

International Currency Competition under the Background of Digitization and Its International Enlightenment to RMB

Hao Ji

*St. Petersburg State University of Aerospace Instrumentation, St. Petersburg, 190000, Russian Federation
jihao123@yandex.com*

Abstract: *The emergence of digital currency has gradually shaken the status of traditional currency, people's traditional concept of currency is gradually being overturned, and traditional currency faces huge challenges and opportunities. With the increasingly fierce international currency competition, digital currency faces multiple challenges and opportunities. Under the background of digitization, the development of digital currency has had a huge impact on the existing international monetary system. On a global scale, central banks in different countries in the face of digital currency issuance have a more positive and open attitude, and this means the emergence and development of digital currency have a great probability of reconstructing the existing international monetary system. Our country's central bank leads the world in the research and development and issuance of digital currency, which not only enables more countries to pay attention to the RMB but also promotes the RMB to go global and further expands the circulation scale and quantity in the international trade market.*

Keywords: *Digital background; Digital currency; International currency; Internationalization of RMB*

1. Introduction

Under the background of digitization, the economic development level of human society has been gradually improved, and the emergence and development of digital currency have pushed the global currency into the era of digital currency. On a global scale, central banks worldwide have begun to invest financial resources and manpower in digital currency research and development, and China is also one of the practitioners. Our country actively develops and issues digital currency, encouraging citizens and foreign users to use digital RMB [1]. However, at the same time, China is also facing the double pressure of leading international currency and overseas digital currency, and there is also the cross-border payment problem. Therefore, the central bank of China should improve the internationalization status of the RMB actively and strengthen the status of China's digital currency after issuing digital currency.

2. Theoretical Basis

2.1 International Currency Competition

International currency competition, in its essence, conforms to the regular of "natural selection, adaptive evolution", which refers to the currency competition between different countries in the international market for a larger scale, a larger quantity, and a wider range of use [2].

2.2 Internationalization of RMB

Internationalization of RMB, in its essence, refers to that RMB goes from domestic to global and can be circulated outside of China. In other words, other countries can accept the RMB as a trading currency. But it is worth noting that the circulation of the RMB outside China does not equate to the fact that the RMB has been internationalized. However, with the continuous circulation of the RMB outside China and the expansion of the circulation scale and quantity, it promotes the RMB going international and attracts various countries' attention. All this makes it much more likely that the RMB

will become an international currency [3].

3. Enlightenment to RMB Internationalization

3.1 International Currency Competition in the Context of Digitization

In the digital background, with the emergence and application of digital currency technology, digital currency has a great probability of becoming an international medium of exchange in the future and even has the function of value measurement and storage value [4]. On a global scale, the digital currency development trend is gradually improving. The development mode of digital currency can be divided into three types: First, digital currency is issued by businesses that local governments regulate. In the US, companies such as J.P. Morgan Chase & Co. and Walmart have issued digital currency; Second, the monetary authority research and development, the central bank digital currency developed by China is this type; Third, the monetary authorities and enterprises research and development jointly, such as the Ubin project and the Jasper project. These are jointly developed by the monetary authorities and the enterprises and are an experiment in the run-up to the central bank's digital currency [5].

The formation of digital currency area in the future can be divided into two main ways. First, with the aid of electronic anchor currency, increase the use of sovereign currency. This is mainly through the stablecoin digital platform built by the private sector, used in a variety of application scenarios. At the same time, due to factors such as the size and scope of the currency, currency users are more dependent on online platforms for all kinds of transactions. This is also the type of digital currency area that is generated by taking into account factors such as the size of the currency and the scope of using the currency [6]. In the past, the traditional currency competition, economic agents tend to use currencies with more stable values, but it is different in the digital context. In the digital currency competition, economic agents tend to choose convenient and safe digital currencies as payment and settlement tools.

In the current social background, the digital environment breeds various digital platforms, the development of these digital platforms combines the application and innovation of digital technology and promotes the production and application of digital currency payment systems, making digital currency system will gradually introduce related to business functions and set up the social platform to build new mobile payment system [7]. Under such circumstances, large enterprises, especially high-tech R&D enterprises, can play an active role in the research and development of digital currency due to their advantages, such as digital sound infrastructure, Highly advanced technical personnel, rich experience in high-tech research and development, and large-scale consumer groups. Second, take blockchain and other high-tech technologies as technical titles, combine advanced financial infrastructure networks and build a cooperation mechanism of different digital currencies. More and more countries realize that if they don't issue domestic digital currency, then it is likely to lose their financial sovereignty in the international trade market, probably its trading activities in the international market need to pay in foreign currency, so more and more countries began to input manpower resources in developing digital currency [8].

3.2 Opportunities for RMB Internationalization

With the continuous acceleration of globalization, central banks of various countries have a more positive attitude toward developing and issuing digital currencies, promoting international currency competition under digitization [9]. In the US dollar system, the generation and issuance of digital currency had a huge impact on the system, making the system faced with great challenges. Our country's central bank is developing digital currency and actively issuing digital currency, which promotes the internationalization of RMB, enhances China's international status, and promotes the international circulation of RMB.

Due to the emergence and issuance of digital currency, the traditional international monetary system is faced with huge challenges and a huge impact, and the inertia of its traditional use is gradually decreasing. In the past, the essence of international currency competition is the storage value competition. Multiple factors restrict the process of becoming an international currency. However, digital currency is supported by the Internet platform, making the conversion of currency more convenient and smooth monetary transactions. It not only reduces the cost of currency transactions but also reduces the inertia of currency use.

