

Dunbar, mBridge and the withdrawal of the BIS

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Other centres of the Hub pursued a different question: whether multiple central bank digital currencies could circulate on a common platform for cross-border payments, bypassing the chains of correspondent banks. Project Dunbar, led by the Singapore centre in 2021 and 2022 with the Reserve Bank of Australia, Bank Negara Malaysia, the Monetary Authority of Singapore and the South African Reserve Bank, developed two prototypes of such a multi-CBDC platform. Its report of March 2022 concluded that a common platform was technically feasible. It identified governance, the sharing of control among central banks and the legal framework as the main obstacles.¹

Project mBridge became the most politically charged of the Hub's projects. It began in 2021 under the Hong Kong centre with the Hong Kong Monetary Authority, the Bank of Thailand, the Digital Currency Institute of the People's Bank of China and the Central Bank of the United Arab Emirates. It built on an earlier project, Inthanon-LionRock. The platform was developed on a distributed ledger designed for the participating central banks and processed real-value transactions in a pilot in 2022. In mid-2024, the participants declared that the platform had reached the stage of a minimum viable product. The Saudi Central Bank joined as a full participant in June 2024.²

In October 2024, the BIS announced that it would withdraw from mBridge and hand the project over to the participating central banks. The General Manager at the time, Agustín Carstens, stated that the project had graduated and that the decision had nothing to do with political considerations. The announcement came at a time when the platform was discussed as a possible instrument for payments outside the dollar system and for the circumvention of sanctions, a discussion that intensified around the summit of the BRICS states in Kazan in the same month. Observers therefore read the withdrawal as a sign that the BIS, whose members

include the central banks of the United States and of the European Union, did not wish to be associated with an infrastructure that could become a tool in geopolitical rivalry.³

The episode is instructive for the scenarios of this chapter. It shows that the technology for cross-border payments outside the dollar-based correspondent banking system exists and can be operated by central banks without the BIS. It also shows the limits of the BIS as a neutral builder of infrastructure, since every infrastructure it designs can be used by its members for purposes that other members regard as hostile. The question of whether the world will move towards common rails or towards rails divided along geopolitical lines is one of the critical uncertainties examined below.

1 Notes

1. BIS Innovation Hub, Reserve Bank of Australia, Bank Negara Malaysia, Monetary Authority of Singapore and South African Reserve Bank, Project Dunbar: International Settlements Using Multi-CBDCs, March 2022. To be verified. ↩
2. BIS Innovation Hub, HKMA, Bank of Thailand, Digital Currency Institute of the People's Bank of China and Central Bank of the UAE, Project mBridge: Connecting Economies through CBDC, October 2022; BIS press release of 5 June 2024 on the minimum viable product stage and the accession of the Saudi Central Bank. To be verified. ↩
3. Statements of the BIS General Manager Agustín Carstens of October 2024 on the BIS's exit from Project mBridge; press coverage of the BRICS summit in Kazan (October 2024) and of the discussions on a "BRICS Bridge" payment initiative. Interpretations of observers to be verified. ↩

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