

What are we doing on retail CBDC?

- The decision if a CBDC should be issued will have to be a judgement by the people.
- It is beneficial to explore potential design options at this stage in order to help such a decision-making for the future.
- The Bank carries out experiments and explores policy issues.
 - Proof of Concept Phase 1 was completed in March 2022.
 - Proof of Concept Phase 2 started in April 2022.
 - Focus areas of policy exploration include allocation of roles, financial stability, privacy and AML/CFT, and cross-border payments.
- Liaison and Coordination Committee, where diverse stakeholders discuss the future of payments, published its interim report in May 2022.
- The Bank will stay committed to supplying cash, as long as public demand exists.

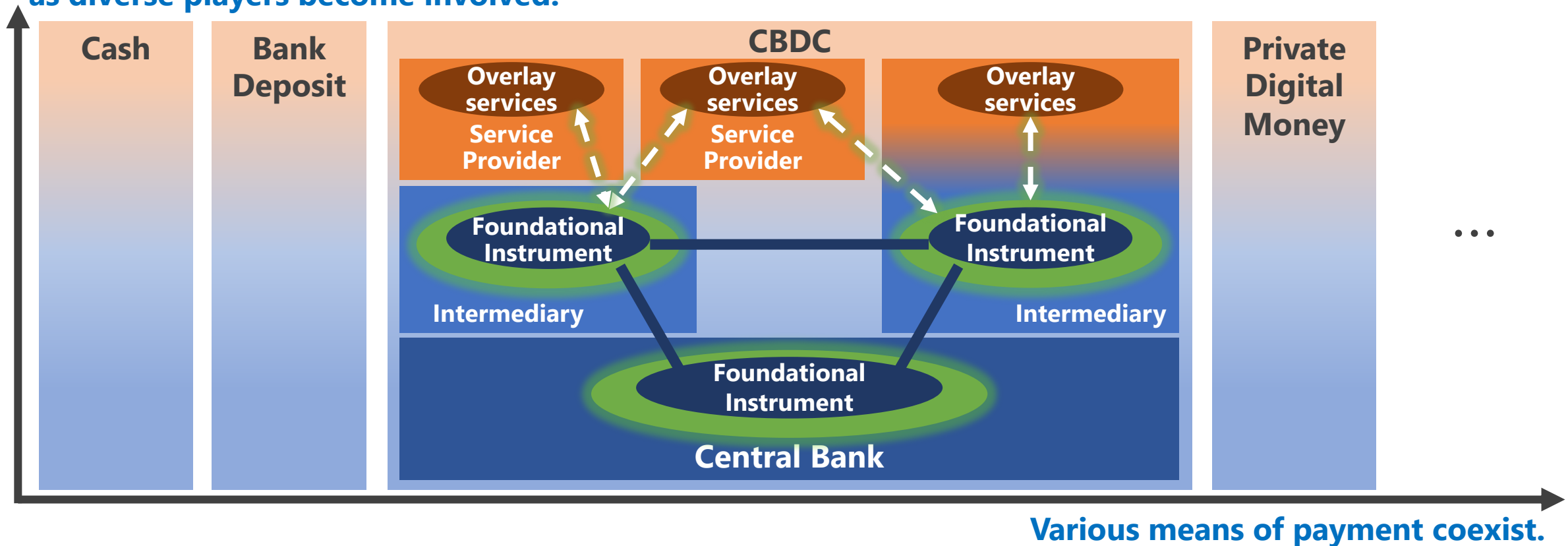
Why do we consider retail CBDC?

1. CBDC could play a role to complement cash.
2. CBDC could support private payment services.
3. CBDC could transform payment and settlement systems into those fit for the digital economy.

Why is “coexistence” important?

- Convertibility is critical, but excessive shift to CBDC could cause disintermediation.
- CBDC system would be divided into “foundational instrument” and “overlay services” areas.

Ecosystems develop
as diverse players become involved.



How do we see the future of payment and settlement systems?

- Looking at the current landscape in Japan, it is unlikely that we will face an immediate problem.
- Challenges unpredictable at this stage may arise as payments become more digital.
- CBDC is becoming a realistic option in many jurisdictions.
- While “issuing CBDC” is a big decision, “not issuing CBDC” is also a big decision. In either case, maintaining the status quo is not an option.
- The goal is to design “payment and settlement systems suitable for the digital society.”
- With or without CBDC, we should avoid developing a system that is too unique. Any system that does not fit with global standards would be placed at a disadvantage.