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CBDCs and sustainable  
tokenization in Latin America:  
A framework for the  
modernization of monetary policy

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## **CBDCs and sustainable tokenization in Latin America: A framework for the modernization of monetary policy**

The discussion surrounding the implementation of central bank digital currencies (CBDCs) has become one of the most relevant debates in contemporary monetary architecture. While progress in Europe and Asia has focused on payment efficiency and the modernization of financial infrastructure, in Latin America the issue takes on a different dimension: CBDCs should not be understood merely as a technological instrument, but as a potential tool for repositioning monetary policy in environments characterized by high volatility, partial dollarization, and persistent challenges of financial inclusion.

From a monetary policy perspective, the appeal of a CBDC lies in its capacity to alter the very nature of the transmission mechanism. Traditionally, changes in the policy interest rate affect the economy through indirect channels: the cost of credit, the remuneration of deposits, and agents' expectations. In emerging economies with shallow financial markets and high levels of informality, those channels are often distorted. A remunerated retail CBDC would offer the unprecedented possibility of transmitting monetary policy directly to households and firms, turning the central bank into the issuer not only of base money, but also of a digital instrument that competes with traditional bank liabilities.

The design of CBDC interest rates could be both tiered and dynamic. In a recessionary scenario, the positive remuneration of digital balances would encourage saving in local currency, reinforcing exchange rate stability and reducing pressure on the dollar. Conversely, in expansionary phases, applying neutral or negative rates to large holdings would stimulate productive investment or the demand for sustainable tokenized assets. This mechanism would represent an unprecedented expansion of the monetary policy toolkit, allowing the policy rate to be transmitted with surgical precision to economic agents, narrowing the gap between policy intent and actual effectiveness.

The interaction between CBDCs and the tokenization of sustainable assets adds another layer of sophistication. Settling tokenized green projects in CBDCs would generate a dual benefit: reinforcing structural demand for the sovereign digital currency and channeling capital toward strategic sectors. For central banks, this means not only maintaining control over liquidity and monetary aggregates, but also indirectly guiding credit allocation toward activities consistent with ecological transition. Monetary policy would thus expand beyond its stabilizing function toward a role of "strategic credit orientation," recovering a dimension that central banks in the region historically exercised, now within a decentralized and transparent technological framework.

One of the main challenges in CBDC design is the risk of banking disintermediation. If agents shift deposits into digital accounts at the central bank, the banking system could see its capacity to extend credit eroded. This risk can be mitigated through a tiered remuneration scheme. Small balances in CBDCs could earn a rate equivalent to the policy rate, reinforcing monetary transmission, while larger balances would receive lower or even negative returns,

encouraging their displacement toward bank deposits or tokenized instruments. In this way, a balance is achieved between extending the reach of monetary policy and preserving financial stability.

From the standpoint of stability, CBDCs offer tools to mitigate digital dollarization. In countries where demand for domestic money is fragile, private stablecoins pegged to the dollar pose a growing threat. A well-designed CBDC, interoperable with payment platforms and tied to incentives for sustainable investment, could effectively compete with such instruments. By offering regulatory security, traceability, and fiscal benefits for operations linked to green projects, the CBDC would become a preferred asset compared with foreign alternatives, thereby strengthening monetary sovereignty.

The integration of CBDCs with ESG tokens would significantly affect liquidity management and the central bank balance sheet. The digitalization of money would enable real-time monitoring of financial flows, enhancing the capacity to conduct open market operations and adjust monetary supply. Differentiated remuneration of digital balances could become a fine-tuned instrument for shaping the yield curve, something thus far reserved for more developed financial systems. Seigniorage, in turn, would regain relevance: by capturing part of domestic savings in direct digital instruments, the central bank would strengthen its balance sheet and could allocate resources to the backing of sustainable investment projects, generating a virtuous cycle between stability and development.

International experience offers valuable lessons, though none are fully replicable. The digital yuan has demonstrated the feasibility of a retail CBDC, albeit in a context of high bancarization and centralized control. The digital euro aims to ensure interoperability and mitigate banking disintermediation through holding limits. Latin America, by contrast, faces the challenge of designing a CBDC that simultaneously fosters financial inclusion, exchange rate stability, and the ability to channel capital toward productive sectors. To achieve this, regional cooperation is essential. Common standards in technological, accounting, and tax matters could generate an integrated market of green tokens settled in national CBDCs, thereby increasing financial depth and investor confidence.

As a corollary, the implementation of a CBDC in Latin America should be conceived as a historic opportunity to modernize monetary policy. It is not merely about digitalizing means of payment, but about expanding the scope of interest rates as a stabilization instrument, regaining control over liquidity in contexts of partial dollarization, and linking the sovereign digital currency to sustainable development objectives through tokenization. If central banks in the region adopt this hybrid approach, they will position themselves not only as guardians of stability, but as architects of a new phase of monetary innovation, in which digital sovereignty, sustainability, and inclusion converge in a single project.