



**University of  
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**Faculty of Law**

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Center

# **Global Financial Architecture and Decentralized CBDC Regimes**

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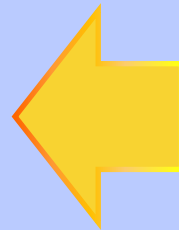
UZH Blockchain Center

**Collegium Helveticum, 9 May 2023**

**PRINCIPLES OF GLOBAL FINANCIAL  
ARCHITECTURE AND INCREASED  
REGULATORY COMPLEXITIES  
CAUSED BY CRYPTOCURRENCIES**

## Principles of Global Financial Architecture

- Viable Legal Infrastructure
  - Coherence
  - Interconnection
- 
- Sequencing, Evaluation
  - Auditing Standards, Transparency, etc.





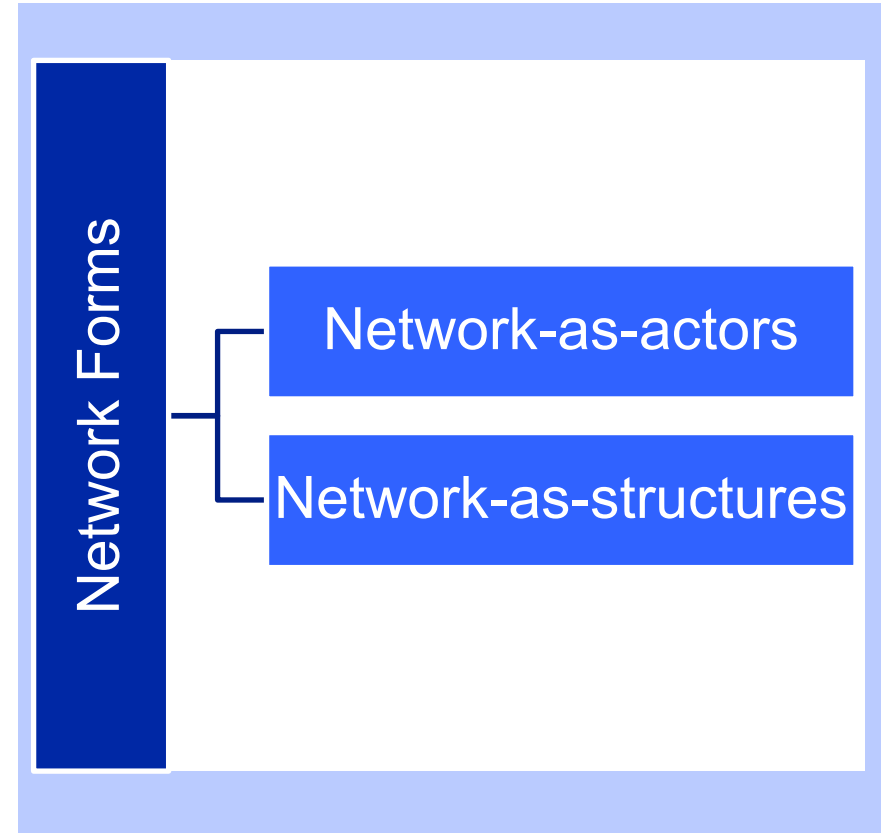
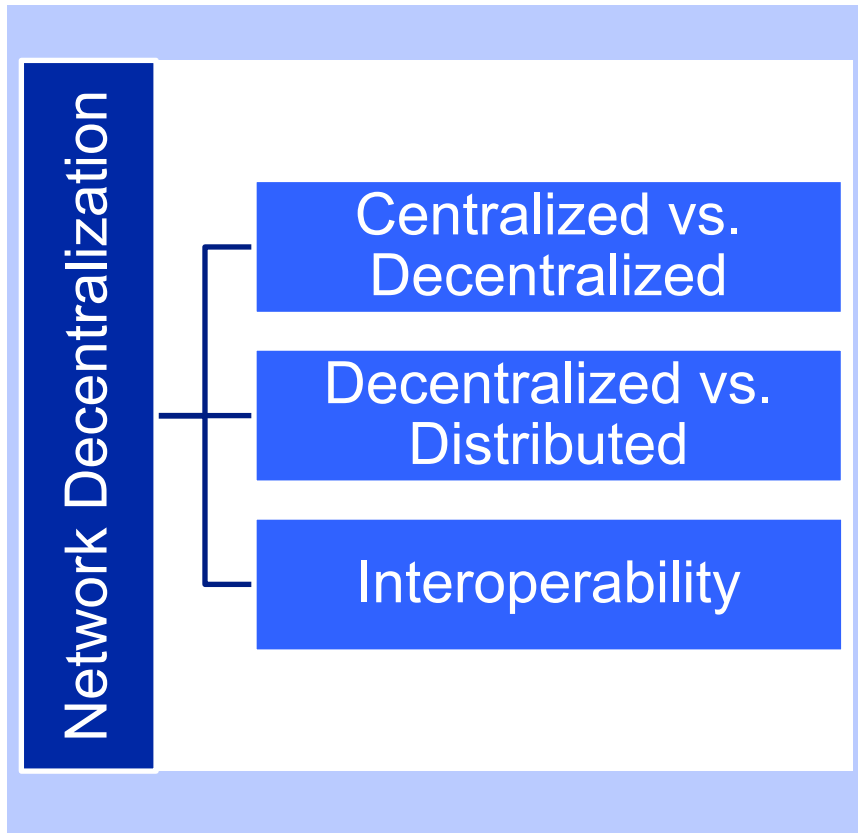
# Cryptocurrencies: Regulatory Complexities

