

# Inclusive Economic Development Principles for Integrating Central Bank Digital Currencies in BRICS

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BRICS Symposium

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# Background

Global Economic  
Slowdown intensified  
Global Inequalities

Multiple intersecting  
crises

Multinational Trade  
Promotion measures  
not having the  
desired effect

Developmental  
paralysis

Current financial  
system is too slow,  
expensive and  
exclusionary



How do we ensure  
Cross-Border Integration  
and a common system of  
protocols to facilitate  
cross border trade?

How do we centre  
Inclusion in the design?

# Retail

Allows Peer-to-Peer  
Transactions

Currency issued to the  
public, not banks

Higher volume – lower  
value

# Wholesale

Transactions between  
financial Institutions

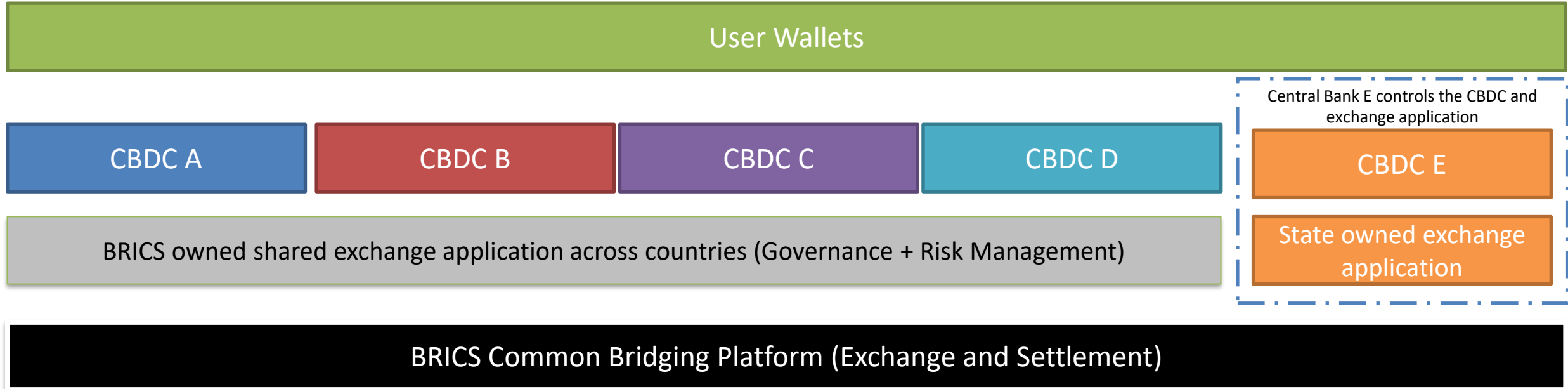
CB is the central  
domestic counterparty

Lower volume – higher  
value

# Implementing the MCBDC Integrated Model

	Strength	Weakness
Compatible	<ul style="list-style-type: none"><li>• Reduces barriers to cross-border payments.</li><li>• Built on commonalities in technical standards and regulatory regimes.</li><li>• With shared commonalities, it is simpler to onboard operational processes.</li></ul>	<ul style="list-style-type: none"><li>• Requires a supranational framework to develop common regulatory regimes. The Single Euro Payment System follows a process of legal harmonisation, which took many years to introduce.</li></ul>
Interlinked	<ul style="list-style-type: none"><li>• Introduces a shared technical interface, supported by contractual agreements allowing cross-border payments.</li><li>• Introduces a shared clearing system with designated settlement accounts, allowing Central Banks to hold a balance of a foreign CBDC in its clearing account.</li></ul>	<ul style="list-style-type: none"><li>• The system's complexity compounds with each new country connecting to the system, requiring each country to hold a balance of foreign currency in its clearing account.</li><li>• The technical expertise needed to manage the system is high and the complexity linked to scalability becomes a risk.</li></ul>
Integrated	<ul style="list-style-type: none"><li>• Based on a single multi-currency platform with several CBDCs onboarded to the model.</li><li>• Participants agree to the rules of exchange and the shared underlying technical infrastructure.</li><li>• Supports efficiency gains when additional currencies are onboarded.</li></ul>	<ul style="list-style-type: none"><li>• There is an increase in governance and controls inherent to the system.</li><li>• Participants will need to relinquish a level of control over the governance arrangements, technical infrastructure and overall system oversight, as these functions are shared by the group.</li></ul>

