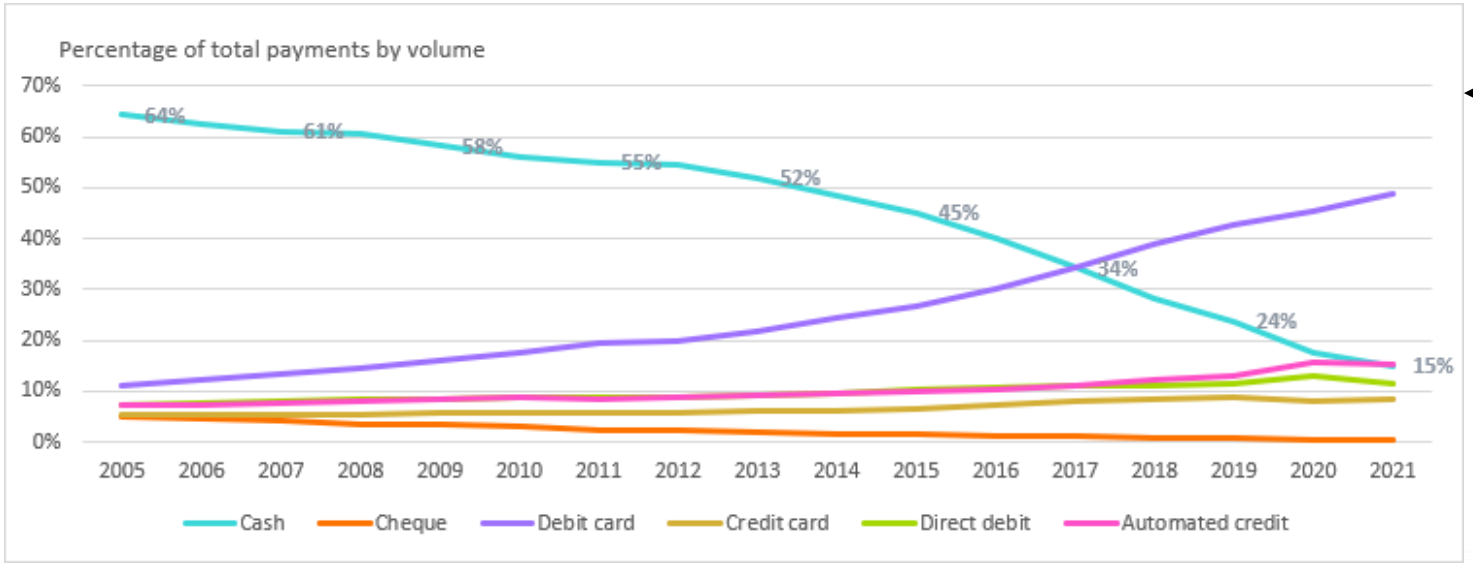
Bank of England

HM Treasury

The digital pound: a CBDC for the UK

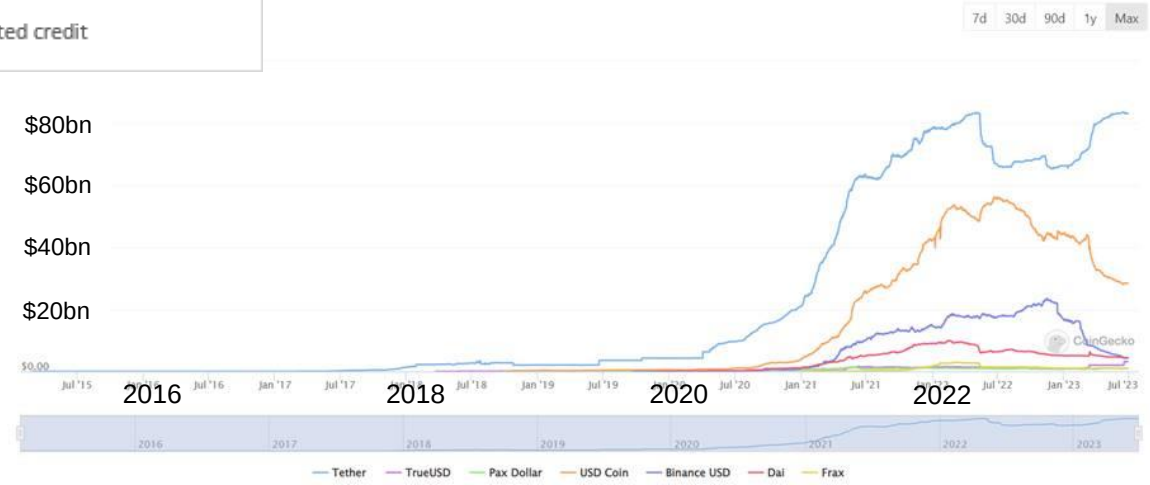
Katie Fortune

Context: trends in payments



Use of cash falling rapidly

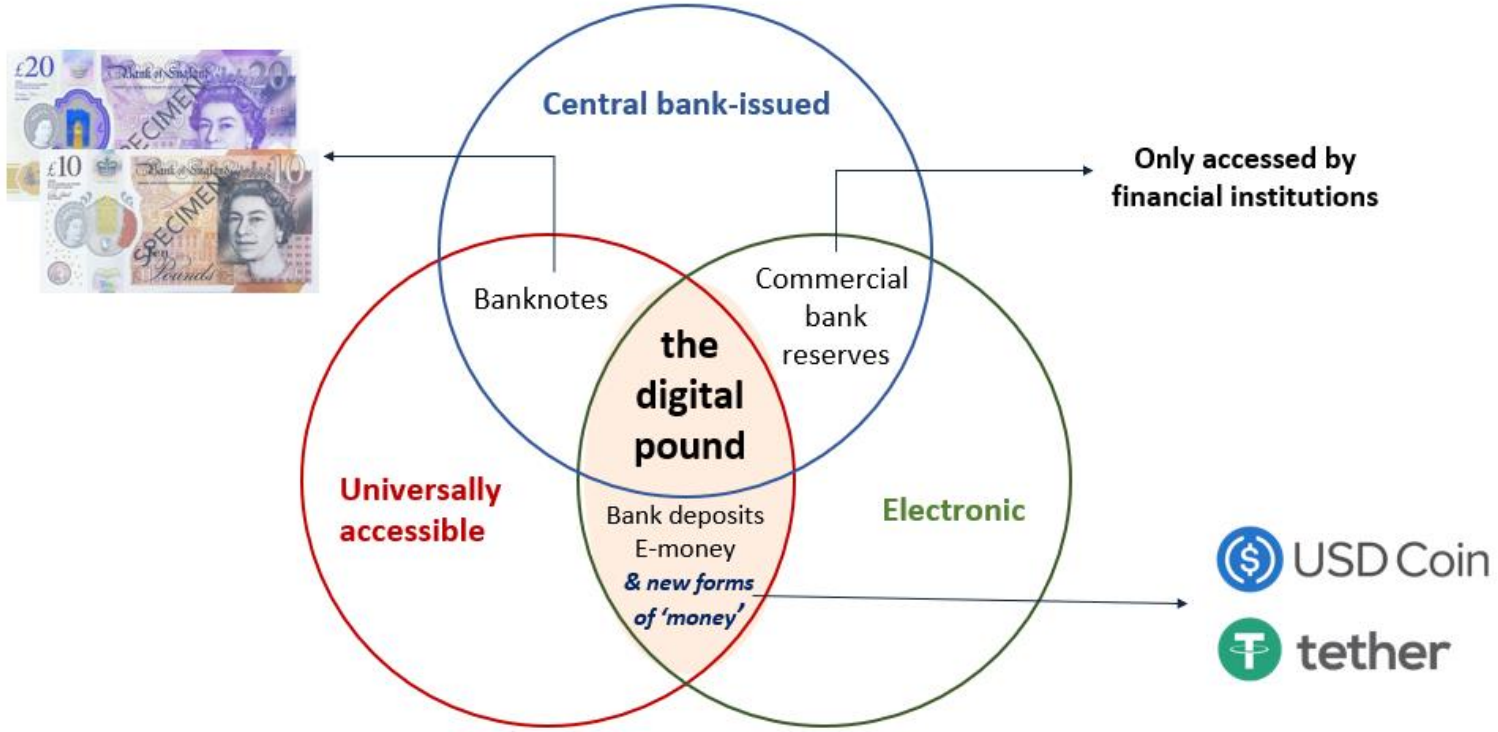
Market cap of stablecoins



Use of new forms of digital money rising

Sources: UK Finance and CoinGecko

Central Bank Digital Currency (CBDC)



Major publications:

Bank/HMT *Consultation Paper* and Bank *Technology Working Paper*

The digital pound: a CBDC for the UK

If current trends in retail payments continue, there is **likely to be a need for a digital pound in the future**. It is too early to decide whether to introduce one, but we will step up our preparation.

