

## Online response submitted to BoE and HMT – Central Bank Digital Currencies Request for Information

We welcome the opportunity to respond to this Request for Information. ABCUL is the primary trade association representing credit unions in England, Scotland, and Wales with around two thirds of credit unions in mainland Great Britain affiliated to the Association.

Merchants would need to have assurances around the security, reliance, and ease of the digital pound alongside other methods. We do have concerns for how the digital pound might be used to displace the flows of traditional commercial bank deposits which many financial institutions, including credit unions, depend on for credit creation. Another influencing factor would be the associated costs and ease of implementation of the digital pound. There are over 230 credit unions in Great Britain with more than 1.4 million members and £2.45 billion in assets under management, they range from mid-sized businesses with up to 50 staff to small voluntary organisation. The other challenge with implementing the digital pound would be the range of different platform providers in the sector and guaranteeing engagement with them to permit an API to speak to their platform.

With many credit unions serving also serving some of the most vulnerable in society the creation of the digital pound poses an increased risk to those who are already at risk of financial exclusion. The Payment Service Regulator published their Digital Payments Initiative report which identified that some consumers who rely on cash do so due to the distrust of digital payments as they have concerns of fraud, privacy, or lack of access to financial infrastructure. In relation to the options for enabling-instore acceptance of digital pounds we would strongly support POS devices being the preferred method of payment. As many retailers already have the physical infrastructure in place so would reduce the requirement to purchase new technology to accommodate these transactions. For the implementation of the digital pound to be adopted widely by users the digital payment system needs to meet the needs and capabilities of both the individual making the payment and those who will be receiving the payments.

Overall, we support the ongoing work that the Bank of England and Treasury are doing to explore the digital pound and the opportunities it presents. However, we want to stress the importance of ensuring the accessibility to retailers and users is as cost effective and simple as possible while still maintaining a high standard of data protection and privacy for both parties. We would strongly encourage the Bank of England to engage with ABCUL and the credit union sector around the potential to carry forward these proposals in the near future.

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Please get in touch at [policy@abc.ul.org](mailto:policy@abc.ul.org) should you wish to discuss our response.

Kind regards,

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