

WEF 2020: Central banks collaborate with World Economic Forum to create framework for digital currencies

By: FE Online

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WEF announced that the National Bank of Cambodia was among the first national banks to create a quasi-form of national payments system called Central Bank Digital Currency.



The World Economic Forum made the framework public during its on-going 50th annual meet in Davos, Switzerland

The World Economic Forum (WEF) and a group of more than 40 central banks of nations, financial institutions, researchers, global organisations have said that in the scenario of growing possibilities of digital currencies around the world, they've developed a framework to facilitate central banks in designing models, evaluating their potential and in deploying these instruments. The World Economic Forum made the framework public during its on-going 50th annual meet in Davos, Switzerland, and announced that the National Bank of Cambodia was among the first national banks to create a quasi-form of national payments system called Central Bank Digital Currency, or CBDC in short.

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In a release, the WEF said that the other central banks to adopt the framework were Uruguay, Bahrain and Thailand. The central banks of these three nations were deploying the toolkit to their CBDC evaluation process. Among the other early movers, it said, were the People's Bank of China and the Eastern Caribbean Central Bank.

The WEF added that insights and inputs from over 40 central banks, institutions, researchers and financial organisations were taken into consideration while creating the CBDC Policy-

Maker Toolkit. Challenges such as the efficiency of payment systems and financial inclusion were what led to the CBDC's rise to prominence, the release said. The research and experimentations were largely done

secretively partly due to the market-moving nature of announcements that central banks made, it said and added that valuable inputs were received from academics and Blockchain experts whose insights helped central banks' policy-makers in deciding whether the CBDC suited their economies and how it could be evaluated, designed and deployed in their cases.

The release quoted Project Lead at WEF, Ashley Lannquist, as saying that a common approach to designing and evaluating CBDC globally was reached by working in sync with almost renowned economists, financial leaders and almost a dozen central banks.

Dr Veerathai Santiprabhob, Governor of the Bank of Thailand, was quoted in the release saying that his bank had taken major steps towards the development of “Project Inthanon”, a wholesale CBDC project.

The release added that the Governor of Central Bank of Bahrain, Rasheed al Maraj, felt that the toolkit developed by WEF would provide an opportunity for learning, growing and adapting to the changes in the Fourth Industrial Revolution.

A full-fledged deployment of a quasi-form of CBDC called “Project Bakong” was developed by the National Bank of Cambodia aims to go live this year, the release said.

The WEF added that despite People’s Bank of China, Uruguay, Cambodia, Cambodia and Eastern Caribbean Central Bank adopting the CBDC, many others were still undecided on its use. The toolkit is helpful in this regard, as it enables countries to analyse if the CBDC suits them and then proceed to adapt to it rapidly.

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