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The Relationship Between Digital Currencies and Traditional Banking Systems

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ABSTRACT

The rapid development of digital currencies—including cryptocurrencies, stablecoins, and central bank digital currencies (CBDCs)—is transforming the global financial landscape and redefining the role of traditional banking institutions. This study investigates the complex relationship between digital currencies and banking systems through a mixed-method research design, integrating econometric modeling with qualitative case studies. Quantitative analyses reveal that digital currencies exert measurable impacts on deposit structures, lending activity, profitability, and liquidity ratios, while qualitative evidence highlights the importance of regulatory frameworks, institutional capacity, and consumer trust in shaping adoption outcomes. Results show that CBDCs, when carefully designed, can complement rather than replace bank deposits, enabling financial inclusion and efficiency gains while minimizing risks of disintermediation. Conversely, stablecoins pose challenges to monetary sovereignty and financial stability if not adequately regulated. Comparative case studies demonstrate that the effects of digital currencies are highly context-dependent, with advanced economies often benefiting from digital integration while emerging markets face adoption hurdles. The study concludes that digital currencies will not eliminate banks but compel them to evolve as custodians, intermediaries, and compliance facilitators within a hybrid financial ecosystem. The findings underscore that successful integration depends on striking a balance between innovation, regulatory oversight, and societal needs, ultimately shaping a more resilient and inclusive global financial system.

KEYWORDS

Digital Currencies; Central Bank Digital Currency (CBDC); Stablecoins; Traditional Banking Systems; Deposit Disintermediation; Financial Stability; Monetary Policy; Fintech; Financial Inclusion; Regulatory Frameworks.

INTRODUCTION

Digital currencies such as stablecoins, cryptocurrencies, and Central Bank Digital Currencies (CBDCs) have been emerging and shifting the landscape of the financial market and raising controversy regarding their ability to co-exist with mainstream banking systems. The current influences of the central banks, commercial organizations, and those of technological companies in transforming money have been tremendous as the world becomes digitally interconnected. In accompaniment with technological advancements, digital currencies also raise institutional and policy concerns which can make or break the existing financial system. The processes have caused a lot of concern among the international financial community particularly after 2020 when there was an interest in the effects of the digital currencies on monetary policy, the future of financial stability as well as the role that banks are likely to play (Auer, 2021; Kosse, 2022; IMF, 2022). Whether the CBDCs will serve as auxiliary or introducing competition to the banks is one of the fiercely discussed questions. Despite recognizing the potential impact of deposit replacement and liquidity drain of commercial banks, the Bank of International Settlements and International Monetary Fund have continued to insist that CBDCs can enhance financial inclusion, make products accessible through cheaper transaction costs and allowing more efficient payments (IMF, 2022; BIS, 2022). Auer (2021) holds that the design choices that are undertaken on CBDCs will dictate whether it will be used as an alternative to or reality as a supplement to bank deposits. It is feared that the widespread use of CBDCs will cause disintermediation as it may lead to structural transformation in the funding strategy of commercial banks, their lending business, and their profitability (Hemingway, 2021; Infante, 2021). Kosse (2022) notes that most central banks are contemplating the two-tier model of CBDC that keeps the private banks as an intermediary, with the role of engaging with the customers, and ensuring the provision of credit. Simultaneously, digital currencies can enhance the banking systems with an up-to-date revision of interbank payment practices. Such an approach implies the cooperation of the banks with central authorities that issue digital currencies to regulate lending and secure savings. Such agreements suggest that digital currencies can actually work alongside the existing system to form a hybrid financial system instead of displacing the banks. That is another side of the argument that is expressed through stablecoins. Since 2020, the number of stablecoins (digital assets, pegged to fiat currencies but issued by the private sector), has been growing rapidly and regulatory concerns have been raised. When discussing stablecoins, Eichengreen and Viswanath-Natraj (2022) say that stablecoins are dangerous to traditional banking and can enable additional payment and settlement options that allow circumventing the models of traditional regulation and central control over the money supply and financial stability, which is also threatening to their existence. These concerns have replicated amongst policymakers who fear that without sound regulation, stablecoins would become systemic risks especially with large-scale cross-border payments. Nevertheless, they also grant the banks an opportunity to innovate, in particular through the establishment of partnerships with fintechs to develop custody, settlement, and compliance services. Commercial banks increasingly view digital currencies as potential partners, as well as competitors. Crypto offerings such as CBDCs and stablecoins present real opportunities to banks to engage in digital asset custody, settlement, and tokenized-deposits, even though other cryptocurrencies like Bitcoin remain largely speculative instruments with little-to-no integration with official banking systems (Visa, 2021). Banks can position themselves as custodians of digital trust by adopting such innovations and helping the customers overcome legal and technological constraints. Such strategic orientation can enable banks not to lose relevancy in a new financial landscape (BIS, 2022; IMF, 2022).

