

Swedish House of Finance – The future of money

Stockholm, 30 September 2022

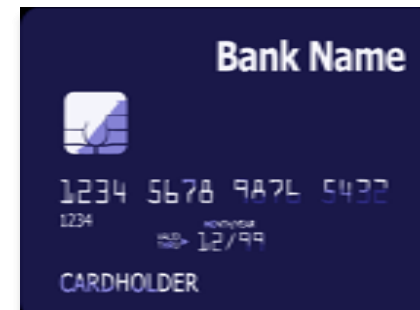
Stefan Ingves

Governor

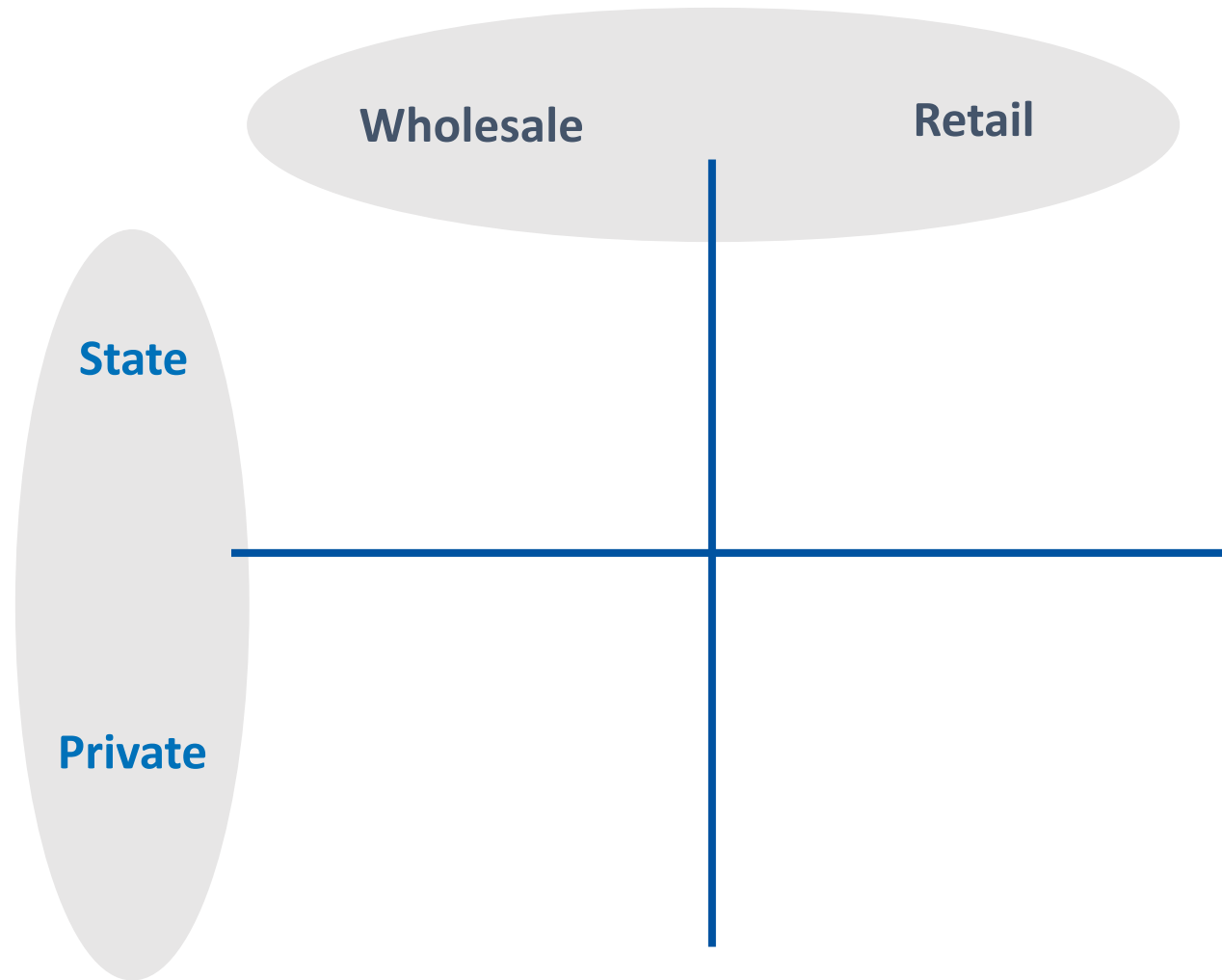
Money is what society agrees it should be – but it needs to continue evolving

The features of money

- Medium of exchange
 - Unit of account
 - Store of value
- Transactional efficiency (/Convenience yield)*
- Monetary policy: inflation target*



The two key dimensions of money



Who is **the issuer**?

