



2024 Central Bank Payments Conference SPECIAL REPORT

Cooperation in Spotlight

With a focus on pragmatic and collaborative solutions for real-world payments challenges, an international delegation of payments leaders and experts convened in vibrant Kuala Lumpur, Malaysia, from 10–14 June for **Currency Research Payments Week**. Encompassing the eighth annual **Central Bank Payments Conference** (CBPC) and the **Global Payments Summit** (GPS), the week-long event addressed the latest issues and developments in central bank payment systems, market infrastructures, and commercial payment innovations.

Currency Research Payments Week welcomed over 215 attendees from 50 countries, including distinguished senior-level leaders from more than 45 central banks, regulatory bodies, and multilaterals, as well as representatives from top payment service providers, financial services institutions, and network operators worldwide.



CBPC Addresses Critical Issues

Established in 2017 and held annually in diverse locations worldwide, the CBPC is led by Chairman **Jean-Michel Godeffroy** (former European Central Bank Director General of Payment Systems & Market Infrastructure) and organised by **Currency Research** (CR). The CBPC remains unique as the premier event addressing critical issues and developments in central bank payment systems and market infrastructures.

This year, the CBPC 2024 received valued support from some of the industry's foremost players, including founding partner ProgressSoft, title partner Tata Consultancy Services (TCS), primary partners CLS, Featurespace, Mastercard, NPCI International Payments Limited, Swift, and Visa, track partner Crunchfish, and branding partner FNA, with additional support from the Malaysia Convention & Exhibition Bureau. Central Bank Payments News attended as media partner, along with The Paypers and Payments Consulting Network.

Setting the Scene

The CBPC Pre-Conference Workshop established the tone for the main event by fostering an environment of insightful dialogue and collaborative exploration of key topics, including wholesale CBDCs and tokenisation, global and regional cooperation between central banks, and the impact of AI on central banks.

Dirk Bullmann, Managing Director of the Office of the CEO at CLS, opened the workshop by outlining the basics of tokenisation, the potential of DLT, and expectations for wholesale CBDC, before leading an invigorating discussion on the benefits of tokenising CBDCs, whether retail or wholesale.

Emphasising the importance of harmonised decisions among central banks in a globalised world, Bank Negara Malaysia Director of Payment Services Policy Department **Qaiser Iskandar Anwarudin** and Deputy Head of the Secretariat for the BIS' Committee on Payments and Market Infrastructures (CPMI) **Takeshi Shirakami** shared recent success stories from ASEAN countries and underscored the need for regional and global cooperation in payment systems.

The workshop concluded with a timely discussion of the anticipated impact of generative AI on central banks. **Adilah Junid**, Director of Legal and Government Affairs at Microsoft Malaysia, examined use cases for this game-changing technology and the need for effective AI regulation, while **Wijitleka Marome**, Director of the Financial Technology Office at the Bank of Thailand (BOT), offered an inside look at the central bank's AI Strategy and its early implementation.

"Commendable! It was a great experience getting to gain firsthand input from global industry experts, especially on the payment landscape in other jurisdictions."
- **BANK NEGARA MALAYSIA**



Central Banks Focus on Collaboration & Experimentation

The first full day of the conference opened with an address from Bank Negara Malaysia Deputy Governor **Jessica Chew Cheng Lian**, who provided a snapshot of the payments landscape in Malaysia, including modernisation of the RTGS system and work on wholesale CBDCs. She urged central banks to prepare to shape the future financial system, noting “radical developments” in the payments space that are bringing together central banks across borders on initiatives such as the BIS Innovation Hub’s Project Nexus.

Deutsche Bundesbank Member of the Executive Board **Burkhard Balz** emphasised the potential of CBDCs to “fundamentally change our payment systems” in his keynote presentation, “Is CBDC the Money of the Future?” Stressing the importance of preserving access to central bank money in an increasingly digital world, Balz detailed the Eurosystem’s work on a “future-proof” digital euro. “There is still a lot of work to be done,” remarked Balz. “Exploring CBDCs is not just a technical

exercise, but also a strategic necessity and opportunity for us to shape the future of payments in a way that serves our citizens and the economy.”

Financial Inclusion in Mature & Emerging Markets

A unique perspective on financial inclusion in both mature economies and emerging markets was at the heart of the event’s first panel discussion, moderated by CBPC Chairman Jean-Michel Godeffroy and featuring panelists **Ajmal Ahmady**, Senior Fellow at Harvard University and former governor of Da Afghanistan Bank, **Hakima El Alami**, Director of Payments Supervision & Financial Inclusion at Bank Al-Maghrib, **Cheryl Venable**, (now-former) EVP, Chief of Payment Operations at Federal Reserve Financial Services, and **Siegfried Zottel**, Senior Financial Sector Specialist at the World Bank. The panelists noted some of the core drivers accelerating the rise in financial inclusion levels across the board: fintech innovations, the proliferation of instant payment platforms, widespread availability of interoperable QR code-based mobile payments, and, looking ahead, the potential introduction of retail CBDCs.

