

Reserve Bank of India launches digital currency wholesale pilot

In October 2022, the Reserve Bank of India ('RBI') released a concept note on Central Bank Digital Currency ('CBDC') for comments from the stakeholders. In the note, RBI announced that it will soon commence pilot launches of Digital Rupee/e-Rupee (e₹) for specific use cases. Accordingly, the first pilot in e₹ wholesale segment ('e₹-W') commenced on 1 November 2022. The use case for this pilot is the settlement of secondary market transactions in government securities. The use of e₹-W is expected to make the interbank market more efficient. Settlement in central bank money would reduce transaction costs by pre-empting the need for settlement guarantee infrastructure or collateral to mitigate the settlement risk.

RBI has identified the following 9 banks for participation in the pilot:

1. State Bank of India
2. Bank of Baroda
3. Union Bank of India
4. HDFC Bank
5. ICICI Bank
6. Kotak Mahindra Bank
7. Yes Bank
8. IDFC First Bank
9. HSBC



The first pilot in Digital Rupee - Retail segment (e₹-R) is planned for launch within a month in select locations in closed user groups comprising customers and merchants. The details regarding the operationalisation of the e₹-R pilot are expected shortly.

Weblink <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR1118C23107FC27274302AF1A499D03B0E6BC.PDF>

Therefore

As per the concept note on CBDC, RBI is working on the technical aspects that could make the e₹-W feasible to support automation, and mitigate risks. To support interoperability, the e₹-W will be designed keeping in mind, international standards. Based on the experience from this pilot run, other wholesale transactions and cross-border payments will be taken up in the future.