Viewpoint on wholesale Central Bank Digital Currency

Why a wholesale CBDC?

- Next level automation through programmability, reducing costs and fragmentation.
- More efficient securities settlement and post-trade processing, reducing settlement fails.
- Increase attractiveness of capital markets and facilitate funding for real economy.
- Future proof and maintain control of currency in light of the proliferation of ‘stablecoins’.

What are the key challenges?

- Deployment without causing market disruption and impacting financial stability.
- Implications for monetary policy, bank funding, privacy and data protection, and CO2 footprint.
- Interoperability between wholesale CBDC, retail CBDC and existing market infrastructure.
- Cross-border inconsistencies and diverging definitions of CBDC.

What does ICMA recommend?

- Industry collaboration: Collaboration with the industry is critical to develop a roadmap and operating model.
- Resource allocation: Central banks and market stakeholders need to allocate resources in the short term.
- Communication: Clear communication and transparency on next steps are required for long-term success.

Further information, including ICMA’s response to the ECB questionnaire on wholesale CBDC, DLT applications in bond markets as well as ICMA’s DLT regulatory directory can be found on ICMA’s website.