A European Bank Consortium Stablecoin

AMI-Pay

DECEMBER 2024

Blockchain can solve inefficiencies in existing payment and market infrastructures and enable new markets based on “tokenized” assets

PROBLEM:

Payment and market infrastructure is often expensive and inefficient

Expensive: involving multiple intermediaries

Opaque: data stored in siloed databases

Slow: requiring many steps

Risky: suffering from settlement risk

Error-prone: including manual and systematic flaws

SOLUTION:

Blockchain technology carries the promise to significantly improve this

Improving cost efficiency through **programmability**

Introducing traceability through **immutability** and **transparency**

Enables 24/7 **instant settlement**

Preventing settlement risk thanks to **atomic settlement**

Without compromising **data privacy, integrity and security**

Digital (on-chain) payments can serve a wide range of retail and B2B/B2C use cases

To unlock these opportunities a trusted on-chain cash leg is needed. This is not yet available in Europe.

NON-EXHAUSTIVE

B2B/B2C

SOLVE INEFFICIENCIES IN EXISTING MARKETS

Wholesale markets

Use-cases where **efficiency** and **programmability** add **value for clients**

- Cross-border payments
- FX trading
- Tokenized securities settlement
- E-commerce
- Milestone-based payments

ENABLE NEW MARKETS

Blockchain-based B2B / B2C solutions

Currently **dependent on** stablecoins issued by Fintechs

- Settlement of real-world tokenized assets
- Web3 payments

C2C

RETAIL DRIVEN USE CASES

Retail

Currently supported by **Fintech stablecoins**

- Remittance
- Crypto & DeFi (trading)
- Store of value

Various digital payment solutions are complementary to each other

Stablecoins can reach scale quickly, helping banks to discover the market and meet client needs

Digital Euro

Electronic means of payment issued by ECB

- ✓ Available to everyone
- ✓ Promote strategic autonomy
- ✗ Not issued on blockchain

- E-commerce payments
- In-store payments
- P2P payments

Wholesale CBDC

Digital cash issued by a central bank for interbank settlement

FNALITY

- ✓ Efficient means of interbank settlement
- ✗ Not accessible for non-banks

- Interbank settlements
- Institutional settlement of tokenized securities
- Settlement of tokenized deposits

Tokenized deposits

Traditional bank deposits registered on blockchain (‘tokenized’)

ONYX by J.P.Morgan

Commercial Bank Money Token

- ✓ Maintains traditional banking model
- ✓ Holders receive interest
- ✗ Complex to achieve interoperability
- ✗ Requires wholesale CBDC to settle
- ✗ Reach dependent on system integration by many banks

- Programmable corporate treasury
- Milestone-based payments

Stablecoins

Digital cash with value pegged to an official currency

CIRCLE | tether | PayPal | Revolut | AllUnity | FORGE SOCIETE GENERALE GROUP

- ✓ Highly efficient
- ✓ Easily scalable
- ✓ EU regulatory framework available through MiCAR
- ✗ Less suitable as store of value
- ✗ Issuance by individual banks creates interoperability concerns

- Crypto trading
- Cross-border payments / Remittance
- B2B/B2C settlement of tokenized securities
- Settlement of tokenized Real-World Assets
- E-commerce and web3 settlements

A Euro stablecoin issued by a European Bank Consortium may set a standard that offers reach, trust, and scalability

A bank consortium stablecoin is easier to scale than individual bank stablecoins

Competitive advantage

Trusted
Banks have a strong reputation through their experience in prudential management of financial products

No fragmentation
An open consortium approach sets a standard, enables reach and prevents interoperability concerns of individual bank stablecoins

Quick time to market
Development can be executed in 12 months

Enables adoption
The consortium banks have a large client base and can offer value-adding ancillary services to users, enhancing market adoption

Complementary
To the digital euro, a wholesale CBDC and tokenized deposits, with each instrument serving different use cases

The stablecoin entity as a utility with focus on issuance

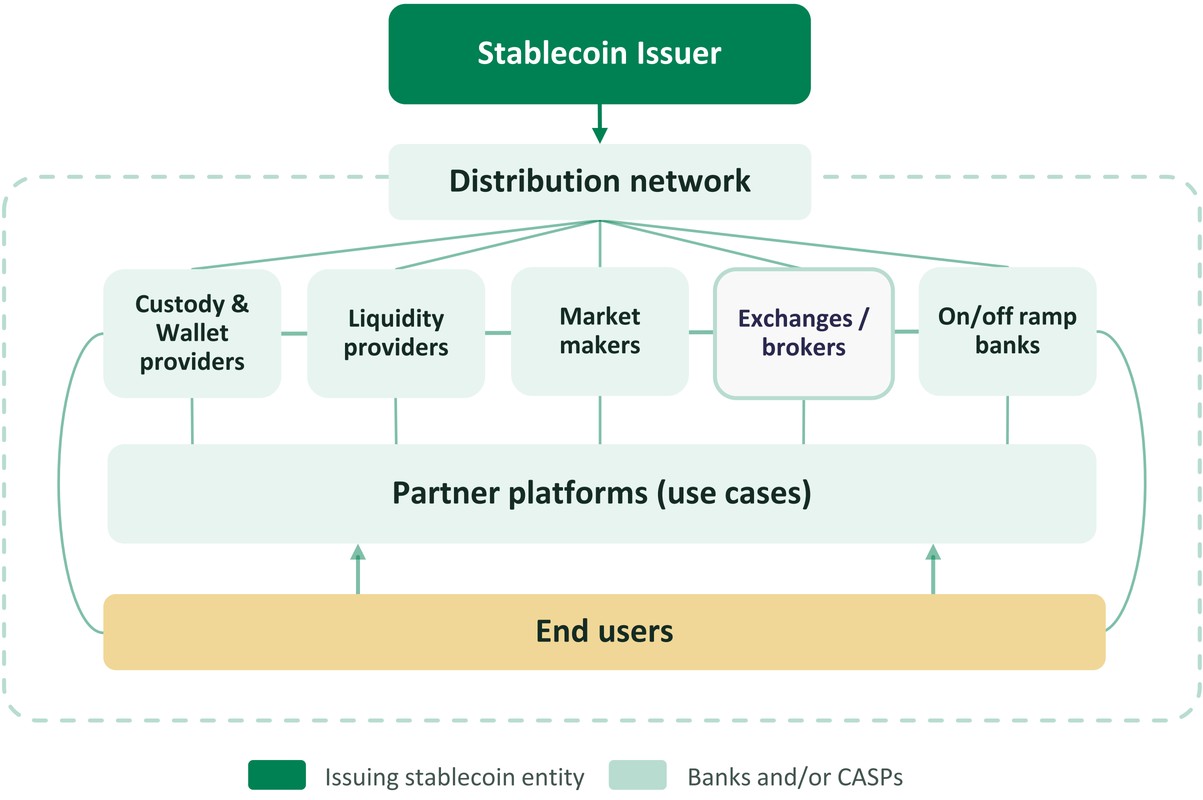
Banks and CASPs to offer ancillary services

Role of the issuer

- **Limited to issuance/redemption** and to provide infrastructure services
- **Only interact with end-users through CASPs[1]** as intermediaries

Role of banks and/or CASPs

- The distribution network will include banks and CASPs
- Banks can act as CASP and offer revenue-generating services, such as **access and distribution services**
- **Explore client needs** and develop products aligned with their digital asset strategy



1) CASPs (Crypto-Asset Service Providers) provide client services related to crypto-assets, such as wallet services, custody and the facilitation of transactions. This new type of entity has been introduced by MiCAR.

Thank you