

Bank of England and HM Treasury respond to digital pound consultation

The Bank of England (the Bank) and HM Treasury have today published their response to the consultation on a digital pound that was launched in February 2023.

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News release

- Bank of England and HM Treasury update on proposals for a digital pound which would include primary legislation to guarantee users' privacy and control.
- Response confirms that neither the Bank nor the Government would have access to users' personal data.
- Authorities committed to maintaining access to cash for those who prefer it.
- Continuing work on digital currency will strengthen the UK's position as a competitive global leader in finance.

The Bank of England (the Bank) and HM Treasury have today published their response to the consultation on a digital pound that was launched in February 2023.

No final decision has been made to pursue a digital pound - also called a central bank digital currency (CBDC).

Work will continue during the design phase exploring its feasibility and potential design choices. This will look at how a digital pound could be used in the UK economy, providing greater choice, convenience and innovation for households and businesses making and accepting everyday payments. As part of broader work on payments innovation, the work will also help strengthen the UK's position as a competitive global leader in finance.

The feedback from respondents from a range of industries and organisations was largely supportive of the proposed design set out in the 2023 Consultation Paper, while other respondents raised concerns about the implications of a digital pound for access to cash, users' privacy, and control of their money.

To address these concerns, today's publication confirms that, if a digital pound were to be implemented, primary legislation would be introduced, and this would guarantee users' privacy and control. The Bank and the Government would not have access to any personal data and users would have freedom in how they spent their digital pounds. There would also be a further public consultation on a digital pound prior to the introduction of primary legislation. These commitments would give both Parliament and the public further opportunities to have their say.

In addition, today's publication reiterates the commitment of both the Government and the Bank to protect access to cash, even if a digital pound were introduced.

Economic Secretary to the Treasury, Bim Afolami, said:

"We are at an exciting time of innovation in money and payments, and we want to ensure the UK is

ready should a decision to build a digital pound be taken in the future. This is the latest stage in our national conversation on the future of our money – and it is far from the last.

"We will always ensure people's privacy is paramount in any design, and any rollout would be alongside, not instead of, traditional cash."

Deputy Governor for Financial Stability, Sarah Breeden, said:

"Trust in all forms of money is an absolute necessity. We know the decision on whether or not to introduce a digital pound in the UK will be a major one for the future of money. It is essential that we build that trust and have the support of the public and businesses who would be using it if introduced."

Following the design phase, the Bank and the Government will decide whether or not to build a digital pound, and, if proceeding, would set out a timetable for further consultation on legislation and a potential launch.

What would a digital pound look like?

- A digital pound would complement the role of cash in a digital world and give people more choice in how they make everyday payments.
- £10 of a digital pound would always be worth the same as £10 in banknotes or coins.
- It would be issued by the Bank of England, widely available and convenient to use.
- It would be easily exchangeable with other forms of money, including cash and bank deposits.
- It would be accessed through digital wallets offered to the public and businesses by the private sector through smartphones or smartcards.
- It would be intended for payments made online, in-store, and between individuals, rather than for savings, and it would not pay interest.
- There would be restrictions, at least initially, on how much an individual or business could hold.
- Like banknotes, it would be a claim on the Bank of England, have intrinsic value and be stable, unlike unbacked cryptoassets.

Notes to editors

1. [Consultation Response: The digital pound: a new form of money for households and businesses?](#)
2. [Technology Working Paper Response](#)
3. Further details on a [digital pound](#)
4. A digital pound would add choice for how people and businesses make and accept payments

and would complement other forms of money, like cash. The Bank and Government have a clear commitment to maintain access to cash for those who want to use it. In recognition that cash continues to be important for many, the government legislated earlier this year to provide the Financial Conduct Authority (FCA) with powers to protect access to cash across the UK, including access to free services for individuals. The FCA is currently consulting on how it plans to protect access to cash and expects that its new regulatory framework will come into effect by summer 2024.

5. As well as exploring the commercial, technological and operational elements of a digital pound, there will be continued engagement through a national conversation and further consultation with the public, businesses and wider stakeholders to ensure this work takes account of all views.