Kiffmeister's Digital Currency Monthly Monitor (September 2025)

Retail central bank digital currency (CBDC) is being explored, or has recently been explored, in 110 jurisdictions (unchanged). The digital euro project hangs in balance as the legislative process required for it to move ahead heats up, and the Central Bank of the Republic of Türkiye announced an open call for private sector entities to join the second phase of its digital lira project. The Central Bank of Chile will launch a proof of concept to simulate the transfer of tokenized assets between agents on a blockchain ledger using a wholesale CBDC as settlement instruments. Tether will issue a new USAT stablecoin designed to comply with the GENIUS Act, and Japan Post Bank is considering offering blockchain-based tokenized deposits to customers by end- March 2026.

FYI back issues of the digital currency monthly monitor are available to official sector staff at Club SODA. To access it please send a request to clubsoda@sodapublicmoney.org.

Retail CBDC Developments (see also Annex 1)[1]

The digital euro could be launched by mid-2029, according to European Central Bank (ECB) Executive Board member Piero Cipollone, speaking at a Bloomberg Future of Finance event. A recent agreement among euro-area finance chiefs on customer holding limits (see below) has accelerated the project's momentum, but the initiative's progress now depends on the European Parliament passing required legislation. Cipollone suggested that the Parliament's formal position may be ready by early May 2026, with broader agreement among EU member states likely by year-end. [Source: Bloomberg]

ECB President Christine Lagarde and European Commissioner Valdis Dombrovskis reached an agreement on the next steps for the digital euro, at a meeting of European Union (EU) finance ministers (the "European Council"). Dombrovskis noted that, while progress has been slow but steady over the past two years, there is now increased urgency to resolve open issues and reach political consensus. He noted that a political agreement on the institutional framework for setting holding limits had been reached, which injects fresh momentum toward reaching a common approach by end-2025. Paschal Donohoe, the President of the Eurogroup of Eurozone finance ministers, confirmed that ongoing legal drafting will continue under the Council Presidency, with further presentations to ministers expected. [Source: European Commission and European Council]

The ECB published a report on the digital euro innovation platform, established in October 2024 to foster collaboration with diverse stakeholders. The platform included "pioneers" (focused on technical trials) and "visionaries" (exploring long-term innovation). Visionaries proposed features like integrated electronic receipts, pay-on-delivery systems, AI-powered wallets, and inclusive payment interfaces, emphasizing privacy and accessibility. Pioneers verified the technical feasibility of conditional payments, showing how reservation-of-funds infrastructure could unlock advances in e-commerce, transport, public services, and business payments. Due to broad engagement and interest, the ECB will initiate a second round of experimentation in early 2026. [Source: ECB]

The Central Bank of the Republic of Türkiye (CBRT) announced an open call for private sector entities to join the second phase of its Digital Turkish Lira Research and Development Project. The focus will be on developing innovative CBDC applications in such areas as tokenization, programmable payments, self-sovereign identity, interoperability with existing systems, and machine-to-machine payments. Selected applicants will be invited to participate in sandbox experiments and the CBRT's technology partners, furthering the development of digital currency infrastructure in Turkey. [Source: CBRT]

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[1] Retail CBDC is a broadly available general purpose digital payment instrument, denominated in the jurisdiction's unit of account, that is a direct liability of the jurisdiction's monetary authority. Wholesale CBDC is limited to a set of predefined user groups, typically financial institutions, and based on distributed ledger technology (retail CBDC is platform agnostic – it can run on a centralized or decentralized ledger, or no ledger at all).

The People's Bank of China (PBOC) launched the e-CNY International Operation Center in Shanghai, introducing three key business platforms: the Cross-Border Digital Payment Platform, the Blockchain Service Platform, and the Digital Asset Platform. This initiative aims to bolster cross-border connectivity and showcase Shanghai's role as an international financial center. The center, managed by the Digital Currency Institute of the PBOC, is tasked with building and operating infrastructure supporting e-CNY's international use and fostering digital financial innovation. [Source: PBOC]

Wholesale CBDC Developments

The Central Bank of Chile (BCCh) will launch a proof of concept (POC) to simulate the transfer of tokenized assets between agents on a blockchain ledger using a wholesale CBDC as settlement instruments. [Source: BCCh] This could relate to an earlier announcement embedded in its annual payment systems report regarding a POC to study the technology behind a CBDC by the end of 2025. The POC will involve controlled testing and simulated transactions in which the BCCh will be the sole participant. The BCCh began its CBDC work in 2021, and in March 2024 it published a report in which it gave an account of lessons learned from different stakeholders. [Source: BCCh]

