

eCedi

Ghana's Central Bank Digital Currency (CBDC) Pilot



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Background & Justification

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Background

At the 91st Monetary Policy Committee press conference on November 25, 2019, Bank of Ghana announced its intention to explore a Central Bank Digital Currency (CBDC) within the framework of the financial sector digitisation programme.

The eCedi is a value-based retail CBDC that is in its 2nd phase of a 3 phase pilot.



Justification: The Case For CBDC in Ghana

1. Increasing digitization of the economy and consumer adoption of digital payments;
2. Anticipating the future role of the Bank of Ghana as an active facilitator of the digital economy;
3. Possibility of a more efficient and resilient payment system; and
4. Emerging risk of unregulated private 'currencies' or virtual assets.

Justification Cont'd: Key Market Enablers



“PAINS”: What Problems Are We Solving?

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Some Current Challenges Facing Central Banks

1. Financial inclusion at the very last mile
2. Competition in the payment system
3. Friction between traditional and emerging payment models
4. Cost of currency operations
5. Consumer protection

Some Future Challenges Facing Central Banks



1. Increasing threat of private virtual assets/cryptocurrencies Monetary Sovereignty, Financial Stability and Compliance
2. Relevance of physical form factor of money in a mostly digital future



***“GAINS”*: Potential Benefits for Stakeholders**

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Potential Benefits for Stakeholders



MERCHANTS

CBDC will allow lower cost to merchants and would reduce complexity by providing one universal means of payment used by everyone.



COMMERCIAL BANKS

CBDC would ensure that commercial banks keep their role as relevant financial service provider to the people.



FINTECHS

A CBDC would provide a platform to build innovative services and products fostering innovation and growth.

Potential Benefits for Stakeholders



1. Promote financial inclusion
2. Spur competition in the payment system
3. Strengthen the monetary policy transmission channel
4. Maintain monetary sovereignty
5. Transparency: can be designed to avoid tax evasion, money laundering, terrorism financing etc. while protecting the privacy of honest users
6. Financial stability: provide consumers with a public form of money for the digital era, guaranteed by the central bank.
7. Reduced cost of payments

Potential Benefits for Stakeholders



Consumers



- **Choice and competition:** The simplification of access to and usage of a digital form of cash, will ultimately make it easy for service providers to deliver more innovative products and services;
- An interoperable means of payment that can be used by everyone anywhere;
- Access to digital payment services at the last mile (**Inclusiveness**); and
- The efficiency gains from the entire financial sector operating with a digital form of cash is expected to translate into a **lower cost** of service delivery.



OFF-GRID

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Testing Scenarios

Urban



Peri-urban



Off-grid





Lessons So Far.....

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Lessons So Far....



1. Human Centred Design: Start with the **consumers**, design for the **consumer** and design with the **consumers**;
2. Stakeholder assessment must to be **thorough**;
3. Be aware of your environment- localise the context;
4. Select technology partner **carefully and** enlist **industry experts**;
5. Be **agile**, expect to **keep learning** and **evolve!**

THANK YOU

