

# Attitudes to the Digital Pound among UK businesses: A note<sup>\*</sup>

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## Abstract

This note summarizes results from questions on the Digital Pound, included within surveys run by the Confederation of British Industry in April 2024. The key finding is how little knowledge of, or preparation for, the Digital Pound there is among the firms that responded.

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<sup>\*</sup>This document, and all views expressed, errors and omissions, should be regarded as those of the author and not necessarily those of the Bank of England, Qatar Central Bank, the Confederation of British Industry (CBI), or CBI Economics. The author thanks Charlotte Dendy, Naresh Aggarwal, Jannah Patchay, David Birch and Varun Paul for helpful comments, while any remaining errors are the author's. The author thanks the CBI's Economic Intelligence team - in particular the Economic Surveys and Data group who constructed and ran the survey and provided the resulting data.

## 1. Summary

This note summarizes results from questions on the Digital Pound, included within surveys run by the Confederation of British Industry in April 2024. While the sample of respondents is small the results convey some important messages - particularly the general confusion about, and lack of preparation for, the Digital Pound. Though detail in the responses is limited, firms identify cost and speed enhancements as possible advantages, while privacy, fraud, and complexity are identified as possible downsides. There also appears to be some confusion as to how another rail for digital payments would be distinct from existing digital rails.

Given the importance of merchant buy-in, and their expertise with handling existing payment formats, it is striking how little penetration the debate over the Digital Pound has had. Naturally, as the Bank of England progresses in its preparations for trialling and designing the Digital Pound, one would expect awareness and understanding to improve. But it does need to improve. . .

## 2. Survey details

The CBI issues [various surveys](#) to its membership, on a monthly basis. For this project, we incorporated our Digital Pound (DP) questions into the April 2024 vintages of the Service Sector Survey (No. 173), the Distributive Trades Survey (No. 490), and the Industrial Trends Survey (No. 252). Reflecting the extensive membership of the CBI, the nominal sample sizes are vast (approximately 33k, 21k and 18k, respectively). However, the response rate is extremely low - in the order of a few hundred. From the three surveys, those who answered our questions numbered only 285, 116 and 238, respectively.

A combined sample of 639 firms is far from trivial, yet an important concern is, of course, that this sample is not representative.<sup>1</sup> In [Appendix A](#) the industry and regional breakdown of the respondents to our DP questions is shown, along with other characteristics.

One should also acknowledge that there is the risk that businesses may select into response on the basis of their enthusiasm for, or knowledge of, the DP. Notwithstanding this, we might tentatively guess that those who did respond are disproportionately interested in or informed about the DP. Since, as we will show, our results among those who did respond suggest a lack of knowledge and awareness, this perhaps allows us to bound broader awareness among UK firms - and bound it at a very low level. As discussed below, on average there appears to be a negative sentiment towards DP among the responses we received. It is difficult to know whether this bias yields a result more or less negative than the average within the wider population. It is plausible that the negativity is overstated, with the most ‘concerned’ more likely to respond, but that is supposition.

The questions were preceded by a short preamble, giving some background on the Digital Pound. Within the confines of a short paragraph, we conveyed basic properties of any DP that is likely to be issued:<sup>2</sup>

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<sup>1</sup>In a more elaborate survey commissioned by the Bank of England and run by YouGov in 2022, a nationally representative sample of 1022 SMEs were surveyed online in relation to payments and the future of money. Information on this survey can be found [here](#), with some analysis in Annex 3 of the [Digital Pound Consultation Working Paper](#).

<sup>2</sup>In addition, we included this introductory passage, containing a hyperlink to the Bank of England’s [main Digital Pound webpage](#): *The following questions are related to the ‘Digital Pound’ for a survey that CBI Economics are running in collaboration with King’s College London. The raw data collected will only be shared within the project team and only published on an anonymised, aggregated basis.*

*The Bank of England is considering the introduction of a Central Bank Digital Currency – or ‘Digital Pound’. This would be a new form of money available to households and companies, in addition to existing forms of money, such as physical cash and bank current accounts. It would be legal tender, issued and backed by the Bank of England, in contrast to private moneys such as bank current accounts or cryptocurrencies. A Digital Pound would always have the same value (£1) as, and be exchangeable for, a physical Pound.*

The first two questions were designed to assess the stage of the respondent’s preparations for the DP or other digital currencies. Specifically, they were asked

