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Regulatory Perceptions of Central Bank Digital Currencies: A Qualitative Study of Financial Policy Stakeholders

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Abstract

Context and Objective

The emergence of Central Bank Digital Currencies (CBDCs) marks a significant paradigm shift in digital finance, challenging and redefining the dynamic between technology, regulation, and monetary security. The study examines the prerequisites for a CBDC, such as financial innovation, stability concerns, privacy and security concerns, and institutional capacity and focuses on the effect of regulatory perceptions.

Method

The study is based on the adaptive regulatory governance framework to understand how regulatory responses can help close the gap between digital financial transformation and successful CBDC adoption.

Results

The results reveal that, apart from technological readiness, there is a need for a combination of regulatory approaches that involve systemic risk management, public trust, and institutional capacity in the implementation of a CBDC.

Conclusion

The study helps to fill the gap in knowledge about governance mechanisms needed for sustainable and resilient digital financial transformation.

Keywords

Central Bank Digital Currency; Digital Financial Transformation; Regulatory Governance; Financial Innovation; CBDC Readiness

1. Introduction

Monetary systems are digitalising rapidly and there is some doubt about the nature of monetary systems needed in a global, technologically-enabled economy. The revolution in financial technology and digital payment platforms, in distributed ledger technologies and in mobile banking, has accelerated the transition to cashless payment methods, and dramatically changed the payment efficiency, financial inclusion and monetary innovation expectations (Ahiabenu, 2022). Central Bank Digital Currencies (CBDCs) are thus a significant policy development. CBDCs differ from traditional fiat money in that they can be used in the same manner as fiat money, but instead of being issued and controlled by private entities, central banks are responsible for their issuance and management. CBDCs will be digital sovereign fiat money, issued by the central bank and function just like fiat money, except that they will not be issued by any private entity. Many countries have been seeking to understand the potential of CBDCs in modernizing payments, enhancing financial sovereignty and increasing financial inclusion and deter private digital currency (Ahiabenu, 2022). The emergence of CBDCs is not only a technological evolution, but also a sign of the discussion on the financial governance and regulatory framework in the world. There are quite significant differences between countries regarding institutional capacity, legal frameworks and policy agendas, and the way they approach the development of a CBDC is very different. The design, implementation and oversight of a CBDC is thus dependent on the significance of regulatory bodies (Chou et al., 2022). They are required to make decisions which will be related to innovation in financial power, information systems security, consumer protection, privacy and legal responsibility. It is therefore important to have a grasp of the opportunities and risks financial regulators envision with a CBDC, to be able to communicate variations in national CBDC strategies and governance models (Dashkevich et al., 2020). Although the research on CBDCs has increased significantly, most studies are focused on technological architecture, monetary policy, financial inclusion, efficiency of payments and cyber security. The perspectives of financial policy actors who want

to regulate and/or utilize CBDCs have received little attention (Dow, 2019). While institutional acceptance and governance capacity is essential for successful implementation of innovations, there is a lack of matching technological innovation and decisions on regulation.

Financial regulators are situated in intricate institutional contexts that have multiple policy aims, obligations, and where the policy-making process is influenced by the stakeholder expectations (Fahad & Bulut, 2024). Consequently, in the end, limited awareness exists around opportunities and risks from CBDCs, or around the priorities of regulation and how this impacts implementation pathways. This is especially important to fill this gap in creating comprehensive laws to allow for safe and sustainable digital currency systems. While the economic, technological and legal aspects of CBDCs are widely discussed, primarily, there is limited research that undertakes a qualitative analysis of regulatory perceptions (Genc & Takagi, 2024). The existing literature research has not comprehensively explored the problems, needs for governance, and perceived readiness to implement these institutions by central bankers, financial regulators and policy makers (Horváth, 2023). Moreover, most research is focused on the functioning of the regulation and institutional logic is not of primary interest. Compared with the above, this research has a multi-perspective approach, analysing the regulatory perception, which is a combination of the Institutional Theory and Regulatory Governance Theory, and which will give a stakeholder-based perspective on the governance and regulatory readiness of CBDC (Jabbar et al., 2023). This study is designed to examine the opportunities and risks that financial policy makers perceive in Central Bank Digital Currencies (CBDCs), to understand the key regulatory challenges that can affect the implementation of CBDCs and to develop a theoretical understanding of the institutional factors that can affect regulatory readiness for CBDCs and the role of governance priorities in shaping the regulatory decision-making process.

