

**LIVE WEBINAR**

# The role of policy in the successful development of CBDC

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**Presented by:**



**Dirk Schrade**

Deputy Head of Payments and Settlement Systems, Deutsche Bundesbank



**Jack Fletcher**

Government Relations Manager, Digital Currencies, R3



**Dr Chris Ostrowski**

Managing Director of the Digital Money Institute, OMFIF

**Event Partner:**



# The role of policy in the successful development of CBDC

- Learn about the current state of development in central bank digital currency across the world.
- Understand some of the key policy issues within the CBDC/Stablecoin discussion and gain an insight into the approaches that regulators are taking to them.
- Hear insights into the role that the private sector is playing, and will play, in the development of CBDC/Stablecoins going forward.

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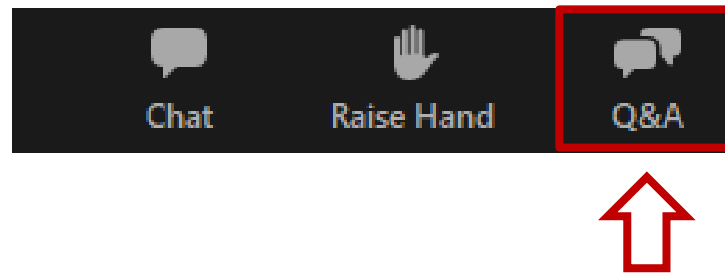
Managing Director of the Digital Money Institute, OMFIF

**EVENT  
PARTNER:**



# A few housekeeping tips

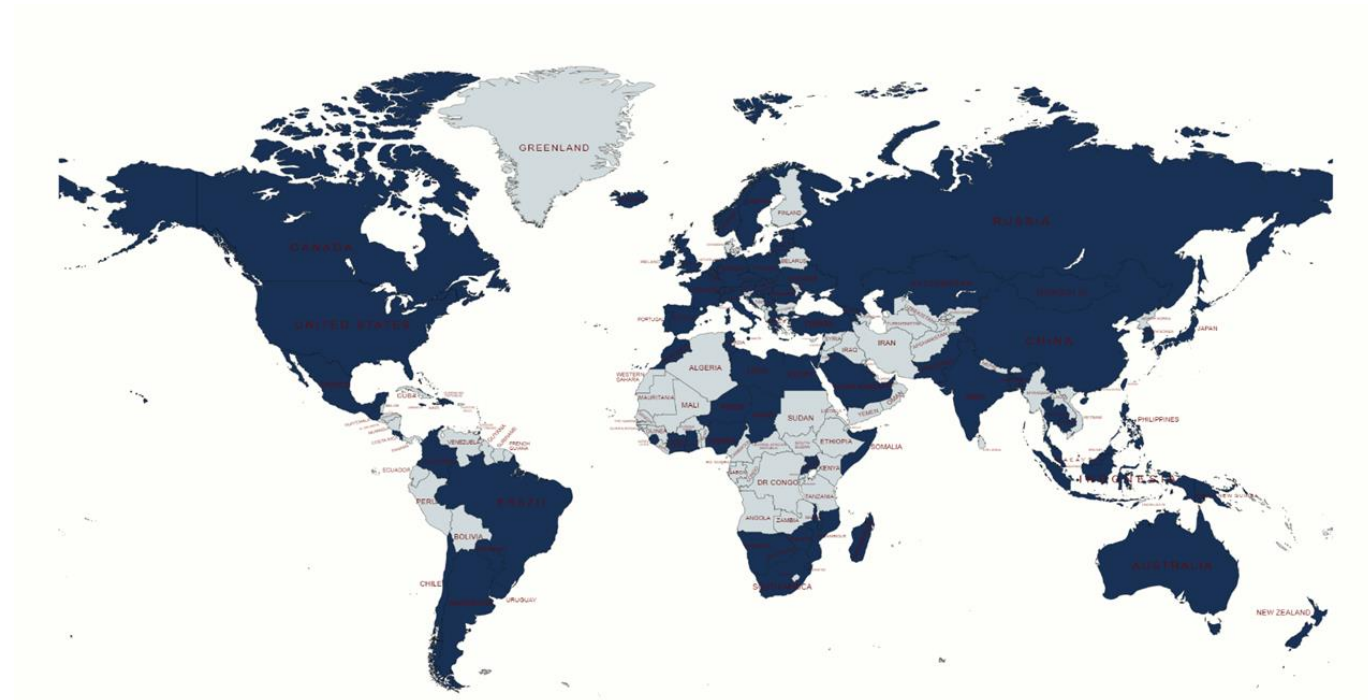
Use the **Q&A** tab to ask your questions