*What stage are you at in considering the implications of the Digital Pound for your business?*

and

*What stage are you at in considering digital currency **other than the Digital Pound** for your business – i.e. stablecoins, cryptocurrency or tokenised bank deposits?*

The answer options were:

- *No consideration*
- *Some discussion, but no planning*
- *Considerable discussion and have planned for how it might affect our business*
- *Other (please specify)*

with the general digital currency question also allowing the following as an additional answer option

- *We are already making use of, or hold, such assets*

We then asked questions to elicit the firms’ perspectives on what aspects of their business might be affected by the DP:

*How do you expect the Digital Pound to affect your business in terms of the following factors?*

- *Speed of payments*
- *Cost of payments*
- *Record-keeping / reconciliation with counterparties*
- *Automation / programmability of payments*
- *Internal treasury / liquidity management*
- *Investment / portfolio management*
- *Fund raising / security issuance*
- *Core products / services for customers*

with the answer options being ‘Significant’, ‘Slight’ or ‘No’ impact (along with N/A or ‘Don’t know’). In addition, respondents were allowed to enter free text in response to questions about pros and cons of a DP. Specifically, they were asked:

*What do you think would be the key advantage, if any, of a Digital Pound, for your business?*

and

*What would be your greatest concern or disadvantage, if any, arising from a Digital Pound, for your business?*

Finally, they were asked a question in relation to what institutions they might trust to ‘manage’ their business’ DP ‘account’, were they to have one (picking the three most preferred):<sup>3</sup>

*Who would you prefer to manage your Digital Pound account, if your business were to have one?*

- *The Bank of England*
- *A government institution*
- *A traditional high street bank*
- *A digital bank (e.g. Monzo, Starling)*
- *A non-bank payment or e-money provider (e.g. Paypal, Revolut)*
- *A digital wallet provider (e.g. Apple Pay, Google Pay, Amazon Pay)*
- *A credit card provider (e.g. Visa, Mastercard, Amex)*
- *A crypto exchange (e.g. Coinbase, Kraken)*
- *Other (please specify)*

### 3. Results

Given the relatively small subsample of respondents who provided substantive answers (other than NA/Don’t Know), our analysis will largely be based on the pooled sample, without conditioning or splitting into subgroups. This decision is also motivated by the fact that the rates of preparedness among ‘small’ firms (fewer than 50 employees and/or less than £1m in turnover) and the remainder were very similar (6.6% and 8.7% respectively).

The answers to the first two questions (about the DP and general digital currency) are quite striking, as shown in [Table 1](#). As one can see, the overwhelming majority have given no consideration to either

	Digital Pound	Other Digital Currencies
No consideration	90.21	93.38
Some discussion, no planning	7.11	5.05
Considerable discussion	0.32	0.63
Other	2.37	0.95

Table 1: Distribution of responses (in percent) to questions on preparedness for the Digital Pound and preparedness or use of other Digital Currencies.

form of money. Indeed, since no one indicated they were currently using other digital currencies, the answer option is not shown. There is not much analysis to be done with this data beyond simply noting the striking lack of preparedness. Of course, to some extent the firms’ stance is understandable, as not even a pilot of the DP has yet been launched, or even designed. Nevertheless, it points to a need for significant education.

Among the (very) small number of free-text answers accompanying the ‘Other’ responses, there were various expressions of ignorance about the DP. Perhaps more interestingly, there were a few comments - to be echoed in the answers to later questions - to the effect that the status quo of transactions was *already* digital. In addition, there were various emotive negative answers (‘terrible idea’, ‘it’s lunacy’ and

	Significant	Slight	None	NA	Don't know
Speed of payments	2.56	7.83	27.96	10.38	51.28
Cost of payments	2.56	7.37	27.24	10.26	52.56
Record-keeping	3.22	7.23	27.17	10.29	52.09
Automation/programmability	3.04	7.68	27.36	10.72	51.20
Treasury/liquidity	2.25	4.82	28.30	12.06	52.57
Investment/portfolio	1.13	4.35	26.73	17.07	50.72
Funding/security issuance	2.08	2.88	28.85	14.58	51.60
Products/services	1.60	4.97	31.89	10.58	50.96

Table 2: Distribution of responses (in percent) to questions on extent to which aspects of business might be affected.

so forth). Perhaps unsurprisingly, given the responses to earlier questions, around half of respondents indicated that they ‘did not know’ what the impact of DP might be, for each of the dimensions considered. NA accounted for an additional 10 percent for most of the options, or slightly higher in the case of investments and security issuance, which one might expect to be relevant to only a limited subset of firms. Between 5 and 10 percent of firms envisage ‘slight’ or ‘significant’ impact, though the weighting is typically more towards ‘slight’. At these low rates it is difficult to make unambiguous statements, though record-keeping and automation seem to be the dimensions where most change is expected, followed by speed and cost of payments, which aligns well with common arguments in favour of central bank digital currencies.

