

Projecting Household Demand for CBDC in Russia
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Many countries are discussing and implementing CBDC

Goal of this paper: empirically estimate potential usage of Digital Ruble.

Extremely relevant and timely paper!

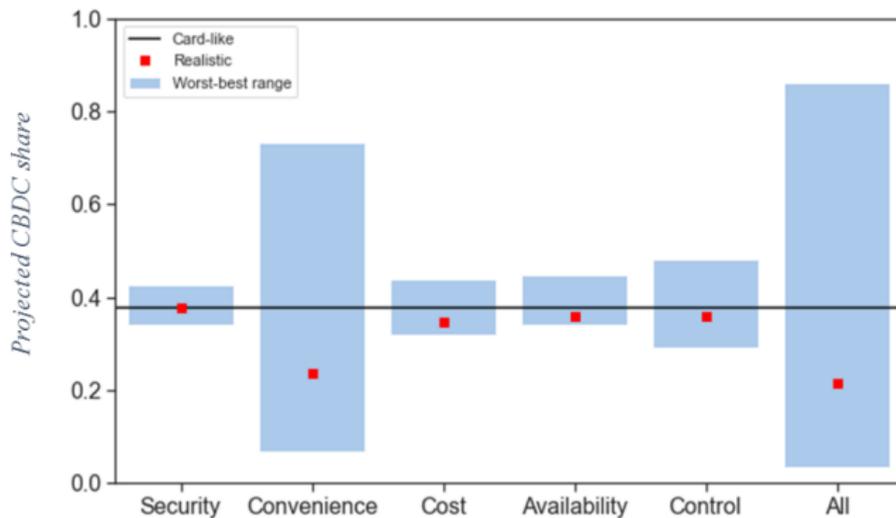
What this paper does

- ▶ Takes survey data about attributes about different modes of payment in Russia
- ▶ Links attributes and their importance to the usage of different forms of payments in Russia
- ▶ Estimates importance of different attributes for the usage
- ▶ Assumes that Digital Ruble will be similar to bank cards, and uses the model to predict the share of payments with Digital Ruble

Questions

- ▶ When the share of Digital Ruble is simulated, do bank cards remain as a possible way of payment?
- ▶ If yes, then the introduction of the Digital Ruble should take half of the bank card usage roughly, is it so?
- ▶ Why it is assumed that Digital Ruble will be equivalent to bank cards, if it should also work for payments without any network connection? In this case Digital Ruble should compete with cash directly, i.e. it would have attributes of both cards and cash. Technically, it would mean that Digital Ruble would have attributes of both payment methods, and simulations would predict a larger share of payments for Digital Ruble.

Clarification questions



- ▶ Convenience is the key, why other attributes do not matter?
- ▶ Do we need to look at the estimate with **All** only?
- ▶ Column **All** predicts a share between 5% and 90%, I would predict a share between 0% and 100% without any estimation. Maybe report some/different confidence intervals for the share?

Further questions

- ▶ In many surveys anonymity of cash payments is highlighted (tax avoidance), why it is never mentioned here? Maybe it is more important for merchants than for payers?
- ▶ Bank for International Settlements highlighted that anonymity is important and CBDC can make small transactions (below 200 euros) anonymous, while large transactions traceable. Such a feature would help CBDC adoption in regions where cash is used.
- ▶ Why bank transfers between people are not included as means of payment in surveys and estimates? It is often used as a substitute for cash. How absence of this option biases your estimates?
- ▶ Merchants are key for adoption of new payment instruments, it would be important to evaluate their willingness to adopt CBDC to estimate the share of CBDC in payments. How incorporation of their preferences would affect your estimates?

Side Remarks

Why do we care about the share of transaction with Digital Ruble?

Introduction of a new payment instrument might affect payment system even if the instrument is not going to be used. For instance, if transfers/payments with Digital Ruble will be quick and cheap, banks and cards systems will have to adjust (lower fees) to keep their business. Even if few transactions will be made with Digital Ruble it could still increase efficiency of the payment system.

Bank for International Settlements emphasises potential role of CBDC in cross border payments (especially relevant for Russia). It is important to make CBDCs in different countries compatible (for instance China and Russia). Alternatively, they can be made compatible with an alternative wholesale/cross border CBDC used for international settlements.