The Design of Central Bank Digital Currencies and Consumer Demand*

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Abstract

The design of Central Bank Digital Currencies (CBDCs) plays a critical role in determining their adoption and economic impact. This paper presents evidence from a nationally representative survey of 10,000 UK residents assessing consumer willingness to adopt the proposed Digital Pound. We first document that, while overall adoption intent is modestly positive, it varies substantially by demographic group and transaction type: adoption peaks among individuals in their thirties, men, and those with higher income, education, or trust in institutions, and is strongest for low-stakes transactions such as online purchases and small everyday expenses. We then leverage a randomized information-treatment experiment to isolate the causal impact of key design features—such as interest payments, privacy protections, integration with banking apps, and government incentives—on demand. Interest-bearing functionality and financial incentives significantly increase adoption, particularly among consumers initially skeptical of CBDCs, followed by privacy considerations. By contrast, technology-enabled benefits and integration with the banking sector have limited effects. These findings underscore the critical role of effective design and targeted policies in expanding adoption and realizing the potential of CBDCs.

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1 Introduction

In the last decade, consumers in both developed and developing countries have witnessed exponential growth in privately-owned payment systems and non-government and decentralized forms of digital currencies (Adrian and Mancini-Griffoli, 2021), raising the concern that they could threaten individual countries' monetary sovereignty by displacing domestic currencies. Thus, the introduction of Retail Central Bank Digital Currencies (CBDCs), i.e., a digital currency denominated in the national unit of account issued by a country's central bank, has become a central topic of discussion among policymakers, with central banks around the world either considering their adoption or conducting small-scale pilot programs.[1] CBDCs have also spurred a debate among academics about the benefits and the risks they pose to the banking system and financial stability (see Auer et al., 2022 and Infante et al., 2024 for a review of the literature).

While CBDCs hold the potential to enhance the efficiency of the payment system nationally and across borders (He et al., 2022), promote financial inclusion (Tan, 2024), and support monetary policy (Davoodalhosseini, 2022), they also present significant risks, such as disruptions to financial stability (Schilling, Fernandez-Villaverde, and Uhlig, 2024 and Williamson, 2022a), privacy concerns (Schilling, 2019), and potential disintermediation of the banking system (Whited, Wu, and Xiao, 2024) resulting in a reduction in bank credit.

These risks and benefits are not intrinsic to CBDCs but depend critically on their *design*. Designing a CBDC involves several decisions, including whether to integrate it into the existing banking system or operate it independently, the extent to which privacy and anonymity are guaranteed, and whether it can bear interest (Auer and Bohme, 2020, Duffie, Mathieson, and Pilav, 2021, and Capponi, Lee, and Zhu, 2025). These choices, in turn, shape the willingness of consumers and merchants to adopt CBDCs, a key determinant of their successful implementation. Despite the importance of this demand-side perspective, systematic evidence on consumer preferences remains limited.

In this paper, we conduct a large-scale survey to examine how the design of a CBDC affects consumer adoption and usage. Our empirical setting is the United Kingdom,[2] where the Bank of

[1] See `https://www.atlanticcouncil.org/cbdctracker/` for the current state of this process. See Cong and Mayer (2025) for a theoretical framework encompassing competition between digital forms of fiat money and private digital money.

[2] The survey was administered through the Qualtrics platform to a nationally representative sample of 10,000 UK

England is still in the design phase of the proposed Digital Pound.[3] As of 2024, the UK was the sixth-largest economy in the world and represents an important case study for understanding CBDC adoption in an advanced economy.

Each respondent in our survey is randomly assigned to one of nine information treatments and a control group, with each treatment highlighting a specific design feature or policy dimension of the proposed Digital Pound, reflecting the key trade-offs faced by central banks in CBDC design, as identified in both the theoretical literature and policy discussions (see Auer et al. (2022); Infante et al. (2024)). These randomized treatments allow us to estimate Average Treatment Effects (ATEs), i.e., the causal effect of individual design elements on consumers' willingness to adopt the Digital Pound. To ensure realism and mitigate misunderstanding, each treatment is illustrated with screenshots from a pseudo app environment, and respondents' comprehension is assessed immediately after exposure.[4]

Treatments #1 and #2 vary the delivery mechanism, comparing integration of the Digital Pound into existing banking apps versus a standalone wallet (see Niepelt, 2024; Barucci, Brachetta, and Marazzina, 2025). Treatments #3 and #4 explore the impact of interest payments by contrasting non-interest-bearing and interest-bearing CBDC designs, reflecting trade-offs in macroeconomic and banking models (e.g., Chiu et al., 2023; Keister and Sanches, 2023; Whited, Wu, and Xiao, 2024; Agur, Ari, and Dell'Ariccia, 2022; Williamson, 2022b; Davoodalhosseini, 2022). Treatments #5 and #6 focus on privacy, highlighting trade-offs between data protection relative to card payments versus traceability for fraud prevention (see Moro and Landi, 2024; Agur, Ari, and Dell'Ariccia, 2022). Treatment #7 addresses trust and financial safety, presenting the Digital Pound as a secure alternative backed by the Bank of England in case of bank failures. Finally, Treatments #8 and #9 contrast technology-enabled benefits (e.g., smart-contract-type transactions, ease of transfers) with government-provided adoption incentives such as instant disbursements or payment discounts.

The primary outcome variable is respondents' stated willingness to adopt the Digital Pound, measured on a five-point Likert scale ranging from "not at all willing" to "very willing." In addition, the survey collects information on intended usage patterns, such as whether respondents would replace existing payment methods or transfer funds from their bank accounts into a Digital Pound account.

adults. The sample was stratified by age, gender, and geographic region to match the composition of the UK population.

[3] `https://www.bankofengland.co.uk/report/2025/digital-pound-progress-update`

[4] We find respondents' comprehension to be uniformly high (average of 4 out of 5) across all treatment arms.

The survey concludes with detailed questions on demographic characteristics, trust in government and banking institutions, financial literacy, and familiarity with digital technologies and cryptocurrencies. These additional measures help us examine Conditional Average Treatment Effects (CATEs), i.e., how different groups respond to the treatments and what factors are linked to adoption.

We begin our analysis by documenting the baseline willingness to adopt the Digital Pound among those in the control group, that is, those who do not receive any information treatment. Overall willingness is modestly positive: the average response is 3.1 on a 1-5 scale, and nearly 40 percent of respondents rate their willingness as 4 or 5. This reflects substantial heterogeneity, with one-third of respondents assigning scores of 1 or 2, and another third choosing a neutral score of 3. When asked about specific types of expenses, consumers express the greatest willingness to use the Digital Pound for online purchases and small everyday expenses, with average scores of 3.30 and 3.10, respectively—both significantly above a neutral 3. In contrast, they are least willing to use it for significant purchases or high street shopping, with average scores below 3. For other categories, such as bill payments, peer-to-peer transfers, and government transactions, responses are on average neutral. These patterns suggest that consumers currently view the Digital Pound primarily as a tool for low-stakes, high-frequency transactions.

We next examine whether consumers are willing to replace existing payment methods with the Digital Pound using both closed- and open-ended questions. Starting with the former, across a broad set of alternatives—including cash, debit cards, credit cards, mobile wallets, online platforms, and crypto—respondents express limited willingness to switch. For traditional methods such as cash and credit cards, around 35 percent of respondents report being entirely unwilling to substitute, with similar reluctance observed for debit cards. This hesitancy appears to reflect not only perceived benefits of existing tools—such as rewards programs or privacy—but also inertia and established user habits. Even for digital-native platforms like Apple Pay, PayPal, or Revolut, where switching costs are presumably lower, most respondents choose a neutral or weakly positive stance, and relatively few express strong enthusiasm for switching. These results suggest that, despite its functional similarities to existing digital options, the Digital Pound would face substantial adoption frictions unless its advantages are made salient and compelling to users. The open-ended responses underscore similar

themes: ease of use and trust drive adoption, while concerns about technical failures and a lack of understanding are the main frictions, reinforcing the patterns observed in the closed-ended responses.

A central concern in both the theoretical literature and policy discussions on CBDCs is the risk of disintermediation—namely, the possibility that consumers might shift funds from commercial bank accounts to central bank accounts. To assess this, we ask respondents what share of their current and savings account balances they would be willing to transfer to the Digital Pound. Nearly 30 percent of respondents report they would transfer between 0 and 5 percent of their funds—by far the most common response. However, preferences are highly dispersed: while 50 percent would transfer between 5 and 50 percent, roughly 20 percent would transfer more than half of their balances, underscoring the heterogeneous impact a CBDC could have across different segments of the banking sector.

This heterogeneity is also evident in adoption intent more broadly. Willingness to adopt the Digital Pound follows an inverted-U pattern across age, peaking among respondents in their mid-30s and declining for both younger and older individuals. Men are significantly more willing to adopt than women, and adoption intent rises monotonically with both education and income. Trust in institutions—particularly the government, central bank, and commercial banks—is strongly correlated with adoption, as is self-reported knowledge of technology and cryptocurrencies.

Turning to the design features that most influence adoption intent, we find that treatments emphasizing direct financial benefits are the most effective: respondents are significantly more likely to adopt when told the Digital Pound pays monthly interest (with a percentage ATE of $3.29/3.09 - 1 = 6.5\%$, $p < 0.01$) or is supported by government incentives (percentage ATE of $3.28/3.09 - 1 = 6.1\%$, $p < 0.01$). In contrast, treatments focusing on technological features or the mode of delivery (e.g., integration with commercial banks) have no significant impact. Privacy framings yield modest effects, depending on the comparison: emphasizing privacy relative to cards has a small positive effect (percentage ATE of $3.21/3.09 - 1 = 3.9\%$, $p < 0.10$), while comparisons to cash do not. Messaging focused on safety and central bank backing does not affect adoption, likely due to already high baseline trust in the Bank of England.

These causal effects differ sharply from respondents' stated preferences. In the control group—where no treatments were presented—respondents rated nearly all design features as highly important,

including security, privacy, integration, and ease of use. Yet when confronted with stylized but concrete scenarios in the treatment arms, they responded far more selectively. For instance, although security is consistently rated as extremely important in the abstract, treatments emphasizing security generate only modest changes in adoption intent. This discrepancy highlights a potential limitation of stated preference measures—at least in our context. Absent trade-offs or specific framing, individuals tend to rate most features favorably. In contrast, our experimental design identifies which attributes actually shape consumer decision-making.

We also uncover significant heterogeneity in treatment effects (CATEs). Individuals who are initially less inclined to adopt the Digital Pound—those with lower predicted baseline willingness based on demographics—respond more strongly to certain design features. For example, the interest-bearing treatment increases willingness by 8.2% among low-propensity individuals, compared to just 3.4% among high-propensity respondents. Similarly, the privacy framing relative to card payments yields a 7.3% increase in the low group, while having no meaningful effect (0.7%) in the high group. Government incentives also generate a stronger response among skeptical users (6.1% vs. 3.3%). Notably, even treatments with no significant average effect—such as the one emphasizing technological benefits—produce a 6.1% increase in willingness among low-propensity individuals. These findings suggest that thoughtful design choices and targeted messaging can play a key role in expanding CBDC adoption.

Taken together, our findings provide insights for theorists and policymakers engaged in CBDC design. By highlighting which features resonate most—and with whom—this study informs both the technical design and communication strategies that can promote broad-based adoption of CBDCs. The remainder of the paper is structured as follows. Section 2 reviews the related literature. Section 3 describes the survey methodology, the information treatments, and their theoretical underpinnings. Section 4 analyzes baseline willingness to adopt the Digital Pound and its determinants among control group respondents. Section 5 presents the main experimental findings, including both Average Treatment Effects (ATEs) and Conditional Average Treatment Effects (CATEs). Section 6 concludes.

2 Contributions to the Literature

We contribute to the growing literature on the real effects of CBDCs. Since CBDCs have not yet been introduced at scale, most of the existing work remains theoretical. A first strand of the literature focuses on the banking system and financial stability. An early contribution by Brunnermeier and Niepelt (2019) identifies a set of sufficient conditions under which the introduction of a CBDC has a neutral effect. Subsequent studies relax these assumptions and explore broader implications. For instance, in settings where banks have market power in the deposit market, CBDCs can promote competition and expand financial intermediation (Chiu et al., 2023, Andolfatto, 2021). In contrast, when banks operate in a perfectly competitive environment, CBDCs tend to crowd out intermediation (Williamson, 2022b, Keister and Sanches, 2023, Whited, Wu, and Xiao, 2024). Burlon, Munoz, and Smets (2024) shows that disintermediation can be mitigated if the central bank appropriately sets the CBDC's remuneration or imposes quantity limits. The welfare implications of CBDCs are more nuanced. Keister and Sanches (2023) and Williamson (2022b) find that, under optimal interest rate policies, CBDCs can enhance payment efficiency. Similarly, Agur, Ari, and Dell'Ariccia (2022) emphasize that welfare gains depend on whether the CBDC bears interest and whether network effects are significant. On the other hand, Fernandez-Villaverde et al. (2021) show that CBDCs would lead to a full substitution of deposits away from the commercial banking sector to the central bank (due to its higher stability) thus creating a monopoly that endangers maturity transformation and reduces welfare. Finally, Schilling, Fernandez-Villaverde, and Uhlig (2024) show that when a central bank engages in financial intermediation through a CBDC, it can only achieve two out of three objectives: a socially efficient allocation, financial stability, and price stability.

A second strand of the literature examines the macroeconomic effects of CBDCs. Using a New Keynesian framework, Abad, Nuno, and Thomas (2025) finds that CBDCs have a muted impact on aggregate investment and GDP. In contrast, Chiu and Davoodalhosseini (2023) and Davoodalhosseini (2022) argue that a cash-like CBDC can stimulate consumption, and Barrdear and Kumhof (2022) show that CBDC adoption raises GDP growth. Finally, Moro and Landi (2024) shows that the introduction of a foreign CBDC can cause a structural decline in domestic economic activity. Minesso, Mehl, and Stracca (2022) further demonstrates that CBDCs can amplify the international spillovers

of conventional macroeconomic shocks, intensifying cross-country economic linkages.

The predictions of most of these models depend heavily on the specific design features of the CBDC and the degree to which it substitutes for cash and bank deposits. We contribute to this literature by providing evidence on how different design elements affect adoption, enabling more accurate model calibration and helping to rule out equilibrium outcomes associated with unrealistic assumptions about adoption rates.

We also contribute to the literature on consumer demand and usage of Central Bank Digital Currencies (CBDCs). One strand of this literature is purely empirical, analyzing consumer transaction data from countries that have implemented CBDC pilots. Bai et al. (2025) finds that adoption of China's CBDC has been low due to limited incentives for consumers to switch from existing electronic payment apps. In contrast, Di Maggio, Ghosh, and Ghosh (2024) shows that the introduction of a fee for India's real-time payment system (UPI) coincided with an increase in CBDC adoption. A second strand of research uses structural models, calibrated on consumer preferences for payment attributes from surveys, to predict CBDC demand under various design scenarios. Li (2023) focuses on CBDC demand relative to cash and bank deposits and finds that anonymity, bundling of banking services, and return rates significantly drive adoption. Nocciola and Zamora-Perez (2024) and Lambert et al. (2024) instead examine CBDC demand relative to other payment methods and show that optimal design combines card-like features (speed, ease of use, convenience) with cash-like features (anonymity, perceived acceptance, and quick settlement). Barucci, Brachetta, and Marazzina (2025) develops a partial equilibrium model and finds that a single-layer architecture—where the central bank operates the platform—is more effective than a two-layer model integrated with private banks, due to better alignment of incentives.