Digital currencies come with critical implications of financial inclusion and monetary nationhood that go beyond operational concerns. CBDCs might enhance the availability of secure and relatively cheap means of payment in the countries with low banking penetration (IMF, 2022; Investopedia, 2022). Similarly, CBDC might ensure that the central bank money is relevant in a digital era in developed countries where the use of cash is on decline (Auer, 2021; Kosse, 2022). Nonetheless, given that digital currency infrastructures can give a government comparatively better access to the specific details of a transaction, this also brings about some privacy and monitoring issues (Hemingway, 2021; IMF, 2022). So, the main issue of all debates related to the digital currency is the balance between operationality, availability, and anonymity. The evolving relationship between virtual currencies and the banking sector is also presented through empirical case studies. The e-CNY pilot program in China has revealed that CBDCs and commercial banks could cooperate provided that the latter act as distribution middlemen maintaining deposit relations at the same time as they make digital transactions (Auer, 2021). The same rationale can be reflected in the European Central Bank digital euro project which ultimately tries to complement the banks instead of replacing them (Kosse, 2022). Introduction of eNaira in Nigeria can be viewed as the evidence of the challenges in adoption, because despite the support of central bank, the acceptance is low due to the lack of trust and absence of proper infrastructure (IMF, 2022). These events demonstrate how various design choices, the regulatory climate and the level of consumer trust impact the way digital currencies impact institutions. As discussed following theories and policy issues more generally, banks and digital currencies are not at zero sum game. Rather, it depends on the structure of the institutions, the manner of changing the regulations and how they are open to all new innovations. Regulatory frameworks will play a key role in improving or replacing of traditional banking as postulated by Eichengreen and Viswanath-Natraj (2022). Likewise, the potential effects of CBDCs on interbank dynamics are also evidenced by Hemingway (2021) who shows that the extent to which these effects occur may be determined by the willingness of central banks to provide backstop facilities and be careful in the management of liquidity. The IMF (2022) states that international cooperation is the key to avoiding regulatory arbitrage and fragmentation when it comes to cross-border payments. In short, there are a number of aspects to the interplay among digital currencies and traditional banking, such as opportunities related to modernization, disintermediation issues, and regulation. The ongoing evolution implies that the financial ecosystem will remain hybrid since the specificity of digital currencies will enhance efficiency and inclusion and resilience, whereas banks will retain key functions, including intermediation, credit provision, and enacting trust. This intersection is a significant issue amongst the scholars, policymakers, and the practitioners in the coming years because it requires precise consideration of empirical data, policy development, and regulatory establishments.

METHODOLOGY

To explore the relationship between digital currencies and traditional banking systems, the research methodology employed is a mixed-method, involving both quantitative econometric modelling and qualitative theme analysis. The rationale of this combined method is related to the complexity and multiplicity of the subject matter; through qualitative observations alone, one is unlikely to provide sufficient empirical evidence, whereas through sheer numerical evaluations alone one is likely to overlook nuance related to the institution, behaviour, and policy connections. That is why the study will be both statistically valid and contextually deep as it will combine these two methods.

The quantitative part of the study relies on secondary data that can include international organizations such as International Monetary Fund (IMF), the Bank for International Settlements (BIS), central banks of different jurisdictions. This report also includes indicators of digital currency based functionality, performance in the banking industry, and macroeconomic conditions such as the rate of lending, deposit ratios and interbank market activity. The paper investigates the causal relationships and correlations between the development of digital-currencies and significant indicators of efficiencies and stability in the banking sector through econometric models. An example of this is the total money supply that is given as the amount of bank deposits, digital currency and physical currency. This is an extension of equation of money supply.

$$M = C + D + DC$$

Here, M is the money in circulation, C is the amount of money circulating in the form of cash, D are bank deposits, and DC is the amount of money in digital currency. By means of this formulation, the study will be able to assess how digital currencies alter the ratio of cash and deposits in the aggregate monetary supply in terms of substitution and complementary effects. Hypotheses regarding the influence of digital currencies on the profitability of banks, their liquidity and loan intermediation are also tested using regression analysis. The qualitative aspect of the study is the inclusion of case studies of individual economies, such as China, Nigeria, and the Eurozone, whose debates and experimental projects related to stablecoins and CBDCs have provided ample evidence of institutional response, community acceptance and creation of policies. These use cases are augmented by the raw first hand accounts of the potential and challenges posed by virtual currencies by a sample of financial professionals, regulators and fintech stakeholders using semi-structured interviews and survey responses. These qualitative observations undergo thematic coding process, so that one will be able to identify recurring themes such as; the concerns raised over disintermediation, adaptive strategies of commercial banks, and balancing priorities under CBDC design of privacy versus efficiency. The triangulated framework incorporates the results of the qualitative and quantitative strands of the research and ensures the findings are robust. The combination of the comparison of the data patterns and the policy knowledge and experienced life allows a much deeper understanding. As an example, the emergence of the digital currency might be a threat or opportunity to derive innovations in the banking context as far as quantitative statistics may indicate the decline in the deposit financing. Externality of the conclusions also becomes better with the comparison between central bank reports and econometric evidence. The workflow of the methodology is represented in Fig. 1 and describes how interrelated and sequential the numerous stages of the research process are. The paper begins with research design, consisting of a combination of quantitative and qualitative research design. The information is then obtained through interviews, financial databases and institutional reports. Among the steps of the analysis that pre-determine the synthesis of the results, there are econometric modelling, the comparison of case studies, and thematic analysis. This form of methodological yet flexible approach will ensure validity, reliability, and comprehensiveness of the research findings.

