

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

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**BRICS Seminar and Forum**

**A New Blueprint for BRICS Cooperation, A New Paradigm for  
Global Development**

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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



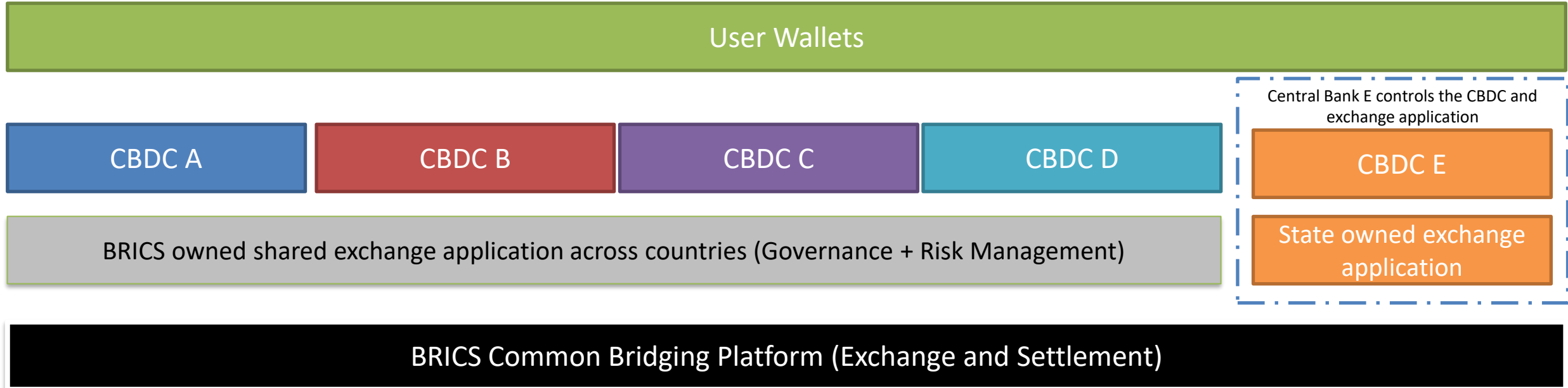
How do we ensure  
Cross-Border Integration  
and a common system of  
protocols to facilitate  
cross border trade?

How do we centre  
Inclusion in the design?

# Implementing the MCBDC Integrated Model

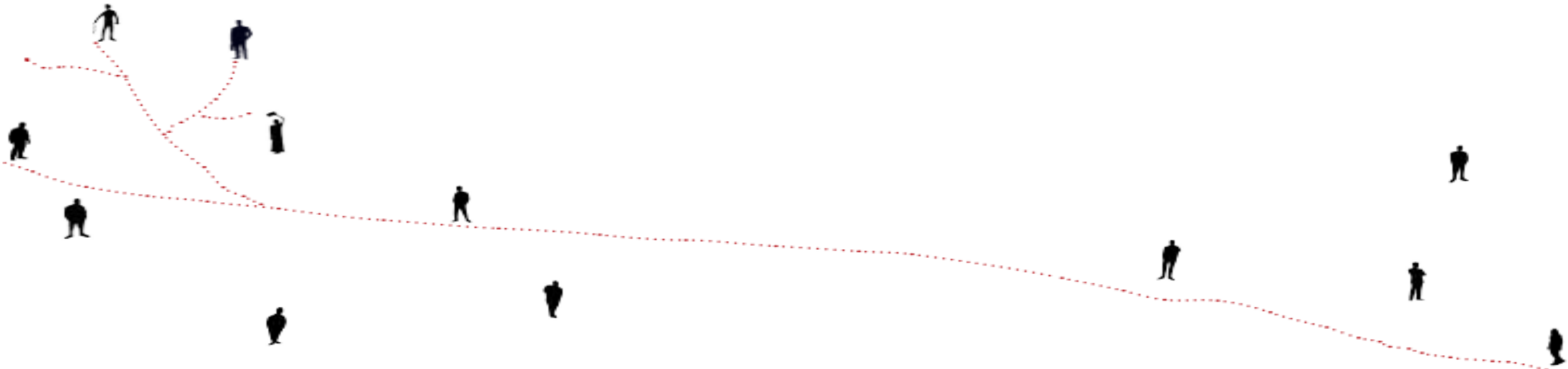
	Strength	Weakness
<b>Compatible</b>	<ul style="list-style-type: none"><li>• Reduces barriers to cross-border payments.</li><li>• Built on commonalities in technical standards and regulatory regimes.</li><li>• With shared commonalities, it is simpler to onboard operational processes.</li></ul>	<ul style="list-style-type: 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>
<b>Interlinked</b>	<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>
<b>Integrated</b>	<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

## Inclusive CBDC Design Principles



# Increase Payment Interoperability and Foster Financial Inclusion



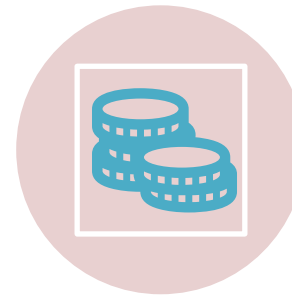
Promote access to payment and financial services.



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



Allow offline transactions



Open-source technologies can be shared across BRICS

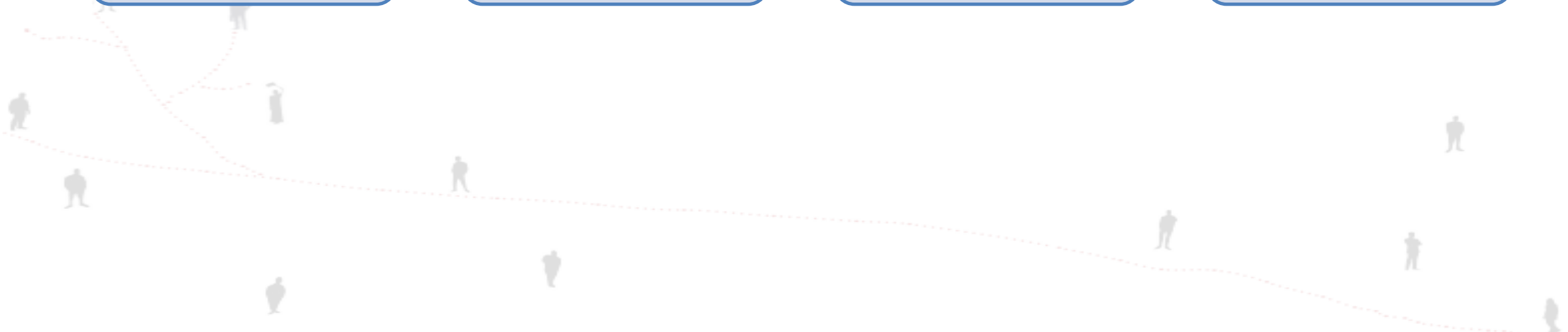
# Protect Data Privacy

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

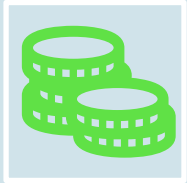
Access and usage  
of identity data  
must be  
transparent







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

# Thank you



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