

Accelerated CBDC Integration for Banks

Are you ready for CBDCs?

Virtual money is the next stage of the digital revolution. Most central banks now have advanced plans to launch central bank digital currencies (CBDCs) of their own.

These digital currencies may represent the most significant change to money since the introduction of cash. They have the potential to improve financial inclusion, speed up settlement and cross border payments, whilst reducing costs for end users.

With innovation comes opportunity however, for commercial banks the introduction of CBDCs will also require changes. In order to integrate with a CBDC a Bank may need to amend its operating model, its core architecture and its strategy (for example in relation to liquidity management, IT and innovation).

Many banks are already preparing to adapt to the requirements of a new currency system. Those that have not risk being left behind. When CBDCs are deployed as legal tender banks will legally be bound to process CBDC related operations.

Navigating through a CBDC integration journey can be complex. Banks that engage expert help ensure a faster, more cost-effective experience, that aligns to their strategic goals.

GFT and Chavanette Advisors can guide you through this journey to CBDC integration success.

Regardless of what stage you are currently at – whether you are mid-pilot with a central bank, or right at the start of your CBDC integration journey - we can help you through assessment, planning, launch, and even provide stable continuity beyond.

From theory to practice



In the age of digital disruption, ideas can progress quickly from theory into practical application. When it comes to CBDCs, those financial institutions that engage early with central banks, get involved with pilot schemes and build up their expertise and a strong advisory network will have a marked advantage over late movers. Conversely, failing to act risks loss of market share, increased cost to integrate and could have an impact on brand image.

Each Financial Institution is unique. Differing strategies, goals and technology stacks require different approaches. We support Financial Institutions to understand the business case for their own CBDC integration journey, including not just how they best engage with these new currencies, but also when. GFT and Chavanette

have a deep understanding of banking infrastructure and processes and can harness this to plan, initiate and deliver your CBDC project.

The global banking landscape is changing. CBDCs have arrived at a time during which regulation is imposing increased openness and technological innovation is driving universal digitalization. In this new order, banks may be both competitors and collaborators in a real-time financial ecosystem.

Amidst this tumultuous change, it is the customers who will benefit: from new services, such as immediate settlement, even cross-border and from the benefits brought by programmable money



01. Prepare now to benefit from change

The global CBDC landscape



Countries on every continent are waking up to the reality that CBDCs are both the future of money and a real business opportunity. All major economies have now started CBDC projects, with China having been the first to launch a large-scale pilot of its programmable digital currency. Thailand has launched a retail CBDC pilot, South Africa and the Bahamas have seized the transformational potential of digital currencies to reduce fraud, improve transaction efficiency and to boost financial inclusion. The diverse range of objectives that CBDCs are being proven capable of meeting offer further proof of the potential opportunity that they present.

Partners for your CBDC evaluation and integration



GFT and Chavanette Advisors have partnered in order to provide you with a full-service offering around CBDC preparedness and practical integration.

We provide financial services firms with a roadmap to success, guiding you through each phase of your CBDC integration journey; from an early impact assessment following Central Bank CBDC announcements, to strategic planning once the CBDC infrastructure set-up is known, through to making sure that you are ready and able to benefit from early mover advantage.

We can also project manage and resource your integration with the CBDC and provide support during and after launch. In practice, we will act as an extension of your own operation to ensure CBDCs become part of your business as usual.

GFT and Chavanette Advisors have strategic partnerships with both the CBDC technology providers and core banking technology (and service) providers. Using this broad technical and functional knowledge we can help you assess your project in a realistic and educated manner.

A phased approach driven by business benefits



Our approach typically comprises four distinct phases. Each project needs to be individually planned and regularly reviewed in order to minimize risk, manage costs, ensure timely delivery and respond swiftly to changing market demands.



02.

The 4 phases of successful CBDC integration

Timing is everything! Our phased approach aims to mitigate risk, maximise benefits and deliver a smooth, cost-effective implementation journey. Our extensive financial services and technology experience, digital currency expertise and close links to the leading CBDC technology providers ideally position us to support you with your CBDC integration planning and integration. If a CBDC project is planned for your jurisdiction, the clock is ticking and now is the time to start.

Phase 01

INTEGRATION ASSESSMENT



Assessment of the impact, to the bank, of integrating with the CBDC, including key opportunities and risks to be considered when doing so. This includes understanding any data protection implications, evaluating performance requirements, reviewing any programmability element of the CBDC and providing an initial cost assessment for integration with the CBDC.

