

# Considerations for Technical Standards for CBDC Cross-border Interoperability

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# Several Design Decisions for a Potential CBDC

- Design characteristics of the CBDC itself
  - Does a CBDC pay interest or not?
- Technology of the underlying architecture
  - What is the underlying accounting and distribution technology?
- The types of entities that have access to that underlying architecture
  - Financial intermediaries with access to central bank accounts? Others?
- The technology of the infrastructure used to transfer a CBDC
  - What payment platforms can transfer a CBDC?
- The ways in which consumers and business can interact with a CBDC
  - What type of apps or point of sale transactions?
  - How to convert to other forms of the same currency?
  - **How to exchange for other currencies?**

# The key for cross-border payments is how to effectively and efficiently exchange CBDCs

- Address noted pain points in cross border payments including
  - Fragmented and truncated data formats
  - Complex processing of compliance checks
  - Limited operating hours
  - Long transactions chains
- Question: Can CBDCs accomplish what legacy systems cannot?

# How are CBDCs Envisioned to Help?

- Idea of a “clean slate” where central banks can take cross-border improvements into account when designed a CBDC
  - 24/7/365 operation
  - Instant settlement
- Opportunity to establish via cooperation
  - Appropriate clearing and settlement arrangements
  - Agreed business rules
  - Market practices
  - Technical standards

# What is the minimum set of technical standards for CBDCs that can be achieved to enhance cross-border payments?

- Minimum standards may be important as domestic use cases and interoperability are also important considerations for other design elements of potential CBDCs
- Can technical standards focus on the payments and compliance pieces primarily
  - Standards for ease of transactions across platforms
    - Messaging formats
  - Standards for compliance with KYC/AML/ATF requirements
    - Digital identity standards