“A good learning and networking opportunity. The topics discussed are very relevant to my work and provide good insights.”

- HONG KONG MONETARY AUTHORITY



Strengthening Resiliency

Concrete case studies in central bank resilience to cyberattacks took centre stage in the next panel discussion, moderated by Currency Research VP of Payments **Gonzalo Santamaria**. Examples were provided by International Monetary Fund Senior Cyber Security Expert **Tamas Gaidosch**, Federal Reserve Bank of Chicago EVP and Federal Reserve Financial Services CIO **Tracy Harrington**, and Banque de France Director for Innovation, Infrastructure & Payments **Claudine Hurman**. Agreeing that cyber risk for central banks has “gone from bad to worse,” the panelists outlined countermeasures, both domestic and cross-border, being implemented to strengthen resiliency, including exercises from the G7 Cyber Expert Group and guidance provided by the EU’s TIBER framework.

Real-World Solutions

Introducing a topic that threaded throughout the event’s proceedings, fraud detection in instant payments was at the centre of a roundtable discussion hosted by Featurespace. Drawing on a recent collaboration with Pay.UK, Featurespace SVP Global Professional Services & Networks **Aman Cheema** presented findings from an AI-driven proof-of-concept aimed at detecting fraud at the instant payment rail level, which successfully identified fraud that bypassed the bank’s existing controls. A set of track sessions also presented tangible solutions for current challenges, with Crunchfish CEO **Joachim Samuelsson** describing a solution for privacy and offline payments with CBDC and ProgressSoft Senior Solution Consultant **Vinay Shetty** delving into strategies to transform payment infrastructure in alignment with regulatory oversight to “drive inclusive growth”.

“Great opportunity to learn and network with members of a rather small and dispersed professional community.” - IMF

Central Banks as Innovation Leaders

CBPC Chairman Jean-Michel Godeffroy returned to the stage for a fireside chat with **Ulrich Bindseil**, Director General of Market Infrastructure & Payments at the European Central Bank, exploring the impact of payment systems reforms and new types of money, such as CBDC, on the implementation of monetary policy. In a thought-provoking statement, Bindseil observed that CBDC issuance is “more of a conservative move than a revolutionary one” in the effort to preserve the role of central bank money. Without a CBDC, the role of central bank money would diminish, amplifying monetary policy effects.

A highly anticipated presentation from Head of the BIS Innovation Hub (BISIH) Singapore Centre **Maha El Dimachki** walked the delegation through the BISIH’s mission and the major projects currently underway at its growing network of international Hub centres. Curated around a set of key themes identified as of critical importance for the central banking community and with an eye to “the financial system of the future,” the BISIH’s projects are iterative and modular, said El Dimachki, designed to work with both existing systems and new tech. A notable example is the flagship Project Nexus, which is laying the building blocks for a framework of interconnectivity of global instant payments networks aimed at facilitating cross-border payments.



G20 Roadmap Targets in Sight

Returning to cross-border payments, the day wrapped up with a panel discussion examining how public authorities can empower the private sector to achieve the ambitions of the G20 Roadmap for Enhancing Cross-border Payments, particularly concerning AML/CTF rules.

CLS' **Dirk Bullmann**, BISIH Singapore Centre Advisor **Sonja Davidovic**, Buna CEO **Mehdi Manaa**, Mastercard Executive Vice President of Transfer Solutions **Alan Marquard**, and **Anubhav Sharma**, Deputy Chief of Partnership

Business Development & Marketing at NPCI International Payments Limited, stressed the importance of public-private partnerships in implementing the Roadmap's targets by the end of 2027. "Collaboration lends itself to sustainability in the long run and success in the future," observed Davidovic. To tackle persistent AML/CTF hurdles, Manaa emphasised the need for improved data quality and an international standard for non-bank supervision and authorisation, while Davidovic highlighted BISIH's Project Mandala as an encouraging step forward to address cross-border payments compliance.

CBDCs and Tokenisation

The third and final day of the CBPC opened with a lively exchange on the potential advantages and disadvantages of tokenising CBDCs. Moderator **Leo Lipis**, founder of

Lipis Advisors, led the discussion with CLS' Dirk Bullman, BISIH's Sonja Davidovic, Executive Director of the National Bank of Belgium **Tim Hermans**, and Banque de France's Claudine Hurman. Drawing on the French central bank's extensive experience with wholesale CBDCs, Hurman observed that tokenisation is not an all-or-nothing proposition; the technology can be applied selectively to meet specific needs without fully transitioning to a tokenised payment system. Singling out BISIH's Projects Dunbar, mBridge, Jura, and Helvetia, Davidovic remarked on the feasibility of using concepts from the DeFi space in the more "traditional" payments ecosystem, tailored for central bank needs. The need for interoperability and enhancing user access were central themes of the debate, with panelists agreeing that tokenisation is not necessarily a cure-all for anticipated CBDC challenges.