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- *OMFIF (The Official Monetary and Financial Institutions Forum)*
- *The Digital Monetary Institute (DMI), launched May 2020*
- *Central Banking community*



# Why R3? – CBDC and Digital Currencies is in our DNA

Thought leadership

Team of SMEs from various background

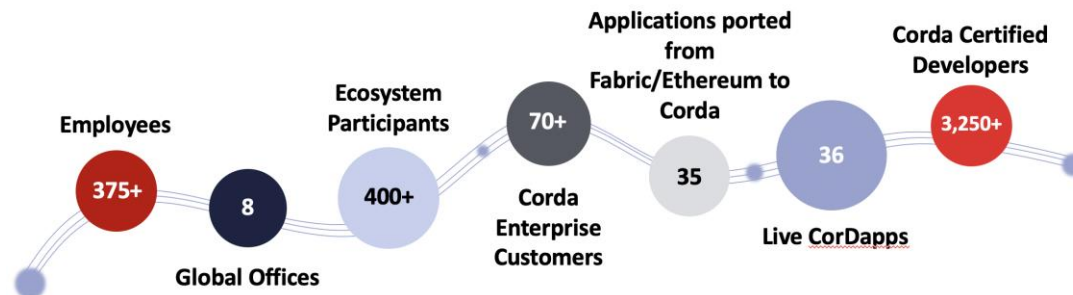
Projects experience



Facilitate Industry Collaborations

Preferred Technology

Research papers



# R3's CBDC Work & Thought Leadership

BIS - "80% of Central Banks Involved in CBDC"

\* Indicates cross border initiatives

- **Jasper** (Bank of Canada – 2016+)
  - **Domestic:** PvP, DvP
  - **Cross-Border:** PvP
- **Ubin** (Monetary Authority of Singapore – 2017+)
  - **Phase 1:** Tokenize and transact Singapore Dollar (Ethereum)
  - **Phase 2:** Facilitate decentralized netting in RTGS using DLT (Corda, Fabric, Quorum)
  - **\*Phase 3:** Cross-platform DvP and PvP between MAS and Singapore Exchange
  - **\*Phase 4:** Research cross-border payments between BoC, BoE, MAS
- **Inthanon** (Bank of Thailand – 2018+)
  - **Phase 1 and 2:** Decentralized netting, bonds, intraday repos (Corda)
  - **\*Phase 3:** Cross-border with LionRock, FX price discovery (Corda)
- **LionRock** (Hong Kong Monetary Authority – 2019+)
  - **Phase 1:** DvP, tokenized bonds, atomic coupons (Corda)
  - **\*Phase 2:** Cross-border with Inthanon (Corda)
- **E-Krona** (Sveriges Riksbank [Sweden] – 2020)
  - **Phase 2 under development:** Retail CBDC (Corda)
- **Helvetia** (Swiss National Bank – 2020+)
  - **Phase 2** Tokenised asset exchanges (Corda)
- **Jura** (Banque du France – 2020+)
  - **Phase 2** Cross-border CBDC (Corda)
- **Khokha** (South Africa Reserve Bank – 2020+)
  - **Phase 2** Wholesale CBDC (Corda)
- **Dunbar and APIX** (Monetary Authority of Singapore – 2021+)
  - **Phase 1:** M-CBDC (Corda)

CAD-coin vs. Fedcoin

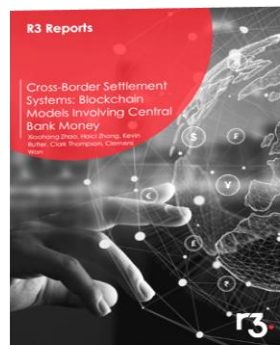


November 2016

Cross border



November 2016



January 2018

Cashless Society



March 2018

Decentralized (LSM)