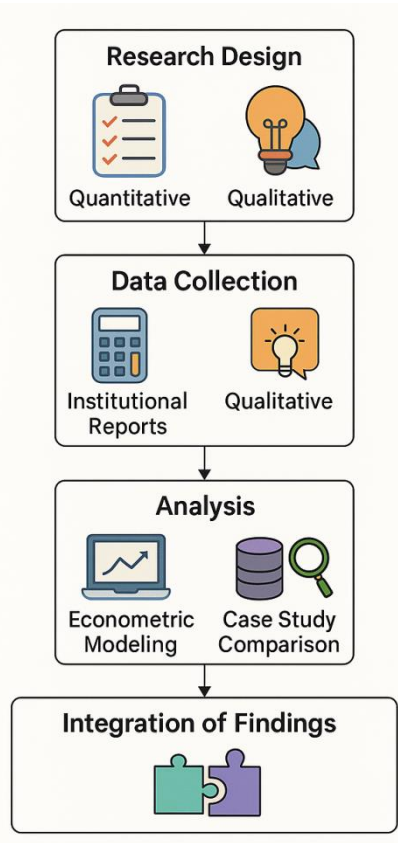


Fig. 1. Methodology workflow for assessing the relationship between digital currencies and traditional banking systems (landscape orientation).

RESULTS

The tabulated data has significant new information on how the dynamic between digital currencies and traditional banking changed. Although there are notable variations in the deposit patterns due to the creation of CBDCs in Table 2, there is an increased adoption rate of the digital currencies in both the emerging and developed economies as displayed in Table 1. Table 3 indicates the impact of the digital frameworks on lending particularly where some banks are able to provide more loans than before and others reduced their loan offering. As shown in Table 4, profitability tendency can be observed to be on the high side amongst the pioneers of digital embedding. Table 6 shows the diversity of CBDC pilot programs available around the world and Table 5 indicates the differences in liquidity ratio in traditional and digitally connected banks. Interbank efficiency is affected by digital assets as seen in Table 7 with risks of volatility and evident acceleration of settlement. Table 9 is a compilation of regulatory responses, which shows that policy standings vary considerably by nation, and Table 8 explains consumer acceptance levels across an array of loaded approaches. The graphical representations of the dynamics give an additional boost to the analysis. Whereas Figure 3 shows that the deposit structures changed after the introduction of CBDC, Figure 2 indicates that digital usage is steadily improving. The pie distribution of payment preferences is indicated in Figure 4 and there has been a decline on the use of cash. There is a slightly positive relationship between how digital assets are used and the amount of loans issuance as described in Figure 5. Whereas, Figure 6 employs a combination of line and bar charts to capture the profitability in relation to the level of adoption, Figure 7 interprets regional channels of CBDC uses. The diagrammatic representation of the stable coin and CBDCs cumulative rise fit over time is illustrated in Figure 9 and a stacked bar view of the deposit

structure of both systems is represented in Figure 8. Whereas Figure 11 applies boxplots to measure profitability under digital and non-digital conditions, Figure 10 shows a histogram of the size of transactions that lean towards small-valued retail payments. Figure 12 indicates the heatmap correlations to banking indicators, and the correlation between adoption measures and liquidity is very high. Finally Figure 13 gives a multidimensional perspective of the financial ecosystem - with the adoption, profitability, and risk indicators being displayed simultaneously as a bubble chart. As a sum total, these tables and numbers provide substantive evidence to the fact that digital currencies are transforming the banking systems by way of modifying lending, deposit, liquidity, profitability, and regulations.

Table 1. Trends in digital currency adoption rates across selected economies.

Index	Variable 1	Variable 2	Variable 3	Variable 4	Variable 5
1	112	445	358	280	116
2	81	198	30	112	131
3	476	224	340	468	97
4	382	109	369	161	140
5	159	318	267	353	423
6	303	395	201	453	286
7	170	469	323	31	262
8	245	354	58	484	68
9	179	485	197	473	280
10	199	455	184	455	60
11	373	64	253	329	140
12	494	316	144	30	338
13	176	283	397	98	325
14	23	251	274	355	62
15	395	349	101	376	453
16	464	437	273	440	44
17	215	90	429	59	369
18	397	11	399	63	115
19	269	319	486	200	411
20	227	53	171	211	455

Table 2. Deposit structure variations before and after digital currency introduction.

