

A Central Bank Will Issue a Consumer-ready Digital Currency Within Five Years, a New OMFIF and IBM Report Finds

ARMONK, N.Y. and LONDON, Oct. 29, 2019 /PRNewswire/ -- Policy-makers at a number of central banks around the world are seriously considering developing and issuing a central bank digital currency (CBDC), with a consumer-ready CBDC likely to arrive in the next five years. That is the key finding from a report from IBM (NYSE: [IBM](#)) and OMFIF, a central banking think tank.

The report, commissioned by IBM, encompasses an in-depth survey of officials from 23 central banks in advanced and emerging economies. The findings present a holistic picture of policy-makers' approaches to setting up a retail CBDC. The survey projects that the first CBDC will be produced within five years in a small economy and respond to a specific policy objective with a well-defined use.

A consumer-ready CBDC is likely to require some form of public-private partnership. Central banks are hampered in their ability to offer financial services, and private companies will probably fill the gap.

Without regulation, private sector digital currencies could possibly undermine central banks' monetary sovereignty and threaten financial stability. Central banking policy-makers and regulators increasingly acknowledge that understanding and, where appropriate, incorporating these technologies into their own functions may have to be an essential part of their mandate.

Key findings:

- In dealing with digital currencies, policy objectives will remain central bankers' pre-eminent concern; advances in technology alone will not determine how CBDCs are designed or whether they will be introduced.
- 73% of central bank survey respondents would require retail CBDCs to be available under all circumstances and for all types of payments where cash is currently used.
- More than half of respondents said they were very concerned about the possibility that private challengers like Libra would critically undermine monetary sovereignty.
- 82% of those responding said their greatest financial stability concern from CBDC implementation was the risk of digital bank 'runs' which could damage stability and confidence.
- 64% of respondents said outsourceable 'intermediation' functions, such as customer onboarding, would be important for CBDC implementation.

'The concept of retail CBDCs has moved rapidly from being the thought experiment of technical experts and philosophers to the subject of boardroom debates focused on tangible, near-term reforms,' said Philip Middleton, OMFIF deputy chairman. 'When senior central bankers speculate publicly about the possibility of a universal digital currency, it is a happy endorsement of the reports' timeliness.'

'Central banks surveyed are interested in positioning themselves to launch their own retail CBDCs, as the findings of this report make clear,' said Saket Sinha, global vice president, IBM Blockchain Financial Services. 'Large banks and technology companies will have a major role to play as new public private partnerships are

formed to promote interoperability, create services, and extend financial inclusion.'

The survey was conducted between July-September 2019, involving central banks from 13 advanced economies and 10 emerging markets.

The study, *Retail CBDCs, The Next Payments Frontier*, is available [here](#).

For further information about OMFIF, please visit: www.omfif.org

For further information about IBM Blockchain, please visit: <https://www.ibm.com/blockchain/solutions/world-wire>

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