



Money, Reimagined

THE FUTURE OF MONEY is undoubtedly digital. The question is, What is it going to look like? In this issue, some of the world's leading experts try to answer this complex and politically charged question.

Of course, digital money has been developing for some time already. New technologies hope to democratize finance and broaden access to financial products and services. A key goal is to achieve much cheaper, instantaneous domestic and cross-border payments. Eswar Prasad takes us on a tour of existing and emerging forms of digital money and looks at the implications for finance, monetary policy, international capital flows—even the organization of societies.

Not every form of digital money will prove viable. Cryptocurrencies like Bitcoin fail as money, says Singapore's Ravi Menon, among others. Recently these tokens have lost two-thirds of their value. While they are actively traded and heavily speculated on, prices are divorced from any underlying economic value. Stablecoins are designed to rein in the volatility, but many have proved to be anything but stable, Menon adds, and depend on the quality of the reserve assets backing them.

Still, journalist Michael Casey argues, decentralized finance (DeFi) and crypto are not only here to stay but can address real-world problems such as the energy crisis. Regulation is key. The IMF's Aditya Narain and Marina Moretti call for global regulation to bring order to markets and provide a safe space for innovation.

Meanwhile, central banks are considering their own digital currencies. Bank for International Settlements Chief Agustín Carstens and his coauthors suggest that central banks should harness the technological innovations offered by crypto while also providing a crucial foundation of trust. Privacy and cybersecurity risks can be managed with responsibly designed central bank digital currencies, adds the Atlantic Council's Josh Lipsky.

It's too early to tell how the digital landscape will evolve. But with the right policy and regulatory choices, we can imagine a future with a mix of government and privately backed currencies held safely in the digital wallets of billions of people. **FD**

GITA BHATT, editor-in-chief



ON THE COVER

Digital currencies and other financial technologies are reshaping everything from consumer banking to international payments. Illustrator Pete Reynolds uses a raised fist, symbol of social tumult, to show the power of this money revolution that is hidden in plain sight.

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