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Chapter 1 : IMF -- International Monetary Fund Home Page

Many speakers at this conference have already addressed the crisis, the IMF's role in addressing it, and steps the Fund should take in the future to prevent future crises.

Many feel anxious about the impact of new technology on their jobs. This is not new. In fact, it dates back at least to the Luddites movement at the outset of the Industrial Revolution. And it resurfaced during the Great Depression and again in the s, following a period of high productivity growth, and in the s at the outset of the IT revolution. How can governments help? A dramatic shift In the past, technological advances have helped raise incomes for most. But we should not forget that the transitions involvedâ€”for workers, firms, sectors, and whole economiesâ€”have been difficult for many. Many observers think the latest wave of technological innovation will be more disruptive than the ones in the past, especially for labor. They point to the timid growth of real wages and the falling labor share in national income in recent decades. New technological advancesâ€”in artificial intelligence, automation and roboticsâ€”might be even more dramatic. This is because of the presumed ease with which some technologies can substitute for a broad range of human skills. Better by design To begin, we need to understand the most recent wave of technology and its potential impact. Not all labor is replaceable, and artificial intelligence might transform jobs more than it will make them obsolete. And technological advances boost productivity, which over time creates new jobs, allows incomes and living standards to rise. In fact, our research indicates that the current slow wage dynamics is related to low productivity growth. So, what should countries do? First, countries need policies to facilitate labor reallocation and shorten periods during which labor remains idle. For example, re-allocating labor could be easier with a stronger, while temporary, unemployment insurance. And social benefits may need to be more portable. Denmark has strong labor market institutions which combine flexible hiring and firing rules with extensive active labor market policies and relatively generous safety nets. The system is generally successful in matching labor supply and demand, and unemployment is low by international comparison. But this, by itself, may not help those who are less prepared to benefit from change. People need policies that provide them with opportunities. Building human capital is key. This could mean more or more effective public spending on education, making it responsive to market demands and providing opportunities for life-long learning. For example, Singapore offers unconditional grants to all adults for training throughout their working lives. Redistribution through the tax-benefit system could be another way to spread the gains from technological advances. Some economies have used available fiscal space for redistribution to spread the gains from technological change more equitably. For example, Canada cut the tax rate for middle income earners to strengthen the middle class, and more recently, made income tax benefits more generous, including by expanding eligibility. Redistribution, however, comes at the cost of efficiency. That said, if governments design policies in the right way, all income groups can still gain. So what is our bottom line? Technological advances present incredible economic and social opportunities. But they need to be supported by the right policies to ensure that they bring benefits to all. To see the authors presentation, click on video above or click here.

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Chapter 2 : Trust and the Future of Multilateralism | IMF Blog

'The IMF and the Future will interest anyone who seeks to understand the complexities of the IMF role in the world economy and is prepared to live with the dismalness of economic science it is an excellent survey of the policy choices and problems that pushed the IMF in the direction it is moving today.'.

