

## Adoption of CBDCs, DTs, and SCs Holds Potential to Revolutionise Wholesale Financial Operations, Despite Adoption Challenges

**Hong Kong, 8 June 2023** – Quinlan & Associates is proud to have supported the Bank for International Settlements (“BIS”) Innovation Hub Hong Kong centre in publishing a detailed market landscape study focusing on the wholesale adoption exploration of Central Bank Digital Currencies (“CBDCs”), Deposit Tokens (“DTs”), and stablecoins (“SCs”)

- **Project Link:** [https://www.bis.org/about/bisih/topics/open\\_finance/dynamo.htm](https://www.bis.org/about/bisih/topics/open_finance/dynamo.htm)
- **Report Link:** <https://www.quinlanandassociates.com/project-dynamo-cbdcs-stablecoins-and-deposit-tokens-wholesale-adoption-explorations-and-challenges/>

The study, titled "Project Dynamo - CBDCs, stablecoins, and deposit tokens: wholesale adoption explorations and challenges", explores the adoption challenges and broader market development outlook for key market participants, based on in-depth interviews with 47 senior representatives across 29 organisations, including global banks, payment companies, academic / policy institutions, law firms, accountancies, inter-governmental organisations, and stablecoin issuers.

"There are numerous potential use cases for CBDCs, DTs, and SCs in the realm of straight-through processing and end-to-end instant payments and settlement, including Payment versus Payment (“PvP”), Delivery-versus-Payment (“DvP”) and programmability," said Benjamin Quinlan, CEO & Managing Partner of Quinlan & Associates.

"Given the nascence of this space, adoption benefits are being carefully weighed against key challenges, such as identifying unmet commercial needs, selecting suitable technology stacks, the optimal legal classification and terms and conditions, the proper balance with regulatory compliance, and the challenges associated with building and governing new consortia and networks" Bénédicte Nolens, Head of the BIS Innovation Hub Hong Kong Centre said.

Despite significant interest in adopting blockchain / distributed ledger technology (“DLT”)-based digital forms of sovereign currency across both the public and private sector, there is limited industry convergence due to differing views, priorities, and regulatory clarity.

"Regulatory coordination remains of the essence," explained Mr. Quinlan. "While CBDCs and DTs can leverage existing legal and regulatory frameworks, SCs may require the development of new regulations or adaptations of existing ones." The study also emphasises the importance of achieving legal and regulatory clarity around the finality of settlement for cross-jurisdictional wholesale use cases involving both PvP and DvP.

"The emergence of CBDCs, DTs, and SCs has led to a growing interest among banking and non-banking institutions in various jurisdictions," added Quinlan. "However, given we are in the early stages of technology and regulatory development, we have witnessed many siloed initiatives within individual 'walled gardens'. We urge institutions to stay abreast of potential interoperability solutions that could unlock the full potential of this new asset class in the future."

This landscape study will hopefully provide practical and applicable reference frameworks, an overview of key adoption trends and challenges, and detailed primary market intelligence to help steer continued positive development efforts within the wholesale space.

-Ends-

# PRESS RELEASE



## About Quinlan & Associates

Quinlan & Associates is the first firm to offer end-to-end strategy consulting services. From strategy formulation to execution, to ongoing reporting, communications, and training, we translate cutting-edge advice into commercially executable solutions. With our team of top-tier financial service and strategy consulting professionals and our global network of alliance partners, we give our clients the most up-to-date industry insights from around the world, putting you an essential step ahead your competitors.

For more information, please visit [www.quinlanandassociates.com](http://www.quinlanandassociates.com).

Contact:

Benjamin Quinlan | CEO & Managing Partner  
+852 2618 5000 | [bquinlan@quinlanandassociates.com](mailto:bquinlan@quinlanandassociates.com)