

The Path of RMB Internationalisation in the Context of Digitisation

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Abstract: Digital RMB is a product of China's economic development, with high efficiency, low cost, security and convenience, which is conducive to promoting the development of digital currency and accelerating the construction of digital China. The construction of the internationalisation path of digital RMB is conducive to improving the status of RMB in the international arena and promoting the internationalisation of RMB. In the process of the development of the digital RMB, its application scenarios were initially only in the field of public services on a trial basis, but now it has been expanded to residents' daily life consumption scenarios, so it is only a matter of time for the digital RMB to be popularised in the domestic market and then to be internationalised. This paper starts from the value connotation of digital RMB itself, combines with the current development of RMB internationalisation, and carries out in-depth research and discussion on the internationalisation path of digital RMB.

Keywords: Digital RMB; Internationalisation Path; Internationalization of the RMB; The Value of the Digital RMB

1. Current Status of The Development of The Digitised RMB

In recent years, with the full popularity of the Internet and the rapid development of new technologies such as mobile payments, cloud computing and blockchain, a new type of currency, digital currency, has been born. Like the evolution of paper money, the innovation of electronic payment methods has made economic operations more efficient and convenient and brought about entirely new economic interactions.

1.1 Overview of The Digital Renminbi

Digital RMB is a legal tender issued by the People's Bank of China in the form of numbers, and the value of banknotes and coins as cash payment certificates will circulate in the market for a long time, in 2014, the People's Bank of China launched a special study on digital currency, and by the end of 2017, it had basically completed the top-level design of the digital RMB system, and since 2019, the digital RMB has started to pilot test in some cities and regions one after another, and so far the "digital RMB" APP has been put into the market and developed a variety of application scenarios. Since 2019, the digital RMB has been tested in some cities and regions, and so far the "digital RMB" APP has been put into the market, and a variety of application scenarios have been developed, which are supported and loved by people^[1]. Legal tender digital RMB is not the so-called electronic cash, but still belongs to the category of M0. It is a form of currency issued by the central bank using sophisticated digital technology, and its function is the same as that of the traditional currency, and its non-physical characteristics have not deprived it of its proper monetary function^[2]. The advantages of digital RMB over traditional RMB are its convenience, security and flexibility. Its development relies on national credit and has equal legal effect with traditional currency, while simplifying the link of cash payment, making finance direct in a faster and more flexible way, promoting the coordination of fiscal policy and monetary policy in an orderly manner, and meeting people's daily monetary needs, and its digital features better promote the development of China's digital economy, and at the same time, the issuance of the digital RMB is also conducive to the expanding domestic demand, forming a new pattern of digital payment, and contributing to the international development of digital RMB^[3].

The digital RMB is a legal tender, with a real-name wallet system, a loss function, a stable value, and a high degree of effectiveness and security. It adopts a two-tier operation system, not directly issuing or directly exchanging to residents, but letting the designated operating organisations be the intermediary to complete the exchange process, and like the banknote issuance and operation system, it will not break the balance of the existing financial system, nor will it compete with the traditional currency operation model^[4]. Based on the broad account system, any identifier that can become a personal identification can become an account, such as face, car licence plate number, mobile phone number, etc. It supports loose coupling of bank accounts and opening of digital RMB accounts, which helps the development of universal finance. It supports dual offline payment and multiple terminal options, so that payment can be made even if there is no network and no smartphone, and it adopts smart contract technology with peer-to-peer delivery, which has high traceability and avoids the possibility of interception and theft. In general, compared with traditional currencies, digital RMB makes payment more convenient, improves the efficiency of currency use, and saves issuance costs; compared with the third-party payment APP, it can meet the demand for payment without network or some specific places with restrictions, break the transaction barriers set by the third-party payment for competition, and make payment more conveniently, which is universally beneficial; compared with the ordinary virtual currencies, it has a national credit guarantee. In theory, there is no risk of loss of property due to the bankruptcy of commercial banks, which is more legally guaranteed^[5].

