



Report by G+D and OMFIF: Unlocking the potential of a CBDC ecosystem

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Central bank digital currencies (CBDC) are emerging worldwide, bringing new capabilities and opportunities to financial systems. Although central banks are the driving force behind CBDCs, the development of a coherent ecosystem in cooperation with private stakeholders is also essential for success. A report, published by the SecurityTech company Giesecke+Devrient (G+D) and the independent think tank Official Monetary Financial Institutions Forum (OMFIF), sheds important new light on how to create a thriving CBDC ecosystem.

For many central banks, the introduction of a digital form of cash is not a question of if, but when and, more importantly, how. CBDCs cannot not exist and evolve in isolation. It will require, among other things, interoperable systems that enable efficient and fair transactions, along with a regulatory framework supporting global interoperability principles. A wide range of participants will be involved in the creation and operation of CBDCs, with an even wider range of beneficiaries. One key motivation for central banks to collaborate within an ecosystem – or network of organisations – is to foster innovation. CBDCs, beyond serving as a complementary public means of payment to cash, hold the potential to become a platform for innovation and the cornerstone of an entire digital economy.

The new report, 'Unlocking the potential of a CBDC ecosystem', published by OMFIF in partnership with G+D, looks into ecosystem participants and its potential opportunities. It also explores the challenges faced by central banks in realising the CBDC ecosystem, as well as its value to private sector stakeholders and individuals. This report aims to delve into the CBDC ecosystem, highlighting the organisations involved, the benefits such a network could bring, and the practical challenges that must be addressed to bring about these advantages.

Before exploring the potential innovations of a central bank digital currency, it is important to consider the participants in its primary functions, such as its issuance, operation and regulation. The report interviewed ten key organisations that would make up the CBDC ecosystem, including four central banks, two technology providers, two merchants, one commercial bank and one payment service provider.

As the CBDC ecosystem evolves, important strategic decisions must be made to ensure it delivers on its promised benefits. The report by OMFIF and G+D serves as a guide to navigate the factors influencing the decisions that central banks are grappling with.

Key findings:

- ➔ Central banks will operate the core system while private sector intermediaries provide new services to facilitate payments and conduct compliance.
- ➔ Industrial and real economy players along with individual end users and merchants stand to benefit significantly from the new ecosystem.
- ➔ CBDCs can deliver programmable payments, which should unlock valuable benefits for businesses, citizens and governments.
- ➔ CBDCs can play an important role in facilitating the settlement of digital assets, supporting the growth of the digital asset ecosystem.
- ➔ Ensuring interoperability among CBDCs and existing payment systems will require a collaborative effort between technical service providers and regulators.
- ➔ All ecosystem players will need to participate in the communication effort to educate end users.

“CBDCs have the potential to transform society and lay the foundations for economic growth and social progress in the years to come,” says Dr. Wolfram Seidemann, CEO of G+D Currency Technology. “There are still some challenges to overcome along the way, but the benefits for consumers, competition and power of innovation speak for themselves. This report gathers views and insights from a range of stakeholders, all of whom will be part of an upcoming digital currency ecosystem. Now is the time to seize the opportunity to lay the foundation for the future financial system.”

The report can be viewed [here](#).



Dr. Wolfram Seidemann, CEO of G+D Currency Technology

About Giesecke+Devrient

Giesecke+Devrient (G+D) is a global SecurityTech company headquartered in Munich, Germany. G+D makes the lives of billions of people more secure. The company shapes trust in the digital age, with built-in security technology in three segments: Digital Security, Financial Platforms and Currency Technology.

G+D was founded in 1852 and today has a workforce of more than 14,000 employees. In the fiscal year 2022, the company generated a turnover of 2.53 billion euros. G+D is represented by 123 subsidiaries and joint ventures in 40 countries.

Further information: www.gi-de.com.

About OMFIF

OMFIF is an independent think tank for central banking, economic policy and public investment, providing a neutral platform for public and private sector engagement worldwide. With teams in London and the US, OMFIF focuses on global policy and investment themes relating to central banks, sovereign funds, pension funds, regulators and treasuries.