

CHAIR'S STATEMENT ON STABLECOINS

Washington DC- 17/10/2019

The G7 Finance Ministers and Central Bank Governors (FMCBGs) welcome the final report of the G7 working group on stablecoins chaired by Benoît Cœuré, Chair of the Committee on Payments and Market Infrastructures (CPMI).

Technological innovation has the potential to transform financial services and products. With respect to payments, we welcome developments that could bring faster, cheaper, more convenient and reliable cross-border payments. While domestic payment systems in many countries have improved over the years, there remain inefficiencies, and cross-border payments in particular can still be slow, expensive and opaque, particularly for retail payments such as remittances, which can therefore hamper financial inclusion. Responsible innovations in payment services can address some of these shortcomings.

However, the report notes that stablecoins pose legal, regulatory and oversight challenges and risks related to: legal certainty; sound governance; money laundering, terrorist financing and other forms of illicit finance; safety, efficiency and integrity of payment systems; operational and cyber resilience; market integrity; data privacy, protection, and portability; consumer and investor protection; and tax compliance. Some of these risks are amplified and new risks might arise if adoption is global in nature when it comes to monetary policy, financial stability, and fair competition. They could also have implications for the international monetary system more generally, including currency substitution, and could therefore pose challenges to monetary sovereignty.

We agree that no global stablecoin project should begin operation until the legal, regulatory and oversight challenges and risks are adequately addressed, through appropriate designs and by adhering to regulation that is clear and proportionate to the risks. Beyond regulation, the preservation of public prerogatives or core elements of monetary sovereignty will have to be taken into account.

We welcome G20 cooperation. In addition, on-going work at relevant standard setting bodies, especially the Financial Stability Board (FSB) and the Financial Action Task Force (FATF), will help sharpen our understanding of the existing and emerging risks from global stablecoins. We stress the importance to coordinate across jurisdictions globally including with emerging and developing economies. The G7 will lead by example to swiftly and effectively implement the FATF standards relating to new technologies, including as it relates to emerging stablecoins.

We call on governments, central banks, the Bank for International Settlements and standard setting bodies such as the Committee on Payments and Market Infrastructures (CPMI), along with relevant international organizations and in cooperation with private payments and technology providers, to continue to support efforts to improve cross border payments, promote financial inclusion, and improve coordination among authorities.

We also welcome ongoing cooperative work by central banks to assess central bank digital currencies (CBDCs).