RESERVE BANK OF AUSTRALIA

RBAFOI-252680

An application was received seeking access to documents as detailed below.

Summary of Request	*Any documents, briefings, internal communications, planning papers or board papers created between 1 January 2020 and the date of this request that discuss or relate to:* *1. The potential application of use cases examined in Project Acacia, or any wholesale Central Bank Digital Currency pilot program, in emergency economic scenarios or resource allocation* *2. Any communications between the Reserve Bank of Australia and the Department of Finance, Department of Home Affairs, Department of Climate Change Energy the Environment and Water or Treasury regarding the interaction of wholesale or retail central bank digital currency infrastructure and emergency management planning* *3. Any documents discussing programmability features of wholesale or retail central bank digital currency in connection with rationing, spending limits or essential user access controls.*
Notes/context to any specific documents released:	No documents were found that were relevant to the request in relation to part 2 while some documents were identified but denied from release in terms of exemption provisions of the *Freedom of Information Act 1982 (Cth)*.

Thursday, October 13, 2022

Use Case Submission Form

Australian CBDC Pilot Project

Submit your interest in participating in the Australian Central Bank Digital Currency Pilot Project via this form.
Information on the pilot can be found in the CBDC White Paper.
Please submit one form per proposed use case.

Use Case Details

Submissions to pilot use cases have now closed (submission deadline was Oct 31). We are accepting submissions for research purposes only

I wish to pilot this use case if selected

Summary of use case (problem solved, clients/users, key benefits)

Our product named 's 22 is a rapid response Compact Food Ration designed to provide humanitarian aid and disaster relief during local and regional food crisis.

Approximately 815 million people suffer from hunger worldwide, with more than 9 million people dying of hunger each year according to world hunger statistics. Globally, natural disasters are increasing in both frequency and severity with food shortages becoming commonplace during these events. Conflict related displacement is also impacting food availability, resulting in food shortages and widespread famine in many areas. Food security is now poised to be the dominant global issue over the next five years.

The s 22 project: is designed to provide rapid and widespread access to emergency food with the intent to alleviate suffering for the people affected by food shortage events. The system works seamlessly across borders providing support to aid agencies, sovereign nations, charities and individuals wishing to secure their food supplies or assist the needy. The system allows emergency food stocks to remain on location for extended periods pre-empting disaster relief requirements while ownership remains in digital currency form.

For the CBDC Pilot, receipt of product ownership would be represented by equal holdings in eAUD form.

The s 22 food: is currently produced as a hardened small disc 60 x 21mm in size. They are completely vegetarian and consist of the following ingredients: Wheat, salt, water. The ingredients are mixed, compressed, baked and dehydrated producing a hard 'Unleavened Bread' that is vacuum packed.

The sale of the s 22 : occurs online providing easy access to the global community. For the CBDC Pilot, every s 22 sold (that remains in storage stock) would have an equivalent eAUD transferred to a customer's digital wallet. Subsequently, the eAUD could be redeemed online for the s 22 at any point that the holder requires delivery or wishes to donate aid. These donations could be made in either eAUD form or redeemed for delivery of physical s 22 from storage stock.

The eAUD: would function as a receipt of ownership while the food remains in storage, and perceptually link the CBDC to a recognised, measured and known intrinsic value in food.

Storage of s 22 : is free-of-charge until the purchaser or eAUD holder elects to take delivery. s 22 that remains in storage will be stockpiled geographically to expedite delivery to the end user or eAUD recipient (eAUD holder).

Delivery of s 22 : occurs when the eAUDs are redeemed for delivery. Similar to other online sellers, delivery will be handled by postal services, couriers or freight forwarders (depending on volumes) at prevailing rates.

For the CBDC Pilot: delivery costs would also be paid and collected using eAUD, providing a captive and rapid single currency execution for aid delivery.

Problems Solved:

The CBDC would allow contracted ownership to occur while physical emergency food is pre-emptively stocked and staged geographically for rapid humanitarian deployment during crisis events.

The Atomic settlements features of a CBDC combined with broad in situ food aid storage could provide food-to-mouth aid across the globe in a matter of hours as opposed to the historical and existing days or weeks for typical humanitarian aid delivery.

