



Britons face 20,000 digital pound cap under Bank of England plan

Description

LONDON, Feb 7 (Reuters) – Britons would be limited to 20,000 digital pounds (\$24,000) each if the country goes ahead with a digital currency, Bank of England Deputy Governor Jon Cunliffe said on Tuesday.

Britain's government said on Monday that it and the BoE were pressing on with work on a [possible digital pound](#) that was likely to enter circulation in the second half of this decade and be held in a "wallet" provided by banks, although no final decision has been made.

"We propose a limit of between 10,000 pounds and 20,000 pounds per individual as the appropriate balance between managing risks and supporting wide usability of the digital pound," Cunliffe said in a speech.

A limit of 10,000 pounds would mean that three quarters of people could receive their pay in digital pounds as well as holding pre-existing balances in the same account, while a 20,000 pound limit would allow almost everyone to use digital pounds for day-to-day transactions, Cunliffe said.

Money above the cap would be "swept" into a customer's commercial bank account given that a digital pound would not be a means for storing wealth, he told members of UK Finance, a banking industry body.

"At the other end, you could say I need a little wallet full of internet cash to buy things on Amazon," Cunliffe added.

Central banks across the world are studying digital currencies, with the European Union due to publish a draft law in May setting out a legal framework for a potential digital euro.

The law would need to be approved by EU states and the European Parliament, although it will be the European Central Bank that decides this autumn on whether to proceed with a digital euro.

Burkhard Balz, executive board member of Germany's Bundesbank, told a conference on Tuesday that a key aspect to be decided is whether a digital euro would have legal tender status, meaning it could be used to settle a debt in court.

Cunliffe said a digital pound would have the same legal status as cash.

(\$1 = 0.8332 pounds)

by Huw Jones

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