IS TOKENIZATION A GAME-CHANGER FOR THE INTERNATIONAL MONETARY SYSTEM?

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DEPUTY-GOVERNOR

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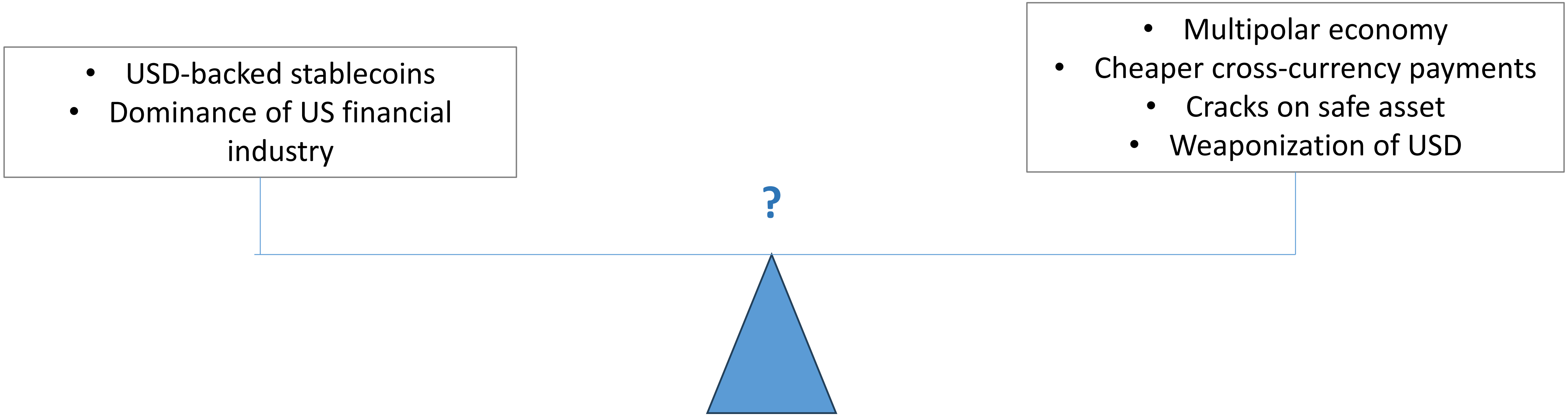
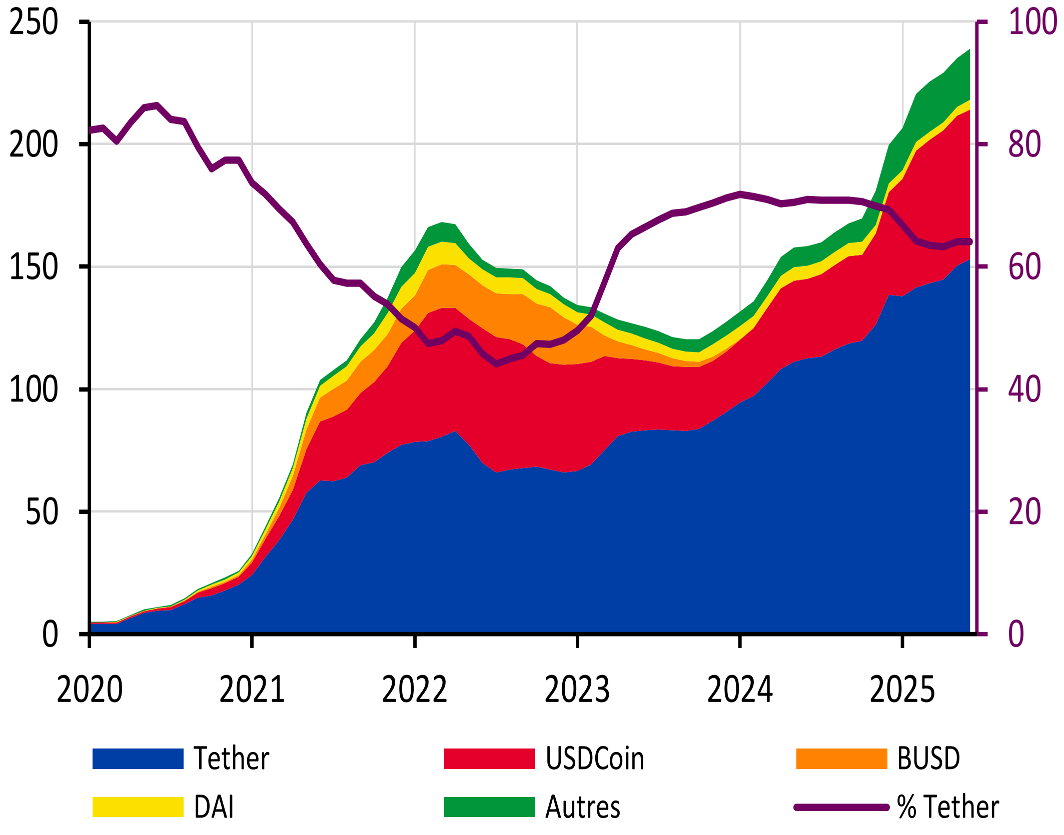
Opposite forces driving the international monetary system