RQ1: How do financial policy stakeholders perceive the opportunities and challenges associated with Central Bank Digital Currencies?

RQ2: What regulatory concerns and governance

priorities influence stakeholder attitudes toward CBDC implementation?

RQ3: How do institutional factors shape regulatory readiness for the adoption of Central Bank Digital Currencies?

This work builds on the body of know-how on CBDCs by combining two theories, Institutional Theory and Regulatory Governance Theory, to shed light on the role of institutional pressures and governance priorities on the regulatory perceptions. It's a stakeholder-centred and qualitative approach to the regulatory decision-making process which will provide a deeper understanding of the process than technology-based studies provide. The results offer regulators around the world, such as Central Banks, financial authorities, and policy makers, a ground for making evidence-based recommendations for designing adaptive policies to innovate, stabilize and reinforce people's trust in the financial system, while also ensuring effective governance and implementation of Central Bank Digital Currencies.

2. Literature Review and Theoretical Framework

2.1 Evolution of CBDCs and Regulatory Transformation

Central Bank Digital Currencies (CBDCs) are an important step in the evolution of monetary systems and financial governance. With the maturing and growing adoption of digital payment technologies, and the continued strong growth of cryptocurrencies and stablecoins, the central bank-dominated money issuance and payment systems are experiencing difficulties. The real launch of Bitcoin in 2009 proved that you can have a digital currency which isn't regulated by a middleman, and development in the area offered opportunities and threats to digital assets developed by private companies (Kayani & Hasan, 2024). Since then, central banks started to consider the concept of digital currencies, keep monetary sovereignty and enhance efficiency of payments, while safeguarding financial stability in a digital economy. The distinction between cryptocurrencies and CBDCs is that the central banks issue them, regulate them and "back" them. CBDCs are not cryptocurrencies since they are backed, issued and

regulated by the central bank. They are part of a larger process of modernisation of financial systems, but do not pose any threat to the effectiveness of monetary authorities' control of money and payment systems (Khan et al., 2023). Over the past decade, central banks have made more concrete steps, starting with discussions, piloting, and then implementing it, in recent years. It's not just about switching over from the old-style monetary management to the financial governance that's digitally supported. As a result, the introduction of CBDCs is a key topic of discussion on the future of money, financial innovation, and regulatory adaptation (Ma et al., 2022). With the growing interest on the development of CBDCs has also come a new set of regulations. The issue of privacy, cyber security, anti-money laundering and operational resilience compliance are becoming more commonplace issues in policymakers' minds and interoperability of systems is becoming more of a cross border issue. This is because CBDCs are not only technological solutions, but institutional changes which require a wide institutional framework that will achieve a balance between innovation and stability. So the creation of CBDCs can be understood as one type of digital transformation leading to a transition in the nature of monetary policy and the regulatory framework.

2.2 Global Regulatory Perspectives on CBDCs

The approach taken by governments and central banks towards CBDCs differ in some respects, reflecting the differences in institutional capabilities and economic priorities/regulatory philosophies. The Digital Yuan initiative is being developed by China to make payments more efficient, to improve control of the monetary system and to minimize the reliance on private payment systems, making China a global leader. Likewise, the EU has begun talks about implementing the Digital Euro, allowing the EU to have monetary sovereignty and to simplify payments. A key principle for the e-Krona project in Sweden was to change attitudes by paying cash and to ensure that central bank money is accessible to the public. In Sweden, the e-Krona project is based on the fear of the waning usage of cash, and access by central banks. The USA is playing the game more slowly, though, as they study the issue, consult the

stakeholders and place the regulations “on the regulatory table” before implementing them on a broad scale (Ogunmola & Das, 2024). The United Kingdom also gave a great emphasis on pilot projects and experimentation in the regulations to evaluate the operational and economic effects. Developing countries on the other hand, including Nigeria and The Bahamas, have launched digital currencies to provide more financial services to their citizens and to enable financial inclusion. The different experiences emphasize the technological nature of adopting a CBDC, as well as its reliance on national priorities in terms of the regulatory framework. Some jurisdictions focus on the efficiency and innovation, others on privacy, financial stability, or monetary sovereignty (Opore & Kim, 2020). This means that regulatory attitudes and views are also significant factors to take into account when developing implementation strategies and their actual speed of adoption for CBDC. This is significant as it is crucial to understand the perceptions behind such differences in regulatory readiness between jurisdictions in order to be able to provide explanations.

