

Novatti completes first charitable donation using eAUD as part of Australia's CBDC pilot

Novatti Group (ASX:NOV) has executed Australia's first ever charitable donation using a stablecoin backed 1:1 by Australia's CBDC.

MELBOURNE, VICTORIA, AUSTRALIA, June 5, 2023 /EINPresswire.com/ -- Novatti Group (ASX:NOV) is pleased to announce that it has executed Australia's first ever charitable donation using a stablecoin backed 1:1 by Australia's CBDC (eAUD).



The transaction took place as part of a pilot program led by the Digital Finance Cooperative Research Centre (DFCRC) in conjunction with the Reserve Bank of Australia (RBA) to explore the use cases for a CBDC.

Novatti's test explored whether CBDC was a credible and risk-free method to back private stablecoins, such as its own AUDD. A CBDC backed stablecoin would allow customers to independently verify the reserve, giving them more confidence in the stability and validity of private stablecoins.

How the transaction works

Novatti purchased 5000 eAUD (the CBDC issued by the RBA) and minted an equivalent amount of its stablecoin eAUDD – a variant of their stablecoin, AUDD, on the public Stellar Blockchain.

The 1:1 backing between eAUD and eAUDD was guaranteed by keeping eAUD in a Hashed Time Lock Contract (HTLC), which effectively simulated a 'bridge' between the CBDC ledger and the Stellar blockchain.

Customers, which in this case was restricted to the trial participants, could independently check with the HTLC to make sure this privately-issued stablecoin has sufficient backing. To obtain eAUDD, participants would then purchase it using fiat AUD through an authorised Digital

Currency Exchange.

In the lead up to the [DFCRC conference](#) on Friday 25 May, eAUDD was used to buy non-fungible tokens (NFTs) issued by Zerocap, on behalf of their client and Novatti's beneficiary, FSHD Global Research Foundation in order to make a live charitable donation.

Benefits and outcomes

The pilot demonstrated the case for a CBDC-backed stablecoin with the ability to offer decentralised attestation and independent verification from the customer. As the world becomes increasingly digital, the demand for digital currency solutions that offer real-time settlement, reduced costs, and heightened safety will continue to grow.

A CBDC-backed stablecoin would have real-world utility from cryptocurrency investors seeking more stability in their digital asset trading to Self-Managed Super Fund trustees interested in diversifying their investment portfolio.

Ryan McCall, CEO of Zerocap, said, "We're pleased to partner with Novatti on this unique use case, which allows us to explore a new way of facilitating transactions using eAUD for our institutional clients such as FSHD Global Research Foundation to receive donations with speed, transparency and efficiency."

Natalie Cooney, Chair of FSHD Global Research Foundation, said, "In Australia, some charitable foundations lack transparency. Donors deserve confidence when supporting a cause and I pride myself on FSHD Global Research Foundation's commitment to transparency and impact. The eAUD offers a solution because you can track the donation, show proof of receipt and could even go on to show the direct impact to the cause. Zerocap provides the ability to receive the funds into our insured custody wallet, supporting the digital asset ecosystem and I am excited to see Novatti driving innovation in digital payments."

Peter Cook, CEO of Novatti Group, also added, "We are excited to demonstrate how Novatti's stablecoin can work with CBDCs by eliminating existing barriers in the digital asset market and promoting the use cases for high governance digital payments in Australia. This trial has demonstrated the real-world utility of stablecoins that bridges the gap between fiat currency and digital assets. This is just the beginning of what we hope will be a greater usage in compliant stablecoins bringing faster payments with lower friction costs to consumers."

With the pilot program concluding at the end of May, a report on the project is expected to be published around the middle of the year. For more information, visit <https://dfcrc.com.au/cbdc/> and read Novatti/AUDD's pilot use case [here](#).

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