1.2 Application Scenarios of Digital RMB

1.2.1 Application of Digital RMB In Life Consumption Scenarios

Since its piloting, the digital RMB has penetrated into a variety of consumer scenarios, and has now covered a number of offline consumer scenarios, including retail transactions, catering services, transport and travelling, payment of living expenses, leisure and entertainment, shopping and consumption, travel and tourism, and hotel accommodation. In terms of transport and travel, pilot areas

have applied digital RMB to buses, coaches, subways and other travelling scenes, and some cities have also joined hands with the Meituan APP to realise the use of digital RMB to ride shared electric cars or bicycles. In the field of cultural tourism, a number of scenic spots and museums have cooperated with digital RMB to drive the application of digital RMB with the help of cultural tourism consumption. In the housing rental scenario, digital RMB has been used in payment scenarios such as housing loan repayment, rental tax payment, housing rent or deposit payment. In investment and financial management, digital RMB has been introduced for purchasing financial products, online insurance, and settlement of paid financial services. In addition, digital RMB is also used in healthcare, campus consumption, government services, etc. These direct-to-consumer consumption scenarios generally use the digital RMB APP to connect to major banks, open digital RMB wallets and cover consumer platforms such as Tmall Supermarkets, Suning Tesco, Hungry's, etc., to help users complete the consumption of digital RMB. C-terminal products, also known as 2C products, are products that target end users or consumers, end-users or consumers, and often take on the task of attracting and converting traffic^[6].

1.2.2 Application of Digital RMB In B-Side Consumption Scenarios

While the C-end consumption scenarios are increasingly covered, in the pilot areas, the relevant platforms are also actively promoting the extension of the application scenarios of digital RMB from the C-end to the B-end to provide payment convenience for enterprises and merchants^[7]. Among them, Xiongan and Changsha have successfully realised digital RMB for corporate tax payments; Hainan and Dalian have successfully used digital RMB for port deliveries and e-commerce settlements by combining their regional advantages; and Shanghai has launched digital RMB insurance policies. In addition, digital RMB has also been applied to B-to-B trade business, with Jingdong using digital RMB to pay for goods to its suppliers, and the National Energy Materials Company completing B-to-B online payment with digital RMB through the "National Energy e-shopping" platform^[8].

1.2.3 Application of Digital RMB in Specialised Consumption Scenarios

The upgrading of payment services is conducive to the improvement of the universal financial system, and the combination of digital RMB with the "Three Rural Areas" project has helped revitalize the countryside. Pilot regions have applied digital RMB to agricultural products through the model of "government + bank", and launched hardware wallets to enable farmers to settle digital RMB payments with the help of electronic products. Hardware wallets have been introduced in the pilot areas, allowing farmers to settle their RMB transactions with the help of electronic products. Saving money production and circulation costs is a prerequisite for the development of green finance, and the application of digital RMB in low-carbon consumption scenarios promotes the development of a green and low-carbon economy. In 2021, Meituan, in cooperation with a number of banks, will launch a "carbon neutral" public welfare themed digital RMB pilot activity, in which low-carbon cycling with digital RMB can enjoy preferential treatment. Once the campaign was launched, it was so well received that Meituan expanded the scope of the incentives to include digital RMB in a variety of scenarios, such as ordering takeaways, booking bus tickets, and Meituan Preferences. In the same year, the People's Bank of China (PBOC), in conjunction with international central banks and the Bank for International Settlements (BIS), conducted a technical feasibility test of cross-border payments in digital RMB, and completed the validation of cross-border payment implementation in the same year^[9].

1.3 Advantages of Digital RMB

Compared with the app issued by commercial banks digital RMB is more convenient and fast, despite the download of the bank's app, but still have to rely on the bank account I have and the relevant payment platform provided by the bank, but the digital RMB app is more like a wallet compared to the commercial bank's, while the digital RMB is the money contained in the wallet, you want to make payments or transfers just use the app, no need to go through more cumbersome steps like the commercial bank app, without having to go through more cumbersome steps. And in the long run, with the development of digital technology, all commercial bank apps will

integrate the functions of the digital RMB, and after various integrations, their ability to transfer money may even surpass WeChat Pay as well as Alipay.

