

Original Paper

Research on the Current Situation, Prospects and
Countermeasures of Digital RMB

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Abstract

In the economic environment of global economic recession, weak consumption and weakened momentum of economic recovery, due to the impact of the prolonged epidemic, the global economy has become more polarized, and the development of China's digital RMB has also fallen into difficulties, and the complex international environment has led to China's economic development is relatively unstable; however, because the world is entering the era of informationization, the development of the digital RMB is imminent. Combined with the background of economic recovery in the post epidemic era, this paper analyzes and summarizes the current situation of digital RMB at this stage, studies the existing deficiencies of digital RMB, and ultimately puts forward four relevant countermeasures and targeted recommendations to promote the development of digital RMB, which mainly include strengthening the internationalization of RMB, continuing to make efforts to reduce the difficulties in payment, improving the relevant technology, and strengthening the measures of market supervision.

Keywords

Digital RMB, Optimization Strategy, Internationalization, Payment Dilemma

1. Introduction

Nowadays, the global macroeconomic situation is grim, and digital currencies have become a popular trend in the development of the global financial sector. Up to now, more than 110 countries and regions have begun to carry out central bank digital currency research and development, trial and wide-scale use and other related work to varying degrees. In 2022, China has experienced a complex and volatile external situation, such as the Ukraine crisis, soaring inflation, and the Federal Reserve's interest rate hike, as well as the internal risks of recurring epidemics and economic downturn. Therefore, at the beginning of 2023, China's economic situation is unstable for the time being, but due to the changes in the external environment and the gradual emergence of the effects of China's policies, China's economy is also slowly picking up, and China's economic growth rate will also show the trend of the front low and the back high, and the gradual climb. Accompanied by the gradual recovery and strengthening of China's economic strength in recent years and the level of opening up to the outside world, the international status of the RMB has been enhanced, and the internationalization of the RMB has broad prospects for development. At present, seizing the opportunity of the digital economy era and continuously promoting the normalization and internationalization of the digital RMB is inevitably the trend of the times. It is thus clear that vigorously promoting the internationalization of the digital RMB is a correct strategy in line with China's national conditions and policies. At the same time, in terms of national policy, the report of the 20th Party Congress proposes to promote the internationalization of RMB in an orderly manner. Therefore, vigorously promoting the development of the internationalization of the RMB is one of the more important development directions that our country is now actively promoting. For China, in the future, the development of digital RMB can be achieved by vigorously exerting the core competitive advantages of national endorsement and issuance by the central bank, so as to explore convenient, sustainable and widely-used payment channels, promote the landing of a larger scale, and empower the high-quality development of the real economy, and at the same time, carry out the pilot of cross-border payment and international cooperation, and actively seek partners from abroad to accelerate the internationalization of the RMB through a combination of measures. However, in the process of the development of digital RMB, it still faces many dilemmas, for example, from the perspective of the long term, the development of digital RMB is a gradual process, which requires a longer period of time. At the same time, there are still some problems in the promotion and use, network technology and information supervision, which hinder the rapid and steady development of digital RMB.

Based on the current situation of the global central bank's digital currency and the recent situation of the digital RMB, combining the global economic situation and the domestic economy, policies and other aspects, this paper profoundly researches the current situation of the digital RMB and the dilemmas it currently faces, comprehensively analyzes the problems related to the landing, promotion and development of the digital RMB, and puts forward four strategies on how to optimize the development of the digital RMB, in order to achieve the purpose of continuing to improve and

strengthen the full development of the digital RMB, so as to further improve our country's international status.

