



Central Bank Digital Currencies In Europe

Tim Richards, Principal Consultant, Consult Hyperion

Tuesday, 20 September 2022



A Word From Today's Chairman

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Today's Agenda

- 11:00 – 11:05 Chairman's Introduction
- 11:05 – 11:25 Keynote Presentation – Tim Richards
- 11:25 – 11:45 Question & Answer



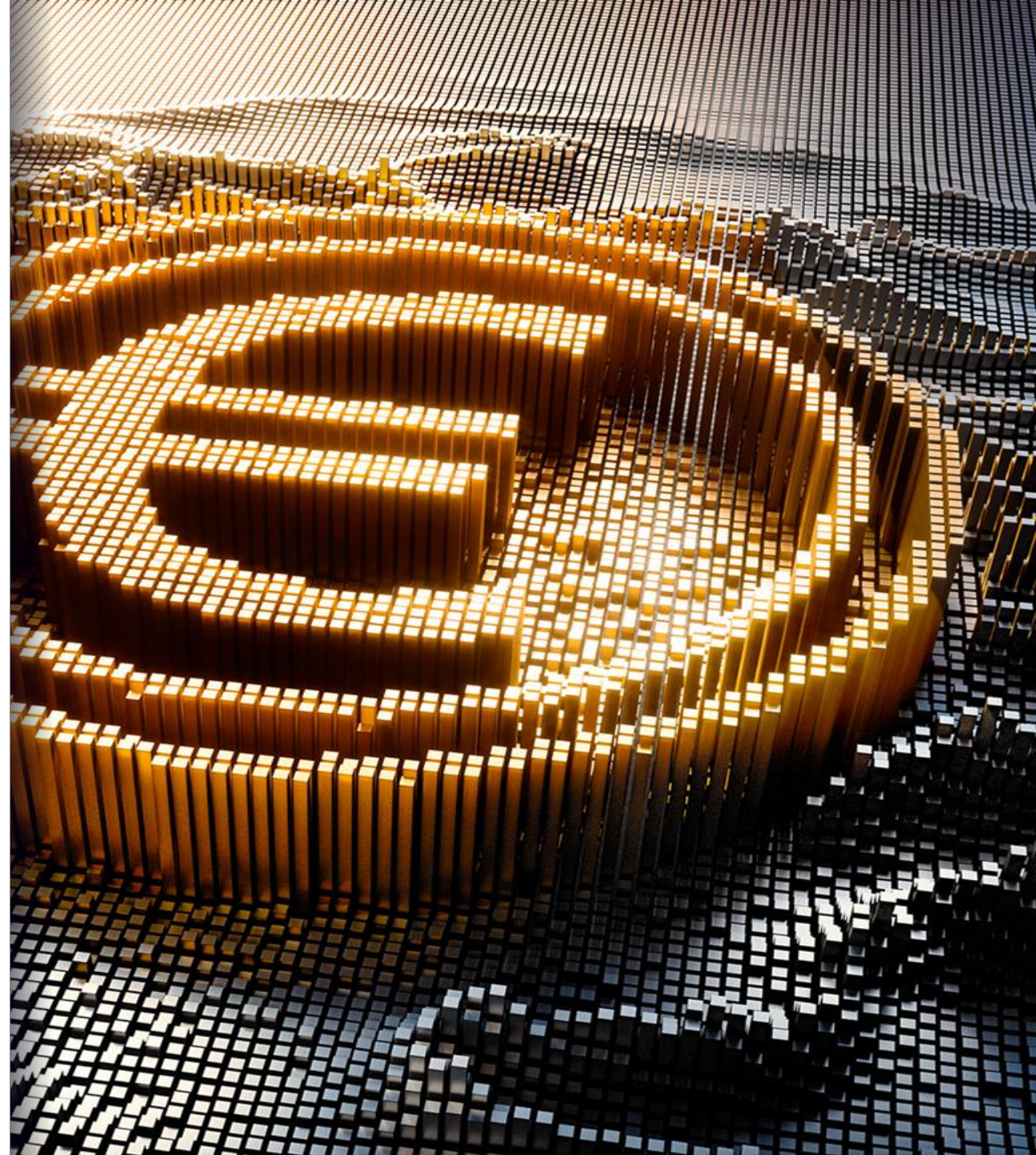
Today's Speaker

Tim Richards
Principal Consultant
Consult Hyperion





Presenting EACHA's New Whitepaper on CBDCs



The EACHA CBDC Paper



The goal of EACHA's new paper is to explore CBDCs from a European perspective - the outlooks, perspectives and not least the potential roles of different entities - including ACHs.

