

# BANK OF ENGLAND PROGRESS UPDATE

## THE DIGITAL POUND AND THE PAYMENT LANDSCAPE



### BACKGROUND:

- The Bank of England and HM Treasury are exploring the introduction of a digital pound to complement cash and bank deposits, aimed at enhancing the UK's digital economy.
- This paper provides a [progress update](#) of Bank of England's work over the past year, including its work on the design phase of the Digital Pound, taking into consideration the evolving payment landscape.
- The paper is accompanied with a [design note](#) on the digital pound blueprint framework setting out the Bank's initial thinking on the potential aims, scope and focus areas of a digital pound blueprint.

### 1. The Digital Pound in the Payments Landscape:

The Bank acknowledges the digital pound's potential to significantly enhance access to central bank money for both individuals and businesses. Designed to integrate smoothly with the current financial system, including cash and emerging digital currencies, the digital pound will establish stringent standards to ensure a secure, reliable, and easily accessible payment platform. This initiative is expected to maintain payment integrity, drive innovation, and stimulate competition, empowering private firms to develop user-friendly services. Ultimately, the digital pound aims to modernise financial transactions, making them more inclusive, efficient, and suited to the digital economy.

### 2. Digital pound design phase

- **Experiments and Proofs of Concept:** Focus on experiments in collaboration with private sector firms to test the technological viability of various design options for digital pound. The Bank provides the foundational infrastructure and the digital pound as the settlement asset, while private sector partners focus on creating innovative, consumer-oriented payment services. This collaboration aims to explore and refine new use cases for retail payments.
- **Blueprint:** Outlined a proposed model and design of a potential digital pound which will form the basis for further analysis. The Bank has published a [design note](#), which outlines a structured approach, covering four (4) critical areas: product vision and strategy, operational and commercial model terms, the core platform technology design and the infrastructure and technologies.
- **National conversation:** Engagement with stakeholders through structured programmes led by the Bank and HM Treasury, ensuring that the digital pound development reflects broad perspectives and needs.
- **Assessment:** Establish a framework to assess the costs and benefits of a digital pound, guiding the decision on whether to proceed to the build phase.

# KEY INSIGHTS

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The Bank of England and HM Treasury are collaborating with private sector innovators on experiments to explore the digital pound's design options, demonstrating a commitment to enhancing the UK's payment infrastructure and fostering a competitive, innovative ecosystem. This initiative goes beyond introducing a new currency, focusing on supporting diverse, user-friendly ecosystem and services.

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The digital pound's design phase adopts a thorough approach, involving the development of a detailed blueprint focused on technological, operational, and regulatory considerations. It features an inclusive national conversation to incorporate diverse stakeholder perspectives in order to refine the digital pound's framework to meet the diverse needs of the economy and its participants effectively.

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Exploring the digital pound as a public-private platform promises substantial advantages for the UK's payments, fintech, and technology landscapes. The Bank of England's initiative to create an accessible digital currency platform is designed to spur innovation in the payments sector, fostering a variety of solutions that benefit both consumers and businesses, aligning with the broader ambition to boost the UK's fintech industry and stimulate economic expansion through digital innovation.

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The Bank of England's future roadmap for the digital pound focuses on (i) refining the project's blueprint through expert collaboration, (ii) launching the Digital Pound Lab for in-depth technical testing, and (iii) enhancing stakeholder engagement via the Engagement Forum and Academic Advisory Group and establishing the Payments Vision Delivery Committee to guide and prioritise future payment innovations.

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## Next Steps:

Stakeholders are encouraged to share their insights on the blueprint considerations. Feedback is welcomed at [CBDC@bankofengland.co.uk](mailto:CBDC@bankofengland.co.uk).

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