



RESERVE BANK OF AUSTRALIA

MEDIA RELEASE

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Reserve Bank and Digital Finance Cooperative Research Centre to explore use cases for CBDC

The Reserve Bank is collaborating with the Digital Finance Cooperative Research Centre (DFCRC) on a research project to explore use cases for a central bank digital currency (CBDC) in Australia.

Considerable research has been undertaken by central banks, including the Reserve Bank, into the feasibility and possible technical design of CBDC, in particular exploring the potential use of new technologies such as distributed ledger technology. A question that has received less attention to date, especially in countries like Australia that already have relatively modern and well-functioning payment and settlement systems, is the use cases for a CBDC and the potential economic benefits of introducing one.

The project with the DFCRC will help address this gap by focusing on innovative use cases and business models that could be supported by the issuance of a CBDC. The project will also be an opportunity to further understanding of some of the technological, legal and regulatory considerations associated with a CBDC.

The project, which is expected to take about a year to complete, will involve the development of a limited-scale CBDC pilot that will operate in a ring-fenced environment for a period of time and is intended to involve a pilot CBDC that is a real claim on the Reserve Bank. Interested industry participants will be invited to develop specific use cases that demonstrate how a CBDC could be used to provide innovative and value-added payment and settlement services to households and businesses. The Bank and the DFCRC will select a range of different use cases to participate in the pilot, based on their potential to provide insights into the possible benefits of a CBDC. A report on the findings from the project, including an assessment of the various use cases developed, will be published at the conclusion. The findings will contribute to ongoing research into the desirability and feasibility of a CBDC in Australia.

The Australian Treasury is participating as a member of the steering committee for the project, as part of its joint work with the Reserve Bank on exploring the viability of a CBDC in Australia.

A paper will be published in the next few months that will explain the objectives and approach of the project in more detail and how industry participants will be able to engage.

‘This project is an important next step in our research on CBDC. We are looking forward to engaging with a wide range of industry participants to better understand the potential benefits a CBDC could bring to Australia,’ said Michele Bullock, Deputy Governor of the Reserve Bank.

Dr Andreas Furche, CEO of the DFCRC, said ‘CBDC is no longer a question of technological feasibility. The key research questions now are what economic benefits a CBDC could enable, and how it could be designed to maximise those benefits’.

About the Digital Finance Cooperative Research Centre (DFCRC)

The [DFCRC](#) is a 10-year, \$180 million research program funded by industry partners, universities and the Australian Government, through the Cooperative Research Centres Program. The DFCRC’s mission is to bring together stakeholders in the finance industry, academia and regulatory sectors to develop and harness the opportunities arising from the next transformation of financial markets – the digitisation of assets that can be traded and exchanged directly and in real-time on digital platforms. The Reserve Bank is an industry partner of the DFCRC, and is using its involvement in the DFCRC to support work on its strategic focus area on supporting the evolution of payments, including through research on CBDC.

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DFCRC Research Project Information

The CBDC Pilot Project is aimed at the identification of opportunities for commercial innovation based on CBDC. We plan to do this through direct engagement with industry stakeholders who are interested in developing and implementing such innovation. We believe that this approach is the most realistic means to answer the question ‘What more could we do if we had a CBDC’?

The project intends to make the identification and testing of opportunities as ‘real’ as possible. It will be run on a pilot implementation of a CBDC, using a new form of central bank money – CBDC as a digital asset representing a liability of the RBA.

An important part of this work will be to consider the potential nature of a CBDC in its design, and its potential impact. Both in the context of our financial system, and of business use cases. CBDC is considered as potential future infrastructure in many parts of the world, and with many different potential properties. But it is not a ‘ready-made’ product. It is a concept that is made up of policy and implementation parameters to suit the specific problems and use cases it is to address.

Our project will look at CBDC leverage in use cases, improved or new business models, and their potential economic impact. In particular, we are interested in use cases where such innovation and improvements can be directly enabled through CBDC.

The design of the Pilot CBDC for our project will be purposefully broad and experimental – to permit integration with as wide a variety of use cases as possible. But this experimental setting does not imply that a CBDC will operate in Australia in future, nor under what policies and parameters that may be the case. Instead, it is intended to help support decision making on these matters in the future.

The project does not seek to establish technology feasibility or facilitate technology selection. Technology choice will be based on what is adequate and readily available infrastructure for the purpose of this Pilot Project only. DFCRC industry partner Trovio, itself originating from the CRC program and a pioneer in asset digitisation and digital asset management, is assisting with the security aspects of operating the CBDC as a fully digitised asset.

Participation in the Pilot Project is open to all industry stakeholders with legitimate proposed use cases for CBDC. You need not be associated with DFCRC in order to participate. Participation will consist primarily of the consultative process aimed at the identification and assessment of use cases. A limited number of use cases will be selected for pilot implementation.

If you are interested in participating in the project, the next step is to register your organisation. A whitepaper is currently being prepared outlining how the project and CBDC platform will operate and will be sent to registered parties once completed.

Register [here](#) to receive updates on the project.