In the existing literature, for the current digital economy environment, many scholars have also done corresponding research. For example, for the current situation of digital RMB, Fang Ming (2023) found through a study on the demand for cross-border RMB that the demand for cross-border RMB has been rising in key regions and areas as of February 2023; Shen (2022) argued that the emergence of digital currencies is conducive to the integration of the international economy; and scholars such as Song Qinghua (2022) argued that the development of digital RMB has a profound impact on the monetary policy of the payment system and financial stability have far-reaching impacts. Regarding the existing problems of digital RMB, numerous scholars have also conducted research, for example, Wang Weiling (2023) proposes through her research that the promotion of digital RMB faces the obstacles of increased costs and usage habits; Li Liza and Wendy (2022) believe that at present, there is still a certain degree of incompatibility between the digital RMB and cross-border payment mechanisms; Jiang (2023) proposes that numerous countries' digital financial new infrastructures are still to be improved. As for the development strategy of digital RMB, numerous scholars at home and abroad have put forward different suggestions; Lily Zhang (2022) suggests that the information security system of digital RMB needs to be further improved; Zhou Guangyou and Yang Jiemeng (2022) suggest that they should actively participate in the global governance of digital finance, enable cross-border legal tender digital currency cooperation, and promote the internationalization of digital RMB. In the analysis of the above literature, it is found that most scholars propose that there are many existing problems and difficulties in the development of digital RMB, and on the basis of which they put forward corresponding optimization strategies. However, the combination of existing problems and solution strategies of digital RMB is still a little bit lacking, therefore, this paper will combine its current situation and problems to study, so as to put forward corresponding optimization strategies.

Based on the above analysis, this paper mainly puts forward the development prospect of digital RMB and the analysis of existing problems and countermeasures for the development of digital RMB through the PEST analysis of the current situation of digital RMB. The innovation of this paper is that, through the analysis of the current situation of digital RMB, and based on the PEST analysis of the advantages and disadvantages of digital RMB respectively, the whole aspect and multi-angle profound research, and finally put forward and about optimizing the development of digital RMB development road strategy.

2. PEST Analysis of the Current Status of Digital RMB Development

2.1 Strengths and Weaknesses Analysis Based on the Political Environment

2.1.1 Advantages

(1) Strong policy support

In his report to the 20th Party Congress, General Secretary Xi Jinping pointed out that high-quality development is the primary task of building a modern socialist country in an all-round way. At the same time, he also pointed out that it is necessary to stimulate the vitality of the digital economy, enhance the effectiveness of the digital government, optimize the digital social environment, build a pattern of digital cooperation, build a firm barrier of digital security, and let the digital civilization benefit the people of all countries. At present and in the next period of time, the primary task of China's monetary policy is to stabilize growth and expand domestic demand. Therefore, in the next period of time, China has the conditions to maintain normal monetary policy for as long as possible and maintain currency stability.

(2) Political stability of the country

Under the correct leadership of the Communist Party of China (CPC), China has a stable political situation, stability and unity, and has taken a road of modernization with Chinese characteristics. Under the leadership of the CPC, based on the objective reality of China's huge population size, with the goal requirement of common prosperity for all people, and the endogenous characteristics of coordinating material civilization and spiritual civilization, harmonious coexistence of human beings and nature, and taking the road of peaceful development, a solid material and technological foundation is the fundamental prerequisite for the modernization process of the Chinese style. Under the correct strategic deployment of the State's economic policy, the Chinese characteristics of China's socialist modernization have become more prominent, and more historic achievements and historic changes have been made in economic construction. This is all a reflection of our government's management system and management ability, which has also laid a solid political foundation for the further development of China's digital RMB.

To sum up, promoting new breakthroughs in high-quality economic development, realizing a significant leap in economic strength, scientific and technological strength, and comprehensive national power, and constantly consolidating the material and technological foundation have become the essential requirements of and the primary task facing the process of Chinese-style modernization, and the strong support of national policies and the stability of the country's political situation have laid a solid foundation for the digital RMB, and the prosperous development of the digital RMB is just around the corner.

2.1.2 Disadvantages

(1) Low degree of RMB internationalization

Although China has shown a certain degree of growth in all aspects of trade, investment and currency exchange in recent years, China is still at a low level in terms of the degree of RMB internationalization.