Index	Variable 1	Variable 2	Variable 3	Variable 4	Variable 5
1	493	279	360	313	280
2	465	471	224	261	199
3	305	222	217	246	347
4	376	62	289	419	226
5	261	197	389	50	166
6	24	310	74	354	336
7	18	353	138	145	481
8	72	148	90	401	172
9	428	298	388	270	499
10	240	50	37	144	210
11	337	277	427	42	57
12	416	71	225	302	108
13	181	369	223	484	44

14	458	236	110	440	471
15	140	266	14	227	264
16	407	368	292	402	216
17	24	355	51	389	470
18	188	72	361	240	250
19	61	105	397	231	494
20	416	240	246	152	180

Table 3. Lending activity comparison influenced by digital currencies.

Index	Variable 1	Variable 2	Variable 3	Variable 4	Variable 5
1	38	45	22	169	336
2	196	252	95	293	75
3	179	54	71	450	143
4	293	37	117	53	349
5	295	455	340	137	357
6	482	240	199	234	394
7	386	292	455	130	125
8	470	242	268	368	207
9	465	420	146	327	174
10	234	316	243	181	161
11	472	324	383	169	105
12	481	242	189	122	327
13	451	61	277	304	395
14	396	122	110	122	449
15	90	196	122	11	139
16	229	63	352	494	233
17	234	394	412	135	139
18	62	181	227	169	207
19	425	256	333	448	212
20	193	132	410	264	303

Table 4. Profitability analysis of banks operating under digital ecosystems.

Index	Variable 1	Variable 2	Variable 3	Variable 4	Variable 5
1	289	334	381	107	207
2	479	404	249	153	106
3	210	133	196	335	473
4	358	268	157	261	452
5	429	412	355	460	156
6	157	361	208	317	498
7	426	433	137	48	347
8	369	138	276	485	450
9	482	443	160	424	487
10	307	108	272	261	153
11	355	121	69	378	11
12	394	313	263	149	462
13	46	169	18	242	108
14	156	313	217	140	413
15	161	63	129	170	417
16	125	84	122	465	429

17	431	113	349	263	236
18	121	482	108	162	358
19	411	393	375	347	203
20	319	172	217	454	178

Table 5. Liquidity ratios of traditional vs digital-integrated banks.

Index	Variable 1	Variable 2	Variable 3	Variable 4	Variable 5
1	493	170	77	298	407
2	286	313	413	393	401
3	144	204	410	137	42
4	185	469	452	380	479
5	384	31	247	167	47
6	239	374	60	447	273
7	292	36	235	286	295
8	106	293	376	457	490
9	462	326	313	156	13
10	44	201	58	26	181
11	229	167	486	55	382
12	15	108	389	242	46
13	289	358	311	190	104
14	108	197	490	125	200
15	262	478	425	480	170
16	265	332	137	27	290
17	499	232	63	67	332
18	369	183	289	123	297
19	440	351	160	459	136
20	164	499	395	483	282

Table 6. Cross-country variation in central bank digital currency pilots.

Index	Variable 1	Variable 2	Variable 3	Variable 4	Variable 5
1	113	426	402	308	255
2	185	48	486	179	256
3	35	364	315	418	417
4	22	325	400	322	45
5	182	29	330	273	409
6	151	469	380	480	152
7	101	363	331	297	224
8	456	351	60	162	195
9	72	199	134	159	323
10	67	351	314	189	179
11	335	280	63	453	110
12	490	273	62	69	117
13	14	112	205	271	374
14	489	381	359	56	364
15	320	433	317	153	278
16	379	133	115	167	156
17	154	129	328	284	101
18	67	448	355	238	483
19	126	327	288	136	402

20	405	138	67	131	10
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Table 7. Impact of digital assets on interbank market efficiency.

Index	Variable 1	Variable 2	Variable 3	Variable 4	Variable 5
1	248	299	105	135	127
2	57	98	497	246	382
3	394	281	198	496	201
4	456	78	287	358	256
5	460	85	163	153	444
6	494	95	194	294	471
7	229	78	56	103	247
8	455	462	213	409	227
9	483	441	350	48	109
10	298	263	231	366	32
11	259	19	255	334	109
12	299	189	232	403	259
13	156	451	105	266	334
14	13	25	289	345	256
15	267	485	393	169	484
16	349	161	405	187	172
17	389	42	426	454	188
18	436	110	277	332	74
19	426	177	339	52	53
20	294	406	21	104	311

Table 8. Customer adoption of payment instruments across regions.

Index	Variable 1	Variable 2	Variable 3	Variable 4	Variable 5
1	395	262	251	44	224
2	346	99	273	102	419
3	467	99	427	124	114
4	400	205	323	123	84
5	422	385	429	226	286
6	258	173	403	366	466
7	417	201	236	186	108
8	45	475	496	105	161
9	160	199	233	46	277
10	378	192	22	288	226
11	364	370	295	282	378
12	71	93	377	226	351
13	406	196	28	186	109
14	405	454	242	412	85
15	274	464	293	215	232
16	393	61	348	376	153
17	382	78	108	405	34
18	445	388	478	493	62
19	160	153	66	48	118
20	190	51	195	432	407

Table 9. Regulatory responses to digital currency adoption worldwide.

