

POLICY OBJECTIVES FOR A U.S. CENTRAL BANK DIGITAL CURRENCY SYSTEM

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About this Document

Recognizing the possibility of a U.S. Central Bank Digital Currency (CBDC), the Biden-Harris Administration has developed Policy Objectives for a U.S. CBDC System, which reflect the federal government’s priorities for a potential U.S. CBDC. These objectives flesh out the goals outlined for a CBDC in Executive Order (EO) 14067, *Ensuring Responsible Development of Digital Assets*. A U.S. CBDC system, if implemented, should protect consumers, promote economic growth, improve payment systems, provide interoperability with other platforms, advance financial inclusion, protect national security, respect human rights, and align with democratic values.

About the Interagency Process

This document is excerpted from a report titled *Technical Evaluation for a U.S. CBDC System*, published by the Office of Science and Technology Policy.¹ The creation of that full report, including this set of policy objectives, was coordinated through an interagency process led by the Assistant to the President for National Security Affairs and the Assistant to the President for Economic Policy, as described in Section 3 of EO 14067. A list of departments and agencies involved in that interagency process is located in Appendix B of the aforementioned full report.

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¹ [Technical Evaluation for a U.S. CBDC System](#). (Sep. 2022). *Office of Science and Technology Policy*.



Policy Objectives for a U.S. CBDC System

EO 14067 outlines the principal policy objectives of the United States with respect to digital assets and provides additional priorities for a U.S. CBDC. This document provides considerations related to choices and limitations that should inform the design of a U.S. CBDC system, where a “CBDC system” includes the CBDC itself, the public sector and private sector components that are built to interact with it, and the laws and regulations that apply to each of those components.²

Building on the policy objectives described in EO 14067, a U.S. CBDC system should support the following objectives.³ While some of these objectives may be in tension, it is not the aim of this document to reconcile or prioritize the policy objectives listed below. Additionally, the purpose of this document is not to take a position on whether a U.S. CBDC should be pursued, or to make decisions regarding particular design choices for a U.S. CBDC system to achieve the stated objectives.

1. Provide benefits and mitigate risks for consumers, investors, and businesses

- a. **Consumers, investors, and businesses should be financially protected.** The CBDC system should include appropriate protections for custodial and other arrangements related to customer assets and funds, fraudulent and other illegal transactions, and market failures. It should also provide for appropriate disclosures of risk.
- b. **Consumers, investors, and businesses should be digitally protected.** The CBDC system should include consumer protections by design and default. These protections should include mechanisms for human consideration and remedy of harms, and these protections should be accessible, equitable, effective, maintained, accompanied by appropriate operator training, and should not impose an unreasonable burden on the public.

2. Promote economic growth and financial stability and mitigate systemic risk

- a. **The CBDC system should support economic activity.** The CBDC system should be designed to integrate seamlessly with traditional forms of the U.S. dollar. In addition, the CBDC should be flexible enough to facilitate a range of economic policy objectives, including promoting competition and innovation. To support these objectives, the CBDC system should be both governable and sufficiently adaptable.
- b. **The CBDC system should ensure the resilience of the financial system.** The CBDC system should be designed in a way that is consistent with broad financial intermediation and that mitigates concentration risks. The CBDC system should be designed to minimize the occurrence of destabilizing runs and liquidity risks. The CBDC system should not increase systemic risk.

² The term “components” is broadly construed. For example, components might include smart cards, mobile applications, and intermediaries that fulfill various roles in the CBDC system.

³ These objectives are also consistent with the [G7 Public Policy Principles for Retail CBDCs](#). (Oct. 2021). G7.



- c. **The CBDC system should be operable in normal circumstances and under stress.** The CBDC system should be resilient under a range of adverse circumstances, both at initial deployment and over its lifecycle. When problems are discovered in CBDC functionality, there should be a clear process and adequate support for mitigating and resolving those problems.

3. Improve payment systems

- a. **The CBDC system should be functional.** The CBDC system should support the smooth functioning of the payment system by ensuring that the CBDC system works, including at initial deployment, over its lifecycle, and when parts of the systems are nonoperational. Furthermore, the CBDC system should function efficiently relative to the costs to operate so that it can also achieve the promised benefits of a CBDC system. To do so, the CBDC system should be designed such that adequate resources and personnel training will exist for developing and maintaining the CBDC system's components.
- b. **The CBDC system should be efficient.** The CBDC system should be usable and provide a good customer experience. It should also allow for efficiencies that make investments and domestic and cross-border fund transfers and payments cheaper, faster, and safer, by promoting greater and more cost-efficient access to financial products and services.
- c. **The CBDC system should be secure.** The CBDC system should be protected against cybersecurity attacks and failures, and the system should ensure assurance and integrity of the CBDC and the system as a whole. The CBDC system should be designed so that consumers, investors, businesses, and the public can trust it to be secure and resilient to potential attacks, disasters, and failures, as well as cyber, fraud, counterfeiting, and other operational risks. The CBDC system should include appropriate cybersecurity and privacy incident management, contingency plans, and continuity plans to ensure availability of its functionalities, including in the case of natural disasters and foreign attacks.
- d. **The CBDC system should be flexible.** The CBDC system should support an ecosystem of innovation from the public and private sectors in order to meet the various goals of the United States. The CBDC system itself should be extensible and upgradeable such that it can be iterated upon quickly to improve and harness new innovation, as well as changing technologies, regulations, and needs.

