Fed Designs Digital Dollar That Handles 1.7 Million Transactions Per Second

Description

As the race against China's development of its central bank digital currency (CBDC) known as the digital yuan continues, the U.S. Federal Reserve accomplished a feat in testing a design for a U.S. digital dollar that in one of two tests, managed to handle 1.7 million transactions per second.

A report released last Thursday provided the initial findings of research conducted as a collaboration between the Boston Fed and the Massachusetts Institute of Technology (MIT). Dubbed 'Project Hamilton', the report describes a theoretical high-performance and resilient transaction processor for a CBDC that was developed using open-source research software called 'OpenCBDC'.

Image used by the Federal Reserve to share the findings of Project Hamilton that includes the design … [+]

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According to the Fed's Report, a core processing engine for a hypothetical general purpose CBDC was created that produced one code base capable of handling 1.7 million transactions per second. According to the Fed, the vast majority of transactions reached settlement finality in under two seconds.

"It is critical to understand how emerging technologies could support a CBDC and what challenges remain," said Boston Fed Executive Vice President and Interim Chief Operating Officer Jim Cunha. "This collaboration between MIT and our technologists has created a scalable CBDC research model that allows us to learn more about these technologies and the choices that should be considered when designing a CBDC."

The Fed revealed the design of the CBDC transaction processor was also released on GitHub. According to the Boston Fed, the second phase of Project Hamilton will demonstrate how OpenCBDC will build upon the initial model to allow flexibility in design that will incorporate how policymakers may

implement an actual CBDC.

"There are still many remaining challenges in determining whether or how to adopt a central bank payment system for the United States," said Neha Narula, director of the Digital Currency Initiative at MIT. "What is clear is that open-source software provides an important way to collaborate, experiment, and implement. In addition to supporting collaboration, monetary systems benefit from transparency and verifiability, which open-source offers."

by Jason Brett

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