The paper is based on interviews, research and hands-on experience from ongoing CBDC projects.

The authors - Consult Hyperion and Norfico - bring decades of financial services infrastructure experience - ranging from legacy payment platforms to the latest developments in blockchain and crypto.

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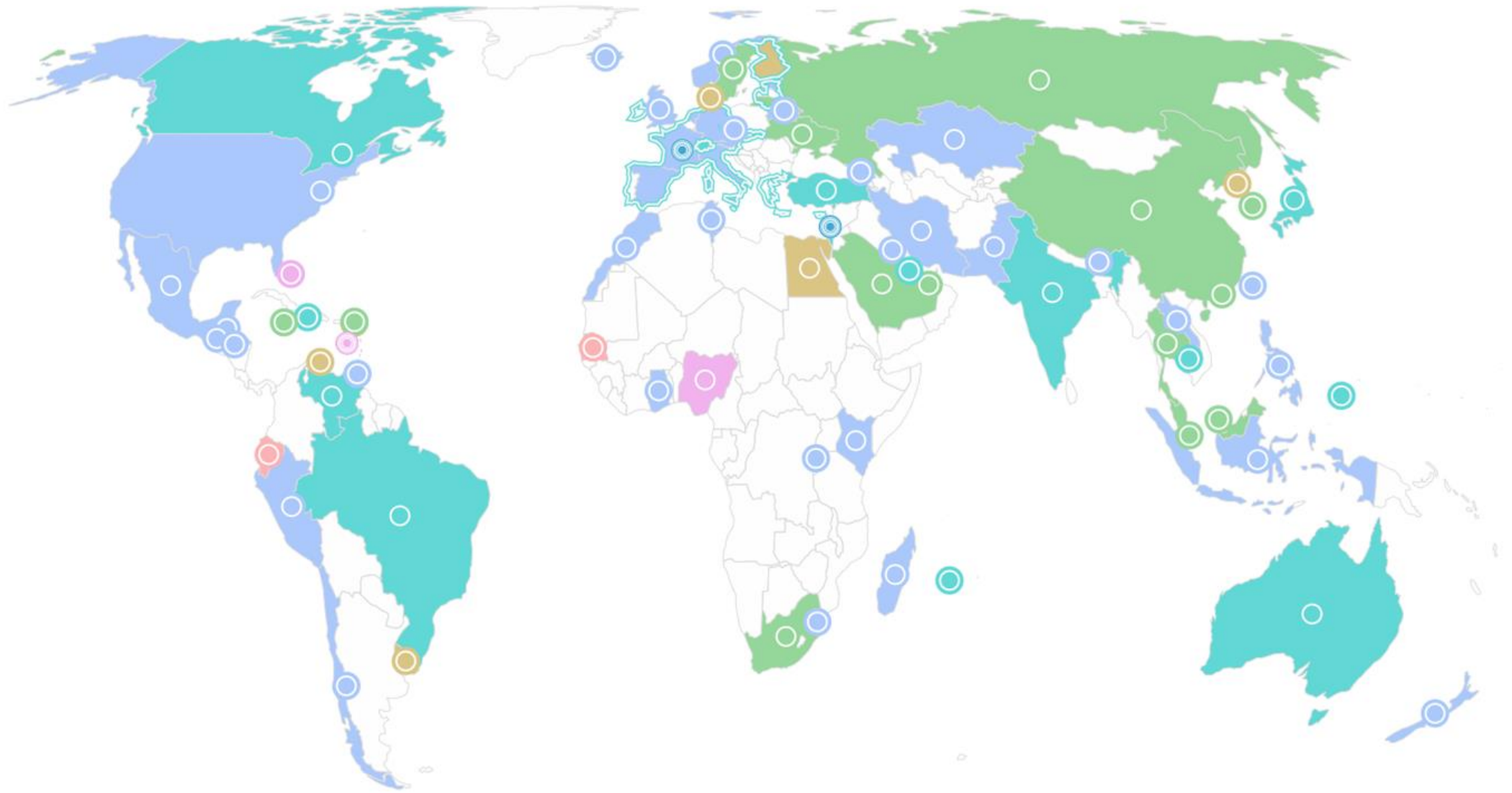
CBDC Projects Across the Globe