The rapid rise of USD-denominated stablecoins

Stablecoin market valuation (USD bn, LHS) and Tether share (%, RHS)



Source : IntoTheBlock.

Last data point : June 2025

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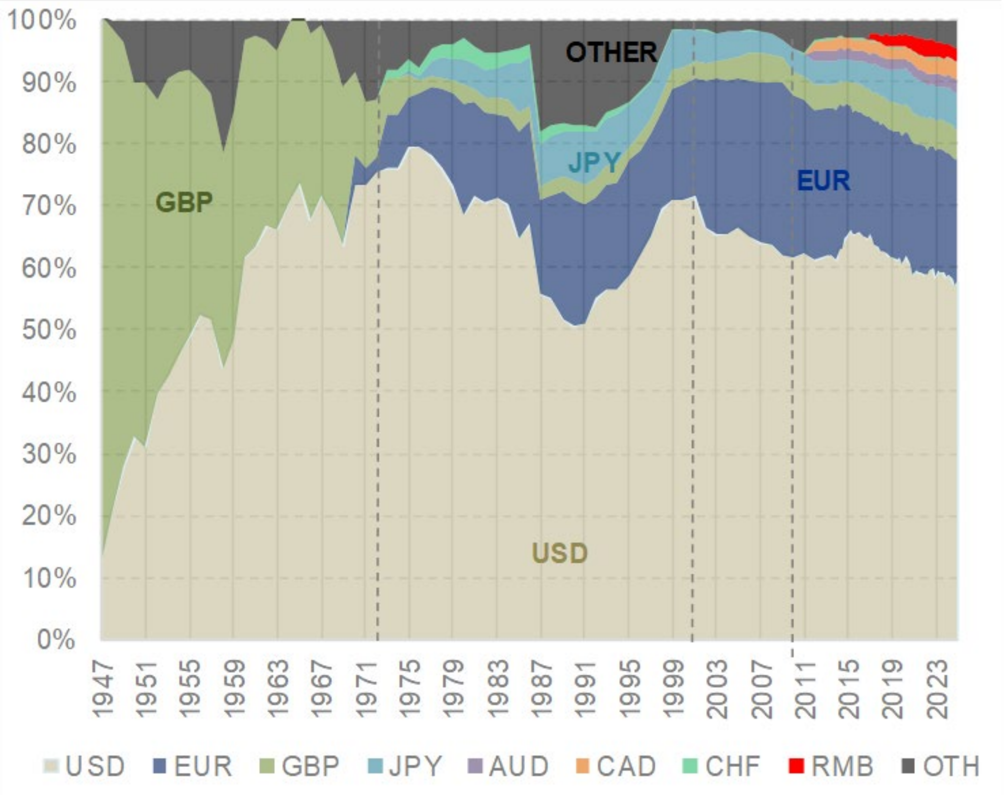
Breakdown of official FX reserves by currency (%)



Sources: IMF COFER and Eichengreen, Chiţu and Mehl (2015)
Last observation: End 2024.