Misinformation and CBDC Adoption

The National Bank of Belgium's Tim Hermans then joined a fireside chat with CBPC Chairman Jean-Michel Godeffroy, focusing on how the Eurosystem plans to onboard potentially reluctant users if or when a digital euro is issued. Noting the heightened controversy surrounding CBDCs, particularly in the US, Hermans identified the "biggest hurdles" for the introduction of a digital euro: polarised debate, conspiracy theories, and public opinion. To sway public outlook in a more positive direction, Hermans said the digital euro must offer the same user experience across Europe and across payment scenarios. "Success of the digital euro won't translate to volume of payments," he observed. "It must exist as another consumer choice and possibility."

The Coming AI Wave

Shifting to the role of AI in central banking and payments market infrastructures, a keynote from **Sriram Chatty**, Chief Digital and Technology Officer and Global Head of Payments at Tata Consultancy Services, highlighted the "fantastic opportunity" for central banks to leverage data and AI to enhance their operations and decision-making processes. However, Chatty warned of several challenges associated with AI implementation, such as privacy and legal issues, a skills gap, issues around explainability and hallucination, ethical considerations, and reputational risks.

Mainstreaming Stablecoins

The conversation moved to the conditions under which stablecoins could be recognised as a form of money and the regulatory frameworks necessary for their oversight. Notably, some stablecoins, in particular those entirely backed by a monetary reserve, share commonalities with electronic money, which in many jurisdictions is regulated as a monetary asset. Showcasing perspectives from the private and public sectors, CBPC Chairman Jean-Michel Godeffroy led a discussion with Circle Vice President of Strategy and Policy **Yam Ki Chan** and **Dominik Smoniewski**, Head of Surveillance of Financial Market Infrastructures at the National Bank of Belgium. Smoniewski elaborated on the EU's pioneering Markets in Crypto-Assets Regulation (MiCAR) and its role in clarifying legal certainty and ensuring financial stability. Chan, meanwhile, highlighted the USDC coin, the largest regulated stablecoin in the world, and how small enterprises and individuals in emerging economies are adopting it for cross-border payments and remittances.



"The experience was invaluable and I gained insights on many developments in Payments Eco systems internationally. I now believe that I can apply several of the strategies discussed to develop an eco system for my country."
- **CENTRAL BANK OF TRINIDAD & TOBAGO**

Focus on Real-Time

The remainder of the event featured a series of timely discussions on real-time payments, starting with a conversation between moderator **Jens Seidl**, CR President & CEO, and panelists **Jean Clement**, European Central Bank Adviser of Payment Systems, Central Bank of Kenya Deputy Director of Banking and Payment Services **Juanita Omanga**, and **Graeme Donald**, former Head of Industry Development at the UK's Lloyds Bank. Focusing on whether RTGS systems should operate continuously, given the global rise of instant and cross-border payments, the panel examined the potential impact this trend may have on financial systems. Hurdles to establishing a "global settlement window" include personnel issues and cyber risk; however, work on extending RTGS hours of operation is underway at a number of central banks worldwide.

The question of opening RTGS accounts to eligible non-banks framed the next discussion, with moderator Gerry Gaetz, Strategic Advisor for Tata Consultancy Services, steering an enlightening panel featuring GPS Chair **Matthew Hunt**, the Bank of Thailand's Wijitlekha Marome, and Dominik Smoniewski of the National Bank of Belgium. Key points included the potential benefits and risks of

granting access (e.g., level playing field, increased cyber risk), criteria for eligibility, and the broader implications for financial stability and innovation in payment systems.

A final keynote panel seamlessly bridged the week's overlapping events, with a powerhouse line-up of speakers from both the CBPC and GPS exploring the future of real-time payments and whether they should become ubiquitous. Guided by CBPC Chair Jean-Michel Godeffroy, expert insights were shared by **Shonda Clay**, Executive Vice President of the Federal Reserve Bank of Chicago and Chief of Product and Relationship Management for Federal Reserve Financial Services, the European Central Bank's Clement, Standard Chartered Global Head, Digital Platforms & Products, Digital Channels & Data Analytics **Sunday Domingo**, Visa SVP and Global Head of Large/Middle Market Segments: Treasury, Working Capital Solutions and Vertical Solutions **Alan Koenigsberg**, Payments Canada Chief Payments Officer **Donna Kinoshita**, Swift Head of Banking **Harry Newman**, and GPS Chair **Matthew Hunt**. With the growing success and adoption of services such as FedNow in the US and the ECB's TIPS platform — and the coming launch of Payments Canada's Real-Time Rail — the panelists agreed that real-time payments are poised to transform payments on a global scale.





Join the CBPC in the City of Light

The CBPC 2024 brought together experts and thought leaders to delve into the latest trends and innovations shaping the payments landscape, featuring in-depth discussions and networking opportunities to ensure all delegates departed Kuala Lumpur with meaningful takeaways and valuable connections.

Mark your calendar for the next edition of the CBPC in Paris, France, from 17–19 February 2025, where Jean-Michel Godeffroy will bid a final adieu to his enduring tenure as CBPC Chairman with a stellar program featuring the latest trends in central bank payments, cutting-edge innovations in financial technology, and collaborative solutions to global payments challenges.



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