

5.0 Questions and Responses

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The actual OMG response to the 22 direct questions posed in the **White Paper**. These are linked to other sections of the OMG response such as the **Common Elements** and also other questions. The OMG responded to all the questions, however, a few were felt to be beyond the scope of what the OMG members could respond to.

Overview

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The Federal Reserve posted a white paper in January 2022. The white paper requested comments on 22 questions posted in the [Money and Payments: The U.S. Dollar in the Age of Digital Transformation](#). The following discussion follows the original outlined provided in the **White Paper**. The questions are divided into two broad categories:

- [Benefits, Risks, and Policy Considerations](#)
- [Design](#)

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The following sections are the responses to the questions posted in the [Object Management Group \(OMG\)](#)

- [5.1 Benefits, Risks, and Policy Considerations](#)
 - [Question: 01. What additional potential benefits, policy considerations, or risks of a CBDC may exist that have not been raised in this paper?](#)
 - [sub-Q1: Benefits](#)
 - [sub-Q2: Policies](#)
 - [sub-Q3: Risks](#)
 - [Question: 02. Could some or all of the potential benefits of a CBDC be better achieved in a different way?](#)
 - [Question: 03. Could a CBDC affect financial inclusion? Would the net effect be positive or negative for inclusion?](#)
 - [Question: 04. How might a U.S. CBDC affect the Federal Reserve's ability to effectively](#)

implement monetary policy in the pursuit of its maximum-employment and price-stability goals?

- Question: 05. How could a CBDC affect financial stability? Would the net effect be positive or negative for stability?
- Question: 06. Could a CBDC adversely affect the financial sector? How might a CBDC affect the financial sector differently from stablecoins or other nonbank money?
- Question: 07. What tools could be considered to mitigate any adverse impact of CBDC on the financial sector? Would some of these tools diminish the potential benefits of a CBDC?
- Question: 08. If cash usage declines, is it important to preserve the general public's access to a form of central bank money that can be used widely for payments?
- Question: 09. How might domestic and cross-border digital payments evolve in the absence of a U.S. CBDC?
- Question: 10. How should decisions by other large economy nations to issue CBDCs influence the decision whether the United States should do so?
- Question: 11. Are there additional ways to manage potential risks associated with CBDC that were not raised in this paper?
 - 1. Risk of a Software Crisis
 - 2. Risk of Lack of Stakeholder Buy-In
 - 3. Risk Due to Poor Community of Interest (CoI) Governance
 - 4. Risk Due to lack of Broad, Wide-Ranging Security Planning
 - 5. Risk of Data being hacked due to weak Security Infrastructure
 - 6. Risk of Meta-Data being hacked due to weak Security Infrastructure
 - 7. Risk of Business Processes Being Hacked
 - 8. Risk of competing Currency Models for the CBDC
- Question: 12. How could a CBDC provide privacy to consumers without providing complete anonymity and facilitating illicit financial activity?
- Question: 13. How could a CBDC be designed to foster operational and cyber resiliency? What operational or cyber risks might be unavoidable?
 - 1. How could a CBDC be designed to foster operational and cyber resiliency?
 - a) Operational Resiliency
 - b) Cyber Resiliency
 - 2. What operational or cyber risks might be unavoidable?
- Question: 14. Should a CBDC be legal tender?
- 5.2 Design
 - Question: 15. Should a CBDC pay interest? If so, why and how? If not, why not?
 - Question: 16. Should the amount of CBDC held by a single end user be subject to quantity limits?
 - Question: 17. What types of firms should serve as intermediaries for CBDC? What should be the role and regulatory structure for these intermediaries?
 - Question: 18. Should a CBDC have "offline" capabilities? If so, how might that be achieved?
 - Question: 19. Should a CBDC be designed to maximize ease of use and acceptance at the point of sale? If so, how?
 - Question: 20. How could a CBDC be designed to achieve transferability across multiple payment platforms? Would new technology or technical standards be needed?
 - Question: 21. How might future technological innovations affect design and policy choices related to CBDC?

- Question: 22. Are there additional design principles that should be considered? Are there tradeoffs around any of the identified design principles, especially in trying to achieve the potential benefits of a CBDC?

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