Digital Currency and Its Influence on Monetary Policy

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Abstract. This article examines the influence of digital currencies on traditional monetary policy frameworks. It analyzes the potential impacts on central banks' ability to control money supply and interest rates. The research also explores the implications for financial stability and regulatory challenges. By evaluating different case studies, the article provides insights into how digital currencies could reshape monetary policy in the future.

Keywords: Digital Currency, Monetary Policy, Central Banks, Financial Stability, Regulatory Challenges

Introduction

Digital currencies, such as cryptocurrencies, are increasingly becoming part of the global financial ecosystem. This article investigates the potential influence of digital currencies on traditional monetary policy frameworks, focusing on central banks' roles in controlling money supply and interest rates. It explores the implications of digital currencies for financial stability, as well as the regulatory challenges they present. The article evaluates various case studies to provide insights into how digital currencies might reshape the future of monetary policy. By understanding these dynamics, policymakers can better prepare for the integration of digital currencies into the financial system.

References

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