Client/User Benefits:

A humanitarian aid system that could execute, settle and deliver food aid across the globe in a matter of hours would be a quantum shift in aid fulfilment and assist a significant volume of starving people far more rapidly than any conventional process.

What is the primary reason CBDC is required for this use case? (and current payment infrastructure is not adequate)?

This rapid deployment model is not currently supported by any existing payments and settlement infrastructures in Australia.

The use of a CBDC provides a unique opportunity to achieve humanitarian aid deployment speeds that are unequalled in history.

The eAUD utilisation provides a broader range of options to the recipient: save, spend, hold or eat.

In the mature project model food aid would be stockpiled geographically in areas that frequently encounter food shortages. This situational aid, which would dramatically reduce fulfilment times from the typical weeks to a few hours, is only achievable through the application of a digital currency.

The potential economic and humanitarian benefits of utilising a CBDC for our model are significant.

What role does CBDC play in your use case? [Select one or more options]

- Atomic [simultaneous] settlement for asset transfer
- Eliminate/Reduce counterparty risk
- Programmable value transfer
- Payment settlement without bank gateway
- Immediate cleared funds without chargeback risk
- Supply chain compression

Do you have objective success criteria for your use case that can be assessed via a pilot? [Select one or more options]

- Intend to show improved speed
- Intend to show improved quality of benefits

	Evaluate user adoption
How long will you take to build your use case?	Less than 6 weeks
How long will you need to run your use case pilot to test your success criteria?	6 - 12 weeks
Please confirm you can, or expect to, meet the required compliance obligations relevant to your proposed use case.	Already licensed or will be licensed to operate the proposed use case
Participating in the pilot is free, however please confirm you are able to cover your own costs to implement and run the pilot, if selected.	I confirm I/we are able to cover our own costs associated with the pilot.

Contact Details

Name	s 22
E-mail	s 22
Phone Number	(04) s 22
Role/Title (if any)	s 22
Organisation Name (if any)	s 22

Terms governing your submission
We confirm we are not submitting information of a proprietary, confidential or sensitive nature. We understand that this submission and information gathered via subsequent engagement with the DFCRC will be utilised for research purposes by the DFCRC, RBA and Treasury, and may be shared with other relevant regulators for regulatory compliance assessment purposes. Information from our submission may be published in anonymised form by the DFCRC in a report or other publications, but our organisation will not be named without our written permission.

I/We accept these terms on behalf of the submitting entity

Monday, October 31, 2022

Use Case Submission Form

Australian CBDC Pilot Project

Submit your interest in participating in the Australian Central Bank Digital Currency Pilot Project via this form.
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Please submit one form per proposed use case.

Use Case Details

Submissions to pilot use cases have now closed (submission deadline was Oct 31). We are accepting submissions for research purposes only

I wish to pilot this use case if selected

Summary of use case (problem solved, clients/users, key benefits)

Problem – ensuring communities without connected devices or reliable internet service can use CBDC:

Although the 2020-2021 pandemic lockdowns led to increased internet usage among the Australian population, there are still vulnerable groups and regional areas who have less access to reliable internet services. According to the Australian Communications and Media Authority's latest report on internet usage in 2021:

- Around 900,000 households still do not have in-home internet connection.
- 57% of Australians on lower incomes experience some difficulty paying for broadband services at home.
- Offline Australians were more likely to be aged 55+, and of respondents in this age category, 13% never use a mobile phone, 37% never use laptops, and 53% never use desktop computers.

These numbers and other reports show that despite higher than ever internet usage rates in Australia, there are still communities that have challenges accessing reliable internet, or do not use internet-connected devices often. Some of the communities affected experience internet black outs due to being based in isolated or rugged terrain.

As CBDC programmability can enable other innovative use cases regarding Government payment and social welfare schemes for disadvantaged groups, ensuring Australian businesses and residents can access CBDC even when internet access or internet-connected devices are not regularly or stably available, should be solved for in any CBDC design. Combining other innovative benefits of CBDC while maintaining methods for offline user accessibility can enhance financial inclusion rather than reduce it.

