



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Sir George Howarth MP
House of Commons
London
SW1A 0AA

20 July 2023

Dear Sir George,

Thank you for your email of 6 July to the Chancellor of the Exchequer, enclosing correspondence from a number of your constituents about the digital pound. I am replying as the Minister responsible for this policy area.

As your constituents are aware, on 7 February 2023, HM Treasury and the Bank of England jointly issued a consultation on a proposal for the digital pound, which closed on 30 June 2023. HM Treasury and the Bank of England believe the digital pound would help to ensure that central bank money remains available and useful in an ever more digital economy, continuing to bolster UK monetary and financial stability while safeguarding the UK's monetary sovereignty in a changing global financial system.

I would like to directly address some of the concerns raised by your constituents, particularly with regards to financial inclusion, programmability, privacy and security.

The Government is committed to promoting financial inclusion, meaning that individuals, regardless of their background or income, have access to useful and affordable financial products and services. These include banking, payment services, credit, insurance and the use of financial technology. Financial inclusion and the needs of vulnerable people are being considered by HM Treasury and the Bank of England right from the initial design stage of the digital pound, and we are consulting directly with a wide range of organisations, including those that represent vulnerable groups, in order to get their feedback on the proposal.

Regarding access to cash, UK authorities remain committed to protecting access to cash and the digital pound would be a complement to cash, and not a replacement for cash. In recognition that cash continues to be used by many people, including those who may be in vulnerable groups, the Government is currently legislating to protect access to cash across the UK as part of the Financial Services and Markets Act

Regarding programmability, neither HM Treasury nor the Bank of England would have access to personal data (without a court order), nor be able to see how consumers use their money. Similarly, HM Treasury and the Bank of England would not put any

restrictions on how the public choose to spend digital pounds – users would have complete freedom in how they spend their money.

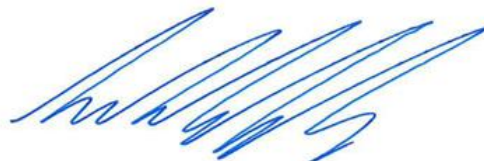
Individuals' privacy, user control and the proper use of data in line with UK data protection laws are of paramount importance to the public, HM Treasury and the Bank of England. The Government recognises the launch of the digital pound would require deep public trust in this new form of money – trust that their money would remain safe, accessible, and private.

Like current digital payments, the digital pound would not be anonymous because the ability to identify and verify users is needed to prevent financial crime. Recognising, however, the fundamental importance of trust, the digital pound would be at least as private as current forms of digital money, such as bank accounts, and would also allow users to make choices about data use.

Following the close of the digital pound consultation on 30 June, HM Treasury and the Bank of England will now assess consultation responses as part of the 'design phase' of work. By the end of the design phase, we will have evaluated comprehensively the technological feasibility of the digital pound, including determining the optimal design and technology architecture underpinning a decision on whether to launch the digital pound. The digital pound will only be launched, if among other things, it meets our exacting standards for security, resilience and performance. The earliest this could happen would be the second half of this decade.

Please pass on my thanks to your constituents for taking the time to make me aware of their concerns.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Andrew Griffith', written in a cursive style.

ANDREW GRIFFITH MP