



IMF Touts Programmable and Controllable CBDC for ‘Financial Inclusion’

Martin Young

October 17, 2022

The International Monetary Fund (IMF) has touted central bank digital currencies (CBDC) as a path to financial inclusion, but there could be more sinister control and surveillance implications.

Speaking at the IMF-World Bank Annual Meeting last week, Deputy Managing Director Bo Li said that a CBDC could improve financial inclusion through programmability.

He went on to explain:

“A CBDC can allow government agencies and private sector players to program, to create smart contracts, to allow targeted policy functions.”

He proceeded to give a couple of examples, such as welfare payments, consumption coupons, and food stamps. Money can be programmed a targeted for one type of use, he stated.

“This potential programmability can help government agencies to precisely target their support to those people that need support,” he added.

CBDC: A financial surveillance tool?

The take from those comments is that governments will be able to program money to control what people can and cannot spend. Policy Analyst at the Cato Institute’s Center for Monetary and Financial Alternatives, Nick Anthony, made the observation on Oct. 16.

Earlier this year, Anthony published a [paper](#) in which he said, “a CBDC would erase what little financial privacy still exists in the United States.”

Minneapolis Fed President Neel Kashkari is not convinced about a CBDC either, having previously commented that it makes sense for China to want one as a surveillance tool, but Americans would not want it.

The frightening possibility of programmable finance is a dystopian future where authoritarian states and banks control who can have access to money and who cannot and what they can spend it on.

This is likely to lead to extreme cases of financial exclusion for those that don't meet government criteria for access to its digital currency. Decentralized crypto assets are the only true vehicles of open and free finance that are accessible to everyone, everywhere ... unless the state has banned them. Earlier this year, the IMF dismissed crypto as a threat to financial security.

China racing ahead

China is pushing hard to deploy its e-CNY central bank digital currency, which has seen transaction volume surpassing 100 billion yuan (around \$US14 billion) so far.

More than 5.6 million merchants can accept payments with the CBDC, which is tightly controlled and monitored by the state.

Chinese state researchers have also proposed a pan-Asia CBDC that is pegged by the currencies of 3 Asian countries and the 10 ASEAN member nations. China would control this also as it strives to distance itself and its heavily influenced regional neighbors from a strengthening greenback.