



IMF Urges CBDC Caution

Taking a more cautious stand on CBDC and cross-border payments than often heard from international financial institutions, the IMF today released a study recommending that policymakers ensure that CBDC or any other form of public digital money is carefully designed and interoperable with existing payment systems. Policymakers are also encouraged to enhance public-private policy coordination and regulate global stablecoins as well as other forms of private digital money. The analysis bases these recommendations on findings that efficient digital money could be broadly adopted for cross-border payment purposes and diversify reserve currencies – a concern Members of Congress have long expressed about the Fed's reluctance to establish a dollar [CBDC](#). However, the IMF also warns that digital money adoption could increase bank disintermediation, currency substitution, spillover risk, and capital-flow volatility. The study's quantitative analysis examines the effects of digital-money efficiency on reserve currency holdings and international currency adoption, showing a positive correlation between these variables. The study also employs a modeling scenario of a digital money-induced shock on the potential demand for global financial safety net resources, noting here that a multipolar reserve configuration may require global reserve-currency issuers to expand liquidity backstops.

Recent Files Available for Downloading

The following reports and analyses have been sent to retainer clients recently. Copies are also available to retainer clients on the Archives section of Federal Financial Analytics' website: www.fedfin.com or clients may obtain the reports/analyses by e-mailing info@fedfin.com giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- **NBF13**: The banking agencies have proposed significant changes to call-reporting data illuminating how banking organizations are inter-connected with nonbank financial intermediaries and to implement pending requirements for long-term debt (LTD) issuance.
- **DEPOSITINSURANCE123**: In the wake of increasing instances in which customers are confused and even misled about the extent to which fintech and cryptoasset holdings are insured deposits, the FDIC has finalized its proposal setting disclosure standards as well as modernizing IDI representations of their own FDIC-insured offerings in branches and through the fast-changing array of retail banking delivery channels.
- **GSE-010224**: Shortly before the new year, the banking agencies proposed new call-report [requirements](#) that would force banks with over \$10 billion in assets to report new data on nonbank mortgage intermediaries and structured GSE-guaranteed positions.
- **AI4**: Bipartisan Senate legislation has been introduced to press FSOC to do more than highlight artificial intelligence (AI) as a potential threat to financial stability.
- **MERGER13**: Building on a request for comment and a formal draft, the Department of Justice (DOJ) and Federal Trade Commission (FTC) have finalized specific revisions to U.S. merger policy that significantly redesign the manner in which M&A transactions will be considered.
- **SANCTION21**: [As promised](#), this report provides an in-depth assessment of President Biden's Friday [executive order](#) expanding anti-Russia sanctions via secondary ones on financial institutions that – knowingly or not – facilitate or conduct newly-identified transactions related to sanctioned persons, services, or goods.
- **ILC17**: Senate Banking Committee Chairman Brown (D-OH) is now leading a renewed bipartisan charge to limit the ability of nonbanks to use industrial loan companies (ILCs) to gain access to bank privileges without the parent-company supervision required of all other domestic IDI parents.

- [GSE-121923](#): The CFPB yesterday released a fascinating research [blog](#) looking at cash-out refis.
- [FSOC29](#): This year's [FSOC report](#) trods much old ground with two exceptions. The first pertains to a new focus on artificial intelligence, machine learning, and new, generative technologies.
- [GSE-121423](#): In a blog post [today](#), Fannie quietly renews its quest for alternatives to traditional title insurance.
- [GSIB23](#): The agencies' capital proposal ([see FSM Report CAPITAL230](#)) unsurprisingly dominated discussion at today's Senate Banking hearing with big bank CEOs.
- [FINTECH33](#): At today's HFSC Digital Assets Subcommittee hearing on banking agency financial innovation, Republicans raised concerns about the Fed's novel activities guidance ([see FSM Report FINTECH32](#)), interagency guidance on third-party risk management ([see FSM Report VENDOR10](#)), and the SEC's predictive data analytics [proposal](#).