2.3 Financial Policy Stakeholders and Institutional Decision-Making

Financial policy stakeholders are the first players to consider, regulate and implement the initiatives of CBDC. The entities consist of central banking institutions, financial regulations, ministries of finance, commercial banking institutions, payment service providers and international financial entities. Together, the collective decisions to make shape the governance framework for the development and deployment of CBDCs. The institutional decision-making process is interwoven with the design of a CBDC and the multiple and sometimes conflicting objectives must be taken into consideration. Central banks are concerned about monetary stability and innovation; financial regulators are concerned about consumer protection, integrity of the financial market and systemic resistance (Radic et al., 2022). Commercial banks may express fears of possible ‘disintermediation’ and withdrawal of deposits and policy makers may be interested in general economic and development outcomes. Hence, regulatory decisions are the outcome of (inter)

actions with different institutions, different interests and responsibilities. Coordination and consensus of the stakeholders and institutional coordination are, therefore, essential to the success of the CBDC efforts, as well as the technological infrastructure. The perception of risk affects the way to approach risk assessment, risk prioritization for governance and implementation strategies. In these beliefs a sense of institutional dynamics which enables governance of digital currency can be developed. Such perceptions can be analysed to gain insights into institutional dynamics that are fostering digital currency governance.

2.4 Opportunities and Regulatory Challenges

A CBDC has captured the interest of the policy and financial regulatory community for the potential benefit it can bring. One of the most common advantages that are frequently cited is an improvement in payment efficiency that enables speedy, secure and cost-effective transactions. The other advantage of the adoption of CBDCs could be financial inclusion that involves providing financial services to groups that are under-represented or not at all represented in the formal financial system. Additionally, they can strengthen monetary sovereignty by ensuring the central banks retain control of the issuing of their currencies, despite the increasing competition from private digital currencies. However, when it comes to CBDCs, there are questions of regulation that are relevant which cannot be ignored. One of the most discussed topics is privacy as electronic currencies could enhance the authorities’ ability to track financial transactions. Similarly, the risks posed by cybersecurity are also important to operations continuity and public trust. Financial regulators also need to tackle anti-money laundering and counter-terrorism financing rules and make sure that they meet data protection requirements. The other major issue is that of the effects of any CBDC on commercial banking systems (Ronaghi, 2022). The mass migration of deposits from the commercial banks to digital wallets backed by a central bank is likely to shake the existing financial intermediation structure and have impact on financial stability. Moreover, the issue of cross-border interoperability brings up legal and regulatory complexities, such as jurisdiction, data

governance, and international cooperation. The challenges highlight the need to have a regulatory environment that will be adaptable and innovative, and will be financially sound.

2.5 Theoretical Framework

The study takes the perspective of complementary theories of Institutional Theory and Regulatory Governance Theory for examining regulatory perceptions of CBDCs. The organizational behavior (Institutional Theory) is affected by decision making and policy making processes, which are influenced by external factors. These pressures are typically called “coercive pressures,” “normative pressures,” and “mimetic pressures. Legal, governmental and international regulatory requirements are types of coercive pressure. Normative pressures are those that are derived from professional norms, communities of experts and institutional good practice. Mimetic pressures are when organisations imitate policies

or practices from other similar organisations that are deemed to be successful (Silva & Mira da Silva, 2022). For CBDCs these pressures force regulators to reconsider their risk perception, the evaluation of the opportunity, and their decision on implementing the CBDC. In addition there are principles of transparency, accountabilities, legitimacy and effective oversight in the policy-making process as part of the regulatory governance theory. It is a theory that claims the role of the regulatory institutions is to reach a balance between innovation and public interest goals, with a mechanism of governance by the government that builds trust and is efficient in the functioning of institutions (Soana & de Arruda, 2024). The implementation of regulatory governance affects how the private aspects, financial security risks, cyber security threat and expectations of stakeholders are handled in the context of a CBDC. When considered in combination, these theoretical frameworks can be used to gain a more comprehensive understanding of the impact of institutional pressures on perceptions of the regulatory process and preparedness for implementing governance priorities.

