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Project Agorá: central banks and banking sector embark on major project to explore tokenisation of cross-border payments

- Project Agorá will explore how tokenisation of wholesale central bank money and commercial bank deposits on programmable platforms can improve the monetary system.
- The project will explore how tokenisation and smart contracts could enable functionalities and transactions that are not viable today.
- The primary area of exploration will be to increase the speed and integrity of international payments, while lowering costs.

The Bank for International Settlements (BIS) together with seven central banks today announced plans to join forces with the private sector to explore how tokenisation can enhance the functioning of the monetary system.

Project Agorá (Greek for “marketplace”) brings together seven central banks: Bank of France (representing the Eurosystem), Bank of Japan, Bank of Korea, Bank of Mexico, Swiss National Bank, Bank of England and the Federal Reserve Bank of New York. They will seek to work in partnership with a large group of private financial firms convened by the [Institute of International Finance](#) (IIF).

The project builds on the unified ledger concept [proposed by the BIS](#) and will investigate how tokenised commercial bank deposits can be seamlessly integrated with tokenised wholesale central bank money in a public-private programmable core financial platform. This could enhance the functioning of the monetary system and provide new solutions using smart contracts and programmability, while maintaining



its two-tier structure.

Smart contracts can enable new ways of settlement and unlock types of transactions that are not viable or practical today, in turn offering new opportunities to benefit businesses and people.

This major public-private partnership will seek to overcome several structural inefficiencies in how payments happen today, especially across borders, which add a layer of challenges: different legal, regulatory and technical requirements, operating hours and time zones. Plus the increased complexity of carrying out financial integrity controls (eg against money laundering and customer verification), which today are often repeated several times for the same transaction, depending on the number of intermediaries involved.

“Today, numerous payment systems, accounting ledgers and data registries require other complex systems to integrate them. In Project Agorá, we want to explore a new common payment infrastructure that could bring all these elements together and might make the system work more efficiently together on a digital core financial infrastructure,” said BIS Innovation Hub Head Cecilia Skingsley. “We will not just test the technology, we will test it within the specific operational, regulatory and legal conditions of the participating currencies, together with financial companies operating in them,” she added.

“Tokenisation combines the record-keeping function of a traditional database with the rules and logic that govern transfers,” explained Hyun Song Shin, the BIS Economic Adviser and Head of Research. “With Project Agorá, we aim to improve existing capabilities and enable new ones, all based on the proven foundations of the two-tier monetary system with central banks at the core. These functionalities will come without sacrificing the safeguards on the integrity and governance of the monetary system,” Mr. Shin added.

BIS Innovation Hub projects are generally experimental in nature and aim to explore and deliver public goods to the global central banking community.

Next steps

The BIS will issue a call for expressions of interest to private financial institutions to join Project Agorá. The IIF will act as the intermediary and convener of private sector participants. It is envisaged that several regulated financial institutions will participate representing each of the seven currencies. Specific instructions and requirements will be issued in due course. Being a member of the IIF is not a requirement to participate.