

## Digital Asset Forum | Briefing Note

# Encouraging private-public collaboration

October 2024

*The Digital Asset Forum is a senior-level global network of financial institutions that meets periodically to discuss developments in digital assets and perspectives on enterprise-level implications for technology, business, and strategy. The IIF convenes the Digital Asset Forum with our knowledge partner, the Oliver Wyman Forum. This briefing note summarizes the discussion held on October 17, 2024, respecting that the forum is conducted under the Chatham House Rule and does not represent the official position of the IIF or its membership.*

### **Effective public-private collaboration requires active engagement on both ends**

Participants emphasized the need for increased collaboration with the official sector about the industry's future direction. Specific disappointment was voiced that IMF-WB Annual Meetings did not include any private sector speakers on the notable slate of payments panels scheduled throughout the week. While “public-private” initiatives are common, there is a call to also experiment with “private-public” partnerships, where the private sector plays a more prominent role, joined by the public sector. Central banks could benefit from being more responsive to private sector work to-date on these issues, building on lessons already learned that inform their views on rules and regulations, more open to innovation on permissionless networks, and more forward looking. The official sector's role in the future monetary ecosystem may be as issuer of tokenized central bank money, in some form, and government debt, and as a facilitator of cross-industry collaboration.

### **Central banks should stick to their core functions to best support the economy**

Participants value regulators' role in setting guidelines and fostering an environment for innovation, encouraging a collaborative approach between public oversight and private sector creativity. Central banks, in particular, are encouraged to concentrate on their core functions: monetary policy, regulation, and control over the local currency. There is concern that central banks are experimenting with growing their mandate beyond their core functions, into areas the private sector is best positioned to continue leading, and specifically as operators to compete directly with the private sector. Separately, recent investments in Real-Time Gross Settlement (RTGS) system upgrades, which may ultimately become redundant with blockchain systems, potentially limit enthusiasm in supporting blockchain projects. Illustrating value beyond payments settlement is incumbent upon the private sector. Regulatory considerations are also shifting rapidly as nonbank players, like asset managers, begin to assume bank-like roles.

### **Bridging technical understanding between regulators and the industry could enhance collaboration, and support new projects**

Participants observed that fostering a mutual technical understanding of blockchains could benefit discussions on digital assets and open-source systems, feeling this is missing. They noted that collaboration might help align perspectives on topics like permissionless versus permissioned systems. This highlights the importance of ongoing dialogue to bridge gaps in technical knowledge or differences in perception. Experiments should consider both the current state and future potential of these technologies, rather than assuming technologies are already fully developed and operational. The technology must still mature further, and industry is working diligently to experiment with ways it can best meet requirements that both industry and regulators seek. An openness by the official sector to experiment together with the private sector with this understanding is welcome.