91 Countries / Currency Unions Tracked

Click to filter

Status

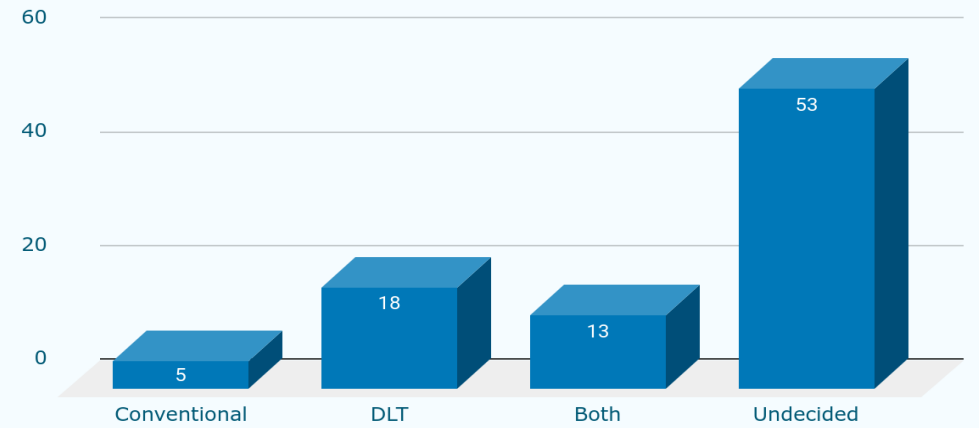
- 9 Launched
- 15 Pilot
- 16 Development
- 40 Research
- 7 Inactive
- 2 Canceled



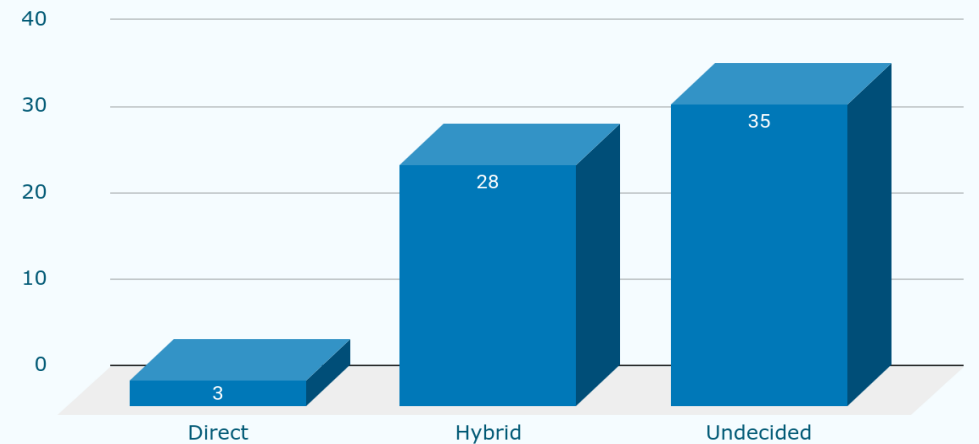
What are CBDCs? - and what are they not?

