

## The Bank of East Asia and Universal Digital Payments Network Collaborate on Stablecoin and Tokenised Deposit Proof of Concept

Hong Kong – 2 October 2024. In a significant milestone demonstrating the benefits of digital currency transactions, [Universal Digital Payments Network \(“UDPN”\)](#) partnered with [The Bank of East Asia, Limited \(“BEA”\)](#), a Hong Kong-based financial services group, to successfully complete a Proof-of-Concept (PoC), minting, managing, and transferring bank-issued stablecoins and tokenised deposits on the UDPN.

In this PoC, BEA assessed UDPN’s key components:

- Tokenised Deposit/Stablecoin Management System: a system for minting, melting, and managing stablecoins.
- Stablecoin Business System: a client mobile application.

The UDPN Tokenised Deposit/Stablecoin Management System offers full control for financial institutions to set wallet profiles for different customer types with different balance and transaction limits, and includes the ability to freeze/unfreeze wallets or funds in cases of suspected fraud. In the course of the PoC, BEA tested conducting multiple stablecoin transfers via digital currency wallets on the UDPN. The mobile application enhanced the stablecoin payment process, showcasing how UDPN simplifies stablecoin adoption for non-technical users with instant transactions.

“Through our PoC with UDPN, we gained insights into global practices on Central Bank Digital Currencies (CBDCs) and the mechanism of stablecoins. Experiments were conducted on the issuance of stablecoins, as well as the transfer and swapping between CBDCs and stablecoins. Cross-chain interoperability was also examined between stablecoins and digital currencies on different blockchains. This has laid important foundation for any partnership opportunities that may arise in the future.” [Stephen Leung](#), Group Chief Information Officer, General Manager and Head of Technology and Productivity Division at [BEA](#) stated.

The successful execution of this PoC has paved the way for BEA to explore further potential stablecoin applications and the exchange of the Bank’s self-minted stablecoins with those issued by other entities and CBDCs on the UDPN. The UDPN builders, [GFT](#) and [Red Date Technology](#), have jointly published a [video](#) with BEA to illustrate the results of this PoC.

“This PoC highlights the benefits of using a single system to manage stablecoins, simplifying financial institutions’ adoption of stablecoins in an intuitive and data-driven interface. We are pleased that BEA trusted us in this endeavour. We look forward to supporting BEA in adopting digital currencies and exploring further opportunities in Hong Kong.” said [Dr Florian Becker](#), Managing Director Hong Kong & Singapore, [GFT](#).

Bank-issued stablecoins have the potential to become new digital currencies backed by fiat currencies, such as the US dollar or the Hong Kong dollar, and their equivalent assets. These assets are issued by financial institutions that comply with a set of regulations to protect their clients. This makes bank-issued stablecoins less volatile than other digital assets and more

attractive in payments and decentralised finance applications. According to a recent [Paxos report](#)<sup>1</sup>, stablecoins have been used to settle USD 7 trillion worth of transactions. Paxos also estimated that 5 trillion USD worth of global assets would move to stablecoins and other digital currency formats by 2030. In addition, stablecoins have the potential to revolutionise payments by making them faster, cheaper, and more inclusive, according to a [report by S&P Global](#)<sup>2</sup>, resulting in a significant increase in the issuance of stablecoins. The total issuance of stablecoins has grown from \$4 billion in 2020 to over \$150 billion in 2023. Stablecoin adoption is increasing rapidly in developing countries as well, where they are used to access financial services and hedge against domestic currency volatility.

### **Powering the Future of Digital Payments**

The UDPN, the world's leading global payments messaging network supporting regulated stablecoins and Central Bank Digital Currencies (CBDCs), facilitates seamless interoperability among banks, businesses, and regulated digital currency systems worldwide. This decentralised infrastructure not only boosts global payment efficiency and financial inclusion but also enables the deployment and execution of third-party smart contracts for a variety of value-added financial and payment-related services.

This significant milestone follows the June launch of UDPN Solutions, the February launch of the [UDPN All-in-One Digital Currency Sandbox](#), and the [successful proof-of-concept](#) conducted by two major international financial institutions, showcasing real-time digital transactions between USDC and EURS stablecoins in October 2023.

### **Learn more!**

To learn more about the Universal Digital Payment Network (UDPN) Sandbox and how it can benefit your organisation or to arrange a demonstration, interested parties are encouraged to visit [udpn.io](https://udpn.io) or to reach out via email at [contact@udpn.io](mailto:contact@udpn.io)

**Media contacts:** [media@udpn.io](mailto:media@udpn.io)

### **About Universal Digital Payments Network (UDPN)**

The UDPN is a distributed ledger technology (DLT) underpinned messaging backbone that provides interoperability between the fast-growing number of regulated stablecoins, tokenised deposits, and CBDCs to enable seamless connectivity between any business IT system and regulated digital currencies. The network was developed with contributions from global IT engineering and solutions provider GFT, decentralised cloud infrastructure company Red Date Technology, and tier-one financial service providers.

In addition to running a series of 12 PoCs with multiple global banks, technology companies, and payment service providers, the UDPN team recently introduced the UDPN All-in-One Digital Currency Sandbox to enable both commercial and central banks to learn about the latest digital currency and technology, test built-in use cases, and develop their own new custom use cases.

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<sup>1</sup>"The Rise of Stablecoins and the Future of Finance" <https://paxos.com/2023/06/07/stablecoins-are-key-to-the-future-of-finance/>

<sup>2</sup> "Stablecoins: A Deep Dive into Valuation and Depegging" [https://www.spglobal.com/division\\_assets/images/special-editorial/stablecoins-a-deep-dive-into-valuation-and-depegging/stablecoinsadeepdiveintovaluationanddepegging.pdf](https://www.spglobal.com/division_assets/images/special-editorial/stablecoins-a-deep-dive-into-valuation-and-depegging/stablecoinsadeepdiveintovaluationanddepegging.pdf)

Two digital currency management systems for commercial use were also launched: the Tokenised Deposit/Stablecoin Management System and the Digital Asset Tokenisation System. For more information about UDPN, please visit:

[Website](#) | [LinkedIn](#)

#### **About GFT**

GFT is a digital transformation pioneer. By leveraging next-generation technologies, we enable clients to boost their productivity with intelligent software solutions. We focus on Digital Finance, Enterprise AI & Data Solutions, and Platform Modernisation. For more please visit <https://www.gft.com>

#### **About Red Date Technology**

Red Date Technology is a decentralised cloud infrastructure company headquartered in Hong Kong that is dedicated to building next-generation multi-party system infrastructures for internet communications, digital economies, and digital payments.