Question: 16. Should the amount of CBDC held by a single end user be subject to quantity limits?

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Question

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Should the amount of CBDC held by a single end-user be subject to quantity limits?

Answer

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The answer depends on the architecture, design and implementation. (See: 4.0 Common Elements).

1. If it is a replacement for cash: **NO**
2. If it is a replacement for a bank account or equivalent (i.e, savings, checking, investment, direct pay, credit, debit cards, etc.): **YES**

   Note: The answer is almost identical to Question: 15. Should a CBDC pay interest? If so, why and how? If not, why not?

Overview

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Before an answer can be provided about **CBDC quantity limits** for end-users, it is essential to clearly state the purpose and goals of the CBDC. The answer to Question: 15. Should a CBDC pay interest? If so, why and how? If not, why not? Sets the stage for this question, too. Basically, it depends on which model is used for the CBDC:

- **4.2.1 Digital Cash Model** - is a model representing the CBDC using cash (i.e., coins, \$1, \$2, \$5, \$10, \$20, \$50 and \$100 bills)) as the basis of the CBDC
- **4.2.2 Digital Account Model** - is a model that represents the CBDC in using digital accounts (i.e, Savings, Checking, Investment, Direct Pay, Credit Cards, Debit Cards, etc.)

Example

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There is only one requirement in the White Paper as identified by the identified by the Object Management Group's CBDC WG report called White Paper Analysis:

Table 1: Requirements identified in White Paper Analysis related to limiting CBDC quantity of CBDC for an End User.

Statement No.	Page No.	Statement
D0003	**18**	Design should allow a limit on the amount of CBDC an end user could accumulate over short periods

Discussion of Example

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Digital Cash Model

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The Digital Cash Model

Table 2: List of requirements (i.e., desirements) identified in the **White Paper** indicating a Digital Cash Model.

Requirement	Statement	Comment
D0003	**Design should allow a limit on the amount of CBDC an end user could accumulate over short periods**	Digital Cash should be considered similarly as physical cash. It is impractical to have large amounts of physical cash. For security and safety, rarely does an End User hoard large amounts of physical cash. Using large amounts of cash to make purchases require time to count and validate the cash, and the same limits should be the same for Digital Cash.
B = Benefit Considerations		
P = Policy Considerations		
R = Risk Considerations		
D = Design Considerations		

Digital Account Model

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Table 3: List of requirements (i.e., desirements) identified in the **White Paper** indicating a Digital Account Model.

Requirement	Statement	Comment
D0003	**Design should allow a limit on the amount of CBDC an end user could accumulate over short periods**	Digital Accounts should be considered similar to current intermediary accounts (i.e., checking, savings, certificate of deposit, money market, etc.) held by End Users.
B = Benefit Considerations		
P = Policy Considerations		
R = Risk Considerations		
D = Design Considerations		

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