

AP NEWS

Executive order does not usher in cashless society

By ALI SWENSON and KARENA PHAN

August 24, 2022

CLAIM: President Joe Biden signed an executive order in March 2022 that will introduce a cashless society, make paper money worthless, give the government new power to inhibit purchases and create a social credit score system like the [one in China](#), which would punish people financially for certain behaviors.

AP'S ASSESSMENT: False. The [executive order](#) doesn't do any of these things. It urged the Federal Reserve to explore whether the central bank should create its own digital currency and directed the Treasury Department and other federal agencies to study the impact of cryptocurrency on financial stability and national security.

THE FACTS: In March, Biden signed Executive Order 14067, titled Ensuring Responsible Development of Digital Assets. The long-anticipated executive order called on government agencies to look at the risks and benefits of digital currencies.

Five months later, social media users are spreading unsupported theories about what the order will do.

“Your paper money will become worthless, it’s going to be replaced with Biden bucks,” read one widely shared Facebook post, which added that “programmable digital tokens” would be able to “turn off your account whenever they want” using a social credit score system.

“A global ‘CASHLESS SOCIETY’ is being rolled out, possibly in December 2022,” another post claimed.

Some of the online posts directed readers to the fourth section of the [executive order](#), which focuses on policy and action related to a potential central bank digital currency, or CBDC.

However, the executive order does not create such a system. It directs the Federal Reserve and other agencies to study the risks and benefits of that approach and charges the Attorney General with deciding whether legislative changes would be necessary to implement such a change.

Many proponents of digital currencies, more often called cryptocurrencies, prefer a system where the currency is not controlled by any government.

“At this stage, the Fed is just introducing the subject into the public debate and is weighing the options,” said Eswar Prasad, an economics professor at Cornell University. Prasad explains that other countries such as China, Japan and Sweden have already begun tests of digital currencies at their own central banks.

However, with this executive order the U.S is weighing its options and paying attention to concerns of potential loss of privacy. “It is a legitimate concern that, given the traceability of digital transactions, a central bank digital currency could result in the loss of privacy in financial transactions relative to the use of cash,” said Prasad, who is also the author of the book *The Future of Money*.

This claim and other claims that the executive order renders paper money worthless or implements a new social credit score system are false, according to Aaron Klein, a senior fellow in economic studies at the Brookings Institution.

“The executive order did not give the green light to a digital currency, to a CBDC,” Klein said in a phone interview. “It set in place a structure, it set in place a set of studies, and it elevated the attorney general’s role in the process of deciding whether the Fed has existing legal authority or needs new legal authority.”

The goal of digital currency wouldn’t be to eliminate cash, according to Prasad. It would serve as an alternative payment option that is more accessible, compared to existing digital payment options that usually need to be linked to a bank account or credit card.

This is part of AP’s effort to address widely shared misinformation, including work with outside companies and organizations to add factual context to misleading content that is circulating online. [Learn more about fact-checking at AP.](#)