We contribute to this literature by providing causal evidence on how different CBDC designs affect consumer adoption, using a large-scale, nationally representative information-treatment experiment. Our survey is uniquely comprehensive: it captures a wide range of behavioral outcomes and spans multiple design dimensions—including integration, interest payments, privacy, and incentives. This breadth allows us to not only identify which features most effectively drive adoption but also to quantify heterogeneity across demographic groups.[5]

[5] Choi et al. (2023) and Georgarakos et al. (2025) also conduct information-treatment experiments. Choi et al. (2023)

3 The Causal Effect of CBDCs Design on Adoption: Survey Design

We implement an information-treatment experiment to identify the causal effect of CBDC design features on consumers' willingness to adopt them (see Haaland, Roth, and Wohlfart, 2023).

The survey consists of three sections. In the first section, respondents are randomly assigned to either a control group or one of the information treatments. Respondents in the control group receive no information, while each treatment group receives information on a possible design aspect of CBDCs. The second section elicits respondents' views on CBDC as a storage of value and a payment method. More specifically, we elicit i) willingness to adopt CBDCs, ii) preference for using the digital pound as a replacement for other payment methods, and iii) propensity to transfer funds from other accounts into a digital pound account. The last section gathers data on demographic characteristics, spending habits, and familiarity with technology. Since CBDCs are intended for nationwide deployment, we administered our survey to a representative sample of 10,000 UK respondents via a Qualtrics panel.[6]

To maximize survey quality, we follow standard practice used by providers such as Qualtrics for surveys of our length. We offer respondents a $5 incentive and ensure that our sample of 10,000 respondents includes only those who pass an attention check and complete the survey in more than 180 seconds.[7]

3.1 Information Treatments

All treated groups receive the same initial information about the launch of the Digital Pound: *"The Bank of England is looking at the idea of a Digital Pound, the digital equivalent of physical cash. It would sit alongside cash and be backed by the Bank of England."* Since the concept of a Digital Pound may be difficult for the average respondent to grasp, we use screenshots from a pseudo account to make the experience as realistic as possible. This helps mitigate the risk that respondents provide answers that do not reflect their likely future behavior due to a lack of understanding of the context in which the question was asked. To ensure respondents understand the information provided, we ask

focuses on the role of privacy, while Georgarakos et al. (2025) shows that a short video explaining the key features of the digital euro increases willingness to adopt it. Similarly, Abramova et al. (2024) and Bijlsma et al. (2024) use surveys to explore attitudes toward a digital euro, but their studies lack a causal identification strategy.

[6] Administering surveys to a commercial panel of respondents is common in the finance and economic literature. See, for example, Bergman et al. (2020), Stantcheva (2023) and Gargano and Giacoletti (2025).

[7] The attention check question is: "To make sure you're paying attention, please select *Agree* for this question."

"On a scale from 1 to 5, was the information displayed clear to you?" after the information provision.

We design the information treatments to capture the most important trade-offs central banks face when designing CBDCs based on both the theoretical literature on the policy debate (see Auer et al. (2022) and Infante et al. (2024)).

Integrated v.s. non-integrated. These treatments are designed to capture the effect of having the Digital Pound integrated into a standard banking app (Treatment #1) versus having it as a separate digital wallet (Treatment #2), as one of the key issues around the adoption of CBDCs is whether consumers may be more amenable to use them if integrated into the banking Apps they are already familiar with.[8] This trade-off is central in the models by Niepelt (2024) and Barucci, Brachetta, and Marazzina (2025).

Respondents in the first group are prompted to imagine the Digital Pound as being *"added to your EXISTING BANK MOBILE App"*. In contrast, the second group is asked to imagine it as being *"launched with a NEW WALLET APP in addition to your existing banking and payment apps."* Both groups are then provided with information on how to i) transfer money to and from their existing bank accounts to the Digital Pound account and ii) use it for online or in-store purchases. The treatments differ slightly in the screenshots provided to reflect the integration of the Digital Pound in the first group's standard banking app, whereas the second group's screenshot shows a separate digital wallet. Figure 1 displays the full text and screenshots shown to respondents.

Interest vs No interest-bearing. These treatments are designed to capture the effect of having a CBDC that earns interest. From the point of view of consumers, this determines whether CBDCs serve solely as a means of payment or also as a store of value. It also has implications for the banking sector. When the central bank issues an interest-bearing CBDC, banks have to adjust the remuneration on their deposits; otherwise, deposit holders would convert them into the better-remunerated CBDCs. Therefore, bank deposits become a more expensive source of funds for banks (affecting banks negatively). This trade-off is central to theoretical models that examine the relationship between CB-

[8] From the point of view of central banks, a one-tier system fully operated by the central bank (a so-called direct CBDC, following Auer and Bohme (2020)) would imply a large shift of operational tasks (and costs) from the private to the public sector.

DCs and banking system stability (e.g., Chiu et al. (2023); Keister and Sanches (2023); Whited, Wu, and Xiao (2024)), social welfare (e.g., Agur, Ari, and Dell'Ariccia (2022); Williamson (2022b); Niepelt (2024)), and broader macroeconomic dynamics (e.g., Chiu and Davoodalhosseini (2023); Davoodalhosseini (2022)).

In Treatment #3, respondents are informed that the Digital Pound *"will serve as a means of payment and will also pay a monthly interest,"* while in Treatment #4, respondents are told that it *"will serve solely as a means of payment and will not pay interest."* The latter group is shown a screenshot from a pseudo app illustrating how the Digital Pound can be used for payments, while the former group is shown how the account would also earn interest. Figure 2 displays the full text and screenshots shown to respondents.

Privacy. These treatments are meant to capture the effect of highlighting different degrees of privacy. A fully anonymous CBDC design, analogous to cash, could have severe downsides, such as allowing illicit transactions, money laundering, and terrorism financing. Yet maintaining a complete record of transactions linked to users' identities presents its own challenges, such as making the central bank an attractive target for hackers. Furthermore, it could decrease consumers' willingness to use CBDC. This trade-off is featured in the models of Moro and Landi (2024) and Agur, Ari, and Dell'Ariccia (2022).

Treatment #5 states that CBDCs *"can provide more privacy than credit and debit card transactions because the details of your payments will only be visible to your bank or other intermediaries authorized by the Bank of England, and hence reducing the risk of your data being used for targeted advertising or sold to third parties."*. Treatment #6 states that CBDCs *"Unlike cash—which is largely untraceable and anonymous—transactions with Digital Pound could still be traced back to you by authorities if there is a fraud or potential crime. This would help protect you against fraud or allow the Police to track criminals."*. Figure 3 displays the full text and screenshots shown to respondents.

Trust. Since one likely barrier to adopting a CBDC could be the lack of trust or the fear of being hacked, we include a treatment meant to capture the effect of trust. In Treatment #7, respondents are

shown the following piece of information. *"You'd be assured that your Digital Pounds were safe, and there were any problems with your bank – for instance, if the bank experienced financial difficulties – you could quickly access your Digital Pounds with the support of The Bank of England.* Figure 4 displays the full text and screenshots shown to respondents.

Technology-enabled benefits vs. Policy-driven incentives. These treatments are inspired by the current debate in the UK and are designed to capture the effects of technology-enabled benefits (Treatment #8) and policy-driven incentives (Treatment #9) in the adoption of CBDCs.

Technology-enabled benefits refer to features that should attract consumers to CBDCs due to their reliance on blockchain technology. These factors should endogenously drive adoption by offering advantages unavailable in traditional payment systems. Respondents are shown two examples. The first highlights how one *"could send Digital Pounds easily and instantly to friends and contacts"* without *"the complexity of entering their bank account or other details"*. The second example describes how someone could *"could use the digital pound to pay for a large purchase like a car"* because CBDCs would have the *"added assurance that [someone's] money will only be released to the seller once the car's ownership is transferred at the DVLA."*

Policy-driven incentives, on the other hand, refer to government incentives designed to encourage adoption, which may be necessary to drive the usage of CBDCs. The examples illustrate how one *"could receive government payments (such as tax refunds, pensions, grants or student loans) instantly into your account."* and *"could make government payments"*. In the first case, the benefit is that *"Each transaction would also include full details of its purpose and how it was calculated, eliminating the need to search through emails, look online, or wait for the post."* In the second case *"payments made online with your Digital Pound account would be discounted."* Figure 5 displays the full text and screenshots shown to respondents.

3.2 Willingness to adopt and use of CBDC

In the second section of the survey (reported in the Appendix), we capture consumers' preferences for CBDCs as a payment method and storage of value. More specifically, we elicit i) willingness to adopt

CBDC, ii) preference for using the digital pound as a replacement for other payment methods, and iii) propensity to transfer funds from other accounts into a digital pound account.

Willingness to adopt. We elicit the willingness to adopt the digital pound by asking *"On a scale from 1 to 5, How willing are you to use the Digital Pound?"*. Since consumers' decisions might depend on the type of transaction, we also ask *"On a scale from 1 to 5, How willing are you to use the Digital Pound for these types of transactions?"*. The types of transactions are: Small everyday expenses, significant purchases, online purchases, high street shopping, bills, sending money to friends and family, and government payments and refunds.

Substitution between payments methods. To measure substitution effects between payment methods, we ask *"On a scale from 1 to 5, How willing are you to replace these payment methods with Digital Pound?"*. The options are: cash, debit cards, credit cards, mobile payments apps, online payment platforms, peer-to-peer payment apps, crypto, and stablecoins.

Propensity to transfer between accounts. Since one of the biggest concerns about the introduction of digital currency is the potential disintermediation of the banking system (Whited, Wu, and Xiao, 2024), we first ask *"Think about the funds you have in your bank accounts. From 0% (none) to 100% (all), what share would you be willing to transfer to a Digital Pound account?"*. Respondents have a slider to choose an integer between 0 and 100. We then repeat the same question for Cash (physical currency), cryptocurrency, digital wallets, online, and P2P payment platforms.

3.3 Demographic Characteristics

We elicit age, gender, highest level of education, monthly net income, and postcode of residence. To measure liquidity constraints, we follow existing literature (e.g., Stango and Zinman (2023)) and ask *"If you had an unexpected expense equivalent to one month's income, how would you handle it?"*. Finally, to measure spending habits, we ask *"Which form of payment do you use more often?"*[9], to

[9]Respondents can choose at most two between cash, credit card, debit card, bank trasfer, peer-to-peer, mobile payments apps and online payment platforms.

measure familiarity with digital technology and crypto currencies we ask *"On a scale from 1 to 5, How comfortable are you with digital technology?* and *"On a scale from 1 to 5, How knowledgeable are you about cryptocurrencies such as Bitcoin?"*. We use the same Likert scale to elicit trust in the UK Government, Central Bank, and Commercial Banks.

4 The Shift to the Digital Pound and the role of Demographics

In this Section, we examine respondents' willingness to adopt the digital pound and explore whether it varies by transaction type (Section 4.1). Next, we analyze potential substitution effects with existing payment methods and bank deposits (Sections 4.2 and 4.3). Third, we explore respondents' propensity to adopt the Digital Pound based on themes emerging from open-ended responses (Section 4.4). Finally, we assess the influence of demographic characteristics (Section 4.5). For all analyses, we focus exclusively on the *control group* to ensure that responses are not influenced by any information treatments.

4.1 Willingness to Adopt the Digital Pound

The top panel of Figure 6 displays the distribution of responses to the question *"On a scale from 1 to 5, how willing are you to use the Digital Pound?"* together with the average and the p-value of a test that the mean is equal to 3 (corresponding to a neutral stance). Given the ordinal nature of the data, we use a Wilcoxon rank-sum test to assess this hypothesis.

The distribution exhibits a substantial dispersion around its mean, reflecting considerable heterogeneity in preferences across respondents. Approximately one-third of respondents assign a score of either 1 (18%) or 2 (13%), indicating a low propensity to adopt the Digital Pound. Another 30% of respondents assign a score of 3, suggesting a neutral stance. Finally, nearly 40% assign a score of either 4 or 5. As a result, the overall average is 3.1, and we reject the null hypothesis that the mean is equal to 3 at the 5% significance level.

Respondents may find the Digital Pound more convenient for certain types of transactions, so we elicit their preferences across the following categories: *Small everyday expenses*, *Significant purchases*, *Online purchases*, *High street shopping*, *Bills*, *Send money to friends or family*, *Government payments*

and refunds. To reduce survey fatigue and avoid repeating similar questions, we use a Likert matrix in which the rows correspond to the payment categories listed above. The header reads: *"On a scale from 1 to 5, how willing are you to use the Digital Pound for these types of transactions? Consider each transaction type carefully and rate them individually based on your actual willingness to use the Digital Pound for each."*

The bottom panel of Figure 6 displays the average response and 95% confidence interval for each transaction type. For readability, we sort the labels on the x-axis in decreasing order of the average responses. The results indicate substantial heterogeneity in preferences. Respondents are most willing to use the Digital Pound for *Online purchases* and *Small everyday expenses*, with average scores of 3.34 and 3.11, which are significantly different from 3 at the 1% significance level (denoted by three stars in the figure). At the end of the spectrum, respondents show little enthusiasm to use the Digital Pound for *Significant purchases*. The average response is 2.90, significantly different from 3 at the 5% level. For the remaining categories—*Bills*, *Send money to friends or family*, *Government payments and refunds*, and *High street shopping*—the average responses are statistically indistinguishable from 3, indicating a neutral stance.

4.2 Replacing Existing Payment Methods with the Digital Pound

Adopting the Digital Pound will likely require consumers to at least partially abandon existing payment methods. However, this shift is only likely if the perceived benefits of the Digital Pound outweigh the associated switching costs. Some of these costs are specific to particular payment methods. For example, replacing credit cards with the Digital Pound would mean giving up features such as cashback, rewards programs, and the ability to defer payments. More broadly, even payment methods that consumers view as close substitutes—such as mobile wallets or online payment platforms—may involve switching frictions. These could stem from limited Digital Pound adoption within a user's network or from the inconvenience of reconfiguring recurring transactions, such as bill autopay, which are already integrated into existing systems.

To understand how consumers might balance this trade-off, we elicit their willingness to replace existing payment methods with the Digital Pound. We use a Likert matrix in which the rows correspond

to various payment methods[10] and the column header reads: *" On a scale from 1 to 5, how willing are you to replace these payment methods with Digital Pound? Consider each payment method carefully and rate them individually based on your actual willingness to use the Digital Pound for each."*

The left plot of Figure 7 displays the fraction of respondents selecting each of the five possible answers for Cash, Debit Cards, Credit Cards, and Crypto. Consumers display little propensity to replace these payment methods. Especially for cash and crypto, we find that close to 35% of respondents choose Option 1 (i.e, Not Willing at All). The corresponding value for debit and credit is 30%. These values correspond to the *mode* of the distributions—the most selected ones. The distributions also present a significant mass at 3 (the second most selected option), while only between 20% or less of respondents respond that they are very willing to replace these payment methods with the Digital Pound.

