



South African Reserve Bank

Press statement

Thursday, 06 September 2018

The South African Reserve Bank (SARB) is honoured to have received the inaugural ‘Best Distributed Ledger Initiative’ award from Central Banking Publications at a gala dinner in Singapore on Thursday evening, 6 September 2018. The award recognised Project Khokha for its promise shown in the central banking, regulatory and supervisory environment, and for the benefit shown to the organisation that implemented the project. Deputy Governor Francois Groepe, the Executive Sponsor of the Fintech Programme and Project Khokha, received the award on behalf of the SARB.

“We are truly appreciative of, and humbled by, the award and for the recognition of the effort made on Project Khokha. I am proud of the efforts made by the South African community in deepening knowledge of, and leveraging off, new technologies such as distributed ledger-based systems, especially those that are core to our economy such as wholesale payment systems. The award is the recognition of the importance of collaboration, focused effort and shared knowledge in a productive and transparent manner,” said Groepe.

Project Khokha was a collaborative proof-of-concept project with the goal of building on, and contributing to, the body of knowledge surrounding distributed ledger technology (DLT) established by other central bank DLT trials. Project Khokha trialled a DLT mechanism for managing wholesale payments between settlement banks. The DLT was backed by central bank deposits which enabled participating banks to pledge, redeem and track balances of the tokenised rand on the ledger.

DLT can perform the basic transaction function of a wholesale payment system. Governor Kganyago raised awareness of the early stage development of the technology during the launch of the Project Khokha report in June. “This is only the starting point. The implementation of a production-ready system requires a deeper understanding of complexities that were not within the scope of this initial project. Key considerations that need to be addressed, over time, include the evaluation of supporting frameworks and other systems that integrate with the wholesale system, as well as the legal, regulatory and compliance factors.” Despite advances in DLT, its comparative safety and efficiency benefits, in contrast to the current system, still have to be proven.

In line with its financial stability mandate as well as the accountability for the safety and efficiency of the financial system, the SARB will continue to evaluate the potential and risks of DLT, as applied to the collective payments, securities and derivative ecosystems. The SARB is proud of what Project Khokha has achieved in a relatively short space of time.

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