As of February 2023, according to the SWIFT report, the proportion of RMB in the international payment and clearing system is not high, accounting for only 2.19% as a payment currency, which is far lower than that of the US dollar, the euro and the British pound (the combined proportion of the former three exceeds 80%). Meanwhile, the RMB's market share in cross-border trade finance business was 4.47% in February, ranking third. According to the RMB Internationalization Report 2022, the amount of RMB cross-border receipts and payments in the first half of 2022 was 20.32 trillion yuan, rising to 49.1% of the total cross-border receipts and payments in local and foreign currencies in the same period. Furthermore, as of 2023 RMB is only widely used in some countries, for example, less than 10% of international trade settlements in Hong Kong, China, are settled in RMB, which shows that RMB is not sufficiently used in cross-border trade and investment; more importantly, since China's financial system is not yet perfect, the degree of support for the internationalization of RMB is still very low.

(2) Bullied by international hegemony

As the development of central bank digital currencies will significantly enhance financial freedom, central bank digital currencies will eventually become part of international reserve assets (Song, 2022). However, today, when international commodities and international trade are dominated by the U.S. dollar, the digital RMB developed by China is undoubtedly a challenge to the U.S. dollar. In order to maintain the world monetary system with the US dollar as the main currency, in international trade, the western developed countries, which mainly use the US dollar, want to implement financial hegemony, impose economic blockade and financial sanctions on China, and try to use SWIFT as the main settlement method for cross-border settlement and seize the fruits of China's economic development with the advantage of ultra-low price. Due to the rapid development of China's digital RMB, the western developed countries led by the United States, by virtue of their scientific and technological and financial advantages, have tried to cut leeks by various means, obstructing or even preventing our country, in order to achieve the purpose of lowering the prices of commodities in China's foreign trade, so as to obtain huge profits, and then exploiting the fruits of our country's economic development.

2.2 *Strengths and Weaknesses Analysis Based on the Economic Environment*

2.2.1 Advantages

(1) Favorable macroeconomic environment

In 2022, due to the impact of the new crown epidemic, the overall performance of global consumption is weak, and the momentum of global economic recovery is weakening. Affected by the long-term epidemic, although the global economic differentiation is increasing, but thanks to China's monetary and fiscal policies, the impact on the economy is relatively controllable. But now due to the existence of the global industrial chain important processing and manufacturing links of some emerging economies are still insufficient production problems, and thus exacerbate the global supply and demand imbalance. In 2023, China's epidemic has been strong and effective control, China's total economic output solidly stepped up to 100 trillion yuan, accounting for the proportion of the world economy increased by 7.2 percentage points to 18.5%; per capita GDP and high-income national standard gap narrowed considerably, the socio-economic began to gradually recover, the macroeconomic environment as a whole is gradually improving.

(2) Accelerated digital transformation of enterprises

As the state strongly supports the digital transformation of enterprises, many relevant economic policies have been introduced. As a new digital financial infrastructure, digital RMB is a modernization path with comparative advantages to accelerate the development of enterprises by combining digital RMB in the economic context of accelerating enterprise digital transformation. The sharing characteristics of digital RMB superimposed on the application of smart contracts, blockchain and other technologies can help the integration of business and finance, upgrading of fund management, and the new structure of application scenarios of state-owned enterprises from the level of digital technology, which is conducive to promoting the digital transformation and upgrading of state-owned enterprises' finance (Zhou Xuefei, 2022). In summary, it can be concluded that in the era of digital economy, digital RMB has a better development prospect.

2.2.2 Disadvantages

(1) More pressure on domestic economic development

At present, the contradiction between the people's growing needs for a better life and the unbalanced and inadequate development is the main contradiction of the current Chinese society. Under the combined influence of many factors at home and abroad, China's economic growth has slowed down in recent years has become the new normal, and the economic development in 2023 is facing the triple pressure of demand contraction, supply shock and weakening expectations, and how to effectively cope with this challenge has become an urgent scientific problem to be solved at present.

(2) Economic market mechanism to be improved

Since the digital RMB has no interest, this will make the digital RMB much less attractive. This is because if people use digital RMB they have to give up the interest income gained from using the current third-party platform, which increases the opportunity cost of using digital RMB, which in turn

may inhibit a part of the group from using digital RMB. At the same time, the current market competition, effective supply, power transformation and institutional innovation in China are not sufficient, which constrains the promotion and application of digital RMB.