Stablecoin and Tokenized Deposit Developments

ECB President Christine Lagarde called for stronger regulation of non-EU stablecoins, warning that gaps in oversight could threaten European Union (EU) financial stability. The EU's Markets in Crypto-Assets Regulation (MiCAR) addresses some of these risks by requiring stablecoin issuers to allow redemption at par value and to hold substantial bank reserves. However, there are gaps, especially with multi-issuer stablecoins involving both EU and non-EU entities. In such cases in the event of a run, investors would naturally prefer to redeem in the jurisdiction with the strongest safeguards, which is likely to be the EU, where MiCAR also prohibits redemption fees. But the reserves held in the EU may not be sufficient to meet such concentrated demand. [Source: ECB]

The U.S. Commodities Futures Trading Commission (CFTC) has launched an initiative to allow tokenized collateral—including stablecoins—to be used in U.S. derivatives markets, citing the need for modernization and greater market efficiency. Industry leaders from Circle, Coinbase, Ripple, Tether, and Crypto.com publicly support the move, emphasizing how regulated stablecoins could enhance liquidity, reduce risks, and strengthen U.S. global leadership in financial innovation. The CFTC is inviting stakeholders and the public to submit feedback by October 20, 2025, as it prepares to implement new pilot programs and regulatory updates in line with recommendations from the President's Working Group and its own Global Markets Advisory Committee. [Source: CFTC]

Japan Post Bank (JPB) is considering offering blockchain-based tokenized deposits to customers by March 31, 2026 (the end of its fiscal year), aiming to enable instant and transparent settlement of non-fungible tokens (NFTs) and securities tokens. They will be eligible for deposit insurance. They will use a platform provided by DeCurret DCP. [Source: JPB]

Tether will issue a new U.S.-regulated stablecoin called USAT, designed to comply with the GENIUS Act. The token, to be issued by Anchorage Digital and leveraging Tether's proprietary Hadron tokenization platform, is expected to launch by year's end and will focus on use cases distinct from Tether's existing USDT. The move marks a major expansion of Tether's presence in the U.S., following its recent efforts to comply with anti-money laundering and audit requirements. [Source: Tether]

In Bolivia, major vehicle dealerships including Toyota, Yamaha, and BYD have begun accepting USDT stablecoin payments amid a steep decline in the country's U.S. dollar reserves and ongoing currency concerns. This shift follows the recent lifting of Bolivia's ban on crypto use, with businesses and consumers turning to stablecoins for local and international transactions due to the scarcity of dollars and fears over potential boliviano devaluation. The move is supported by crypto services like BitGo and is part of a larger trend toward stablecoin adoption, with some everyday goods now priced in USDT and a "stablecoin circular economy" emerging among importers. [CoinTelegraph]

UK Finance is launching a collaborative industry pilot to deliver live transactions using tokenized sterling deposits (GBTD). Building on lessons from the U.K. Regulated Liability Network (RLN) project, the pilot will test person-to-person (P2P) online marketplace payments, remortgaging, and digital asset settlement—running until mid-2026. Major banks including Barclays, HSBC, Lloyds, NatWest, Nationwide, and Santander are participating. The initiative aims to improve payment efficiency, fraud reduction, and settlement transparency, positioning the United Kingdom as a leader in programmable digital money and supporting broader government innovation goals such as the National Payments Vision. The platform will be interoperable across digital payment systems, and UK Finance will keep stakeholders updated through events and webinars. [Source: UK Finance]

A Financial Times (FT) article reported that crypto-asset groups are strongly opposing the Bank of England (BoE) plan to limit how many stablecoins individuals (£10,000–£20,000) and businesses (£10 million) can hold, a step that would make the UK's rules much stricter than those in the US or EU. The BoE's proposal targets "systemic" stablecoins widely used for payments, citing concerns that large holdings could drain bank deposits and threaten financial stability. They argue these caps would be difficult and costly to enforce, disadvantage the UK, and hamper the benefits of stablecoins for payments innovation. Such limits would require complex systems like digital IDs and warn that regulatory delays are already causing the UK to lose leadership in the digital economy. The central bank says the caps could be transitional, with further consultation planned later this year. [Source: FT]

PayPal launched "PayPal Links" which lets users easily send or request money via personalized, one-time links that can be shared in any conversation or app. PayPal will soon allow users to send crypto-assets, including its PYUSD stablecoin, through its peer-to-peer (P2P) platform to PayPal, Venmo, and compatible global digital wallets. The update emphasizes user privacy (no U.S. Internal Revenue Service (IRS) 1099-K reporting on personal Venmo/PayPal transfers) and instant fund delivery. This move comes alongside PayPal's broader push for global wallet interoperability via the new PayPal World platform, designed to tie billions of wallets together and further scale its payments ecosystem. [Source: PayPal]

