How Politics Hinder Central Bank Digital Currency (CBDC) Development and What to Do about It

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Abstract. The motivations and benefits of issuing a central bank digital currency (CBDC) are well known but the challenges faced by central banks in developing and issuing a CBDC have received less attention. To fill this gap, this article provides a succinct understanding of how politics hinder CBDC development. It presents the common arguments used by politicians to stifle CBDC development. It also suggests some ways to reduce political resistance towards CBDC development.

Keywords: CBDC, politics, central bank digital currency, resistance.
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1. Introduction

The purpose of this paper is to gain some insights into the nature of the politics of central bank digital currency (CBDC) and to understand why political resistance to CBDC exists. Broadly speaking, this study offers insights into how politics adversely affect the development and success of a CBDC. This topic is important because limited attention has been paid to how politics contribute to the failure of a CBDC. Oftentimes, when a CBDC fails, people are quick to blame the technology behind the CBDC as the reason for its failure or blame the central bank for the failure of a CBDC. There are occasions where it is not the technology or the central bank that is at fault. Rather, it could be national politics that cause problems and hinder a central bank's effort to develop a well-functioning CBDC.

Before I delve deeper into how politics affect CBDC, it is important to provide some background into how CBDCs came to exist. The digital revolution after the 2007 to 2009 global financial crisis led to a surge in private digital currencies that enable payments using blockchain technology. Existing private digital currencies, such as Libra Bitcoin and USDT, were designed to facilitate payments without needing traditional financial institutions and central banks. Their fast development has challenged the traditional way of thinking about fiat money and has led many central banks to consider ways to innovate the nature of central bank money. This led to the idea of creating a central bank digital currency also known as a CBDC (Gupta, 2021; Ward and Rochemont, 2019; Cioroianu, Corbet, Larkin & Oxley, 2023).

A central bank digital currency is the digital equivalent of fiat money, and its supply is controlled by the issuing central bank (Foster, Blakstad, Gazi & Bos, 2021; Kaczmarek, 2022; Ozili, 2023; Guo, Kreitem & Moser, 2024). Central bank digital currency development gained momentum from 2017 and increased significantly after the 2020-2022 COVID-19 pandemic. As at 2024, many central banks, such as the Bank of England, the Central Bank of Egypt, the Central Bank of the Russian Federation, the Reserve Bank of India, the Bank of Israel, the Bank of Ghana, and the Bank of Canada have begun developing central bank digital currency pilot tests with the intention of issuing a central bank digital currency in the short to medium term (Laboure, Müller, Heinz, Singh & Köhling, 2021; Echarte Fernández, Náñez Alonso, Jorge-Vázquez & Reier Forradellas, 2021), and the widely cited motivations for issuing a central bank digital currency include the need to counteract the rise of private digital currencies or cryptocurrencies, to provide a digital alternative to cash, to enhance the efficiency of digital payments and to develop a state-controlled digital currency that is relevant for the modern digital economy (Maniff, 2020; Engert and Fung, 2017; Auer et al, 2022).

Central banks also intend to use central bank digital currency to fulfil their central bank mandate. They intend to use CBDC to improve the conduct of monetary policy, improve financial stability, improve

payment efficiency, enhance financial inclusion, and enable government-to-person (G2P) social welfare transfers (Cukierman, 2019; Davoodalhosseini, 2022; Chiu and Davoodalhosseini, 2023; Ozili and Alonso, 2024). CBDCs also pose some known risks such as cybersecurity risks, consumer privacy risks and the risk of bank disintermediation (Bindseil, 2020; Cecchetti and Schoenholtz, 2023; Souissi and Nabi, 2023). Several safeguards have been proposed to mitigate the risks associated with central bank digital currency such as introducing quantity and price restrictions on CBDC holdings, enhanced cybersecurity risk frameworks and introducing privacy laws to protect users of CBDC (Kumhof and Noone, 2021; Minwalla, 2020).

Despite these safeguards, central bank digital currency has received political resistance in some countries. In the USA, for instance, the Federal Reserve Bank in Boston launched a CBDC pilot called Project Hamilton in collaboration with MIT's Digital Currency Initiative in 2020[1]. The project aimed to create a platform to test a hypothetical central bank digital currency that could be issued by the U.S. Federal Reserve Bank. The CBDC pilot was successful, and the project was concluded in 2022. In March 2022, the US President Joe Biden signed an executive order which stated that the administration will support responsible research and development into CBDC[2]. Despite Biden's Federal executive support for a U.S. central bank digital currency, political resistance emerged from several US lawmakers which has prevented the US Federal Reserve Bank from undertaking further development of a central bank digital currency. There was strong partisan opposition to CBDC in the United States. The resistance led to the emergence of state-level laws to ban the use of a central bank digital currency in some U.S. states[3].

