

US Hesitance to Develop CBDC May Harm US Dollar Centrality in Global Transactions

Yaya Fanusie, the head of the Crypto Council for Innovation, explained on February 28th, in an interview with [Bloomberg](#), that the United States hesitance in developing Central Bank Digital Currencies (CBDCs) might put USD centrality in global transactions at stake. Fanusie believes that sanctioned countries such as Iran and North Korea constantly seek ways to go around the sanctions by using other transaction methods. Despite the US government's reluctance to proceed with the CBDC development, China started its CBDC project in 2014 and launched the digital Yuan (e-CNY) pilot version on January 4th, 2022. The Chinese CBDC has successfully handled millions of transactions across millions of wallets. Fanusie added that China is seeking to embed smart contracts into its CBDC project to add programmability to the assets. China also helps other countries to develop CBDCs using similar standards. Of course, some analysts believe that China's CBDC pursuance is mainly a domestic matter, and the government does not aim to compete with USD by developing CBDCs. Furthermore, critics of US CBDC claim that CBDC uses blockchain to maintain financial control over citizens and does not incorporate any decentralization. CBDCs operate on state-run ledgers, which are reportedly more functional and user-friendly than other public ledgers such as Bitcoin and Ethereum.

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