Different from the dollar, the euro, and other currencies, the trade and investment aspects of the

RMB play a crucial role in the internationalization of the RMB. In the process of RMB internationalization, China has formulated and implemented many preferential policies to encourage enterprises to actively open cross-border payment functions and use RMB to settle accounts in international trade activities to promote the circulation of RMB in the international market. However, it is worth noting that there are few new payment systems and transfer systems for the global market in the cross-border payment sector, making it difficult to exchange digital currencies in the international trade market.

In cross-border payment, currency transactions are subject to multiple restrictions, such as international regulations, national legal systems, payment transfer systems, etc., and these payment transfer systems have the disadvantages of slow speed and high cost. In the cross-border payment system, the use of digital currency settlement will gradually become a key implementation measure because, in international trade, the use of digital currency can effectively solve the problem of financial infrastructure, make up for the short board of cross-border payment links and improve the convenience of cross-border payment. The author believes that as long as the DC/EP developed by the Central bank of China can have scientific and reasonable settings to ensure the security of the trading environment, the international status of RMB can be further improved and the internationalization process of RMB can be further accelerated [10].

3.3 Central Bank Digital Currency and RMB Internationalization

The emergence and development of digital currency accelerate the internationalization process of RMB, but it also has a huge impact on the internationalization of RMB. The reason is that the dominant position of international currencies, such as the US dollar, will continue to strengthen and even hinder the further circulation of RMB in the international market. China should develop digital currency actively, strengthen DC/EP research and development efforts, strengthen cross-border cooperation efforts, introduce and implement a series of preferential policies related to financial regulation and digital finance, build a digital currency area and promote the circulation of RMB in the international market. The specific implementation strategies are as follows:

First, based on the Guangdong-Hong Kong-Macao Greater Bay Area construction, China should further carry out exploration, research and testing.

In terms of the essence of the Guangdong-Hong Kong-Macao Greater Bay Area construction, its core is the internationalization of RMB. Therefore, if we want to further accelerate the internationalization process of RMB, we can start from the Guangdong-Hong Kong-Macao Greater Bay Area. In terms of the industrial system, Shenzhen, Guangdong Province, has a high level of digital economy development, an innovative and active financial industry and developed high-tech enterprises, which have laid a solid foundation for further research and development of the digital currency.

At the same time, from an economic perspective, the Guangdong-Hong Kong-Macao Greater Bay Area has a solid industrial economic foundation; From the financial perspective, the Guangdong-Hong Kong-Macao Greater Bay Area has advantages in not only domestic financial markets but also advantages in overseas financial markets. Secondly, China should strive to regionalize the central bank's digital currency. Our country should make full use of a large bay area of radiation ability, strengthen trade exchanges between China and ASEAN countries, strengthen investment cooperation between China and ASEAN countries, and build the perfect digital currency regional central bank cross-border payments. On the basis of the existing digital range of financial services to expand, thus promote further trade activities between China and ASEAN countries, and strengthen financial cooperation between China and other countries, especially in currency settlement, cross-border payment, currency conversion and market supervision. A cross-border payment system will also be able to continuously expand the scope of use, expanding towards "The Belt and Road Initiative" countries, and launch digital currency pilot activities in "The Belt and Road Initiative" countries, fully play the advantages of science and technology financial and digital financial, to promote science and technology financial and digital financial positive role in the Internationalization of RMB. So to speak, "The Belt and Road Initiative" is proposed and implemented, laid a solid foundation for the internationalization of the RMB, and also provides a good opportunity. Our country should take "The Belt and Road Initiative" as the main line in cooperation, and make full use of all kinds of financing projects, for example, the investment bank, the silk road fund, etc., to promote the circulation of RMB in the international market, The RMB can become the main settlement currency in the "The Belt and Road Initiative" countries, which is to promote the RMB from domestic to overseas, and gradually realize the process of regionalization.

Finally, our country should also make full use of the attributes of emerging economies which our country has, strengthen cooperation efforts with other emerging economies and use the strategy of "alignment and nonalignment" to promote the further development and circulation of RMB in the direction of internationalization.

Under the background of digitization, with the attributes of emerging economies, our country should also make effective use of financial technology and digital issue currency and promote financial cooperation efforts and monetary cooperation efforts between our country and other emerging economies. At the same time, establishing a unified payment system in BRICS countries and issuing digital currencies that can be settled, paid, and circulated within the member countries can effectively reduce the dependence of BRICS countries on the US dollar.

4. Conclusion

To sum up, the monetary form of multiple evolutionary courses. It shows that the monetary form will change constantly, and the main factor that promotes the change in the demand of human society. At present, under the background of digitization, central banks of various countries are constantly promoting the research and development process and issuance process of digital currency, which accelerates the initial formation of the digital currency system, and also promotes the further issuance and flow of digital currency in the international market. Obviously, suppose the digital currency system gradually matures. In that case, digital currency is likely to be popular in the international trade market due to its low cost and convenience, leading to further changes and innovations in the traditional international monetary system.

At present, China's central bank has an optimistic attitude towards the research and development of digital currency and the issuance of digital currency, and the accumulation of digital currency technology and digital currency research and development experiments increased the investment of capital and human resources, obtained good results, and then completed a series of work, for example, top-level design, standard formulation, function development and so on. Under the background of digitization, central banks of all countries have begun to develop digital currency actively, and it also suggests that digital currency will make inroads into cross-border payments in the following time, and the "breakthrough" in the international currency competition is likely to be the cross-border payment. China's central bank has developed and issued a digital currency to attract more potential foreign users and accelerate RMB internationalization. Therefore, after the issuance of digital currency, China's central bank should make full use of the Greater Bay Area, carry out experimental activities of digital currency in cross-border payment and trade settlement, give full play to the economic radiation ability of the Greater Bay Area, and promote the further development and circulation of digital RMB issued by China's central bank to overseas areas. At the same time, China can strengthen cooperation with "The Belt and Road Initiative" countries and BRICS countries to promote the regionalization of digital RMB.

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