

Central Bank Digital Currency: A Corporate Finance Perspective*

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Abstract

We build models with interest-bearing central bank digital currency (CBDC) to investigate the impacts of issuing CBDC on banking and the macroeconomy. From a corporate finance perspective, we find various designs of CBDC lead to different impacts. The design issues considered include: (1) a universal CBDC system or CBDC and cash coexisting; (2) CBDC being complements or substitutes of bank deposits; (3) banks having access to CBDC or not. As for policy, we find the interest rate of CBDC can be an effective policy tool, which has clear pass-through to the real deposit and loan rates, and then transmission to firm investment (usually positive impacts) and the real economy. In addition, negative interest rate can be an option for policy makers, particularly in the economy with a universal CBDC.

JEL classification:

Key words: CBDC, Corporate Finance, Banking, Negative Interest Rate

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