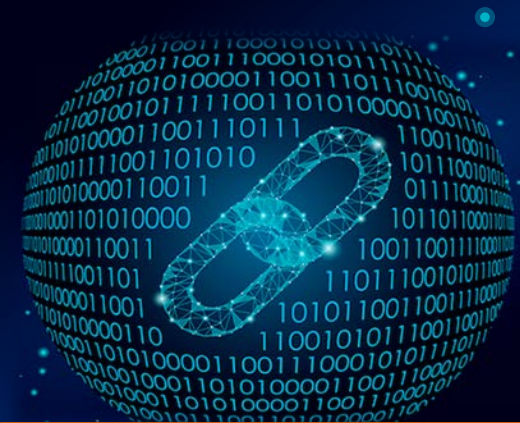




Road to the Digital Caribbean Guilder D-CMg



Mr. Glensher Maduro
Head Payments Department
Centrale Bank van Curaçao en Sint Maarten



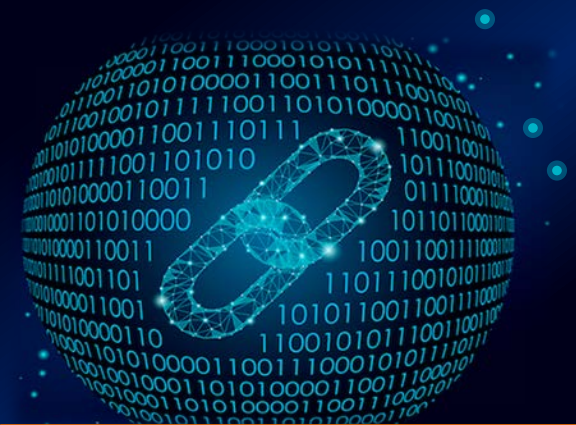
DISCLAIMER

The views expressed during this presentation and panel discussion are those of the presenter.

They do not necessarily reflect the views of the Centrale Bank van Curaçao en Sint Maarten.

Contents

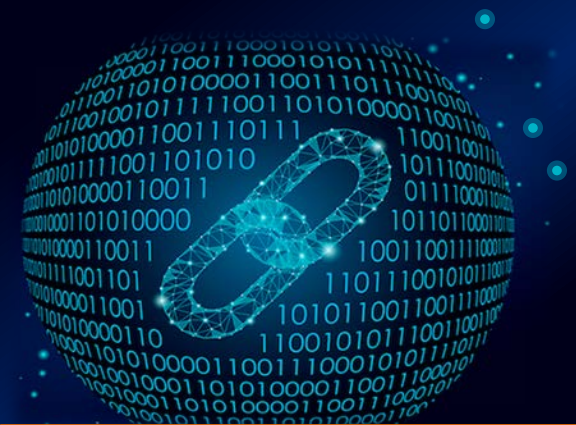
1. Our motivations for the research
2. Challenges for introducing digital Caribbean Guilder
3. Design strategies to overcome the challenges
4. Status digital Caribbean Guilder research
5. Conclusion and lessons learnt



1. Our motivation for the research

❖ Payment opportunities

- E-government initiatives progressing on the document submittal side, but facing challenges on the (web) payment side
- Same for online domestic web stores
 - Only credit card payments are possible



1. Our motivation for the research

(cont'd)

❖ Cost aspects

- Cost savings in design and printing of Caribbean Guilder
- Cost saving and efficiency in storage and distribution

❖ Financial inclusion

- Promote financial inclusion
- Promote cashless society
 - The digital Caribbean Guilder should operate along the existing cash circuit in medium term



1. Our motivation for the research

(cont'd)

❖ Objective for the research

To perform a feasibility study for the introduction of the digital Caribbean Guilder in Curacao and Sint Maarten covering the following areas of interest:

- Digital currency infrastructure and distribution
- Monetary policy and financial stability
- Legal tender & other considerations

Outsourced part of the research to external party in the blockchain space



2. Challenges for introducing D-CMg

❖ Digital currency infrastructure and distribution

- Degree of robustness of the technology (Cyber risks/ Resilience)
- Degree of knowledge to design, development, operation of digital Caribbean Guilder infrastructure
- Distribution model to be applied and the role of commercial banks
- Type of ledger to be used (Bitcoin, Ethereum, IBM hyperledger),
centralized vs decentralized



2. Challenges for introducing D-CMg

(cont'd)

❖ Monetary policy and financial stability

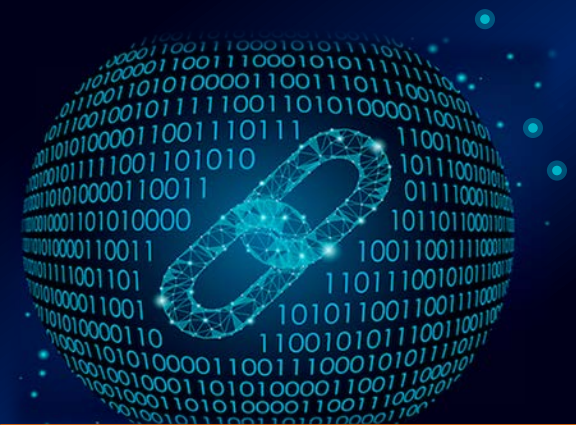
- Effect on monetary policy implementation (influence M1/M2 and interest rates)
- Effect on CBCS seigniorage income
- Effect of the digital Caribbean Guilder on the balance sheet of the commercial banks and CBCS
- Effect on financial stability in case of a flight from commercial bank deposits to the digital Caribbean Guilder
- Impact on banks business models and market infrastructure

2. Challenges for introducing D-CMg

(cont'd)

❖ Legal & other considerations

- Amendment of Central Bank's Statute and currency legislation so that digital Caribbean Guilder can be considered legal tender
- Tax and accounting treatment considerations
- Privacy considerations
- Acceptance by users



3. Design strategies to overcome the challenges

- Central Bank legal team prepared amendments to Central Bank's Statute and currency legislation
- Use of a private permissioned ledger, like: Hyperledger
- Partnership with technology service providers to manage and operate digital Caribbean Guilder network



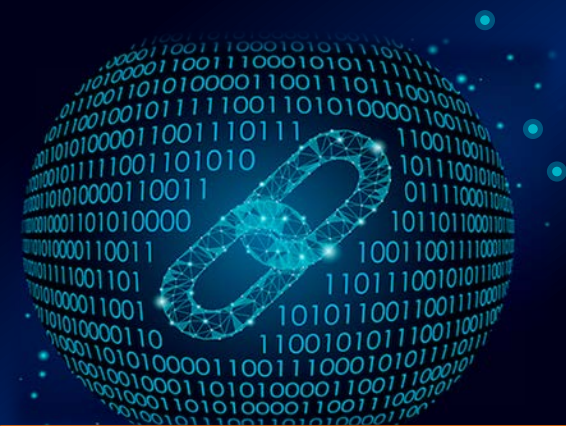
4. Status digital Caribbean Guilder research

- Draft Research Report Ready for review (focus monetary policy, financial stability and technology, mainly based on desk research)
- Draft Legal amendments to CBCS statute and legislation for consideration
- Need for more detailed (empirical) research based on Curaçao and Sint Maarten market situation
- Potential pilot project for digital Caribbean Guilder postponed



5. Conclusion and lessons learnt

- Small Central Bank with lack of experience and limited resources may better focus on more proven technology
- Research partner for feasibility study should not be a CBDC technology service provider but a more neutral research organization



END