Use Case – Offline Accessibility: Emergency Funding, P2P Cash Payments and Merchant Payments

A CBDC capable of providing users with offline accessibility will ensure financial inclusion. To test this use case, the following offline accessibility methods should be considered, tested, and assessed for a CBDC design:

- Ability for users to easily access CBDC without an internet-connected device – e.g., kiosks installed in public locations such as public transport stations, medical clinics, libraries, and shopping centres, which allow people to obtain a physical card and top up with CBDC. This card can be used to receive emergency payments and other welfare grants or 'cash' benefits in the form of CBDC.
- Ability for users to pay each other directly offline – e.g., using two smart cards to transfer stored CBDC.

• Ability for users to pay with CBDC at unattended offline machines – e.g., parking meters, first aid kit dispensing units in remote areas, vending machines.
• Ability to pay merchants in CBDC without an internet-connected device – e.g., via a CBDC smart card to pay merchants at point of sale, with merchant receiving the full payment value instantly in CBDC.

Key benefits – financial inclusion:

• Provide people with a way to transact easily and quickly without physical cash or access to bank accounts.
• Ensure people and organisations without reliable access to internet or internet-connected devices can still transact with CBDC and access innovative CBDC-related government welfare/payment schemes.
• Ensure remote towns and communities without online connectivity have access to CBDC-enabled facilities.

What is the primary reason CBDC is required for this use case? (and current payment infrastructure is not adequate)?

Enable all communities to use eAUD – create a more digitally inclusive Australia

In the scenarios highlighted previously, the current infrastructure does not provide a cost-efficient solution to address the issues of accessibility to money. However, a CBDC can be issued, distributed and transferred without the need for an intermediated payment system, providing instant value to the recipient. Successful user adoption of CBDCs will require support for both online and offline usage.

s 22 is interested in exploring the piloting of this use case (offline CBDC usage) with our customers and a consortium of partners who have expressed interest, including Worldline, CapGemini, Thales and WhisperCash.

s 22 has strong capabilities and partnerships to support a pilot for this use case:

s 22 was a top 15 global finalist in the 2021 MAS Global CBDC Challenge, an international competition seeking innovative retail CBDC solutions, held by the Monetary Authority of Singapore in conjunction with the IMF, World Bank, ADB, UNCDF, UNHCR, UNDP and OECD. In 2022, s 22 was also a global finalist in the G20 TechSprint hosted by Bank Indonesia and the Bank of International Settlements.

For these projects, s 22 successfully built working prototypes for digital wallets and an offline CBDC smart card to address the financial inclusion aspect of the CBDC design challenges. Several customer use cases were mapped out in detail in s 22 pitch.

What role does CBDC play in your use case? [Select one or more options]

- Programmable value transfer
- Payment settlement without bank gateway
- Immediate cleared funds without chargeback risk
- Digital identity

Do you have objective success criteria for your use case that can be assessed via a pilot? [Select one or more options]

- Intend to show improved costs
- Intend to show improved speed
- Intend to show improved quality of benefits

How long will you take to build your use case?	Less than 6 weeks
How long will you need to run your use case pilot to test your success criteria?	Less than 6 weeks
Please confirm you can, or expect to, meet the required compliance obligations relevant to your proposed use case.	Already licensed or will be licensed to operate the proposed use case
Participating in the pilot is free, however please confirm you are able to cover your own costs to implement and run the pilot, if selected.	I confirm I/we are able to cover our own costs associated with the pilot.

Contact Details

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Biz Research Status	
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Role/Title (if any)	Industry and Innovation, Transaction Banking
Organisation Name (if any)	s 22
Organisation website (optional)	s 22 .com

Terms governing your submission

We confirm we are not submitting information of a proprietary, confidential or sensitive nature. We understand that this submission and information gathered via subsequent engagement with the DFCRC will be utilised for research purposes by the DFCRC, RBA and Treasury, and may be shared with other relevant regulators for regulatory compliance assessment purposes. Information from our submission may be published in anonymised form by the DFCRC in a report or other publications, but our organisation will not be named without our written permission.

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Monday, October 31, 2022

Use Case Submission Form

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Please submit one form per proposed use case.