Reluctance to replace credit cards is unsurprising, as switching would mean giving up benefits such as rewards and deferred payments. Similarly, resistance to replacing cash may reflect privacy concerns. More unexpectedly, the low willingness to switch away from debit cards—despite their limited advantages—is harder to explain. This may reflect familiarity with the interface and usage flow, or simple inertia in changing well-established financial routines. Finally, the limited substitutability of crypto suggests that respondents primarily view it as an investment vehicle rather than a transactional tool.

The right plot of Figure 7 displays the results for Mobile Payment Apps, Online Payment Platforms, and Peer-to-Peer Payment Apps—methods that consumers might view as close substitutes for the Digital Pound due to their digital interface and ease of use. As expected, these distributions are more favorable compared to traditional payment methods. The modal response shifts from Option 1 to Option 3, and the share of respondents expressing high willingness (Options 4 or 5) is somewhat larger. However, a sizable fraction still selects Option 1, indicating that nearly one in four respondents is unwilling to abandon even these technologically similar platforms. This suggests that familiarity, established user routines, and perceived convenience remain strong anchors, even in a space already dominated by digital tools. Furthermore, the relatively low selection of Option 5 across all three

[10] *Cash*, *Debit Cards*, *Credit Cards*, *Mobile Payment Apps (e.g., Apple and Google Pay)*, *Online Payment Platforms (e.g., PayPal, Stripe)*, *Peer-to-Peer Payment Apps (e.g., Revolut, Monzo)*, and *Crypto and Stablecoins.*

categories implies that most users remain cautious about the additional value the Digital Pound would provide.

Taken together, the results from both panels suggest that, without clear functional benefits and targeted consumer education, users may be hesitant to switch from familiar systems, highlighting that switching costs remain a substantial barrier to widespread adoption of the Digital Pound.

4.3 Transferring Funds from Bank Accounts to the Digital Pound

One of the most debated aspects of introducing Central Bank Digital Currencies (CBDCs) is the potential disintermediation of the traditional banking system (Whited, Wu, and Xiao, 2024). This concern arises from the possibility that consumers might shift deposits from commercial bank accounts to CBDC accounts, which are liabilities of the central bank and sit directly on its balance sheet. Since consumer deposits are a crucial source of funding for banks, a decline in deposits could lead to a reduction in credit provision. To assess this risk, we ask respondents: *"Think about the funds you have in your current and savings accounts. From 0% (none) to 100% (all), what share would you be willing to transfer to a Digital Pound account?"* Participants indicate their response using a slider on a continuous scale from 0% to 100%.

Figure 8 depicts the distribution of responses in a histogram with 5%-width bins. More than 25% of respondents would transfer economically negligible amounts (i.e., between 0% and 5%) of their bank funds into a Digital Pound account. This is, by far, the bin with the highest response rate. To put this number into perspective, the second most popular bin is the 50%-55% range, representing 10% of responses. The remaining respondents exhibit considerable heterogeneity in preferences. While approximately 50% of respondents would transfer an amount ranging between 5% and 50%, a non-negligible share (20%) would transfer more than half of their funds (i.e., between 51% and 100%). These findings align with earlier results on respondents' stated propensity to adopt the Digital Pound for payments and suggest that frictions and switching costs may also impede reallocation of funds across accounts.

4.4 Additional Evidence from Open-Ended Questions

Following the approach of Stantcheva (2023), Haaland, Roth, and Wohlfart (2025), Bergman et al. (2020), we complement our baseline survey results using responses to two open-ended questions. This qualitative strategy is designed to capture respondents' motivations and concerns regarding the adoption of the Digital Pound, free from the framing effects imposed by the survey's multiple-choice format. Accordingly, we place these open-ended questions at the beginning of the survey.

The first question asks: "*What factors would make you use the Digital Pound in your daily life?*" The second asks: "*What factors would deter you from using the Digital Pound in your daily life?*" We process the raw text of the responses by standardizing their formatting—converting to lowercase, removing punctuation, and normalizing quotation marks—and then implementing a keyword-based classification approach to identify recurring themes. Using curated dictionaries of semantically related terms, we categorize responses into topics such as *Ease of use*, *Specific purchases*, *Security & trust*, *Don't know*, *Cash substitute*, *Speed*, *Wide acceptance*, *Need more information*, *Incentives*, *Privacy*, and an explicit rejection category labeled *Won't use*.[11] Each open response may be matched to multiple topics, and we calculate category frequencies based on the total number of respondents.

Panel (a) of Figure 9 summarizes the most common responses to the first question. The most frequently cited reason for adopting the Digital Pound is *ease of use*, mentioned by 31.3% of respondents. This suggests that convenience is viewed as the primary value proposition of a CBDC. The second most frequently mentioned topic is *specific purchases* (17.3%), indicating that respondents are primarily interested in using the Digital Pound for particular types of transactions. This aligns with the bottom panel of Figure 6, which shows a clear preference for using the Digital Pound in online and low-value transactions, rather than for in-person or high-street purchases. A notable 15.5% of respondents explicitly state that they *won't use* the Digital Pound, regardless of its features—indicating a segment with strong prior opposition—and consistent with our findings in the top panel of Figure 6, where we find that 17.7% of the respondents are "Not Willing at all" to adopt the Digital Pound.

Interestingly, 12.5% of respondents report that they *don't know* what would motivate them to adopt the Digital Pound, highlighting a degree of uncertainty or unfamiliarity. Additional motivations

[11] For example, *Ease of use* includes keywords such as easy, ease, easier, convenience, convenient, accessibility, integration, friendly, seamless, phone, simpler, flexibility.

include the potential for the Digital Pound to serve as a *cash substitute* (10.8%), to increase *speed* of payments (9.1%), or to benefit from *wide acceptance* (8.7%). The remaining topics have a frequency of less than 3%.

Panel (b) of Figure 9 presents the results for the second question, which focuses on the barriers to adoption, using a procedure similar to the one described above.[12] The leading concern, cited by 36.6% of respondents, is *security and trust*—underscoring that while trust can motivate adoption, its absence is also the most prominent barrier. This dual role of trust has been well documented in the literature on digital finance and underscores its centrality to the adoption of new financial technologies.

Other significant deterrents include *technical issues* (22.1%), which encompass both concerns about system malfunctions and apprehension among respondents who feel they may lack the digital literacy required to use a CBDC effectively. This emphasis on *technical issues* as a key deterrent mirrors the prominence of *ease of use* among the top motivations for adoption, as shown in Panel (a), suggesting that the same themes that attract some respondents—convenience, usability, and trust—also emerge as barriers for others when absent. This sense of unease is further reflected in the 15.2% of respondents who express a *preference for cash*, highlighting not only distrust in digital systems but also a continued attachment to physical currency.

As in Panel (a), we find some extreme views—most notably, a significant share of respondents (8.8%) who report seeing no barriers to adopting the Digital Pound and are categorized under the topic *None*. In addition, a considerable fraction (8.1%) expresses uncertainty or lack of clarity and falls into the category *Don't Know*.

4.5 The Role of Demographics

As discussed in section 4.1, there is a substantial heterogeneity in preferences across respondents. In this section, we investigate the extent to which demographics can explain this variation. Prior research suggests that variables such as age, gender, and income are significant predictors of the adoption of digital payments (Crouzet et al., 2024 and Agarwal et al., 2024). Understanding these patterns is also important from a policy perspective, as it may help identify which demographic groups are more

[12]The categories we construct are *Security & trust*, *Technical issues*, *Preference for cash*, *Don't know*, *Privacy*, *Lack of acceptance*, *Won't use*, *Lack of info*, and *None*—the latter capturing comments from respondents who explicitly state that they see no barriers to adopting the Digital Pound.

reluctant—or more receptive—to using the Digital Pound, and inform the design of targeted outreach and education efforts.

Our empirical specification regresses individuals' willingness to adopt the Digital Pound on their demographic characteristics. Specifically, we estimate cross-sectional regressions of the following form:

$$Willingness_to_Adopt_i = \sum_{k=1}^{K} \mathbb{1}_{\{X_{i,k}=1\}} + \epsilon_i, \tag{1}$$

where $Willingness_to_Adopt_i$ is respondent i's answer to the question *"On a scale from 1 to 5, how willing are you to use the Digital Pound?"* The term $\mathbb{1}_{\{X_{i,k}=1\}}$ is an indicator variable equal to 1 if individual i belongs to demographic group k, with K denoting the total number of mutually exclusive groups for a given characteristic. We estimate these regressions separately for each demographic dimension, including: (1) age, (2) gender, (3) education, (4) income, (5) trust in government, central banks, and commercial banks, and (6) knowledge of technology and cryptocurrencies. Each regression is estimated without a constant, so that the coefficient on each indicator represents the average willingness-to-adopt score for respondents in the corresponding group. We display the results in Figure 10.

Starting with Subfigure (a), we find a strong, non-monotonic relationship between age and willingness to adopt the Digital Pound. Willingness peaks among respondents aged 33 to 37, with an average score of 3.8. The average declines steadily among younger individuals, reaching 3.4 for those aged 18 to 22. At the other end of the distribution, willingness also falls among older respondents, with those over 68 reporting an average score of 2.3. In all cases, the estimates are precise, as indicated by the narrow 95% confidence intervals, which reveal statistically significant differences in average willingness across age groups.

These results offer several economic insights. First, the inverse-U pattern in adoption is consistent with lifecycle behavior: individuals in their 30s may be both financially active and technologically capable, making them most open to adopting a new payment system. Second, although younger respondents are digital natives, their lower willingness may reflect limited financial activity or a lack of perceived benefit from switching, highlighting that digital familiarity does not guarantee uptake. Third, the decline among older individuals likely reflects switching costs, risk aversion, or lower trust

in digital innovations—factors commonly associated with financial behavior later in life.

Subfigure (b) focuses on gender and shows that male respondents are significantly more inclined to adopt the Digital Pound, with an average score of 3.25 compared to 3.01 for females. This difference is statistically significant and aligns with findings in the FinTech literature, which consistently show that men are more likely to engage with new technologies in the personal finance space.

Subfigure (c) examines the relationship between education and willingness to adopt the Digital Pound. The results show a clear, positive association: individuals with higher levels of education are significantly more likely to adopt the Digital Pound. Respondents with only a high school education report an average willingness score of approximately 2.75. This increases to 3.2 for those with a bachelor's degree and 3.9 for those holding a master's degree. Interestingly, individuals with postgraduate degrees display a similar level of willingness as those with a master's degree, suggesting a potential plateau at higher education levels. These findings are consistent with the notion that education enhances familiarity with digital technologies and financial tools, making more educated individuals more receptive to innovations like central bank digital currencies.

Subfigure (d) focuses on respondents' income and reveals a strong, monotonic relationship between income and willingness to adopt the Digital Pound. As net monthly income rises from below £1,000 to above £15,000, the average response increases from 2.6 to 4.2. This pattern suggests that higher-income individuals may perceive greater benefits from adopting the Digital Pound, possibly due to the need to manage a larger volume or a more complex set of transactions.

Subfigures (d) and (e) examine the correlation between trust in institutions, knowledge of emerging technologies, and the willingness to adopt the Digital Pound. In Subfigure (d), willingness increases markedly with greater trust in government, central banks, and commercial banks. The relationship is similar across all three institutions, with average scores ranging from roughly 2.5 among those with very low trust to about 4 among those with very high trust. This suggests that institutional credibility plays a central role in shaping public openness to new forms of money.

Subfigure (f) reveals even stronger patterns for self-reported knowledge of technology and cryptocurrencies. Respondents with very low tech knowledge report average scores as low as 1.75, compared to nearly 3.9 among the most knowledgeable. A similar but narrower range appears for crypto knowl-

edge, with average scores increasing from 2.7 to 4.4. Together, these results underscore that familiarity with digital tools is a key driver of adoption intent.

From a policy perspective, these findings highlight two complementary levers: enhancing institutional trust and promoting digital literacy. Both may be necessary to broaden acceptance of a central bank digital currency among currently skeptical segments of the population.

Taken together, these results reveal that middle-aged, higher-income, more educated, and male respondents exhibit significantly greater willingness to adopt the Digital Pound, as do individuals who trust financial institutions and feel knowledgeable about technology and cryptocurrencies. While some characteristics—such as age or gender—are less responsive to policy, others offer clear targets for intervention. Policies aimed at building institutional credibility and improving financial and technological literacy may be especially effective in expanding the potential user base and ensuring widespread access to CBDCs.

5 The Causal Effect of CBDCs Design on Consumers' Adoption

This section examines how specific design features of a Central Bank Digital Currency (CBDC)—in this case, the Digital Pound—causally influence consumers' willingness to adopt it. We begin by evaluating the random assignment of treatment across respondents (Section 5.1) and examining the Average Treatment Effects—that is, how different design features of the Digital Pound affect respondents' willingness to adopt it (Section 5.2). Section 5.3 compares these revealed preferences to respondents' stated views on which CBDC features they consider important. Finally, we explore how treatment effects vary across demographic groups by presenting Conditional Average Treatment Effects (Section 5.4).

5.1 Evaluating Random Assignment

Random assignment of respondents across the treatment and control groups is crucial to establishing causality. We verify this in two steps. First, a Pearson $\chi^2(9)$ test comparing the distribution of respondents across treatment arms yields a p-value of 0.734, indicating no significant deviation from random assignment.

Second, we conduct a series of balancing tests by regressing indicator variables for demographic categories on dummies for each treatment group. Specifically, we estimate the following regression for each demographic dimension (Age, Gender, Education, and Income):

$$\mathbb{1}_{\{Demo_{i,k}\}} = \alpha + \sum_{n=1}^{9} \beta_n \ \mathbb{1}_{\{Info_Treat_{i,n}\}} + \epsilon_i \tag{2}$$

where $\mathbb{1}_{\{Demo_{i,k}\}}$ equals 1 if individual i belongs to demographic group k, and $\mathbb{1}_{\{Info_Treat_{i,n}\}}$ indicates assignment to treatment n. The coefficients β_n capture deviations in the share of demographic group k in treatment n relative to the control group. Figure 11 reports the estimated β coefficients for each demographic characteristic across treatment groups.

Figure 11 summarizes the results. Most coefficients are small and statistically insignificant, with no consistent patterns across treatments. Panel (a) shows a few marginal differences by age; Panels (b), (c), and (d)—covering income, education, and gender—also show limited significance. Overall, in virtually all cases, the number of significant coefficients is smaller than what would be expected by chance alone (i.e., 5% of the coefficients at the 5% level), confirming that treatment assignment was effectively random.

5.2 Average Treatment Effects

Panel (a) of Figure 12 shows the average response and 95% confidence interval for each treatment arm regarding respondents' willingness to adopt the Digital Pound. The horizontal dotted red line indicates the average response in the control group. We assess the statistical significance of differences between each treatment arm and the control group using the Wilcoxon rank-sum test; these differences represent Average Treatment Effects (ATEs) due to the randomized assignment of treatments.