Around 56 percent of respondents ostensibly answered the ‘key advantages’ and ‘key disadvantages’ questions, though on closer inspection a high fraction of responses turned out to be NA or ‘don’t know’ such that only approximately 13.61 percent of ‘present’ responses on advantages were actually substantive, while 56.90 percent of ‘present’ responses on concerns were informative answers. Thus, very few firms identified an explicit ‘key advantage’, with noticeably more firms articulating concerns or disadvantages. In [Figure 1](#) we plot ‘word clouds’ derived from the free-text responses. The size of the text is related to the frequency of the words’ appearance.<sup>4</sup> Beginning with advantages, as might be expected from the multiple choice questions, there was an emphasis on speed/ease/cost of payments. Reaching new customers also was mentioned.

Turning to disadvantages, it is clear that security and fraud are prominent concerns. It is also clear that - as in many household surveys on CBDC - firms are also concerned with privacy and government oversight/control or interference. Some more subtle insights also emerge, particularly in whether the DP offers anything they don’t already have, through the use of cash, banking and e-money. Perhaps unsurprisingly, given the answers to earlier questions, there was also a sense of confusion and worry that complexity may be an obstacle for them and their customers.

We now turn to firms’ preferences over what ‘institution’ they would prefer to ‘manage’ their DP account. Just over a third of firms did not offer any preference (around 90 percent of whom indicated ‘don’t know’) and only around 23 percent listed the maximum number (3) allowed in the question, as shown in [Table 3](#)

<sup>3</sup>The firms were also asked if they were happy to be contacted directly by the project team in the future to discuss the DP in more detail.

<sup>4</sup>We first removed stop-words, some other generic terms, and limited the number of displayed words to 35. The algorithm used was the [WordCloud](#) routine included in [Wolfram Mathematica](#).



other aspects of the scheme is unclear. Given the rather sceptical attitude noted in other questions, one might imagine that trust is not the reason - though it is striking that the Bank is picked by a much larger fraction of respondents than 'the government'. This could indicate greater openness to a technocratic - rather than political - institution managing a broader array of DP facilities.<sup>5</sup>

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<sup>5</sup>Among those who chose to answer using free text within the 'other' option, there was again a tendency for negative and emotive language, along with expressions of ignorance. One respondent responded 'myself', perhaps indicating a desire for self-custody (which arguably, in retrospect, should have been allowed as an explicit option).

## Appendix A. Firm Level Characteristics

Characteristic	%	Observations
Small (by employment)	46.9	635
Small (by turnover)	75.8	635
Small (either criteria)	77.5	635
Exporter	65.8	234
Registered in London	8.3	635

**Note:** Small companies here are defined as companies those that have less than fifty employees and/or have a turnover of less than one million GBP.

Table A.1: Company Characteristics

Region	Small Companies	Large Companies
East Midlands	40	11
East of England	29	10
London	42	6
North East	13	4
North West	35	16
Northern Ireland	9	2
Scotland	32	8
South East	95	21
South West	41	6
Wales	22	7
West Midlands	44	12
Whole UK	55	21
Yorkshire & the Humber	35	19
Total	492	143

**Note:** Small companies here are defined as companies those that have less than fifty employees and or have a turnover of less than one million GBP.

Table A.2: Number of Small and Large Companies by Region



Region	#Exporters	Respondents in Region (ITS Survey)
East Midlands	10	26
East of England	14	17
North East	7	11
North West	13	22
Northern Ireland	2	2
Scotland	12	18
South East	31	43
South West	16	23
Wales	11	17
West Midlands	20	28
Yorkshire & the Humber	18	27
Total	154	234

Table A.3: Number of Respondent Exporters by Region

DTS Industry	#	%
Motor trades	9	7.76
Other specialised wholesale	24	20.69
Retail sale in non-specialised stores	11	9.48
Retail sale of clothing in specialised stores	25	21.55
Retail sale of cultural and recreational goods in specialised stores	4	3.45
Wholesale of household goods	16	13.79
Wholesale of information and communication equipment	2	1.72
Wholesale of other machinery, equipment and supplies	11	9.48
Wholesale trade, except of motor vehicles and motorcycles	14	12.07
Total	116	100.00

