

## ISO Code for Digital Fiat Currency

Alternative currencies and virtual currencies have been in existence for a long time, initially used by local communities and subsequently transacted online. There should be no doubt in most people's minds that these are a form of private money, and have very limited impact on the daily lives of ordinary people and commerce. The advent of Bitcoin and other alternative digital currencies that transcended national borders and were increasingly used for real financial services such as cross border remittance and payment at large have alarmed regulators and Central Banks around the world. Proponents of these digital currencies have raised the prospect of separate currency codes. As a response, ISO Technical Committee 68 (ISO TC68) set up a study group in 2015 to investigate the business needs, feasibility, and impacts of these digital currencies.

On April 29th 2016, at the ISO TC68 plenary meeting held in Frankfurt, Germany, the study group lead Claudia Swendseid reported their recommendations; (1) Revise the existing standard ISO 4217 that is used for hard fiat currency code to accommodate the allocation of Digital Fiat Currency code, (2) Create a separate second tier registry for non-fiat digital currency code allocation, and (3) Look into the security aspects of digital currency in general and come up with recommendation for standardization. This is the first time the term "Digital Fiat Currency" is used in an official ISO recommendation. eCurrency is actively participating in the working group studying the security aspects of digital currency, and follows closely the activities of other working groups related to digital currency.

What should the Central Bank do with respect to the currency code used in an ongoing implementation and deployment project of Digital Fiat Currency? The presentation given by ISO TC68 SC 7 recommends the following: There should be no change to ISO 4217 to accommodate an approved Digital Fiat Currency. This means that the currency structure of the code will not change (e.g. 3 positions). There is currently a work in progress on the maintenance agency procedures regarding this type of currency.

This recommendation is consistent with the currency law of most of the countries. Digital Fiat Currency is simply a different form of the legal tender issued by the Central Bank. Combined with paper notes and coins, they form the fiat currency of a country and must be issued under the sole control of the Central Bank according to the currency law of the country. We also recommend that the relevant department of the central bank check with the ISO Currency Code Maintenance Agency website for any updates: [www.currency-iso.org](http://www.currency-iso.org). As we are notified of any change, we will continue to keep our partner Central Banks informed.