



a new form
of money

Think Tank: Commercial Bank Money Token

The German Banking Industry Committee

April 30, 2024



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BACKGROUND WHY CBMT?



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The Industry Demands a New Form of Money

SITUATION

INDUSTRY

- Establishment of new industrial and commercial ecosystems, often using Distributed Ledger Technology (DLT)
- New business models (e.g., pay-per-use & M2M-payments).
- Increasing automation: industry needs “money on chain”

PROBLEM

TODAY'S FORMS OF MONEY

- (1) Cash is not digital, not applicable and not part of new ecosystems
- (2) Commercial Money doesn't provide the necessary features:
 - Not available in smart contracts (DLT)
 - No real real-time payments (M2M, IoT)
 - No micropayments/high precision payments possible (M2M, IoT, new business models)
 - No atomic delivery versus payment (DLT)
 - Cross-border payments costly and slow
 - Payments are complicated and expensive

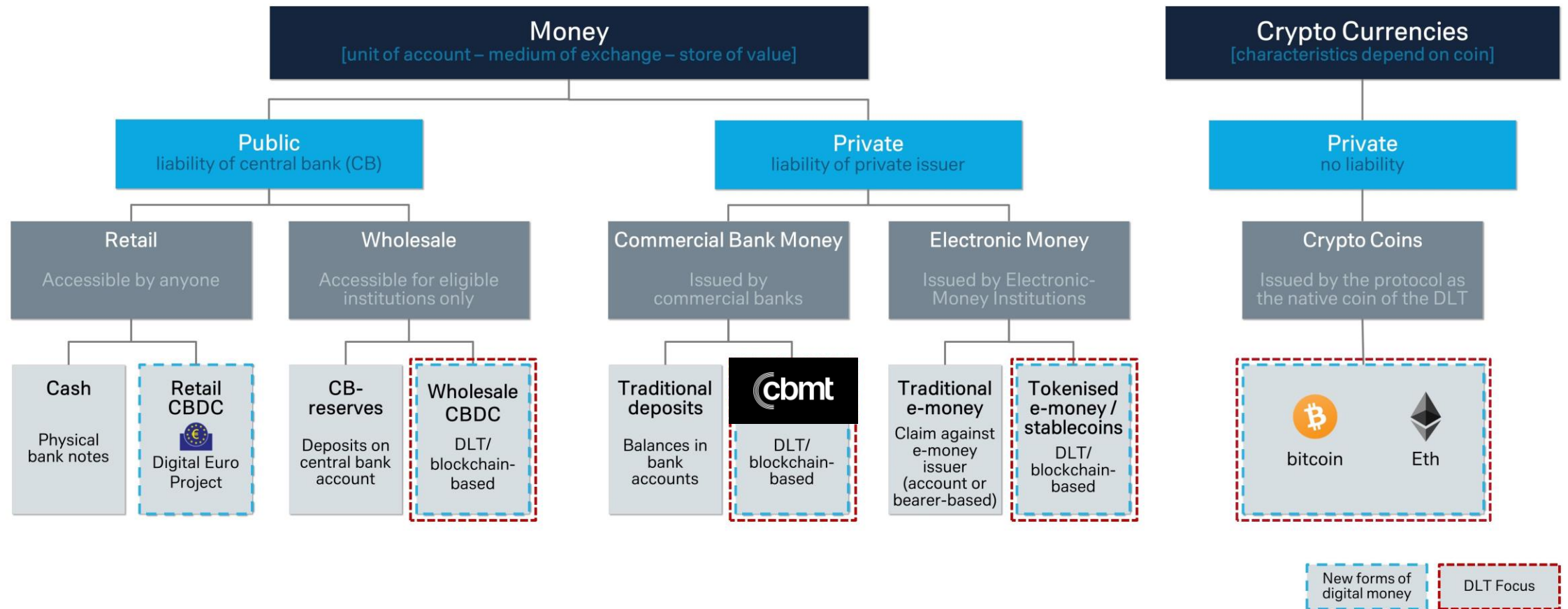
SOLUTION

COMMERCIAL BANK MONEY TOKEN

Token that has the essential characteristics of commercial bank money. Among others:

- Claim of customers against banks (deposit)
- Fungible like commercial bank money
- Exchangeable into today's commercial bank money

The Money Landscape Is Evolving, but There Is No Form of Money That Meets the New Needs of the Industry



Source: <https://flow.db.com/cash-management/cbdcs-in-europe-retail-and-wholesale-projects-to-follow>

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INTRO WHAT IS CBMT?