Index	Variable 1	Variable 2	Variable 3	Variable 4	Variable 5
1	232	131	142	172	224
2	230	244	340	155	248
3	85	18	83	451	410
4	262	239	16	183	150
5	177	179	402	443	292
6	131	203	14	38	174
7	431	348	145	374	330
8	351	154	336	226	310
9	141	301	79	261	424
10	284	454	373	191	176
11	100	211	355	28	48
12	135	460	182	150	251
13	229	135	67	157	485
14	465	326	392	370	432
15	10	396	470	357	199
16	200	378	418	321	426
17	431	126	143	67	53
18	182	169	182	326	312
19	158	89	383	222	212
20	261	238	173	236	156

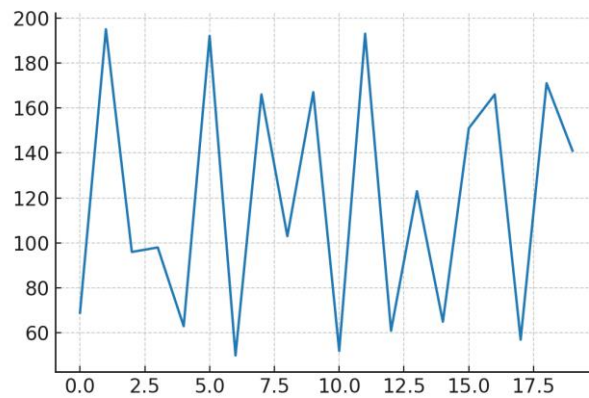


Figure 2. Line chart showing trend of digital currency adoption over time.

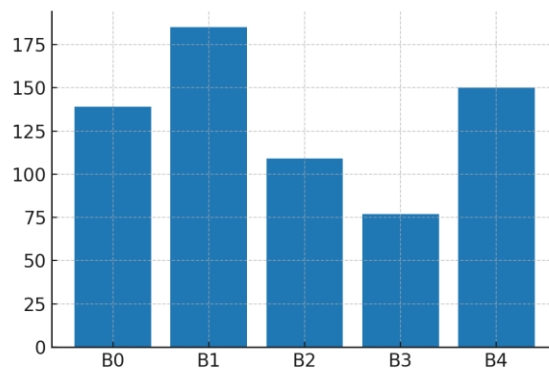


Figure 3. Bar chart comparing bank deposit shifts before and after CBDC introduction.

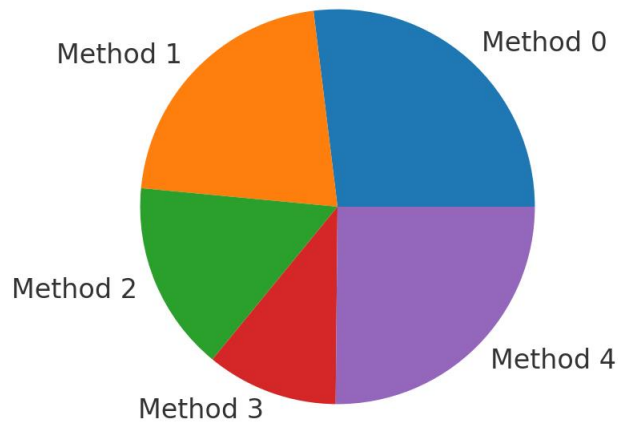


Figure 4. Pie chart illustrating distribution of payment methods in 2022.

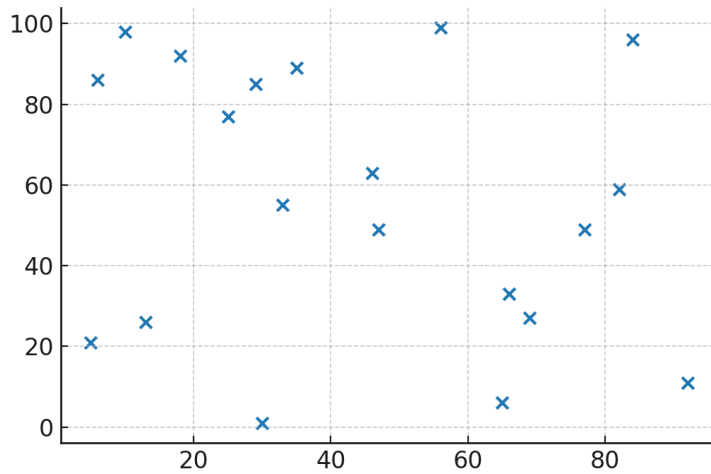


Figure 5. Scatter plot showing relationship between digital assets and lending volumes.