Treatments #3 (highlighting how the Digital Pound would serve as a means of payment and would also pay a monthly interest) and #9 (showing examples of government incentives designed to encourage adoption) display the largest positive effect on respondents—in line with Li (2023) and Barucci, Brachetta, and Marazzina (2025). More specifically, the averages for the two treatments are 3.29 and 3.28, respectively, both significant at the 1% level. The two treatments complementing them, i.e., Treatment #4 (highlighting how the Digital Pound will not pay interest) and Treatment #8 (the

technology-enabled benefits), display averages not statistically different from the control group. The stark difference between Treatments #3 and #4 underscores the significance of the interest-bearing feature in influencing adoption intent. Similarly, the contrast between Treatments #8 and #9 suggests that technology alone may not be compelling to consumers unless accompanied by tangible government incentives. Together, these results highlight the importance of both financial and policy-driven motivators in driving the adoption of CBDCs. Treatment #5, highlighting the privacy benefits of the Digital Pound relative to credit and debit cards, is the third most effective in affecting respondents' preferences. Respondents assigned to this treatment group display an average of 3.21, significant at the 10% level. The complementary Treatment #6, highlighting the relatively lower privacy of the Digital Pound relative to cash, displays a distribution with an average of 3.13, not statistically different from the control group. While the contrast between Treatments 5 and 6 suggests that privacy framing can influence attitudes toward adoption, the overall effects are more modest than those observed for interest-bearing features and government incentives.

The treatments describing the design of the Digital Pound integrated into a standard banking app (Treatment #1) versus having it as a separate digital wallet (Treatment #2) display no meaningful effect on respondents, which somewhat contrasts the findings in Li (2023), where integration with other bank services is the fourth most important factor for CBDC adoption. The average response for both treatment arms is 3.13, which is not distinguishable from that of the control group. This indifference between integration and separation is noteworthy from a design perspective: while consumers seem unconcerned about the delivery channel, a standalone wallet—being significantly easier to implement without relying on the cooperation of commercial banks—offers a technically simpler deployment path that may reduce development and coordination costs without sacrificing user interest.

Finally, Treatment #7, which emphasizes the safety of the Digital Pound due to its backing by the Bank of England, has no statistically significant effect relative to the control group. A likely explanation is that, as shown in Appendix Figure A.1, respondents already report a high level of trust in the central bank.

Overall, the results in this section indicate that not all design aspects currently discussed in policy debates and the academic literature carry equal weight in shaping public adoption intent.

Financial incentives—such as interest payments and government rewards—have the strongest effects. In contrast, technological features and delivery formats have little impact, and privacy framing has only a modest influence. Messaging around the safety and trustworthiness of the Central Bank is largely ineffective, likely due to already high trust in the Bank of England.

5.3 Stated vs. Revealed Preferences

While the previous section demonstrated that only a few design features—most notably interest payments and government incentives—meaningfully shift adoption intent, one might ask whether these effects simply reflect how the information was framed. An alternative approach would be to ask individuals directly which features they deem important. We implement this within the control group, where respondents, unprimed by any information treatment, rated the importance of five commonly discussed attributes: integration, interest-bearing capacity, privacy, security, and ease of use.

The results, reported in Figure 13, show that respondents rate all five features as highly important, with average scores ranging from 3.8 to 4.5. This uniformity reflects a well-known limitation of stated preferences: when asked in the abstract and without trade-offs, individuals tend to endorse most positively framed attributes. Concepts like "security" and "privacy" are normatively appealing, but respondents may lack a clear sense of how they apply in the context of the Digital Pound.

The revealed preferences results in Figure 13 contrast sharply with the more selective responses elicited by our randomized treatments. For example, although privacy receives high importance scores in the control group, the corresponding information treatments (e.g., Treatments #5 and #6) produce only modest or insignificant effects. Similarly, respondents indicate strong support for integration and ease of use, but treatments targeting delivery format (Treatments #1 and #2) show no measurable impact. This divergence highlights the value of revealed preference elicitation: when faced with stylized but concrete scenarios, respondents react more selectively, revealing which features are truly salient in shaping adoption intent.

A potential concern is that the muted effects of some treatments could reflect limited respondent comprehension rather than genuine indifference. However, Panel (b) of Figure 12 shows that self-assessed comprehension scores are uniformly high across all treatment arms: the vast majority of

respondents rated their understanding as 4 or 5 on a 5-point scale, while fewer than 10% selected 1 or 2. This pattern indicates that respondents generally understood the information they received, supporting the interpretation that variation in adoption intent reflects substantive reactions to the content rather than confusion or misinterpretation.

Taken together, these findings underscore the limitations of relying on direct attitudinal questions when forecasting consumers' adoption behavior. While stated importance measures are useful for mapping general sentiment, they do not substitute for behavioral elicitation. For policymakers, this distinction is critical: adoption decisions are shaped not by abstract preferences but by how individuals perceive and respond to specific design choices in context.

5.4 Conditional Average Treatment Effects

As discussed in Section 4, preferences for adopting the Digital Pound vary widely and are strongly correlated with respondents' demographic characteristics. This raises the question of whether individuals who are *ex-ante* more or less likely to adopt the Digital Pound—based on their demographics—also differ in their responsiveness to its specific design features. One possibility is that individuals at the extremes—those with the highest or lowest likelihood of adoption—exhibit lower sensitivity to design, as their decisions are more fixed. Alternatively, the response may be asymmetric, with more skeptical individuals becoming receptive under particular design conditions.

Analyzing Conditional Average Treatment Effects is also important from a policy perspective, as it helps identify how the Digital Pound's design can be tailored to promote broader adoption. If individuals who are initially less willing to adopt—such as older respondents with lower levels of education and income, as shown in Section 4—are also more responsive to specific design features, then thoughtful design choices can play a key role in boosting uptake and reducing digital exclusion. Conversely, if those at the extremes are relatively unresponsive, policymakers may achieve greater impact by focusing outreach and efforts on more persuadable individuals in the middle of the adoption spectrum.

To address this question, we follow a standard approach used in the literature when conditioning on a large set of variables.[13] First, we estimate each respondent's ex-ante willingness to adopt the

[13] In our case, we have nine treatments and nine possible conditioning variables, resulting in 81 potential combinations.

Digital Pound based on their demographic characteristics. This is done using the fitted values from specification in Equation (1), which includes Age, Gender, Education, Income, Trust in the UK Government, Central Bank, and Commercial Banks, as well as Knowledge of Crypto and Technology. We then split respondents into two groups—above and below the median fitted value—and estimate the following regression separately for each treatment versus the control group:[14]

$$\begin{aligned} Willingness_to_Adopt_i = &\beta_1 \mathbb{1}_{\{Low_i\}} + \beta_2 \mathbb{1}_{\{High_i\}} + \\ &\gamma_1 \Big(\mathbb{1}_{\{Low_i\}} \times \mathbb{1}_{\{Treated_i\}} \Big) + \Big(\gamma_2 \mathbb{1}_{\{High_i\}} \times \mathbb{1}_{\{Treated_i\}} \Big) + \epsilon_i, \end{aligned} \tag{3}$$

where $Willingness_to_Adopt_i$ is respondent i's answer to the question *"On a scale from 1 to 5, how willing are you to use the Digital Pound?"* The indicators $\mathbb{1}_{\{Low\}}$ and $\mathbb{1}_{\{High\}}$ equal one if individual i's predicted willingness to adopt the Digital Pound falls below or above the median fitted value, respectively. The variable $\mathbb{1}_{\{Treated\}}$ equals one if the respondent was assigned to a treatment group and zero otherwise.

Because the model omits an intercept, the coefficients β_1 and β_2 represent the average willingness scores for control group members with low and high predicted willingness, respectively. The coefficients γ_1 and γ_2 capture the Conditional Average Treatment Effects (CATEs)—that is, the average difference in willingness between treated and control respondents within the low and high ex-ante propensity groups, respectively. These effects are identified by the randomized assignment to treatment.

The results are reported in Table 1. By construction, estimates of the $\mathbb{1}_{\{High_i\}}$ dummy are higher than those for $\mathbb{1}_{\{Low_i\}}$ across all specifications.[15] The coefficients on the interaction terms indicate that Treatments #3 (emphasizing both payment functionality and monthly interest), #5 (highlighting privacy advantages over credit and debit cards), and #9 (presenting government incentives to encourage adoption) generate the largest positive effects on willingness to adopt the Digital Pound. These are also the treatments with the largest Conditional Average Treatment Effects (CATEs).

[14] We use the median split to preserve statistical power, since each regression compares approximately 1,000 respondents in the control group with 1,000 in the treatment group. Subdividing further into terciles or quintiles would reduce power considerably.

[15] Please note that these estimates represent the average scores of individuals in the control group with high and low propensity. The estimates vary slightly across specifications because, although the control group remains the same, the classification into high and low propensity groups is influenced by the distribution of the fitted values in the treated group (which varies across specifications).

More specifically, for Treatment #3, we observe a 8.2% increase in willingness among individuals with low ex-ante propensity (0.204/2.486), compared to a 3.4% increase among those with high propensity (0.131/3.807). Treatment #5 yields a 7.3% increase for low-propensity individuals (0.182/2.477), while the effect for high-propensity individuals is economically negligible (0.66%=0.025/3.793) and statistically insignificant. Treatment #9 also produces a stronger effect among low-propensity respondents (6.1%) relative to high-propensity ones (3.3%), although the difference is more modest.

Interestingly, for Treatment #8—which highlights the technology-enabled benefits of the Digital Pound—we detect no significant average treatment effect (ATE) overall. However, the CATE analysis reveals a meaningful increase in willingness to adopt (6.1%) among individuals with low ex-ante propensity, suggesting that tailored messaging about technological features may resonate more with initially skeptical users.

6 Conclusions

The introduction of Retail Central Bank Digital Currencies (CBDCs) has sparked debate about their potential benefits and risks, particularly for financial stability and the banking system. These effects are not intrinsic to CBDCs but hinge on key design choices—such as integration with existing banking apps, privacy guarantees, and interest-bearing functionality. Despite the importance of these features, evidence on how they influence consumer adoption remains scarce. This paper provides new insight through a large-scale experiment testing how specific design elements affect individuals' willingness to adopt the Digital Pound.

Drawing on a nationally representative survey of 10,000 UK adults, we find that baseline adoption intent for the Digital Pound is modest and highly heterogeneous across demographic groups and intended use cases. Although consumers show some openness to using the Digital Pound for everyday, low-stakes transactions, they remain reluctant to substitute it for existing payment methods, particularly cash, credit cards, and debit cards.

We use a randomized information treatment design to isolate the causal effects of specific features on adoption intent. Our findings reveal that financial incentives—namely, interest-bearing accounts and government incentives—significantly increase willingness to adopt. In contrast, treatments em-

phasizing technological integration, safety, or privacy yield modest or no effects.

We also document meaningful heterogeneity in treatment effects. Respondents with low baseline willingness to adopt are more responsive to features that directly address their concerns or offer tangible benefits, such as privacy protections and financial incentives.

Our results offer several implications for central banks and policymakers. First, CBDC adoption is not guaranteed by functionality alone—users do not yet perceive clear, salient advantages over the existing payment methods. Second, financial incentives and trust-enhancing features can meaningfully shape adoption intent, particularly among the most hesitant segments of the population.

Our findings also offer valuable calibration inputs for theoretical models of CBDCs, whose predictions often hinge on assumptions about adoption rates and substitution patterns. By documenting how specific design features shape adoption rates, our results help ground these assumptions in empirical evidence.

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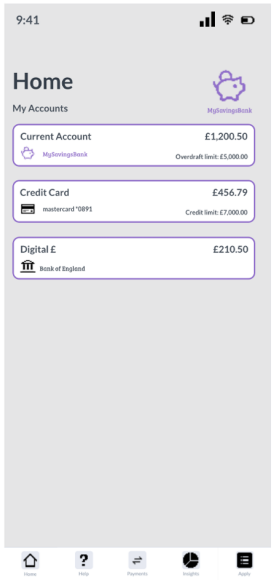
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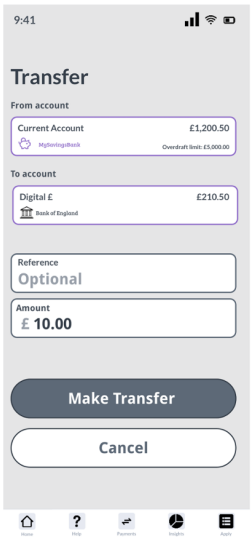
The Bank of England is looking at the idea of a **Digital Pound**, the **digital equivalent of physical cash**. It would sit **alongside cash** and be **backed by the Bank of England**.

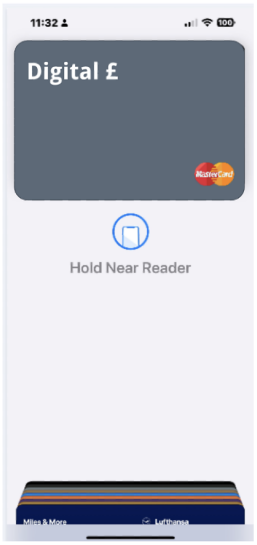
Imagine it was **added to your EXISTING BANK MOBILE App**. The example below has three accounts, two of which are traditional (a current account and a credit card) and the third is the new Digital Pound account.



You'd be able to **transfer money to and from your existing bank accounts to your new Digital Pound account instantly**, the same way you move money between accounts today.

You'd be able to **spend your Digital Pounds** on the high street and online as well as send them to friends and family. The example below shows how you could spend your Digital Pounds using your phone, making contactless payments — the same way you do today.





(a) Info Treatment #1: Integrated

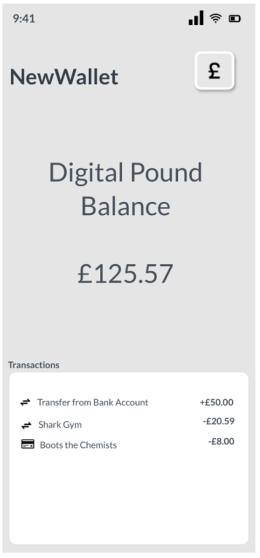
The Bank of England is looking at the idea of a **Digital Pound**, the **digital equivalent of physical cash**. It would sit **alongside cash** and be **backed by the Bank of England**.

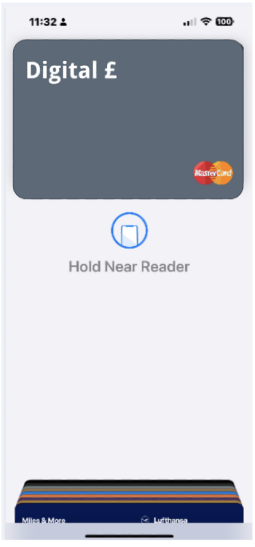
Imagine it was launched **with a NEW WALLET APP** in addition to your existing banking and payment apps.



You'd be able to **transfer money to and from your existing bank account to your new Digital Pound Wallet**, the same you move money between traditional bank accounts.

You'd be able to **spend your Digital Pounds** on the high street and online, as well as send them to friends and family. The example below shows how you could spend your Digital Pounds using your phone, making contactless payments — the same way you do today.