- ✓ Digital Currency
Backed by Central Banks
- ✓ Cash-equivalent
- ✓ Interoperable with
traditional payment
methods
- ✓ Designed for inclusivity
- ? Blockchain-based
- ✗ Cryptocurrencies
- ✗ Stablecoins

CBDC projects by chosen infrastructure



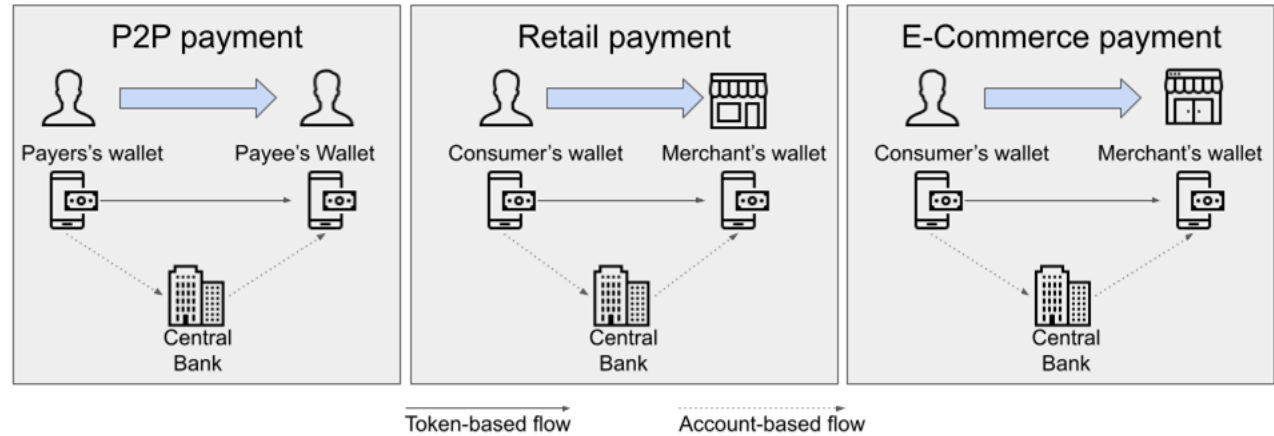
CBDC projects by architecture



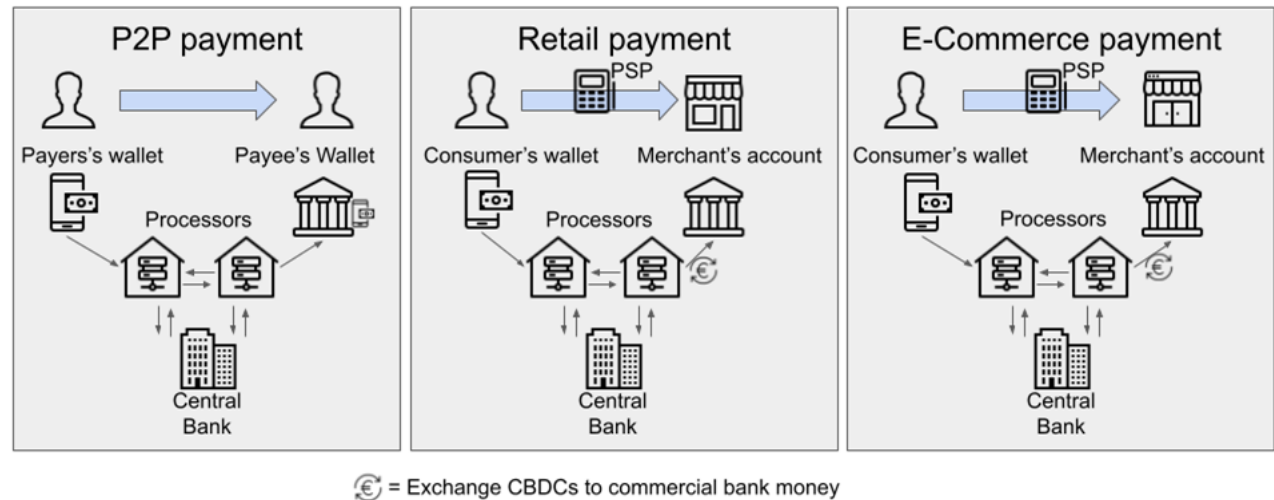
Source: Atlantic Council

Using CBDCs for Payments

CBDC payments - theoretical money flow



CBDC payments - likely money flow



Powering CBDCs - Who Does What?

