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## Broadening Narrow Money: Monetary Policy with a Central Bank Digital Currency

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36 Pages

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### Abstract

This paper discusses central bank digital currency (CBDC) and its potential impact on the monetary transmission mechanism. We first offer a general definition of CBDC which should make the concept accessible to a wide range of economists and policy practitioners. We then investigate how CBDC could affect the various stages of transmission, from markets for central bank money to the real economy. We conclude that monetary policy would be able to operate much as it does now, by varying the price or quantity of central bank money, and that transmission may even strengthen for a given change in policy instruments.

**Keywords:** Central bank digital currency, money, monetary policy, cryptocurrency**JEL Classification:** E42, E52, E58[Suggested Citation](#) >[Show Contact Information](#) >[Download This Paper \(Delivery.cfm/SSRN\\_ID3180720\\_code459244.pdf?abstractid=3180720&mirid=1\)](#)[Open PDF in Browser \(Delivery.cfm/SSRN\\_ID3180720\\_code459244.pdf?abstractid=3180720&mirid=1&type=2\)](#)

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