

CENTRAL BANK DIGITAL CURRENCY AND INTEGRATION PROCESSES**Zhang Huiwen, PhD student, Belarusian State University**

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Abstract. The possibility of using a central bank digital currency as an instrument of integration policy in the formation of an alternative international trade system is considered. It is concluded that the effectiveness of the implementation of the digital yuan in intra-Chinese integration shows positive effects.

Keywords: CBDC (Central Bank Digital Currency), tools of payments, trade policy, торговая политика, таможенные пошлины, международное регулирование торговли.

In the modern world economic system, various phenomena have arisen and are intertwined, which, at first glance, should not have any mutual influence. Thus, the return to the policy of protectionism by the Trump administration in 2017 towards China brought into play a number of old and new import restriction tools:

- the main instrument among them was customs duties;
- sanctions on specific enterprises were also widely used;
- documentary attacks through international organizations have become a relatively new tool;
- a new way to stimulate exports was China's obligation to purchase a number of American goods within two years;
- the monetary policy of "quantitative easing", when the direct provision of funds to companies by central banks allows them to finance their activities, creates soft budget constraints [1].

The result of the trade war between the United States and China was not only a reduction in mutual trade, but also an attempt by China to form a new system for regulating international trade.

At the same time, as the global digital economy continues to develop, paper credit currency and electronic currency can no longer meet the needs of the development of the digital economy and the need for encryption and protection of currency circulation information. Therefore, legal digital currency emerged at the historic moment. The issuance of digital renminbi is the result of meeting the transformation needs of currency forms and the promotion of national policies. After 8 years of research and development and pilot work on digital renminbi, the People's Bank of China has initially achieved results in reshaping the payment pattern and promoting the development of the digital economy.

Central Bank Digital Currency (CBDC) is a digital currency issued directly by the People's Bank of China or authorized by commercial institutions. It is a form of electronic payment, an important financial infrastructure for the country, and a core component of the digital economy. Digital RMB (e-CNY) is China's version of the central bank's digital currency and is the digital form of legal tender. Since China

took the lead in starting pilot tests of digital renminbi at the end of 2019 and successively implemented pilot applications in some cities and regions in August 2020, the theoretical and technical systems of digital currency have been substantially implemented and implemented. It has accelerated the development process of global central bank digital currency and formed a first-mover advantage.

Judging from the implementation time of central bank digital currency, China is the first major economy to launch central bank digital currency. Judging from the scope of digital RMB promotion, China is also the country with the largest coverage.

The innovation of payment methods is an important part of the process of developing the digital economy. With the rapid development of financial technology, transaction payment methods have undergone major changes. China is moving from a «cash society» based on physical currency payments to a «cashless society» based on electronic payments. In 2022, the scale of China's digital economy will reach 50.2 trillion yuan. The issuance of digital renminbi aims to replace paper cash and distinguish it as a national legal currency from virtual currencies such as Bitcoin to ensure the stability and security of its transactions.

The US dollar occupies an absolutely dominant position in international payments and foreign exchange reserves, while the international currency status achieved by the RMB is inconsistent with China's international trade status. Reliance on the Society for Worldwide Interbank Financial Telecommunication (SWIFT) and the Clearing House Interbank Payments System (CHIPS) in New York makes RMB-mediated payment transactions less efficient and subject to U.S. surveillance. The essence of the accelerated development process of CBDC is an attempt to break the current unfair international monetary and financial system rules and reconstruct the pattern. At the same time, the construction of international financial facilities relying on modern financial technologies such as blockchain and big data provides impetus and opportunities for the internationalization of the RMB and the construction of a new international currency pattern.

The improvement of currency supervision capabilities is a basic condition for the development of digital finance. The supervisor of the digital renminbi is the People's Bank of China, which needs to coordinate and supervise the operation of the digital renminbi, the opening and trading of various digital wallets, and the maintenance of operational data. But the work of the People's Bank of China is not limited to digital renminbi. In terms of current regulatory capabilities, relying solely on the People's Bank of China can easily lead to regulatory gaps, concentration of risks, and excessive unilateral mistakes. Therefore, at the beginning of the research and development of digital renminbi, China fully drew on foreign experience in building a central bank legal digital currency, continued to play the role of commercial banks in the operation and circulation of renminbi, and retained the «two-tier operation» structure of the People's Bank of China-commercial banks. Let commercial banks fully realize their participation rights, equipment ownership, and revenue sharing rights in the operation of digital renminbi, and at the same time enable them to play supervisory obligations in maintaining currency stability and combating financial crimes.

The first impact of the implementation of the digital yuan to integration of the Greater Bay Area was evaluated. The GBA consists of 9 cities in Guangdong province (Guangzhou, Shenzhen, Zhuhai, Foshan, Dongguan, Zhongshan, Jiangmen, Huizhou, and Zhaoqing), and the 2 special administrative regions (SARs), Hong Kong and Macau. The GBA is strategized as an economically integrated area. It is different parts in the trade flows, financial flows and even exchange rate systems, so the launch of the CBDC restored some of the pre-Covid integration and stability. The research finds evidence that CBDC adoption improves regional economic integration in the short and long run [2].

The construction of a digital RMB system as a public product provides people with a safe and inclusive retail payment infrastructure, and ensures the unity of the unit of account under the conditions of the digital economy through the digitization of cash. At the same time, it has led to an improvement in the efficiency of basic financial services, providing strong support for smoothing the domestic circulation and building a new development pattern. It reflects the People's Bank of China's responsibility to strengthen legal currency management, thereby contributing to the realization of digital China and the promotion of Chinese-style modernization.

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