June 2018

CBDC



April 2019

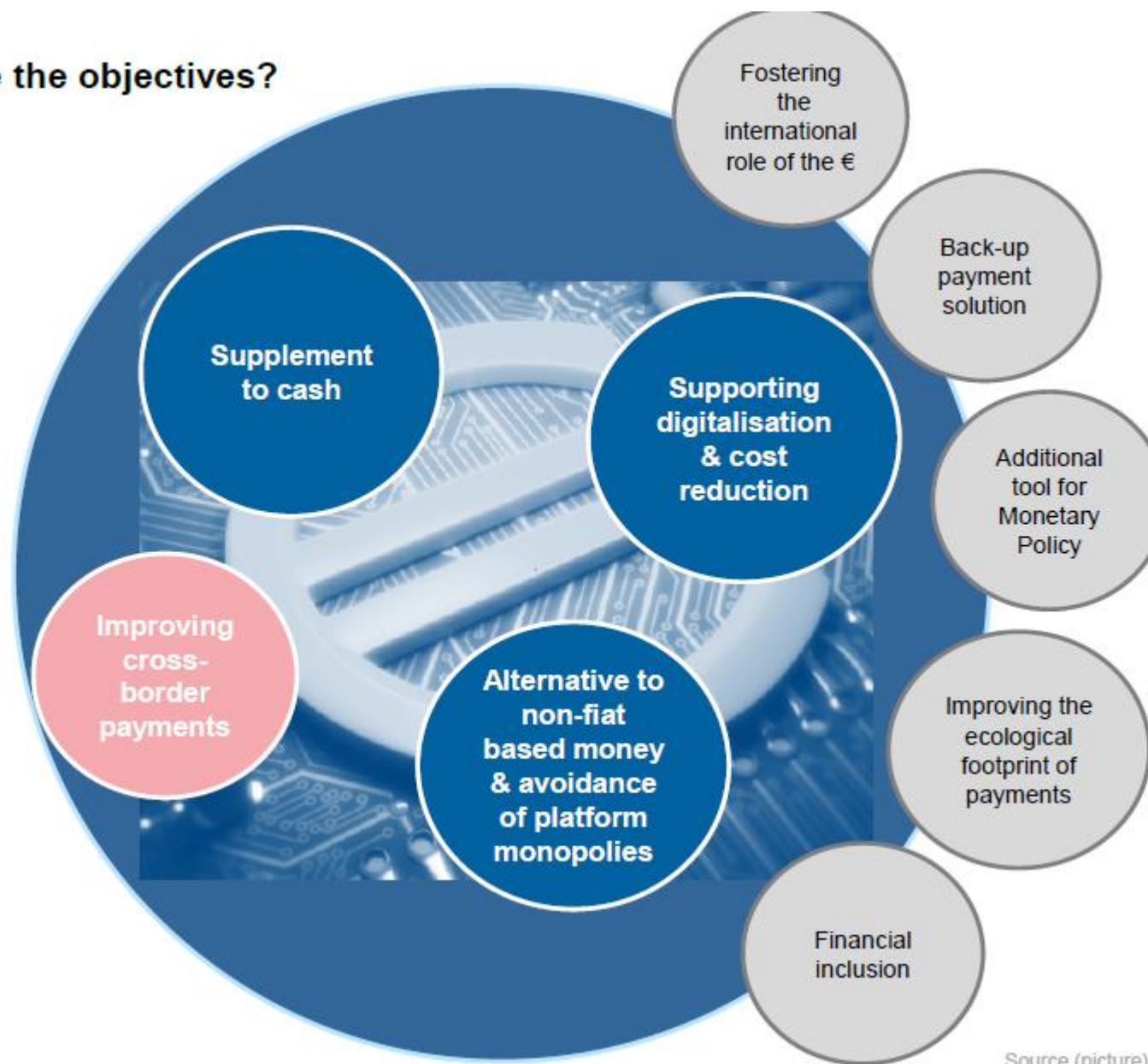
# To Warm Up The Session

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- Dirk: *What is CBDC and what are central banks seeing as its potential use?*



