Divergent paths in digital currency development: a comparative study of China and the United States with a global perspective

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Divergent Paths in Digital Currency Development: A Comparative Study of China and the United States with a Global Perspective

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Abstract

The United States and China exhibit markedly different development paths in digital assets and blockchain technology. The US relies on market-driven approaches, with the private sector promoting stablecoin innovation to strengthen the dollar's global position, while China adopts a government-led approach, implementing centralized systems such as consortium chains and the digital yuan (e-CNY), emphasizing financial security and regulation. These divergent paths reflect fundamental institutional differences: American distrust of centralized institutions has fostered distributed ledger development, while China mitigates risks through government leadership. Currently, the digital yuan faces adoption challenges due to insufficient enthusiasm from commercial banks. We propose implementing a "dynamic reserve mechanism" to incentivize circulation and enhance privacy protection to address user concerns. The private sector should participate more actively in innovation, and we recommend establishing AI-supported "dynamic regulatory sandboxes" or "smart regulatory gateways" based on smart contracts to better balance innovation and regulatory needs. To address inflation and depegging risks of stablecoins, we recommend moving beyond fiat currency pegging to explore new models anchored to consumer goods, such as a "BigMac Coin."

Keywords: Central Bank Digital Currency; Stablecoins; Blockchain; Financial Regulation; Financial Innovation; Regulatory Sandbox

JEL Classification Numbers: E42, E58, F33, G28

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1 Introduction and Current State of Digital Currency Development

This paper explores the divergent development paths of China and the United States in digital assets, blockchain, and Central Bank Digital Currencies (CBDCs), examining the underlying causes and assessing future trends and their profound impacts. Digital currencies have become a focal point of global financial innovation and an important component of national financial strategies. According to Atlantic Council statistics, as of September 2024, 134 jurisdictions worldwide participate in CBDC projects to varying degrees. Among major economies, China's digital yuan (e-CNY) development is the most advanced. According to data from the Financial Market Department of the People's Bank of China, by the end of 2021, digital yuan pilot scenarios exceeded 8 million, with cumulative individual wallet openings of 261 million and transaction amounts reaching 87.565 billion yuan (`https://www.gov.cn/xinwen/2022-01/19/content_5669217.htm`). The European Central Bank is in a two-year preparation phase for the digital euro, the Bank of England has begun researching the digital pound, and the Swiss National Bank plans to test wholesale CBDCs.

The global digital currency ecosystem is developing rapidly. According to the latest data from DefiLlama, the current total market capitalization of stablecoins is approximately $236 billion, with their role as payment instruments increasingly strengthening. The United States has approved Bitcoin-linked Exchange Traded Funds (ETFs), attracting more investors into the crypto asset space. Meanwhile, Web3 adoption is accelerating globally, showing particularly strong growth trends in 2025. Data indicate that driven by innovations in AI, Decentralized Physical Infrastructure Networks (DePINs), and Real World Asset tokenization (RWAs), the Web3 ecosystem is experiencing unprecedented development momentum. Notably, Web3 technology has begun widespread application in traditional industries such as finance, gaming, and social networks, marking its breakthrough from early adopter circles to mainstream markets. The deep integration of artificial intelligence technology with Web3 has created new development opportunities for the entire industry, pushing the Web3 ecosystem into a new development stage in 2025. DAOs (Decentralized Autonomous Organizations), as new organizational forms that transcend traditional institutions and geographical boundaries, are building cross-border networks through Web3 technology.

Although CBDC-related academic research urgently needs to catch up with practice, the severe lack of data makes empirical research difficult to conduct. Existing research focuses mainly on theoretical model construction. Barrdear and Kumhof (2022) analyzed the macroeconomic impacts of CBDCs through a Dynamic Stochastic General Equilibrium (DSGE) model, pointing out that CBDCs, as interest-bearing central bank liabilities, will compete with bank deposits as transaction media. The model focuses on electronic money (bank deposits and CBDCs) and simplifies the impacts of physical cash and the zero lower bound. Research shows that CBDCs improve transaction efficiency and payment system innovation, but their impacts on output and welfare depend on the substitutability between CBDCs and bank deposits and specific issuance arrangements. However, the model also has limitations: substitutability may change due to technological progress and user preferences; ignoring physical cash may underestimate CBDC implementation challenges; and insufficient consideration of acceptance differences among different social groups.

