

Joint research on multiple central bank digital currency shows potential for speeding up cross-border payments and reducing costs

The following is issued on behalf of the Hong Kong Monetary Authority:

Together with the Hong Kong Centre of the Bank for International Settlements Innovation Hub (BISIH), the Bank of Thailand, the Digital Currency Institute of the People's Bank of China and the Central Bank of the United Arab Emirates, the Hong Kong Monetary Authority (HKMA) today (September 28) published a report, titled "Inthanon-LionRock to mBridge: Building a multi CBDC platform for international payments", to deliver the interim findings of the Multiple Central Bank Digital Currency Bridge (mBridge) project.

The mBridge project (Note) is one of the initiatives under the HKMA's "Fintech 2025" strategy, which aims to strengthen research work on central bank digital currency (CBDC) with a view to future-proofing Hong Kong in terms of CBDC readiness. Through the mBridge project, the cross-border corridor network prototype built in the previous phase was further developed to support more currencies and interface with new or conventional domestic payment systems.

According to the report, the enhanced prototype has the potential to offer various benefits to the participating central banks, including the ability to manage the liquidity of their CBDC on the prototype, monitor the flow and the balances of their issued CBDC, enhance the level of privacy of the transactions, and automate certain compliance functions. Compared to the existing correspondent banking model, the prototype can substantially speed up cross-border transfers and reduce their costs.

Deputy Chief Executive of the HKMA, Mr Howard Lee, said, "Hong Kong's robust and advanced financial infrastructure has been the cornerstone of the city's success as an international financial centre. The mBridge project builds on our existing strengths and network in the global financial system, and helps keep Hong Kong in the forefront as digitalisation continues to make strides in the years to come. The HKMA would continue to collaborate closely with the BISIH and peer central banks to broaden and deepen the research, which could also contribute to the global exploration for using CBDC to expedite cross-border payments."

The report is available on the [HKMA website](#).

Note: For more information about the mBridge Project, including the project background and objectives, refer to the joint statement issued by the four

participating central banks:

www.hkma.gov.hk/eng/news-and-media/press-releases/2021/02/20210223-3.