

17th February, 2022

Ghana's Appetite for Digital Currency (eCedi)



Introduction

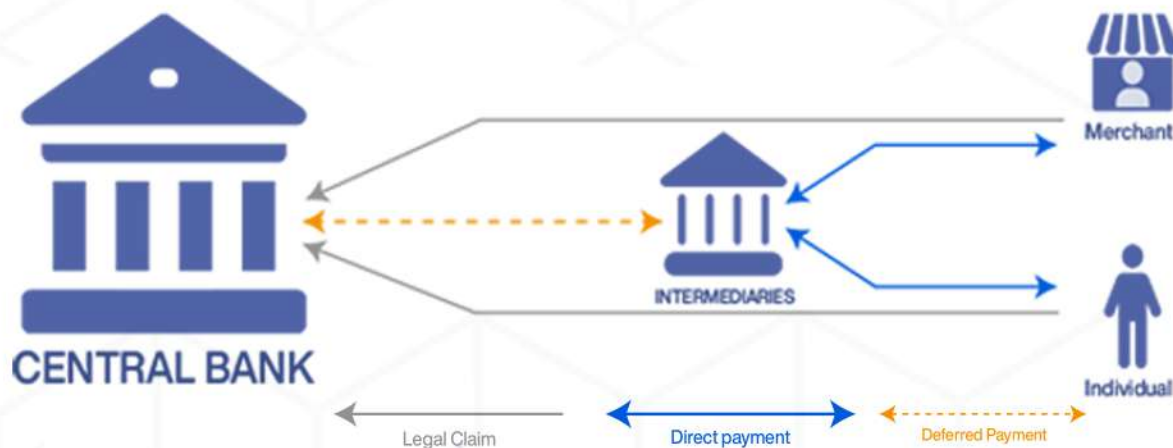
Africa's appetite for digital currencies is growing expressively. Private cryptocurrency providers are also increasing on the continent, and central banks are making sure they are not left behind by discovering better ways to create and own virtual money inside secure ecosystems. For instance, Ghana aimed to increase secured and efficient electronic payment channels to move the country to a cash-lite economy and promote financial inclusion. With the eCedis, both commercial banks and non-bank payment service providers (PSPs) must provide consumer-facing services so that users can transfer funds from a bank account, credit card, or other payment services to an eCedis CBDC wallet.



What would the eCedis CBCD architecture look



A preliminary investigation of the retail CBDC structure of the Ghanaian financial system and its aim to achieve financial inclusion means the Central Bank of Ghana needs to adapt central bank-private sector cooperation. In this case, the most efficient retail eCedis CBDC architectures would involve all the commercial banks and other PSPs as intermediaries while championing both account-based and token-based for consumers to compete with mobile money to achieve financial inclusion.



Source: Agpaytech Research

Fig 1: Central Bank Digital Currency (CBDC) hybrid model

- **Legal claim:** Central Bank Legally controls and makes payment to individuals or merchants when intermediaries fail.
- **Direct payment:** Individuals or merchants receive payment from their banks directly into their eCedis Wallet.
- **Deferred payment:** Central banks and commercial banks or PSPs reconcile on payment transactions. issue to merchant and individuals.

From Agpaytech research perspective, the following (I-VI) elucidates the rationales behind proposed eCedis CBDC model.

- I. Central bank issues and controls eCedis
- II. Individuals open either account-based or token based account
- III. Central Bank brings the intermediaries (commercial banks, PSPs & financial institutions) onboard
- IV. The intermediaries handle retail payments to individuals
- V. Central Bank regularly records, back up, and update retail balances
- VI. If intermediaries fail to make payment to merchants or individual consumers, Central Bank supports and make a direct transaction to individuals and merchants.



Conclusion



The eCedis model should be innovative and improve upon the existing payment systems. It needs to be secure and transparent that will encourage retailers and consumers to adopt eCedis in their operation. Central Bank has to do thorough investigations on design type and implementation process and should not leave into the hands of third parties.

References

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About the Company

AGPAYTECH is a company pioneering in the Fintech Space with a focused approach on building robust technologies for eCommerce Card Processing Solution for Payment Service Providers (PSPs). Additionally, we provide Compliance and Regulatory Umbrella, Remittance -as-a-Service White-Label Solution, Foreign Exchange, Cross Border Payments. We have partnered with multiple banks, non-banking financial institutions, and corporate organizations to create a solid service delivery model for them and their customers to ease their international remittances and payments concerns. info@agpaytech.com