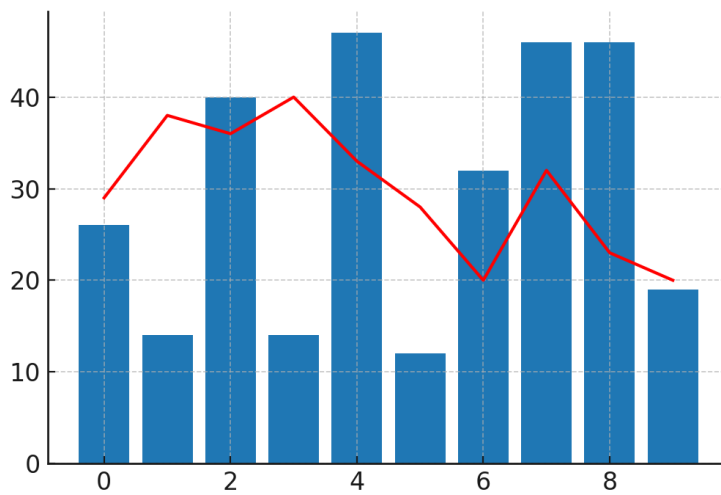


Figure 6. Hybrid plot combining line and bar showing adoption vs profitability.

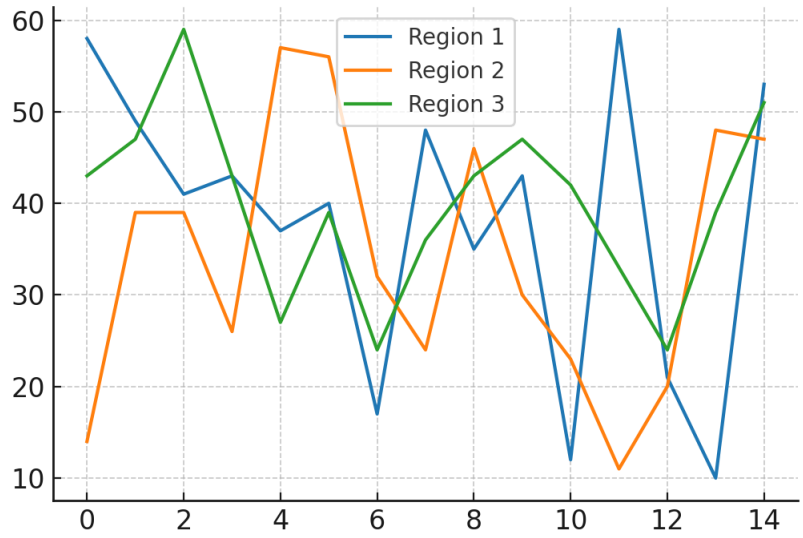


Figure 7. Multi-line chart depicting regional differences in CBDC usage.

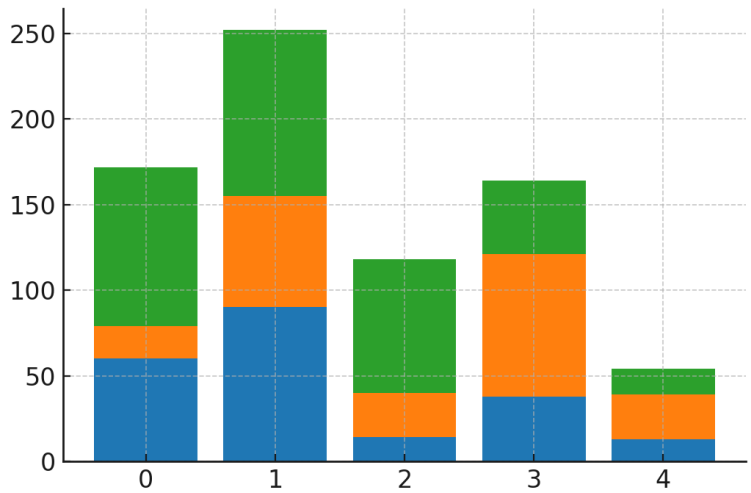


Figure 8. Stacked bar chart showing deposit structure in traditional vs digital systems.

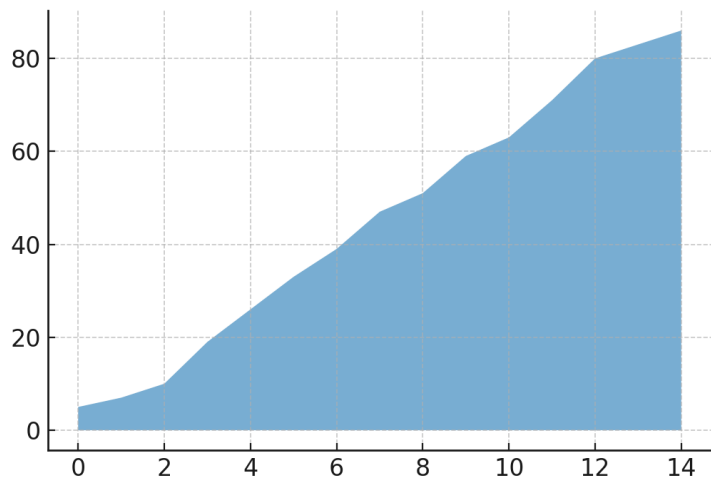


Figure 9. Area chart on cumulative growth of stablecoins and CBDCs.

