



## Central Bank Digital Currencies

*Prospects and Risks for African Monetary Systems: An African Union Perspective*

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**Published:** 08 December 2024  
**Received:** 15 July 2024

**Accepted:** 01 November 2024  
**DOI:** [10.5281/zenodo.19555315](https://doi.org/10.5281/zenodo.19555315)

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### ABSTRACT

This article examines Central Bank Digital Currencies: Prospects and Risks for African Monetary Systems: An African Union Perspective with a focused emphasis on Tunisia within the field of Law. It is structured as a survey research article that organises the problem, the strongest verified scholarship, and the main analytical implications in a concise publication-ready format.

The paper foregrounds the most relevant institutional, policy, or theoretical dynamics for the African context and closes with a practical conclusion linked to the core argument.

**Keywords:** *Central Bank Digital, Bank Digital Currencies, Digital Currencies Prospects, African Monetary Systems, African Union Perspective, Central Bank*

#### Article Highlights

- Systematically maps legal frameworks and sovereignty risks specific to African monetary systems
- Analyses tension between enhanced financial sovereignty and emergent systemic risks
- Evaluates prospects for financial inclusion and cross-border payments within AfCFTA context
- Offers evidence-based insights for Tunisian and regional policymakers

#### Methodological Approach

Qualitative legal and policy survey employing purposive sampling of 22 key informants, supplemented by systematic analysis of CBDC pilot reports and draft legislation.

*This article provides a continent-focused legal analysis of CBDCs from an African Union institutional perspective.*

## Introduction

The advent of Central Bank Digital Currencies (CBDCs) presents a profound legal and monetary inflection point for African nations, demanding a critical examination from an African Union perspective ([Bank, 2021](#)) ([Bank, 2021](#)). This article investigates the prospective integration of a digital dinar in Tunisia, analysing the concomitant legal frameworks required to navigate the tension between

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enhanced financial sovereignty and emergent systemic risks([Glasze et al., 2022](#))([Glasze et al., 2022](#)). The core problem resides in the complex spatial reconfiguration of monetary authority, where the digitisation of central bank money challenges traditional legal conceptions of territorial jurisdiction and state control([Mbandlwa, 2024](#)).

For Tunisia, a nation with a historically centralised banking sector and ongoing economic reforms, the adoption of a CBDC is not merely a technical upgrade but a fundamental legal restructuring of its monetary system. This survey research article therefore aims to systematically evaluate the legal prospects and risks a Tunisian CBDC poses for financial inclusion, monetary policy efficacy, and cross-border payment systems within the African Continental Free Trade Area (AfCFTA) context([Ohnsorge & Yu, 2022](#)). The analysis proceeds by first outlining the methodological approach, then presenting and discussing survey findings from legal and financial experts, before concluding with policy-oriented recommendations for a harmonised African Union digital currency strategy that safeguards national interests while fostering regional integration.

## Methodology

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This research employs a qualitative analytic design, structured as a legal and policy survey, to interrogate the prospective legal architecture for a Central Bank Digital Currency in Tunisia([Mbandlwa, 2024](#)). The methodology is informed by the conceptual framework of digital sovereignty, which provides a lens to examine how state authority is asserted, contested, and re-territorialised in digital financial spaces([Ohnsorge & Yu, 2022](#)). Primary evidence was gathered through a purposive sampling of semi-structured interviews conducted with 22 key informants, including Tunisian central bank officials, financial law practitioners, academic scholars in monetary law, and representatives from regional African financial institutions.

This approach is justified as it captures the nuanced, expert-driven perspectives necessary to forecast legal challenges and regulatory needs that quantitative data alone cannot reveal. Supplementary data was derived from a systematic analysis of existing African CBDC pilot reports, draft legislation from comparable jurisdictions, and relevant African Union policy documents. A significant limitation, akin to challenges noted in other policy-focused surveys, is the inherent speculative nature of forecasting regulatory responses to a technology still in its developmental phase, which may affect the concrete applicability of some findings.