2.6 Conceptual Framework and Research Propositions

The above theoretical discussion suggests that the most important driver of preparedness for a CBDC is the regulatory perception, which is the mechanism through which institutional pressures affect the preparedness for a CBDC. For financial policy players, the institutional environment of policy requirements, professional norms and learning processes of policy making and implementation offer legal opportunities and challenges. These perceptions then influence the risk assessment / governance agenda and thus the decision making process of the regulatory decision maker. The study revealed that the greater the importance of the institutional “pushes” the greater the importance of the perceptions of the regulatory “pushes” in the governance of CBDC. Additionally, the role of governance priorities of financial stability, transparency, accountability and public trust is shown to be a mediator between regulatory perceptions and implementation readiness. The framework offers an analytical lens for the stakeholders in financial policy to analyze opportunities and challenges they perceive

Conceptual Framework of Regulatory Perceptions toward CBDCs



and see in the financial policy space on Central Bank Digital Currencies.

3. Methods

3.1 Research Design

The current study used the qualitative approach as a research design and a qualitative document analysis (QDA) was used to analyze the perception of the stakeholders of the financial policy of financial policy on Central Bank Digital Currencies (CBDC). The qualitative approach was chosen as a strategy to allow an in-depth examination of the

institutional perspectives, institutional priorities in governance and institutional regulatory reasoning in official policy documents. The qualitative document analysis approach was mostly used for analyzing the content of documents systematically created by the regulatory institutions while the quantitative approach was used for measuring the relationships between variables. The study, therefore, looked at documental sources which have become available and were employed to document the financial policy stakeholders’ perception of the opportunities, risks and governance concerns for the implementation of CBDC.

Table 1. Research Design

Component	Description
Research approach	Qualitative
Research design	Qualitative document analysis
Data source	Secondary documentary evidence
Unit of analysis	Official policy and regulatory documents
Analytical technique	Thematic analysis
Research focus	Regulatory perceptions of CBDCs

3.2 Data Sources and Document Selection

The central bank, international financial institutions, financial regulatory and government institutions (secondary qualitative data) documents were gathered and analyzed from 2019-2025. These included policy frameworks and discussion papers, annual reports, speeches, regulatory guidelines, working papers and strategic reports as well as CBDC consultation papers. The other evidence sources include Bank for International Settlements (BIS) publications, International Monetary Fund (IMF), World Bank, Organization for Economic Co-operation

and Development (OECD) publications and peer-reviewed academic papers found in Scopus and Web of Science. Documents were deliberately selected to reflect the documents required to be analyzed as they were relevant and credible. Only documents that explicitly referred to the issues of CBDC governance, regulation, institutional perspectives, financial stability and implementation issues were included. Documents that were duplicated, opinion pieces, news articles and documents that did not have substantive regulatory discussion were not analyzed.

Table 2. Inclusion and Exclusion Criteria

Inclusion Criteria	Exclusion Criteria
Official policy documents	News articles
Central bank reports	Blog posts

Regulatory consultation papers	Duplicate documents
International institutional reports	Commercial opinion pieces
Peer-reviewed journal articles	Documents unrelated to CBDCs

3.3 Data Analysis

Thematic analysis was used to analyze the collected documents, as described by Braun and Clarke (2006) which allowed a systematic approach to finding (multiple) themes in different documentary sources. Firstly, the documents chosen were read several times to familiarize oneself with the data. The statements were then grouped into meaningful statements pertaining the regulatory perceptions, institutional priorities, governance concerns, financial stability, privacy, cyber security, innovation, and preparing for implementation. These codes were then

aggregated into higher-order codes and then further categorised into higher order analytic codes with a shared regulatory institutional perception. Themes were constantly cross checked with the documents in order to ensure an analytical consistency and conceptual consistency. The results were analyzed while maintaining a focus on the original policy texts, and also incorporating the lens of Institutional Theory and Regulatory Governance Theory to improve the analysis of the effects of institutional pressures and governance priorities on the perceptions of CBDCs.