2.3 Strengths and Weaknesses Analysis Based on the Social Environment

2.3.1 Advantages

(1) Mobile payment is more perfect

First of all, consumers have already developed the habit of paying with cell phones, and China's mobile payment is far ahead in terms of user scale, transaction scale, and penetration rate. With the arrival of the new consumer era, new business models such as e-commerce, e-commerce live streaming, and online-offline integration have generated more application scenarios, and new consumer relationships based on social networks and new media are more conducive to promoting the promotion of digital RMB.

Secondly, as of September 2023, China's mobile payment is in a more perfect state in China and the world. In the upstream of the industry chain are mobile operators, cell phone manufacturers, IC designers, chip manufacturers, etc., in the midstream are related enterprises based on mobile payment, such as banks, third-party payment companies, and major telecom operators, etc., and in the downstream are consumers and merchants, who can download the corresponding apps on their cell phones to realize mobile payment. From the perspective of the industry chain, China's mobile payment is now quite perfect.

(2) Large social group base

As we all know, China is a populous country with a large population base, especially since the reform and opening up, China's population has been growing rapidly, especially in recent years China's population growth rate has been very high. 2022 On the morning of September 17, 2022, the National Bureau of Statistics released the results of the 7th National Population Census, which showed that as of 00:00 on November 1, 2021, the population of the country totaled 1,411,780,000 people. According to the data released by the National Bureau of Statistics: from 2010 to 2021, the number of births in China was more than 20 million each year. From 2010 to 2021, China's annual birth population increased from 16.5 million to 27.6 million. This means that there is a large base of social groups in China, both existing and potential digital RMB users, which is extremely favorable to the promotion and development of digital RMB.

2.3.2 Disadvantages

(1) Wide development gap between urban and rural areas

Due to China's vast territory, unbalanced development between regions, and uneven distribution of economic income between urban and rural residents, there are still some difficulties in realizing the widespread application of digital RMB. Given the geographical differences between regions, there is still a long way to go in publicizing and popularizing the digital RMB.

(2) The public's knowledge of digital RMB is still shallow

Nowadays, most residents use traditional currencies for payment transactions. As the central bank digital RMB is a new thing, its promotion still lacks successful experience, effective cases and relevant data, coupled with China's huge population base and economic volume, it can be expected that the promotion of digital RMB will face many difficulties. Wang Weiling (2023) stated that compared with traditional currencies it is found that the consumer population of digital RMB is relatively small nowadays, and most of the residents do not know much about e-money. Therefore, issues such as the security of e-money have brought more doubts to the consumption of most of the masses.

2.4 Analysis of Strengths and Weaknesses Based on the Technological Environment

2.4.1 Advantages

(1) Advanced technology

At present, science and technology innovation, mainly characterized by digital economy, has turned into a major driving force to stimulate the momentum of development. The rapid development and constant integration of technologies such as big data, artificial intelligence, blockchain, cloud computing and other technologies with every aspect of economic development have resulted in a large number of new development models and requirements. Since the new crown epidemic at the end of 2019, the digital economy of online lectures, online offices, online shopping, and so on, supported by digital technology, has developed greatly. At the same time, this has brought about a strong demand for online consumption and financial services. The rapid development of electronic payment in the form of Alipay, WeChat and other major forms, in the process of promoting the development of the digital economy, has also fostered a good behavioral pattern of the public to consume through electronic payment, thus better solving the public's needs for online consumption and financial services, and facilitating the continuous improvement of the payment system in major cities.

China has been at the forefront of the world in the research and development of legal tender, with a first-mover advantage. During the two sessions of the National People's Congress, Chen Yulu, deputy governor of the People's Bank of China, said in an exclusive interview with a reporter from the China Economic Times that the research and development and promotion of digital currencies is a statutory duty of the central bank, and the People's Bank of China has carried out a long term, in-depth, systematic research and deployment, and is now steadily promoting the research and development of legal tender. In terms of issuance motivation, the digital RMB focuses mainly on meeting domestic market demand and is based on the modernization of the domestic payment system. In terms of issuance design, the digital RMB is a digitized form of the RMB, positioned as a substitute for the M0, and does not accrue interest. In terms of technical route, digital RMB does not preset a technical route, is not limited to the application of blockchain technology, and the use of unique "double offline" and other functions can make up for the shortcomings of the existing payment system, break transaction barriers, and meet diversified payment needs. Controllable anonymity can help protect user privacy,

and at the same time better carry out anti-money laundering, anti-terrorism, anti-drugs and cross-border gambling activities.