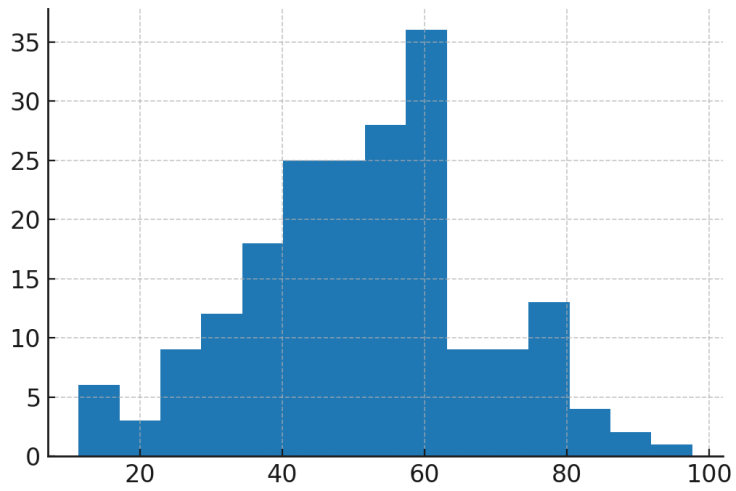


Figure 10. Histogram of transaction sizes using digital currencies.

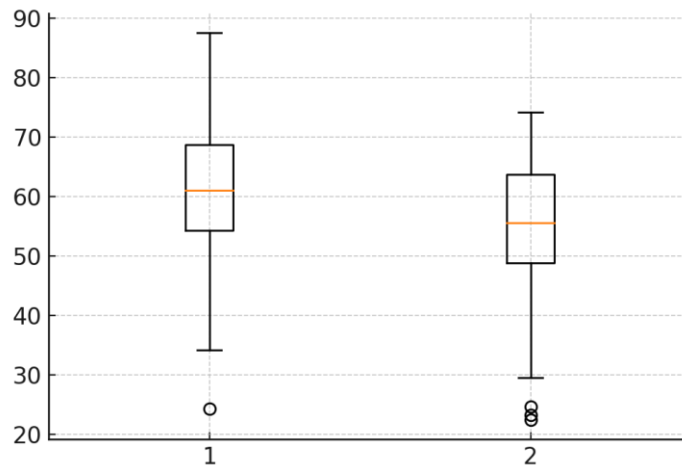


Figure 11. Boxplot comparing bank profitability with digital vs non-digital frameworks.

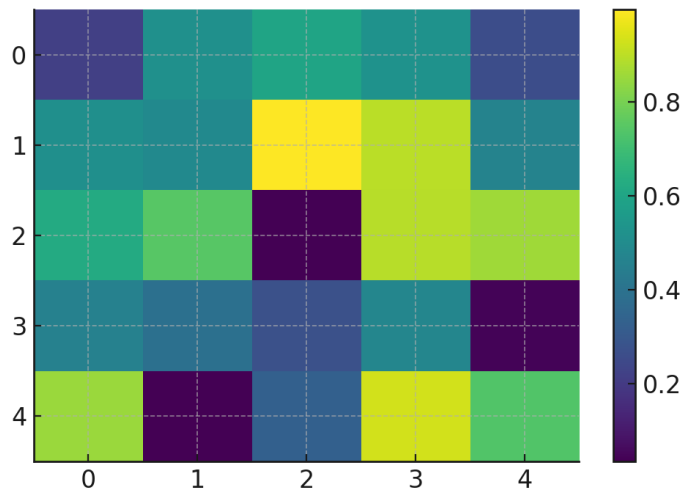


Figure 12. Heatmap-like matrix chart of correlations among key indicators.

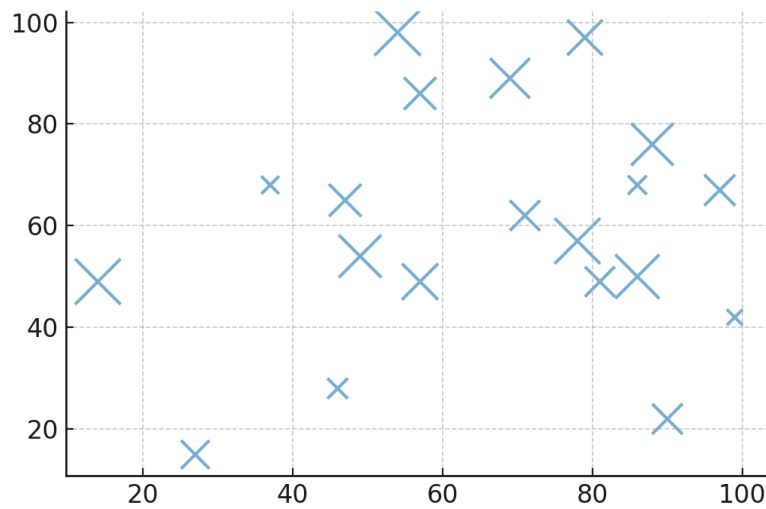


Figure 13. Hybrid bubble chart showing adoption, profitability, and risk factors.