The opposition to state-controlled money, such as a CBDC, in the United States is not surprising because such opposition is deep-rooted in American political history and it dates back to when there were fights over central banking on whether the Federal Reserve Bank should be a government bank that controls all money in the economy or whether the Federal Reserve Bank should be a private commercial bank. Political resistance to CBDC development is not unique to the United States. Other countries, such as the United Kingdom, are also witnessing political opposition to central bank digital currency development. Therefore, in this paper, I offer insights into how politics affect the development and success of CBDC.

[1] https://www.bostonfed.org/news-and-events/news/2022/12/project-hamilton-boston-fed-mit-complete-central-bank-digital-currency-cbdc-project.aspx

[2] https://www.whitehouse.gov/briefing-room/presidential-actions/2022/03/09/executive-order-on-ensuring-responsible-development-of-digital-assets/

[3] https://www.coindesk.com/policy/2023/09/20/us-cbdc-efforts-opposed-in-legislation-advanced-by-house-republicans/

This study contributes to the literature by putting forward the reasons why politics can stifle CBDC development, thereby enriching the literature that examines the factors that limit the success of innovations, in this case, central bank innovation. This study contributes to the existing central bank digital currency literature that examines the factors or challenges affecting CBDC issuance. It contributes to the CBDC literature by identifying the adverse role of politics in stifling progress in CBDC development in countries. It also contributes to the literature that examines how politics affect digital and financial innovation. The study shows that CBDC is a digital innovation and a financial innovation that can be affected by politics.

The rest of the study is structured as follows. Section 1 presents the introductory background of the study. Section 2 presents the literature review. Section 3 highlights the reasons why politics affect CBDC development. Section 4 presents the common political arguments used to hinder CBDC development. Sections 5 and 6 present the political strategies used to hinder CBDC development and the historical abandonment of CBDC. Section 7 presents some strategies for reducing political resistance towards CBDC. Section 8 presents the conclusion of the study.

2. Literature review

The literature on innovation and politics show evidence that the failure of an innovation may not be due to the failure of the technology underlying the innovation but may be due to internal and external politics. For instance, Smith (2007) analysed three case studies where innovations were introduced into large organisations. Smith observed that when the innovation is radical rather than incremental, the promoters of the innovation needed the kind of support that only a very senior figure within the organisation could provide and the very senior figure in the organisation is referred to as a 'godfather'. Smith notes that the godfather provided huge support indirectly and was working behind the scenes to make the innovation succeed. The support provided by the godfather include vision, credibility, protection, and access to resources. While having a godfather in an organisation can lead to the emergence of new innovation at the organisational level, an organisational godfather may not be able to influence customers to use new innovations if politicians interfere with the success of the innovation in the marketplace. This is demonstrated in the study conducted by Wang, Feng, Chen, Wen & Chang (2019). They argued that political ideology influences innovation because leftist and rightist parties have different attitudes toward the success of any innovation, and leftist parties are pro-poor people and support the provision of welfare payments to low-income and working-class people while rightist parties seek improvements in the welfare of capitalists. In their study, Wang et al. (2019) investigate the relationship between government ideology and technical innovativeness using a sample of 110