Consultation Paper

A. Rationale

B. High level design

1. The platform model and public-private partnership
2. Data protection and privacy
3. User experience for households and businesses

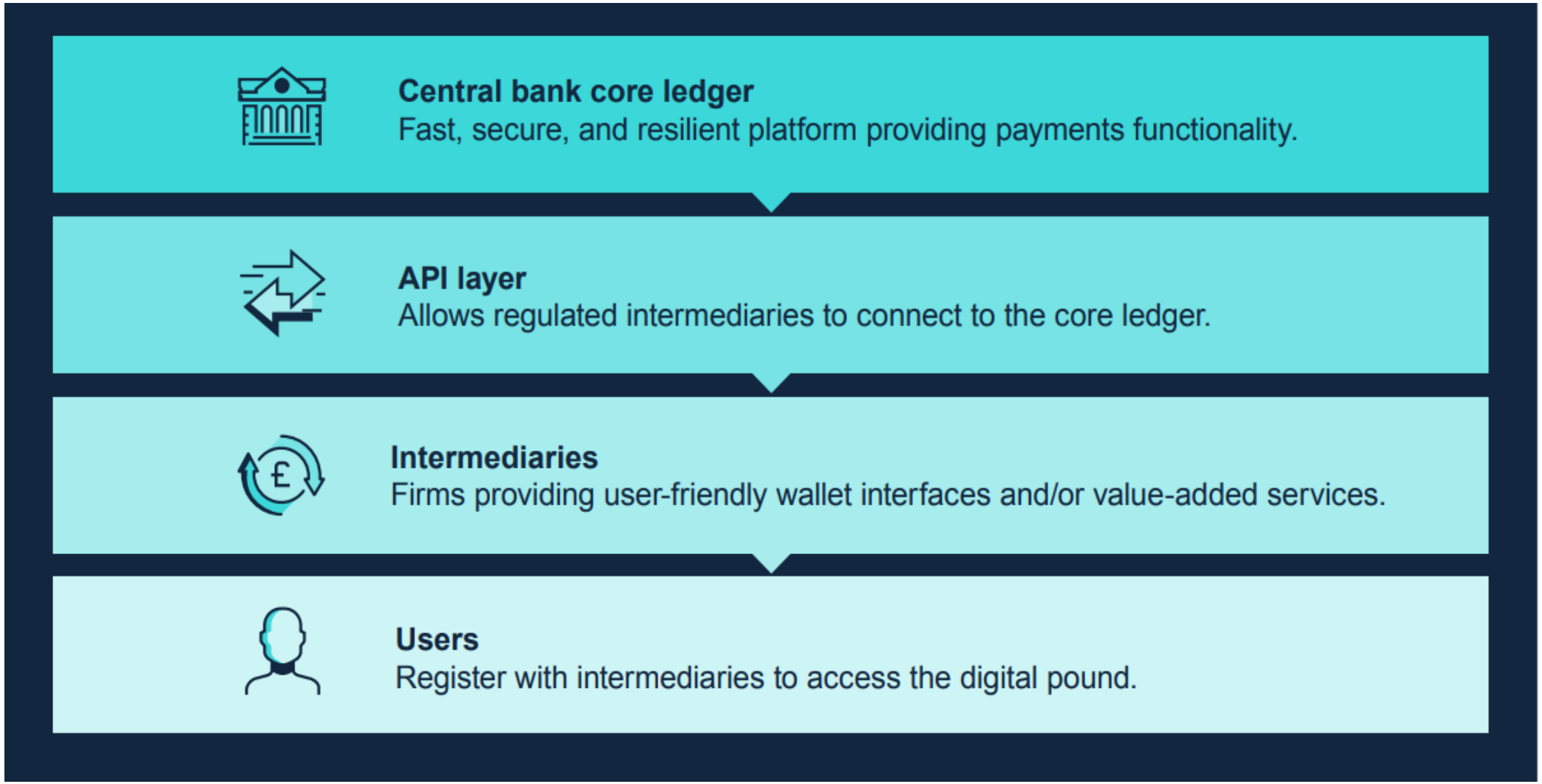
Two primary motivations

To ensure the role of central bank money as an anchor for confidence in our monetary system

Promoting innovation, choice, and efficiency

Other motivations: payments resilience, improving cross-border payments, and maximising financial inclusion

Proposed design: the ‘platform model’



Proposed design: privacy

A digital pound would be private but not anonymous

Neither the Bank nor the Government would have access to digital pound users' personal data

Users would be able to make choices about the way their data is used

Neither the Bank nor the Government would program a digital pound or restrict how it was spent

