

The new Central Bank of Brazil blockchain platform will strengthen supervisory information exchange between Brazilian regulatory authorities.

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Initially the new tool will be used to share data related to the financial institutions' authorization procedures

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The Central Bank of Brazil (BCB) and other regulators of the Brazilian Financial System (SFN) will exchange information by using a blockchain-based technology platform: the Information Integration Platform for Regulators (Pier). Pier was developed by the BCB's IT Department (Deinf), and will be operational at the end of 2018.

Pier enables the data exchange between the BCB and other regulators, such as the Superintendence of Private Insurance (Susep), the Securities and Exchange Commission of Brazil (CVM), and the National Pension Funds Authority (Previc). Initially connected regulators will use Pier for sharing data regarding the authorization processes for financial institutions, including information on administrative sanctioning processes, the conduct of financial institutions' officers, and the corporate control of entities regulated by the BCB.

"Currently there is some exchange of information regarding authorization processes, which are not automated yet: staff from one of the institutions contact the others by letters or e-mails. Even the few queries that are automated by software still require some degree of human intervention. Staff from the CVM, for instance, may access the information by using the Unicad" (a BCB IT system), as Aristides Cavalcante (deputy head of Deinf) explains.

The blockchain technology was chosen because it provides a horizontal network of information sharing between the regulators connected to Pier: "traditional business models of information exchange between several entities require a centralizing entity, which ends up exercising a certain degree of operational hierarchical superiority over the remaining ones, which doesn't necessarily reflect the institutional reality. Furthermore, as the blockchain platform records every data request using cryptographic signatures, it is possible to certify at any moment the authorship, and that no entity has tampered with the data, and thus guaranteeing information authenticity", Cavalcante clarifies.

Another advantage of blockchains is that data may not be deleted once recorded. This technology also encourages providing information on demand, since each entity has total control over what is retrieved and how it is retrieved: on Pier, each institution will determine which information, and its format, will be available within the network. At the start, the BCB expects that institutions will allow access to information relative to administrative sanctioning processes, but any participant may grant access to any information considered to be of mutual interest at any moment.

Data mapping for initial data sharing is part of the IntegraBC Project, which seeks to integrate, internally and externally, procedures needed to meet the information demand from institutions under the BCB's supervision and potential new entrants to the SFN.

"Together the automation of data searching and the guarantee of both authenticity and origin of the information will yield efficiency. With Pier, any participant will be able to retrieve data almost immediately, and the platform will decrease error incidence by eliminating manual processes of data

retrieval and sharing. Agility gains and fewer mistakes are expected to reduce costs", says the deputy head.

More about Pier

Since its inception in August 2017, Pier was integrated to Olinda, the BCB's swift data services platform. In order to connect their databases, Susep has already finalized a previous installation of Olinda, and CVM will carry out the same step in the coming weeks. When this phase is completed, the institutions will be ready for the installation of Pier itself. Meanwhile, Deinf will be testing an alpha version of the platform, an important step in detecting and fixing early technical issues.

For further information on the potential use cases of blockchain technology by the BCB, please see https://www.bcb.gov.br/htms/public/microcredito/Distributed_ledger_technical_research_in_Central_Bank_of_Brazil.pdf

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Norway Central Bank Considers Developing Digital Currency

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NEWS

Norway's central bank, Norges Bank, is considering developing its own digital currency as a supplement to cash to "ensure confidence in money and the monetary system", according to a [working paper](#) May 18.

The report, prepared by a Norges Bank working group, investigates aspects they believe should be considered when assessing the issuance of a central bank [digital currency](#) (CBDC). The authors emphasize at least three possible CBDC applications: the introduction of a reliable alternative to deposits in private banks, a suitable legal tender as a supplement to cash, and an independent backup solution for electronic payment systems. Norges Bank Governor Øystein Olsen wrote:

"A decline in cash usage has prompted us to think about whether at some future date a number of new attributes that are important for ensuring an efficient and robust payment system and confidence in the monetary system will be needed."

The report states that a CBDC could provide customers with an alternative means to store assets. According to Norges bank, the foundation of a CBDC must also not interfere with the ability of the bank and other financial institutions to provide credit. Norges Bank will reportedly continue to issue cash as long as there is demand for it. The working group has only completed the initial phase of studying a potential CBDC, stating:

“It is too early to conclude whether Norges Bank should take the initiative in introducing a CBDC. The impacts of a CBDC – and the socio-economic cost-benefit analysis – will depend on the specific design. The design, in turn, will depend on the purpose of introducing a CBDC.”

Other countries in Europe have also begun to consider issuing a digital currency through their central bank. Similar to Norway, [Sweden’s Riksbank](#) is [considering](#) an e-krona as a result of declining cash circulation.

Yesterday, [Cointelegraph](#) [reported](#) that the [Swiss](#) Federal Council has requested a study on a state-backed digital currency examining the risks and opportunities of its introduction. Now, the lower house of the Swiss parliament has to decide whether to support the Federal Council’s request for research. Should the proposal be approved, the Swiss Finance Ministry will conduct the study.