In their proposal to write off some of the debt, the Paris Club members took advantage of the opportunity to impose conditions that could bind the successor government in Baghdad to policies of free-market fundamentalism. Much of that debt was contracted for purposes such as purchasing military equipment that was used to invade neighboring countries, which is not a spending priority that the Iraqi people voted to pursue. A number of legal precedents on odious debt exist, but from a strictly legal point of view, authorities such as the Paris Club are under no obligation to apply the precedents or even to take them into account. The Paris Club probably calculated that Iraq will not invoke the odious debt doctrine to refuse any repayment whatsoever. Such action would invite a boycott on the part of public and private lending institutions, leading to a severe shortage of capital and guaranteed economic meltdown. Iraq will likely stop repaying only if repayments were exerting such budgetary strain that it would be better off not paying back its debt, regardless of whether or not capital flows dried up. As the creditor nations are perfectly aware, compelling Iraq to repay its debt completely would push the country into an economic crisis so severe that debt servicing would halt. It was therefore decided long ago that a portion of the debt would have to be written off. Although this reduction is often couched in humanitarian terms, the reality is that creditors are simply vying to bleed Iraq as much as possible without actually killing it. A second 30 percent reduction will be delivered "as soon as a standard International Monetary Fund program is approved. What type of future can Iraq expect under the guidance of the IMF? Two cases from recent history offer some clues. Reacting to rumors that Thailand would devalue its currency, the baht, speculators confirmed the prophecy by moving capital out of the country and converting it into dollars, thereby weakening the baht. A number of other factors converged to send the entire region into a brutal recession, as foreign investors withdrew money into dollar accounts in "safer" places. The mass flight of foreign capital from Southeast Asia was possible mainly because many of these countries had undertaken capital market liberalization reforms prior to â€”upon the advice of the IMF. Most importantly, the Fund required governments to balance their budgets, inducing governments to slash important social programs and abandon their goal of full employment. These "reforms" came at great social cost. In Indonesia, for example, riots broke out the day after the government cut food subsidies. In addition, the IMF insisted that Southeast Asian countries boost interest rates to attract foreign capital back to their banks. Pegging its currency, the ringgit, to the dollar and cutting interest rates, Kuala Lumpur ordered that all ringgit invested offshore be repatriated within one month, imposed tight limitations on transfers of capital abroad and froze the repatriation of foreign capital for 12 months. In the meantime, the country took the time to restructure its corporate and banking laws. As a result, Malaysia emerged from recession much sooner and with a smaller debt than its neighbors. While these banks readily provided funds to multinational corporations, and even to large domestic firms, small and medium-size firms complained of a lack of access to capital. The resulting lack of growth was pivotal. Even if so, the IMF certainly did not help. By the time the crisis started in , the Argentine government had already incurred a large amount of foreign debt. The recession caused tax revenues to plummet, therefore aggravating its balance of payments problem. Buenos Aires made up the difference by increasing borrowing from international lenders such as the IMF. The bailout came with strings attached: The Fund aimed thereby to make the country more attractive to foreign capital, but the downside was that unemployment worsened and vital social programs were canceled. Investors lost confidence in the Argentine economy and began pulling their money out of the country. In addition, officials converted bank deposits that were originally made in dollars into local currency, thereby increasing the liabilities of the population, as debts that were incurred in dollars remained in dollars. Following the devaluation, the debts of ordinary Argentinians increased in value by over percent. Amidst riots, looting, increased crime and police brutality, 8. Reports surfaced of malnutrition and children missing school in order to beg. Instead, the report concluded, the Fund should have diverted its loan funds to help Argentina cover "the inevitable costs of exit" from its chosen policies. Most infamously, the Coalition Provisional Authority CPA , which ruled Iraq from May to June , legislated that "[a] foreign investor shall be entitled to make foreign investments in Iraq on terms no less favorable than those applicable to an Iraqi investor, unless otherwise provided herein. Assuming that the successor government in Baghdad does not overturn Order 39, the long-standing ban on foreign investment