

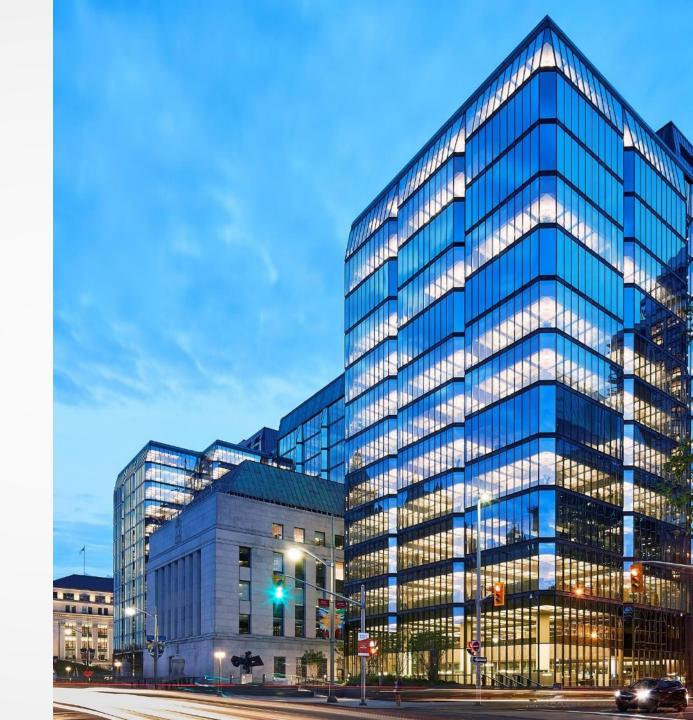
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Project Jasper and CBDC

Conference on Central Bank Digital Currencies National Bank of the Ukraine

Scott Hendry, Bank of Canada

THE VIEWS EXPRESSED IN THIS PRESENTATION ARE MY OWN AND NOT NECESSARILY THOSE OF THE BANK OF CANADA.



Motivation for Jasper

- To realise the promised benefits of DLT, do we need central bank cash on ledger?
 - > Cost savings/efficiencies
 - > Improved Resilience

Phase 1 and 2 Lessons: Wholesale Payments

- Unlikely to be net benefits using DLT over a centralised system for the sole purpose of interbank payments
- Benefits more likely to come from enabling efficiencies in the broader FIs and FMIs via simplified processes (e.g. back office reconciliation)
- LSM implementation is complex inherently centralised functions in decentralised systems is tricky

Phase 3: Securities Settlement

 To investigate securities settlement DvP using central bank cash on a DLT

Phase 3 Key Lessons Learned

- DLT operational cost savings for participants still uncertain when only post-trade settlement is on ledger
- Small extensions or rebuilds of current systems using DLT is unlikely to show significant improvement
- May only be through a complete revisioning of the financial system that DLT can deliver significant costs savings and improved functionality

Phase 4a: Cross-border Payments

- Partnership with Monetary Authority of Singapore and the Bank of England to examine cross-border payments: Jasper meets Ubin
 - > What are the pain points in current system?
 - > Lack of standardization
 - > Mismatch in operating hours
 - > Reliance on multiple intermediaries
 - > Regulation
 - > Legacy systems

Phase 4b: Cross-border Payments - interoperability

- Partnership with Monetary Authority of Singapore to examine technical aspects of synchronized cross-border payments using DLT and HTLC
 - > Atomic payments across Quorum and Corda ledgers