Table 3. Analytical Framework

Analytical Stage	Purpose
Familiarization	Repeated reading of documents
Initial coding	Identification of meaningful regulatory statements
Category development	Grouping related codes
Theme generation	Development of overarching themes
Theme refinement	Validation and consistency checking
Interpretation	Theoretical interpretation of findings

3.4 Trustworthiness and Ethical Considerations

To make the study more credible, the study chose the reliable sources of documents, transparent including process and a structured thematic analysis procedure to increase the trustworthiness. The data from the sources of central bank publications, international financial bodies, regulatory publications and peer-reviewed literature were used, which helped to achieve data triangulation and to minimize the use of the data that only came from a single institutional point of view. Furthermore, the interpretation, applying an analytical framework used in the past, was uniform and more well-grounded. There was no primary data collected and all the data that were used were secondary (qualitative) data, publicly available

documents and documents not collected therefore no ethical approval was needed. No informed consent, anonymity or participant confidentiality risks or human participants were involved in the research, nor was there any confidential information. All documentary evidence however, was interpreted in a neutral way and reported in an objective manner with the aim of maintaining academic integrity and methodological transparency.

4. Results

The following five themes emerged from the qualitative document analysis: (1) CBDCs are financial modernization tools, (2) issues of financial stability and financial institution disruption, (3) governance issues

around privacy and cybersecurity, (4) institutional coordination and (5) the need for adaptive governance systems. Again, Themes revealed that financial policy makers were not only focused on the technology, but also on the need to balance innovation and stability, and citizens' trust in CBDC.

Theme 1: CBDCs as Instruments of Financial Modernization and Monetary Innovation

The analysis revealed that regulatory documents always included the idea of CBDC as a means to modernize payment systems and enhance the efficiency of financial infrastructures. Central banks pointed out that a digital currency could enhance the speed of transactions, reduce transaction costs, make transactions more accessible and promote innovations in domestic financial systems. In special, advanced and emerging economies, they highlighted the role of CBDC as "strategic" solutions to the tendency of physical cash to go out of use, and the rise of private digital payment platforms. A connection between regulatory stakeholders and the notion of having monetary sovereignty regarding CBDCs was also confirmed in the survey responses (Solberg Söilen & Benhayoun, 2021). When cryptocurrencies and privately-produced cryptocurrencies rise to the forefront, there is often a debate as to whether or not traditional monetary governance is a problem. This resulted in a perspective that CBDCs could be used to help central banks maintain control over payment systems and that they would be flexible to technology advances.

Theme 2: Financial Stability Risks and Institutional Disruption

A second dominant theme was on the potential risks associated with the creation of CBDCs on financial structures. A concern about disintermediation of commercial banks, migration of deposits and changes of traditional financial intermediation models was one of the most often cited problems in the regulatory documents. The stakeholders agreed that they may be able to alter the relationship of commercial banks and consumers with central banks in the future as they are used on a widespread basis. Consequently, it is suggested that the regulators pursue strategies with caution, including tiered access and controlled

pilot programs, and setting transaction limits. The strategies were based on the institutions' attempts to reap the rewards of the CBDC without facing the challenges to financial stability.

Theme 3: Privacy, Cybersecurity, and Data Governance Challenges

The issues that were highlighted in the selected documents as important regulatory issues were privacy and cyber security. Stakeholders identified two issues: a need for transparency in transactions for anti-money laundering purposes, and a need for personal financial privacy. Data trails abound with a digital currency and pose questions of surveillance, misuse of financial data and public trust. Furthermore, the successful launch of a CBDC was seen to be facing cybersecurity issues (Tronnier et al., 2023). Regulators highlighted the need for robust digital infrastructure, secure authentication systems and robust risk management frameworks, which all have a key role to play in the security of the CBDC ecosystem.

Theme 4: Institutional Coordination and Regulatory Capacity

The results showed that it was essential to coordinate multiple financial and governmental institutions in developing a CBDC. The documents emphasized the role of the collaboration between central banks, financial regulators, technology providers, commercial banks and international organizations for the successful implementation. The analysis has shown that one of the most important factors determining the CBDC maturity is the institutions' ability. The acquisition of confidence in developing CBDC projects was more observed with states having strong financial governance frameworks and policies and also good digital infrastructure. Low institutional capacity, on the other hand, was linked to slower implementation and higher degree of regulatory uncertainty.

