



CBUAE launches the Central Bank Digital Currency Strategy “The Digital Dirham”

Abu Dhabi (23 March 2023): The Central Bank of UAE (CBUAE) jointly held a signing ceremony with G42 Cloud and R3 to mark the commencement of the implementation of the CBUAE Central Bank Digital Currency (CBDC) Strategy, one of the nine initiatives of the CBUAE’s Financial Infrastructure Transformation (FIT) Programme. The CBUAE has engaged with G42 Cloud and R3 as the infrastructure and technology providers respectively for its CBDC implementation.

Following several successful CBDC initiatives including Project “Aber” with the Saudi Central Bank in 2020, which confirmed the possibility of using a digital currency issued by two central banks to settle cross borders payments and was awarded the Global Impact Award by Central Banking Magazine, in addition to the significant accomplishment of the first real-value cross-border CBDC pilot under the “mBridge” Project with the Hong Kong Monetary Authority, the Bank of Thailand, the Digital Currency Institute of the People's Bank of China and the Bank for International Settlements in 2022, the CBUAE is now ready for entering into the next major milestone of the CBDC journey and implementing its CBDC Strategy. The first phase of CBUAE’s CBDC Strategy, which is expected to complete over the next 12 to 15 months; comprises three major pillars, the soft launch of mBridge to facilitate real-value cross-border CBDC transactions for international trade settlement, proof-of-concept work for bilateral CBDC bridges with India, one of the UAE’s top trading partners and finally, proof-of-concept work for domestic CBDC issuance covering wholesale and retail usage.

CBDC is a risk-free form of digital money issued and guaranteed by the central bank and serves as a secure, cost-effective and efficient form of payment and a store of value. As part of the UAE’s digital transformation, CBDC will help address the pain points of domestic and cross-border payments, enhance financial inclusion and the move towards a cashless society. It will further strengthen the UAE’s payment infrastructure, providing additional robust payment channels, ensuring a resilient and



reliable financial system. More importantly, the CBUAE aims to ensure the readiness of the UAE to integrate the payment infrastructures with the future potential tokenization world, the tokenization of the financial and non-financial activities.

H.E. Khaled Mohamed Balama, the Governor of the CBUAE, said: “CBDC is one of the initiatives as part of the CBUAE’s FIT programme, which will further position and solidify the UAE as a leading global financial hub. The launch of our CBDC strategy marks a key step in the evolution of money and payments in the country. CBDC will accelerate our digitalisation journey and promote financial inclusion. We look forward to exploring the opportunities that CBDC will bring to the wider economy and society.”

Further details and updates will be announced in due course.

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