Editorial: Libra, Bitcoin & Co – Determinants of Non-cash Payments and Alternative Money

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The current issue of the DIW Vierteljahrsheft zur Wirtschaftsforschung is based on a joint conference of the DIW Berlin and the research cluster "dynamics, tensions and xtreme events" of the Hochschule Bremen. The topic of the conference was "Non-cash transactions and alternative money". The topic gained relevance by the overwhelming developments in the year 2020. The COVID-19 pandemic led to an urged and forced digitalization of many important spheres of social life. This happened not only in Germany but all around the world. The payment system is part of the overall economic infrastructure. The transformation of the monetary system towards more non-cash payments was part of this dynamic response to the necessary reduction of personal contact due to COVID-19.

Crypto currencies are booming. Data collection by Fintecs and other internet based companies is reality. Non-cash payments are common in many countries. Financial literacy is getting more and more important for the economic life and understanding of transactions. All in all this DIW Vierteljahrsheft is addressing one of the hottest topics in recent times.

The starting point of the analysis is taken by ***Steffen Günther, Christian Fieberg and Thorsten Poddig*** with their article on ***The Cross-section of Cryptocurrency Risk and Return.*** Here, cryptos are analyzed as a new asset class. The authors give a very comprehensive overview of the existing literature on the relatively new phenomenon of cryptocurrencies as assets. The authors focus on the asset pricing of cryptos. For this purpose, they construct a new data set. This data set runs from January 2014 to June 2020 – by this it is including very recent developments. The basic question of the paper is to answer the question of how risk and return of cryptos can be explained. Can traditional asset pricing model help to understand the new asset class? In their concise empirical work the authors check for volatility, volume, reversal and several momentum characteristics. Günther, Fieberg and Poddig show that the risk and returns of cryptos can be partly explained by using the traditional approaches.

In a next step ***Mechthild Schrooten and Armin Varmaz*** focus on the ***Determinants of Non-Cash Payments in the Eurozone*** and the the acceptance of non-cash in one's everyday life. Among the member states of the Eurozone huge differences in the acceptance of non-cash payment exist. The authors use data from the ECB, Eurostat and the Hofstede to analyze the drivers of non-cash transactions. Their results suggest that countries in which a high degree of uncertainty avoidance exists tend to non-cash.

Financial literacy is at the core of the paper of ***Katharina Riebe.*** For the study on ***Determinants of financial literacy among German students – an empirical analysis*** the author collects survey data at the Hochschule Bremen. Thus, the paper focuses on financial literacy of the younger well-educated generation. In the empirical analysis it is shown that differences exist between students in the business department of Hochschule Bremen and other departments. In addition, significant

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gender differences are reported. Female students seem to be more reluctant concerning financial risk. These gender differences might be crucial for risky investment decisions and returns and therefore for the future personal income.

Nermin Varmaz addresses the use of Big Data and Artificial Intelligence (AI) by FinTechs from a legal perspective. In his conceptual study on ***GDPR vs. Big Data & AI in FinTechs*** the author explains the general patterns of European General Data Protection Regulation (GDPR) and the usage of collected data by FinTechs. To bring the different needs together pseudonymization is proposed to meet business needs.

Pauline Affeldt and Ulrich Krüger are linking economic and legal aspects of alternative payments systems. In their article on ***You Are What You Pay: Personal Profiling with Alternative Payment Data and the Data Protection Law*** the authors explain that all data generation by the payment services is a new business model which helps to create personal profiles. This sort of data collection conflicts with the personal right of informational self-determination. The conceptional paper discusses several settings to combine informational self-determination and business. The authors distinguish between unlawful and lawful use of the data collected. It becomes clear that more regulation is required.

This DIW Vierteljahrsheft gives a deep insights into the pros and cons of data collection via monetary digitalization and cryptocurrencies. It addresses highly relevant questions. However, for generalization, and since the topic develops very dynamically, further research is necessary. Therefore, we want to promote network effects. Please contact us if you are interested in joined research projects in this field.

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