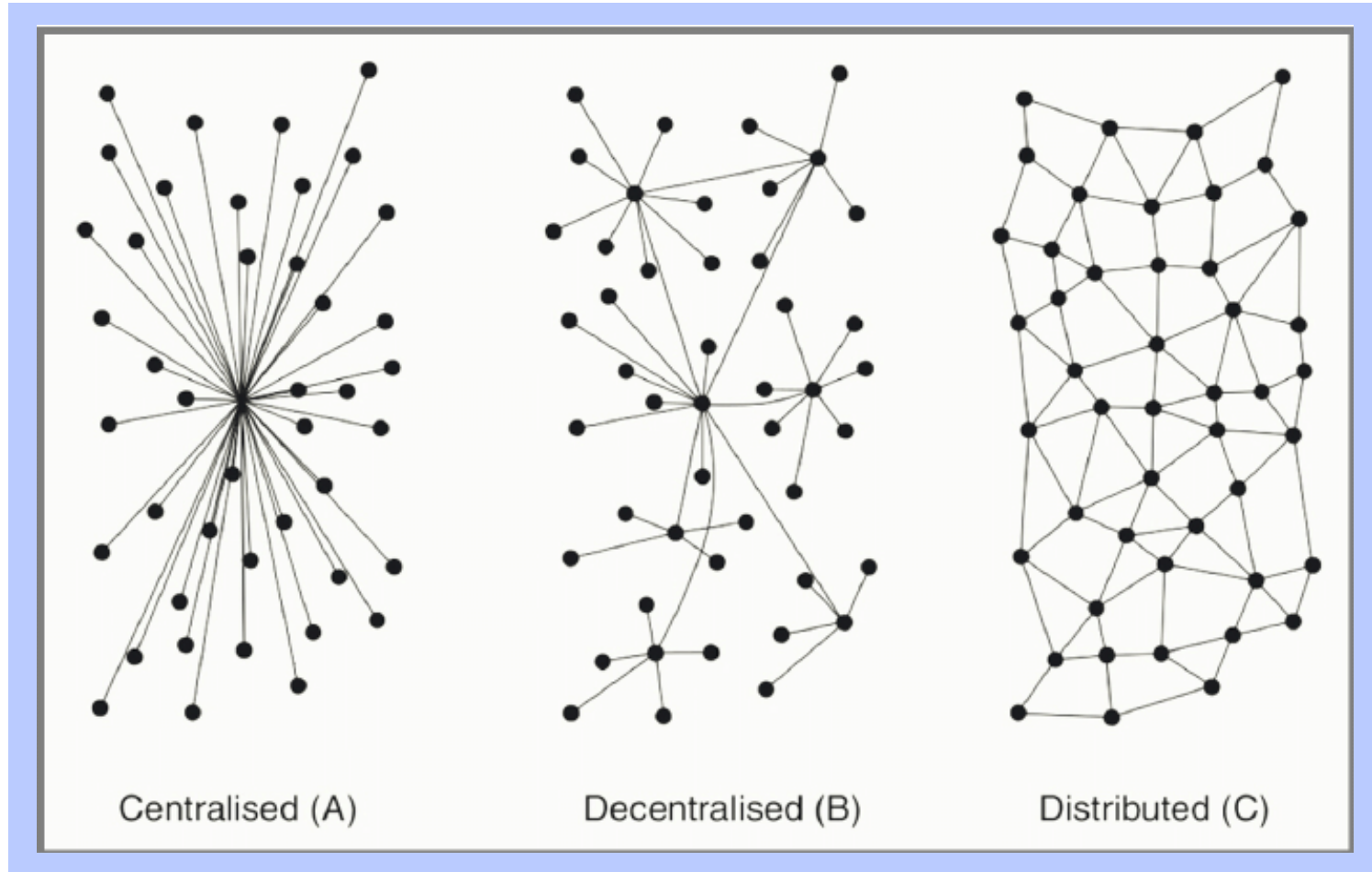
1. Private Cryptocurrencies (Global) v. CBDC (National, Regional)
2. Access and Interoperability as Major Issues
3. CBDC Issuance
  - Technological Basis
  - Addressees
  - Existence of Intermediaries