Compared with WeChat, Alipay and other third-party payment tools, the former is equivalent to the money and wallet complex, while the latter only has the function of the wallet, want to pay the need to put money inside, so it can be seen that compared with these third-party settlement tools, the use of digital RMB is more convenient, first of all, it is the legal tender issued by the central bank, the payment is on the absolute authority of the payment, and the effectiveness of the payment and banknotes do not have any difference. Secondly, digital RMB can be used directly without relying on a third-party APP. using WeChat, Alipay and other third-party payment tools, you must use a third-party APP, and you must first bind a bank account, and you can only use it after transferring money from your bank account; digital RMB is more secure than third-party payment platforms. People need to provide a variety of privacy permissions when using WeChat or Alipay to make payments, and these party payment tools are controlled by the developer, can always understand the user's personal information, but also at any time to block the account, resulting in the user can not be used in a specific period of time, such as problems, and due to third-party, the complaint may also be rejected, if the fraud third-party platform also does not have the power to provide the appropriate effective legal measures. In contrast, the digital RMB is issued by the central bank, and user information is held entirely by the central bank, not by a third-party company. Although the digital RMB is anonymous, it can be traced back to the source, even in the event of fraud, based on a clear path of payment transfer, you can recover the money; does not rely on the network is the absolute advantage of the digital RMB relative to third-party payment platforms, which can be used to pay by NFC, any smartphone has the function, in the absence of the network or the network signal is poor in the space, the use of the digital RMB can be convenient to complete the payment, and if the payment apps like Alipay and WeChat, which must rely on the internet, are difficult or even impossible to complete payments.

Currently, the vast majority of people do not

know about digital RMB, or even know that digital RMB has been issued, and are already accustomed to using WeChat and Alipay. Compared to these well-developed third-party payment tools, it will still take a certain amount of time for digital RMB to be accepted by the majority of people. Although people can convert their bank card money into digital RMB, digital RMB does not accrue interest in the central bank's app, which makes digital RMB less competitive compared to Balance Treasury and Zero Money.

Compared to other digital currencies, the digital RMB is essentially a legal tender introduced by our government, and all transactions are traceable, which effectively prevents money laundering, theft and other crimes. Digital RMB is applicable to all types of transactions of any amount and has the same legal effect as banknotes and coins. The digital currency represented by bitcoin are not issued by the government, they are decentralised non-statutory currencies issued by enterprises based on blockchain technology, although called bitcoin but its essence is a digital asset, not a currency, compared to the currency bitcoin is more like a marketable security, which often skyrocketed or plummeted, and holding the digital currency may produce huge gains, but it may also bear a greater risk. Although it is a virtual digital currency, its quantity is also capped and can only be owned through mining or trading, and in the event of a quantum computing hegemony, Bitcoins are likely to be mined out in a short period of time. Due to the high price and technical complexity of this digital currency, it cannot be used for everyday transactions, thus making Bitcoin a haven for commodities and money laundering criminals. Bitcoins are decentralised and stored in mobile phones, computers, hard drives or other digital storage tools, and once the storage tool is lost or the storage password is leaked, this digital currency is immediately transferred away, and because the digital currency is temporarily in the black and white zone, it is difficult to trace and recover it once it has been stolen^[10].

2. Current Status of the Internationalisation of the RMB

The internationalisation of the RMB refers to the process by which the RMB is able to circulate abroad across national borders and become a universally recognised international

currency for valuation, settlement and reserves. Analysed from a static point of view, the internationalisation of the RMB is a result and a state of using the RMB as an international currency; analysed from a dynamic point of view, it is the whole process of the RMB's functions as a measure of value, a means of circulation, a means of payment, and a representative of social wealth being brought into play all over the world.

2.1 Cross-Border Trade Settlement

The number of cross-border trade settlements in the form of RMB has been increasing rapidly with the frequent trade between China and various countries. The settlement scale in the past nine years can be divided into three phases, the first phase is from 2011 to 2015, in which the RMB settlement scale has risen sharply in these five years, with an average growth rate of 28.29%; the settlement scale reached a peak of 7,230 billion yuan in 2015, with an increase of nearly 348% in the settlement scale compared with that of 2011, and the reason behind it is that China's economy has grown at a high speed in these five years, and the trade volume has reached a record high; the second phase is from 2016 to 2017, which is the phase in which the settlement scale has increased rapidly. Trade volume exhibition record high; the second stage is 2016 to 2017, the settlement scale of this stage declined, and the rate of decline gradually narrowed. This is due to the pressure of RMB depreciation in this period, the state has strengthened the supervision of cross-border capital flows, trade volume has been shrinking, although the settlement scale is declining, but even the lowest point of the settlement scale in 2017, it is still about 2.1 times of the settlement scale in 2011: the third stage is from 2018 to 2021, the cross-border RMB settlement scale resumes growth in this stage, and reaches a new high in 2021. and reaches a new high in 2021. The steady growth is the result of the country's stable financial policy and the exchange rate remaining within a reasonable range.

