New technologies for wholesale central bank money settlement

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DLT: impact on wholesale financial ecosystem?

1. Money, securities or any other digital asset recorded as tokens on a shared network
2. Benefits expected by market stakeholders: atomicity, decentralised programmability, ease of reconciliation
3. Absent full migration to DLT by all, coexistence with other technologies
4. Central bank money settlement needed as enabler
Central bank money settlement remains important and demanded by market participants

Conceptual CeBM settlement solutions on:

1. Interoperable infrastructures using current technology
2. Eurosystem DLT, interoperable with market DLTs (Interoperability)
3. Eurosystem DLT for integrated EUR CeBM and securities settlement (Integration)
4. DLTs shared between Eurosystem and other stakeholders for EUR CeBM and securities (Distribution)
Furthering analysis: beyond PoC

New market contact group fosters dialogue with industry

Further exploring conceptual solutions, also through ad hoc limited trials and experiments in 2024

- Interoperability-type solutions only
- Also facilitates market gaining experience and demonstrate DLT merits for concrete use cases
And beyond?

Eurosystem effort to ensure that central bank money remains a monetary anchor supporting stability, integration and efficiency

Challenges:
- will DLT be the future?
- to scale, broad access, control, sufficient privacy for selected information
- single network or network of networks?
- prolonged coexistence of technologies across and within countries and market segments?
- applying outdated but popular standards to new DLT technology (e.g. ISO 15022 with restricted length of fields, missing fields, inflexible structure of data elements)

Avoid fragmentation through interoperability, harmonisation, up to date standardisation, ... with important role for the market: e.g. ICMA’s Bond Data Taxonomy