

Project Agora – Frequently Asked Questions

What is Project Agorá?

- Project Agorá is a ground-breaking initiative led by the BIS. It involves seven central banks (including the five top international reserve currencies) and a large group of private sector companies convened by the Institute of International Finance (IIF).
- The project aims to test the desirability, feasibility and viability of a multi-currency unified ledger for wholesale cross-border payments based on the vision laid out in [Chapter III of the 2023 BIS Annual Economic Report](#).
- The project is a public-private collaboration that seeks to use new technology to improve the correspondent banking model.
- It has the potential to lay the foundation for a new regulated financial market infrastructure to facilitate cross-border payments using tokenisation and smart contracts, something that does not exist today.
- Central banks will work directly with commercial banks and other private sector players in the cross-border payment ecosystem. The project will investigate proposals and solutions that combine tokenised commercial and wholesale central bank money on a programmable platform.
- BIS Innovation Hub projects are experimental and aim to develop public goods to support central banks and improve the functioning of the global financial system.

Who is participating?

- The project is a public-private partnership between central banks and a large group of regulated private sector firms with a presence in the cross-border payment ecosystem.
- The BIS has brought together seven central banks (representing the five top international reserve currencies): the Bank of France (representing the Eurosystem), the Bank of Japan, the Bank of Korea, the Bank of Mexico, the Swiss National Bank, the Federal Reserve of New York (through its New York Innovation Center) and the Bank of England.
- The Institute of International Finance (IIF) has convened a private sector group of regulated financial institutions.
- Project Agorá is the BIS Innovation Hub's largest and most complex project in geographical scope and number of participants.

What are the project's objectives?

- The project's main objective is to demonstrate how a unified ledger could enhance the efficiency of business and regulatory processes in correspondent banking payment chains,

thereby reducing transaction times and costs, enhancing payment transparency, and mitigating risks for banks involved in cross-border payments.

- The project aims to build a technical prototype to test wholesale cross-border payments to demonstrate the following:
 - The ability to represent tokenised commercial and wholesale central bank money on a unified ledger that meets technical and business requirements.
 - Atomic cross-border transactions between currency areas leveraging a single currency pair or a vehicle currency in a way that preserves depositor-bank relationships.
 - The ability to streamline pre-validation efforts, eg reducing duplication of efforts, in the payment chain without changing existing standards and requirements.
 - Improved efficiencies in complying with sanctions screening as well as anti-money laundering and rules on countering the financing of terrorism.
- The project also seeks to analyse and identify potential legal and regulatory issues and gaps across all seven jurisdictions related to tokenised commercial and wholesale central bank money, settlement finality and compliance.

Why is the project focusing on tokenisation?

- Tokenisation has the potential to be the next frontier in the long trend of digitalising money and assets.
- Tokens combine a digital representation of the asset, commercial or central bank money, with programmable smart contracts to streamline processes and simplify complex tasks. We believe this can unlock types of arrangements and transactions that are not viable today.

Will Project Agorá ever be implemented or is it just a proof of concept?

- Project Agorá aims to go beyond proof of concept and deliver a prototype to test a range of potential current and future use cases. The lessons learned during the project may set out a path for a new type of financial market infrastructure tailored to cross-border payments based on new technology.
- It is important to emphasise that BIS Innovation Hub projects are experimental. As with any research project, the results cannot be anticipated at the outset.

What is the real net benefit from Project Agorá? If it aims to maintain all the existing structures, what really changes?

- This is about improving, via technology, what central and commercial banks already do today and enabling greater speed and efficiency as well as new possibilities for cross-border payments

for people and businesses. This is particularly true in some jurisdictions, where fewer banks are willing to offer correspondent services.

When will Project Agorá be concluded?

- A project report is expected to be published by the end of 2025. The report will describe the prototype's design and explain how it was tested. It will also analyse and identify potential legal and regulatory issues and gaps across all seven jurisdictions related to tokenised commercial and wholesale central bank money, settlement finality and compliance.

What were the criteria for selecting the participating jurisdictions and, by extension, central banks?

- The seven invited central banks play a significant role in today's cross-border payment flows and foreign exchange markets. A key goal was to achieve global representation and geographical diversity in Project Agorá.

Why was the IIF chosen as the private sector convener?

- The BIS selected the IIF as the convener of private sector participants after a review of several potential candidates from different jurisdictions.
- The IIF was chosen based on its global presence, diverse membership and subject matter expertise. Additionally, the IIF has worked with the BIS on several initiatives.

Will other jurisdictions be able to join?

- Project Agorá is already the largest BIS Innovation Hub project in terms of the number of participants. We will evaluate the possibility of additional members at a later point.

What were the criteria for choosing private sector partners?

- The BIS published a list of eligibility requirements for different types of financial institutions and specific jurisdictions, the terms and conditions, and the selection criteria on its website when it issued the [call for private sector participation](#) on 14 May 2024:
- The project sought to ensure the diversity of the private sector participants in terms of business models, institution size, relevant expertise and geography. Other requirements included being a regulated financial entity—a commercial bank, payment services provider, or financial market infrastructure company.
- Some eligibility requirements were specific to jurisdictions, such as access to a real-time gross settlement or clearing system or a reserve account with the central bank in the applicant's currency area or jurisdiction.

- Project Agorá also sought participants with a presence and involvement in international finance, specifically cross-border payments, as well as expertise with innovation projects.
- IIF membership was not required to participate in Project Agorá.