The Swiss National Bank is working hard to evaluate the questions that are being raised in connection with cryptocurrencies and digital central bank money. Calls for the introduction of an e-franc meanwhile are getting louder on the financial market.

It never looked as if the Swiss National Bank would soon relent on the introduction of central bank digital money. The guardians of Swiss monetary policy insisted that their approach was not overly pro-active.

It contrasted sharply with the Swedish position, where the Riksbanken – Sweden’s central bank – had presented a first report on the introduction of an e-krona two years ago.

Today, it is apparent that a group of experts around Sébastien Kraenzlin at the SNB’s banking operations department of Andréa Maechler are working closely with colleagues in other countries to evaluate and better understand opportunities, but also risks involved with the introduction of so-called central bank digital currency (CBDC).

**SNB Crypto-Conference**

First, the Swiss organized an expert meeting on the international monetary system on May 14, with financial market professionals led by Christine Lagarde, the head of the International Monetary Fund. And today, the bank is hosting a conference in Zurich on cryptoassets and financial innovation, where, among other issues, insights on the impact of CBDC on the business of commercial banks will be exchanged.

The timing of such a key conference seems pretty good, given that proponents of a state-controlled digital currency are voicing their concern that the question of such a token should not be left to market forces.

**Key Concern for the Market**

Marianne Wildi, an important voice among bankers with a strong digital affinity and head of Hypothekarbank Lenzburg, earlier this week told «cash.ch» that the central bank ought to introduce a digital franc. It would spur innovation based on the blockchain that needed a stable digital currency.

The SNB has been discussing and evaluating the question of a digital currency for some time, with important voices of the traditional banking world (such as UBS Chairman Axel Weber), and the new fintech world prodding it on.
Dirk Niepelt, economics professor at University of Bern and head of the SNB’s study center in Gerzensee, told finews.com that he would be surprised if the bank would in the near future follow through with further steps: «The issue is gathering pace and depth. I have the impression that they are working intensively on this issue.»

No Need for Undue Haste

The directors of the SNB are cautious in respect to the issuance of an electronic franc. A year ago, Maechler said that digital central bank money for the general public was not necessary to guarantee efficient, cashless retail payments. With hardly any advantages apparent, there were incalculable risks involved for the financial stability, because the two-tier system would be put in question.

Whether the conferences, which are closely connected with the global research efforts in this area, will help soften the SNB’s approach, is open to speculation. If one is to compare the introduction of digital central bank money with the simplified licensing of fintech banks, is it obvious that the central bank needs to be much more cautious as it would affect the monetary system, the financial market and consumers.