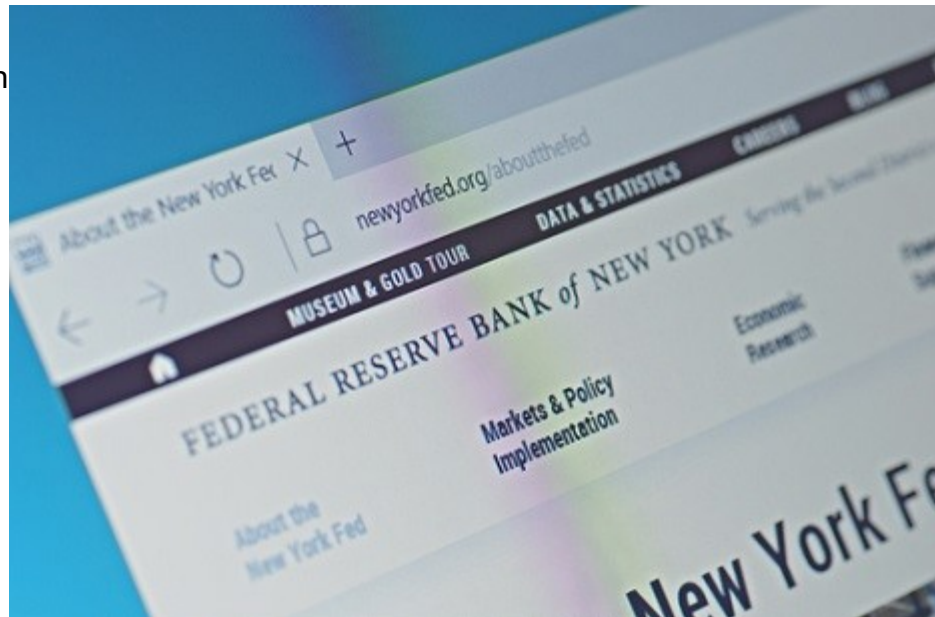


NY Fed launches Phase II of its study into a U.S. dollar CBDC

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(Kitco News) - Following the successful completion of the first phase of Project Cedar, a study by the Federal Reserve Bank of New York that is exploring the technical framework for a “theoretical wholesale central bank digital currency (wCBDC),” the central bank has [announced](#) the launch of Phase II.



Project Cedar Phase II x Ubin+ is a joint effort between the NY Fed's New York Innovation Center (NYIC) and the Monetary Authority of Singapore (MAS) intended to investigate how wCBDCs could improve the efficiency of cross-border wholesale payments involving multiple currencies.

[Ubin+](#) is the MAS' collaborative initiative with international partners to improve efficiency and reduce the risks of cross-border foreign exchange settlement through the advancement of cross-border connectivity and interoperability of wholesale digital currencies.

According to the announcement, Phase II will “enhance designs for atomic settlement of cross-border cross-currency transactions, leveraging wCBDCs as a settlement asset.” This will require “establishing connectivity across multiple heterogeneous simulated currency ledgers.”

Ultimately, the goal is to reduce settlement risk, which is a key pain point in cross-border cross-currency transactions, the statement said.

“Building off Phase I, the Project Cedar Phase II x Ubin+ collaboration will provide further visibility into the functionality and interoperability of multi-currency ledger networks utilizing their own unique designs,” said Michelle Neal, Head of the Markets Group at the New York Fed.

With the rising popularity of digital assets and stablecoins, regulators are looking to establish CBDCs in various forms to ensure that their currencies remain competitive and appealing to end users.

“Project Cedar Phase II x Ubin+ advances global efforts to evaluate the benefits of wholesale CBDCs and help build capabilities for a future financial infrastructure that is open and interoperable,” said Leong Sing Chiong, deputy managing director at MAS. “The project takes a practical approach and designs for any future wholesale CBDC to be interoperable across networks, while maintaining each network’s autonomy.”



New York Fed completes the first phase of tests on a U.S. dollar CBDC

The central bank stressed that the ongoing experiment isn’t intended to advance any specific policy outcome, and it does not mean that the Fed will be making a decision on the issuance of a retail or wholesale CBDC anytime soon.

A report detailing the experiment and findings of Project Cedar Phase II x Ubin+ will be released in 2023.

The [results of Phase I](#), which were released on Nov. 4, found that using a wCBDC prototype to facilitate transactions supported by blockchain technology could improve the speed and safety of cross-border wholesale payments.

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