

Sarb looks into central bank digital currency

The South African Reserve Bank (SARB) is conducting a study into the feasibility, desirability and appropriateness of a central bank digital currency (CBDC).



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This, the central bank said in statement, will include electronic legal tender, for general-purpose retail use, complementary to cash.

“A retail CBDC can be defined as a digital form of cash aimed at providing the best attributes of both cash and electronic payments,” the statement reads.

The Sarb said the objective of the feasibility study is to consider how the issuance of a general-purpose CBDC will feed into the central bank’s policy position and mandate.

“The Sarb is one of a growing number of central banks looking at the feasibility of the issuance of digital currencies.

“The study will focus on the issuance of a domestic CBDC that can be used by consumers in South Africa for general retail purposes,” the central bank said.

The feasibility study will include practical experimentation across different emerging technology platforms, taking into

account a variety of factors, including policy, regulatory, security and risk management implications.

“It should be noted that while the CBDC feasibility study is different from Project Khokha, which focuses on the settlement of high-value transactions between commercial banks and other stakeholders at the wholesale level, it is expected that the two studies will result in better policy alignment and coordination,” the central said.

The CBDC feasibility study is expected to be concluded in 2022. The Sarb has, at this stage, made no decision to issue a retail CBDC.

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