in Iraq has been abolished, allowing foreigners to own up to percent of any enterprise except those controlling oil and other natural resources. Although foreign ownership of land remains illegal, companies or individuals will be allowed to lease properties for up to 40 years. Another CPA decree, Order 81, sets out the circumstances under which the reuse of seeds by farmers constitutes patent infringement. For the US-British occupation authority, such neoliberal policies were an article of faith. Speaking to journalists aboard a US military transport plane in June , ex-CPA head Paul Bremer emphasized the need to privatize government-run factories with such enthusiasm that his voice could be heard over the din of the cargo hold. In relation to debt and IMF programs, however, the government of Iyad Allawi seems to have surpassed all expectations. On September 24, three Iraqi interim ministers sent a "letter of intent" to the managing director of the Fund. Such lettersâ€"a standard requirement in IMF procedureâ€"are officially the work of national authorities, though IMF officials typically dictate their content themselves. Absent from the letter, moreover, is any statement about the priority that Iraqi authorities or the IMF will place upon reduction of unemployment. On October 14, the Iraqi interim government took still another step in the direction of free-market fundamentalism when it applied for membership in the World Trade Organization. Intransigent Arab Creditors To make matters worse, and despite all the attention garnered by the Paris Club negotiations, most of the debt incurred by the deposed regime is not actually owed to Paris Club members. At first, Arab creditors were loath even to consider writing off any of the Iraqi debt. Kuwait was particularly intransigent, eliciting a rather confused reaction from senior US officials. Iraq, under Saddam Hussein and subsequently, has long argued that these funds were grants and not loans. But, from a legal point of view, the fact that transfers were made does not suffice to prove that Iraq is under any obligation to pay back any money unless the terms of the transfer are specified. If creditor nations insist on being rigid in their interpretation of the law, and argue that they have no obligation to apply the doctrine of odious debt to Iraq, then Iraq should not hesitate to argue that a loan is not a loan without a written contract to prove it. It is unclear whether such contracts exist. What is true of Kuwaiti "debt" is also true of Saudi Arabian claims. There is a solid legal basis, by contrast, for enforcing the war reparations claimed by Kuwait, as they are based on UN Security Council resolutions. Iraq will have difficulty avoiding payment of any amounts claimed by the Kuwaitis and granted by the UN Compensation Committee, unless Iraq decides unilaterally to refuse payment, which may or may not work out in its favor. Lessons for Reformers Post-Saddam Iraq offers a perfect illustration of how the industrialized world has used debt as a tool to force developing nations to surrender sovereignty over their economies. Iraq had no bargaining chipâ€"save its economic weaknessâ€"with which it could have forced Paris Club members to write off a greater portion of debt. When arguing with government officials in relation to existing debt, campaigners face two obstacles. Second, there is a clear financial disincentive for creditor nations and financial institutions to forgive outstanding loans. Neither of these obstacles applies to future debt. Any reform that is put in place today will necessarily apply to loans made in years to come. Campaigners should move to establish the equivalent of odious debt doctrine for loans yet to be lent. The legal framework relating to international loans can be reformed through a number of different mechanisms, including, but not limited to, a new international convention, or a Security Council resolution. The European Union could even begin drafting an international convention, while leaving open the possibility for other states to ratify the agreement in the future. Many argue that if repayment of loans were subject to scrutiny of how the borrower spent the money, loan funds would dry up. So the international convention or Security Council resolution should provide for a mechanism for dispute resolution or to refer all disputes to an already existing dispute resolution mechanism. One possibility would be for the International Center for the Settlement of Investment Disputes, a tribunal organized under the auspices of the World Bank, to deal with international lending disputes. Whatever the case may be, the advantage that opting for a particular dispute resolution mechanism would present in practice is that it would allow for the creation of a significant body of law that would serve to clarify rules relating to the illicit purpose exception. Any such reforms will come too late for Iraq, however. The first priority should not be to please outside creditors. It should be to reduce unemployment and to redistribute wealth in such a way as to reduce social divisions, something that is particularly important in Iraq.