Proposed design: user experience

Support everyday payments (in-store, online, person-to-person)

Easy to move between digital pounds and other types of money

The digital pound would not pay interest

There would be a limit on how much you could hold

Non-UK residents could use digital pounds too

Technology design considerations

Six foundational considerations that will likely have significant impact on CBDC design choices

1. Privacy

Protecting users' personal data while allowing PIPs and ESIPs to comply with regulations

2. Security

Securing the CBDC system against new and existing cyber risks

3. Resilience

Protecting critical services and minimising disruption to achieve 24/7 availability

4. Performance

High performance targets include c.30,000 tps, and confirmation and settlement under one second

5. Extensibility

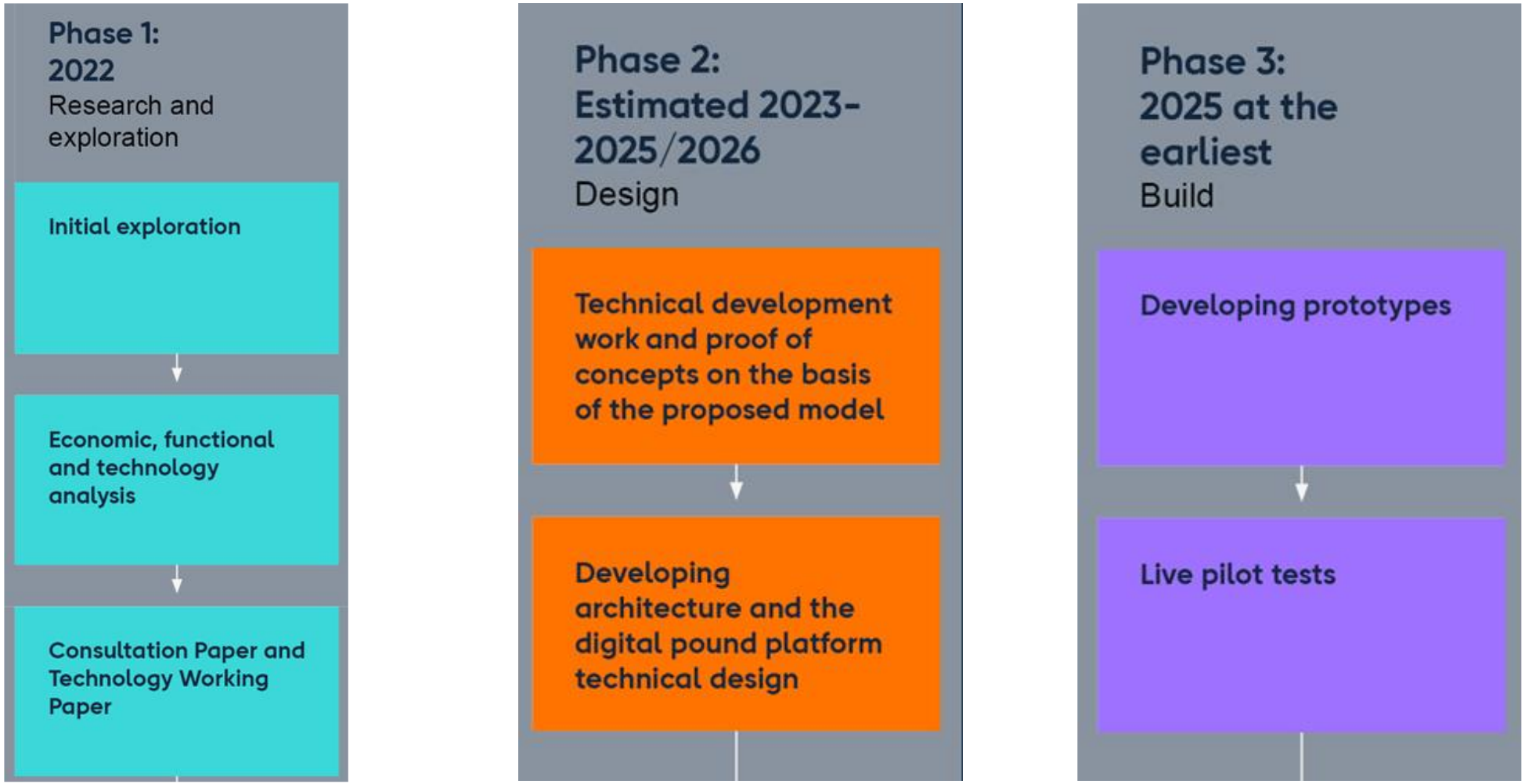
Using open and composable components to allow PIPs and ESIPs to seamlessly implement new functionality

