

ECCB FAQs

How does Bitt make money?

Bitt is a technology service provider to the Central Bank, and as such, it charges a fee for technology development, deployment, evolution, maintenance, etc. Similar to how Central Banks employ cash printing firms to issue their notes, Central Banks employ technology service providers to assist in the issuance and management of a Central Bank Digital Currency network.

Merchant Tellers: is there any limit on their fees?

Monthly license and optional fees are fixed. Transaction fees are only limited by the amount of business a merchant does. The more sales they do, the more transactional fees they incur. However, since our transactional fees are much lower than what they would pay for cards or cheques (and even cash in some cases), each additional transaction that they do is up to a 90% savings to them.

Bitt would prefer to let the free market decide the rate for cashing people in and out of the system, enabling users to set their own fees for performing the teller function. Considering how easy it is for people to send and receive digital dollars, it is more than likely that fees will adjust based on competition, and a number of other factors including convenience, accessibility, amount, frequency, etc.

When consumers convert at teller do they provide ID?

In order for consumers to convert they must have already been onboarded to a mobile wallet. In onboarding to a mobile wallet they have to provide KYC for verification, therefore all users are identified and screened prior to entering the system.

Consumers have various levels of transactional capability based on the amount of documentation they provide via our fully digital system. Because a large part of our mission is to reach the under/unbanked, the most initial level does not require ID. In order to reach the next level of capability, an ID must be submitted through our digital system. In this way, the merchants do not have to worry about KYC because Bitt has done it for them.

Are there limits on teller deposits?

Yes. This is contingent on the level of KYC merchant have provided. The app shows them how close they are to their daily and monthly limits. If they happen to get close to those limits, they will receive an in-app notification to prompt them to provide additional KYC documentation. Upon receipt and verification of said documentation, the user will be granted increased limits.

How do you deal with privacy?

There are technical elements and operational policies and procedures in place to protect users' identity. Given the permissioned nature of the system, all users have restricted visibility on transaction activity and are only able to view transactions to which they are a counterparty.

Is this essentially a standalone system?

The system will be standalone for the sandbox deployment phase, but will have the ability to connect to the current systems once sufficiently tested. Integrations into current core banking and digital banking systems have been scoped, and will be updated throughout the project in preparation for a full live deployment.

Digital Monetary System, as a Service, is exactly how we think of our product offering. It is a massive undertaking with massive implications. Our goal is be to be able to deploy this system to any country in the world.

You say it complements cash and use email as example, but email HAS crowded out letters for many things.

The reason email has crowded out letters for many things is because it offers a better value proposition, as decided by the free market. We are excited to see similar forces at play to determine the viability and acceptance of the digital cash system we offer.

The 'stage 2' part requires banks to hold 100% deposits. Where's the incentive for licensed banks, because with "normal" bank accounts they can re-lend?

The incentive for banks is to provide smoother, efficient, cost effective, and user friendly digital payments products to their consumers. Such payments are achievable at significantly lower costs and at greater ease than is currently available. It is inevitable for this space to evolve to serve the end user, and that's what we are seeing here with the commitment from the ECCB to deploy a solution that brings about financial inclusion for its citizens throughout the OECS.

The motivation for a commercial bank to also have narrow bank accounts gets into the mandate of the central bank and the commercial banks which voluntarily participate. However, things like different interest rates, different asset classes which are acceptable as collateral for CBDC, ability to convert fiat to narrow bank deposits, capacity of narrow bank deposits are the most likely things that would be negotiated. We can design the software to meet whatever needs those parties decide. Additionally, since we already have merchant and consumer apps built (which CBDCs would flow through), commercial banks could choose to use our software and reap many benefits. Commercial banks are faced with the threat of de-risking by correspondent banks due to the perceived or actual limitations of their KYC/AML process. Our software meets (and in some cases beats) the international standards of KYC/AML and is fully automated. Taking it one step further, we are contemplating a shared data warehouse of KYC/AML data between financial institution participants. This would eliminate the need for the consumer to go through the same lengthy application process at different financial institutions for things like home and car loans, and insurance products. It would save financial institutions roughly 90% of their current costs and reduce the time to process from weeks or months to seconds.

What is smartphone penetration in caribbean?

In some cases, it is over 100%.

What about phone theft risks?

Phone theft risk is mitigated through use of a register-based system; users will have the ability to choose between value-based and register-based wallets. In both cases there are steps a user can take to mitigate the risk of loss of their DXCD wallet holdings in the event their phone is lost or stolen.

Will it ever be interest bearing?

While interest will not be included in this initial pilot, the ability for the ECCB to adjust the interest rate will be included in the design specification for future consideration.

What is a "CSN"?

The CSN is the Caribbean Settlement Network - a multilateral clearing facility in development by Bitt that will enable nations with CBDCs to trade directly with each other using automated smart contracts in conjunction with blockchain-based CBDCs.

How does it eliminate USD as medium of exchange? Replace with what BTC?

As mentioned above, it will enable participating nations to trade direct with each other. BTC will not be used as a medium of exchange.

What is the progress of the Barbados pilot?

Bitt is currently experiencing constant user growth of its mMoney deployment in Barbados. Prime Minister Mia Amor Mottley's statement at the end of 2018, highlighted that the mMoney pilot would be conducted within a regulatory sandbox framework to ensure adequate oversight and reporting to the regulators - the Central Bank of Barbados and the Financial Service Commission. Bitt has successfully and ethically operated over the past few months. The next steps include a number of government payment initiatives, and collaboration with the ECCB on bilateral exchange of digital currency.

What's the underlying blockchain technology?

A customized version of Hyperledger Fabric will be used for the pilot.

Can you say when the pilot will start, and in which countries? Do you know the total potential merchant-acceptance base on the islands?

The pilot has already begun, yet the countries who have volunteered to participate have not yet been disclosed. The first phases of the pilot include the development, deployment, and testing of the CBDC blockchain in a closed environment at the ECCB in St Kitts. These first phases will take roughly one year to complete. Following the successful completion of the first phases, the DXCD protocol will be available to at least three member countries in the ECCU. Within the coming months, we will have a firm decision on participating member countries, as a number of them have already indicated their interest.

Will Bitt be working with private banks in the Eastern Caribbean monetary union?

Given that the pilot is for a retail level CBDC deployment, private banks will likely not participate. However, Bitt is in discussions with a number of private banks to determine ways in which collaboration is possible.

Are Bitt and/or the banking industry or payment processors recruiting merchants to accept the digital version of the Eastern Caribbean dollar?

Yes, many merchants, both Caribbean wide and OECS based, have been approached by Bitt and the ECCB - the responses indicate substantial interest for participation in the DXCD project.

How will Bitt generate revenues from the new digital system?

We use a SaaS business model across our product stack. This generally means we charge a monthly license fee and then optional user selected add-on fees.

We say "generally" because we don't charge each segment exactly the same. We make that up on the mMoney merchant side by charging them a monthly fee, transaction fees, and optional fees for things like e-commerce.

Even for the mMoney merchant app, we have three different tiers - a trial level which is free, a professional level which is your typical merchant-like Coffee Barbados, and enterprise level which is a larger corporation like an AOne or Sol. We are in the process of building out software for central banks and financial institutions, but plan to have a charging structure more like our merchant app than our consumer wallet.