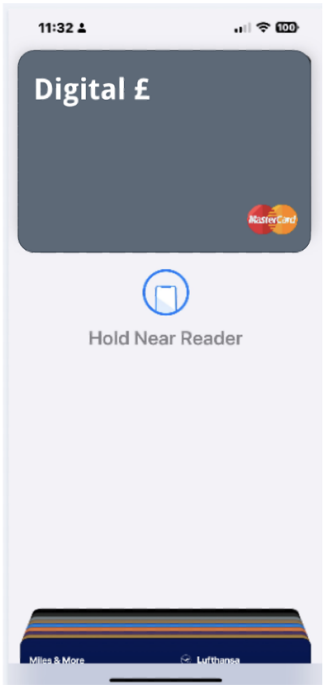
(b) Info Treatment #2: Non-Integrated

Figure 1: This figure shows the text and images displayed to Treatment #1 and Treatment #2.

The Bank of England is looking at the idea of a **Digital Pound**, the **digital equivalent of physical cash**. It would sit **alongside cash** and be **backed by the Bank of England**.

The Digital Pound will serve **solely as a means of payment** and will **not pay interest**.

You'd be able to **spend your Digital Pounds** on the high street and online as well as send them to friends and family. The example below shows how you could spend your Digital Pounds using your phone making contactless payments — the same way you do today.

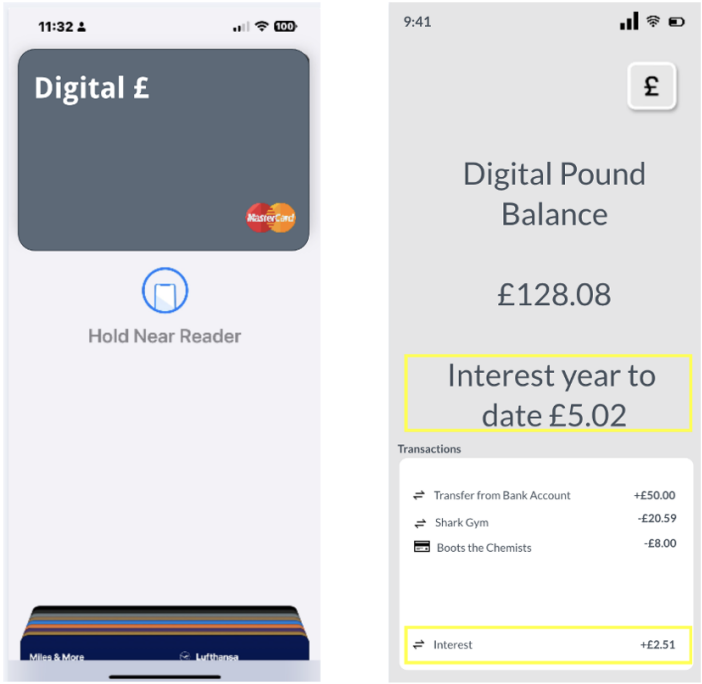


(a) Info Treatment #3: Interest-bearing

The Bank of England is looking at the idea of a **Digital Pound**, the **digital equivalent of physical cash**. It would sit **alongside cash** and be **backed by the Bank of England**.

The Digital Pound will serve **as a means of payment** and will **also pay a monthly interest.**

The example below shows how you could **spend your Digital Pound** using your phone making contactless payments (the same way you do today) and how the Digital Pound account will pay interest.



(b) Info Treatment #4: No-interest bearing

Figure 2: This figure shows the text and images displayed to Treatment #3 and Treatment #4.

The Bank of England is looking at the idea of a **Digital Pound**, the **digital equivalent of physical cash.** It would sit **alongside cash** and be **backed by the Bank of England.**

The Digital Pound can provide **more privacy than credit and debit card transactions** because the details of your payments will only be visible to your bank or other intermediaries authorised by the Bank of England, and hence **reducing the risk** of your data being used for targeted advertising or sold to third parties.

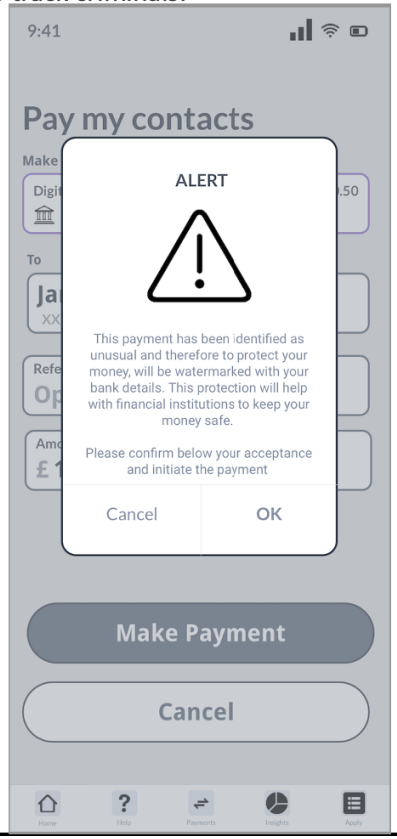
Imagine you could make purchases, such as buying a morning coffee, with a digital pound, without having to reveal any of your personal details.



(a) Info Treatment #5: Privacy

The Bank of England is looking at the idea of a **Digital Pound**, the **digital equivalent of physical cash.** It would sit **alongside cash** and be **backed by the Bank of England.**

Unlike cash—which is largely untraceable and anonymous—**transactions with Digital Pound could still be traced back to you by authorities** if there is a fraud or potential crime. This would help protect you against fraud or allow the Police to track criminals.

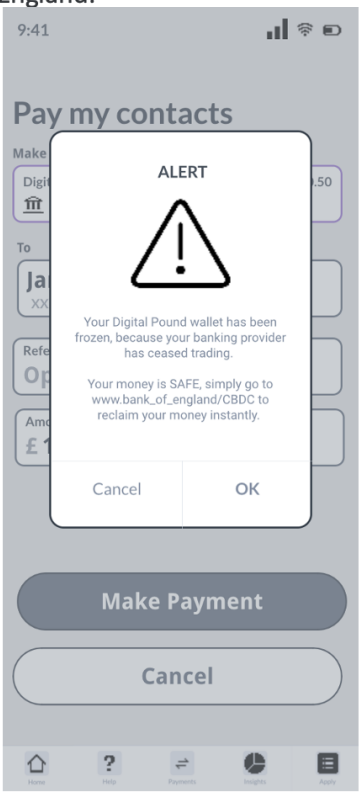


(b) Info Treatment #6: Privacy

Figure 3: This figure shows the text and images displayed to Treatment #5 and Treatment #6.

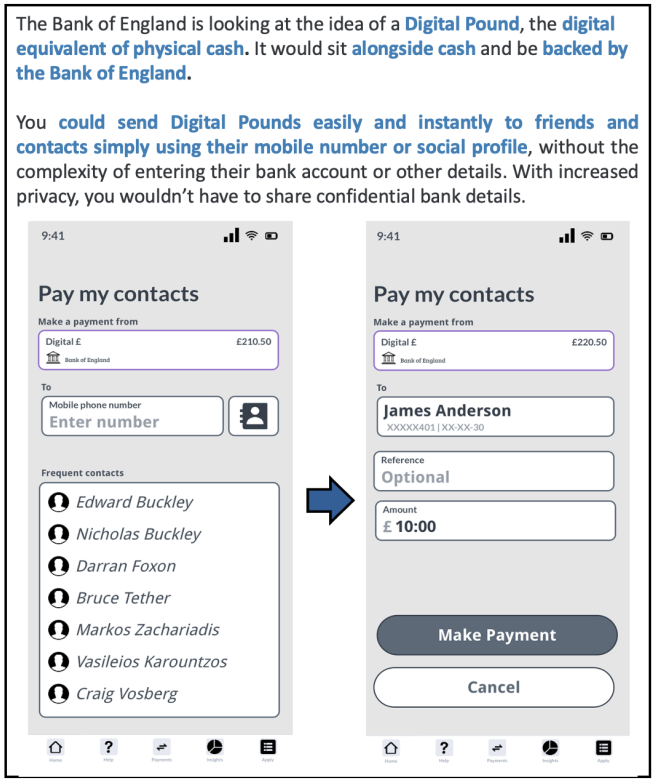
The Bank of England is looking at the idea of a **Digital Pound**, the **digital equivalent of physical cash**. It would sit **alongside cash** and be **backed by the Bank of England**.

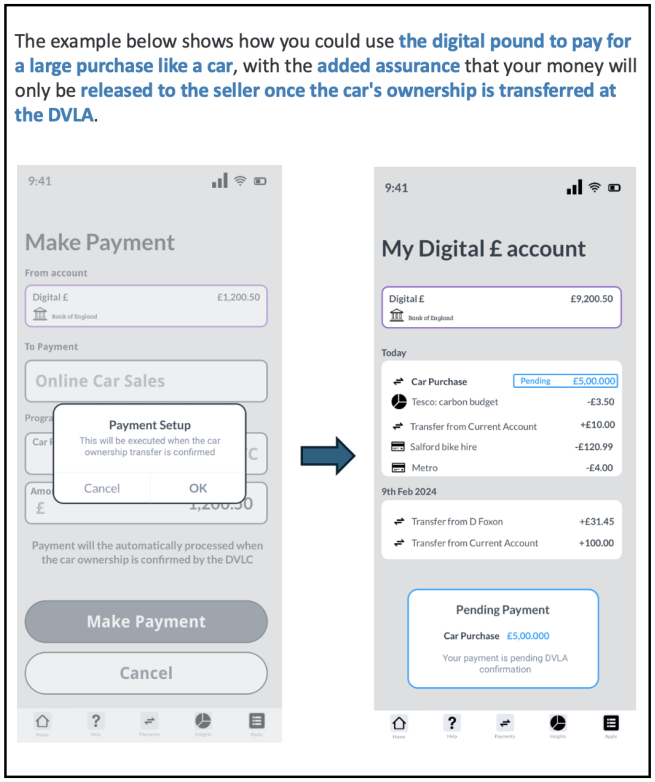
You'd be **assured** that your **Digital Pounds were safe**, and there were **any problems with your bank** — for instance if the bank experienced financial difficulties — **you could quickly access your Digital Pounds** with the support of The Bank of England.



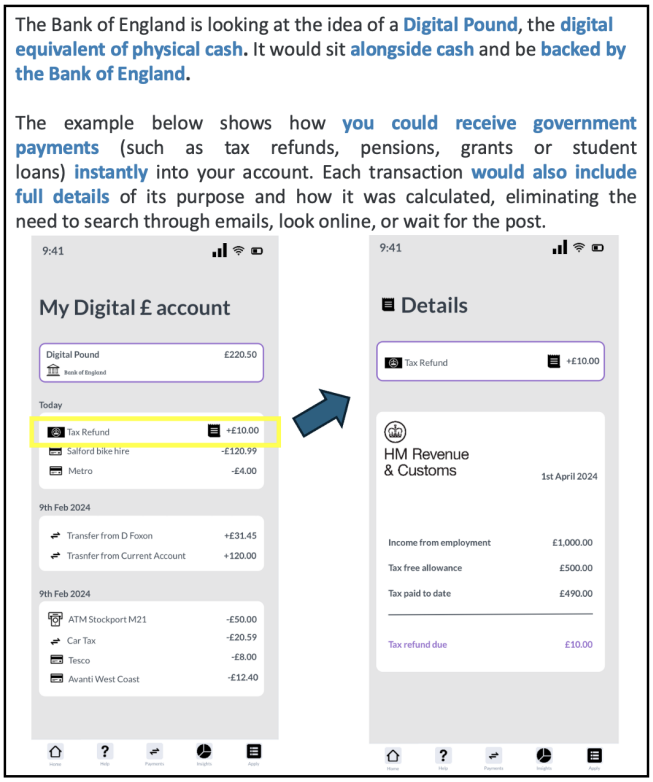
(a) Info Treatment #7: Trust

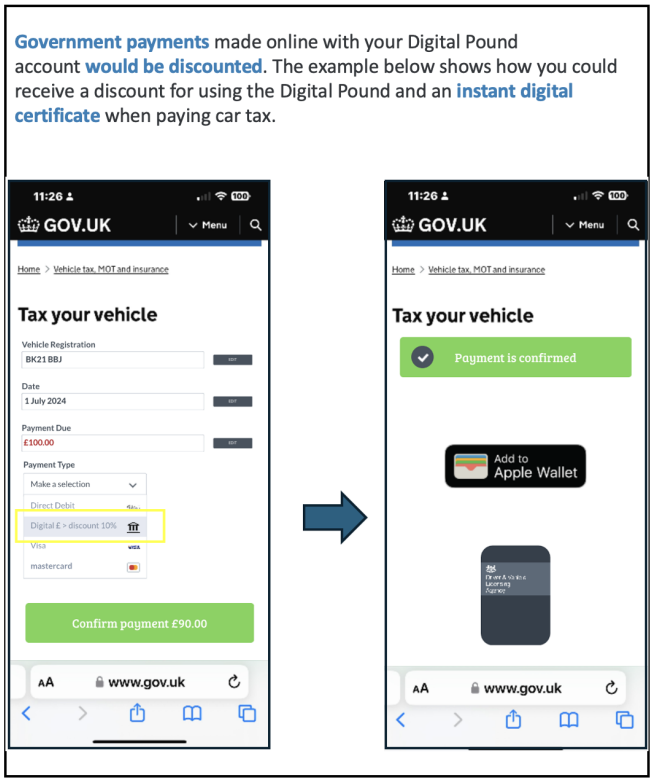
Figure 4: This figure shows the text and images displayed to Treatment #7.





(a) Info Treatment #8: Technology-enabled benefits





(b) Info Treatment #9: Policy-driven incentives

Figure 5: This figure shows the text and images displayed to Treatment #8 and Treatment #9.