Chiu et al. (2023) explore the impact of CBDCs on bank intermediation from another perspective in the context of bank market power. Contrary to widespread concerns, the study finds that if CBDC interest rates are set within reasonable ranges, CBDCs can enhance competition, increase deposit rates, expand intermediation scale, and increase output. This provides an important theoretical framework and quantitative assessment for understanding the impact of CBDCs on the banking system. At the practical level, CBDC implementation faces multifaceted challenges including technology, regulation, and privacy. Future research directions include: the impact of CBDCs on financial stability, coordination between CBDCs and other policy tools (such as capital requirements and emergency lending facilities), and the optimal combination of CBDCs and central bank lending policies. Fully considering the role of bank market power and combining with other policy tools is crucial for better leveraging the positive effects of CBDCs and maintaining financial stability.

This paper analyzes the institutional and philosophical differences behind the divergent digital currency development paths of China and the United States, explores their respective challenges, and proposes several policy recommendations. For a more multidisciplinary analysis, see the book "Digital Currencies: The US, China, and the World at a Crossroads" edited by Duffie and Economy (2022).

2 Comparison of China-US Digital Currency Development Paths and Institutional Philosophical Differences

The divergent paths exhibited by China and the United States in digital currency development reflect profound differences in their underlying institutional philosophies. Masahiko Aoki's (2001) comparative institutional analysis provides an important theoretical framework for understanding this phenomenon. He points out that institutions are not merely exogenous "rules of the game," but endogenously evolving, self-sustaining shared belief systems, with "institutional complementarity" existing between different institutional domains—that is, specific institutional arrangements in one domain interact and mutually reinforce with institutions in another domain, jointly shaping specific development paths. For the United States, its society's inherent distrust of centralized institutions has spawned exploration of and preference for Distributed Ledger Technology (DLT). This technological path forms significant institutional complementarity with America's emphasis on market-driven approaches, encouragement of private sector innovation, and regulatory focus on "ex-post compliance" rather than ex-ante strict approval. This mutual adaptation and co-evolution of technological preferences and regulatory philosophy explains the compatibility between US DLT development and its regulatory system, defining its dominant direction in the digital currency field.

The United States adopts a market-driven path in stablecoin development, which offers unique advantages but also faces complex challenges. From a policy perspective, President Trump has publicly supported dollar-pegged stablecoins, believing this helps strengthen the dollar's influence in the digital asset space. Although the current US regulatory system is relatively fragmented, the overall direction is clear: the White House promotes Congressional

legislation of the "Guiding and Establishing National Innovation for U.S. Stablecoins Act" (GENIUS Act); some Congressional members emphasize avoiding government overreach in the "Prohibiting CBDC Act" proposal; and the Treasury Department issues regulatory guidance for privately issued stablecoins focusing on consumer protection.

In regulatory legislation, the United States is experiencing a critical phase. In February 2025, the latest version of the "Guiding and Establishing National Innovation for U.S. Stablecoins Act" (GENIUS Act) proposed by Senators Hagerty, Scott, Lummis, and Gillibrand sparked widespread discussion. The Bill reflects America's market-oriented regulatory approach, allowing non-bank institutions to issue stablecoins and establishing relatively lenient regulatory frameworks for state and federal issuers. However, this approach also faces controversy (Wilmarth Jr. 2025). Wilmarth Jr. points out that the bill may create regulatory gaps, allowing stablecoin issuers to circumvent important regulatory requirements such as deposit insurance, potentially leading to risk events similar to USDC's depegging during the 2023 Silicon Valley Bank incident. More concerning is that the Bill may pave the way for large tech companies to enter the financial sector, contrary to traditional principles of separating banking and commerce.

From a market performance perspective, Tether (USDT) and USD Coin (USDC) have long been among the top stablecoins by market capitalization. Ethena's USDe, launched last year, has also risen rapidly, temporarily displacing MakerDAO's DAI stablecoin from the top three, demonstrating continued innovation vitality in this field. In this innovation cycle, tech companies and venture capital firms are core drivers of innovation, regulatory agencies are responsible for risk prevention and consumer protection, while traditional financial institutions' attitudes toward this trend have undergone significant changes. Initially, traditional financial institutions, including major US banks, were generally cautious about crypto assets, worried that new technologies might undermine their traditional businesses. However, as the policy environment became clearer and market trends solidified, financial institutions represented by JP Morgan and VISA began actively embracing change, improving business efficiency through cooperation with stablecoin projects. This transformation somewhat parallels Trump's own attitude evolution: from early denial of Bitcoin to later support for blockchain and digital assets. This indicates that under market pressure, traditional financial institutions are gradually repositioning themselves in the new digital financial ecosystem to adapt to the irreversible digitization wave. I believe that providing the market with more relaxed innovation space in the early stages of breakthrough technological development is crucial.

