

# Understanding CBDC & The Digital Rupee: Cash But Digital



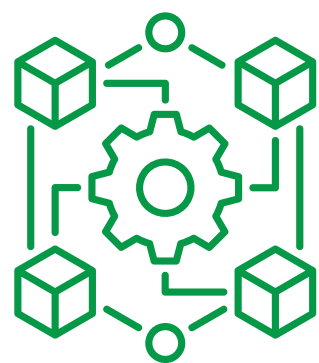
## What is CBDC

Central Bank Digital Currency (CBDC), or the Digital Rupee, is the digital form of India's currency. Issued and backed by the Reserve Bank of India (RBI), it carries the same legal value as physical cash but operates with the speed and efficiency of the digital age.

## Types of CBDC

- ✓ **Retail (e-R)** : For everyday citizens & merchants. Person-to-person, person-to-merchant payments(P2P/P2M).
- ✓ **Wholesale (e-W)**: For banks & financial institutions. Interbank settlements, government securities transactions.

## Key Features of CBDC



### Interoperability

Digital rupee wallets are enabled to scan and pay UPI QR codes.



### Anonymity

Same level of anonymity for digital rupee transactions as physical cash



### Offline Payments

Allow users to transfer digital currency without internet connectivity through peer-to-peer (P2P) transfers via NFC or QR codes.



### Programmability

Enables purpose-bound Digital Rupee. Allows transfer of digital rupee with built-in instructions on where, how, & when the money can be spent.



### Instant Settlement

Enables 24/7 real-time peer-to-peer (P2P) and peer-to-merchant (P2M) payments, enhancing transactional efficiency.



### Digital Recovery

Unlike physical cash, can never be permanently lost when a device is damaged or stolen, the balance is always recoverable

## How Digital Rupee compares?

Feature	Cash(Notes)	UPI/Bank Deposit	Digital Rupee
Issuer	RBI(physical)	Commercial Bank	RBI (digital)
Counterparty Risk	None	Bank default risk	None
Works Offline	Yes	No	Yes (via NFC)
Anonymity	Full	None	Partially
Programmable	No	No	Yes

### Benefits of CBDC



#### Financial Inclusion

Unbanked, populations gain access to formal financial services.



#### Enhanced Transparency

Reduce risk of misappropriation by providing clearer audit trails



#### Resilient Payments

No dependence on intermediaries like bank servers.



#### Lower costs

Reduce administrative costs associated with cash handling.

### What is in it for stakeholders?



#### Banks

- Stay relevant in the continuously changing payment ecosystem.
- Lower operational costs linked to cash
- Opportunities in cross-border payments
- Lower operational costs linked to cash



#### Mechants

- No MDR (Merchant Discount Rate) like cards
- Reduced cash handling
- No risk of failure like failed bank transfers
- No Server Down issue
- Almost no switching cost from from other digital acceptances like UPI.



#### Consumers

- Sovereign guarantee of money
- Less dependency on banks
- Offline transaction capability (via NFC)
- Faster and cleaner government transfers like subsidies.
- Clearer financial records.

**READY TO LAUNCH YOUR CBDC JOURNEY?**

Schedule a demo, contact us today!