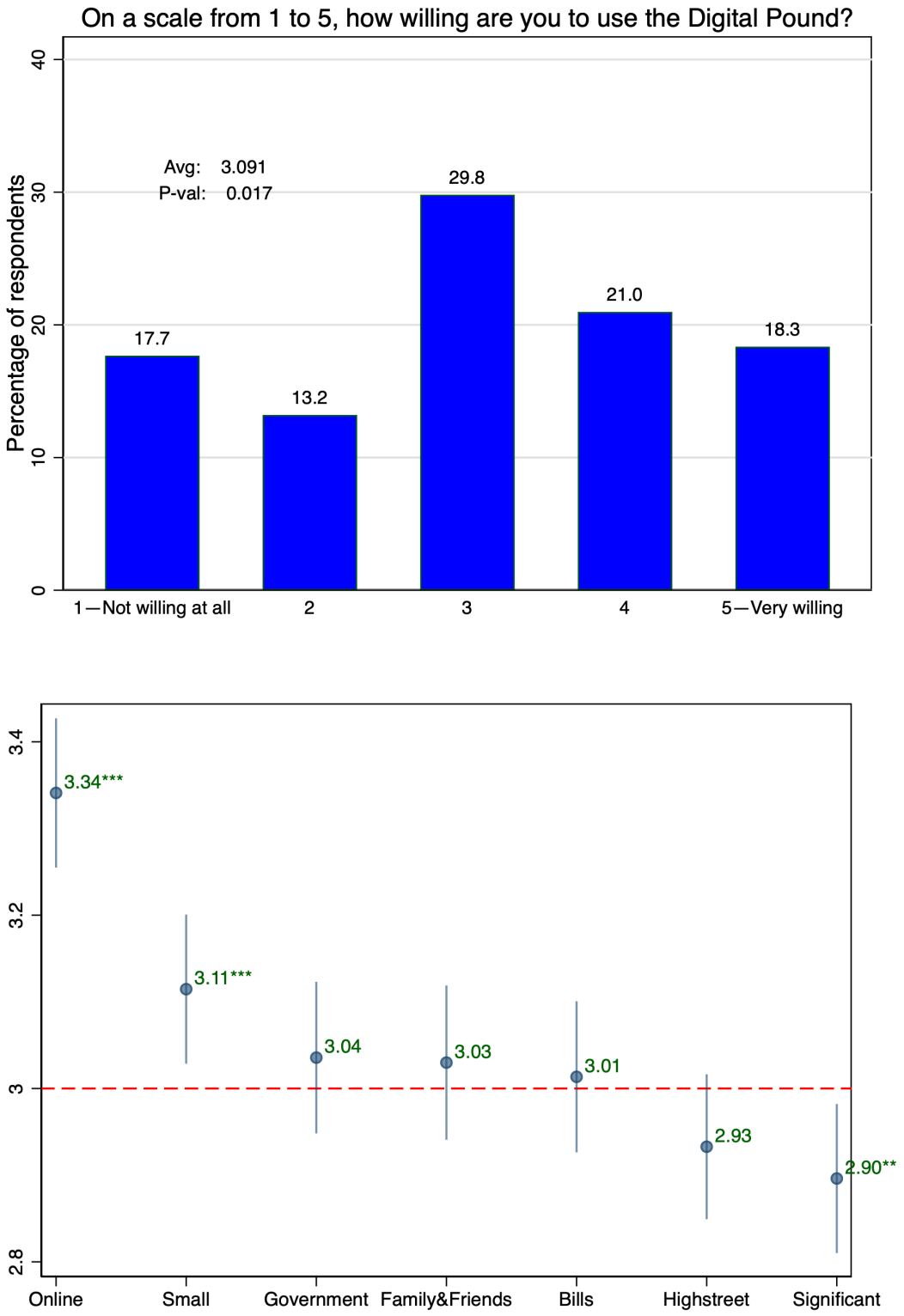


Figure 6: The top panel displays the distribution of responses to the Likert question *"On a scale from 1 to 5, how willing are you to use the Digital Pound?"* together with the average and p-value of a test that the mean is equal to 3 (corresponding to a neutral stance). The number above each bar denotes the percentage of respondents selecting the corresponding option. The bottom panel displays the average response and 95% confidence interval for the Likert matrix question in which the rows correspond to the following payment categories: *Small everyday expenses*, *Significant purchases*, *Online purchases*, *High street shopping*, *Bills*, *Send money to friends or family*, *Government payments and refunds*. The header reads: *"On a scale from 1 to 5, how willing are you to use the Digital Pound for these types of transactions? Consider each transaction type carefully and rate them individually based on your actual willingness to use the Digital Pound for each."* For readability, we sort the labels on the x-axis in decreasing order of the average responses.

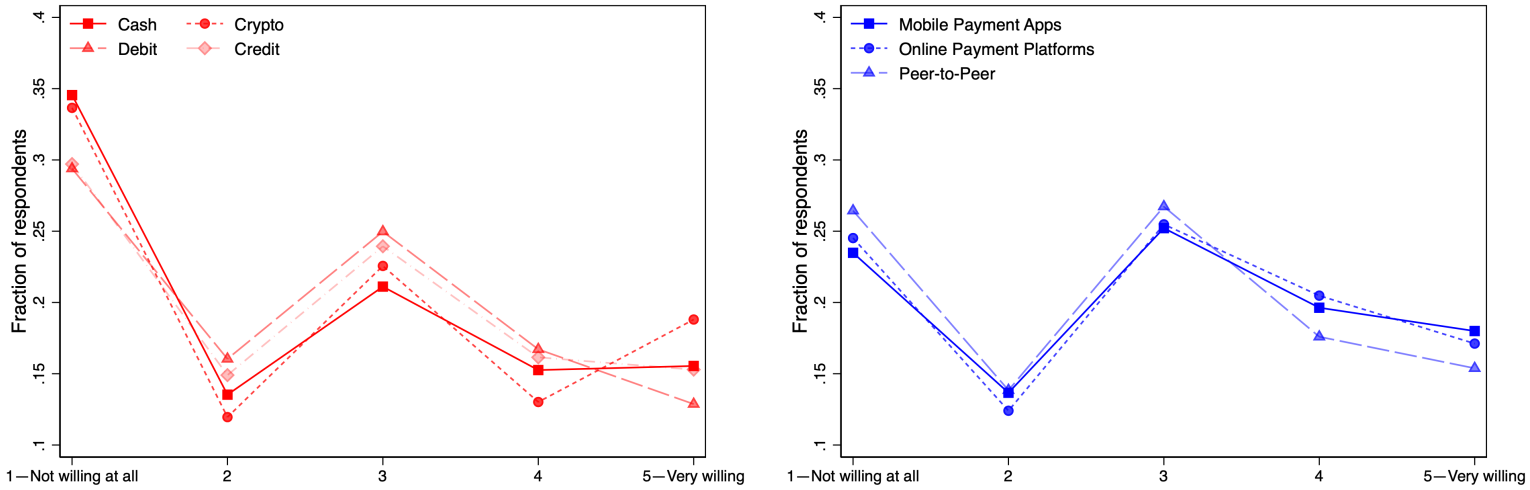


Figure 7: This figure displays the fraction of respondents for the Likert matrix question in which the rows correspond to the following payment methods: *Cash*, *Debit Cards*, *Credit Cards*, *Mobile Payment Apps (e.g., Apple and Google Pay)*, *Online Payment Platforms (e.g., PayPal, Stripe)*, *Peer-to-Peer Payment Apps (e.g., Revolut, Monzo)*, and *Crypto and Stablecoins* and the column header reads: *" On a scale from 1 to 5, how willing are you to replace these payment methods with Digital Pound? Consider each payment method carefully and rate them individually based on your actual willingness to use the Digital Pound for each"*. The left plot displays the fraction of respondents selecting each of the five possible answers for Cash, Debit Cards, Credit Cards, and Crypto. The right plot displays the results for Mobile Payment Apps, Online Payment Platforms, and Peer-to-Peer Payment Apps.

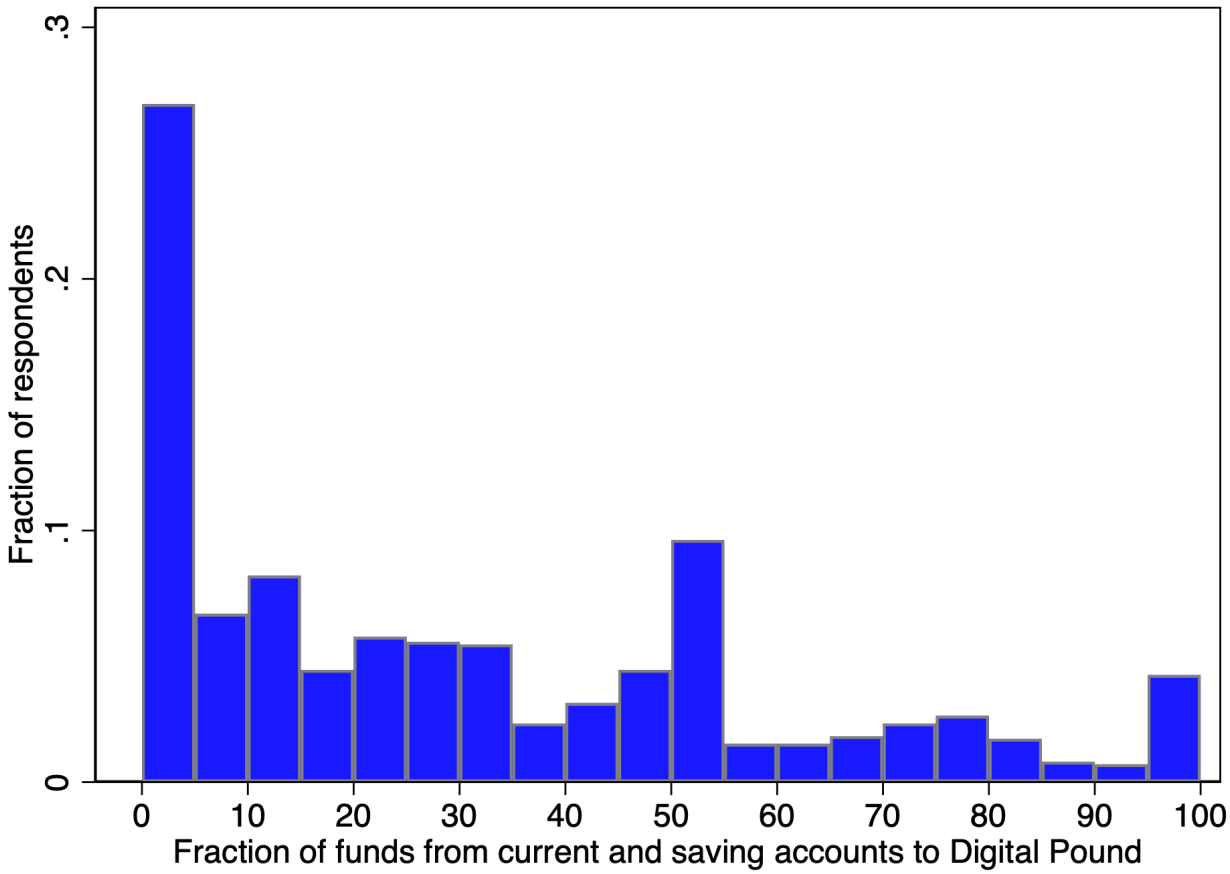
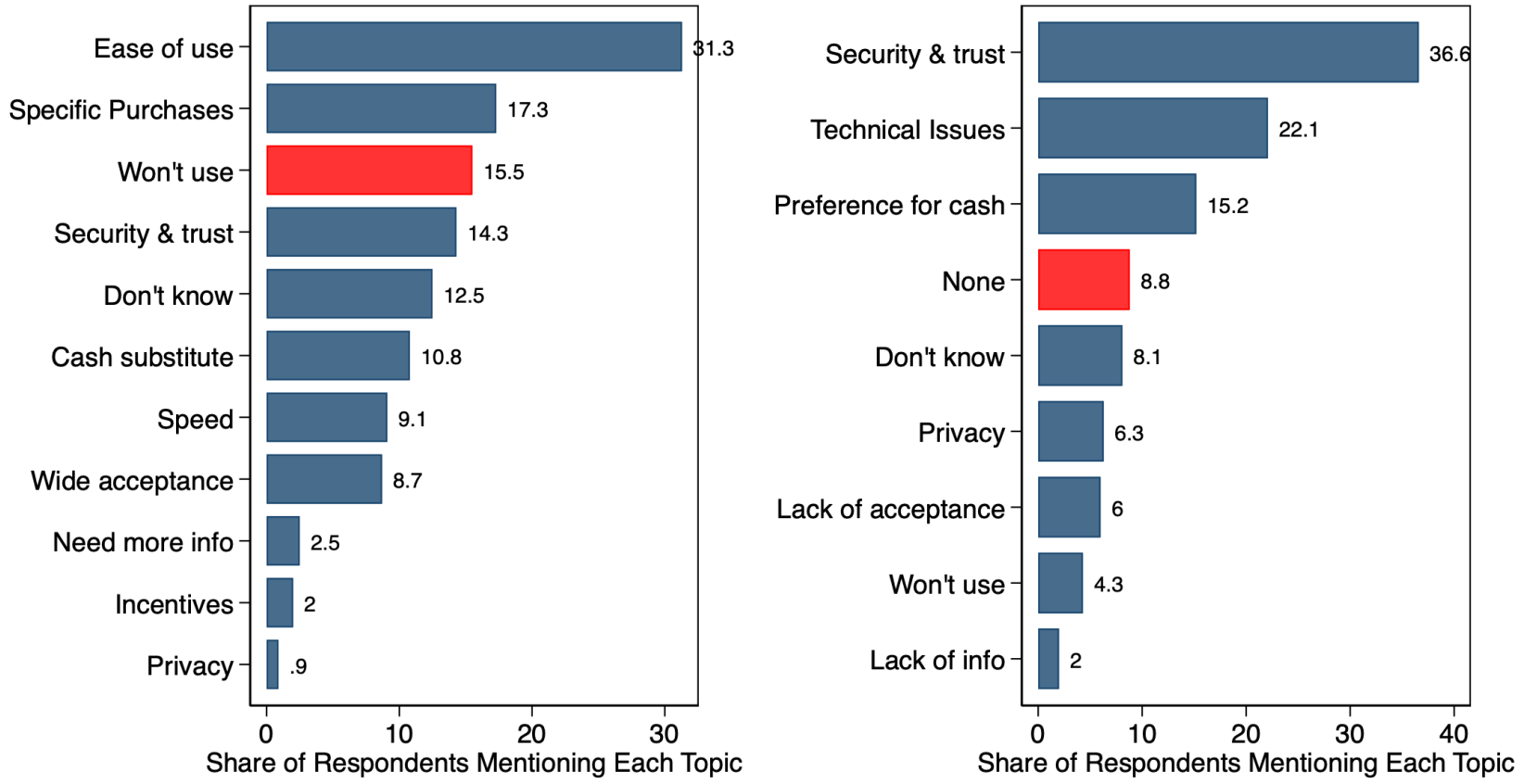
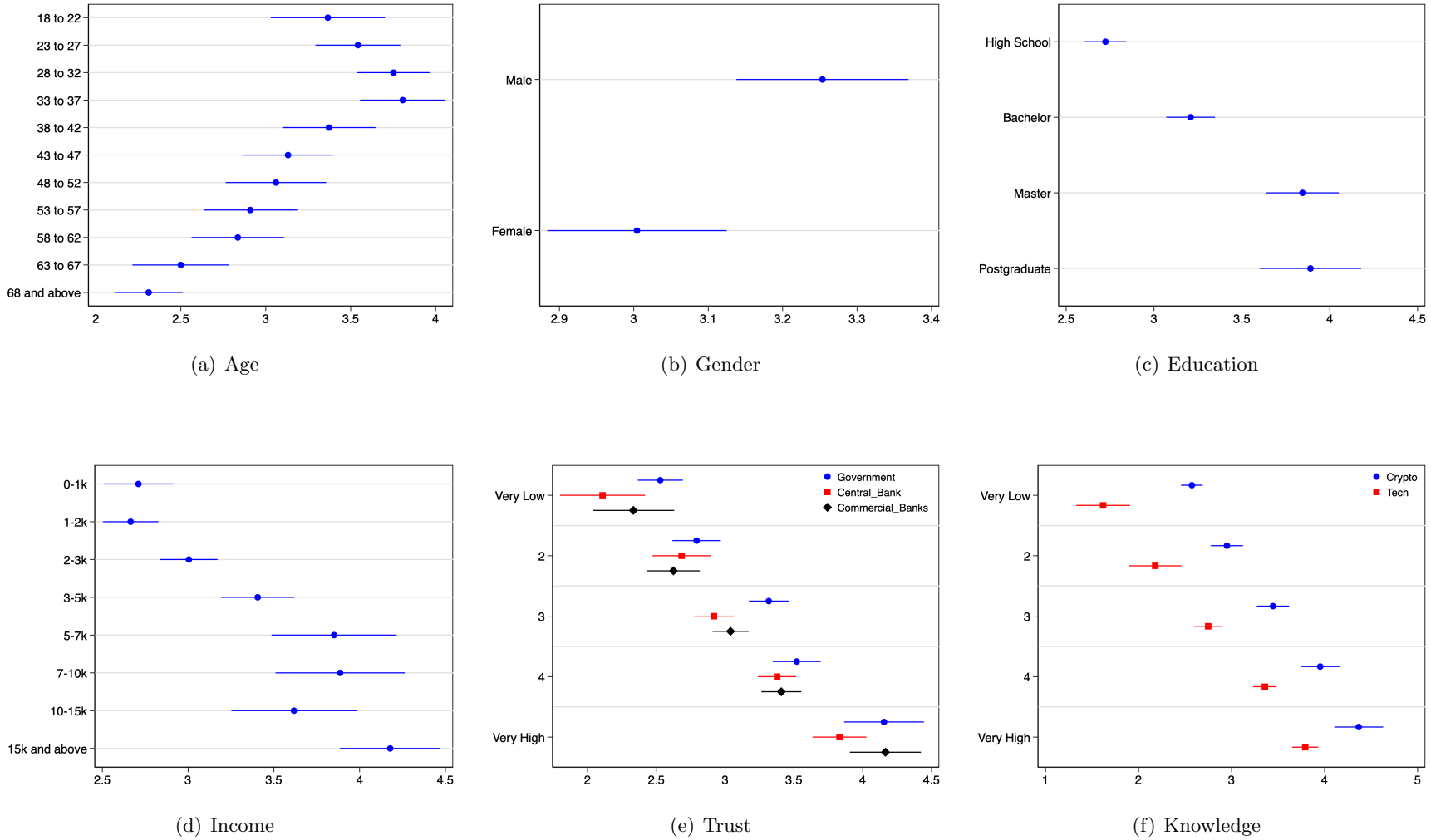