countries from 1995 to 2015. They measured government ideology in terms of whether the ruling party is leftist or rightist in their political ideology while they measured technical innovation by the number of trademark and patent applications. They found that a leftist ruling party hinders the progress of technical innovation, whereas a right-wing ruling party encourages the emergence of new technical innovation. Wang et al.`s (2019) findings are supported by Vivarelli (2014) who show that leftist parties tend to oppose innovation because it will reduce the use of labour in society and increase the rate of unemployment, therefore leftist politicians have incentives to oppose new technological innovation. On the other hand, Bjørnskov and Potrafke (2013) showed that right-wing parties are more likely to promote the use of new technological innovations to increase profits which will benefit the capitalists in society, therefore rightist politicians have incentives to support the launch of new technological innovation. Other studies also considered the role of politics in innovations such as Zhou, Sun, Xiao & You (2022) who investigate the effect of partisan conflict on innovation. They analysed 48 mainland US states from 1992 to 2013 and found that the relationship between partisan conflict and innovation is non-linear, indicating that partisan conflict by politician may lead to the political approval of innovation in some states and may hinder innovation in other states, depending on the political ideology prevailing in the US states. Bhattacharya, Hsu, Tian & Xu (2017) focused on whether business innovations are mostly affected by policy itself or by policy uncertainty caused by the behaviour of politicians. They examined 43 countries and found that businesses are able to adapt to different policies, but they faced a major problem when they do not know which policy to adapt to due to policy uncertainty that arises from political gridlock. Doner, Hicken & Ritchie (2009) showed that innovation is heavily influenced by political institutions which are also influenced by the relationship between economic actors and the ruling elites who have veto power. They showed that the presence of a large number of politicians who have veto power in a legislative decision-making process often delay innovation by using their veto power to slowdown the decision-making process. They recommend that reducing the number of veto players will improve decisiveness, but it can create a new problem of lack of credibility.

3. Why politics affect CBDC development

Politics affect CBDC development through the attitude of politicians. The attitude or behaviour of a politician influences the law-making process and therefore influence government policy towards technological innovations (Bergek et al, 2015), and it also affects CBDC development. This can happen in several ways. First, a large number of politicians who do not feel good about CBDC but lack scientific evidence to justify their dislike for CBDC, may form an alliance to oppose CBDC and pass legislation that oppose the issuance of a CBDC. Two, when election approaches, some politicians can take

advantage of people's negative myth about CBDC and use that as a reason or an anchor to push for a ban on CBDC issuance to please their constituents and to secure more votes for election victory. Three, there is also the party ideology dimension which is divided into the leftist party politicians who support poor and the working-class people and the rightist party politicians who support the welfare of capitalists. Politicians in a leftist party will oppose CBDC development if they perceive that the use of CBDC will lead to a decrease in the use of labour in the payment processing business and will increase unemployment which is detrimental to the labour force and the working class in the country. This will lead leftist politicians to oppose CBDC development. This view supports the partisan theory proposed by Hibbs (1977) and Alesina (1987). Lastly, the state of government finance can influence the attitude of politicians towards CBDC development. If politicians are aware that the government has insufficient revenue, they will unanimously oppose CBDC development and instruct the central bank to shelf its plan to develop and issue a CBDC on grounds that the CBDC project is too costly, and the government will rather channel its scarce financial resources to other important causes.

4. Common political arguments used to hinder CBDC development

Below are some arguments used by politicians to hinder the development of a central bank digital currency.

4.1. Violation of people's privacy as a political argument to stifle CBDC development

Politicians in the UK and the US have raised strong concerns about the consumer privacy risks associated with the use of a central bank digital currency in society.[4] They understand that a central bank digital currency is digital fiat money issued and controlled by a central bank. However, the major concern they have with a central bank digital currency is that the use of a central bank digital currency will give the central bank the ability to monitor people's personal financial activity.[5] A central bank can use the insights gained from seeing and monitoring people's personal financial activity to influence the financial choices or spending behaviour of consumers. This means that the central bank that issues a central bank digital currency will know everything about the purchase made by a customer. For this reason, politicians argue that CBDC should be banned because it enables a central bank to monitor people's personal financial activity which puts people's privacy at risk.

[4] https://coingeek.com/uk-legislators-to-central-bank-proceed-with-caution-on-cbdc/
[5] https://www.centralbanking.com/central-banks/currency/digital-currencies/7960384/bank-of-canada-finds-widespread-public-hostility-to-cbdc

4.2. The political argument that CBDC gives government absolute control of people's money

Some politicians in the US also hold the belief that a CBDC would give government absolute control over people's money.[6] Consider the statement made by a U.S. politician Donald Trump during his 2024 election campaign in January: *"As your president, I will never allow the creation of a Central Bank Digital Currency. Such a currency would give our federal government absolute control over your money"*[7]. Another statement by Robert F. Kennedy Jr. states that *"While cash transactions are anonymous, a CBDC will allow the government to surveil all our private financial affairs. The central bank will have the power to enforce dollar limits on our transactions restricting where you can send money, where you can spend it and when money expires… CBDCs grease the slippery slope to financial slavery and political tyranny."* Statements like these are 'political' because they do not consider the possibility of creating laws that prevent or limit the ability of the Federal Government or its agents (i.e., the central bank) to conduct financial surveillance on users' CBDC financial transactions.

