What You Need to Know About China’s Sovereign Cryptocurrency



*Source:* [*Nederob*](https://www.nederob.nl/2019/08/28/china-cryptocurrency-coming-in-november/)

Almost five years ago, rumours surfaced suggesting that China’s central bank, People’s Bank of China, was developing its sovereign cryptocurrency. The news garnered unprecedented attention as China would be doing so despite the ban on all other cryptocurrencies.

After almost two years since the rumours, in 2019, China has made an appreciable progress in the direction. The latest news updates from various local and international media houses have confirmed the intensive research and experimentation going on. Some reports even suggest that China might launch its cryptocurrency as soon as November 2019.

# Libra is the Catalyst for China’s Cryptocurrency Project

This fast-paced growth in China’s cryptocurrency project comes as a response to the rapidly growing cryptocurrency industry and to maintain a strong stature globally in this industry. According to a news daily of China, Chinese monetary authority is closely speculating Libra, the global currency being developed by Facebook. Given China’s rivalry with tech and social media giants, such as Facebook, of the United States, China is all the more concerned about having its own central bank-backed cryptocurrency.

China Daily reported that Huang Yiping, director of the Digital Finance Research Center of Peking University and former member of the central bank’s monetary committee, stated that the creation of Libra is an alarming sign for China’s digital currency innovators and regulators.

Unlike other cryptocurrencies, Libra is backed by the U.S. dollar, meaning that it gains its value from the company’s fiat money reserve, and would hence be as stable as the U.S. dollar itself.



Source: [CryptoNewsz](https://www.cryptonewsz.com/how-facebooks-libra-crypto-platform-will-revolutionize-mass-adoption-of-cryptocurrencies-part-ii/26907/)

According to Huang, "a digital currency issued by the central bank can improve the efficiency of monetary policy, and help to optimize the payment system." The cryptocurrency could both act as an investment asset to satisfy customers’ interest rate expectations or as a monetary tool.

The director of Public’s Bank of China, Wang Xin, said, “We will improve international coordination and cooperation in digital finance, and to enhance global communication on Libra and CBDC. China will push forward the establishment of unified standards and regulatory rules.”

# First to Receive China’s Cryptocurrency

While the launch date of China’s cryptocurrency is not finalized, reports from Forbes suggest the central bank has finalized a list of seven institutions that would be the first ones to receive and use the digital money. Alibaba, Tencent, and Union Pay, the Industrial and Commercial Bank of China and Bank of China are among the first seven members.



Source: [CoinRevolution](https://coinrevolution.com/alibaba-has-no-powers-of-stopping-crypto-using-its-name-us-court-rules/)

These institutions have carefully selected considering their huge consumer base. They would be responsible for distributing the cryptocurrency across the 1.3 billion Chinese and those living in China. While there might be strong counter-arguments to this due to the ongoing U.S.-China trade war, there are reports that indicate that China plans to make its cryptocurrency available in the U.S. as well.

# Another Centralized Cryptocurrency

In their original form, cryptocurrencies were built to serve as a global currency not controlled by any centralized entity. However, with time, more and more cryptocurrencies are being developed that are highly centralized. One such example is expected to be China’s central cryptocurrency.

Unlike decentralized cryptocurrency like bitcoin that restrict any central authority from controlling it or validating its transactions, China’s digital currency is expected to provide more control to the central bank over its monetary system. Users would have to download a cryptocurrency wallet for the digital currency and exchange their fiat money for the cryptos. All exchanges carried out in the cryptocurrency would be overseen by the central bank, meaning that it would not be very different from fiat in terms of authorization.

# Conclusion

It would be wrong to say that China is building its cryptocurrency in response to Libra as China’s crypto plans span way back as compared to that of Libra, which initiated in 2017. However, yes, China seems to have pumped up its development process since Libra’s announcement.

Due to the minimal information available about China’s crypto project, it is hard to predict how it will change the economy of China or if it will not. But it will be exciting to see how things turn out for the crypto in China after the launch of the sovereign digital currency.