

Feature	Bitcoin	USD (home currency)	Euro (foreign currency)	Commodity (bullion)	Commodity currency (coin)	Gold standard
Economic demand factors						
Intrinsic value	None	None	None	Yes	Yes	None
Claim to issuers?	No	Yes	Yes	No	No	Yes
Legal tender	No	Yes	No (in the U.S.)	na	na	Mixed
Used as a medium of exchange	Small, but rising especially in online retail	Yes	Limited (in the U.S.) possibly more for cross-border trade	Yes	Yes	Yes
Used as unit of account	No	Yes	No (in the U.S.)	Yes	Yes	Yes
Used as store of value	Yes, subject to very high exchange rate risk and sudden confidence shock	Yes, subject to inflation risk	Yes, subject to foreign exchange risk	Yes, subject to commodity price risk/cycle.	Yes, subject to dilution of quality (inflation/devaluation)	Yes, subject to devaluation risk
Supply structures						
Monopoly/decentralized	Decentralized	Monopoly	Monopoly	Decentralized	Mixed	Mixed
Supply source	Private	Public	Foreign public	Private/public mining	Mixed	Mixed
Supply quantity	Inflexible	Flexible	Flexible	Inflexible	Inflexible	Inflexible
Supply rule	Computer program	Rule-based (inflation target)	Rule-based (inflation target)	Opportunity cost for mining	Tied to commodity in bullion	Tied to commodity by reserve ratio



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Central bank cryptocurrencies

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New cryptocurrencies are emerging almost daily, and many interested parties are wondering whether central banks what might central bank cryptocurrencies (CBCCs) look like and would they be useful? This feature provides a taxonomy of CBCC - retail and wholesale - and differentiates them from other forms of central bank money such as cash. It also discusses the different characteristics of CBCCs and compares them with existing payment options.¹

JEL classification: E41, E42, E51, E58.

In less than a decade, bitcoin has gone from being an obscure curiosity to a household name. Its value has risen - from a few cents per coin to over \$4,000. In the meantime, hundreds of other cryptocurrencies - equalling bitcoin in market value (see the hand panel). While it seems unlikely that bitcoin or its sisters will displace sovereign currencies, they have demonstrated the potential of blockchain or distributed ledger technology (DLT). Venture capitalists and financial institutions are investing heavily in new financial services as well as deliver old ones more efficiently. Bloggers, central bankers and academics are pre