Google announced the open-standard Agent Payments Protocol (AP2), designed to securely enable AI-initiated payments across platforms and payment types—including stablecoins. AP2 extends the Agent2Agent (A2A) protocol and builds a consistent, audit-friendly system for authorizing, authenticating, and attributing payments made by agents on behalf of users. The protocol is flexible enough to support emerging commerce models and integrates with web3 solutions. [Source: Google]

VISA is launching a stablecoin prefunding pilot through Visa Direct, aimed at upgrading cross-border business payments. By allowing banks, remittance companies, and financial institutions to pre-fund payouts using stablecoins instead of traditional fiat, VISA intends to streamline and accelerate global money movement. This approach helps businesses unlock liquidity (no longer requiring large fiat pre-funding), provides modern treasury flexibility with near-instant settlement, and offers predictability by minimizing currency volatility. The pilot, active with select partners, will expand in 2026. [Source: VISA]

David Birch posted an article on how major retailers like Walmart and Amazon are exploring issuing their own stablecoins to bypass traditional payment systems and reduce transaction fees. The piece notes that retailers, with their massive scale, could benefit from lower payment processing fees and may use stablecoins or direct pay-by-bank methods. It also highlights retailers' broader fintech ambitions—such as AI shopping assistants, metaverse initiatives, and enabling global transactions for small businesses. For banks, the article warns that stablecoins could draw deposit funds away, with significant consumer balances already moving to fintech accounts and app wallets. [Source: David Birch]

Recent CBDC- and Stablecoin-Related Research

Wholesale Central Bank Money in the Context of Technological Innovation

The Bank for International Settlements (BIS) published a report, produced by a group of major central banks, that examines the implications of technological innovation—especially distributed ledger technology (DLT) and tokenization—for wholesale central bank money (CBM) and settlement systems. The report finds that while wholesale CBM has existed for decades in the form of reserves, "wholesale CBM tokens" represent a new technical form enabling programmability and composability, but their fundamental economic function remains unchanged. The report lays out options and trade-offs for central banks, including whether to support private settlement solutions, enhance existing systems, or build new infrastructures—potentially with integration of multiple assets/tokens. While technological advances like DLT could improve efficiency, interoperability, and resilience, the report stresses that choices will differ by jurisdiction and caution is needed to avoid liquidity fragmentation, loss of central bank oversight, and inefficient duplication. Ultimately, central banks must balance innovation, risk management, and policy objectives when considering whether and how to make central bank money available for the settlement of tokenized wholesale transactions, with international cooperation seen as important for navigating trade-offs and possible next steps. [Source: BIS]

Central Bank Money as a Catalyst for Fungibility: The Case of Stablecoins

The ECB published a paper that examines how different forms of money, particularly stablecoins, can achieve fungibility—the ability to be freely exchanged at equal value in retail payments—and argues that this requires three conditions: final settlement, interoperability across payment systems, and ready convertibility into CBM. The authors find that tokenized funds and well-backed, regulated collateralized stablecoins can become as fungible as bank deposits if these conditions are met.. [Source: ECB]

Rejecting the Banks' Deposit Erosion Myth

Coinbase published an article that argues that claims about stablecoins draining bank deposits and undermining lending are exaggerated and misleading. It stated that there's no solid evidence of stablecoin-induced deposit flight and that most usage of stablecoins is for payments rather than saving, meaning new stablecoins don't pull funds directly from banks. The article contends this narrative is fueled by banks seeking to protect their payments fee revenue and maintain control over a dated, expensive payment ecosystem. The piece suggests that banks are not lacking deposits (noting massive reserves at the Fed), and if they truly need funds for lending, they can offer higher rates. [Source: Coinbase]

Notes:

The information reported here was compiled from the media and publicly available sources and not verified through official channels.

