
The Swedish House of Finance (SHoF) offers within its Doctoral Course Program in Finance a mini course in

Digital currencies: Policy economics

With Professor Darrell Duffie
Stanford University
Graduate School of Business

Schedule: Classes will be held in person according to the following schedule. The syllabus topics are also shown.

- June 4 10-12 and 13-14. Overview of digital currencies and payment system innovation
- June 6 10-12. The industrial organization of payment markets and fintech entry.
13-14. Student presentations.
- June 7 10-12. The impact of fintech payment market entry on bank credit provision.
13-14. Student presentations.
- June 8 10-11.30. Implications for currency dominance and financial sanctions.
11:30-12:00. Student presentations and course close.

Requirements: To pass the course, students are expected to actively participate throughout the course and to present and submit a three-page research proposal. A presentation would consist of 5 minutes of prepared remarks and 5 minutes of discussion. If two students (at most) wish to collaborate on a proposal, they would offer 10 minutes of remarks and have 5 minutes for discussion.

Evaluation: Pass or Fail. 3.5 ECTS

Registration

Please register in advance with the program administrator Jenny Wahlberg Andersson, Department of Finance, Stockholm School of Economics, Drottninggatan 98, 111 60 Stockholm, e-mail: jenny.wahlberg.andersson@hhs.se

Registration deadline: May 17, 2022.

Advance reading requirements:

Bank of England (2021) "[New Forms of Digital Money](#)", Discussion Paper, Bank of England, June.

D'Silva, D, Z Filková, F Packer, and S Tiwari (2019) "[The design of digital financial infrastructure: Lessons from India](#)," BIS Paper 106.

Duarte, A, J Frost, L Gambacorta, P Koo Wilkens, and HS Shin (2022) "[Central banks, the monetary system and public payment infrastructures: lessons from Brazil's Pix](#)," BIS Bulletin 52, March.

Darrell Duffie, "Payment system disruption: Digital currencies and bank-railed payment innovation," to appear in *Technology and Finance*, CEPR/IESE Banking Initiative, edited by Xavier Vives.

US Department of the Treasury (2021) "[President's Working Group Report on Stablecoins](#)," US Department of the Treasury, Washington DC, November.

Recommended readings:

Auer, R, H Banka, N Yaa Boakye-Adjei, A Faragallah, J Frost, H Natarajan, and J Prenio (2022) "[Central bank digital currencies: a new tool in the financial inclusion toolkit?](#)" FSI Insights on Policy Implementation Number 41, Bank for International Settlements and World Bank, April.

Bindseil, U (2022) "[The case for and against CBDC – five years later](#)," Working paper, European Central Bank, February.

Chiu, J, M Davoodalhosseini, J Jiang, and Y Zhu (2021) "[Bank Market Power and Central Bank Digital Currency: Theory and Quantitative Assessment](#)," Staff Working Paper 2019-20, Bank of Canada, September.

Driscoll, J, and R Judson (2013) "[Sticky Deposit Rates](#)", Federal Reserve Board, Washington DC working paper.

Duffie, D and E Economy (editors) (2022) [Digital Currencies: The US, China, and the World at a Crossroads](#), Hoover Press.

Federal Reserve Bank of Boston and Massachusetts Institute of Technology Digital Currency Initiative (2022) "[Project Hamilton Phase 1 Executive Summary](#)," Federal Reserve Bank of Boston, February.

Federal Reserve Board of Governors (2022) "[Money and Payments: The U.S. Dollar in the Age of Digital Transformation](#)," Federal Reserve Board of Governors, Washington DC, January.

G7 (2021) "[Public Policy Principles for Retail Central Bank Digital Currencies](#)," Bank of England, London, July.

Rochet, J-C, and J Tirole (2003) "Platform Competition in Two-sided Markets," *Journal of the European Economic Association*, Volume 1, pages 990-1029.

Sveriges Riksbank (2022) "[E-Krona Pilot: Phase 2](#)", Sveriges Riksbank, Stockholm, April.

The White House (2022) "[Executive Order on Ensuring Responsible Development of Digital Assets.](#)"
The White House, Washington DC, March.

Whited, T, Y Wu, and K Xiao (2022) "Central Bank Digital Currency and Banks," Working paper to appear, University of Rochester.

Zamil, R, and A Lawson (2022) "[Gatekeeping the gatekeepers: when big techs and fintechs own banks – benefits, risks and policy options.](#)" Financial Stability Institute, Bank for International Settlements, January.