Use Case Details

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I wish to pilot this use case if selected

Summary of use case (problem solved, clients/users, key benefits)

Currently government programs required overly complex remittance processes that are manual and disconnected. It's estimated that payment processing cost the s 22 well over $1billion each year.

A CBDC multi-sign-off payments process would make fraud and waste much easier to stop, but also significantly easier to investigate across government subsidy programs where government approvers, intermediary approvers and recipients can all participate in a sign off process to remit funds instantly.

To test this use case, s 22 proposes to set up a prototype multi-approval process for s 22 who are recipients of s 22 as a proof of concept.

The key benefits of this system would be increased speed of remittance, instant identity verification and full accountability for funds by linking wallets directly to approval information.

What is the primary reason CBDC is required for this use case? (and current payment infrastructure is not adequate)?

The steps between program approval, invoicing, approval and payment are all disconnected and currently require manual intervention at each stage. There is no integrated intermediary sign off that can create additional assurances that who is being paid is actually the correct person.

Whether the recipient is direct to consumer or to an intermediary, the transparent, immutable nature of a CBDC would significantly improve the transparency of this process as well as making it much harder to conduct fraudulent transactions by falsifying documents on behalf of existing recipients.

For example, with a wallet being directly linked to the recipient's identity as well as a remittance step that required intermediary approval, it would be prohibitive to send false requests and much more traceable if payment had been sent this way.

What role does CBDC play in your use case? [Select one or more options]

- Atomic [simultaneous] settlement for asset transfer
- Eliminate/Reduce counterparty risk
- Payment settlement without bank gateway

Do you have objective success criteria for your use case that can be assessed via a pilot? [Select one or more options]	Intend to show improved costs Intend to show improved speed Intend to show improved quality of benefits
How long will you take to build your use case?	6 - 12 weeks
How long will you need to run your use case pilot to test your success criteria?	Less than 6 weeks
Please confirm you can, or expect to, meet the required compliance obligations relevant to your proposed use case.	Not sure what obligations will apply to the proposed use case
Participating in the pilot is free, however please confirm you are able to cover your own costs to implement and run the pilot, if selected.	I confirm I/we are able to cover our own costs associated with the pilot.

Contact Details

Name	s 22
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Organisation Name (if any)	s 22
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Summary of use case (problem solved, clients/users, key benefits)

International travellers want seamless (secure and convenient) experiences but face significant friction. Friction in retail transactions deprives businesses of sales. Travellers and the businesses that serve them face significant fraud risks. Frauds, in the order of thousands of dollars, are devastating to individuals and SMEs but below the threshold that will be pursued internationally law enforcement.

s 22 is developing a new platform business, called digitalidentity.blue. An ultra-cyber-secure, digital-identity-as-a-platform for travel, fintech and e-commerce, including a traveller superapp. The superapp will facilitate biometric enrolment for visa and electronic travel authority applications and offer opt-in for further services, including biometric digital identity, a CBDC wallet and access to a digital marketplace tailored to international travellers. Businesses such as accommodation providers and tour operators would participate in the marketplace. It will leverage the insights of our participation in the Biometrics Self Enrolment Feasibility Trials with the UK Home Office (biometrics via smartphone for electronic travel authorities and similar). CBDC use addresses the friction and fraud risks faced by travellers and businesses serving them. It also facilitates businesses and governments offering incentives to travellers through value programmed to only be available for specific transaction circumstances. For example a threshold of spending after which additional funds are available in the CBDC wallet that can only be spent with a particular class of operator. Payments can also be automated for staged transactions for services.

There are a range of options for a pilot. Our current preferred model is to simulate international tourists that have opted into the digital identity platform. We will recruit, through a university partner, Australian resident university students to participate in the pilot by spending (subsidised) with Gold Coast tourism operators. The pilot would operate on a small scale under the ASIC Enhanced Regulatory Sandbox (Blue staff have experience with the ERS) or as a AFSL corporate authorised representative of a partner company.

What is the primary reason CBDC is required for this use case? (and current payment infrastructure is not adequate)?

Every person and entity on the platform will have a verified digital identity. Combining that with only CBDC transactions on the platform will be highly effective at preventing fraud and promoting trust between international travellers and businesses serving them. It will reduce costs for all parties and promote increased economic activity through the speed and certainty of transactions.