Stable coins: USD 241 bn, 99% dollar-backed (June 2025)

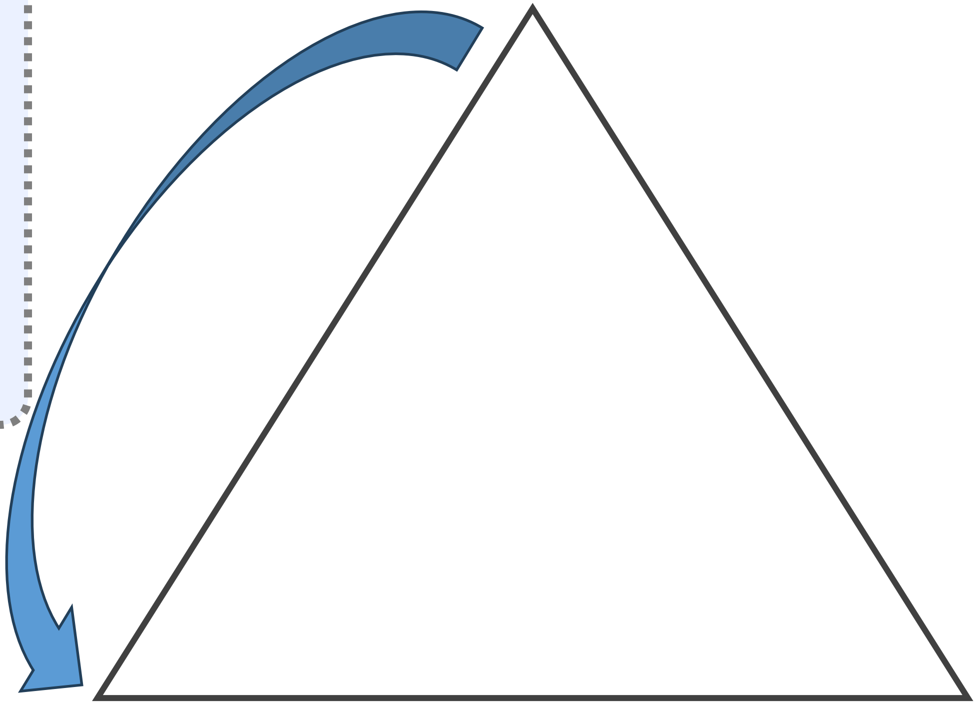
Official reserves in USD: 7.15 tn (2024Q4, total 12.36 tr)

World financial assets: USD 486 tn (end-2023, source FSB)