# Unbundling the Technology Stack

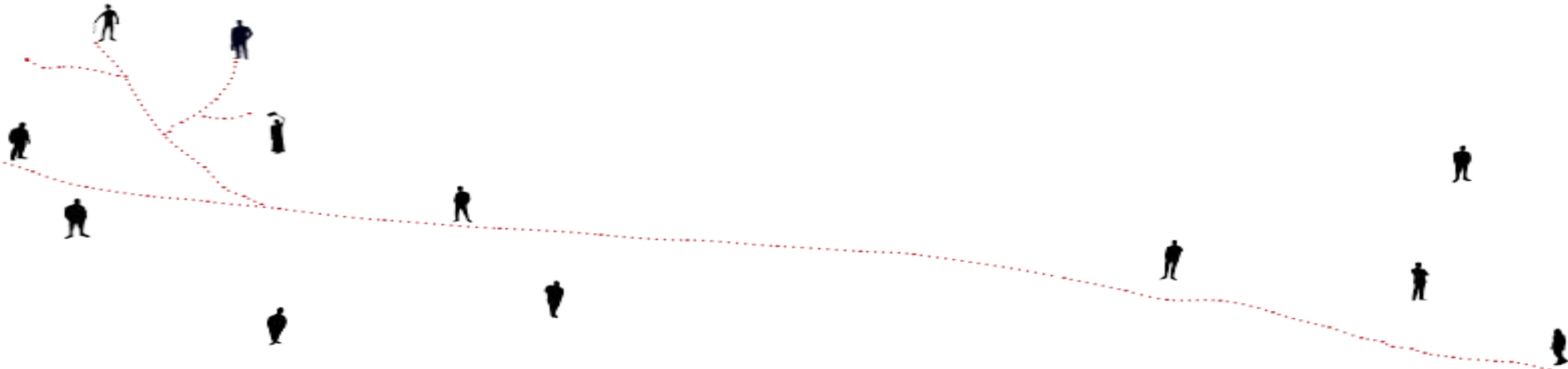


- Any country should be able implement their own CBDC application or adopt the common exchange application
- The BRICS Common Bridging Platform is used as a clearing house

# Recommendation 1: Share mCBDC Regulatory and Governance Powers in the Group

- The BRICS mCBDC Governance Model must share responsibilities between the Central Bank and the BRICS Common Platform.
- The model must allow the Central Bank to maintain control and authority over its monetary policy, while the BRICS Common Bridging Platform will act as a clearing centre for cross-border transactions.
- The Bridging Platform will need to manage exchange rate conversion, define communication protocols and set the minimum standards for exchange.

## Inclusive CBDC Design Principles





# Increase Payment Interoperability and Foster Financial Inclusion



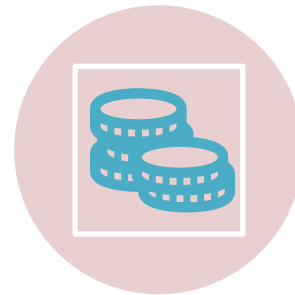
Promote access to payment and financial services.



Enable public and nonbank financial services, where private incentives are limited



Allow offline transactions



Open-source technologies can be shared across BRICS

# Protect Data Privacy

Central Bank takes  
responsibility for  
KYC and AML  
verification

Trust can be  
placed in the  
Central Bank

3<sup>rd</sup> Parties need  
not gain access to  
digital identity  
data

Access and usage  
of identity data  
must be  
transparent

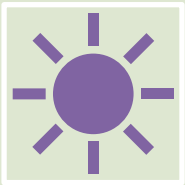




Central Banks should support a Net-Zero Financial System



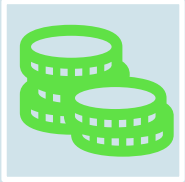
Only source power from Renewable Energies for currency exchange and verification



Early adoption of Renewable Energies will forefront the sustainable development agenda



CBDCs can be a launchpad for future innovations that accelerate global economic growth



