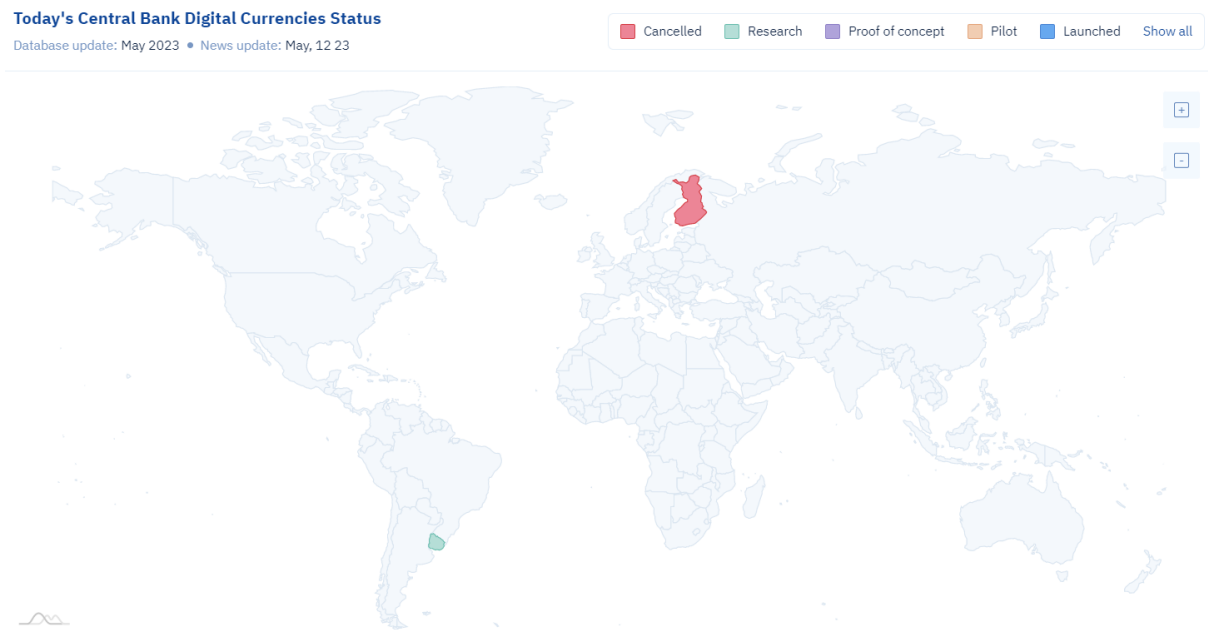


Global CBDC Developments and the Future of Cross-Border Payments: A case of South African Reserve Bank and The Monetary Authority of Singapore.

Central Bank decentralized currencies (CBDCs) are described as fiat money in a digital form. However, it is different from cash in your bank account and fundamentally explained as money maintained in a digital format in a commercial bank account representing an amount due to you by that bank; in other words, it is a claim you have against the bank. It is usually possible to withdraw it in tangible form, but only if the bank is solvent. Conversely, a CBDC is backed by the central bank and, like cash, is a liability on the bank's balance sheet. A CBDC with legal currency status would not be a commercial bank's responsibility.

Image 1: Map of CBDC projects in January 2015 (source: CBDCtracker.org)



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Image 2: Map of CBDC projects in January 2020 (source: CBDCtracker.org)