In contrast, China's blockchain technology is mainly consortium-based, with over 90% of projects adopting this model, with government playing a trust-enhancing or even leading role. Allen et al. (2022) indicate that the digital yuan opens new paths for balanced and efficient development of China's financial system. The digital yuan (e-CNY) has been piloted in multiple cities and scenarios, but from the user perspective, retail demand remains limited. Future promotion should focus on the institutional level, especially encouraging active participation by commercial banks. In the payment field, the digital yuan has achieved seamless integration with Alipay and WeChat Pay, and traditional payment infrastructure is gradually integrating its functions, promoting payment ecosystem integration and upgrading. China's strict ban on cryptocurrencies also means blockchain development will continue toward an evolution without native cryptocurrencies.

The digital yuan's advantage lies in its centralized architecture, giving it high policy programmability, thus enabling it to play a unique role in monetary policy and national regulation. Through tight integration with monitoring systems, digital identity systems, and payment networks, the digital yuan can achieve effective regulation and real-time control of transaction behavior. However, the digital yuan also faces challenges, especially insufficient promotion motivation from commercial banks. To address this, my collaborators and I are exploring the possibility of a "dynamic reserve mechanism": initially, when the central bank issues CBDCs, no reserve requirements are set for related commercial banks, better incentivizing commercial bank participation; when banks put CBDCs into the market and they flow back to the banking system, higher reserve requirements are then imposed, guiding banks to responsibly promote circulation and use.

Privacy issues are also of great concern, with the public worried about transaction data misuse. We recommend clarifying regulatory authority boundaries, ensuring that government access to CBDC transaction data must have legal basis and proper invocation procedures, similar to traditional "search warrant" systems, preventing use for unwarranted investigation or surveillance. In cross-border payments, coordination between different jurisdictions and technical compatibility issues must be carefully balanced. The importance and urgency of pilot projects like mBridge and BRICS Pay become increasingly prominent in the current context of China-US competition.

The divergence in China-US paths reflects both institutional philosophical differences and potential for future convergence or further divergence. In the United States, blockchain technology's emergence was initially aimed at solving trust crises, especially insufficient trust in government and large financial institutions and other central authorities, thus spawning Distributed Ledger Technology (DLT). In China, based on considerations of protecting investors and maintaining financial stability, the consortium chain model has become mainstream. This choice stems both from lessons learned from early ICO (Initial Coin Offering) market chaos and reflects exploration of balancing regulation and innovation. Consortium chains, by introducing trustworthy institutional participants, retain blockchain's technical advantages while achieving better risk control.

Decentralized distributed ledgers, while promoting peer-to-peer transactions, improving efficiency, and bypassing intermediaries, still face issues of slow speed, high costs, and environmental impact in their consensus mechanisms (such as PoW or PoS). In contrast, government-led centralized systems can achieve faster transaction confirmation, but this model also sacrifices some innovation speed and flexibility, with complex approval processes often extending innovation cycles.

The fundamental disagreement between China and the United States in the CBDC field also reflects this institutional difference. Behind China's active promotion of the digital yuan is strategic consideration of enhancing financial regulatory capabilities and achieving inclusive finance goals through "programmable money" characteristics. The United States is cautious about CBDCs, mainly concerned about potential threats to citizen privacy, disruption to traditional banking systems, government overreach, and possible impact on the dollar's global reserve currency status. This strategic difference not only reflects different paths in FinTech innovation but also embodies strategic competition in the global financial landscape reshaping process.

Currently, the United States, through Layer 2 scaling solutions, improves transaction

speed (TPS) and efficiency while sacrificing some security, facing risks of technical vulnerabilities and hacker attacks. China faces the trade-off between "speed and continuous innovation" rather than simply choosing between "speed and security." In regulatory models, the United States typically adopts ex-post compliance methods—once problems arise, relevant parties may face substantial fines, and if consumer or investor interests are harmed or money laundering is involved, they will also be punished. China currently adopts preset regulatory interfaces, preventing risks through ex-ante review and continuous monitoring. These two models each have advantages and disadvantages: the former encourages innovation but may amplify risks, while the latter ensures safety but may suppress innovation.