Central
Banks

- ❖ CBDC Issuance
- ❖ Manage Settlement
- ❖ Ledger Management
- ❖ Regulation / Governance

Commercial
Banks

- ❖ CBDC Distribution
- ❖ CBDC Issuance
- ❖ Ledger Management

Payment
Processors

- ❖ “Synchronisation Operators”
- ❖ Interoperability Management

TBD

- ❖ Scheme Operators
- ❖ Risk / Fraud Management
- ❖ Onboarding / KYC
- ❖ Liability
- ❖ Business models

Challenges and Opportunities



Inclusivity

Using CBDCs should not be limited to people that have bank accounts (and smartphones)



Acceptance

A regulated requirement to accept CBDCs would have significant implications for payment systems and intermediaries



Offline Payments

Fully offline peer-to-peer transactions would effectively mimic the operation of cash.



Anonymity/pseudonymity

“Full anonymity is not a viable option from a public policy perspective.”
- Fabio Panetta, ECB



User consent

It will be necessary to obtain user consent before acting on their behalf and that consent will be enforced by strong customer authentication



Incentivisation

CBDCs for retail payments will be in competition with other, well-established and successful retail payment methods

Opportunities for ACHs

In conclusion... we see three potential roles for ACHs:

1. Payment Service Providers in a multi-tier solution
2. Intermediaries connecting CBDCs to the existing payment ecosystem in a highly resilient way
3. Operators of CBDC nodes in a distributed system

Do note that these are not mutually exclusive!

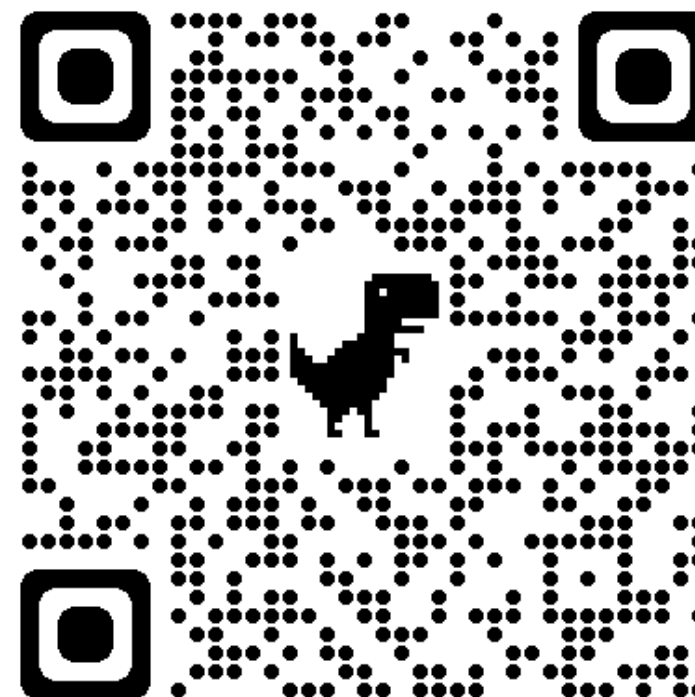


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Thank you very much for your
time



If you have any questions about the whitepaper
please do not hesitate to contact us at:



