



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

PERU

Central Bank Digital Currency Stakeholder
Engagement

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Summary Technical Assistance Report Monetary and Capital Markets Department

Peru: Central Bank Digital Currency
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The *Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: An IMF mission visited Peru in June 2023. This mission was the third engagement with the Central Bank of Peru (BCRP) aimed at enhancing staff capacity for engaging directly with key stakeholders on strategic and policy matters regarding Central Bank Digital Currency (CBDC). Building from ongoing virtual support, the mission initially assisted the BCRP to deliver a CBDC white paper, and a survey to gauge the reactions to a proposed CBDC. Also, the mission delivered an operating manual for guidance when considering innovation challenges as potential modalities for CBDC concept development. Off the back of the publication of the white paper, and on request of the BCRP, a physical mission worked with the BCRP to host an inaugural industry-wide stakeholder engagement on CBDC between June 19 and June 23, 2023. This strategic engagement marked a significant milestone for the BCRP, facilitating a candid assessment of stakeholder support for CBDC. Nine recommendations along three strategic themes surfaced from the robust and dynamic interactions.

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Background

At the request of the Banco Central de Reserva del Peru (BCRP), the International Monetary Fund (IMF) conducted a second Technical Assistance mission (TA) to support the authorities in their engagement with stakeholders as part of a research and development program on Central Bank Digital Currency (CBDC). The initial mission concluded in January 2022. The mission's recommendations included addressing existing market weaknesses (such as lack of interoperability between some payment schemes) and CBDC development as parallel activities, adopting a structured but more gradual approach to the project, understanding risk factors, and emphasizing stakeholder engagement in the subsequent project phase.

Building upon the guidance provided in the first mission, this mission further supported the BCRP by facilitating the publication of a white paper that articulates the BCRP's vision for CBDC. The white paper was published in February 2023 and was a significant milestone. Additionally, the IMF created an operating manual to guide the central bank in organizing and executing an innovation challenge (as a potential modality for testing assumptions).

During June 2023, a physical mission assisted the BCRP to further engage stakeholders through face-to-face interactions to assess their support and/or concerns related to a potential CBDC.

Summary of Findings

The BCRP's research on CBDC has strong foundations. Stakeholders in the banking and payment sector appreciate the BCRP's willingness to engage and trust its leadership in facilitating new digital finance solutions. Participants are particularly receptive to the proposal that a properly designed CBDC can help address remaining pain points in Peru and may assist in deepening financial inclusion. The central bank's team has adopted a measured and structured approach, balancing their desire to learn quickly with the recognition that certain key elements (such as a clear design) cannot be rushed.

The BCRP is fully committed to continuing to engage with industry-wide stakeholders in its CBDC research and development efforts. The publication of a white paper in March 2023, which shares the policy goals for a modern and inclusive payment system, has enabled frank discussions and input from a broad set of stakeholders on the potential of a CBDC. Tailored design-thinking workshops, organized by the mission team, have further solidified stakeholder commitment to support this phase of the project, and the BCRP is well placed to continue active industry-wide engagement.

However, key challenges include improving project governance and capacity, broadening research to incorporate participants' perspectives, and elevating the CBDC program at the national level. Overcoming these challenges is crucial for advancing the CBDC project, and to maintain a prudent but active research program.

Summary of Recommendations

The mission team has identified and presented to the BCRP three main themes, supported by nine recommendations, to support the next steps of the project. First, the BCRP is encouraged to maintain an agile program, implementing effective change and risk management practices, fostering broad and ongoing engagement, and ensuring consistent communication with internal and external stakeholders, to sustain momentum. Second, the BCRP is encouraged to increase clarity on the baseline

product design, achieved through further interactive engagements. This includes prioritizing use cases for the target market, understanding the CBDC value chain for selected use cases, and researching realistic business models and other adoption incentives. Last, the CBDC strategy should be elevated to the national level by exploring collaboration opportunities with relevant national agencies and leveraging national infrastructure and processes, such as digital identity and data protection systems.