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## CBDC VS BITCOIN: COMPETITION OR COEXISTENCE?

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**Abstract.** *The article examines key trends in the development of digital currencies in the context of the transformation of the global financial system. Based on a comparative analysis, central bank-controlled central digital currencies (CBDCs) and decentralized cryptocurrencies, primarily Bitcoin, are considered as alternative models of digital money. The fundamental differences between them are identified in terms of issuance mechanisms, level of regulatory support, degree of transparency and application of blockchain technologies.*

**Keywords:** *digital currencies, CBDC, Bitcoin, decentralization, blockchain, financial stability, monetary policy, cryptocurrencies, tokenization, DeFi, competition, coexistence, digital payments.*

The paper analyzes how the characteristics of each of these instruments affect user behavior, dynamics of payment flows and financial stability. Particular attention is paid to the factors of competition between CBDCs and Bitcoin that arise in the process of forming modern monetary policy: transaction control, scalability, programmability, level of anonymity, data protection and dependence on state institutions. Arguments are presented regarding potential risks, in particular the impact on the banking system, possible threats of cash displacement and the issue of trust in digital instruments with varying degrees of centralization.

At the same time, the article substantiates the prospects for the constructive coexistence of CBDC and Bitcoin within the framework of a mixed digital economy. It is shown that these instruments can perform complementary functions: CBDC - to ensure stability, predictability and wide access to digital payments, while Bitcoin - to remain an

investment asset, a means of long-term storage of value and a component of innovative financial solutions, including DeFi infrastructure and tokenized assets. The possibility of integration through cross-chain protocols, bridge technologies and the development of regulatory approaches is outlined, which will contribute to the harmonization of centralized and decentralized financial systems.

The conclusions emphasize that the future of digital currencies is not associated with a competition for dominance, but with the construction of a multi-level ecosystem in which CBDC and Bitcoin perform different but equally important roles. Such an approach creates new opportunities for users, promotes innovation in the field of finance and determines strategic guidelines for the further development of state monetary policy.

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