Figure 1 divides China's cross-border RMB settlement from the aspect of trade structure, from which it can be clearly seen that goods trade always dominates, which is also in line with the positioning of China's goods exporting country, and the goods produced in

China are sold to the whole world; the share of service trade fluctuates, but it still shows a steady growth trend. Specifically in 2011, China's cross-border trade in goods was 1,560 billion yuan, accounting for 74.95 per cent, followed by rapid growth in scale and increasing proportion, while the scale of cross-border trade in services showed an absolute increase in the scale of cross-border service trade, a relative decrease in the situation, by 2015, cross-border trade in goods accounted for as much as 90.07 per cent. Since then, the scale of cross-border trade in services has increased steadily, while cross-border trade in goods has declined significantly. In 2019, the scale of trade in goods accounted for 70.36%, a slight decrease compared with the beginning of the data, and according to the latest data, the proportion of trade in services in 2021 has reached 27.33%, which can be derived from the fact that cross-border trade in services has played an increasingly important role in the cross-border settlement of the RMB.

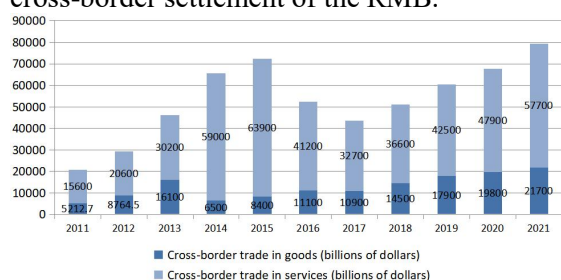


Figure 1. Scale of Settlement of Cross-Border Trade in Goods and Services, 2011-2021

2.2 Currency Swaps

As of November 2020, China's central bank and 37 countries or regions reached a total amount of nearly 900 billion yuan of currency swap agreements, basically realised the needs of the global central banks in the investment exchanges, bilateral trade, and resistance to the financial crisis, not only to alleviate the difficulties of other countries (regions) in trade financing and stabilise the regional economy, and promote the yuan in trade and investment to play a valuation, settlement The development of business^[11]. Currency swap countries (regions) from the geographical point of view is also expanding, from the beginning of Asia to the West, and the RMB has been realised with the British list, the euro and other currencies of direct transactions, with the growth of China's economy, especially during

the current Xin Guan epidemic in China to provide a huge productivity so that many countries (regions) of the central bank has been or is considering the foreign exchange reserves in the addition of the RMB. As of May 2020, the amount of RMB swap agreements with various countries (regions) reached RMB 8.67 trillion. Currency swap agreements with various countries (regions) play an important role in maintaining financial market stability, bilateral trade settlement, and providing emergency liquidity support, which will be beneficial to the internationalisation of the RMB, whether it is used for international reserves or trade settlement^[12].

2.3 Renminbi Financial Transactions

2.3.1 RMB Investment Transactions

The amount of OFDI (outward foreign direct investment) settled in RMB has shown an upward trend, while the amount of FDI (foreign direct investment), international bonds and notes in RMB has shown a similar trend as the amount of trade above, with decreases and a narrowing of the rate of decrease in 2016 and 2017, and an increase in the rest of the years. The amount of FDI settled in RMB has reached record highs in recent years, behind which is the support of foreign investors for China's economy and their recognition of RMB. Specifically, OFDI and FDI settled in yuan amounted to 2,020 billion yuan and 760 billion yuan, respectively, as of 2019, and FDI declined slightly in 2019 but still increased by 739.85 billion yuan compared with 2011. And according to data from the Bank for International Settlements (BIS), the outstanding balance of RMB international bonds and notes showed an upward trend from 2011 to 2015, with the amount increasing from 38.08 billion yuan in 2011 to a peak of 125.002 billion yuan in 2015, and the global share increasing by 0.4 per cent over the period. Both the amount and the global share then declined in 2016 and 2017 due to the strengthening of financial regulation in China and the implementation of deleveraging policies, and the downward trend did not last long, returning to an upward trend in 2018.

