

PETER GIBSON MP



HOUSE OF COMMONS

LONDON SW1A 0AA

February 2023

Dear Parliament.

Thank you for your email about the 'Digital Pound' and Central Bank Digital Currencies (CBDC).

The way we use money in the United Kingdom – as it is across the world - is changing. Cash will remain important but banknotes, issued by the Bank of England, are being used less frequently by households and businesses. New technologies are allowing for the emergence of new forms of digital money, and new ways and devices to pay for goods and services with it. International developments have the potential to affect the UK domestically and as a global leader in finance.

The Government and the Bank of England have been working together through the Central Bank Digital Currency Taskforce to explore the benefits and risks of a potential CBDC.

On the basis of their work to date, the Bank of England and HM Treasury judge that it is likely a digital pound will be needed in the future. It is too early to commit to building the infrastructure for one, but the Government is convinced that further preparatory work is justified.

A digital pound would be a new form of digital money for use by households and businesses for their everyday payment needs. As part of the wider landscape of money and payments, it would sit alongside, not replace, cash – a digital counterpart to familiar, trusted banknotes and coins, subject to rigorous standards of privacy and data protection. This is in line with our ambition that public trust in money remains high, and that modern forms of money and payments meet the evolving needs of individuals and businesses.

Unlike crypto assets and stable coins, the digital pound would be a central bank digital currency or CBDC - sterling currency issued by the Bank of England and not the private sector.

To inform ongoing work on CBDCs, the Government and the Bank of England have opened a consultation to seek feedback on the policy and technical work undertaken so far in order to inform a future decision on whether or not to progress to building and launching a digital pound. The consultation will be open until 7 June and is available here: <https://www.gov.uk/government/consultations/the-digital-pound-a-new-form-of-money-for-households-and-businesses>

Once again, thank you for taking the time to contact me and if I can ever be of any further assistance to you then please do not hesitate to contact me again. If you would like to keep up to date with my activities as your Member of Parliament then please subscribe to my Darlington Matters newsletter using this link: www.petergibson.org/signup

Yours sincerely
Peter Gibson

PETER GIBSON MP

Member of Parliament for Darlington

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