Kiffmeister *was a Senior Financial Sector Expert at the IMF from 2005 to 2021 and now provides digital currency advisory services to central banks and international financial institutions. Prior to that, he was at the Bank of Canada for 25 years, where he managed the funding and investment of the government's foreign exchange reserves, including running its interest rate and currency swap book. At the IMF he was part of the team that produces the semi-annual Global Financial Stability Report covering innovative financial products. Kiffmeister also blogs at the Kiffmeister Chronicles.*

Annex 1: Jurisdictions Where Retail CBDC Is Being Explored (September 2025 updates highlighted)(110+2)	
Where central banks (CBs) have launched or piloted (or soon will)(16)	
~~Australia (pilot launched 2023)(update; 2024)~~	*Iraq (2025)*
Bahamas (launched in 2020)	Jamaica (launched in 2022)
China (pilot launched 2022)(update; 2025)	Kazakhstan (pilot launched 2023)(update, 2025)
Eastern Caribbean (pilot from 2021 to 2024)	~~Korea (pilot launched 2023)(update; 2024)~~
Ghana (2023) (update; 2025)	Nigeria (launched in 2021)
Hungary (pilot launched 2023)(update; 2023)	Russia (pilot launched 2023)(update; 2024)(update; 2025)
India (pilot launched 2022)(update; 2025)	Turkey (pilot launched 2024)(update, 2025)(update; 2025)
Iran (pilot launched 2024)*(update; 2024)*	Uruguay (pilot from 2017-2018)(update, 2025)
Where CBs have done proofs of concepts or prototypes (or soon will)(21)	
Bahrain (completed 2022)	Macau (2024)
Bhutan (2023)(completed 2022)	New Zealand (2024)
Brazil (2025)	Norway (2023)*(update; 2024)* (update; 2024)
Chile (2024)	Solomon Islands (2023)
Eswatini (2024)	Sweden (2024)
Euro Area (2024)(update; 2025)(update,2025)	Taiwan (2024) (update; 2024)
Georgia (2023)	~~Thailand (2024)~~
Hong Kong (2024)(update; 2024)	Ukraine (completed 2019)(updates; 2022 and *2023*)
Laos (2023)	United Arab Emirates (2025)
Japan (2023)(update; 2024)(update; 2025)	~~United States (2025)~~(update; 2025)
Kyrgyz Republic (2024)*(update; 2025)*	
Where CBs have explored or are exploring (with year of last update)(73)	
Argentina (2022)*(update; 2023)*	Mongolia (2023)
Aruba (2024)	Montenegro (2023)
Algeria (2023)	Morocco (2025)
Armenia (2023)	*Myanmar (2025)*
~~Azerbaijan (2022)(update; 2024)~~	Namibia (2023)(update; 2025)
Bangladesh (2022)	Nepal (2022)
Belarus (2023)(update; 2024)(update; 2025)	Oman (2022)
Bolivia (2025)	*Pakistan (2025)(update, 2025)*
Botswana (2022)	Palestine (2021)(update; 2022)
~~Canada (2024)~~	Papua New Guinea (2025)
Central Africa States (2023)	Paraguay (2021)
~~Colombia (2024)~~	Peru (2023)(update; 2024)
~~Costa Rica (2021)~~	~~Philippines (2023)(update; 2023)~~
~~Curaçao en Sint Maarten (2023)~~	~~Poland (2021)~~
Czech Republic (2021)	Qatar (2022)*(update)*
Dominican Republic (2024)	Rwanda (2024)(update; 2025)
~~Denmark (2023)~~	Saudi Arabia (2023)
Egypt (2022)	Serbia (2025)
Ethiopia (2024)	~~Singapore (2022)~~
~~Fiji (2022) (IMF confirmed; 2022)(*update; 2024*)~~	South Africa (2024)
Guatemala (2021)	Sri Lanka (2022)*(update; 2024)*
Haiti (Bitkòb)(2021)(update; 2022)	Sudan (2022)
Honduras (2023)	~~Switzerland (2024)~~
~~Iceland (2018)~~	Tanzania (2023)
Indonesia (2024)	*Timor-Leste (2025)*
Israel (2025)(update; 2025)	Tonga (2022) (IMF confirmed; 2022)
Jordan (2023)	Trinidad & Tobago (2021)*(update; 2022)*
~~Kenya (2023)~~	Tunisia (2019)(update; 2022)
Kuwait (2022)*(update; 2023)*	Uganda (2022)(update; 2022)
Lebanon (2020)(update; 2022)	United Kingdom (2025)(update; 2025c and 2025d)
Madagascar (2024)	Vanuatu (2022) (IMF confirmed; 2022)
Malawi (2024)	Viet Nam (2021)
~~Malaysia (2022)(update; 2024)~~	West Africa States (2023)
Maldives (2023)	Yemen (2022)
Mauritania (2024)	*Zambia (2022)*
Mauritius (2023)	*Zimbabwe (2025)*
Mexico (2022)*(update; 2023)*	
Where CBs have launched and discontinued (2)	
Ecuador (2014-2018)(CBDC?)	Finland (1993-2006)
Sources: Central banks or *various news sources* per hyperlinks above and CBDCTracker.org.	