

SU/21/98

July 12, 2021

**The Chair's Summing Up**  
**The Rise of Public and Private Digital Money—A Strategy to**  
**Continue Delivering on the IMF's Mandate**  
**Executive Board Meeting 21/69**  
**July 7, 2021**

Executive Directors welcomed the opportunity to discuss the strategy to continue delivering on the IMF's mandate given the rise of digital money. They noted that an increased adoption of digital money can foster greater efficiency and financial inclusion but also poses important challenges, and that the Fund has a critical role to play to help its members harness the benefits and manage the risks of digital money. Against this background, Directors broadly welcomed the staff's proposals for closer engagement with other organizations and country authorities involved in this area, tailored support to member countries, and broader efforts in capacity development. Noting the fast-moving developments with digitalization and the need for the Fund to act swiftly and be at the forefront in this area, and be able to assist its members, many Directors found the strategy to be appropriately ambitious. Many other Directors, however, called for further prioritization and a more phased implementation of the strategy, given the complexity of the issue and the evolving regulatory environment.

Directors agreed that digital money has implications that lie at the core of the Fund's mandate and that the Fund must be part of the discussions on these issues. In particular, digital money has wide-ranging implications for the international monetary system, spillover and cross-border effects, and the structure and stability of domestic economies. Directors, therefore, emphasized that digital money must be designed, regulated, and provided so that countries maintain control over monetary policy, financial conditions, capital account openness, and foreign exchange regimes. They also underscored that domestic economic and financial stability must be protected by carefully designed public-private partnerships, a smooth transition of the role of banks, and fair competition. Ensuring financial integration and inclusion will also be important.

Directors broadly agreed that given its mandate, near-universal membership, focus on macro-financial policies and spillovers, diversity of expertise, and unique ties to member countries, the Fund could serve as a thought leader in analytical work and policy development, particularly on issues related to the international monetary and financial system, in close collaboration with other organizations and provide timely advice in surveillance and capacity development to its members when requested. They also saw a role for the Fund in serving as a bridge between the experience of its membership and the international policy-making process. Directors underscored the importance of tailored advice, given the different stages of development of this issue and different capacities among

member countries. In particular, low-income countries and EMDCs with less developed digital capabilities will need timely advice and capacity development assistance in macro-critical areas pertinent to these countries. A number of Directors saw scope for the Fund to focus more at this stage on the development of analytical frameworks and on multilateral surveillance and capacity development, and piloting or limiting the coverage of this issue in bilateral surveillance.

Directors underscored the need to focus on the Fund's comparative advantage and to partner and collaborate with other international financial institutions, country authorities, standard setters, as well as the private sector, to maximize synergies and minimize duplication of work and foster knowledge sharing. Effective delineation of responsibilities will be important. To ensure efficiency gains and avoid putting an excessive burden on hiring external experts, Directors also emphasized the importance of internal training of fungible economists to mainstream this important workstream, as well as staff exchanges with other organizations and country authorities. They also underscored the importance of promoting knowledge sharing and cooperation between country teams and functional departments.

Directors noted the proposal on resource allocation and broadly agreed that this would need to be considered holistically in the context of the broader budget augmentation request. They called for consideration of policy options and trade-offs in deciding the resource allocations in the new areas of work. As such, Directors looked forward to the Board engagement on the proposed budget augmentation request. In their preliminary assessment, many Directors were supportive of, or open to considering, the resource request, while many other Directors suggested a more modest, phased increase in resources calibrated to actual developments and finer details on work priorities. A number of Directors emphasized the importance of prioritizing and ensuring adequate resources to assist members, particularly LICs, with low capacity for mitigating the risks from the spread of digital money and from spillovers.

Going forward, regular engagement with the Board will be important to reevaluate the appropriateness of the strategy and any agreed resource allocation.