



Brazilian CBDC *The Digital Real*

**II Meeting of Heads of Financial Market
Infrastructures
CEMLA**

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A CBDC for Brazil:

- Domestic & Global drivers



Three kinds of “practical” applications, internationally observed:

1. Wholesale payments (Europe, Singapore, Switzerland)
2. Instant payments (Bahamas, China, Sweden)
3. Fostering new business models (Brazil, Korea, Canada)

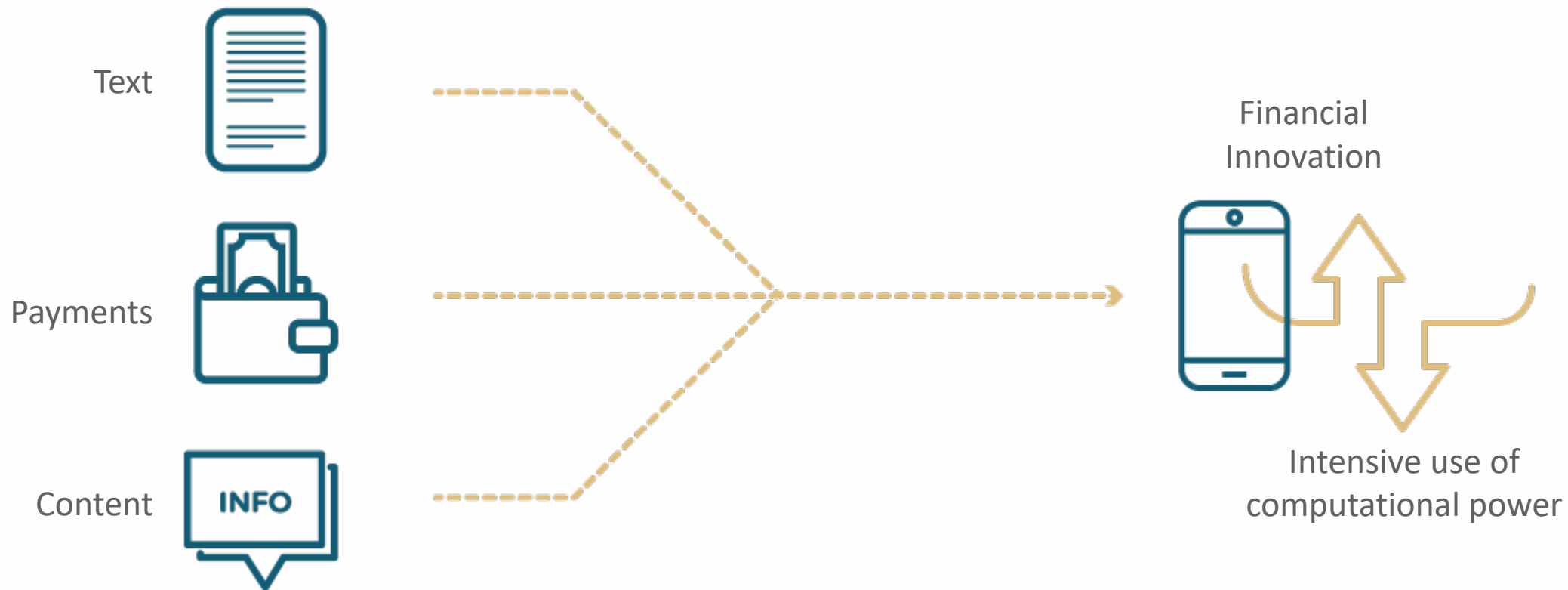