4.3. The political myth that CBDC issuance is a step closer to a one world government

In the United Kingdom and the United States, many citizens have raised concerns that CBDC is a step closer to forming a worldwide currency for a one world government. Some politicians consider such claims to be true and it leads them to resist the central bank's effort to issue a central bank digital currency. Some politicians, even without being pressured by their constituents, already view the issuance of a central bank digital currency as an attempt to bring people closer to a futuristic one world government where only one worldwide currency will be used by everyone. This belief is a myth, and it is also a leading cause of political resistance towards CBDC development. This belief or myth is founded on a conspiracy theory that the issuance of a worldwide currency will be promoted and led by central banks. There is no evidence to support this claim both in theory and in practice because the world does not have a global central bank. However, despite being a myth, it is difficult to convince politicians to think otherwise.

4.4. Political witch-hunt following a change in government

Sometimes, a new government may decide to halt all central bank digital currency activities or discontinue the central bank digital currency that was issued under the previous government. This action may be a form of political witch-hunt against the previous government. The new government would conceal its political witch-hunting intention by announcing to the general public that it thinks that the

[6] https://www.centralbanking.com/central-banks/currency/digital-currencies/7960384/bank-of-canada-finds-widespread-public-hostility-to-cbdc

[7] https://twitter.com/BitcoinMagazine/status/1747819823159972003?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1747819823159972003%7Ctwgr%5E350699a00d7479863d6a8c32e717eda728b9d7b5%7Ctwcon%5Es1_&ref_url=https%3A%2F%2Fthefintechtimes.com%2Findustry-divided-on-trump-cbdc-views-and-the-impact-no-development-would-have-on-us-crypto-hub%2F

previous government was ill-informed in approving the issuance of a central bank digital currency and that the new government does not see a clear positive benefit of a central bank digital currency in society, or, that a central bank digital currency does not have a place in the economic policy agenda of the new government, therefore, the central bank digital currency should be discontinued.

4.5. The political argument that a central bank should not undertake digital payment innovation

There is the argument that central banks should not be involved in the business of digital payment innovation. Some political commentators argue that a central bank should not be directly involved in the business of digital payment innovation and that innovation in digital payments should be carried out only by private sector agents, such as banks and fintech players, who are more efficient and effective in developing and managing digital and/or financial innovations than a central bank. This implies that a central bank should not create a central bank digital currency which is a form of digital payment innovation. The consequence is that central banks will lag behind in payments innovation and will pay high bank fees to execute payments to its counterparts and clients since it does not have its own modern digital payment system enabled by a central bank digital currency or blockchain.

4.6. The political argument that developing a CBDC is a waste of time and waste of public money

There is also the perception that issuing a central bank digital currency is a waste of time and resources because the problems which a central bank digital currency seeks to address or solve, e.g. financial exclusion and payments inefficiency, can be solved by existing payment solutions such as bank cards and bank-based solutions (Worrell, 2024). Worrell also argues that any human effort and financial resources committed to issuing a central bank digital currency will lead to duplication of what already exists, it will be a waste of time and resources, and people may not be interested in using the central bank digital currency because a central bank digital currency will not provide greater access to finance or credit than bank cards do.

4.7. Central bank's loss of passion to develop CBDC following a change in government

A central bank's passion to develop a CBDC increases when the incumbent government offers full support for the issuance and use of CBDC. However, a central bank's passion to develop a CBDC could decrease significantly when there is a change in government. The new government may not ask the central bank to discontinue the development of CBDC, but the new government can inform the central bank that it does not see a clear need for a CBDC. After the new government communicates its view on CBDC to the central bank, the central bank would respond by slowing down its CBDC development activities. As a result, the high passion used to develop the CBDC would diminish.

5. Real-life political strategies adopted to hinder CBDC development

Some countries and states within countries have adopted several political strategies to hinder the development and issuance of CBDC. Some of these strategies are listed in table 1 below. In the United States, for example, politicians in some states have passed laws to place a total ban on the use of CBDC in their states while other states have not considered banning CBDC. Outside the United States, some central banks have received a 'desist order' in issuing a CBDC which means that the central bank can undertake research in CBDC if it wants to, but it cannot issue a CBDC now or in the near future.