Chapter 3 : List of countries by past and projected GDP (PPP) - Wikipedia

We welcome your ideas on future evaluations and comments on our past and ongoing work. Corporate Responsibility The IMF's staff of highly qualified professionals are dedicated to the goals of the institution to promote global economic growth and stability, and raise living standards and employment.

I am pleased to be here to address the important issue of multilateralism. The high level of attendance and representation in Bulgaria at this conference is testament to how seriously these issues are taken in Europe, and that is encouraging to all of us at this juncture. Until recently, the theme of multilateralism probably would have prompted me to focus on governance reforms at the IMF. But times have changed. We live in an era of doubts and questions about the global order. We have seen an erosion of trust in bedrock institutionsâ€"at the national, regional, and global levels. This trend is especially evident in the advanced economies of Europe and the United States. So tonight, I want to talk about trust. And its bearing on the future of the global economyâ€"particularly the multilateral system, and how the IMF will evolve. Some of you were there. The subject of trust, and the erosion of trust, came up over and over again, whether in discussions of national policymaking, the need to fight corruption, the challenge of strengthening Europe, or maintaining confidence in the trade and payments system. Let me speak about what we heard, and what we take from it all. Many say that we are witnessing a loss of trust in political parties, national governments, regional authorities, and among international trade and investment partners. We often throw around the word trust rather loosely. Why is trust eroding? We can identify three important factors. First, is the reaction to globalizationâ€"or, more specifically the dislocations that have occurred in our interconnected global economy. Many people believe that it has not delivered fair outcomes and that there is a lack of accountability for leaders and those who have gained the most. Second, the global financial crisis, and the slow, decade-long recovery that followed exacerbated this trend. Governments have been blamed for failing to prevent the crisis in the first place, and then compounding the difficulties by failing to engineer a swift recovery. For many, the past decade only provided proof that special interests had hijacked institutions, with working people left holding the bag. Deep anger was directed at the bankersâ€"although, ironically, recent surveys show that trust in banks is now returning. That no doubt reflects the reforms and regulation that followed the crisis, which underlines one key lesson: The third factor is technology. The rise of automation, AI, big data, e-commerce, and fintech each have huge potential. But they also deepen worries about the future of work, the sustainability of established businesses, the spread of cyber-criminality, and the weaponization of data. It should come as no surprise that we are witnessing a loss of trust in the big internet giants; witness the pressure being brought to bear on Facebook over privacy issues. We are in a trust recession. Certain consequences of that recession are clear. The rise of populist political parties and protectionist sentiments may be the most obvious, along with the anger in many countries about income inequality. But we see a deeper tendency at workâ€"a shift as people identify with and trust in fragmented, localized entities; where citizens feel they can regain a sense of control. This includes civil society organizations, single-issue movements, on-line groups and communities that form on social media. Decentralization and Fragmentation But while decentralization gives people a sense of belonging and local impact, this fragmentation comes with a fundamental downside consequence. The more trust resides at local and decentralized levels, the less those who are trusted will have the power and authority to address and solve problems that inherently require centralized authority, and in an increasing number of cases: And that brings me back our topic. So, I will speak about some of the issues facing Europe and then about the global level. Trust in some European institutions has suffered from concerns about overreach. Discontent and suspicion of supranational bodies and regulation has generated the backlash in recent votesâ€"from the UK to Italy. Looking forward, Europe faces additional vulnerabilities as long as elements of the regional construct remain incomplete. With work remaining on banking union and the harmonization of national regulations and practices in the financial sector, the risk is a further erosion of trust if new problems arise and Europe is not ready. On the upside, progress on further integration could renew trust. What is proving difficult is contending with risk reduction â€"the legacies of crisis and national policy indisciplineâ€"while building elements of risk sharing. Unless that balance is properly struck, trust may be hard to maintain, if citizens in some countries see themselves as payers and others as receivers. Moving to the global level, distrust of global agreements and institutions is most evident in the realm of trade and foreign direct investmentâ€”witness the turn toward bilateral negotiations and treaties and the talk of unilateral actions and risk of retaliation. I hope we can all agree that cooperation rather than unilateral action is the only sure way to avoid the risk of damaging escalation in trade tensions. But by the same token, globalization will not receive sustained, broad support unless it is based on free and fair trade and investment practices. That means being willing to update rules and institutions commensurate with the growing sophistication and complexity of the global economyâ€”and as technology changes the economic landscape. As we have been urging, all countries need to work to improve their own policies, and work together to take account of the dislocations from globalization and technology. We have been at the center of crisis and controversy. We have faced pressure again and again to reform to meet the changing needs and expectations of the international community. We feel it again now in discussions about the global financial safety net, which we all need as a bulwark against future crises. I began by mentioning IMF governance. Over the past decade, we have taken important steps to make our decision making more reflective of changes in the global economy, with emerging market countries gaining a larger voice. That is only a first step. These reforms will continue. In addition, we must be better attuned to ideas and grievances coming from all corners of the globe. We must demonstrate that we are a learning, evolving, and competent institution. But more importantly, we must demonstrate that there is still reason to work together for global goods that benefit all people and transcend national and parochial boundaries. We all need to work together to prepare multilateralism for a world where trust and authority are more decentralized. Our multilateral institutions are more critical than ever. We cannot take them for granted. The way we rebuild confidence is to make sure that cooperation leads to concrete gains that benefit all people, and that these gains are widely shared. We can restore trust in institutions and larger purposes if we set out to regain the sense that something concrete can be achieved by working together.

