

RBI creates ₹1.71 cr of digital rupee for retail pilot

Central bank aims to involve 50,000 merchants, customers in the next few days

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The pilot project for central bank digital currency (CBDC) in the retail segment went live on Thursday with the Reserve Bank of India (RBI) issuing ₹1.71 crore to four participating banks based on their indents.

The central bank has identified four banks for the first phase of the pilot — State Bank of India, ICICI Bank, Yes Bank and IDFC First Bank — in four cities, Mumbai, New Delhi, Bengaluru and Bhubaneswar. The highest indent was received from one private sector bank. The pilot was started with ₹1.71 crore of digital currency, but depending on the user demand and bank's liquidity requirements, the token indent and issuances to

banks will keep evolving dynamically, sources said. The central bank will be creating more digital rupee as demand from banks comes in over the next few days.

"Friends have transacted between them, customers have transacted with merchants, small and big," said a banking industry official. Merchants include the street fruit vendors to the bigger one, with popular merchants such as food delivery apps will also accept digital rupee in the coming days, sources said.

The target is to involve 50,000 merchants and customers in the next few days.

Four more banks — Bank of Baroda, Union Bank of India, HDFC Bank and Kotak Mahindra Bank — will join the pilot and it shall be sub-

sequently extended to Ahmedabad, Gangtok, Guwahati, Hyderabad, Indore, Kochi, Lucknow, Patna, and Shimla. The next four banks will join the pilot in the next 2-3 weeks.

Yes Bank, which is participating in the first phase, said that during the pilot phase, access to the YES BANK Digital Rupee app will be given to select retail customers who will be a part of the closed user group.

"The Digital Rupee wallet will be like a physical wallet, but in digital form that will be available for download on smartphones with an Android OS... Payments to merchants can be made through a

unique QR code displayed at respective merchant touch points," the lender said.

The currencies were digitally issued to banks and customers will be able to place the request for digital rupee through their digital wallet in their mobile app, which is provided by their banks and the requested amount is credited in their digital rupee wallet. The customers can pay the digital rupee to the individual and their merchants.

The retail pilot project, locations in closed user groups, will be in the form of a digital token that represents legal tender, the RBI had said. The digital rupee is issued in the

same denominations that paper currency and coins are issued.

"Along with reducing operational costs associated with physical cash management, it will also enhance settlement efficiency and spur innovation in cross-border payments and offer the public the same uses as any private virtual currency without the risks associated with it," said Sandeep Ghosh, group country manager, India & South Asia, Visa. He added that Visa looks forward to working with the RBI and industry partners in driving forward the adoption of the Indian e-rupee. Exactly, one month back on November 1, the RBI launched the pilot for CBDC — wholesale, trading in the secondary market for government bonds.

According to data provided by the Clearing Corporation of India (CCIL), the CBDC bond trades in the first week averaged at ₹287.5 crore on a daily basis.