A CBDC wallet is a replacement for a travel money card; plus value that only a CBDC can deliver. Travellers

will benefit from low cost, fast, secure payments and consistent booking experiences across the platform. Unlike the potential trip ruining volatility of 'cryptocurrencies' or the friction and costs of traditional currency use.

Government incentives (or emergency payments) and business vouchers can be programmable and seamlessly integrated into the CBDC wallet . That wallet is attached to the real person, via biometrics, so access is not lost even if the consumer's smartphone is lost.

What role does CBDC play in your use case? [Select one or more options]	Eliminate/Reduce counterparty risk Programmable value transfer Payment settlement without bank gateway Immediate cleared funds without chargeback risk
Do you have objective success criteria for your use case that can be assessed via a pilot? [Select one or more options]	Intend to show improved costs Intend to show improved speed Intend to show improved quality of benefits
How long will you take to build your use case?	More than 12 weeks
How long will you need to run your use case pilot to test your success criteria?	6 - 12 weeks
Please confirm you can, or expect to, meet the required compliance obligations relevant to your proposed use case.	Already licensed or will be licensed to operate the proposed use case
Participating in the pilot is free, however please confirm you are able to cover your own costs to implement and run the pilot, if selected.	I confirm I/we are able to cover our own costs associated with the pilot.

Contact Details

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Organisation Name (if any) s 22

Organisation website (optional) s 22

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Saturday, October 29, 2022

Use Case Submission Form

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Use Case Details

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I wish to pilot this use case if selected

Summary of use case (problem solved, clients/users, key benefits)

USE CASE: Programmability and the G+D Filia Smart Wallet approach for education subsidies

Problem solved: A government entity wants to provide social assistance payments more efficiently with purpose-bound disbursements. For instance the ministry of education wants to support young people with funds to be spent on educational goods and services (and prevent people to spend it on entertainment).

Actors: Ministry of education, qualifying social benefit recipient (for instance people between 16 and 20 years of age), provider of educational goods and services

Pre-conditions:
- Young person registered and approved to receive benefits (KYC procedures)
- Educational fund is available for distribution
- Provider of educational goods and services has been classified upfront

Key benefits:
Given governments' urgency to provide cash assistance quickly, CBDC would be an efficient way to provide such funding/subsidies with minimized efforts and reduced bureaucracy
- Reduce direct cost to government
- Reduce fraud and corruption
- Increase convenience for recipients
- Contribute to long-term development outcomes of government subsidized higher education

G+D's approach:
Programmable features offer functional benefits, enable new processes and support new business models.

Such features include spending limits expiry dates, or spending restrictions (such as student aid subsidies that are restricted to education-related spending e.g. specified beneficiaries such as schools and universities, school supplies. Such special-purpose payments can better ensure that those funds are distributed more efficiently and are used for their intended purposes.

The G+D Filia Smart Wallet approach forms the basis for innovation. Programmable features are managed not by the Central Banks, but private intermediaries, such as commercial banks or fintechs. However, basic rules could be set and applied on a regulator level, e.g. limit the number of offline transactions. Since conditions are set on the wallets that hold CBDC, the currency itself is not affected and CBDC remains

general purpose, without any restrictions on use, just like cash today. This approach to programmability will ensure trust in public currency.

Complementary, in order to extend this enhanced feature of programmability from retail CBDC to the wholesale CBDC level, s47 . Daml's component approach delivers strong, secure data governance, workflow, data modeling protocols, and business interactions.

- Traceability by authority. Daml naturally supports auditing and tracking transactions, storing data and contracts (to the lowest level of identification) along with the history of each transaction. The set of observers of a Daml contract can be customized to allow for more transparency and visibility.
- Closer control of ownership by authority. The authority can control who can hold money at a programmatic level, for example, to comply with restricted lists (e.g., OFAC).
- Transaction safety. For simple or complicated transactions, Daml can establish specific rules for money transfers. The transactions are then executed atomically, so that for a successful transaction, all steps must be successful.
- Interoperability. Using a common language and protocol, Daml would permit a CBDC system to bridge different ledgers and technologies.

