

Part II

Regulatory Responses

Part II examines various regulatory updates that might be needed to help central banks address the challenges in the emerging digital financial landscape. To make the examination tractable, Chapter 5 focuses on responding to the challenges of walled gardens and shadow banking. Chapter 6 then examines possible regulatory updates to address the challenges of monetary sovereignty and singleness of money. Chapter 7 addresses the rest of the challenges, i.e. customers' data rights, ethical use of AI, cybersecurity and financial exclusion.

It should be noted that many of the frameworks reviewed here are at very early stages of development. In some cases, it may take years before they are implemented into laws and regulations. Furthermore, the details of the adoption of the frameworks might depend on the context of the jurisdictions, although the frameworks should help guide how regulations might be updated for the financial sector. It should also be noted that in some cases, different challenges might be addressed by the same regulatory updates. Regulations with regards to open banking, for example, could help mitigate the problems of walled gardens in bank super apps and also help protect customers' rights to access their data.