6. Energy usage

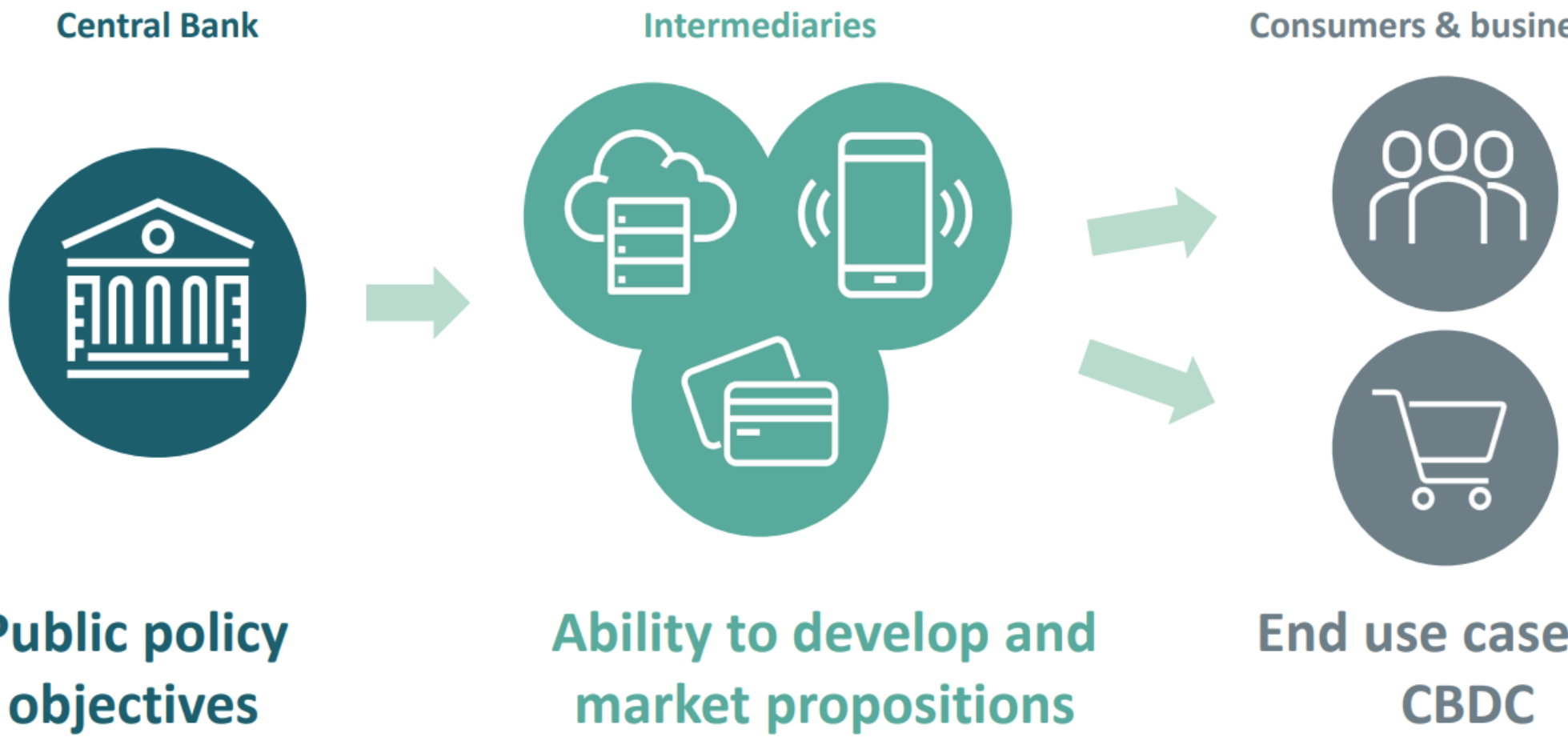
Energy efficient and minimise any impact on the environment

What next for the digital pound

The digital pound roadmap



Use cases and the CBDC ecosystem



Project Rosalind: API prototypes for retail CBDC

The project demonstrated that a well-designed API layer could:

Facilitate retail CBDC payments

Prototyped **33** API functionalities in **six** categories

Achieve interoperability

Application- and ledger-agnostic

Support innovation

Explored **30+** retail CBDC use cases

Enable public-private collaboration and ecosystem building for retail CBDC system

Collaborated with **30+** teams from the public and private sector globally

Engaged with **300+** individuals from the central banking community, academia and the industry