What is the primary reason CBDC is required for this use case? (and current payment infrastructure is not adequate)?

Primary reason for CBDC:
The current payment infrastructure would allow for purpose bound payments by introducing vouchers that would have to be issued, distributed and later on redeemed by the merchant. A CBDC system could allow programmability on a wallet level and thereby simplify the process by limiting restrictions only to one payment and afterwards the recipient could use the same money for paying their employees for instance. Additionally wallet rules would preserve user's privacy, since the recipient would not be aware that the payer has used a social grant for his payment, it would look like any other payment.

Supporting arguments:
Among the most important factors that could determine the success of a CBDC is multi-stakeholder engagement from public and private collaboration. Although central banks and governments have a fundamental role to play, the private sector has strong competencies that can enhance the CBDC ecosystem.

Innovation will be driven by private players in the development of new business models, ideas and processes enabled by a CBDC platform. We envision that a myriad of novel use cases could come from programmable features of a CBDC, for example "Smart eAUD", a CBDC version of the "Smart Yen" approach in Japan , a collaboration between Digital Asset and SBI Holdings.

Regulated financial intermediaries could integrate Filia's software development kits and build an additional layer within a CBDC ecosystem to offer programmable applications through issuing Smart Wallets®. This enables businesses and consumers to design programmable features on either hardware wallets (such as a smart card) or on a hosted digital wallet while the core system maintained by the central bank ensures the integrity of the payment system. These wallets can be set with predefined conditions, such as spending limits or automated machine-to-machine payments. Such features are currently not supported by current payment schemes.

For boosting small and medium businesses who cannot afford to generate their own digital loyalty program, programmable eAUD can be a path to simple self-serviced loyalty/rewards programs. By leveraging Digital Asset's Smart Contract technology these loyalty/rewards programs can be even composed to larger areas and create local merchant ecosystems without introducing a third-party data aggregator. Data privacy and data ownership are preserved even in collaborating loyalty/rewards program ecosystems.

Note on use case architecture: This use case can be immediately piloted using the Filia platform, which is not based on DLT to achieve performance, privacy and offline capability. We propose running pilots for this in a dedicated Filia sandbox in order to demonstrate our features. s 47

s 47

What role does CBDC play in your use case? [Select one or more options]	Programmable value transfer
Do you have objective success criteria for your use case that can be assessed via a pilot? [Select one or more options]	Intend to show improved costs Intend to show improved speed Intend to show improved quality of benefits
How long will you take to build your use case?	6 - 12 weeks
How long will you need to run your use case pilot to test your success criteria?	Unsure at this stage
Please confirm you can, or expect to, meet the required compliance obligations relevant to your proposed use case.	Already licensed or will be licensed to operate the proposed use case
Participating in the pilot is free, however please confirm you are able to cover your own costs to implement and run the pilot, if selected.	I confirm I/we are able to cover our own costs associated with the pilot.

Contact Details

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Organisation website (optional)	s 22

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A RETAIL CBDC STRAWPERSON[1]

This note lists the key assumptions on retail CBDC design that will be an input into future research and policy discussions on this topic. These assumptions are likely to change over time as we conduct more research to scrutinise these features, particularly where we have a weaker initial view on the design choice(s) we have assumed. Until then, these will be the underlying assumptions that we will use when discussing and exploring issues related to retail CBDC in Australia. The assumptions outlined in this note are designed to support further discussion and exploration of retail CBDC and do not reflect any commitment by the RBA to introduce a retail CBDC with these or any other design features.

CBDC design assumptions[2]

CBDC design feature	Assumed design	Options we are still open to	Notes/explanation
Holding limit	A retail CBDC will have a $5,000 holding limit for households and a $0 holding limit for businesses and government. "Waterfall" functionality will allow households, businesses and governments to make and receive payments above the holding limit if users have linked their CBDC to a commercial bank account. These funds would transfer out of/into their commercial bank account automatically. Waterfall payments would be limited by the maximum daily transaction limit of the commercial bank account. A separate holding limit will apply to offline holdings.	We remain open-minded on the limit; we are less flexible about whether one is needed, at least during an initial period over which we will be learning about appetite for CBDC (both in normal times and during financial system stress).	A $5,000 limit may allow some CBDC utility as a store of value. Per s 22 (2024) it also appears to be a level that keeps banks' liquidity buffers within the regulatory minimums. Greater clarity as to whether people/organisations value CBDC as a store of value or means of exchange will influence how large a holding limit will ultimately be.[3]
Offline capability	Retail CBDC will have extended offline functionality for point of sale (POS) and in-person peer-to-peer (P2P) transactions.[4]	Whether a retail CBDC would facilitate offline payments of salaries and government benefits.	Extended offline functionality will provide a more sustainable solution for disaster preparedness (see s 22 2024). We are less clear though on how account-to-account payments