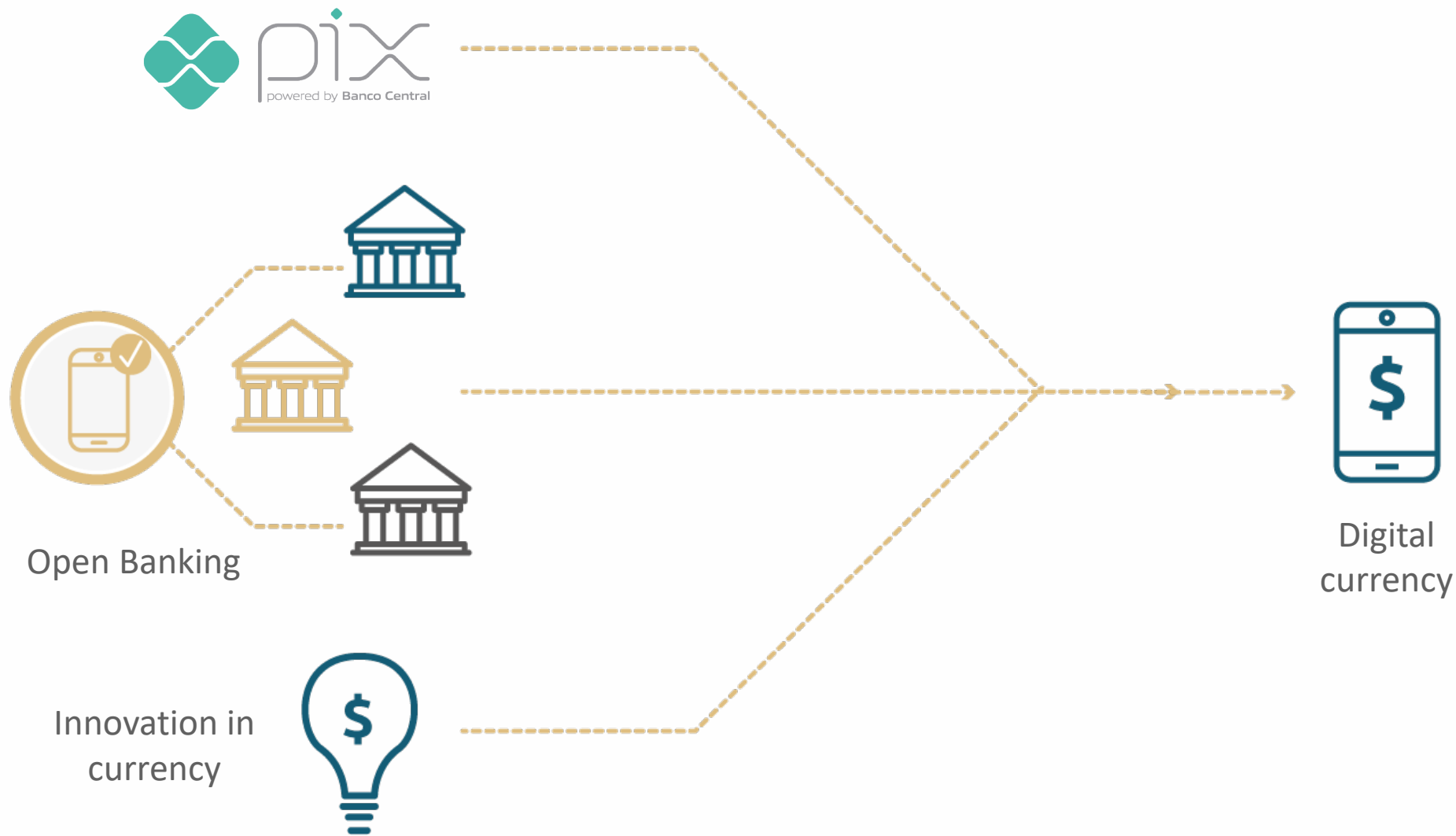
Opportunities

- Reduced transaction costs and friction for:
 - designing, distributing, negotiating and settling financial deals
- High degree of
 - standardization and functional interoperability, reuse and composability of financial services
 - auditability, traceability and transparency
 - accountability: software-based governance
- Financial inclusion
 - automatic tools available to everyone, with transparency and non-discriminatory execution