## What are the objectives?



Source (picture): ECB



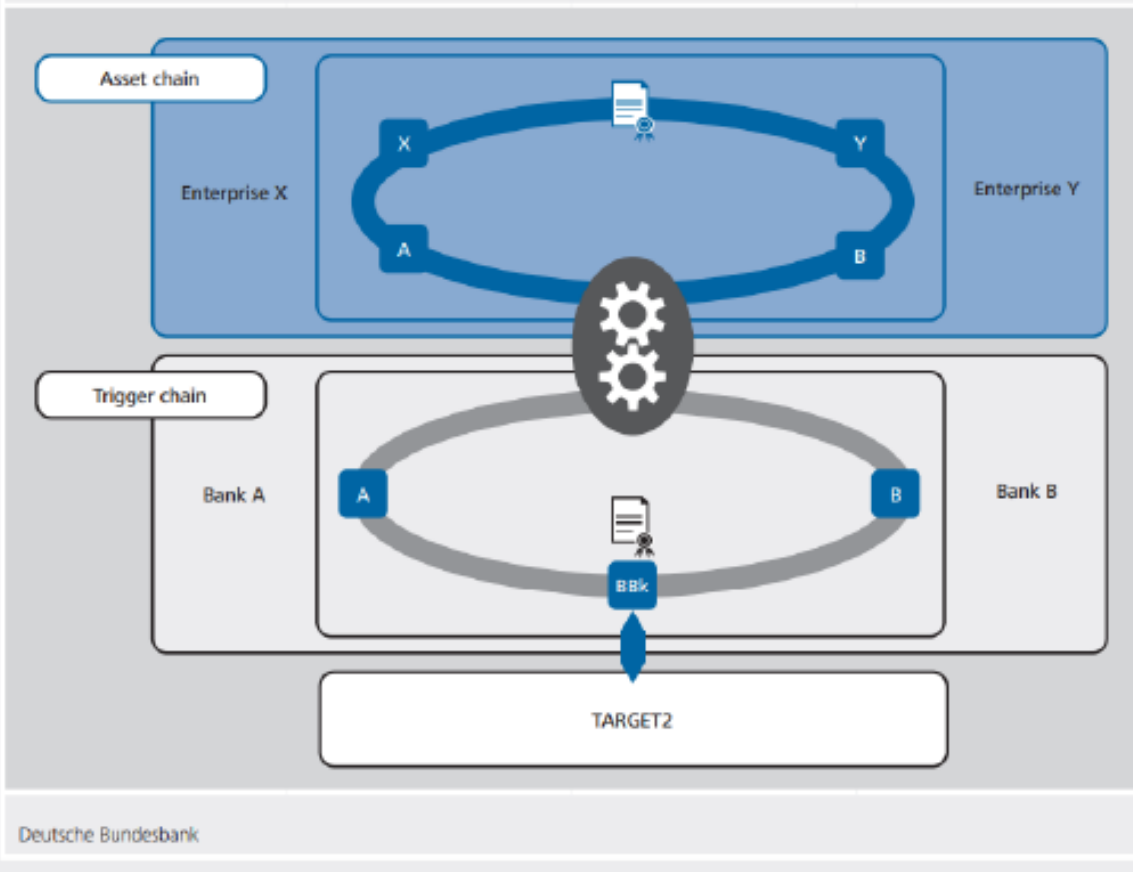
## What are the use cases?

Objective	Use Cases	Possible features
Supplement to cash	POS / e-commerce	<ul style="list-style-type: none"> <li>• High safety (claim toward CB)</li> <li>• Inclusiveness &amp; Ease of use</li> <li>• High level of privacy</li> <li>• Free-of-charge for consumers</li> <li>• Offline functionality</li> </ul>
	P2P	
Supporting digitalisation	IoT (Internet-of-Things)	<ul style="list-style-type: none"> <li>• Pan-European reach</li> <li>• Open, competitive ecosystem</li> <li>• Programmable payments / support of smart contracts</li> <li>• Peer-to-peer transfers – no additional clearing layer</li> </ul>
	M2M (machine-to-machine)	
	Trade Finance	
	Cash Settlement of digital Assets	
Improving cross-border	Remittances / Corporate payments / Interbank payments	<ul style="list-style-type: none"> <li>• Interoperability with foreign CBDC/</li> <li>• Multi-CBDC platform</li> </ul>

- „Form follows function“
  - Need for prioritising use cases
  - Need for deciding on trade-offs
- Attractivity <> Market impact
- Privacy <> Regulatory requirements
- International use <> Impact on other economies