4. Ensure the global financial system has transparency, connectivity, and platform and architecture interoperability or transferability, as appropriate

- a. **The CBDC system should be appropriately interoperable.** The CBDC system should, where appropriate and consistent with other policy priorities, facilitate transactions with other currencies and systems, such as physical cash, commercial bank deposits, CBDCs issued by other monetary authorities, and the global financial system. The CBDC system should be designed to avoid risks of harm to the international monetary system and financial system, including broad monetary sovereignty and financial stability. The CBDC system should be designed with



appropriate considerations for transferability and orderly termination in events such as a change in policy or end of life.

5. Advance financial inclusion and equity

- a. **All should be able to use the CBDC system.** The CBDC system should enable access for a broad set of potential consumers and uses, with appropriate restrictions to mitigate specific risks (e.g., destabilizing runs, money laundering). While the CBDC system may initially support fewer potential consumers and uses, it should scale and support a broader range of use cases over time. As it is designed, implemented, and maintained, the CBDC system should take particular notice of EO 13985 (*Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*) and EO 14058 (*Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government*).
- b. **The CBDC system should expand equitable access to the financial system.** The CBDC system should expand equitable access to deposit and payment products and services, as well as credit provided by banks and other sources. This includes expanding equitable access for people of color, rural communities, individuals without the resources to maintain expensive devices or reliable Internet access, and individuals with cognitive, motor, or sensory impairments or disabilities. The CBDC system should not create new inequities, including through technological barriers to use. Technological advances, educational material, and support should be leveraged to overcome the potential technical and economic barriers to using CBDC that may disproportionately harm some communities. The CBDC system should support payments to and from the public sector and equity-advancing initiatives, such as the administration of social safety net programs. However, use of the CBDC system should not be mandated. Offline capability should be incorporated, and the role of cash should be preserved.

6. Protect national security

- a. **The CBDC system should promote compliance with AML/CFT requirements and mitigate illicit finance risks.** The CBDC system should be designed to facilitate compliance with anti-money laundering (AML) and combating the financing of terrorism (CFT) requirements, as well as relevant sanctions obligations. The CBDC system should allow for the collection of information necessary to fulfill these requirements, but not more. The system should also enable adequate transaction monitoring to detect and report suspicious activity to the relevant authority. The CBDC system should be designed to include features, or enable intermediaries to include features, to identify and mitigate illicit finance risks (e.g., fraud, sanctions evasion, money laundering), while providing appropriate protections for privacy, civil and human rights, and cybersecurity.
- b. **The CBDC system should support U.S. leadership in the global financial system, including the global role of the dollar.** The CBDC system should be at the forefront of responsible development and design of digital assets and should underpin new forms of payments. The CBDC system should support scalability



and be capable of maintaining high throughput, speed, resiliency, security, and privacy as it facilitates millions or billions of users and global transactions that are fast, efficient, and convenient (for both domestic and cross-border payments, if deemed appropriate). The fully operational CBDC system should support high user and transaction loads, including during surges in transaction volume.

7. Provide ability to exercise human rights

- a. **The CBDC system should respect democratic values and human rights.** The CBDC system should be designed and used in accordance with civil and human rights, such as those protected by the U.S. Constitution, as well as those outlined in the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights. The CBDC system should have oversight and accountability mechanisms to ensure compliance with civil and human rights. The CBDC system should be able to incorporate technical protections that prevent the use of CBDC in ways that violate civil or human rights. The CBDC system should also be protected from abuse during periods of high political volatility or deviation from democratic values.

8. Align with democratic and environmental values, including privacy protections

- a. **Sensitive financial data should be private.** The CBDC system should maintain privacy and protect against arbitrary or unlawful surveillance. The CBDC design, deployment, and maintenance should adhere to privacy engineering and risk management best practices, including privacy by design and disassociability.⁴ Built-in protections and design choices should ensure that privacy is included by default, including ensuring that data collection conforms to reasonable expectations and only data that is strictly necessary for advancing CBDC system policy objectives is collected.
- b. **The CBDC system should be sustainable.** The CBDC system should be compatible with U.S. environmental priorities, including cutting U.S. greenhouse gas pollution by 50-52% from 2005 levels by 2030 and transitioning to a net-zero emissions economy by 2050. The CBDC system should minimize energy use, resource use, greenhouse gas emissions, other pollution, and environmental impacts on local communities. The system should improve environmental performance relative to the traditional financial system.

⁴ Disassociability refers to the processing of data or events without association to individuals or devices beyond the operational requirements of the system. See, e.g., [NIST Privacy Framework](#). (Jan. 2020). *National Institute of Standards and Technology*, 29.