

Digital Finance / Payments

burgeoned after GFC, reinforced during COVID-19 pandemic

- Traditional Banking
 - = Maturity Transformation + Payment Service
- Payments-Fintech are replacing banks' payment service.
 - Better technology → Speedier and cheaper
 - Less regulation → Lower costs
 - Monetary policy after GFC → Zero deposit rate
- Banks could benefit from real time gross settlement everywhere plus real time monitoring to enhance stability.
 - e.g. Dynamic pricing for withdrawal fee contingent on real time aggregate deposit withdrawal could prevent bank run. (Bank b/s also need to be more transparent for depositors.)

Digital Currency

born and grown after GFC and during COVID-19 pandemic

- Central bank DC → could replace bank deposits, not just cash.
- Crypto-assets (crypto-currencies)
 - Stable coins → Need “currency board” (an exchange rate regime)
→ If globally used, who would monitor and supervise? Bail out?
 - Unstable coins → Trades has been increasing, values stabilizing
→ becoming medium of exchange?



**Daily Return
(50-day MA)
2016 - 2020**