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**Retail Central Bank Digital Currency (Retail CBDC):  
Implications on the Thai Financial Sector and Survey Results**

Ms. Vachira Arromdee, (Assistant Governor) of the Bank of Thailand (BOT), has disclosed a study on the implications of Retail CBDC on the Thai financial sector as well as survey results from the public<sup>1</sup> on the development of Retail CBDC, based on the paper "The Way Forward for Retail Central Bank Digital Currency in Thailand" published 2 April 2021. The results of the study and feedback collected from the survey have been taken into consideration towards determining guidelines for the development and testing of Retail CBDC in a real-life environment (Pilot Test). The key points are summarized as follows:

**1. Implications of Retail CBDC on the Thai financial sector**

Study results show that for the design and development of Retail CBDC to have maximum potential, the CBDC must not adversely affect monetary policy transmission, financial institutions, or overall financial stability. In this regard, the following characteristics are key: (1) the CBDC shall be cash-like and non-interest-bearing, (2) intermediaries such as financial institutions shall be the distributors of CBDC to the general public, and (3) conditions or limits for converting CBDC shall be established. These guidelines are to ensure that the CBDC does not compete with deposits or cause runs on financial institutions, and preserves the role of intermediaries in collecting deposits and providing credit as well as managing liquidity in the overall financial system.

The BOT predicts that the public's demand for Retail CBDC will gradually increase over time and that CBDC could become an alternative payment option in the future, partially substituting cash and e-money.

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<sup>1</sup> The BOT has collected feedback from an online survey posted on the BOT Website as well as from focus group discussions with relevant stakeholders including financial institutions, government agencies, business organizations, academics, lawyers, and technology developers.

## 2. Survey results

Feedback collected via a public survey and focus group discussions show that the majority of respondents agree with the BOT's approach to Retail CBDC development and view CBDC as a beneficial infrastructure open to access and competition, with the potential to foster greater development of a safe financial innovation in the future. Respondents also agree that the CBDC design guidelines above can help mitigate any negative impacts of CBDC on the Thai financial sector.

Some respondents further advised the BOT to focus on promoting consumers' knowledge and understanding of the benefits and uses of CBDC, particularly on how it differs from current electronic payment options.

## 3. Pilot Test plans

Based on the study and survey results, the BOT has established guidelines for the development and testing of Retail CBDC in a real-life environment (Pilot Test) under two tracks, as follows:

1) Foundation Track: To test and evaluate the usage of CBDC in conducting cash-like activities within a limited scale, such as accepting, converting, or paying for goods and services. This phase of testing is expected to begin in the second quarter of 2022.

2) Innovation Track: To test and evaluate the ways in which CBDC can be further developed for innovative use cases, by allowing for participation from the private sector and technology developers. The BOT is currently in the process of considering the format and criteria for participation.

The BOT will assess all results and associated risks from the Pilot Test, to ensure that Retail CBDC is beneficial to the public, business sector, and country as a whole, and does not undermine economic and financial stability in the future.

Bank of Thailand

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For more information



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