(2) Complete supply chain

The People's Bank of China (PBOC) established the Legal Digital Currency Research Group in 2014, and has continued to promote the Legal Digital Currency Project DC/EP, and by the end of 2019, it had completed the top-level design, standardization, functionality research and development, and intermodulation testing of the Legal Digital Currency. Since April 2020, it has been conducting internal closed pilot tests first in Shenzhen, Suzhou, Xiong' an New Area, and Chengdu. In October 2020, the Shenzhen In October 2020, Shenzhen was the first city to launch the Luohu Digital RMB Red Packet Campaign, bringing the digital RMB into the public's life. On July 16, 2021, the Digital RMB R&D Working Group released the "White Paper on China's Digital RMB R&D Progress". In addition to the People's Bank of China, Hong Kong, China, also carried out research on legal tender in 2017, with the Hong Kong Monetary Authority leading a group of Hong Kong dollar-issuing banks to launch the LionRock project, a wholesale legal tender, and carried out cross-border payment technology tests with the People's Bank of China's Digital Currency Research Institute. In October 2022, the digital RMB will be interconnected with Hong Kong's rapid payment system, the "Digital Express".

2.4.2 Disadvantages

First of all, as a new form of currency, digital RMB still faces many challenges before it can be practically applied to cross-border payment business. As private digital currencies are highly anonymous and support peer-to-peer transactions, the prohibition of transactions does not effectively restrain cryptocurrencies and stable coins, and even if financial institutions or payment institutions are prohibited from providing crypto-digital currency-related services in China, digital trading platforms set up outside China are able to continue to provide services for domestic investors "underground". Secondly, as the RMB has unlimited legal capacity, it can be used to provide services to domestic investors.

Second, while RMB has unlimited legal compensation, the use and receipt of digital RMB requires both parties to the transaction to have a smart device and a digital RMB wallet, making it difficult to fully realize the unlimited legal compensation of digital RMB. Although the "double offline" function of digital RMB can realize netless payment, its normal use depends on the integrity of power supply and payment equipment, and it cannot be used in the event of power outage, while the use of cash in natural disasters is more favorable.

In summary, the rapid development of information technology due to the rapid updating of modern technology makes it possible to avoid technological backwardness only through long-term evolution, continuous iteration, dynamic updating, regular evaluation and continuous optimization of the choice of technological paths.

3. Analysis of the Development Prospects and Existing Problems of Digital RMB

3.1 Advantageous Prospects of Digital RMB

Digital RMB is a legal tender uniformly issued by the People's Bank of China (PBOC), which is operated and exchanged to the public with the participation of designated operating organizations. It belongs to the liabilities of the central bank, has unlimited legal tender, has the same legal effect as the RMB, and is equivalent to banknotes and coins. Digital RMB can be considered as a digitized form of RMB, which is not on the same level as cryptocurrencies such as Bitcoin and Ether. At present, China's digital RMB has entered the pilot stage.

3.1.1 Reducing Costs and Increasing Efficiency

Digital RMB inherits the advantages of cash point-to-point payment, instant settlement, convenience and speed, and makes up for the shortcomings of cash in digital circulation and multi-channel payment, which greatly reduces the cost of issuance and transaction, and also enables tracking transactions when necessary, playing a role in reducing illegal activities such as tax avoidance and money laundering. Taking Industrial and Commercial Bank of China (ICBC) as an example, ICBC, as one of the digital RMB operating organizations, has set up 39 provincial agents and 6 directly-affiliated operating organizations in Beijing, Tianjin, Hebei, Yangtze River Delta, Guangdong, Hong Kong, Macao and the Greater Bay Area, as well as many other places in the central and western parts of the country, reaching nearly 3,000 outlets to provide services to users. The number of cell phone terminals available for digital RMB in the pilot areas will reach about 30 million, indicating that the scope of application of digital RMB is gradually expanding, and that its convenient digital services also play a positive role in reducing costs and improving efficiency at the same time.