Challenges

- Scalability and settlement fees
 - blockchain platforms are limiting
- Limited interoperability
 - blockchains \Leftrightarrow traditional financial services
- Lack off maturity
 - Governance: potential for facilitating the crime of money laundering
 - Technology: Operational risks, poor implementation choices, failed software execution and interdependencies





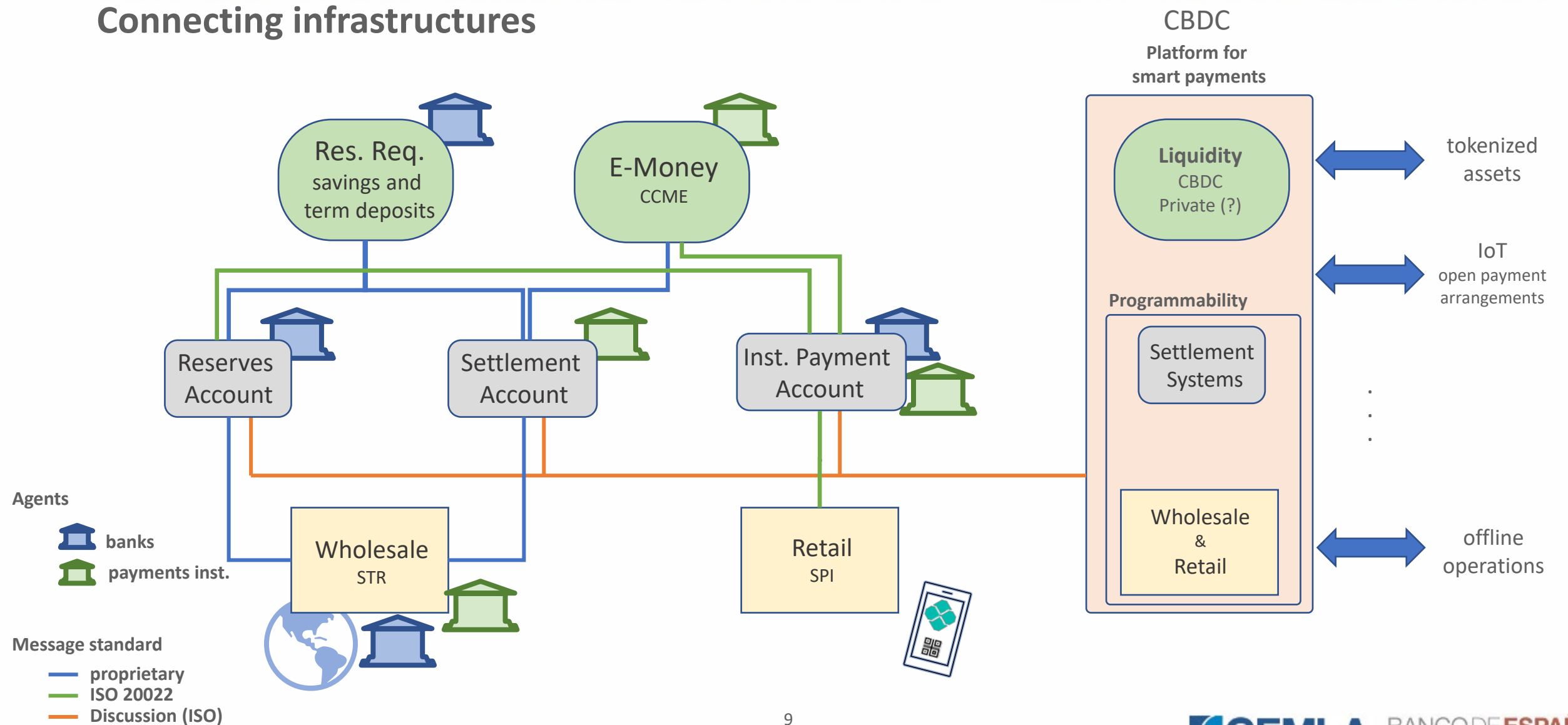
A CBDC for Brazil: The Digital Real



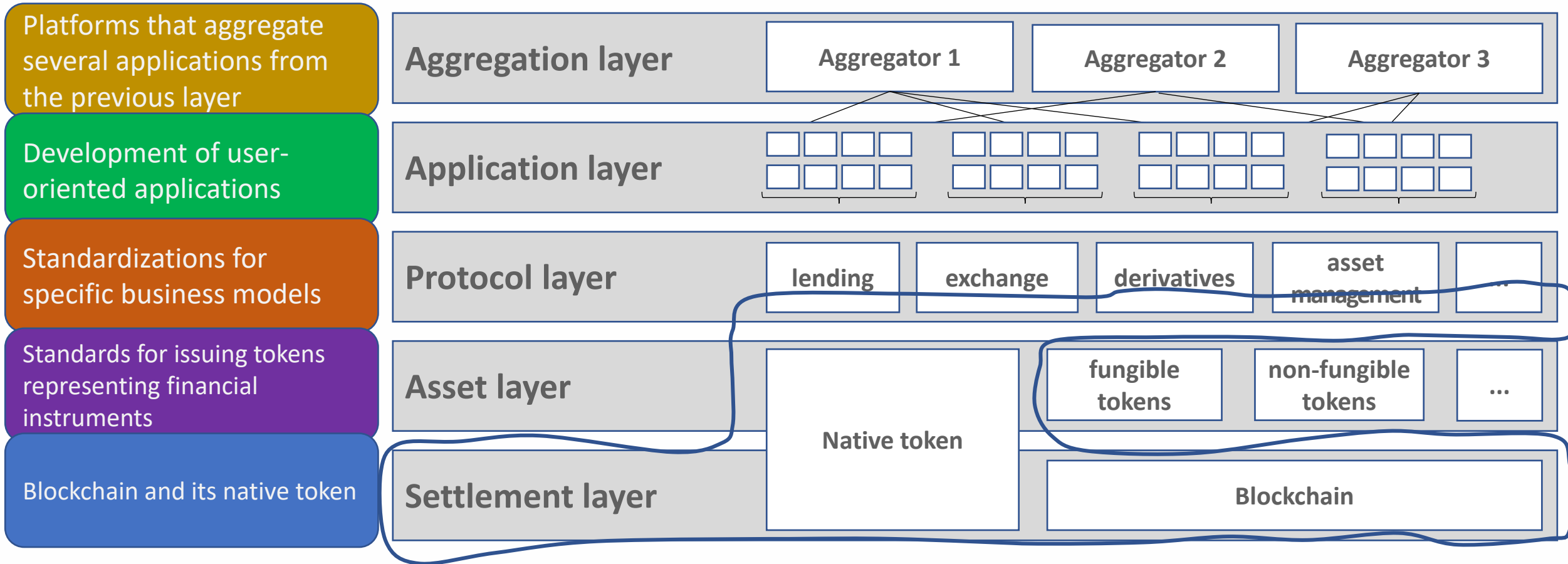
Policy objectives

- 🎯 **Innovation and competition in a digital economy**
- 🎯 Improved cross-border payments
- 🎯 Reduction in the use of cash

Connecting infrastructures



Need for new infrastructure?



Challenges

- Must enable uses that go beyond the payment solutions we have available today
 - It should take advantage of the business ecosystem we expect to emerge from the open banking
 - Demand already exists – Lift and Regulatory Sandbox
- Depends upon maturation
 - BC# Agenda Internal markets International discussion

Next steps



Debate on established guidelines



Society's perception of applicable technologies and use cases



Pace of implementation

- 2022: PoC / Innovation lab; 2023: Pilots; 2024: Full implementation

Thanks



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