



BANK OF ENGLAND

# Item 2: Forward agenda

CBDC Engagement Forum



# Possible future agenda items by theme

Topics	Items	Bank/HMT- or EF Member-led
<b>CBDC use cases</b>	<ul style="list-style-type: none"> <li>• Business use of CBDC, including payroll</li> <li>• Person-to-business payments with CBDC</li> <li>• Government-to-person transfers with CBDC</li> <li>• Store of value use cases</li> <li>• Micropayments and programmability</li> <li>• Cross-border payments</li> </ul>	<ul style="list-style-type: none"> <li>• EF Member</li> <li>• EF Member</li> <li>• Bank/HMT</li> <li>• Bank/HMT</li> <li>• EF Member</li> <li>• Bank/HMT</li> </ul>
<b>Economic design considerations</b>	<ul style="list-style-type: none"> <li>• Quantity limits on balances or transactions</li> <li>• Restrictions on access and ensuring CBDC is 'retail-focussed'</li> <li>• Remuneration</li> <li>• Co-existence between CBDC and other digital forms of money (e.g. stablecoin)</li> <li>• Wallet business models</li> </ul>	<ul style="list-style-type: none"> <li>• Bank/HMT</li> <li>• Bank/HMT</li> <li>• Bank/HMT</li> <li>• EF Member</li> <li>• EF Member</li> </ul>
<b>Functional design considerations</b>	<ul style="list-style-type: none"> <li>• Domestic interoperability</li> <li>• Offline payments</li> <li>• Cost of CBDC for merchants and retailer adoption</li> <li>• Data and privacy</li> <li>• Compliance with anti-money laundering (AML), combating the financing of terrorism (CFT) and sanctions</li> </ul>	<ul style="list-style-type: none"> <li>• EF Member</li> <li>• EF Member</li> <li>• EF Member</li> <li>• Bank/HMT</li> <li>• EF Member</li> </ul>
<b>Public policy considerations</b>	<ul style="list-style-type: none"> <li>• Mitigating financial exclusion: digital, financial, socioeconomic etc.</li> <li>• Encouraging competition in the CBDC ecosystem</li> </ul>	<ul style="list-style-type: none"> <li>• Bank/HMT</li> <li>• Bank/HMT</li> </ul>

# Broad sequence for discussions?

**Public policy objective of CBDC:**  
*“Why might UK authorities want to issue a CBDC? What is unique about central bank money?”*

**Consumer/merchant use cases for CBDC:**  
*“Which payments are in scope?”*

**Functional design:**  
*“How to make the product useful and accessible to consumers and merchants?”*

**Economic design:**  
*“Which restrictions might be necessary to deliver the use case and manage any risks?”*

**Wider public policy considerations:**  
*“How best to navigate other public policy risks and opportunities, e.g. around inclusion?”*

**CBDC Taskforce**

**CBDC Engagement Forum  
+ CBDC Taskforce**

## Questions for discussion

1. Do you have any feedback on these potential future agenda items? Which ones should we prioritise discussing at the Engagement Forum?
2. Are there any other items you would propose including that are not already covered here?
3. Are Engagement Forum members happy to self-nominate for future Member-led items they would like to lead on?



BANK OF ENGLAND

# Item 3: Retail payments use cases and researching user needs

CBDC Engagement Forum

Katie Fortune, senior manager



# Contents

## 1. Context on use case and objectives for CBDC payments

- *What are the major benefits and implications of CBDC in your view?*

## 2. Researching user needs

- *How have you approached understanding use cases and future user demand for product innovations? What can we learn from both good and bad experiences?*
  - *How can the Bank and HMT best use consumer research to enrich their understanding of end users and their retail payments needs?*
  - *What are effective channels for reaching potential business users of CBDC?*
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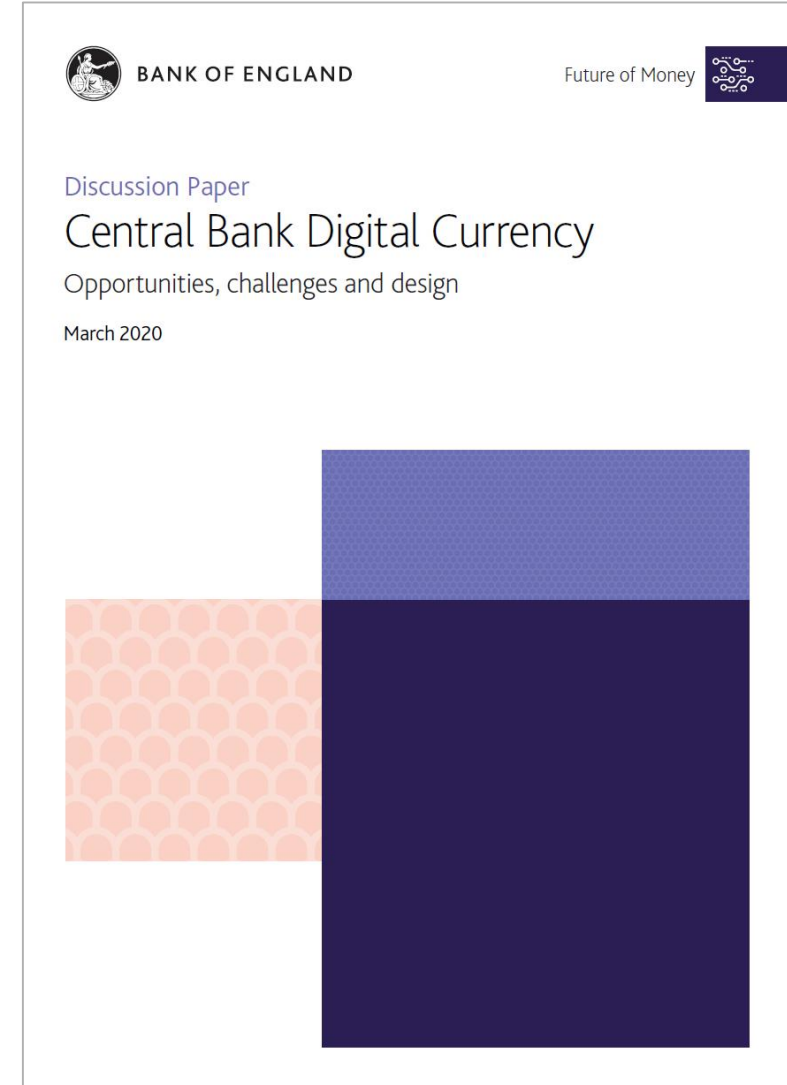
# Section 1: context on use case and objectives for CBDC

