

# Central banks and digital currencies seminar

Tue 10 May 2022





## Official Monetary and Financial Institutions Forum

6-9 Snow Hill  
London EC1A 2AY  
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### About OMFIF

OMFIF is an independent forum for central banking, economic policy and public investment – a neutral platform for best practice in worldwide public-private sector exchanges.

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## Programme

**14:30-15:00** Registrations and refreshments

### **15:00-16:00 Session 1: Revolution in payments**

The need for CBDC and addressing political hurdles

The role of central banks and government in payments

Confluence of big tech and stablecoins in retail payments

Balancing new market entrants and maintaining competition

New technologies and upgrading interbank payments: do we need wholesale CBDC?

#### **Speakers:**

**Tom Mutton**, Director of Fintech, Bank of England

**Doris Dietze**, Head of Digital Finance, German Federal Ministry of Finance

**Charlotte Hogg**, CEO Europe, Visa

**Wolfram Seidemann**, CEO, G+D Currency Technology

**16:00-16:15** Refreshment break

### **16:15-17:15 Session 2: Regulating the cryptoasset landscape**

Addressing financial stability and consumer protection concerns

The role of cryptoassets in institutional investor portfolios

Market makers and regulatory status of different cryptoassets

Balancing promoting innovation and regulatory clarity

New players and infrastructure for crypto marketplace

#### **Speakers:**

**Susan Friedman**, Head of Public Policy, Ripple

**Moad Fahmi**, Senior Adviser, Fintech, Bermuda Monetary Authority

**Chris Ostrowski**, Global Head, Public Sector Engagement, Celo

**Mark Williamson**, Global Head of FX Everywhere, Partnerships and Propositions, HSBC

**17:15-18:15** Drinks reception

**18:15-20:00** Dinner and keynote address

**Lisa Cameron**, MP, Chair, Crypto and Digital Assets All Party Parliamentary Group



## Pushing the boundaries of the discussion on the future of money

Central banks and digital currencies have undergone a revolution over the past few years. OMFIF, in partnership with Celo, Giesecke+Devrient, Ripple and Visa, convened the global annual DMI symposium in London to share expertise between policy-makers, multinational financial service companies, payment service providers, banks and technology providers. The future of money headlined the discussion and was addressed through panels on the revolution in payments and regulating the cryptoasset landscape.

## Panel 1: Revolution in payments

The seminar began with a review of the wider implications of the adoption of CBDCs and their potential to solve systemic issues. The role of regulation was discussed as central banks and governments will influence the development and use of these new forms of payment, dictating where monetary sovereignty lies between private and public institutions.

The role of big tech in payments was discussed, as was the impact of stablecoins on retail payments. Attendees believed that the values of the institutions involved and the relationship between fintechs and retail chains were significant for the direction of appropriate policy. The need for a consensus on checks and consent in transactions was also highlighted, although attendees acknowledged that implementation will differ between industries.

Attendees agreed that new market entrants and the increased prevalence of platforms are accelerating innovation in payments. They were quick to note, however, that this creates new challenges concerning

the role of trust and security in the development of new payment systems. It was broadly agreed that the environment in which these technologies operate must be both positive and resilient. Interoperability is key to addressing issues surrounding liquidity.

**'Attendees pointed to the turbulence around the luna/terra stablecoin as an example of the dangers posed by a lack of effective, clear regulation.'**

Interbank payment upgrades and the development of wholesale CBDCs were then discussed. Some attendees made the point that ensuring new regulatory standards make sense within the current system

requires a keen understanding of existing regulations. A question of whether progress in payments can be regulated within our present systems or will require a new regulatory architecture was raised. Attendees highlighted consideration as the key to matching the needs of different audiences. Throughout the panel, it was repeatedly emphasised that widespread adoption will require broad co-operation across different sectors. But before the world is ready for adoption, regulators





must ensure they have a deep understanding of the implications of new payment technologies – programmability, data capture and so on – on their responsibilities.

Attendees pointed to the turbulence around the Luna/Terra stablecoin as an example of the dangers posed by a lack of effective, clear regulation

## Panel 2: Regulating the cryptoasset landscape

This panel began the discussion by asking: ‘What is crypto?’, noting that there is a wide variety of potential definitions. Attendees discussed the taxonomy of cryptocurrencies, stablecoins (private sector digital currencies pegged to fiat currencies) and central bank digital currencies (a liability of the central bank), but noted that within each category there is a variety of potential architectures.

Next, the role of cryptoassets in the portfolios of institutional investors was addressed. There was general agreement that clarity in regulation was key to the adoption of cryptoassets. At an institutional level, commercial banks are still reluctant to take cryptocurrency risk on their books without further regulatory clarity.

Some attendees highlighted the positive effects of innovation in cryptoassets, pointing to use of stablecoins in humanitarian projects. Lowering the barriers to economic participation was cited as a key benefit of making stablecoins widely available, since they can provide not just access to digital payment systems, but a

record of payments that can be used to obtain credit.

Attendees agreed that international agreement is needed to implement regulation that can prevent or

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limit the impact of a crash in cryptoassets that would destroy institutional and consumer confidence in the nascent sector.

The internal infrastructure that the crypto marketplace operates needs to be stable, not just to protect

consumers but also to instil confidence within the marketplace itself and become as secure as traditional financial tools and provide liquidity to enable everyday fiscal participation. In a similar vein to the first panel, stability and trust were identified as the key qualities of a successful ecosystem. Regulatory clarity will ensure that operations in this area will be safe and fair. At present, attendees felt regulation is not clear enough,



which is making innovators reluctant to operate since they are uncertain what activity might make them the subject of an enforcement action.

Attendees highlighted the danger of two different crypto ecosystems forming – one inside regulated boundaries and one outside, which would be disastrous for adoption and trust in the industry.

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