

# All wallet-to-wallet e₹-R transactions anonymous

## Over 2,000 transactions in first 3 days of pilot

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All the wallet-to-wallet transactions of the central bank digital currency (CBDC) in the retail segment are anonymous as those transactions are not reflected in the core banking system of banks — a feature that shall boost customer confidence to use the digital rupee in India.

On December 1, the pilot project for testing the digital currency was kicked off by the Reserve Bank of India (RBI), in which four banks are participating across four cities — Mumbai, New Delhi, Bengaluru, and Bhubaneswar.

In the first three days of the pilot, around 2,000 transactions took place and volumes are expected to pick up further this week, bankers said. The RBI has created ₹1.71 crore worth of digital rupee for the pilot, which is expected to expand; four more banks, along with their customers, are set to join the pilot in the next two-three weeks. The target is to involve 50,000 merchants and customers in the next few days. According to people familiar with the retail pilot, when a bank transfers the digital cash to a CBDC wallet, that transaction is recorded in the CBS — as it is similar to when a person withdraws money from the bank.

### IT'S A START

▶ 4 banks, State Bank of India, ICICI Bank, YES Bank, & IDFC First Bank, part of e₹-R pilot, so far

▶ 4 more banks — Bank of Baroda, Union Bank of India, HDFC Bank, and Kotak Mahindra Bank — set to join it

▶ 4 cities — Mumbai, New Delhi, Bengaluru, and Bhubaneswar — where pilot is being conducted

▶ 9 more cities on radar: Ahmedabad, Gangtok, Guwahati, Hyderabad, Indore, Kochi, Lucknow, Patna, and Shimla



Later when transactions are made from one CBDC wallet to another, this leg of the transaction is not recorded in the core banking solution (CBS) of the bank, and remains anonymous — the same as physical cash, that is, when a customer spends the physical money in a grocery shop or in any other merchant establishment, such transactions do not have any trail. Turn to Page 8 ▶

# E-rupee

“In that sense, CBDC transactions are more anonymous than UPI transactions — even a ₹5 UPI transaction is recorded by the bank. In UPI, there are no transactions that are not hitting the bank’s core banking solution,” said a source.

However, there are digital trails of transactions even between wallets. Sources said the RBI is working on technology to erase such digital trails, too. This feature shall be implemented in the pilot at a later stage. Transaction anonymity is key to building customer confidence in using the CBDC for daily purposes.