3 Digital Currency Technological Innovation and Risk Challenges

As the digital currency ecosystem continues to expand, systemic risks of stablecoins become increasingly prominent. Data shows that between 2016 and 2022, over 20 stablecoins experienced collapse. Even market-leading USDT and USDC have experienced multiple depegging incidents. Taking the March 2023 Silicon Valley Bank (SVB) event as an example, because Circle held $3.3 billion in uninsured deposits at SVB, this caused its USDC stablecoin to once fall to $0.88, severely depegging. This highlights stablecoins' dependence on traditional financial systems and their vulnerability under extreme market conditions.

Regarding stablecoin regulation, scholars holding similar views to Wilmarth Jr. tend toward more prudent solutions. For example, requiring all stablecoin issuers to obtain FDIC deposit insurance can not only protect investor interests but also help maintain financial stability. Second, strict standards should be established for the composition of stablecoin reserve assets, avoiding the use of high-risk assets such as uninsured deposits, repurchase agreements, or money market funds. Additionally, clear redemption mechanisms and fee caps need to be established to ensure stablecoin holders' rights. Despite this, America's overall strategy remains focused on encouraging innovation while using market mechanisms to maintain the dollar's global dominance in the digital asset space.

In cross-border payments, digital currency technology applications face more complex challenges. Minesso et al. (2022) research finds that CBDCs amplify spillover effects of international shocks. Unilateral CBDC issuance may exacerbate asymmetries in the international monetary system, reducing non-issuing countries' monetary policy autonomy. However, research also shows that traditional remittance systems are costly (global average 6.65%), while blockchain-based stablecoin payments can reduce costs to below 1%. For example, Bitso platform processed $6.5 billion in US-Mexico cross-border payments in 2024 (compared to $3.3 billion in 2022), with transaction fees typically below 1%. This efficiency improvement is significant for promoting cross-border trade and reducing immigrant remittance burdens.

Burlon et al. (2024) further explore optimal CBDC issuance by constructing a Eurozone DSGE model. They find that CBDC impacts depend on the balance of liquidity service effects, bank disintermediation effects, and stabilization effects. According to research results, optimal CBDC issuance should be between 15% and 45% of quarterly GDP. This finding

has important implications for central banks' CBDC issuance strategies, indicating that CBDCs need to find balance between maintaining financial stability and improving payment efficiency.

Stablecoins pegged to fiat currencies also face a series of structural risks. First is inflation risk—whether pegged to the dollar or euro, stablecoins will inevitably be affected by the macroeconomic stability of corresponding sovereign currencies. Second is depegging risk, as mentioned earlier with USDC's significant depegging during the SVB event. Although the US government ultimately intervened with bailout measures, this event revealed stablecoins' vulnerability under extreme market conditions. Additionally, stablecoins face compliance complexity in cross-border payments and dependence on centralized issuers. For example, although USDT has a longer history and largest market capitalization, its relatively weak compliance due to "offshore" management architecture; in contrast, USDC has won favor from large financial institutions including VISA through stronger compliance advantages, establishing strategic partnerships.

Notably, digital currencies, especially CBDCs, have profound impacts on corporate financial management. Through real-time settlement and programmable payment functions, CBDCs significantly improve corporate liquidity management efficiency and reduce counterparty risk. Particularly in asset tokenization, CBDCs support instant securities settlement, achieve automated dividend distribution and compliance management through smart contracts, providing companies with more direct global liquidity access channels. Hamid (2025) research further shows that CBDCs can reduce friction costs in corporate financial processes, significantly improving corporate capital utilization efficiency. Meanwhile, CBDC smart contract functions also enable companies to achieve more automated and precise financial operations, such as automatically triggered supply chain payments and performance-based employee compensation distribution. However, this innovation also brings new challenges: direct government control over CBDCs may strengthen monetary policy constraints, requiring companies to find balance between technological innovation and risk control.

For China's digital yuan, although its design has many advantages, it still faces some key challenges in actual promotion. The primary issue is insufficient commercial bank promotion motivation. Although the central bank requires commercial banks to actively participate in digital yuan circulation, from commercial banks' perspective, this business is difficult to generate significant revenue in the short term and may even divert existing payment business. To solve this problem, the "dynamic reserve mechanism" concept we proposed earlier deserves in-depth study. This mechanism can effectively incentivize commercial banks to participate in digital yuan ecosystem construction by initially not setting reserve requirements and later adjusting based on circulation conditions.

Privacy protection is another important challenge facing the digital yuan. Although the digital yuan adopts "controllable anonymity" design—anonymous small transactions, real-name large transactions—the public still worries about potential transaction data misuse. Besides establishing a "search warrant"-like system mentioned earlier to limit government access to transaction data, we can also explore applications of advanced cryptographic techniques like zero-knowledge proofs in CBDCs, strengthening privacy protection while ensuring compliance.