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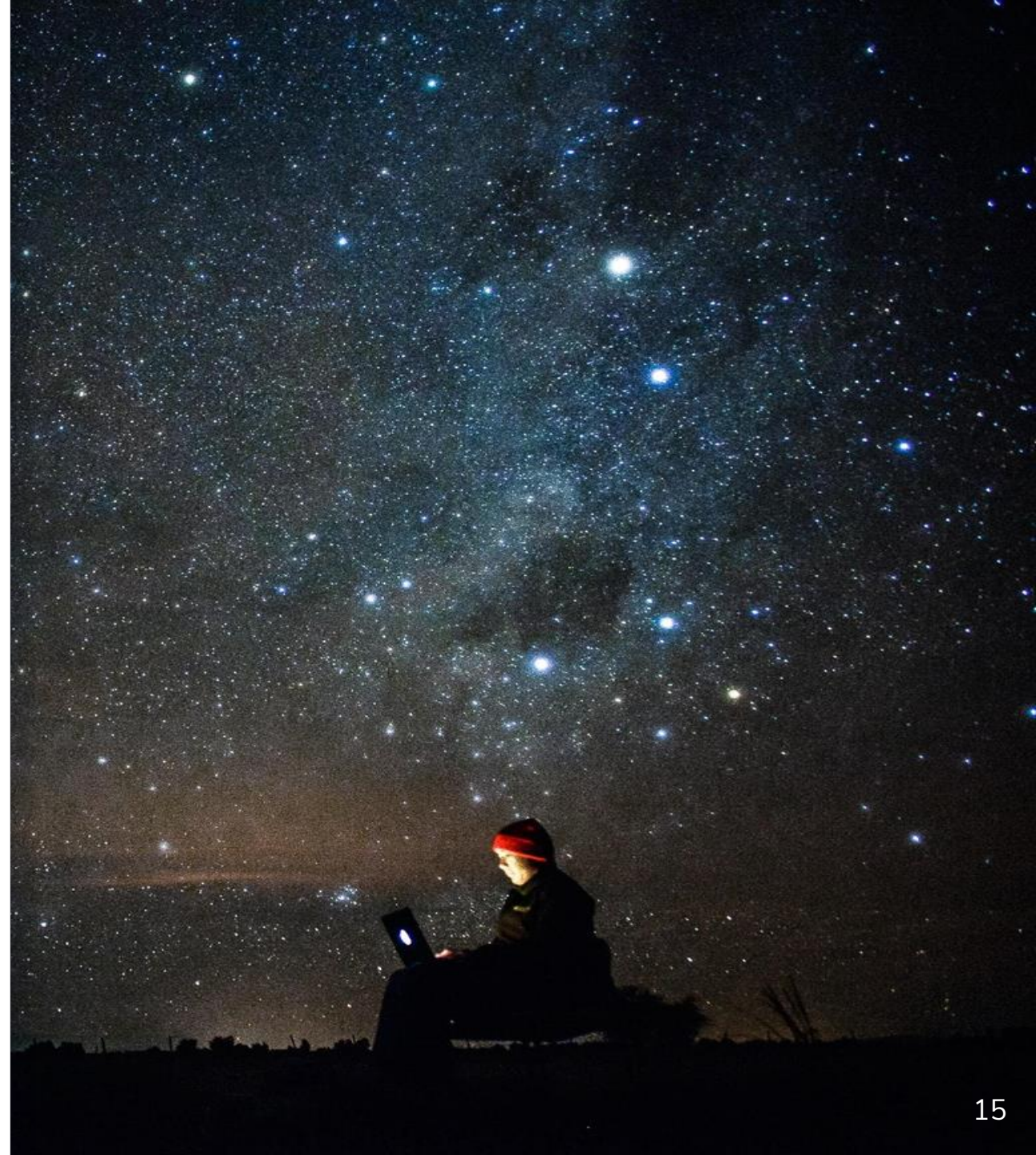
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Comments, Questions & Answers





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Forthcoming Events

- Tue, 20 Sep (11:00-11:45) Central Bank Digital Currencies In Europe
- Wed, 21 Sep (17:00-18:30) A City Of London & Birkbeck Roundtable Event on Sustainability & Resources
- Thu, 22 Sep (09:00-10:30) Launch Of Global Financial Centres Index 32
- Wed, 28 Sep (11:00-11:45) Emotional Intelligence & Financial Systems

Visit <https://fsclub.zyen.com/events/forthcoming-events/>

Watch past webinars <https://www.youtube.com/zyengroup>