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# In March 2020, the Bank published a Discussion Paper on CBDC

- The paper highlighted the Bank's initial thinking on CBDC, including economic implications, opportunities, design principles, and technology considerations.
- It formed the basis for further research on monetary and financial stability issues as well as wider decisions that could be made about a potential future CBDC.
- We asked for feedback on 35 questions across a range of the issues that we raised throughout the paper.





# Public policy objectives



## Sustain access to, and utility of, central bank money

The availability of, and convertibility into, a central bank asset underpins the concept of ‘money’ and ensures confidence in the currency.

Important for monetary policy and financial stability.



## Support wider policy objectives

As well as supporting inclusion, CBDC could provide the right ‘open’ infrastructure to support private innovation, enable the digital economy and promote competition within payments.

## User need and functional design

A CBDC can only achieve these public policy objectives if it gains sufficient adoption.

To achieve adoption, a CBDC would need to support user needs and have requisite functionality with which intermediaries could develop user products.

# Summary of responses to the 2020 CBDC Discussion Paper

**On the 7 June the Bank published a summary of the responses to the 2020 CBDC Discussion Paper**

*Respondents to the 2020 Discussion Paper showed strong agreement that the Bank should, at the very least, be carefully studying CBDC, even if there was a range of views on whether one was ultimately likely needed or desirable.*

*But at the same time, **the Bank received clear feedback that the ‘use case’ for a CBDC needed further research, refinement, and articulation, to inform our further study of CBDC.***

## Why a compelling use case is important

- **Enabling public dialogue on CBDC:** the general public and industry require a clear articulation of the use case to react to
  - **Assessing alternatives to CBDC:** we must judge if other payments initiatives are equally or better placed to meet our goals
  - **Supporting adoption:** a CBDC would need to be useful to users in order to gain a sufficient level of adoption to meet any public policy goals
  - **Informing functional and technological design:** a clearly defined use case helps to shape optimal design of functional and technological features
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# Summary of our 5 Core Principles



Principle 1: Financial Inclusion should be a prominent consideration in the design of any CBDC.



Principle 2: A competitive CBDC ecosystem with a diverse set of participants will support innovation and offer the best chance to deliver the benefits of CBDC.



Principle 3: In assessing the case for CBDC, due recognition should be given to the value of other payments innovations, and their ability to deliver the benefits the Bank of England seeks.



Principle 4: CBDC should seek to protect users' privacy.



Principle 5: While CBDC should 'do no harm' to the Bank of England's ability to deliver monetary and financial stability, opportunities to better meet our policy objectives should also be considered in CBDC exploration.



***Q1:** What are major benefits and implications of CBDC in your view?*

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## Section 2: end user research

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### 3. Researching user needs

**In order to prioritise retail payments use cases, the Bank and HMT need to better understand potential end users of CBDC and their needs.**

Options for research:

- Consumer surveys
- Business surveys
- Focus groups
- Interviews
- Consumer diaries
- Developing user personas
- Desk-based research

We are keen to draw on Members' past experiences of conducting end-user research to understand, design and launch new products.

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### 3. Researching user needs

End users of CBDC could include such large and diverse groups as:



Consumers



Small businesses  
(especially retailers)



Larger retailers

### 3. Researching user needs

**Researching end users and their needs could enable the Bank and HMT to:**

- Define broad categories of end user within these diverse groups
- Create detailed profiles of different types of end user
- Define pain points with current retail payments, as well as features that users like
- Understand barriers and drivers around adopting payments innovations

In turn, this could help us to refine the retail payments use case(s) for CBDC and inform CBDC design.



**Q2:** *How have you approached understanding use cases and future user demand for product innovations? What can we learn from both good and bad experiences?*

**Q3:** *How can the Bank and HMT best use consumer research to enrich their understanding of end users and their retail payments needs?*

**Q4:** *What are effective channels for reaching potential business users of CBDC (who can be difficult to engage in primary research)?*

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