1 We thank the Digital Currencies section for their feedback and contributions to this note.

2 Design features draw from s 22 (2024). If a decision was made to proceed with a retail CBDC that had these assumed features, other regulatory requirements or policies (e.g., APRA's LCR requirements, the Bank's monetary policy implementation) may need to change in response. These policy responses are considered out of scope for this work.

3 Although recent ECB research suggests that households may not want very high limits (i.e., there is little evidence of 'bunching' at low holding limits) (s 22 2025), similar research would need to be done in Australia to make any conclusions here.

4 'Extended offline functionality' means payers and payees can settle payments without needing access to an internet connection or power. This covers situations where commercial bank core banking systems, NPP or RITS is down.

CBDC design feature	Assumed design	Options we are still open to	Notes/explanation
	Merchants will have the capability to accept offline CBDC during telecommunications and electricity outages. Offline funds must be periodically verified online (e.g. monthly). This will reduce counterfeiting and enable software updates to be made.	Whether 'unused' offline CBDC in inactive online CBDC accounts eventually waterfalls to users' bank accounts after a period (as a tool to manage CBDC attached to lost offline devices). We are also open to the possibility of issuing a CBDC with only intermittent offline capabilities, or even no offline capabilities, should the research reveal the costs to outweigh the benefits (see s 22 2024 for an explanation of the distinction between intermittent and extended offline functionality).	(such as salaries and government benefits) could occur offline without some device-to-device or close proximity interaction.
Remuneration	Offline CBDC holdings will be remunerated at the cash rate to incentivise holdings and thereby improve outage preparedness. All other CBDC holdings would be unremunerated.	We are open-minded to just about anything (including whether we should remunerate all CBDC holdings), so long as it does not result in significant disintermediation.	We have not actually done a cost-benefit analysis on the effect of remuneration and relatedly whether a CBDC should have some ability to be used as a store-of-value (again, as long as it doesn't lead to significant bank disintermediation). So it would be premature to exhibit low levels of open-mindedness.
Fee model	Fee-free	Whether a (low) surcharge is needed to e.g., recover costs, ensure competitive neutrality, or otherwise generate social value.	Given current political landscape, a CBDC fee would be highly unpopular. We expect to align the CBDC decision with the outcome of the current Review of Retail Payments Regulations. The private sector is likely to want to include some cost-recovery for distributing CBDC. Our stance here is that the end-user/customer will not bear this recovery cost, at least not directly (say, via a surcharge). This effectively aligns fee-recovery for CBDC distribution with our current cash distribution model.

CBDC design feature	Assumed design	Options we are still open to	Notes/explanation
One-for-one convertibility with cash	Retail CBDC will be one-for-one convertible with cash (e.g., it can be exchanged at ATMs for cash). The cost of making a CBDC/cash exchange would be no higher than the cost of making a deposit account/cash exchange (e.g. an ATM owner can't charge a customer more for a cash withdrawal using CBDC than for a cash withdrawal from a deposit account). CBDC will be one for one convertible with funds held in deposit accounts at ADIs – including deposit tokens.		
Central bank control over how users spend retail CBDC	No restrictions	We might have to consider how a retail CBDC abides by any court orders/injunctions that involve restricted spending.	General openness to programmable money could affect trust in public money. Internationally it has also given rise to concerns about governments encroaching on basic freedoms.
Distribution model	'Hybrid model', where users can choose to have a wallet directly issued by the RBA, or obtain a CBDC wallet issued by their financial institution (which could offer enhanced functionality). This follows the planned ECB model.	How to logistically/technologically implement a two-tier system. Whether people should have the option to open a government-issued wallet at all.	We would happily facilitate CBDC distribution purely via the private banking sector if the case of direct provision turned out not to be strong since customer-facing activity is not our comparative advantage. Our motivation to directly provide any wallet would come from a clear policy case for the Australian public to have a digital public payment alternative to private payment methods.
KYC and data porting	Concessional KYC requirements for wallets with low (but still unspecified) holding limits, or some other restriction (such as transaction size limits) that limits scope for financial crime. Otherwise KYC requirements for CBDC will be the same as for private bank accounts, and limited personal user information will be held on the CBDC platform.	KYC requirements that are unconditionally the same as for bank accounts. It is also possible that KYC could be met by signing up to Government-issued digitalID (e.g., myID) if barriers to obtain this form of ID are sufficiently low.	The minimum requirement would be for data-sharing to be in accordance with existing laws. Special arrangements would need to be made for tourists/non-residents, and we are yet to form a picture of what those would look like.

