



Press Conference

Fourth G20 Finance Ministers and Central Bank Governors meeting

13 October 2021



BANCA D'ITALIA
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Washington, D.C., 13 October 2021

- **In our meeting today we had, first of all, a discussion on the global economic situation, outlook and risks.**
- **We observed that the global recovery has continued at a solid pace in the last few months**, recognizing – once again – the key role of vaccination campaigns and of the support of economic policies. **At the same time, the recovery remains highly uneven across countries, and there are still considerable downside risks.** The pandemic continues to be a major source of risk for the global economy, also because of the possible spread of new variants of COVID-19, and vaccinations are still the first and most important response, not only for public health purposes, but from a purely economic point of view as well.
- **We concurred that economic policies should remain supportive for as long as necessary**, with the aim of addressing the consequences of the pandemic and steering the global economy toward strong, sustainable, balanced and inclusive growth. In this respect, we have reiterated our commitment to advancing the forward-looking agenda set in the G20 Action Plan, as updated in our April meeting.
- **In our discussion on the global economy, we focused on inflation developments.** The key message that emerged is that the current higher inflation in many advanced countries continues to reflect factors, such as supply bottlenecks relating to the pandemic, that are considered transitory and are therefore expected to fade out, albeit gradually. Inevitably, the widespread uncertainty surrounding the current situation requires central bank Governors to monitor price dynamics closely and continue communicate monetary policies clearly.
- **In our meeting today, we also had a session devoted specifically to cross-border payments.**
- The core of our discussion was the G20 Roadmap for Enhancing Cross-border Payments that was endorsed by G20 Leaders last year.

- This initiative is motivated by the awareness that citizens and economies worldwide would greatly benefit from faster, cheaper, more transparent and more inclusive cross-border payment services, while maintaining their safety and security.
- **Our Presidency has given priority to the implementation of the Roadmap** by developing a set of ambitious but achievable global targets to address the challenges of cost, speed, transparency and access faced by end-users. The Report setting these targets will now be transmitted for the endorsement of G20 Leaders.
- **The next stages of the implementation work** entail the definition of proposals for improving the underlying systems and arrangements and developing new systems, as well as the exploration of the potential benefits and challenges of innovative payment arrangements and infrastructures, including the so-called "global stablecoins" (GSCs) and Central Bank Digital Currencies (CBDCs).
- **As regards global stablecoins, we continued our previous discussions on how to ensure the soundness of such arrangements:** importantly, as you can read in our communiqué, we have reiterated that "no so-called 'global stablecoins' should commence operation until all relevant legal, regulatory and oversight requirements are adequately addressed through appropriate design and by adhering to applicable standards."
- **As far as central bank digital currencies (CBDCs) are concerned, our discussion focused on the potential implications of their use in cross-border payments.** In this respect, I want to stress that our discussion must not be seen, in any possible way, as a prelude to a decision to issue a central bank digital currency by G20 Countries, which all retain sovereignty over such a policy choice.
- **I would like to recall some other areas of work concerning financial sector issues, in which the G20 has made important progress since its last meeting in July.**
- **One of these relates to taking stock of the lessons learnt during the pandemic from a financial stability perspective,** which our Presidency has promoted. The FSB has delivered the final version of a report that we had already discussed in July. While the financial system, bolstered by the post-financial crisis regulatory reforms, has been largely resilient during the pandemic, the report highlights some regulatory issues and gaps which we are committed to addressing, including by completing the remaining reforms and further evaluating the functioning of prudential buffers and any potential sources of excessive procyclicality.
- **Our Presidency has also given priority to the FSB's work, which is aimed at strengthening the resilience of the non-bank financial intermediation (NBFII) sector.** In particular, as a first important step in our endeavour to address the vulnerabilities of non-bank intermediation, the FSB has delivered a package of policy proposals to enhance the resilience of money market funds.

- **Another important area of work is sustainable finance. The Sustainable Finance Working Group, co-chaired by China and the United States, has delivered two important documents.**
- **The first is a Synthesis Report of the activities carried out this year in three priority areas:** (i) strengthening the comparability and interoperability of approaches to align investments with sustainability goals; (ii) overcoming informational challenges by improving reporting and disclosure; and (iii) enhancing the role of international financial institutions in supporting the goals of the Paris Agreement and of the United Nations Agenda 2030. For each priority, the report identifies the main challenges and puts forward a set of recommendations for overcoming them.
- **The second document is the G20 Sustainable Finance Roadmap, which provides a multi-year agenda with the aim of scaling up sustainable finance.**
- The Roadmap is divided into different focus areas, which include: the alignment of financial flows with sustainability goals; access to reliable and timely information on sustainability risks, opportunities and impacts; the assessment and management of climate and sustainability risks; and the leverage of public finance and incentives.
- This multi-year plan has been developed in synergy and complementarity with other relevant initiatives, especially the FSB's Roadmap for addressing climate-related financial risks, which we endorsed in July.
- It initially focuses on climate, but it is a flexible plan that makes it possible to accommodate the evolving sustainable finance landscape and the priorities of future G20 Presidencies. In this perspective, the Roadmap paves the way for addressing issues beyond climate that might require higher prioritization in the near future [such as transition finance, biodiversity and social aspects].
- **Last but not least, financial inclusion. The Global Partnership for Financial Inclusion, co-chaired by Italy and Russia, successfully carried out its work plan for this year.**
- **Its implementing partners delivered six high-quality reports,** which analyse the impact of the pandemic crisis on the financial resilience of individuals and of micro, small, and medium-sized enterprises (MSMEs), and on remittance flows. The reports also look into the new opportunities for financial inclusion and the new risks of exclusion, also relating to cyber frauds, stemming from the increased digitalization of financial services and products.
- **Based on the results of these reports, the GPFi has delivered a widely appreciated Menu of Policy Options for digital financial literacy and financial consumer and MSME protection.** The Menu builds upon the actual measures implemented by countries that succeeded in tackling the new challenges posed by the pandemic and by increasing financial digitalization, and suggests viable and operational solutions to effectively enhance the awareness of individuals and MSMEs of the opportunities and risks of digital finance, and to improve protection to foster digital financial inclusion.

- We are confident that this product will provide an extremely useful guide, also beyond the G20, for the adoption of policies to leap forward in financial inclusion, in the face of the new challenges and opportunities offered by the growing digitalization of finance.
- I now hand over to Minister Franco, who will comment on the other topics.