



THE FUTURE IS HERE:

NEW LEGAL REGIME FOR ESTABLISHMENT OF THE DIGITAL PATACA IN MACAU

With the rapid expansion of financial technology, government treasuries and central banks around the world have been considering central bank digital currencies as a means to issue a digital version of state-issued currencies that are centrally managed and maintained by the respective central banks, with the financial stability and regulatory safeguards ensuing.

In Macau, discussions on the implementation of a digital Pataca have been evolving for some time and have now crystalized in a new law proposal: the Legal Regime for Monetary Creation and Issuance (“**Law Proposal**”) that was approved in generality by the Macau Legislative Assembly on 28 October 2022. The Law Proposal

supersedes the existing Regime for Monetary Issuance in Macau (approved by Decree-Law no. 7/95/M, of 30 January) that has been in force for the past 27 years

“The Law Proposal emphasizes the centralization of the digital Pataca.”

The Law Proposal confirms the Pataca as the legal tender currency in Macau and provides for currency in digital format to be considered as legal tender (alongside, traditional banknotes and coins). Macau entities will be prohibited from refusing to accept the digital Pataca as a legitimate means of payment (unless the currency is counterfeit). Moreover, the Law Proposal waives the obligation to accept

banknotes or coins in transactions carried out through automated payment terminals.

“The digital Pataca may stimulate economic growth and, with the use of a centralized digital ledger maintained by the central bank, also serve as a valuable mechanism to combat financial crime.”

Although the specific legal regime for digital currency in Macau has yet to be enacted, the Secretary for Economy and Finance, Mr. Lei Wai Nong, has clarified that the reference to digital currency does not contemplate crypto currencies, as currently the MSAR government does not allow the circulation of decentralised cryptocurrencies in the region¹.

In contrast, the Law Proposal emphasizes the centralization of the digital Pataca. The creation and issuance of currency, including in digital form, is exclusively the remit of the Macau

Government, who may grant such responsibility to an authorized bank in Macau. Furthermore, the currency issuance (including the digital Pataca) will be entirely backed by a reserve fund, consisting of convertible foreign exchange.

Spurred by the trailblazing issuance of the digital Yuan, the digital Pataca encompasses the advantages of digital currencies, such as frictionless, immediate settlements with little to no processing delays and more efficient, cost-effective retail payments. The digital Pataca may stimulate economic growth and, with the use of a centralized digital ledger maintained by the central bank, also serve as a valuable mechanism to combat financial crime.

Going forwards, the specific legislative regime of the digital Pataca will require further legislation at a later stage – involving careful study and coordination with Mainland China and Hong Kong. The development of this legislative framework is eagerly awaited that will overhaul the MSAR financial system and facilitate Macau’s role as a sino-lusophone financial service hub.

Our Contributors:

José Leitão

[Contact Page](#)

Victoria White

[Contact Page](#)

RELATED ARTICLES:

[China's Digital RMB, Macau's Route to Recovery](#)

[Is Your Business Ready for the Digital Yuan?](#)

[CASHLESS IS KING: Why Cashless Gaming Technology will Dominate](#)

Disclaimer: The information contained herein is for informational purposes only and is not intended to constitute legal advice. As legal advice must be tailored to the specific circumstances of each case, nothing provided herein should be used as a substitute for the advice of a qualified lawyer in Macau.