CBDC design feature	Assumed design	Options we are still open to	Notes/explanation
	Any data sharing arrangements (e.g., 'porting' user wallets between banks or between RBA-wallets to private-sector wallets) will comply with Consumer Data Rights laws similar to Open Banking.		
Transaction privacy and anonymity	A retail CBDC will not have the same level of privacy as cash, at least for most transactions. In our assumed 'hybrid model' (above), RBA-issued wallets will have transaction data shared with the RBA and AUSTRAC. Private sector issued wallets would have data shared with the issuing bank and AUSTRAC. Extended offline payments (subject to a holding limit) will have cash-like anonymity.	We are open-minded to the possibility that: (i) a CBDC could offer more privacy than private cards for all transactions; and (ii) a CBDC could offer differential privacy levels by transaction size or transaction 'type'. It may also be possible to recover offline transaction data once services return online depending on the technology used.	Providing cash-like anonymity for all CBDC transactions is likely incompatible with AML/CTF regulations.
Programmable payments	Payments will be programmable, particularly with government agencies. We will allow private sector entities to develop programmable payment services that can be built on our platform	All	Programmable payments are one of the key benefits associated with CBDC.
CBDC interoperability with other payment and non-payment systems (e.g., DigitalID)	CBDC would be harmonised with existing infrastructures and would be compatible with Digital ID subject to user consent for data sharing	All	For resilience reasons some standalone infrastructures may need to be established, so we would be open-minded to how we can balance infrastructure redundancy with the efficiency of having connected infrastructure.
Means (if any) of recovering lost CBDC, refunds, reversals of payment	CBDC held in lost/stolen wallets would be recoverable. Refunds and reversals are handled on an individual-business basis.	None	We would attempt to align CBDC practices with recovering lost wallets and lost funds with existing practices with cash/card. We do not see a strong case for this to be where the public sector delivers additional value relative to the private sector.

CBDC design feature	Assumed design	Options we are still open to	Notes/explanation
How much CBDC will be issued	As much as is demanded, within the constraints of individual holding limits.	All	We would need to consider monetary policy implementation implications.
Single or multiple wallets	Individuals are only eligible for one CBDC wallet. This can be a single or joint wallet. Joint wallets are subject to a cumulative limits determined by the number of wallet users.	All	We have no view on whether and why people would benefit from being able to use multiple wallets (rather than, say, use this to circumvent holding limits). We also have no well-formed view on whether the public would benefit from having wallets that can be linked at a family level, etc.
Designed for universal use or for niche use-cases	Universal use. Short-term wallets would be made available for visitors and visa holders.	All	While we would design a CBDC that can be universally *accessed*, we may not necessarily have to mark success by significant take-up across all demographics (or even any, if we are instituting it for monetary sovereignty reasons, for example). We don't have any concrete reason yet for why non-residents couldn't hold retail CBDC.
Changes to CBDC Design	RBA would propose and make changes to CBDC design to ensure it is fit for purpose. Significant changes would require the approval of parliament.	All	The requirements for CBDC are likely to evolve and it is important that the RBA is able to make timely changes (especially during early stages). Major changes would seek approval from elected representatives – this falls in line with the issuance decision.

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