Figure 8: This Figure displays the distribution of responses to the question *"Think about the funds you have in your current and savings accounts. From 0% (none) to 100% (all), what share would you be willing to transfer to a Digital Pound account?"*. To answer this question, respondents have to move a slider on a continuous range between 0% and 100%.



(a) (b)

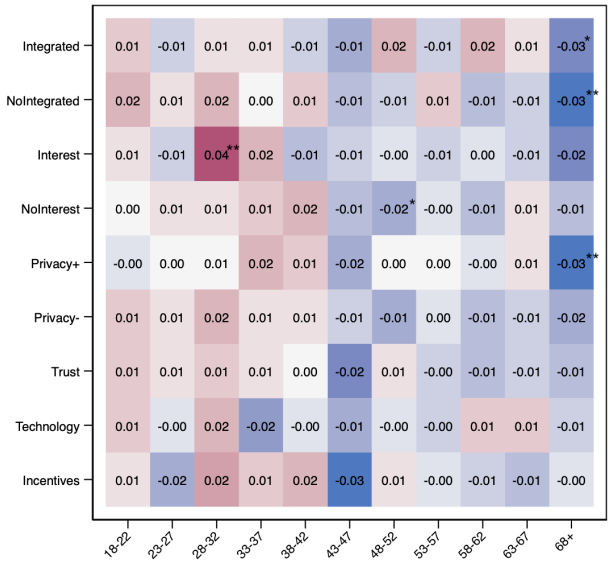
Figure 9: The Figure displays the share of respondents mentioning any of the topics displayed on the y-axis in the open questions. The left figure refers to the question *"What factors would make you use the Digital Pound in your daily life?"*, while the right figure refers to the question: *"What factors would deter you from using the Digital Pound in your daily life?"* See Section 4.4 for the list of keywords used to identify the topics.



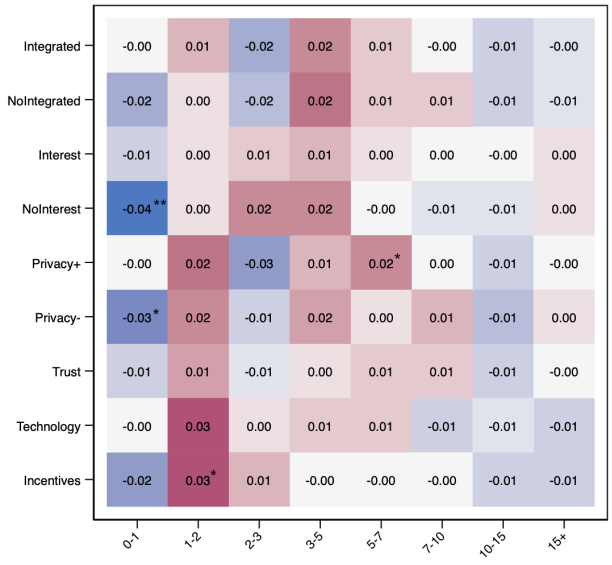
(a) Age (b) Gender (c) Education

(d) Income (e) Trust (f) Knowledge

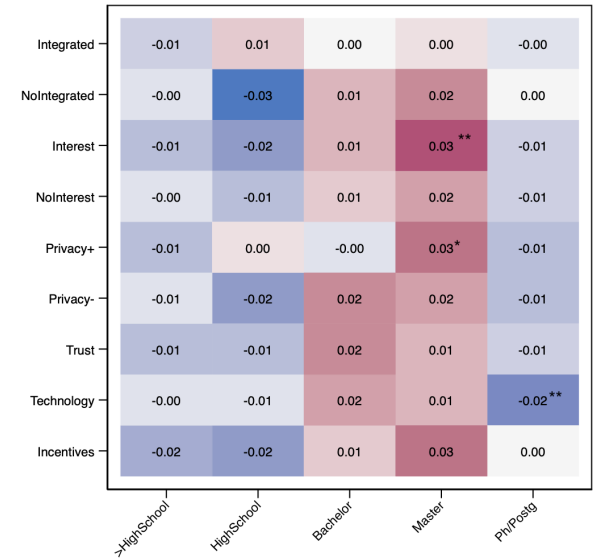
Figure 10: This figure displays coefficient estimates and 95% confidence intervals for the following cross-sectional regressions: $Willingness_to_Adopt_i = \sum_{k=1}^{K} \mathbb{1}_{\{X_{i,k}=1\}} + \epsilon_i$ where $Willingness_to_Adopt_i$ is respondent i's answer to the question *"On a scale from 1 to 5, how willing are you to use the Digital Pound?"* The term $\mathbb{1}_{\{X_{i,k}=1\}}$ is an indicator variable equal to 1 if individual i belongs to demographic group k, with K denoting the total number of mutually exclusive groups for a given characteristic. These regressions are separately estimated for each demographic dimension, including: (1) age, (2) gender, (3) Education, (4) income, (5) trust in government, central banks, and commercial banks, and (6) knowledge of technology and cryptocurrencies. Each regression is estimated without a constant, so that the coefficient on each indicator represents the average willingness-to-adopt score for respondents in the corresponding group.



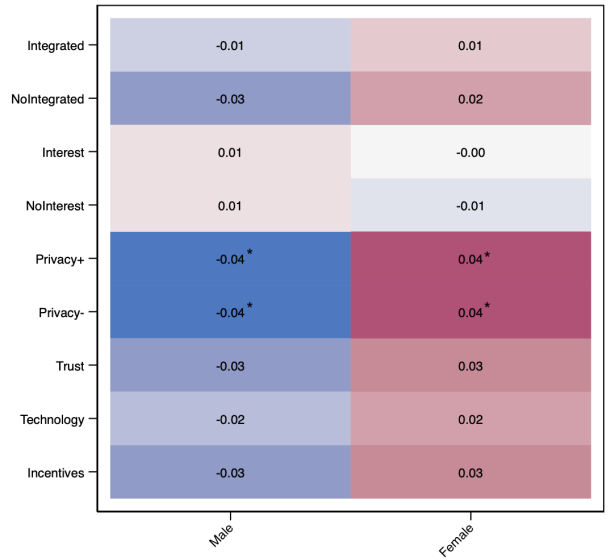
(a) Age



(b) Income



(c) Education



(d) Gender

Figure 11: This figure displays β_n coefficient estimates from the following cross-sectional regressions: $\mathbb{1}_{\{Demo_{i,k}\}} = \alpha + \sum_{n=1}^{9} \beta_n \ \mathbb{1}_{\{Info_Treat_{i,n}\}} + \epsilon_i$ where the term $\mathbb{1}_{\{Demo_{i,k}\}}$ is an indicator variable equal to 1 if individual i belongs to one of the k demographic groups defined on the x-axis of each plot, $\mathbb{1}_{\{Info_Treat_{i,n}\}}$ is a dummy variable equal to one if individual i belongs to one of the nine infromation treatments defined on the y-axis of each plot. These regressions are separately estimated for each demographic dimension, including: Age, Gender, Education, and Income.

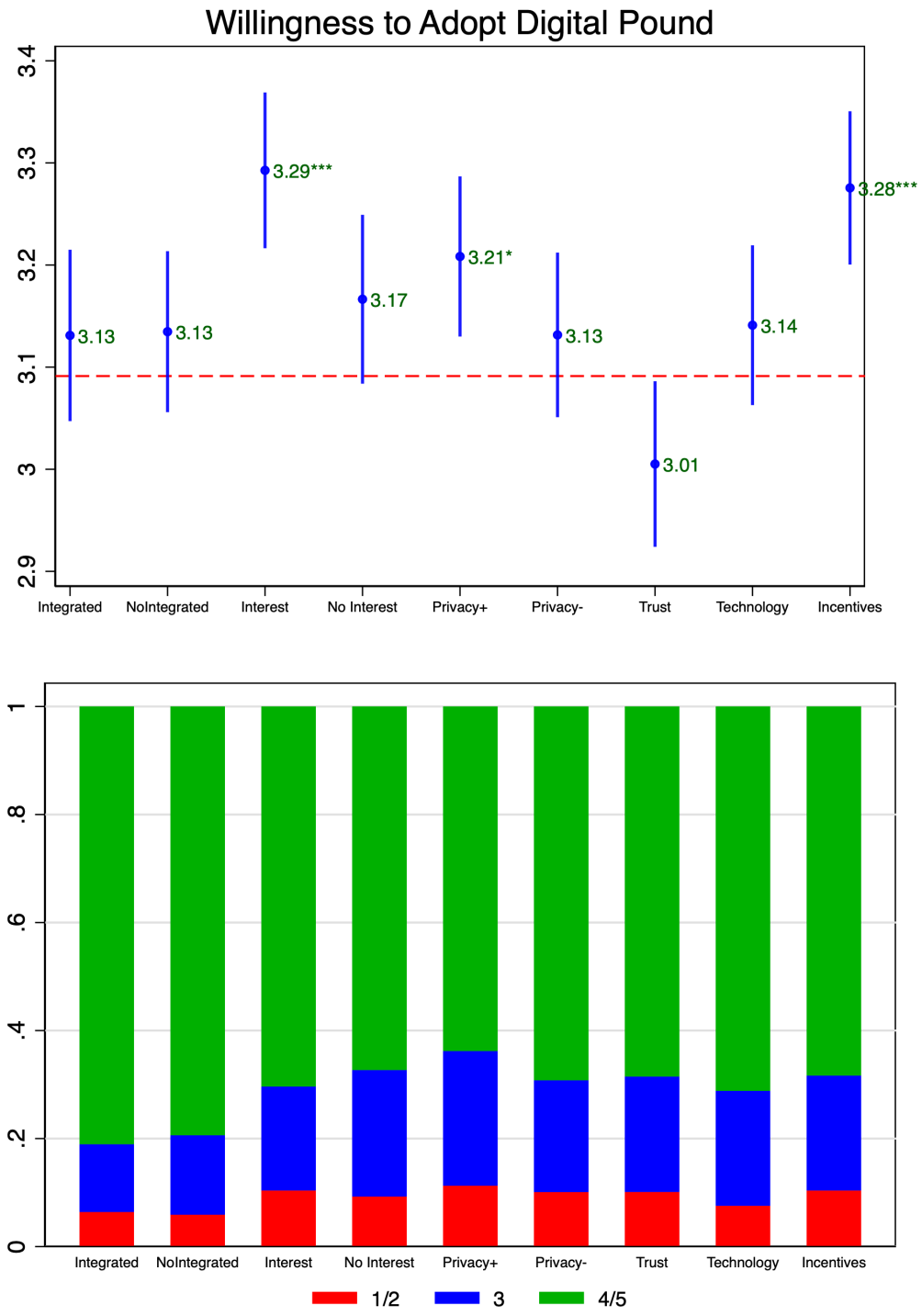


Figure 12: This Figure shows the average response and 95% confidence interval for each treatment arm regarding the question *"On a scale from 1 to 5, how willing are you to use the Digital Pound?"* The horizontal dotted red line indicates the average response in the control group. Given the ordinal nature of the data, the statistical significance of differences between each treatment arm and the control group is based on the Wilcoxon rank-sum test. Averages marked with ***, **, and * are statistically different from the average in the control group at the 1%, 5%, and 10% levels.