- **State**
- **Private**

Who has **access**?

- **Wholesale**
 - **Retail**
-

Two national central banks is a bad idea – We tried it from 1789 to 1792+



1668: Sveriges Riksbank

1789: Swedish National Debt Office
(Riksgälden)

- Riksgälden bonds used as banknotes
- No parity with Riksbank notes

Bank notes need not be issued by the state

We tried it from 1831 to 1904

Wholesale

Retail

State



Private



Allowed by the Swedish Parliament 1824

Note, it was not “wildcat”

- Strict regulation
- State interventions in crisis

Worked but

- Not in line with international practice
- Seigniorage revenue to private banks

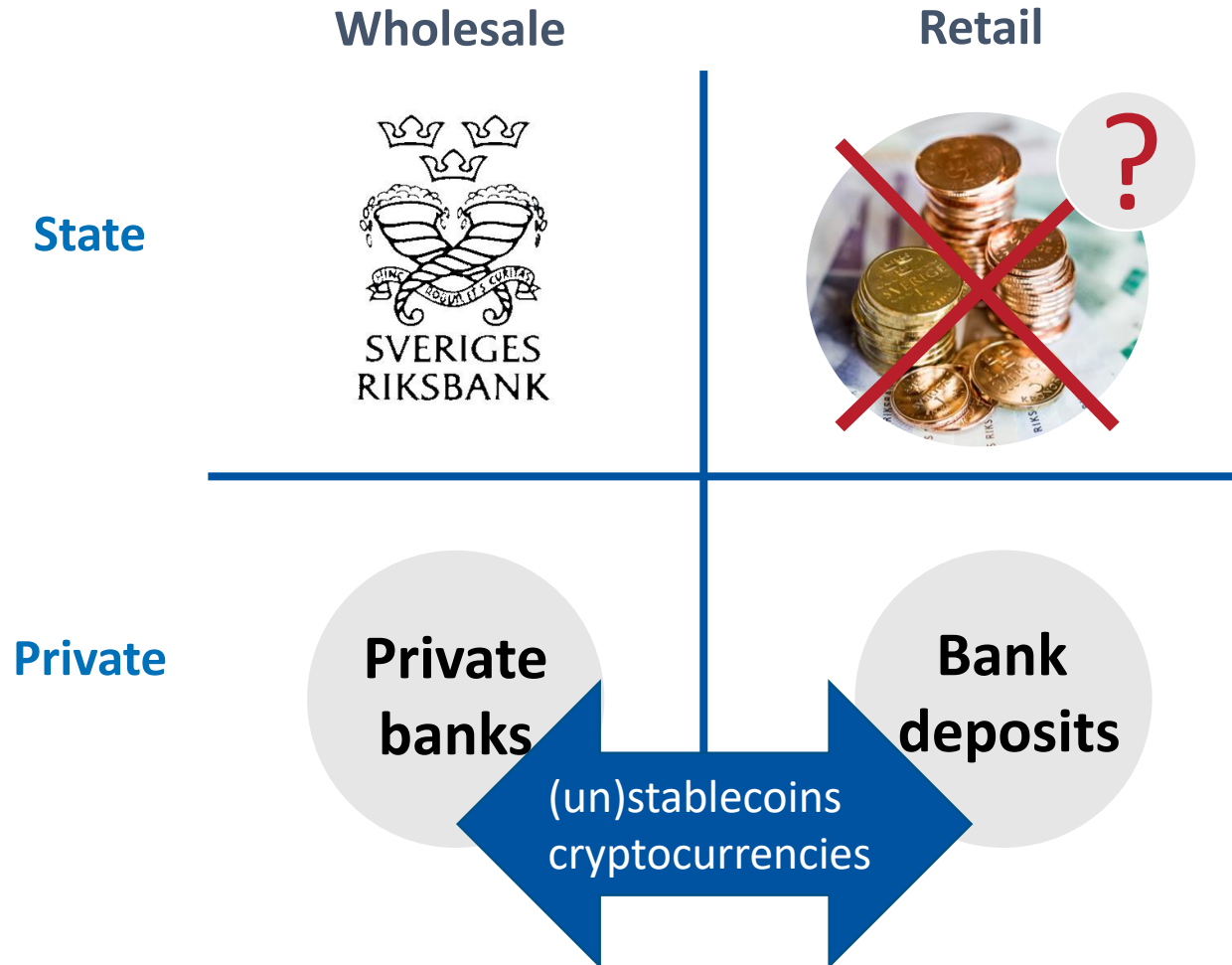
System established 1904 has served us well