## CBDC Wholesale experiments Bundesbank

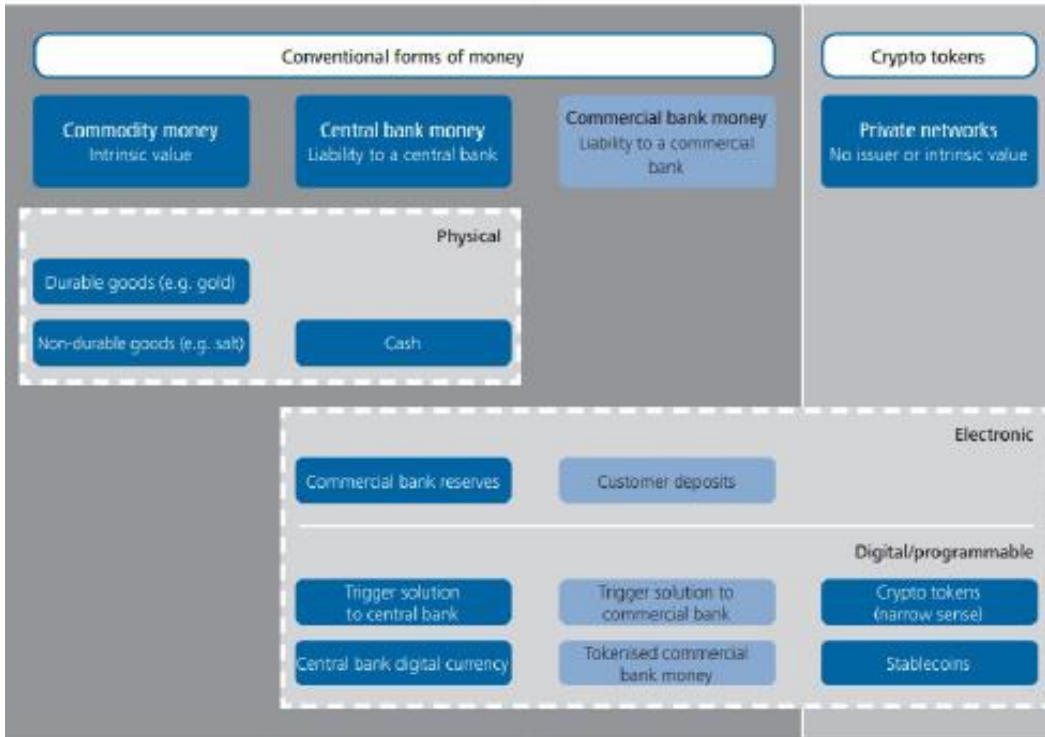
The Bundesbank's trigger solution



CBDC

## What is CBDC?

### Forms of money



Deutsche Bundesbank

### Availability of Central Bank Money

General Public

Financial Institutions

Financial Institutions + X

### What does digital mean?

not physical

Moving Ahead

token-based

account-based

programmable

non-programmable

# To Warm Up The Session

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- Chris: *How is the international community responding to CBDC and how is it supporting one another?*
- Jack: *What is the role of the private sector in CBDC?*

## Poll

**Under what timeframe do you see a full retail CBDC being issued by a major world economy?**

- 1-2 years
- 3-4 years
- 5-10 years
- 11 years plus
- Never

# Moving Ahead

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- *One of the early major **issues facing policymakers** concerning CBDC is that of **privacy** – specifically **end-user privacy**. How do you view this topic, and do you see **CBDC as being able to address these concerns?***



## Poll

**Which policy area do you see as being the greatest challenge for CBDC adoption?**

- Finding the right privacy solution
- Issues around access to central bank money/liabilities
- Concerns around disintermediation of commercial banks
- Identification and assessment of adoption and business case

# Policy Landscape

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- Dirk: *Germany is a key player in the Eurozone, how are you seeing the policy landscape evolve across such a number of nations?*
- Chris: *How important is international coordination in understanding CBDC? At what pace is it educating itself?*
- Jack: *Is the technology community sufficiently mature to effectively support policymakers?*

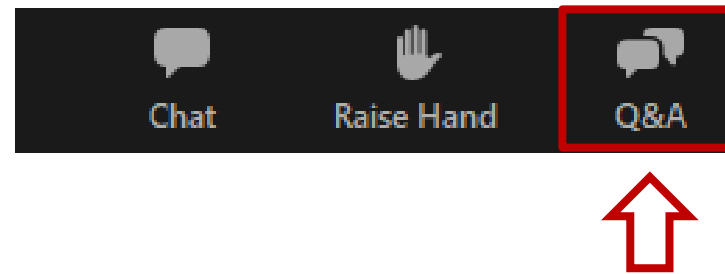
## Poll

**Which of these retail CBDC use-cases do you think offer the greatest incentive to develop CBDC?**

- Meeting future payment needs in a digital economy
- As a building block for more efficient cross-border transactions
- To avoid the risks of private money creation (stablecoins)
- To promote financial inclusion

# A few housekeeping tips

Use the **Q&A** tab to ask your questions



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# ARE YOU READY TO JOIN THE BLOCKCHAIN REVOLUTION?

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