

## Is the future of currency digital?

The pound in your pocket could become digital as the Bank of England starts a consultation on the future of currency. Together with the Treasury, the Bank has launched research into what a central bank digital currency (CBDC) would look like and will be looking for views from the public.

Chancellor of the Exchequer Jeremy Hunt said: “While cash is here to stay, a digital pound issued and backed by the Bank of England could be a new way to pay that’s trusted, accessible and easy to use.

“That’s why we want to investigate what is possible first, whilst always making sure we protect financial stability.”

The consultation is being launched because both the Treasury and the Bank want to ensure the public have access to safe money that is convenient to use as our everyday lives become more digital, while supporting private sector innovation, choice and efficiency in digital payments.

### ***What would a digital pound look like?***

It would replicate the role of cash in a digital world, so that it is risk-free, highly trusted, and accessible. £10 of a digital pound would always be worth the same as £10 of cash. It would be accessed through digital wallets offered to consumers by the private sector through smartphones or smartcards and intended

for payments, online, in-store, and to friends and family, rather than savings, with no interest paid on holdings.

Countries around the world are considering similar proposals including the Eurozone and the US and China.

Unlike cryptoassets and stablecoins, the digital pound would be issued by the Bank of England and not the private sector.

The needs of vulnerable people are being considered in the digital pound design process ensuring that it would be simple and straightforward to use and understood and trusted by the public as a form of money.



### ***What happens next?***

A decision about whether to implement a digital pound will be taken around the middle of the decade and will largely be based on future developments in money and payments. The earliest stage at which the digital pound could be launched would be the second half of the decade.

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