

## **BILL ANALYSIS**

Senate Research Center  
88R16785 TBO-D

S.C.R. 25  
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Business & Commerce  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.C.R. 25 seeks to express the opposition of the 88th Legislature of the State of Texas to the creation of a central bank digital currency due to concerns about potential threats to privacy, financial stability, and increased vulnerability to intrusive federal oversight and security threats.

The United States Federal Reserve is exploring the potential benefits and risks of implementing a central bank digital currency, but it has not given sufficient consideration to key issues regarding privacy and cybersecurity.

A central bank digital currency (CBDC) is a digital form of money that is a liability of the Federal Reserve, rather than a liability of commercial banks. Retail CBDCs are issued to the general public, establishing a direct relationship between the Federal Reserve and consumers. This could lead to unprecedented levels of government surveillance and control over private cash holdings and transactions.

A number of global leaders have expressed concern about the threat of cyber risk to financial stability, and CBDC vulnerabilities could be exploited to compromise a nation's financial system; many CBDC proposals involve the centralized collection of transaction data, which poses major privacy and security risks, such as making it easier for intruders to access the data of more users. However, proposals that include strategies to minimize those risks often reduce transparency for regulators seeking to detect money laundering, terrorism financing, and other illicit activities.

The implementation of a CBDC would make countless U.S. citizens more vulnerable to intrusive federal oversight and security threats.

### **RESOLVED**

That the 88th Legislature, Regular Session, of the State of Texas hereby express its opposition to the creation of a central bank digital currency.