# **TECHNICAL DESIGN OF NETWORK STRUCTURES**



## Characteristics of Network Structures





# REGULATORY DESIGN





## Models of Regulatory Design

Competition (Conflict) v.  
Coordination (Cooperation)

Innovation v. Harmonization /  
Standardization

Possible Typologies



## Chances and Risks of Regulatory Competition

- Divergence of Standards and Interoperability
- Incongruent Regulations
- Cross-border Impact of Regulations
- Monetary Sovereignty



## Chances and Risks of Regulatory Coordination

- Minimum Standards Against Race to the Bottom
- Financial Stability and Integrity
- Cross-border Interoperability
- Repository of Information



## Model of Co-opetition



Flexible Mix of Competition and Coordination



Inter-Governmental, Intra-Governmental,  
Extra-Governmental



Governance in Decentralized CBDC  
Networks

# **PRACTICAL IMPLEMENTATION: DESIGNS OF ONGOING PROJECTS**



# Completed and Ongoing Projects Involving Central Banks

## Common Key Features

Platform Design

Access Issues

Teams



## Evaluation Criteria

- Do Not Harm
- Enhancing Efficiency
- Resilience
- Coexistence and Interoperability
- Financial Inclusion



# Interoperability Options

1. Making Available CBDC to
  - Non-residents (rCBCD)
  - Foreign PSP (w- and rCBCD)
2. Compatibility Model
3. Interlinkage Model
4. Single System Model





## Legal and Regulatory Issues

- Robust and Viable Legal Basis for Infrastructure
- Issuance and Transfer of CBDC, Finality and Validity of Settlement
- Divergences in Payment, Data-sharing, Privacy Laws, etc.
- Development of Common Rulebooks and Procedures

# **ADAPTION OF THE GLOBAL FINANCIAL ARCHITECTURE**



## Adaption of the Global Financial Architecture

- Decentralization: Sub-Networks?
- Changes Related to Primary / Global Reserve Currency?
- Competing Currency Blocks?
- Increased Uncertainties and Weakened Governance?
- Financial Inclusion?



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