

PRESS RELEASE

CENTRAL BANK OF ESWATINI PARTNERS WITH GIESECKE+DEVRIENT TO RESEARCH AND EXPLORE ESWATINI'S CENTRAL BANK-ISSUED DIGITAL CURRENCY

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Munich/Mbabane, 18 October 2022 - The Central Bank of Eswatini has partnered with international technology group Giesecke+Devrient (G+D) to research and explore the development of a Central Bank Digital Currency (CBDC) - an electronic form of money for the Kingdom of Eswatini. Both parties signed an agreement to this effect at last week's annual meeting of the International Monetary Fund and the World Bank Group in Washington D.C.

G+D's appointment stems from the completion of the 1st phase of the CBDC Diagnostic Study conducted in 2020 which found that a retail CBDC presented the strongest and direct opportunity for the adoption of a digital currency in Eswatini.

With this agreement, the Central Bank of Eswatini (CBE) and G+D envisage to advance CBDC research efforts to gain an in-depth understanding of the practicalities on implementing a CBDC in Eswatini. CBE joins other Central Banks and regulators around the world who are exploring the potential of CBDCs to address challenges such as payment efficiency, interoperability, financial inclusion and payment system resilience.

As part of its mandate, the Bank has been providing citizens of Eswatini with banknotes and coins they can trust to make payments for nearly five decades. While cash remains a dominant means of payment, technology and the increasing demand for instant and fast payments are changing the way businesses and consumers transact. This is evident in the expanding role and uptake of digital payment channels.

To ensure that consumers continue to have access to legally backed central bank money, through the CBDC project, the Bank will investigate the possibility of issuing a Digital Lilangeni as a complement to cash. This involves a design concept of a potential digital currency in Eswatini including aspects of governance, accessibility, interoperability, security and programmability.

“The Central Bank of Eswatini is delighted to have engaged G+D as a technical consultant to walk with us in our journey as we explore and formulate the foundational policy considerations and use cases of a localized CBDC. We are confident that G+D’s technological expertise and their strong regional presence in our continent will allow us to realize all possible advantages of a Digital Lilangeni and ensure we’re fully equipped to issue a CBDC in the future,” CBE Governor, Dr. Phil Mnisi says.

Dr. Wolfram Seidemann, CEO of Giesecke+Devrient Currency Technology, emphasizes: “The Central Bank of Eswatini and G+D have a long history of trusted collaboration that goes back more than 40 years into the early 80’s. We are proud to extend this partnership from providing physical currency solutions to research and explore digital currency services in the future. The Kingdom of Eswatini is among the first African countries to take the step towards a retail CBDC and we are honored to support this journey towards digital public currency with our expertise.”

Overall, the project will enable the Bank to make an informed decision about the implementation of a CBDC in Eswatini. It is envisaged that at the end of the project, the Bank will understand whether, and how, a CBDC could provide additional benefits and ensure continued access to central bank money, contributing to the development of the country’s diverse and resilient payment system.