Cross-border use is the third major challenge for the digital yuan. Currently, the digital yuan mainly targets the domestic retail market, with cross-border use still facing multiple

obstacles including technical standards and regulatory coordination. With the development of the globalized digital economy, China can consider piloting digital yuan cross-border use in highly open regions like free trade zones and the Guangdong-Hong Kong-Macao Greater Bay Area, accumulating experience before gradual expansion, while actively participating in multilateral cooperation mechanisms like mBridge and BRICS Pay to explore interconnection with other countries' CBDCs.

4 Innovation Model Exploration and Strategic Recommendations

To address inflation and depegging risks faced by stablecoins, countries are actively exploring innovative models. Regarding inflation and depegging risks faced by stablecoins, this paper believes "anchoring to real consumer goods" is a feasible innovative solution. Taking "Big-Mac Coin" as an example, choosing McDonald's Big Mac—a standardized product familiar to global consumers—as a value anchor. Big Macs are sold in over 180 countries globally, with transparent pricing and strong anti-inflation characteristics, making them potentially ideal value anchors. Of course, this concept is not limited to Big Macs and can extend to other standard consumer goods, such as Steinway Model D concert grand pianos or Rolex Submariner watches. These are all globally recognized standardized products with relatively stable values, serving as reference cases for similar concepts. Furthermore, we can construct value stabilization mechanisms based on real consumer baskets, improving stablecoins' value stability and anti-inflation capabilities.

In implementation, "BigMac Coin" can first launch pilots in regions with relatively low Big Mac prices (such as Hong Kong), cultivating initial markets through consumer discounts and other methods. As the mechanism gradually expands in developed countries, the token's exchangeable range will continuously expand, and its value is expected to rise accordingly. This innovative solution transcends traditional fiat currency pegging models, potentially creating more resilient and risk-resistant stablecoin systems. When token values show upward trends, consumer behavior will exhibit interesting dynamic changes. Initially, consumers may actively use such tokens for payments due to discount incentives; but as token values steadily rise, their store-of-value function will gradually emerge, potentially evolving into stable store-of-value tools rather than merely payment instruments. This evolution process precisely reflects the dynamic balance between payment and store-of-value functions in digital currencies.

Japan's Web3 development experience also provides useful lessons. Japan has positioned Web3 as the core driving force for achieving Society 5.0—a "human-centered society" vision. Over the past two years, through NFT and Web3 white papers, Japan has gradually established a Web3 business environment balancing security and innovation. However, early strict regulations and tax policies hindered innovation, causing some entrepreneurs to relocate. Recognizing this problem, the Japanese government resolved crypto asset year-end market value taxation issues through reforms in 2023 and revised the "Payment Services Act" to allow unlicensed stablecoin circulation. Additionally, important breakthroughs were made in legal entity formation for Decentralized Autonomous Organizations (DAOs), en-

abling entrepreneurs to provide innovative services with greater confidence. This evolution path from strict regulation to gradual opening, and the flexible attitude of timely adjustment after discovering problems, is worth China's reference in developing the digital economy.

For enterprises, actively adapting to financial changes brought by digital currencies is crucial. Companies need to develop payment and liquidity management systems compatible with CBDCs, exploring smart contracts' application potential in financial operations. For multinational enterprises, developing management plans for multiple CBDCs and diversifying currency risks is particularly important. Meanwhile, companies also need to strengthen cybersecurity construction and establish compliance frameworks adapting to CBDC policy changes. More importantly, enterprises should actively participate in policy dialogue, promoting formation of regulatory environments balancing innovation and risk control, jointly shaping the future development direction of digital currencies.

At the policy level, China can pursue a middle path, balancing regulation and innovation relationships. Traditionally, the United States adopts ex-post compliance regulatory methods, while China tends toward preset regulatory interface models. In the future, China can consider establishing AI-supported "dynamic regulatory sandboxes" or "smart regulatory gateways" based on smart contracts. Such systems can analyze blockchain transaction data in real-time, identify potential risks, and intervene according to preset rules. Unlike traditional ex-ante approval, it allows innovation to develop freely within specific parameter ranges, only triggering regulatory intervention when abnormalities or risks are detected, ensuring both innovation space and controllable risks.