Theme 5: Adaptive Regulatory Governance for Sustainable CBDC Implementation

The importance of flexible and adaptive regulatory frameworks was highlighted in the last theme, which was focused on the rapidly evolving digital

financial landscape. Stakeholders emphasized the need for flexibility in regulating a CBDC, basing its regulation on a continuous assessment approach and policy experimentation, and also internationalizing the process. The findings showed there is a need for a balance between technology innovation and regulatory legitimacy in effective governance of a CBDC. The institutional trust, transparency, accountability and engagement of stakeholders was identified as the key enablers of sustainable adoption of CBDC.

opportunities, institutional pressures and governance needs had an impact on the regulatory attitudes and perceptions on CBDC. The analysis revealed that most of the financial policy actors found CBDCs useful, in terms of modernizing monetary systems and enhancing digital financial infrastructures, and that a successful launch of CBDCs will rely on the efficacy of financial policy institutions in addressing the new challenges of financial stability, privacy, cybersecurity and institutional coordination. The results are also a contribution to the ongoing research on CBDCs, as the institutional and regulatory mechanisms that affect digital currency governance are analysed instead of the technical feasibility of CBDCs (Truby, 2018). The results validated the relevance of Institutional Theory as they showed that several institutional pressures had an impact on regulatory approaches towards CBDCs. This need for central banks to set up appropriate governance mechanisms has been brought about by the legal requirements, the international regulatory needs and the monetary policy roles placed on central banks. Normative pressures were evident in the expectations that were set by professional standards, international financial institutions and the regulatory community on the development of a responsible CBDC. In addition, there were cues from the mimetic pressures as jurisdictions kept track of and followed practices and approaches used by the most prominent CBDC projects. This meant that besides technological capability, institutional learning and policy diffusion also influenced the decision for the adoption of CBDC. Additionally, the study underlined the significance of Regulatory Governance Theory (RGT) as a key factor to emphasize the importance of transparency, accountability and legitimacy in the implementation of a CBDC (van der Linden & Shirazi, 2023). It is acknowledged that digital currencies could offer various advantages to the society including efficiency in payments, financial inclusion and monetary sovereignty etc., but also said that public trust will be required to facilitate the uptake of digital currencies. The results indicated that the regulatory legitimacy would rely on institutions establishing institutional structures that would foster financial stability but at the same time be conducive to innovation. Therefore, the launch of a CBDC is a governance question, rather than just a

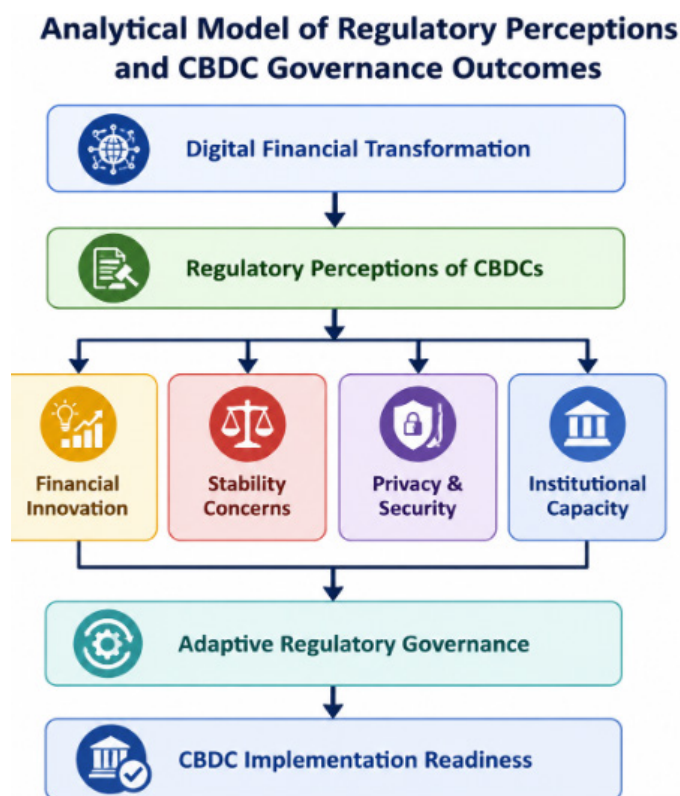


Figure 2. Analytical Model of Regulatory Perceptions and CBDC Governance Outcomes

In general, the results suggested that the acceptance of the CBDC regulatory hurdles and opportunities was a negotiation process. The stakeholders' application of the term 'transformative' revealed CBDCs as a transformative form of financial instrument but also underlined the importance of the readiness of institutions, the effectiveness of the regulation and the building of trust.