2.3.2 RMB Offshore Credit Market

Since China officially opened the RMB settlement pilot, the performance of RMB in the overseas credit market is relatively stable, the number of loans by Chinese financial

institutions abroad has also been showing growth, almost 10 times between nine years, although the number of growth is more, but it can be clearly seen in the chart that the proportion of overseas loans in China's overall loans is still low, and there is still more room for growth in the future.

2.4 Official Foreign Exchange Reserves of The Renminbi

In 2016, the RMB joined the SDR basket of currencies, becoming the world's third largest weighted currency, after this the weight of the RMB in the foreign exchange reserves of various countries is becoming more and more important, has been held by the European Union, Germany, France and other central banks and incorporated into the official reserves for investment, as of 2023 there are already more than 70 foreign central banks or monetary authorities to include the RMB in the official reserves, the RMB in the storage function gradually By 2023, more than 70 foreign central banks or monetary authorities will have included the RMB in their official reserves, and the RMB will gradually play a greater role in storage functions. The scale of RMB foreign exchange reserves has been expanding rapidly, which fully demonstrates the affirmation of the comprehensive strength of our country and the confidence in the RMB, as of the first quarter of 2023 in the foreign exchange reserves held by all the countries in the world, the RMB accounted for 2.58%, the scale of which successfully surpassed that of Canada to reach \$288.07 billion, and became the fifth ranked foreign exchange currency. But at the same time should also be seen, the dollar, the euro official foreign exchange reserves scale accounted for the proportion of the world were 59.02%, 19.77%, the RMB official foreign exchange reserves scale there is still a very big gap, as shown in Figure 2.

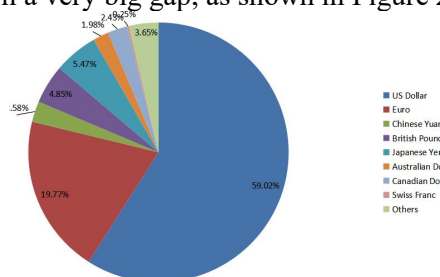


Figure 2. Major Currencies as A Percentage of Global Official Foreign Exchange Reserves

2.5 Opportunities and Challenges

2.5.1 Opportunities for RMB Internationalisation

First, the State has made further arrangements and deployments for the internationalisation of the RMB, leading to the facilitation of cross-border RMB use. "The 14th Five-Year Plan proposes to prudently promote the internationalisation of the RMB, explicitly create a new type of mutually beneficial cooperative relationship based on the free use of the RMB, adhere to market-driven and independent choice of enterprises, and further improve the internationalisation of sovereign credit currencies in the context of the double-cycle. Circular on Further Optimising Cross-border RMB Policies to Support Stabilisation of Foreign Trade and Foreign Investment" issued in January 2021 proposes to improve and perfect the existing policy system in five aspects when the RMB performs its international settlement function in the future, and to promote the development of facilitation of the use of cross-border RMB around the needs of the real economy.

Secondly, legal tender digital currency is conducive to RMB payment and settlement. Digital currency is conducive to reducing the security risks of RMB cross-border settlement and enhancing the efficiency of cross-border settlement. Digital currency to promote the internationalisation of the RMB needs to be combined with financial reforms, the development of legal tender digital currency of the Central Bank of China to promote the internationalisation of the RMB is to promote financial reforms in order to achieve the convertibility of the capital account, the opening up of the capital account is the digital currency to promote the cross-border payment and clearing of the basis for improving the quality and efficiency of the internationalisation of the RMB and thus promote the development of the internationalisation of the RMB.

