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Letter: It's right to tread carefully with digital currencies | Financial Times

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From Daniel Aronoff, MIT Department of Economics, Cambridge, MA, US

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The FT is right to counsel central banks to proceed with caution in considering the possibility of issuing digital currencies ([FT View](#), August 18). It is of paramount importance that personal information disclosure be limited. The creation and preservation of a private realm is a foundation of liberty. It is something that oppressive rulers habitually attempt to undermine. More generally, the introduction of a radically new technology into the centre of our economic world should only be made with extreme care and preparation.

However, digital currencies are not hypothetical. They exist and they have potential to reduce the cost of transactions and to confer many other benefits. People and governments will experiment and deploy versions. A central bank that embraces digital currency may stumble and inflict harm on its citizens. Yet, it is certain that some central banks will develop the technology (China is far along the path) and their countries may gain a competitive and strategic advantage.

The US Fed and other central banks are wise to embark on the research that will keep them at the forefront of knowledge and, possibly, enable them to develop implementations that are safe and beneficial to the citizens of their countries.

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