Overall, China-US technological path differences reflect different philosophies regarding financial security, innovation promotion, and market regulation. China tends to maintain cautious attitudes toward private enterprises, concerned that individual misconduct might trigger systemic risks. However, this should not become grounds for denying private sector value. In fact, the vast majority of private enterprises, while pursuing profits, also bear certain social responsibilities and drive innovation. Therefore, governments should fully leverage private capital, tech companies, and venture capital roles, using digital tools like smart contracts and AI to achieve risk-controllable, innovation-sustainable development models. Specifically, this can be achieved through establishing clear regulatory frameworks, setting up specialized fintech innovation funds, promoting industry-academia-research cooperation, and establishing industry self-regulatory organizations to better stimulate private sector enthusiasm for participating in digital currency innovation.

In international cooperation, China should carefully assess limitations of existing consortium chain paths. Consortium chains, often relying on government participation, easily raise partners' concerns about national influence in international cooperation. In contrast, truly decentralized distributed systems may be more conducive to building neutral and trustworthy global platforms. Within this framework, China can explore combining decentralized blockchain with "tokenized digital yuan" (tokenized e-CNY), improving privacy protection while helping alleviate external concerns about sovereign intervention. Domestically, relatively centralized digital yuan architecture can still be adopted, balancing efficiency and regulatory needs. Additionally, China can strengthen CBDC cooperation with emerging market countries, jointly building diversified international payment and settlement networks. Through establishing CBDC cross-border interconnection mechanisms with other countries, this not only reduces cross-border transaction costs but also helps build a more inclusive and

diverse international monetary system.

In this global development context, China needs to carefully but proactively consider strategic positioning in the new digital economy landscape. On one hand, it can consider allowing controllable Web3 innovation pilots in specific regions or industries within regulatory sandbox frameworks, particularly in areas like "tokenized digital yuan" combined with Web3 technology, supply chain finance digitization, and digital identity authentication. On the other hand, it can learn from countries like Japan, gradually establishing tiered and classified regulatory systems, reserving development space for digital economy innovation while ensuring financial security. Worth noting is that China has certain advantages in related technologies like artificial intelligence and IoT, and can encourage enterprises through policy guidance to deeply integrate these advantageous areas with Web3 technology, creating Web3 application scenarios with Chinese characteristics. We recommend establishing Web3 technology innovation demonstration zones in innovation-active regions like the Guangdong-Hong Kong-Macao Greater Bay Area and Yangtze River Delta, cultivating local Web3 talent ecosystems, and accumulating experience for possible future industrial transformations.

Regarding stablecoins' future development, we can break through the single approach of pegging to sovereign fiat currencies to explore new forms like anchoring to consumer goods mentioned earlier. For stablecoin regulation (such as Hong Kong dollar stablecoins), we recommend adopting more comprehensive solutions: first, requiring all stablecoin issuers to obtain deposit insurance to protect investor interests; second, establishing strict standards for stablecoin reserve asset composition, avoiding high-risk assets; third, establishing clear redemption mechanisms and fee caps; fourth, exploring new stability mechanisms like the "BigMac Coin" concept mentioned above, reducing dependence on single fiat currencies. Through these measures, we can both promote stablecoin innovation and effectively prevent potential risks, achieving healthy and sustainable development of the stablecoin ecosystem.

5 Conclusion

Digital currency development is at a critical juncture, with China and the United States adopting completely different technological paths and regulatory strategies. This difference reflects both different institutions and philosophies of the two countries and different understandings of the balance between financial security and innovation. America's market-driven model has promoted rapid stablecoin innovation but also brought systemic risks; China's government-led model has ensured financial stability but lacks some innovation vitality.

Looking ahead, we believe the optimal path should absorb advantages of both models, reserving sufficient space for innovation while ensuring financial security. Specifically, this can be achieved through new regulatory tools like "dynamic regulatory sandboxes" or "smart regulatory gateways," realizing risk-controllable and innovation-sustainable development models. Meanwhile, our proposed "anchoring to real consumer goods" stablecoin innovation solution promises to improve value stability while enhancing anti-inflation capabilities. Additionally, we should fully leverage private sector innovation vitality, avoiding over-reliance on government leadership.

In international competition and cooperation, China should actively participate in constructing global digital currency governance systems, promoting formation of a more inclusive

and diverse international monetary system. Meanwhile, it should strengthen CBDC cooperation with other countries, jointly addressing cross-border regulatory challenges brought by digital currencies.

In summary, the digital currency revolution is profoundly transforming the global financial landscape. China needs to maintain an open mindset while adhering to its own development path, continuously absorbing international best practices, and creating a digital currency ecosystem that is both secure and controllable yet full of vitality.

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