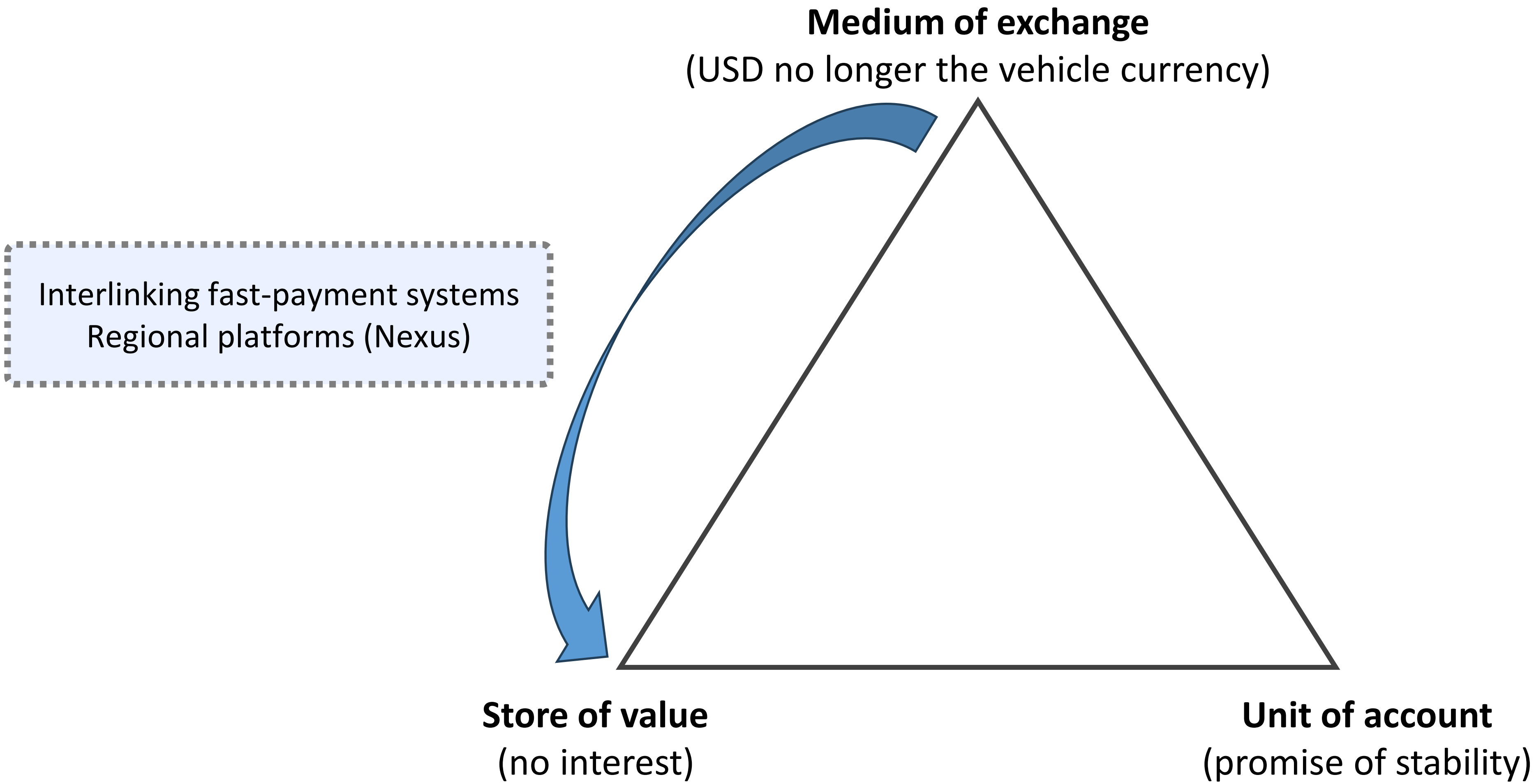
Leveraging on the medium-of-exchange function

"to promote the development and growth of lawful and legitimate dollar-backed stablecoins worldwide" (President Trump's Executive Order on digital assets, Jan. 2025)

→ GENIUS ACT, passed by the U.S Senate on June 17, 2025



Same cause, opposite effect?



Multipolarity vs Fragmentation

A multipolar IMS
(regional, interconnected currency blocks)

- **Higher shock absorption capacity, less exchange-rate misalignments**
  e.g. negative preference shock on US goods and services
- **More financial preference shocks**
  e.g. instability of the demand for USD-denominated assets
- **Milder Triffin dilemma**
  e.g. market discipline
- **Shared international segnioriage**

A fragmented IMS
(non-interoperable currency blocks)

- **Lower shock absorption capacity**
  (within each block only)
- **One country, several (private) currencies?**
  (coexistence of non-interoperable blockchain networks) → Liquidity fragmentation, possible departures from unicity of money
- **Weaker monetary policy transmission + pressure on central banks in case of a run.**

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The role of central banks

Central banks are responsible for:

- The **unicity** of money, at wholesale and retail levels
- The **elasticity** of money supply (based on commercial banks’ credit)
- The **security** of the system: AML-CFT*, lender of last resort.

Central banks need to accompany financial innovation

→ Provide a (tokenized) **settlement asset** to the tokenized finance ecosystem (wCBDC)
→ Provide a **digital banknote**
→ Keep a link with the **banking system**. E.g. cash deposits under MiCA regulation.

Eurosystem strategy:

- **Wholesale**: Pontes (short term) and Appia (longer term)
- **Retail**: digital euro

*AML/CFT – Anti-Money Laundering / Counter Financing of Terrorism

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