1904: Riksbank monopoly on physical cash

- Public has access to CB money
- Public has access to bank money (deposits)
- Payments settled at the Riksbank

But we are again at a crossroads – How can money best evolve today?



Physical cash appears to be disappearing
→ no more public access to CB money!

- New forms of “money” arising
- New needs
- New (technological) possibilities

What's next?

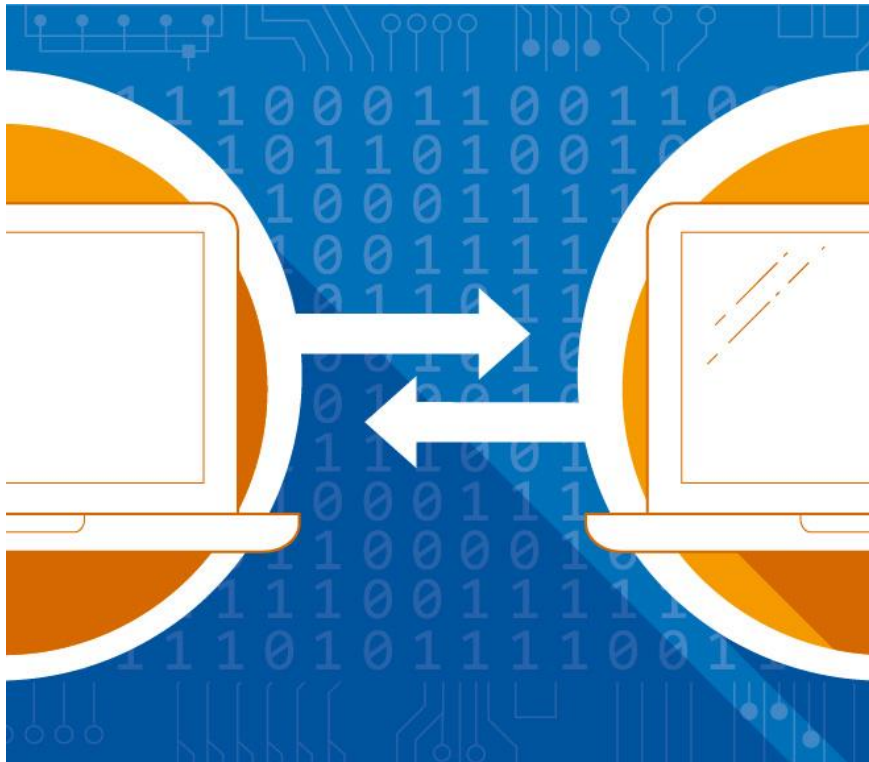
- The role of the state on the payment market?
 - Society again has to agree on what money is
 - Legislative changes are needed, fiat money
 - Inquiry expected to report in March 2023
- What do we do with “new” forms of money?



In my opinion

- Public access to CB money should be **maintained**
 - We need an e-krona for the future
- State money needs **legal backing**
 - Legal tender status of Riksbank-issued money (cash today) is too weak
 - Legal tender should be technology neutral
- **Technology neutral** regulation of private money best for the future
 - Same risk same regulation (!)

A modern settlement system



-
- **RIX-INST** is in operation since May 2022
 - Strategic decision to use **T2 and T2S**
 - Ongoing migration to **new standards** (e.g. ISO20022)
-
- Approaching 24/7/365
-

The e-krona – done so far



-
- **Analysis** (economic, legal, etc.)
 - **Testing** (the e-krona pilot)
 - International **cooperation**

Time to make a decision?

Cross-currency payments



-
- Exploring **cross-currency settlements** in TIPS
 - **International cooperation** (G20, ...)
 - Project **Icebreaker**
-

Thank you!