The currency could disrupt and disintermediate several industries



BRICS Central Banks must consider the social implications of new technologies and innovations

# Recommendation 2: Support Inclusive Economic Development Principles for CBDC Integration

- Centralise Financial Inclusion and Reduce Transaction Fees
- Promote Payment Platform interoperability and data privacy
- Promote Carbon Neutrality
- Use the mCBDC platform as a launchpad for future innovations
- Minimise Retail Banking Intermediaries where possible
- Promote Financial Sector Competition

# Thank you



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Jaya Josie



Krish Chetty



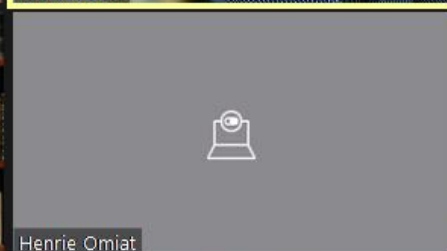
Paulo Rupino da Cunha [Portugal ;-]



Admin



Helder Sebastião



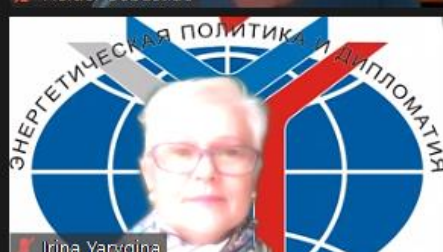
Henri Omiat



Ronney Ncwadi



Alexis Habiaryemye



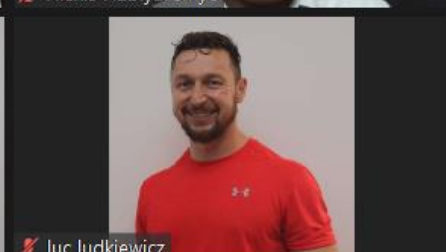
Irina Yarygina



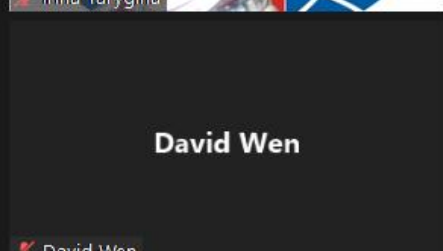
Nwabisa Kolisi



Babalwa Siswana

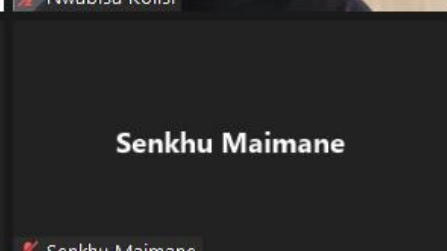


luc ludkiewicz



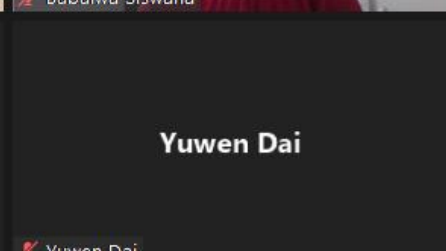
David Wen

David Wen



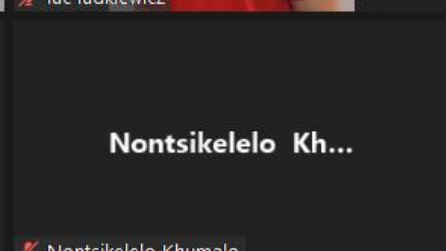
Senkhu Maimane

Senkhu Maimane



Yuwen Dai

Yuwen Dai



Nontsikelelo Kh...

Nontsikelelo Khumalo

Find a participant

- Krish Chetty (Host, me)
- Jaya Josie (Co-host)
- Admin (Co-host)
- David Wen (Co-host)
- Irina Yarygina (Co-host)

Invite Mute All

Chat

<https://www.mdpi.com/1999-5903/13/7/165>

Me to Everyone

Thanks for the link

Auriel Niemack to Me (Direct Message)

Hi Krish, making my apologies now to you, I have to head to another meeting

Me to Everyone

lets turn on our cameras for a group picture

Who can see your messages? Recording On

To: Everyone

Type message here...