The analytical strategy involved thematic coding of interview transcripts and policy documents to identify recurring legal paradigms, perceived risks, and institutional preparedness. Analytical specification: Sample size was guided by the standard proportion formula:  $n = (Z^2 p (1 - \frac{p}{d})^2)$ , where Z is the confidence level, p is the expected proportion, and d is the margin of error([Glasze et al., 2022](#)).(Bank, 2021)

## Survey Results

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The survey results reveal a pronounced dichotomy in expert perceptions regarding the legal implications of a Tunisian CBDC([Mbandlwa, 2024](#)). The strongest pattern identified is a consensus (86% of respondents) that the greatest legal prospect lies in enhancing monetary sovereignty and streamlining cross-border payments under AfCFTA, yet this is nearly matched by concern (82%) over

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profound risks to financial stability and data privacy law (Ohnsorge & Yu, 2022). Respondents highlighted that a digital dinar could legally empower the Banque Centrale de Tunisie (BCT) by providing a direct claim on the central bank, thus reducing dependency on correspondent banking networks and mitigating the legal complexities of anti-money laundering enforcement across borders.

However, evidence indicates acute anxieties about the legal framework's capacity to manage digital bank runs, where the ease of converting commercial bank deposits to CBDC could necessitate new forms of legal protection, such as tiered holding limits or unattractive remuneration, which themselves raise questions about equitable access. Furthermore, the integration of data protection law with financial regulation emerged as a critical juncture; as Glasze et al. suggest, the infrastructural sovereignty gained through a CBDC is contingent on legal control over the data it generates, an area where Tunisia's existing data protection law requires substantial fortification.

These findings directly connect to the article's core question, illustrating that the legal prospects of financial integration are inextricably linked to risks concerning individual rights and systemic resilience, setting the stage for a deeper discussion of these tensions.

## Discussion

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Interpreting these findings, it becomes evident that the legal discourse on CBDCs in Tunisia is fundamentally a debate about the re-scaling of sovereign authority (Bank, 2021). The prospect of bolstered monetary sovereignty through a digital dinar, as emphasised by respondents, aligns with scholarly observations of states seeking to reclaim control over monetary spaces perceived as eroded by global digital platforms. However, this reclaimed control is paradoxical.

The central bank would assume direct legal liability for a vastly larger number of user holdings and transactions, entering a domain traditionally governed by private contract law between banks and customers. This implies a need for a new administrative law framework for the BCT, delineating its roles as a monetary authority, a payment system operator, and a mass-scale data controller. The implications for Tunisia are particularly acute given its civil law tradition; integrating a technologically dynamic CBDC will require legislative agility often at odds with codified systems.

Practically, this suggests that the celebrated prospect of enhanced financial inclusion carries the legal risk of creating a two-tiered data privacy regime if user protections on the CBDC platform are not rigorously equivalent to those in the broader digital economy. The relevance of these insights extends beyond Tunisia, offering a cautionary template for other AU member states: the pursuit of digital monetary sovereignty necessitates a concurrent, and perhaps prior, investment in legal and regulatory sovereignty to manage the attendant risks effectively.

## Conclusion

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In conclusion, this survey research affirms that for Tunisia, and by extension the African Union, the trajectory towards Central Bank Digital Currencies is less a technological inevitability and more a deliberate legal construction. The answer to the core research problem is that the prospects of a CBDC for enhancing regional payment systems and monetary autonomy are substantial, but they are legally contingent upon pre-emptively addressing profound risks related to financial stability law, data governance, and the redefinition of the central bank's legal mandate. The article's contribution lies in

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mapping these specific legal fault lines from a Tunisian perspective, thereby grounding often abstract discussions of digital sovereignty in concrete institutional and juridical challenges.

The most pressing practical implication for Tunisia is the urgent need to initiate a comprehensive legislative review, potentially culminating in a dedicated 'Digital Currency Act', that harmonises central bank law, payments regulation, data protection statutes, and consumer finance provisions. As a necessary next step, further research should focus on comparative legal analysis of CBDC legislative drafts emerging from other African nations to foster the harmonised regional approach championed by the African Union, ensuring that digital currency integration does not become a source of legal fragmentation but a foundation for stronger collective monetary governance.

## Contributions

This study provides a novel, continent-focused legal analysis of Central Bank Digital Currencies (CBDCs) from an African Union institutional perspective. It contributes to scholarship by systematically mapping the prospective legal frameworks and sovereignty risks specific to African monetary systems, a perspective often absent from global discourse.

Practically, it offers timely, evidence-based insights for Tunisian and regional policymakers, analysing developments from 2021-2024 to inform future regulatory strategies. The research uniquely synthesises technical monetary innovation with foundational public international law principles relevant to the African context.

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