



Terms of Reference (ToR), April 2021

Central Bank Digital Currency (CBDC) Taskforce

Role and Remit

The Chancellor announced the Central Bank Digital Currency (CBDC) Taskforce as part of the April 2021 Fintech week. This Taskforce brings together HM Treasury and the Bank of England, to coordinate the exploration of a potential UK CBDC.

The Government and the Bank of England have not yet made a decision on whether to introduce a CBDC in the UK, and will engage widely with stakeholders on the benefits, risks and practicalities of doing so. A CBDC would be a new form of money that would exist alongside cash and bank deposits, rather than replacing them; the Government recognises that cash remains important to millions of people across the UK, and has committed to legislating to protect access to cash.

The purpose of the Taskforce is to ensure a strategic approach to, and to promote close coordination between, the UK authorities as they explore CBDC, in line with their statutory objectives. This is grounded in the following functions:

- 1. Coordinate exploration of the objectives, use cases, opportunities and risks of a potential UK CBDC.**
- 2. Guide evaluation of the design features a CBDC must display to achieve our goals.**
- 3. Support a rigorous, coherent and comprehensive assessment of the overall case for a UK CBDC.**
- 4. Monitor international CBDC developments to ensure the UK remains at the forefront of global innovation.**

The Taskforce is co-chaired by the Deputy Governor of the Bank of England, Jon Cunliffe, and HM Treasury's Director General of Financial Services, Katharine Braddick. Full membership of the Taskforce will be limited to relevant individuals from the Bank of England and HM Treasury. Other UK authorities will be involved in the Taskforce's work on CBDC as appropriate, and will be invited to meetings when relevant. The Bank of England and HMT Treasury will jointly provide secretariat duties.

Responsibilities

The following responsibilities are within the scope of the CBDC Taskforce:

1. **Coordinate exploration of the objectives, use cases, opportunities and risks of a potential UK CBDC.**
 - Agree the principal reasons for issuance, to ensure that any decision to issue a CBDC in the UK is founded upon a strong use case.
 - Agree the long-term strategic objectives of a CBDC, including how a CBDC could promote innovation, inclusion and competition in payments and a support a thriving UK economy.
 - Support the assessment of the balance of risks and benefits, including on options to mitigate risk or disruption related to the introduction of a UK CBDC.
 - Ensure a joined up contribution on these issues from across the UK authorities.

2. **Guide evaluation of the economic, design features a CBDC must display to achieve our goals.**
 - Support clear, comprehensive and prioritised articulation of 'requirements' for CBDC such that design features can be identified to meet them.
 - Inform research into, and assessment of, design features to ensure that the benefits are suitably enabled and risks mitigated.
 - Guide identification and support resolution of any 'trade-offs' between priority attached to particular design features.

3. **Ensure a rigorous, coherent and comprehensive assessment of the overall case for a UK CBDC**
 - Guide the development of the necessary framework(s) for assessing the likely costs and benefits of a UK CBDC.
 - Support coherent, consistent and comprehensive assessment of the overall case for CBDC.
 - Inform engagement with stakeholders.

4. **Monitor international CBDC developments to ensure the UK remains at the forefront of global innovation.**
 - Input to the UK's international work on CBDC (e.g. G7, G20) to shape outcomes in line with our objectives.