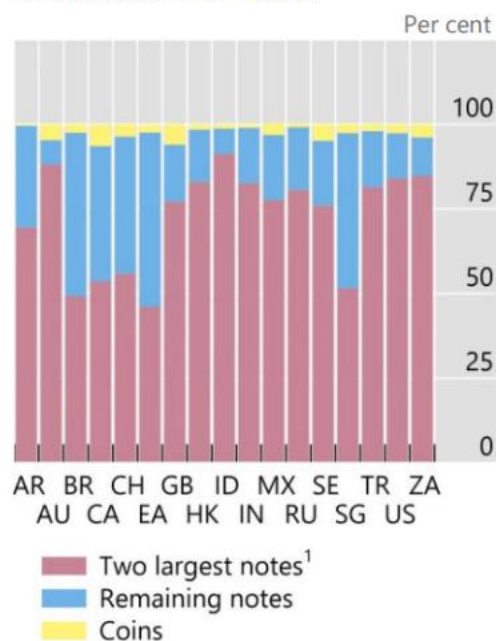
In many countries, cash in circulation grew at the fastest pace in a decade in 2020

Graph 3

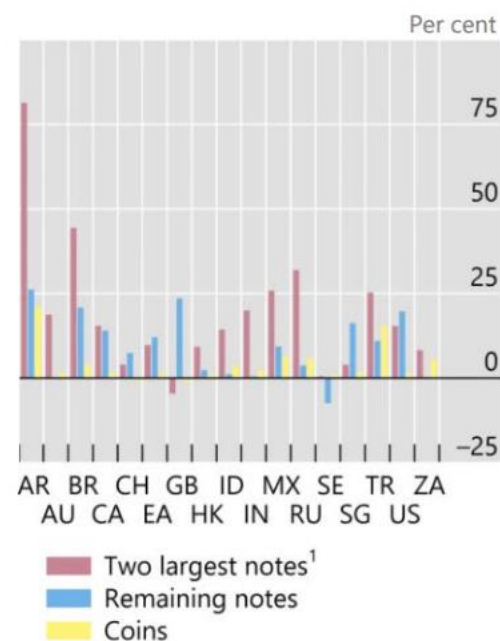
Currency in circulation



Currency in circulation by denomination in 2019...



...and the increase in 2020



<sup>1</sup> EA: EUR 100 notes are also included, as EUR 500 notes are no longer issued. IN: the second largest denomination is excluded, as this is a commemorative banknote.

Source: CPMI Red Book statistics.