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CBMT Combines the Benefits of DLT and Commercial Bank Money



CBMT aims to be particularly suitable for integrable, programmable payments in B2B-processes

CBMT is “Money on Chain”, Enabling New Business Models by Bringing the Payment and Business Process Onto the Same System

PROCESS WITHOUT MONEY ON CHAIN



DESCRIPTION

Payment process separate from business process. Delayed payment initiation due to system break.

PROCESS WITH MONEY ON CHAIN



DESCRIPTION

By integrating business and payment processes into the same system, atomic swaps enable transactions that either complete in full or not at all, enabling new business models.

CBMT Design Principles Are Chosen to Maximize the Benefits for Corporates



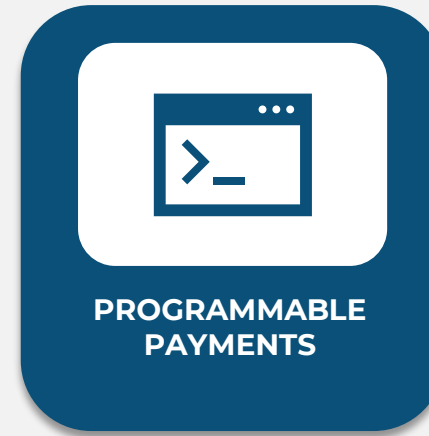
- Full fungibility of tokens
- Open for any bank



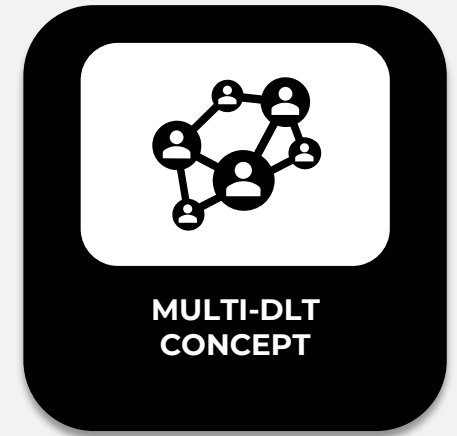
- One technical token, but different colors (one color per bank)
- Colors also used for multi-currency functionalities



- Single point of contact:
- Contractual DLT infrastructure partner
 - Technical token issuer



- Possibility to program transactions via smart contracts



- CBMT will be provided on industry solutions - no own DLT

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PoC

WHAT DID WE DO?



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2x Pure Money Use Cases

intra- and inter-bank customer transactions

3x Advanced Use Cases

working capital optimization

multi-currency

streaming money

We Tested CBMT on Three Different DLTs



TECHNOLOGY

Corda

NETWORK

Private permissioned

DEMO USE CASE

Pure Money Transfer



TECHNOLOGY

Hyperledger Besu

NETWORK

Private permissioned

DEMO USE CASE

Working Capital Optimization



TECHNOLOGY

Ethereum Virtual Machine

NETWORK

Public permissioned

DEMO USE CASE

Currency Exchange

We Tested CBMT on Three Different DLTs



r3.

TECHNOLOGY

Corda

NETWORK

Private permissioned

DEMO USE CASE

Pure Money Transfer



nexi



EPN
EUROPEAN PUBLIC NETWORK

We Tested CBMT on Three Different DLTs

r3.

nexi



TECHNOLOGY

Hyperledger Besu

NETWORK

Private permissioned

DEMO USE CASE

Working Capital Optimization

We Tested CBMT on Three Different DLTs

r3.

nexi



TECHNOLOGY

Ethereum Virtual Machine

NETWORK

Public permissioned

DEMO USE CASE

Currency Exchange

CBMT Can be Commercial Bank Money on Chain

The PoC
has proven
that

- CBMT has worked for **all use cases** submitted by corporates
- CBMT works with **leading DLTs**
- CBMT has imposed **no restrictions** on the corporates' process design.
- CBMT enables **rule-based/conditional transactions**
- CBMT is **directly transferable** from wallet-to-wallet in real-time w/o intermediaries
- CBMT meets the **functional requirements for money**

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OUTLOOK
WHAT'S NEXT?



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What Are the Next Steps?



Q&A

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MORE ABOUT
THE CONCEPT:



END

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