

IDFC FIRST Bank and ToneTag partner to launch CBDC Payments

January 31st 2023, Mumbai: IDFC FIRST Bank has partnered with ToneTag, a global proximity and voice tech solution provider to enable acceptance of Digital Rupee at Merchant outlets. This partnership comes at the back of a pilot program launched by the Reserve Bank of India (RBI). RBI, recently announced the launch of Central Bank Digital Currency (CBDC) for retail users.

This initiative is in the first phase of its implementation with 4 banks including IDFC FIRST Bank. Through this initiative, the currency is issued in the same denominations and distributed through financial intermediaries and the users will be able to transact through a digital wallet offered by the participating banks. The digital rupee offers features of physical cash like trust, safety and settlement finality. Like cash, the CBDC will not earn any interest and can be converted to other forms of money, like deposits with banks.

Madhivanan Balkrishnan, COO, IDFC FIRST Bank said, *“This solution will change how merchants transact, and IDFC FIRST Bank is a proud partner in this collaboration. Digitization of cash payments is one more step in making transactions easier for our customers. As a bank that firmly believes in ‘Customer First’ approach this initiative aligns well with the same.”*

The Retail CBDC will be mainly used for retail payments just like “Cash”. It will be a digital rupee (e₹-R) signifying legal tender in the form of digital token and issued in the same denominations as paper currency and coins and will be distributed through intermediaries, i.e., banks. As per RBI, users will be able to transact with e₹-R through a digital wallet offered by the participating banks and stored on mobile phones or hardware wallets to facilitate person-to-person (P2P) and person-to-merchant (P2M) transactions. The e₹-R will continue to offer features of physical cash of safety, trust, and settlement finality. As in the case of cash, it will not earn any interest and can be converted to other forms of money, like deposits with banks.

On ToneTag's contribution to the pilot launch, **Kumar Abhishek, Founder & CEO, ToneTag said** *“We are glad to collaborate with IDFC First Bank and participate in the first phase of CBDC retail pilot. In this pilot ToneTag will provide solutions through which merchants will be enabled to accept digital currency. With this launch India becomes one of the only few companies Globally to take this leap of digitalizing cash and reap it's great potential to reduce counterparty credit and liquidity concerns, as well as increase the efficiency of payments and securities settlement. This indeed is going to be India's decade and many kudos to RBI”*

The main drivers for considering the issuance of CBDC in India, among others, is the need to reduce operational costs associated with managing physical cash, promote financial inclusion, improve the payments system's resilience, efficiency, and innovation, increase the settlement system's efficiency, foster innovation in cross-border payments, and give the general public access to uses that private virtual currencies can offer without the risks involved.

About ToneTag

Operating at the intersection of technology and customer-focused innovation, ToneTag is a global technology solutions provider. It offers sound-based contactless payments, location-based services, and proximity-based customer engagement services, amongst others. With 17 global patent grants, ToneTag is a global pioneer in acoustic technology and platform services to support payments and commerce use cases - a consequence of the company's vision to improve the quality of life globally through inventing experiences and technology innovation.

About IDFC FIRST Bank

IDFC First Bank was formed by the merger of erstwhile IDFC Bank, promoted by renowned infrastructure financing institution IDFC Ltd. and leading technology NBFC, Capital First. The bank believes in making customer-first products and was the first universal bank to offer monthly interest credit on savings accounts, first bank to issue life-time free credit cards with no minimum spend conditions, first bank to offer dynamic and low APR rates, evergreen rewards points, and many other such interesting products.

The Bank's vision is to build a world class bank in India, guided by ethics, powered by technology, and to be a force for social good. Our mission is to touch the lives of millions of Indians in a positive way by providing them high-quality banking services.

IDFC FIRST Bank, has a balance sheet of Rs. 2,21,374 crores and serves customers across the length and breadth of the country.

The Bank has expanded to 707 branches, 253 asset service centers, 867 ATMs and 578 rural business correspondent centers across the country, a next-generation net and mobile banking platform and 24/7 Customer Care services. IDFC FIRST Bank is committed to bring high-quality banking at affordable rates to India. The Bank also offers high quality technology-enabled corporate banking solutions, contemporary cash management solutions, fleet card and FASTag solutions and wealth management solutions.