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# No Central Bank Digital Currency Act

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## **Bill Summary**

- Prohibits the Federal Reserve or any agency of the federal government from minting or issuing a CBDC, whether through a direct to consumer or intermediated model.

## **Background**

The twenty-first century has witnessed an incredible explosion of private financial innovation with payment programs,<sup>1</sup> novel financial services,<sup>2</sup> and cryptocurrency (crypto), among a host of exciting financial technologies (fintech) that promises to provide greater access to financial services.

Crypto, a digital or [virtual currency](#) which is nearly impossible to counterfeit or double-spend, is creating new jobs, opportunities, and financial capabilities. Because of its superior security technology, it is well-suited to uphold Americans' fundamental liberties, like due process and protection against unreasonable search and seizure. Beyond financial security, crypto's applications could bring down costs for domestic and international remittances, investments, internet access, and more.

Authoritarian countries like China have heavily regulated fintech and crypto, attempting to replace the decentralized currencies with an invasive, all-seeing central bank digital currency (CBDC) controlled by the government. Once China formally launches its CBDC, the digital yuan, it will likely track and control all the digital yuan in circulation. In early trials of the digital yuan, China cancelled its citizens' money after a set period, forcing Chinese citizens to spend their savings at the compulsion of the government.

Presently, the Federal Reserve is in the process of researching and developing its own CBDC that would, like China's, centralize the government's control over the economy, while strangling our fundamental liberties.<sup>3</sup> An American CBDC would offer U.S. citizens nothing that they cannot already obtain through private financial innovation. Instead, it could make their every transaction known to the Federal Reserve, while converting banks and credit unions into merely wallets rather than private lending institutions.

The Constitution does not permit the central bank to operate independent of congressional authority, and Congress has not authorized the creation of a CBDC. Additionally, the Federal Reserve's initiative to create a CBDC threatens the financial privacy of Americans and the important free market role of lending institutions in the economy.

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<sup>1</sup> Cash App, Paypal, Venmo, and Zelle

<sup>2</sup> Square, Stripe, and Rakuten

<sup>3</sup> The White House. [FACT SHEET: President Biden to Sign Executive Order on Ensuring Responsible Development of Digital Assets](#). March 9, 2022.

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