Phase 02

**PRE-CBDC INTEGRATION
PLANNING & CORE INTEGRATION
SERVICES**



Accounting system creation & integration, mobile & web wallet development & integration with existing bank services. Pre-CBDC pilot phase experimentation support & development & integration plus modification of cash management systems as required.

Phase 03

LAUNCH/ ADOPTION SERVICES



Testing for all products (UAT & SIT). Client account functionality testing. Deploy base use case (payments). Resilience layer build & go-live prep. Security audit & ad hoc security testing. Client support system build & KYC process migration where required.

Phase 04

CBDC SUPPORT & MONITORING



Creation of programmable money applications and smart contracts for new services. Updating of bank systems to ensure compatibility with Central Bank's core CBDC systems. Account and application management and updates. Monitoring & reporting system review, integration with other CBDC systems. Long term maintenance.

Because every integration is different, some of the phases may overlap and, to an extent, may be progressed in parallel or with a gap between them (for example between phases 1 and 2).

These phases are based on our experience of delivering similar projects across a spectrum of banks.

Phase 01 – Initial assessment



Objectives and deliverables:

- Determine how the bank's current processes will mesh with the CBDC system – for example retail payments – and create a target operating model (TOM)
- Decide what changes are needed to sustain revenue generation with a business impact report
- Establish the impact of programmable money on the bank's business strategy and operations
- Support potential process changes, for example KYC and data protection requirements

Phase 02 – Pre-CBDC integration planning & core integration services



Objectives and deliverables:

- Create accounting systems and integration with existing bank infrastructure
- Develop mobile/online/ web wallets and integration into bank applications and services
- Support pre-CBDC pilot phase experimentation
- Modify cash management systems as required, as digital money becomes more omnipresent

Phase 03 – Launch and adoption of services



Objectives and deliverables:

- Ensure all client accounts are connected to the CBDC system and are fully operational
- Deploy base use case (e.g. payments)
- Update client systems to align with bank CBDC systems and integrate with external e-money systems
- Perform user acceptance testing and systems integration testing for all applicable bank products
- Build-out resilience layers, double-check build, preparation for go live
- Complete security test and audit

Phase 04 – CBDC support and monitoring



Objectives and deliverables:

- Evaluation of new programmable money applications (e.g. lending products)
- Review and update of monitoring and reporting systems
- Perform ongoing maintenance and support as required

Start your CBDC journey now!

Integrating CBDCs into a bank's critical infrastructure is a significant project that's best done with expert help. With GFT and Chavanette Advisors by your side, you have instant access to unmatched specialist knowledge and technical expertise. We have several years of experience in CBDC consulting and research, have worked with digital cash for more than seven years, and have been at the heart of banking transformation for over two decades. We can engage with you at every level, working together to ensure that you seize the CBDC opportunity successfully. Are you ready to partner for success?

Our commitment to you



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| <ul style="list-style-type: none">■ Kick-start your CBDC discussion and evaluate options that align with your strategy■ Create and tailored solutions that fit your business needs and specific system integration requirements■ Reduce time-to-market by leveraging Chavanette Advisors' unique market insight and GFT's technological expertise | <ul style="list-style-type: none">■ Avoid speculative investment in technology or costly market evaluation – we have everything covered■ Mitigate and manage disruption to business as usual |
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GFT capability in DLT, Crypto and Digital Cash



Experience

Over eight years working on DLT implementations with over 30 client projects completed and 3 years experience in CBDC research and consultancy

Domain expertise

Expert knowledge of all major DLT platforms, CBDC platforms and associated products/tools

Innovation

Large-scale projects in the DLT and crypto space (regulated and institutional

crypto). Working experience with digital cash projects (for central banks and FSIs)

Judgement

Extensive knowledge of the banking sector and integration with legacy systems

Agility

Technical and commercial flexibility

Dedicated DLT resources

- In-house CBDC experts
- 100+ technical delivery resources
- Proven implementation partner

GFT

About GFT - Shaping the future of digital business



As a pioneer for digital transformation GFT develops sustainable solutions across new technologies. GFT clients gain easy and safe access to scalable IT-applications and innovative business models. Founded in 1987 and located in more than 15 markets, the GFT team consists of over 10,000 determined talents.

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About Chavanette Advisors - Providing Value at the Vanguard of CBDC Integration



Chavanette works with financial services clients to solve complex problems, drive innovation, and provide market-leading products and services to their customers by leveraging emerging technology. Chavanette offers enhanced tech consulting and development services in the areas of regulated digital currency and payment infrastructure in collaboration with world-class IT firms.

To learn more about Chavanette Advisors, please visit
➤ chavanette.com

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