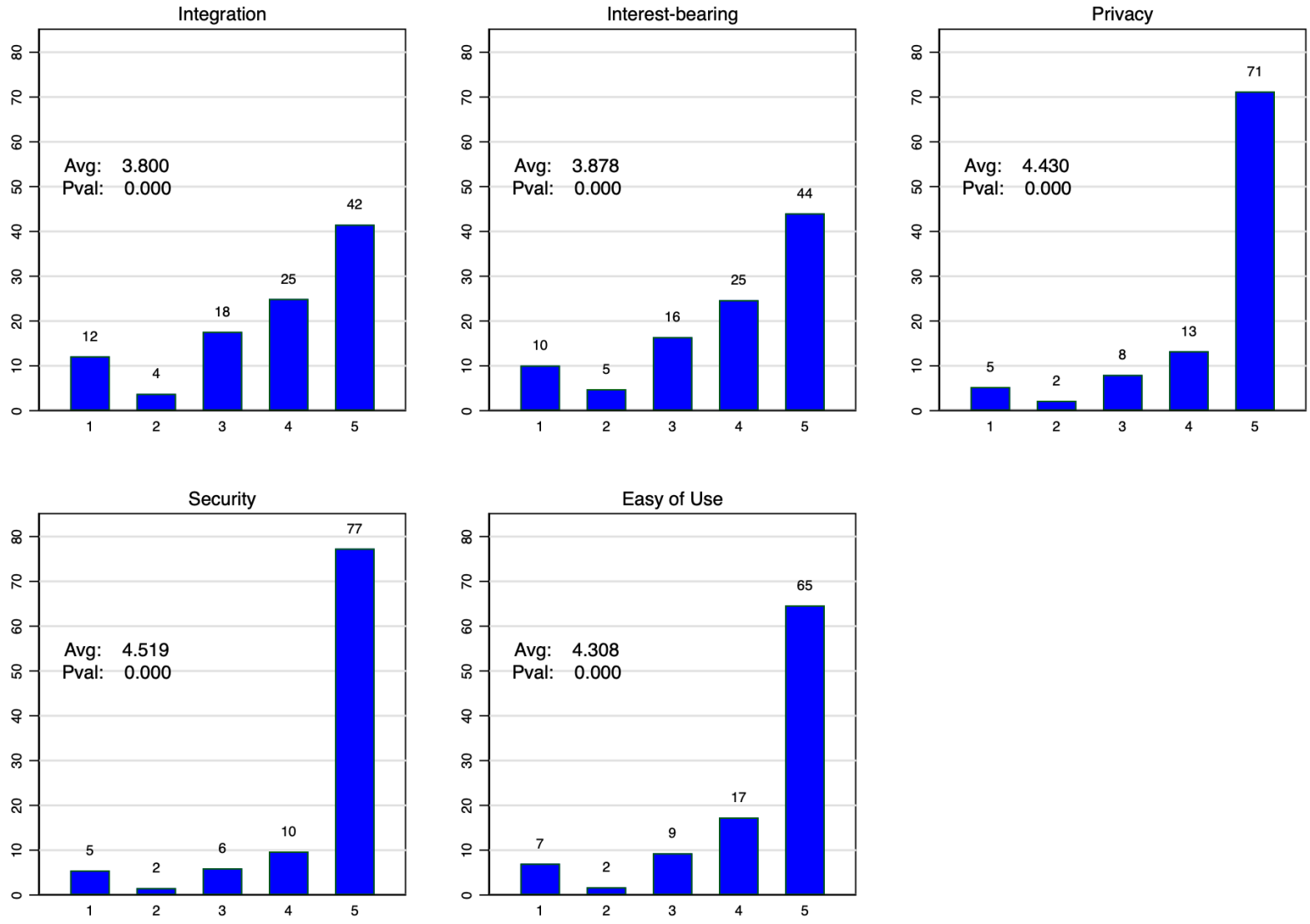


Figure 13: This Figure displays the distribution of responses (in percentages) to the question *"On a scale from 1 (Very Irrelevant) to 5 (Very Important), how important are the following features for your adoption of the Digital Pound?"*. The top-left panel refers to the "Integration with current banking app" feature, the top-middle panel refers to "Earning interest on the digital pound account," the top-right panel refers to "Privacy," the bottom-left panel refers to "Security," while the bottom-middle panel refers to "Ease of Use." Each panel also displays the average response score and the p-value from the Wilcoxon signed-rank test for the null that the average score is equal to 3 (the numerical value corresponding to a neutral stance).

Table 1. Conditional Average Treatment Effects

	Treatments								
	#1 Integrated	#2 Non Integrated	#3 Interest	#4 No Interest	#5 Privacy+	#6 Privacy-	#7 Trust	#8 Technology	#9 Incentives
$\mathbb{1}_{\{Low\}}$	2.482***	2.477***	2.486***	2.476***	2.477***	2.477***	2.471***	2.453***	2.483***
	(45.09)	(44.91)	(45.61)	(44.81)	(44.91)	(44.91)	(44.82)	(43.42)	(45.53)
$\mathbb{1}_{\{High\}}$	3.795***	3.793***	3.807***	3.792***	3.793***	3.793***	3.794***	3.764***	3.807***
	(76.22)	(76.47)	(76.07)	(76.55)	(76.46)	(76.46)	(76.66)	(77.05)	(76.24)
$\mathbb{1}_{\{Low\}} \times \mathbb{1}_{\{Treated\}}$	-0.044	0.019	0.204***	0.113	0.182**	0.086	-0.142*	0.150*	0.152**
	(-0.56)	(0.24)	(2.71)	(1.45)	(2.39)	(1.11)	(-1.90)	(1.96)	(2.03)
$\mathbb{1}_{\{Low\}} \times \mathbb{1}_{\{Treated\}}$	0.101	0.035	0.131*	0.014	0.025	-0.014	-0.070	0.028	0.125*
	(1.44)	(0.50)	(1.94)	(0.19)	(0.35)	(-0.20)	(-0.97)	(0.40)	(1.90)
R-Square adj	0.885	0.888	0.898	0.883	0.891	0.887	0.887	0.887	0.899
N	1,935	1,960	1,920	1,907	1,898	1,901	1,897	1,954	1,952

This Table reports coefficient estimates and associated t-statistics (in parentheses) of the following regression model:

$$Willingness_to_Adopt_i = \beta_1 \mathbb{1}_{\{Low_i\}} + \beta_2 \mathbb{1}_{\{High_i\}} + \gamma_1 \left(\mathbb{1}_{\{Low_i\}} \times \mathbb{1}_{\{Treated_i\}} \right) + \left(\gamma_2 \mathbb{1}_{\{High_i\}} \times \mathbb{1}_{\{Treated_i\}} \right) + \epsilon_i$$

Where $Willingness_to_Adopt_i$ is respondent i's answer to the question *"On a scale from 1 to 5, how willing are you to use the Digital Pound?"*. The terms $\mathbb{1}_{\{Low\}}$ and $\mathbb{1}_{\{High\}}$ denote indicator variables equal to 1 if individual i predicted willingness to adopt the Digital Pound is below or above the median fitted value, and $\mathbb{1}_{\{Treated\}}$ is an indicator variable equal one if the respondent belong to one of the information treatment arms indicated in the column header and zero if to the control group. The t-statistics are based on robust standard errors. Coefficients marked with ***, **, and * are significant at the 1%, 5%, and 10% levels.

Internet Appendix

A Survey Questions Eliciting Consumers Preferences on CBDC

What **factors** would make you **use the Digital Pound in your daily life**?

What **factors** would **deter** you from **using the Digital Pound in your daily life**?

On a scale from 1 to 5, How willing are you to **use the Digital Pound**?

Not Willing at All	2	3	4	Very Willing
○	○	○	○	○

On a scale from 1 to 5, How willing are you to **use the Digital Pound** for these **types of transactions**? Consider each transaction type **carefully and rate them individually** based on your actual willingness to use the Digital Pound for each

	Not willing at all	2	3	4	Very willing
Small everyday expenses	○	○	○	○	○
Significant purchases	○	○	○	○	○
Online purchases	○	○	○	○	○
High street shopping	○	○	○	○	○
Bills	○	○	○	○	○
Send money to **friends or family**	○	○	○	○	○
Government payments and refunds	○	○	○	○	○

On a scale from 1 to 5, How willing are you to **replace** these **payment methods** with Digital Pound? Consider each payment method **carefully and rate them individually** based on your actual willingness to use the Digital Pound for each

	Not Willing At All	2	3	4	Very willing
Cash	○	○	○	○	○
Debit Cards	○	○	○	○	○
Credit Cards	○	○	○	○	○
Mobile Payment Apps (e.g. Apple and Google pay)	○	○	○	○	○
Online Payment Platforms (e.g., Paypal, Stripe)	○	○	○	○	○
Peer-to-Peer Payment Apps (e.g. Revolut, Monzo)	○	○	○	○	○
Crypto and Stablecoins	○	○	○	○	○
Other (specify below)	○	○	○	○	○

Think about the funds you have in your **current and saving accounts**.From 0% (none) to 100% (all), **what share** would you be willing **to transfer to a Digital Pound account**?

0 100

Think about the funds you have in **cash**. From 0% (none) to 100% (all), **what share** would you be willing **to transfer to a Digital Pound account**?

0 100

Think about the funds you have in **crypto wallets**. From 0% (none) to 100% (all), **what share** would you be willing **to transfer to a Digital Pound account**?

☐ I do not have any

0 100

Think about the funds you have in **online and P2P payment platforms**. From 0% (none) to 100% (all), **what share** would you be willing **to transfer to a Digital Pound account**?

☐ I do not have any

0 100

*What is your **age**?

Select one

*What is your **gender**?

- Male
- Female
- Non-binary
- I prefer not to respond

*What is your **highest** level of **education**?

- Less than high school
- High-school diploma
- Bachelor Degree
- Master Degree
- PhD or Postgraduate

*What is your **monthly net income**?

Select one

*Which region do you **live** in?

- England
- Scotland
- Wales
- Northern Ireland
- Other

*In which **postcode** do you live?

Which form of **payment** do you **use more often**? (choose at most two)

- [ ] Cash
- [ ] Credit Card
- [ ] Debit Card
- [ ] Bank transfer
- [ ] Peer-to-peer
- [ ] Mobile Payment Apps
- [ ] Online Payment Platforms

If you had an **unexpected expense** equivalent to **one month's income**, how would you handle it?

- ◯ Savings
- ◯ Borrow
- ◯ Sell assets
- ◯ I could not cover it

*On a scale from 1 to 5, how much do you **trust** each of the following institutions?

	1, Very low	2	3	4	5, Very High
UK **Government**	◯	◯	◯	◯	◯
Central Bank of England	◯	◯	◯	◯	◯
Commercial Banks	◯	◯	◯	◯	◯

Desktop survey preview

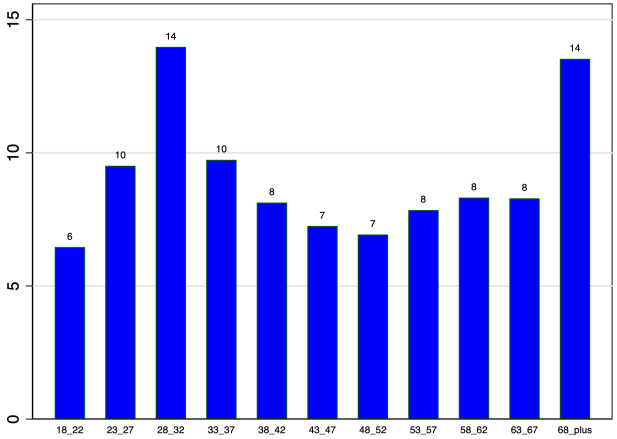
*On a scale from 1 to 5, How **comfortable** are you with **digital technology**?

1, Not comfortable at all	2	3	4	5, Very comfortable
◯	◯	◯	◯	◯

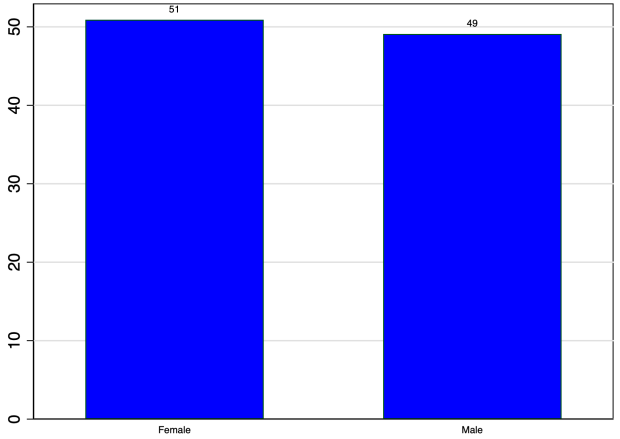
*On a scale from 1 to 5, How **knowledgeable** are you about **cryptocurrencies** such as Bitcoin?

1, Not knowledgeable at all	2	3	4	5, Very knowledgeable
◯	◯	◯	◯	◯

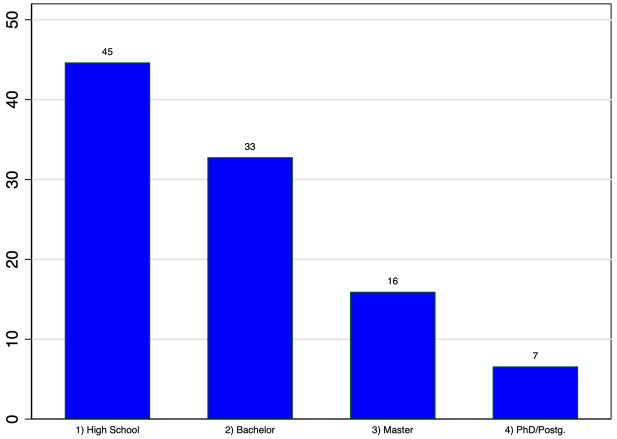
B Additional Tables and Figures



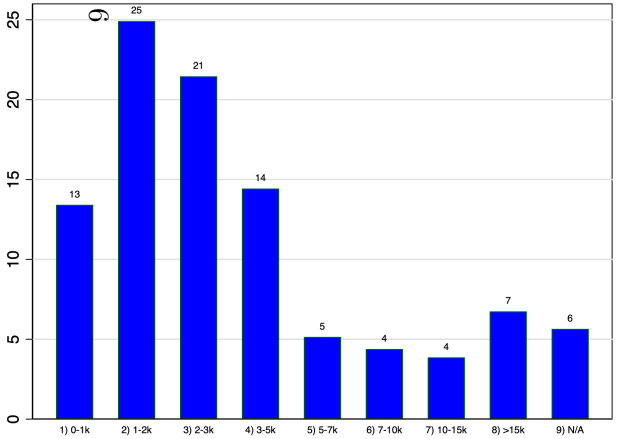
(a) Age



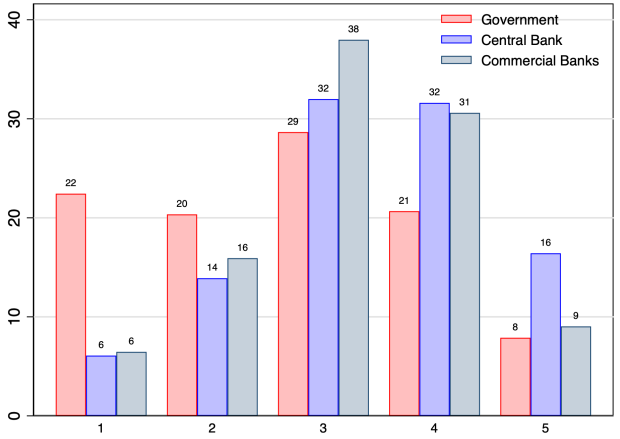
(b) Gender



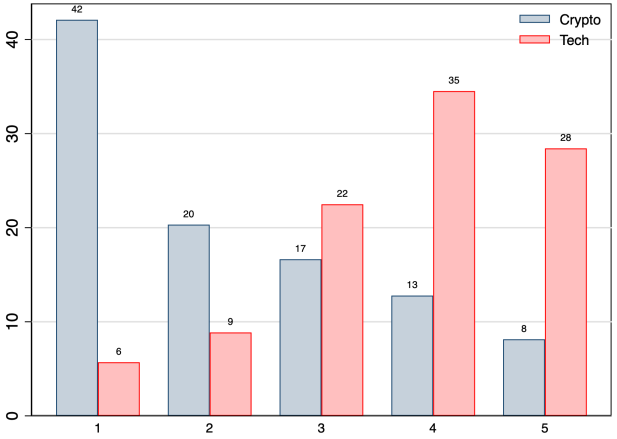
(c) Education



(d) Income



(e) Trust



(f) Knowledge

Figure A.1: This figure displays the distribution of demographic characteristics of respondents: Age (Panel A), Gender (Panel B), Education (Panel C), Income (Panel D), trust in government, central banks, and commercial banks (Panel E), and knowledge of technology and cryptocurrencies (Panel F).