5. Discussion

This study suggested that all technological

technological one. This study has important policy implications, as follows. First, central banks and financial regulators should be flexible in regulating the financial market, so as to reflect the technological progress, while keeping the financial and monetary stability (Wronka, 2023). It is essential to have a step by step approach to experimentation, pilot projects and continuous monitoring arrangements, rather than enforce strict systems of rules. Secondly, the regulators need to enhance the coordination of the institutional framework between the central banks, financial authorities, the technology providers and commercial financial institutions to tackle the challenges of the operation and governance of the system successfully. Thirdly, privacy protection and cybersecurity should continue to be key pillars of any CBDC strategy as confidence of the public is a primary need for the acceptance of digital currency. Hence it is important that policies define clear guidelines on data governance with a balance between the amount of regulatory oversight and privacy of individuals.

The results also hold true for developing economies, where the introduction of CBDCs can improve financial inclusion, yet which have a need for better digital infrastructure, digital cybersecurity readiness and the capacity of the regulatory environment. The context-dependent approach should be taken when considering whether or not an emerging economy should adopt a CBDC, while technological competition is not a motivator to do so. Although this work is positive but there are some drawbacks of the present research work which can further guide research work in the future. The analysis focused on the documentary evidence and thus on the perspective of the institutions (as they are shared in the official publications) and not on the perspective of the individual financial stakeholders and/or the financial policy makers (Yağcı, 2018). Interviews or surveys with regulators, banking executives and technology experts could be taken into consideration in future research, giving an in-depth look at decision-making processes based on their insight. Second, it was possible to compare the differences between developed and developing economies and to see the effects of this on the governance of a CBDC in the future. Third, the regulations need to be tested for their acceptance as the CBDC pilots are rolled

out to broader adoption longitudinal studies are needed. The overall findings of this study were that the successful governance of the CBDC must achieve a balance between the technological innovation, institutional and institutional adaptation, and regulatory legitimacy. Further studies are needed to gain a deeper understanding of the development of these digital monetary systems via governance models to build secure, inclusive and sustainable digital monetary systems.

6. Conclusion

The study was conducted using a document analysis method which is a qualitative approach that examined the regulatory environment's regulatory understanding of the opportunities, challenges and governance aspects of digital sovereign currencies. The results highlighted that CBDCs were not just viewed as a technological innovation, but also as an important institutional change that must be accompanied by effective regulatory adaptation. The analysis highlighted various key issues and potential challenges that must be resolved to effectively implement CBDCs, such as financial stability, privacy concerns, cybersecurity, and institutional coordination. The study builds upon the previous research and combines two theories: Institutional Theory and Regulatory Governance Theory to understand the institutional pressures and governance priorities that give insights into CBDC readiness. The findings of the study emphasized that developing flexible frameworks, bringing in diverse stakeholders and ensuring the presence of good governance is necessary to ensure the continuity of the development of CBDC. Applying the findings and experience in practice, the importance of finding the right balance between adapting existing regulation, involving all stakeholders, and having a robust governance structure was highlighted as crucial for the sustainable development of CBDC. The use of secondary documentary data was another drawback of the study that excluded a first-hand look at the stakeholders' experience and decision-making process. Empirical research techniques like interviews and comparative cross-country studies could be used in future studies for a better understanding of regulatory perceptions in the implementation of a

CBDC. Lastly, the study emphasized the need for a balanced approach between technological innovation and institutional capacity and regulatory legitimacy for an effective governance of a CBDC.

Declarations

Author Contributions

The authors equally were solely responsible for the conceptualization, research design, methodology development, data collection, data analysis, interpretation of findings, manuscript preparation, critical revision, and final approval of the submitted version.

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Conflict of Interest

The author declares that there are no conflicts of interest, financial or otherwise, that could have influenced the research design, data analysis, interpretation of findings, or preparation of this manuscript.

Data Availability Statement

The data supporting the findings of this study are available from the corresponding author upon reasonable request, subject to ethical and confidentiality restrictions.

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