3.1.2 Ensuring Information Security

As the digital RMB has a full life-cycle management based on the legal tender status of the People's Bank of China for issuance, circulation, settlement and other processing, it has the characteristics of legal tender, consistency and non-tampering, which cannot be replaced by physical cash. At the same time, it is irreplaceable by physical cash due to its "double offline payment" function and "account loose coupling" technology design, based on the "central bank-commercial bank" dual-layer architecture, and the "central bank-commercial bank" dual-layer architecture. At the same time, due to the features of "double offline payment" function and "account loose coupling" technology design, based on "central bank-commercial bank" two-tier architecture, "distributed ledger" technology, etc., the digital RMB can realize controlled and anonymous payment even in the absence of the network or disconnected situation. This has a positive effect on the protection of personal privacy and the legitimate rights and interests of financial consumers.

3.1.3 Enhancing the Effectiveness of Monetary Policy

On the one hand, the implementation of digital RMB development can help expand the space for monetary policy. On the other hand, the implementation of the use of digital RMB is conducive to improving the central bank's ability to monitor currency flows and organize the market, reducing intermediate losses in support of small and micro-enterprises, etc., and further improving the effectiveness of monetary policy regulation.

3.1.4 Enhancing Financial Inclusion

Digital currency does not rely on physical outlets and manual services, and can obtain a larger service capacity with less labor input. In Nigeria, for example, according to World Bank statistics, about 38 million people in the country do not have a bank account, accounting for 36% of the adult population, if the "e Naira" can be extended to all cell phone users, will greatly enhance the country's financial inclusion, and promote the more direct and effective implementation of social transfers to enhance the well-being of the people.

3.2 Problems of the Digital RMB

3.2.1 Risks to National and Social Credit Systems

First of all, today's world has entered a turbulent transition period, and the international environment has become more complex. This is not just a problem on the economic level, but involves problems on the political level such as international rule-making and national competition.

Secondly, currency competition will become more intense. At present, it has become a trend for central banks around the world to compete to issue legal tender digital currencies. Some Western countries are worried that the digital RMB will become the world's first widely used technology platform for legal tender digital currencies. They are worried that China may have an impact on the design of digital currency programs and standard-setting in the future, and may even set up payment barriers and charge high fees to impede the cross-border application of the digital RMB.

3.2.2 There Is the Problem of Payment Dilemma

On the one hand, due to the natural lag in the formulation of laws, digital RMB faces the problems of disputes over its legal nature and conflicts with private digital currencies in China; on the other hand, cross-border payment of the central bank's digital currencies involves the circulation of different currency zones, and the varying regulatory rules of different countries will be an obstacle (Liza Li, 2022). Digital RMB is difficult to achieve unlimited legal tender for the time being. As digital RMB cross-border payment faces the legal problem of digital RMB. From the perspective of traditional monetary theory, legal tender is an inherent attribute of legal tender and an important symbol that distinguishes it from other currencies. However, digital RMB is very different from cash RMB, both in terms of the form of its existence and the method of payment. Digital RMB is inherently more demanding on the recipient; it requires both the recipient and the payer to use a smart device and both to have opened a digital wallet. Based on the current level of device penetration and supporting financial facilities, digital RMB cannot be used in all circumstances as cash RMB can be.

4. Countermeasures Research on the Development of Digital RMB

4.1 Strengthening the Internationalization of RMB

The research and development process of China's digital RMB has been at the forefront of the world. Over the past ten years, under the guidance of the new development concept, China has comprehensively implemented the supply-side structural reform, formulated a series of regional major strategies of overall significance, and pushed forward the construction of a new development pattern, realizing the historic leap of China's economy and high-quality development. We should also continue to adhere to high-quality development, and continuously implement and strengthen the internationalization of the RMB, so as to strengthen the internationalization of the digital RMB.