Table 1. Real-life political strategies adopted to hinder CBDC development

Political strategies used to hinder CBDC development	**Location & Country**	**Details of the strategy**	**Purpose for opposing CBDC**
Issued a law banning CBDC	Utah, USA.	A Utah House Committee approved a bill making it against the law to use a central bank digital currency in the State of Utah.[8]	To protect the financial freedom and privacy of Utahns from further encroachments.
Issued a law banning CBDC	Florida, U.S.A.	Governor Ron DeSantis signed Senate Bill (SB) 7054 and SB 214 which prohibits the use of a federally-issued or foreign-issued central bank digital currency (CBDC) by excluding it from the definition of money within Florida's Uniform Commercial Code. [9]	To protect the personal finances of Floridians from government overreach and woke corporate monitoring and to protect consumers against globalist efforts to adopt a worldwide digital currency.
Proceed with caution, but do not issue digital pound CBDC any time soon.[10]	United Kingdom	The UK parliament advised the Bank of England to suspend CBDC issuance for now, but it can continue with research into CBDC	The UK parliament concluded that the proposed digital pound CBDC is a 'solution' in search of a 'problem' because there is no major problem in the UK digital payment system which the digital pound CBDC aims to solve today that cannot be solved by other existing payment alternatives in the market.
Suspend CBDC project indefinitely	Brazil	Brazil central bank planned to launch its digital real through the LIFT Lab innovation project. Brazil central bank had received concerns from politicians about the privacy issues associated with CBDC issuance.	Although the Brazil central bank committed to addressing the privacy issues raised by politicians, some internal problems arose within the central bank which were staffing issues and lack of dedication by the central bank specialists to the LIFT Lab innovation project. Moreover, it was also difficult to find the right security protocol that would preserve individual privacy. As a result, the Brazil

[8] https://kslnewsradio.com/2074184/bill-banning-central-bank-digital-currency-one-step-closer-to-becoming-law/

[9] https://www.flgov.com/2023/05/12/governor-ron-desantis-signs-first-in-the-nation-legislation-to-protect-against-government-surveillance-of-personal-finances/

[10] https://publications.parliament.uk/pa/cm5804/cmselect/cmtreasy/215/report.html#:~:text=The%20Bank%20of%20England%20told,how%20users%20spend%20their%20money

			central bank suspended the CBDC project indefinitely[11]

6. Historical abandonment of CBDC

Politics is not the only reason for abandoning CBDC. In the past, some central banks have developed and issued a CBDC-like product, and they were all discontinued or abandoned for various reasons. Table 2 highlights the countries and the reasons for abandoning the CBDC.

Table 2. Historical abandonment of CBDC

Country	CBDC issued	Reasons for halting the CBDC
Denmark	Denmark announced its intention to launch a digital krone in 2016.	Denmark halted its CBDC development a year later because the central bank acknowledged that the country already had local B2B and C2C digital payment solutions and that a CBDC would add very little improvement to the country's payment infrastructure.
Japan	The Central Bank of Japan (BOJ) announced that it will start the development of CBDC in October 2020. It started testing CBDC in early 2021. It planned to complete the first pilot phase by March 2022.	From January 2022, BOJ received requests and arguments from the public that the BOJ should not use the digital yen as an instrument for monetary policy due to risks to financial stability and the potential for the digital yen to stifle private sector innovation in the payment system. The BOJ considered the arguments and in July 2022 it announced that it was abandoning its plans to issue CBDC in July 2022. It cited two major reasons for abandoning the CBDC which are the people's strong preference for cash and the large number of people who have a bank account in Japan and who may refuse to open a CBDC account.
Ecuador	In 2014, the Central Bank of Ecuador officially announced the issuance of electronic currency, called the dinero electrónico (DE). It was issued to increase financial inclusion and reduce the cost of storing and transporting large amount of cash.	The DE operated from 2014 to 2018. Only 500,000 people used it out of a total population of 17 million people in Ecuador. This means that less than 3 percent of the citizens used the DE CBDC. Its poor performance led the government to issue legislation that abolished the central bank's electronic money system in March 2018. The central bank used the legislation as a cover to discontinue CBDC issuance since the 3 percent rate of adoption was unsatisfactory to the central bank officials.
Finland	In 1993, Finland issued the world's first CBDC called the Avant smart card system. It was similar to a token-based retail CBDC.	The project became obsolete and was abandoned in 2006 because the cost of producing one Avant card exceeded the cost of producing a conventional debit bank card. The Avant cards also attracted high bank fees compared to normal bank cards which had lower fees. This led the central bank to abandon Avant cards.