Thirdly, the "Belt and Road" initiative and RCEP can expand the demand for cross-border use of RMB. 2020 onwards, China's RCEP agreements have been signed with neighbouring countries one after another, steadily advancing the monetary cooperation between China and RCEP member countries. So far, China has signed currency swap

agreements with 15 member countries. "There are 55 countries along the Belt and Road, accounting for more than 60% of the world's population, and the RMB, as the payment and settlement currency of the countries along the Belt and Road, has been expanding the scope of its use in the economic and trade fields of the countries along the route. Bilateral trade with countries along the Belt and Road accounts for a quarter of China's total foreign trade, a figure that now exceeds \$1 trillion. Increasing the proportion of RMB-denominated settlements in this trade volume will enhance the regionalisation of the RMB as a whole. Under the traction and promotion of the "Belt and Road", China can strengthen economic and trade, education, cultural communication and exchanges with the countries along the route, and achieve complementary advantages and win-win situation^[13]. "The Belt and Road Initiative and the signing of the RCEP provide a broad market and application scenario for RMB internationalisation, and promote the peripheralisation and regionalisation of the RMB. The implementation of these strategies creates more real demand for the use of the RMB in cross-border e-commerce, foreign aid and construction, investment in financial services, and SME trade, which can further fulfil the RMB's international settlement and financial transaction functions.

In recent years, China and many Asian countries have jointly established regional financial cooperation mechanisms such as the Asian Investment Bank (ADB) and the Silk Road Fund. Up to now, the total number of ADB countries has expanded to 87, and 26 investment projects have been approved, providing more than \$4.5 billion in financing to a number of Asian developing countries, such as Pakistan, which can leverage more than \$20 billion in local capital^[14]. This kind of deep financial cooperation between countries creates a good foundation of cooperation and mutual trust for the internationalisation of the RMB, and also makes China more familiar with the rules of the game. Only by familiarising itself with the rules, or even making them, can a country stand firm in the world economy and flexibly respond to the complex situation and challenges it faces in all aspects. In addition, the construction of China's industrial parks in the countries along the route

has also attracted large Chinese-funded financial institutions, gradually forming a multi-level and all-round financial support system for the Belt and Road, and strengthening the regional financial cooperation mechanism.

2.5.2 Challenges of RMB Internationalisation
After the financial crisis in 2008, the internationalisation of the RMB experienced a period of rapid development, but has since stagnated, most fundamentally because of the restrictive environment in which the RMB is used. Under the hegemony of the US dollar, the process of RMB internationalisation is still affected by factors such as investment and trade. At the same time, in the case of digital currencies can not be separated from the scope of sovereign currencies, to promote the internationalisation of the RMB with digital RMB is still subject to geopolitical influence, including the United States, the European Union, and many sovereign countries are very wary of digital currencies to the threat of the respective sovereign currencies^[15]. At the same time financial infrastructure construction and imperfect financial system also limit the process of RMB internationalisation. The development of digital RMB is a long-term and cautious process, which involves not only the research and development of digital RMB itself, but also the construction of many financial infrastructures and the improvement of the financial system, and moreover, the change of the way of business activities and the way of life. Therefore, the development and promotion of digital RMB should be a long-term process, which needs to be steadily promoted and must not affect the stability of the financial and economic systems^[16].

3. Path to The Internationalisation of the Digital RMB

3.1 Enhancing the Stability of Digital RMB

China leads the world in the development of digital currencies, which are issued by the Chinese government and have national credit, are more secure than other digital currencies, have the same legal effect and value as the physical RMB, and have fewer restrictions on the use of digital currencies than other digital currencies, so any amount of money can be paid in digital RMB without the intervention of third-party enterprises, making payment safer

and more convenient. Third-party electronic payment platforms, such as WeChat and Alipay, provide payment services for a number of countries and are becoming more widely used around the world. The successful experience of these platforms in promoting the development of digital stable coins in the international arena reveals that China should build a digital stable RMB, cross-border trade transactions and cross-border investment and financing and other businesses require a safe, convenient and reliable payment environment, to meet the above needs China can be accepted by other countries in international economic and trade cooperation. Therefore, for the digital RMB, China can establish a set of perfect risk monitoring mechanism and supervision and management system, use digital technology to monitor the flow of the digital RMB, timely detection of problems, and then effectively avoid financial risks, and strengthen the management of technical personnel to avoid staff dereliction of duty, abuse of power and other behaviours, and formulate a digital RMB as the support policy, from the macro level on the circulation of the digital RMB to adjust and control. Formulate policies to support digital RMB and adjust and control the circulation of digital RMB at a macro level. At the same time, the construction of domestic and international legal systems for digital currency is strengthened to ensure the legal status of the local currency of digital RMB, improve the laws and regulations related to digital crime, and severely crack down on the use of the system to make illegal profits, so as to escort the circulation and issuance of digital RMB^[17].