Table A.4: DTS Industry Distribution

ITS Industry	#	%
Electrical Equipment Manufacturing	22	9.40
Electronics and Precisions Instrument Manufacturing	18	7.69
Fabricated Metal Product Manufacturing	43	18.38
Manufacture and Processing of Foods	10	4.27
Manufacture of Chemicals	17	7.26
Manufacture of basic metals	15	6.41
Manufacture of beverages	4	1.71
Manufacture of furniture	4	1.71
Manufacture of leather and related products	3	1.28
Manufacture of machinery and equipment not elsewhere classified	22	9.40
Manufacture of motor vehicles, trailers and semi-trailers	6	2.56
Manufacture of paper and paper products	7	2.99
Manufacture of wearing apparel	1	0.43
Manufacture of wood and wood products	2	0.85
Miscellaneous manufacturing	10	4.27
Non-Metallic Product Manufacturing	6	2.56
Printing and reproduction of recorded media	10	4.27
Repair and installation of machinery and equipment	6	2.56
Rubber and Plastic Products	19	8.12
Textile Production	5	2.14
Transport Manufacturing	4	1.71
Total	234	100.00

Table A.5: ITS Industry Distribution

SSS Industry	#	%
Accommodation	11	3.86
Activities of head offices, management consultancy	15	5.26
Activities of membership organisations	6	2.11
Advertising and market research	12	4.21
Air transport	3	1.05
Architectural and engineering activities	24	8.42
Computer programming, consultancy and related	13	4.56
Employment activities	20	7.02
Food and beverage service activities	5	1.75
Gambling and betting activities	3	1.05
Information service activities	2	0.70
Land transport and transport via pipelines	20	7.02
Legal and accounting activities	22	7.72
Libraries, archives, museums and other cultural activities	2	0.70
Movie, TV and music production	1	0.35
Business support activities	5	1.75
Other personal service activities	14	4.91
Other professional, scientific and technical activities	25	8.77
Postal and courier activities	2	0.70
Programming and broadcasting activities	2	0.70
Publishing activities	8	2.81
Real estate activities	19	6.67
Renting and leasing activities	13	4.56
Repair of computers and personal and household goods	1	0.35
Scientific research and development	4	1.40
Security and investigation activities	3	1.05
Services to buildings and landscape activities	5	1.75
Sports activities and amusement and recreation activities	7	2.46
Telecommunications	6	2.11
Travel related activities	2	0.70
Veterinary activities	2	0.70
Warehousing and support activities for transportation	6	2.11
Water transport	2	0.70
Total	285	100.00