[11] https://www.ledgerinsights.com/brazil-cbdc-digital-real-delayed-suspends-innovation-lab/

7. Strategies to reduce political resistance to CBDC

Central banks can deploy some strategies to reduce the political resistance faced when developing and issuing a central bank digital currency.

7.1. Central banks need a godfather

A central bank that is facing strong political resistance in developing and issuing a CBDC will need a political godfather who can use their financial resources and political influence to change the attitudes of politicians who are anti-CBDC. The godfather may be a powerful individual who is well-regarded in society and in politics (e.g. the President) or the godfather may be a political institution that can change the attitudes of politicians about CBDC. In either case, the godfather will work behind the scenes and use less conspicuous methods to reduce political resistance towards the development and issuance of a CBDC until CBDC is accepted by the political class.

7.2. Political compromise

One way to reduce political resistance to CBDC is for the central bank to accept a political compromise. By this, I mean that if the godfather is able to change the attitudes of anti-CBDC politicians to make them accept CBDC, the politicians will require the central bank to issue CBDC under the condition that the central bank will not use CBDC to conduct financial surveillance on citizens or to influence people's spending behaviour by deploying programmable CBDC money. The central bank will accept such conditions as a political compromise and must abide by those conditions. Additional conditions may be imposed on the central bank which the central bank will abide by.

7.3. Improve central bank communication about CBDC

Central banks should clearly communicate the motivations, benefits, and risks of a CBDC to the general public and to politicians so that everybody is well-informed. After communicating the risks, the central bank should also communicate the measures that have been put in place to mitigate the risks associated with CBDC. This is important because if politicians know about the motivations for issuing a CBDC, how it will benefit the citizens and the measures to be put in place to prevent the risks, then their resistance to CBDC development and issuance will be reduced. Therefore, better CBDC communication by the central bank can help politicians to accept CBDC rather than oppose it.

8. Conclusion

This study offered insights into how politics hinder CBDC development. First, it offered reasons why politics can affect CBDC. It argued that politics affect CBDC development through the attitude or behaviour of politicians. Politics can hinder CBDC development when politicians do not feel good about CBDC, or when politicians want to use their constituents' dislike for CBDC as a reason to oppose CBDC, or when politicians think that the outcome of CBDC usage is against their leftist or rightist political ideology. The study also highlighted the common political arguments used to hinder CBDC development. They include the claim that CBDC will lead to the violation of people's privacy or that CBDC will give government absolute control of people's money, or that CBDC issuance is a step closer to forming a one world government or that a central bank should not undertake digital payment innovation, or that developing a CBDC is a waste of time and waste of public money. More importantly, it was argued that CBDC can be resisted due to political witch-hunt. The study also identified some real-life political strategies used to hinder CBDC development such as issuing a law to ban CBDC usage and giving the central bank a 'desist order' regarding CBDC issuance. The study also highlighted cases where CBDC has been abandon in the past such as in Denmark, Finland, Japan, and Ecuador. The study also suggested strategies for reducing political resistance to CBDC such as central banks seeking the help of a godfather, accepting a political compromise, and improving central bank communication about CBDC. Despite the political resistance to CBDC, it should be emphasised that a CBDC is a useful innovation to enhance the functions of central banks and to improve the welfare of people. A CBDC is also a gateway for a country to accept cryptocurrency and it serves as a way for a government to understand and grasp the potential of blockchain and tokenisation. These benefits are profound; therefore, politicians should not throw away the baby with the bathwater, in other words, politicians should not hinder the development of a CBDC because they are trying to mitigate a few negative consequences that can be safely mitigated while keeping CBDC operational. Central banks also need to reflect and take seriously the concerns raised by politicians about CBDC and proffer solutions to those concerns because CBDC development and issuance will not be successful without political support for the central bank who will design the CBDC. Finally, it should be pointed out that CBDC is not entirely bad as portrayed by some politicians. CBDC has some good features. What politicians should do is to figure out a way to harness the positive benefits of CBDC for society whilst ensuring that appropriate safeguards are introduced to mitigate its negative impact on people such as consumer privacy risks. Future studies can examine how national cultures may affect CBDC adoption in several countries. Another interesting area worth exploring is how CBDC may hinder stablecoin development.

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