3.2 Strengthening the Internationalised Digital RMB Trading System

If we want other countries to participate in the construction, we need to mobilise their enthusiasm, and we can jointly research and develop digital currencies and implement them, and strengthen the construction of the internationalised digital RMB. For example, we can make use of the bargaining advantage of China's export structure in the Belt and Road and the RCEP, and enter into a currency swap agreement with the contracting countries, and recommend the use of the digital RMB for settlement and give preferential treatment to other contracting countries when conducting

digital trade, or directly export digital services to other contracting countries. For example, it can make use of the bargaining advantage of China's export structure in the "Belt and Road" and RCEP to sign currency swap agreements with contracting countries, recommending the use of digital RMB for settlement and granting concessions accordingly in the course of digital trade, or directly exporting digital services to other contracting countries, and establishing a new digital trade rule around digital RMB. Wider and deeper cooperation with world economic organisations and institutions, promoting domestic enterprises to join hands with international financial institutions, allowing digital RMB to enter the trading system, gradually opening up the domestic and international financial markets, further perfecting the international payment system, improving the risk-resistant ability of digital RMB and accelerating the process of RMB internationalisation. Digital RMB is a digitised form of RMB and is a central bank debt, so the central bank should pay interest. With third-party mobile payments already popular and convenient, it is difficult to open up the market for interest-free digital RMB, and people lack the incentive to use it, as do financial institutions and enterprises. If the digital RMB is interest-bearing, the digital RMB interest rate will become an important monetary policy control tool. Therefore, in addition to promoting the digital RMB internationally, it is also necessary to improve the digital RMB itself and set adjustable interest rates to better attract capital^[18].

3.3 Opening Up Digital RMB Channels Abroad

When China conducts large-scale cross-border trade, it can negotiate with the trading country to use digital RMB in settlement, and it can make appropriate concessions or sign some reciprocal clauses to promote digital RMB to the international community. In the case of foreign aid, we can make a request to the recipient country to use digital RMB to pay, and the government of that country can settle the payment through digital RMB or let its nationals download the corresponding app, so that the aid money can be directly sent to the nationals, which not only avoids the behaviour of embezzlement of the aid money, but also promotes the app of digital RMB to the public.

Promote digital RMB to individuals and multinational companies doing business in China's neighbouring countries, encourage them to advertise the digital RMB app in their daily transactions and implement corresponding preferential treatment for customers paying through this channel, with the state subsidising the corresponding losses, so as to cultivate the habit of the local people in using the digital RMB to pay, and to promote the daily use of the digital RMB for international transactions, and to further allow the digital RMB to participate in international trade. It will gradually become a safe, reliable, convenient and highly liquid international digital currency suitable for all kinds of business. At the same time, China still needs to introduce relevant preferential policies to support the development of cross-border e-commerce industry, encourage the use of digital RMB for settlement in cross-border e-commerce business, and also encourage places such as Yunnan to use digital RMB in addition to WeChat payment in border trade, so that the digital RMB can gradually penetrate into the daily life of neighbouring countries from the border small commodity trade transactions, and then promote the digital RMB to the International.

3.4 Wide-Ranging International Publicity

In addition to the quality of a product, extensive and eye-catching publicity is also essential. In China, digital RMB has slowly penetrated into various consumer scenarios through pilot projects in one city after another, which demonstrates the feasibility of digital RMB to be widely used, and it is only a matter of time before it becomes popular in China as our nationals have a deeper and deeper understanding of digital RMB. However, due to the limitation of information barriers and the time lag of information dissemination, digital RMB is still unfamiliar to overseas people, and they need to understand it slowly to form the habit of using digital RMB. Therefore, it is essential to promote the digital RMB in the international arena, which can increase the recognition and trust of the digital RMB in a short period of time. Specifically, the first step is to get the recognition of the local government, and then cooperate with the local mainstream media, insert digital RMB payment advertisements in various

entertainment boards, diversify and multi-channel publicity, and choose self media close to people's lives as the main force of publicity, so as to gain the people's trust, and to promote the application of the digital RMB in the international market in the application of the scene of the daily life.

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