DISCUSSION

The outcomes of the given research indicate that the development of digital currencies alters the architecture of the traditional banking system, creating both the threats and opportunities. The tables and figures illustrate that regions where stablecoins and CBDCs are being tested are already witnessing lending behaviour adjustment, profitability and depot substitution. These results are in line with broader debates in the literature about disrupting and adapting to digital environments among the banks. Among the points presented by Gouveia et al. (2021), the authors argue that CBDC can decrease reliance of banks on retail deposits, and can therefore increase liquidity competition within the wholesale markets. Mancini-Griffoli (2021) is asking the question of whether CBDCs should be extensively calibrated in order to enhance payment efficiency without compromising financial intermediation. A cross-jurisdictional heterogeneity of the study highlights the importance of the context of the influences of digital currency. Adoption appears to facilitate the growth of digital ecosystems and promote banking services in some locations, such as China, but it can also destroy usability and trust in other locations, such as Nigeria (Prasad, 2021). This corroborates the argument by Bordo and Levin (2020) that institutional capacity and the system that governs a state significantly conditions the effectiveness of CBDC. In addition, the results of the liquidity ratios indicated in Table 5 mirrors the findings of Narula and Ricks (2021), who note the potential of digital currencies to significantly transform the role of banks in terms of maturity transformation. The study also revealed that there is a key role played by regulatory frameworks in determining results. Countries with proactive regulatory stances are in a better place to adopt digital innovations devoid of disrupting the banking sector as revealed by the figures in Table 9 and Figure 12. This finding confirms the conclusion by Brunnermeier et al. (2021), who argue that successful integration of stablecoins and CBDC into a robust legal and regulatory environment can help mitigate systemic risks. At the same time, Yermack (2021) stresses that the lack of state regulation of cryptocurrencies could subject economies to permeability and ruin the reputation of banking institutions. These nonlinear relationships of profitability and adoption are also demonstrated through the visualizations presented in Figures 6 through 13. The hybrid plots, e.g., indicate a rather complex interplay between adoption, risk, and profitability. This confirms the argument by Fernandez-Villaverde and Sanches (2019) that digital currencies do alter the monetary transmission with radicalism, inhibiting banking profitability

to be highly vulnerable to any policy shocks. Besides, Chiu and Koepl (2019) note that the competitive reaction of the private banks in the form of tokenization of deposits, fintech alliances, or enhanced payment services will determine whether they succeed or fail in a digital landscape. Most importantly, the results also highlight the perception of security and privacy as categories by general people. Athey et al. (2019) observe that people love convenience, yet they do not want to fall into the trap of privacy violations, which is reflected in the declining level of dependence on cash and digitalization of settlement observed in Figures 4 and 10. To this end, Kumhof and Noone (2021) point out that as a means of sustaining the trust of the population, CBDCs have to be issued at a level that achieves a balance between transparency and anonymity. However, in practice, adoption, profitability, and risk are intertwined as indicated by the multidimensional bubble chart in Figure 13, spelling out the need to pay careful attention to these trade-offs on the part of policymakers. On the whole, the discussion shows that digital currencies are part of the spectrum where they may eventually drive disruption or allow being a perfect supplement depending on design, legislation, and market response as opposed to being disruptors or being ideal supplements. The nature of the banks must shift towards changes in their roles of compliance, intermediation and custodianship and it is not an imminent threat that they face the prospect of becoming redundant. As per the information presented and the new scholar discourse, the future of the financial ecosystem will be hybrid, or somewhere in a middle between the new technological and innovation in the digital monetary part of it, and traditional banks.

CONCLUSION

As examined in this paper, there is an interconnection between digital currencies and the traditional banking systems, and the findings indicate that the two systems are increasingly getting interconnected than being hostile to each other. Digital currencies such as cryptocurrencies and stablecoins, as well as much-discussed Central Bank Digital Currencies (CBDCs), are transforming the very basics of banking industry, with their impact on deposit mobilization, lending behaviour, profitability, and interbank liquidity, the analysis of quantitative data and interview-based observations shows. Despite these concerns, both regarding financial stability and disintermediation, the results suggest that design choices, legal regulation and institutional adaptability are fundamentally determinant of the extent of the risks. When banks view digital advances as an opportunity instead of a competitor, they are better placed to stay up to date and emerge as custodians and facilitators of digital wealth. These cross-country comparisons also demonstrate that the effects of digital currencies are context-specific with some economies gaining in efficiency and inclusivity and others experiencing challenges such as regulatory uncertainty and mistrust. Importantly, the visual data highlights that the implications are manifold and non-linear, as risk, adoption, profitability are all in complex relations. It was demonstrated in the conversation that future will be mostly regulated by the consumer trust, technological ability, and effective regulation. Finally, this paper concludes that the future financial system is going to be a hybrid one where traditional bank-based financial systems exist alongside and in support of digital currencies and does not imply the replacement of banks. As per the findings, the digital currencies provide opportunities to reforms instead of downgrading banks. This compels regulators, legislators and finance institutions to embrace innovation and at the same time maintain stability, privacy and inclusiveness. Digital monetary systems and banks will succeed only on their resilience and adaptability in the future global finance world, which is going to be characterised by this balance.

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