Table A.6: SSS Industry Distribution

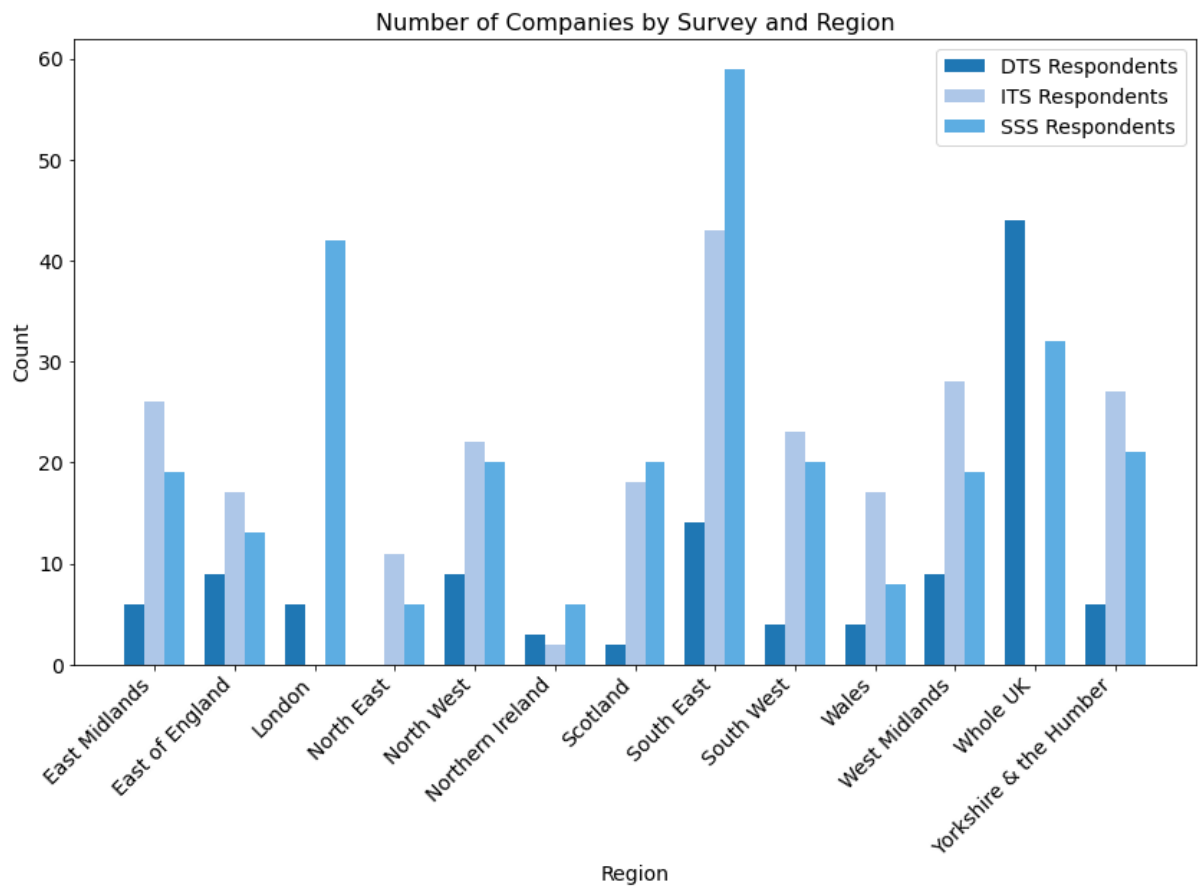


Figure A.1: Respondents by Survey and Region

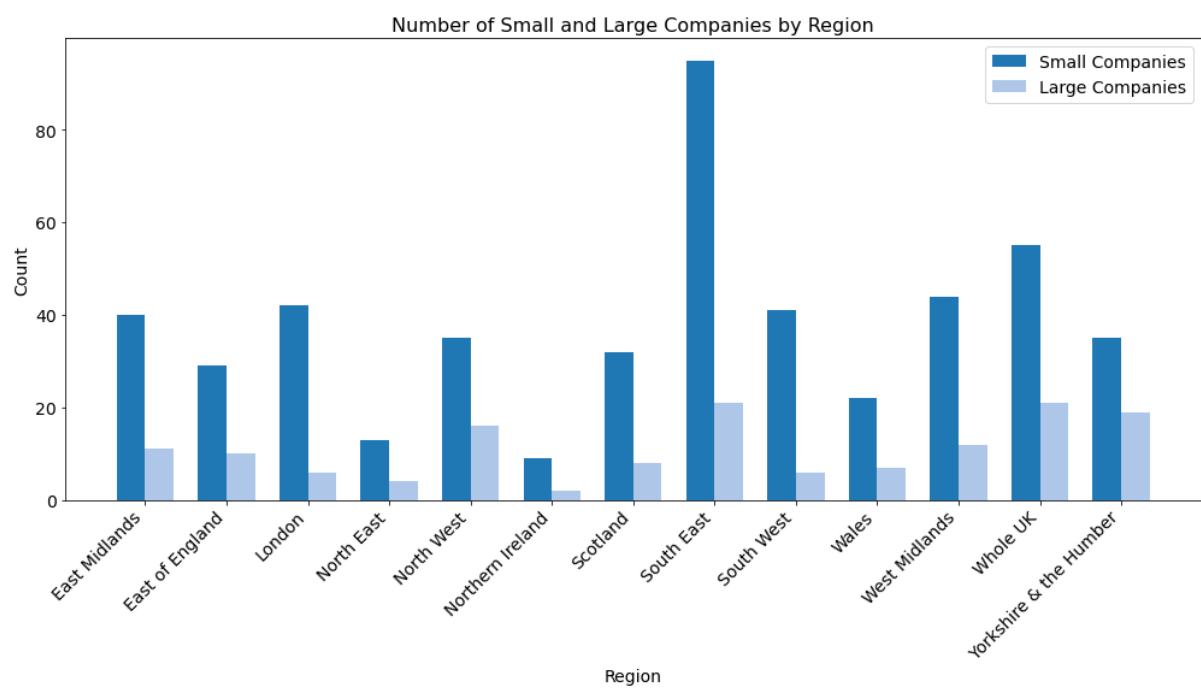


Figure A.2: Small and Large Respondents by Region