



First-Ever Use of Deposit Tokens in Government Subsidy Programs

- Pilot application to EV charging infrastructure to enhance transparency and efficiency in fiscal execution
- MoU signed among the Ministry of Climate, Energy and Environment, the Ministry of Finance and Economy, and the Bank of Korea to advance the pilot project

Minister Kim Sunghwan of the Ministry of Climate, Energy and Environment (MCEE), Deputy Prime Minister and Minister of Finance and Economy Koo Yuncheol, and Bank of Korea Governor Rhee Chang-yong will sign a memorandum of understanding (MoU) at the Government Complex Seoul on March 24 to establish a close cooperation framework for the successful implementation of a pilot project using digital currency for treasury fund execution, with the aim of enhancing the transparency and efficiency of public fund disbursement.

This agreement was established to transition the payment and settlement of government subsidies to a blockchain-based system by utilizing wholesale central bank digital currency (CBDC)* and deposit tokens**, thereby enhancing the transparency of fiscal execution and improving operational efficiency. While the use of digital currency and deposit tokens was previously validated through real transaction tests involving the general public conducted by the Bank of Korea last year, this marks the first time in the world that such technology is being applied to a national government project.

* A digital form of currency issued, manufactured, and distributed by a central bank on a blockchain, holding the same value as existing legal tender and primarily issued to financial institutions

** A digital token issued based on deposits held at banks, serving as a digital means of payment that can be used by both businesses and individuals for purchasing goods and

services

This pilot project targets medium-speed charging facilities (maximum output 30kW–50kW, KRW 30 billion) under the MCEE’s “EV Charging Infrastructure Deployment Project.” The implementing agency, the Korea Environment Corporation, will conduct a public call for project participants (May) and selection (from June), after which subsidies will be disbursed in the form of deposit tokens. Through this initiative, improvements are expected in the management of subsidy disbursement processes, prevention of fraudulent claims, and reduction of settlement periods, thereby enhancing the transparency and efficiency of fiscal execution.

This memorandum of understanding includes: the establishment of frameworks and systems for the pilot project and inter-agency coordination support; the sharing of necessary data, monitoring of implementation progress, verification of results, and dissemination of outcomes during the pilot; the review of institutional and financial support for the pilot project and policy discussions on future scalability; and efforts to enhance on-site applicability of the pilot and reduce administrative burdens on private operators and implementing agencies.

Minister Kim Sunghwan of the MCEE stated, “We expect this agreement to serve as a starting point for innovating fiscal execution in the expansion of EV charging infrastructure by leveraging digital technology, making it more transparent and efficient.” He added, “The Ministry will ensure the smooth application of the deposit token-based pilot project to this year’s medium-speed charging infrastructure deployment program, while continuing to enhance institutional improvements and on-site implementation in cooperation with relevant agencies.”

Deputy Prime Minister and Minister of Finance and Economy Koo Yuncheol

stated, “We expect this agreement to serve as a starting point for innovation in fiscal execution using digital technology and as an opportunity to enhance the transparency and efficiency of treasury fund execution.” He added, “With the goal of converting one-quarter of treasury fund execution to digital currency by 2030, we will actively identify and expand projects utilizing digital currency through consultations with relevant ministries and meetings with commercial banks.”

Bank of Korea Governor Rhee Chang-yong stated, “This pilot project will serve as a catalyst for establishing a blockchain-based ecosystem for the Bank of Korea’s digital currency and deposit tokens, and will demonstrate new possibilities not only for Korea’s payment and settlement system but also for fiscal execution methods.” He added, “The Bank of Korea will continue to expand digital currency infrastructure and actively support the successful implementation of blockchain-based treasury fund execution.”