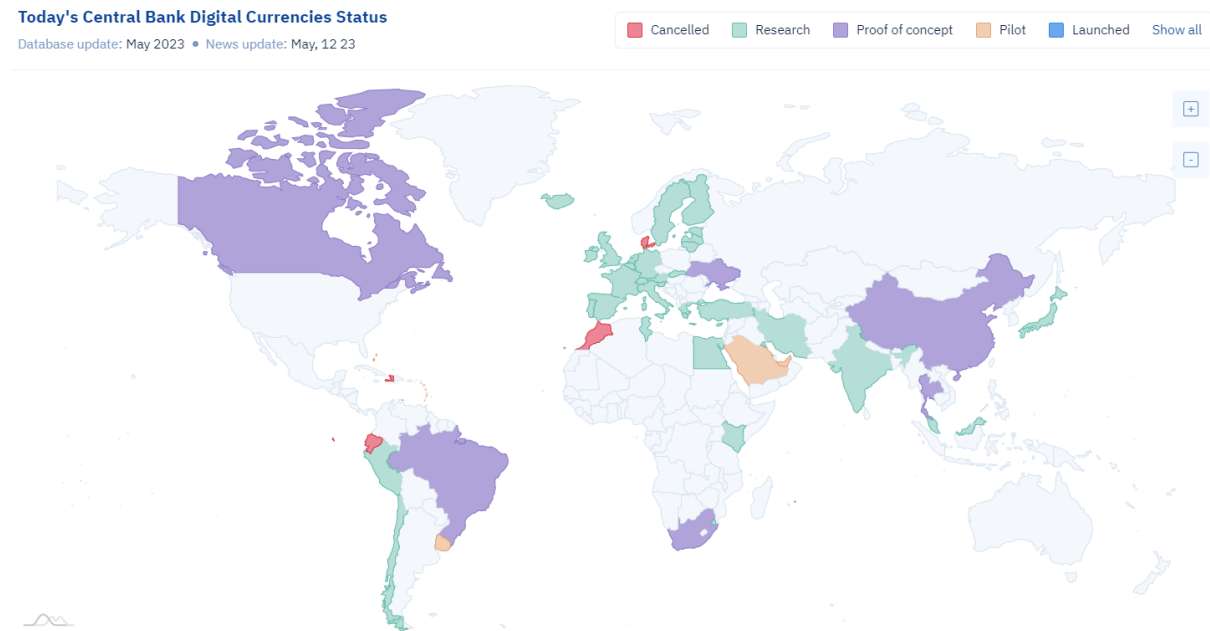
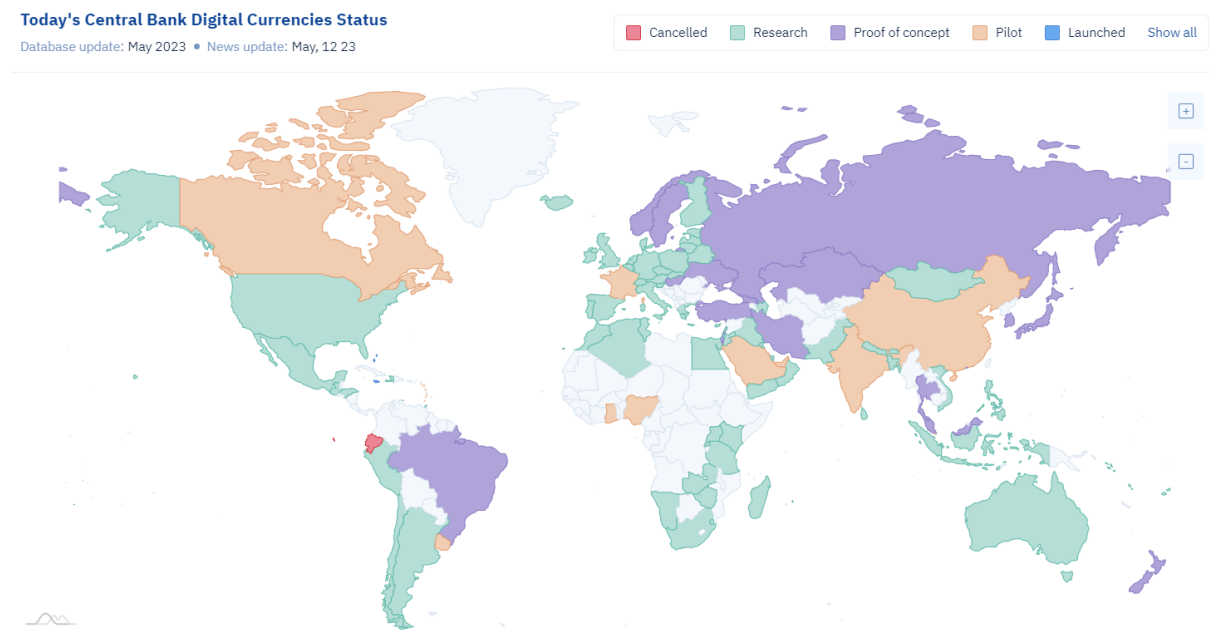


Image 3: Map of CBDC projects in May 2023 (source: CBDCtracker.org)



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In recent years, central banks around the world have been exploring the potential of CBDCs and have made significant strides towards their adoption. The images above showcase the rapid adoption of blockchain technologies by central banks from 2015 to 2023, with a particular focus on the push towards CBDCs between 2015 and 2020.

Understanding CBDCs through the eyes of the South African Reserve Bank (SARB) and Monetary Authority of Singapore (MAS).

South Africa and Singapore have piloted two stages of their CBDC projects while working on a second, Project Dunbar, which involves a multi-CBDC platform for international settlements with partners Australia and Malaysia.

Both Singapore and South Africa CBDC projects tested distributed ledger technology (DLT) applications with the SARB using CBDC for interbank settlement (Project Khokha 1) and purchasing SARB debentures in the primary market while allowing commercial banks to buy debentures in the secondary market using stablecoins (Project Khokha 2). Furthermore, the MAS enabled cross-border settlement with the US Fed more effectively and safely via wCBDC ('Wholesale CBDC' recognised for transmission between financial institutions to settle financial market transactions).

In conclusion, we have yet to see the use of public CBDCs in the conventional banking system since central banks do not present themselves as retail holders or lenders of cash. However, mass adoption of CBDCs has interesting applications in the global financial system. As a result, there is significantly more potential for private solution providers like 80eight, which provide custody and treasury management solutions for stablecoins that comply with legal frameworks and anti-money laundering activities.

Insights by:

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