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Implications of Central Bank Digital Currency for Monetary Operations

September 16, 2025

Monetary Operations in a Nutshell

Monetary operations involve implementing monetary policy instruments to manage liquidity of reserves to meet central banks' operational targets, depending on their monetary policy regimes.

	Objective	Intermediate Target	Operational Target	Monetary Policy Instruments
Inflation Targeting	Price stability	Inflation expectations	Interest rates	<ul style="list-style-type: none">• Open Market Operations• Standing Facilities• Reserve Requirements• FX interventions
Exchange Rate Targeting		Exchange rate	Exchange rate	
Monetary Targeting		Broad money	The growth rate of base money	

METAC's webinar on Digitalization spotlighted Central Bank Digital Currencies (CBDCs) and their potential to reshape monetary operations. IMF Financial Sector Expert Tansaya Kunaratskul led the session and explained the fundamentals of monetary operations. She presented the balance sheet impacts on households, banks and central banks when CBDCs replace cash, deposits, and reserves. Her presentation also outlined strategies for central banks to improve liquidity forecasting, use liquidity-injecting instruments, and design CBDCs to reduce risks. The audience engaged in an interactive Q&A session, raising questions about CBDCs' influence on monetary policy, the role of stablecoins and differences between wholesale CBDCs and reserves in digital form, especially in infrastructure and the settlement of tokenized assets.