

G7 Finance Ministers and Central Bank Governors' Statement on Central Bank Digital Currencies (CBDCs) and Digital Payments – 13 October 2021

1. Innovation in digital money and payments has the potential to bring significant benefits but also raises considerable public policy and regulatory issues. Strong international coordination and cooperation on these issues helps to ensure that public and private sector innovation will deliver domestic and cross-border benefits while being safe for users and the wider financial system.
2. We have been exploring in our jurisdictions how digital innovation could maintain access to, and enhance the benefits of, central bank money in the form of Central Bank Digital Currencies (CBDCs). If issued, a CBDC would complement cash and could act as a liquid, safe settlement asset and as an anchor for the payments system. Under the UK presidency, we have been working together to examine the wider public policy implications of retail CBDCs designed for use by households and businesses. Alongside this statement, G7 finance ministries and central banks are publishing *Public Policy Principles for Retail CBDCs*, to support and inform domestic policy and design deliberations within and beyond the G7. This work complements the recently published work led by a group of central banks, and the Bank for International Settlements, to explore CBDC design, operation and the implications for monetary and financial stability.¹ No G7 authority has yet taken the sovereign decision to issue a CBDC and careful consideration of the potential policy implications will continue.
3. We reaffirm that any CBDC should be grounded in our long-standing public commitments to transparency, the rule of law and sound economic governance. Any CBDC must support, and 'do no harm' to, the ability of central banks to fulfil their mandates for monetary and financial stability. We emphasise the importance of rigorous standards of privacy, accountability for the protection of users' data, and transparency on how information will be secured and used, to command trust and confidence by users. Any CBDC ecosystem must be secure and resilient to cyber, fraud and other operational risks, must address illicit finance concerns and be energy efficient. CBDCs must operate in an open, transparent and competitive environment that promotes choice, inclusivity and diversity in payment options. We note the importance of considering interoperability on a cross-border basis given the potential role for CBDCs in enhancing cross-border payments. At the same time, we recognise a shared responsibility to minimise harmful spillovers to the international monetary and financial system.
4. We will continue working together to deepen our analysis of these public policy implications, including with relevant international organisations and standard setting bodies. We welcome further work by central banks and relevant authorities as they analyse potential impacts of CBDCs and explore design considerations to achieve public policy objectives. We welcome further work by the International Monetary Fund on the potential effects of introducing CBDCs on the international monetary and financial system.

¹ <https://www.bis.org/press/p210930.htm>

5. We are committed to continued coordination and cooperation to ensure that innovation in private digital money and payments is responsible, safe and consistent with our shared policy objectives. We reiterate that no global stablecoin project should begin operation until it adequately addresses relevant legal, regulatory and oversight requirements through appropriate design and by adhering to applicable standards. A stablecoin widely used as a store of value or means of payment would pose significant risks to financial stability without appropriate regulation. Stablecoins will need to be held to high regulatory standards, following the principle of same activity, same risk, same regulation, as is true for commonly used forms of money and payments in our economies. To be adopted as a widely used means of payment, settlement assets need to have stable value. The highly volatile nature of unbacked cryptoassets means that they are unable to fulfil this economic function.
6. We are committed to international co-operation to ensure common standards for the regulation of stablecoins. We welcome the Committee on Payments and Market Infrastructures – International Organisation of Securities Commissions consultative report, which confirms that the common international standards for payments systems, the Principles for Financial Market Infrastructure, apply to any systemic stablecoin arrangements used for payments, and provides guidance on addressing their novel features.² We also welcome the Financial Stability Board progress report on the implementation of its High Level Recommendations for global stablecoin arrangements.³ We support the ongoing work coordinated by the Financial Stability Board, working with standard-setting bodies, to identify and address any potential gaps or overlaps, in relevant standards and its recommendations, to ensure coverage of all entities that perform relevant functions in relation to, or in support of, a stablecoin arrangement.
7. We commit to the ambitious implementation of the G20 Roadmap to enhance cross-border payments, and welcome the quantitative global targets that have been set recently for addressing the challenges of cost, speed, transparency and access by 2027.⁴ We commit to delivering necessary enhancements to existing systems and leveraging innovative solutions where appropriate; a greater focus on cross-border interoperability; and ensuring that the public and private sector work together effectively.

² <https://www.bis.org/cpmi/publ/d198.htm>

³ <https://www.fsb.org/2021/10/regulation-supervision-and-oversight-of-global-stablecoin-arrangements-progress-report-on-the-implementation-of-the-fsb-high-level-recommendations/>

⁴ <https://www.fsb.org/2021/10/targets-for-addressing-the-four-challenges-of-cross-border-payments-final-report/>