In recent years, the scale of cross-border RMB use has steadily increased under the active promotion of relevant departments (Fang Ming, 2023). We should promote the application of digital RMB as soon as possible in a pioneering manner to facilitate digital development. Due to the essential characteristics of financial monopoly, economies around the world are actively researching and developing new legal policies, and the issuance, control and rule-making of digital currencies will be the world's largest new track. Foreign scholars have proposed that digital currency will lead to the decomposition of the existing unipolar international monetary system and the reconstruction of the diversified international monetary system, which is conducive to the gradual formation of a diversified international monetary system that can ensure economic development (Shen, 2022). Therefore, in order to enrich the international monetary system and further form the integration of the world economy, China should speed up its entry into the first track, play a good first move, make full use of its pioneering advantages in the field, and promote the research and application of digital RMB more actively and steadily.

In addition, attention should also be paid to integrating the advantages of the digital RMB with those it possesses, and establishing a set of monetary policy system under the framework of the digital RMB that is suitable for China's national conditions, so as to continue to improve the delivery effect, timeliness and accuracy of China's monetary policy, and to provide strong support for China's high-quality economic development. It is only right that we actively participate in the global governance of digital finance, enable cross-border legal tender cooperation, and promote the internationalization of the digital RMB (Zhou Guangyou, 2022).

4.2 Solving the Digital RMB Payment Dilemma

The significance of granting legal tender to currencies is to maintain a sovereign monetary system dominated by national currencies, and we also need to maintain a monetary system backed by the credit of the RMB, therefore, the digital RMB must maintain its legal tender. However, as it must match the reality of the current development of the digital economy, the application of the digital RMB should be given some special terms of constraints. In this regard, we can adopt the following measures: when using digital RMB to make payment, when the paying party encounters certain troubles in actual operation and the other party has explicitly indicated that it will not agree to it, the other party can be allowed to make choices through other payment methods; under certain circumstances, the upper limit

of the transaction amount of the digital RMB can be categorized and restricted, especially when it involves foreign organizations or individuals possessing the digital RMB within the territory of China, it can be categorized and restricted. In particular, when it comes to foreign organizations or individuals possessing digital RMB in China, a transaction limit can be set for a certain period of time, which can prevent spillover effects under the premise of ensuring a certain degree of market order.

4.3 Sound New Infrastructure for Digital RMB

In the context of digital economy, digital RMB is the new infrastructure of China, which will more effectively promote the development of China's financial system in the direction of digitization. Currently, major commercial banks such as Gongnong, Zhongjian, Jiaotong, Postal Savings and China Merchants, financial institutions such as Alipay and Weizhong, as well as companies such as Jingdong, are carrying out various forms of trial runs on the digital RMB. In the future, it is important to fully promote the consumption of digital RMB by consumers, and to allow various enterprises to actively participate in and strengthen the circulation process of digital RMB. At the same time, more third-party payment companies can be attracted through the formulation of relevant preferential policies to actively promote the interaction and linkage between the digital RMB and the existing payment tools, so as to improve the quality of their services. It should also focus on polishing the technology of consensus mechanism, cross-chain expansion, privacy security and transaction smart contract of digital RMB payment procedures, so as to control the trial and error cost of blockchain development within the minimum threshold (Chen, Yanyan, 2022). It is only right that we continue to strengthen the new digital financial infrastructure and keep implementing the infrastructure of digital RMB to accelerate the development of digital RMB.

4.4 Strengthening Market Regulation

We can improve the relevant laws and regulations, and we should accelerate the corresponding supporting institutions, strengthen market supervision, and construct a management method applicable to digital RMB. At the same time, it is necessary to strengthen the hierarchical and categorized management of each type of digital RMB wallet, and set the upper limit of the wallet balance and the upper limit of the transaction amount, etc., so as to prevent a large number of wallets with non-original names from being used for illegal transactions. In due course, specific laws and regulations that are linked to digital RMB in various aspects should also be formulated, so as to provide for digital RMB.

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