



The state's role on the payment market

Summary

Cash use has decreased rapidly in Sweden and a scenario within the not-too-distant future, in which cash has become irrelevant due to the trade sector no longer accepting it as a means of payment, cannot be ruled out. Even if cash does not completely disappear, a situation in which it is no longer generally accepted as a means of payment would be tantamount to a cashless society. The Riksbank has expressed concern over this development in a consultation response to the Riksbank inquiry.¹

Sweden is one of the countries in the world in which cash has become most marginalised, but the technological shift caused by digitalisation is affecting all countries. A Central Bank Digital Currency (CBDC) is therefore something that is being investigated by the majority of central banks around the world. Many have also started pilot studies and tests to learn more about how a CBDC might work in practice.

For 350 years, Swedish society has relied on the Riksbank to provide the general public with various forms of the country's currency, the Swedish krona. In addition, banknotes and coins issued by the Riksbank have been legal tender since the 1850s. Technological development and the digitalisation of payments have brought the issue of the state's future role on the payment market to a head as this development, if nothing is done, will in all likelihood lead to the general public no longer having access to generally accepted central bank money. This effect can, in turn, make it more difficult for the Riksbank to promote a safe and efficient payment system in Sweden, not just in times of crisis and war but also in peacetime.

A committee should therefore be tasked with performing a review of the concept of legal tender, the state's role with regard to means of payment in a

¹ In short, the Riksbank takes the view that all banks with payment accounts shall offer cash services and that clarification of the concept of "legal tender" is a matter of the utmost urgency. For example, it needs to be clear which services, in addition to public medical care, shall be obliged to accept cash. For further information see <https://www.riksbank.se/globalassets/media/remisser/riksbankens-remissvar/svenska/2018/yttrande-over-remiss-om-tryggad-tillgang-till-kontanter.pdf>.

digitalised economy and the role and responsibility of both the state and the private sector on the payment market.

The committee should have all-round expertise covering areas such as the law, economics, political science, history and EU issues. A good example of such a committee of experts is the EMU inquiry of the 1990s which provided guidance prior to Sweden's decision on whether or not to introduce the euro.

The committee's remit should have a broad conceptual approach. Furthermore, the committee should perform a comprehensive analysis of different feasible solutions to problems and risks. As part of this work, the committee should examine both the need for new regulations for the private sector and the implications of introducing a CBDC. Finally, the smooth functioning of the payment market even in times of crisis and war should be the committee's starting-point.

The committee should furthermore assess and propose the legislative amendments that it considers necessary for Sweden to continue to have a stable and efficient payment market. The committee should also consider the need for any legal amendments as regards, for example, the concept of legal tender.

As time is of the essence regarding this issue, the time-frame for the assignment should not be too long.