

BASICS ABOUT DIGITAL CURRENCIES

Why digital currencies matter to you and your company?

As interest and demand for digital currencies from consumers and businesses grows, and governments explore the potential issuance of central bank digital currencies, many financial institutions are looking for ways to leverage the interest and provide new products and solutions for their customers.



What is digital currency?

Digital currency is a digital version of cash that is controlled by a private cryptographic key. With digital currencies, ownership is determined by control of a private cryptographic key. A payment is authorized by proving you have access to that key. Digital currencies fundamentally represent a new form factor of money and evolution in the core properties of how money works.

Types of digital currencies



Cryptocurrency

1980s; 2008 (Bitcoin)

- Attempt at creating a currency that did not rely on central banks
- High volatility, limited acceptance and interoperability
- Predominantly held as assets that are not used as a form of payment in a ubiquitous way

Examples



Central Bank Digital Currency

Late 2010's

- Basically cash but in a digital form, able to be received and spent directly
- New form of money issued by central bank directly to its citizens, exists exclusively in digital form

Examples



Stablecoin

Mid 2010s

- Developed to mitigate the volatility and therefore limited use of crypto
- Issued by private entities and can be backed by assets, i.e., pegged to fiat currencies or gold, or non-collateralized

Examples



Two types of CBDCs

- Retail CBDC**
For transactions between consumers and business
- Wholesale CBDC**
Interbank transfers and settlements

Why digital currencies matter to you and your company?

In the next few years, many expect growing demand from consumers and businesses for crypto-enabled financial services. The space is moving incredibly quickly, and it can be challenging to keep up with the pace of innovation. The lines between crypto, fintech, and banking will continue to blur.



Digital currencies represent fundamental innovations that financial institutions across Latin America and the Caribbean will integrate into their core products to power new consumer experiences and payment flows.

Visa is here to help you

Contact your Visa account executive to learn how Visa is uniquely positioned to help you make digital currencies more safe, useful and applicable for payments.



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