



Exploring the Digital Dollar

August 08, 2023

The U.S. Fed is experimenting with digital dollars. Does that mean the U.S. is about to embrace Bitcoin?

The answer to the second question is: absolutely not. But the concept of a digital currency apparently intrigues the Federal Reserve Board and some of the largest members of the banking community. For the past 12 weeks, the Fed's New York Innovation Center simulated a process of issuing digital money that represented actual customer deposits. It found that the digital dollars, sent and cleared through the blockchain technology behind Bitcoin and a number of cryptocurrencies, were able to improve the speed and efficiency of payments without altering the legal treatment of the deposits.

Participants in the experiment included giant banks Citigroup and Wells Fargo, who noted that the digital version of currency especially facilitated speed and efficiency when moving cash across borders. The test proved that converting actual investor deposits into their digital equivalent (and, of course, back again) didn't break any U.S. laws or compromise the account ownership of banking customers.

Does that mean that we are about to move into an environment where all transactions are digital, or that the government will stop printing greenbacks? Conspiracy theorists are free to speculate, of course, but the most immediate impact of the experiment seems to be that banks and the Fed—and foreign firms collecting or paying dollars—may have found a speedier and more efficient way to transact business through the blockchain rather than the cumbersome systems that have been in place for decades. Fed officials were quick to say that there are no plans to create a digital dollar, now or in the future. The best speculation, if you want to indulge in it, is that the global banking system would like to take the best features of Bitcoin and its ilk and leave the wild price swings to the more adventurous crypto investors.

Source:

<https://www.advisorperspectives.com/articles/2023/07/07/ny-fed-months-long-test-on-digital-dollar-shows-advantage>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

Please feel free to forward this article and offer to anyone you know who might have financial questions or need some unbiased advice. Most financial advice is sales advice. In stark contrast, we are fee-only (non-commissioned) fiduciary advisors. We just provide truthful, unbiased advice to our clients.



Jeffrey Broadhurst
MBA, CFA, CFP
Broadhurst Financial Advisors, Inc.



****PRIVACY NOTICE****

This message is intended only for the individual or entity to which it is addressed and may contain information that is privileged, confidential, or exempt from disclosure under applicable federal or state law. You are hereby notified that any dissemination, distribution, or copying of this communication, except in accordance with its intended purpose, is strictly prohibited.

Our physical and mail address:

1911 West Point Pike
P.O. Box 301
West Point, PA 19486-0301

Contact us:

Phone: (215) 325-1595
Email: jeff@broadhurstfinancial.com