**The Future of Payments in Australia, at Women in Payments – Online**

**Michele Bullock Session 2**

**Moderator (26:20)**

Welcome, Michele. I have been saving a question for you, Michele, and I have already introduced you Michele, so I'm not talking to you without introducing you. Okay. I've been saving this one because this is the one I'm sure people want me to ask:… What is the role of crypto assets, cryptocurrencies and stablecoins in the future of payments? I'm not asking you to predict the prices of Bitcoin in the future, Michele, but in your experience or your expertise, what do you see the role of these sorts of digital assets in our future?

**Michele Bullock (27:10)**

I personally don't think that crypto and I'm not calling them currencies because they're not currencies, I don't think they have a role in the payments system going forward. I think stablecoins potentially do have some potential roles, but I don't think crypto does, in its purest form, which is where all of this started. But like all good things, it's generated a whole discussion and it's generated a whole series of innovations, which will lead somewhere, but of itself this idea that cryptocurrencies will become the new mode of payment, that's just not going to happen in my view.

Stablecoins might have a role. And that depends a little bit on what happens with central bank digital currencies, because if central banks issue digital currencies, if this does become a thing, then I do wonder what it is that stablecoins will give you that central bank digital currencies don't give you and more. So I'm a little sceptical and my colleague, Tony Richards, who gave a speech last week, is basically similarly sceptical about the role of crypto going forward, which generated lots and lots of heat from people who thought he was wrong. And I'm sure my comments will be jumped on the same.

**Michele Bullock (32:26)**

Can I just jump in and clarify… I was talking about payments. I'm not saying that they're not going to be around, they are going to be around, but if you're a business and you’re paying your staff in Australian dollars and you're receiving revenue in Australian dollars, why are you going to want to take for payment something whose value may be doubled, or may be halved? Some might, some people might have philosophical reasons for wanting to do this, but it does seem to me that it's a reasonably tough ask. Having said that, clearly for investment purposes, if you’re into that, I certainly wouldn't be putting all my eggs in one basket. But some people want to have a little bit of a gamble there. Fine, but payments, I just don't see it.

**Moderator (37:34)**

Michele, how do you look at the future of cross border payments?

**Michele Bullock (37:39)**

Cross border payments have been one of the perennial issues. When I first entered payments like 25 years ago, cross border was something that people were considering then what can we do better. We're still considering it. So I'm actually reasonably hopeful that this new technology might provide some way of addressing this issue.

And I think stablecoins potentially provide quite a good use case. Also, we are doing experiments in central bank digital currencies. So the Reserve Bank is involved in a project called Project Dunbar…with a few other central banks and the Bank for International Settlements, where we are looking to see if you can have a platform that would allow exchange of central bank digital currencies issued by the various jurisdictions, that would allow this all to happen really quickly. So banks could use it basically to clear and settle, to Jackie's points, you could do it really quickly using central bank digital currency. Now this is just a pilot, it's got years (to go).

But the other thing I think is that a lot of countries at the moment have fast payment settlement systems. So there's actually a really promising thing with technology that's already here, which is: "Can we just link them up?" Now, there's a whole lot of other issues associated with that as well to do with AML and so on. But at least in concept, you have all of these countries with these fast settlement services, and if we could find a way to link them up, that actually is something that's already there, you could do it.

So I'm actually reasonably confident that in terms of technology and do-ability, we can solve the cross border problem. I think the biggest issue is going to be the AML/CTF stuff, because that's going to be the thing that's going to put the friction in the wheels. That would be my view.