Chapter 4 : Technology and the Future of Work | IMF Blog

The future of the IMF and the World Bank will depend on their ability to achieve three goals: (1) develop or enhance incentives within client countries for growth, (2) providing incentives for attainable public goods, and (3).

Some of the conditions for structural adjustment can include: Cutting expenditures, also known as austerity. Focusing economic output on direct export and resource extraction , Devaluation of currencies, Trade liberalisation , or lifting import and export restrictions, Increasing the stability of investment by supplementing foreign direct investment with the opening of domestic stock markets , Removing price controls and state subsidies , Privatization , or divestiture of all or part of state-owned enterprises, Enhancing the rights of foreign investors vis-a-vis national laws, Improving governance and fighting corruption. These conditions are known as the Washington Consensus. Benefits[edit] These loan conditions ensure that the borrowing country will be able to repay the IMF and that the country will not attempt to solve their balance-of-payment problems in a way that would negatively impact the international economy. This indicates that IMF lending does not impose a burden on creditor countries, as lending countries receive market-rate interest on most of their quota subscription, plus any of their own-currency subscriptions that are loaned out by the IMF, plus all of the reserve assets that they provide the IMF. This led to the devaluation of national currencies and a decline in world trade. The representatives of 45 governments met at the Bretton Woods Conference in the Mount Washington Hotel in Bretton Woods, New Hampshire , in the United States, to discuss a framework for postwar international economic co-operation and how to rebuild Europe. There were two views on the role the IMF should assume as a global economic institution. American delegate Harry Dexter White foresaw an IMF that functioned more like a bank, making sure that borrowing states could repay their debts on time. British economist John Maynard Keynes imagined that the IMF would be a cooperative fund upon which member states could draw to maintain economic activity and employment through periodic crises. The increase reflected in particular the attainment of political independence by many African countries and more recently the dissolution of the Soviet Union because most countries in the Soviet sphere of influence did not join the IMF. This is known as the Nixon Shock. Since [edit] The IMF provided two major lending packages in the early s to Argentina during the â€” Argentine great depression and Uruguay after the Uruguay banking crisis. Property taxes are equitable and efficient, but underutilized in many economies There is considerable scope to exploit this tax more fully, both as a revenue source and as a redistributive instrument. The former Czechoslovakia was expelled in for "failing to provide required data" and was readmitted in , after the Velvet Revolution. Poland withdrew in â€”allegedly pressured by the Soviet Union â€”but returned in Members needed to make periodic membership payments towards their quota, to refrain from currency restrictions unless granted IMF permission, to abide by the Code of Conduct in the IMF Articles of Agreement, and to provide national economic information. However, stricter rules were imposed on governments that applied to the IMF for funding. Please help improve this article by adding citations to reliable sources. Unsourced material may be challenged and removed. February Learn how and when to remove this template message Board of Governors[edit] The Board of Governors consists of one governor and one alternate governor for each member country. Each member country appoints its two governors. The Board normally meets once a year and is responsible for electing or appointing executive directors to the Executive Board. The International Monetary and Financial Committee has 24 members and monitors developments in global liquidity and the transfer of resources to developing countries. They also advise on trade and environmental issues. The Executive Directors represent all member countries in a geographically based roster. The Executive Director representing the largest constituency of 22 countries accounts for 1.

Chapter 5 : IMF's Lagarde Speculates That Cryptocurrency Is The Future - News

And its bearing on the future of the global economyâ€"particularly the multilateral system, and how the IMF will evolve. A week ago, our member countries came to Washington for the IMF and World Bank Spring Meetings.

We live in an era of doubts and questions about the global order. We have seen an erosion of trust in bedrock institutionsâ€"political parties, national governments, regional authorities, and among international trade and investment partners. We often throw around the word trust rather loosely. There are three broad reasons for the erosion of trust: First, is the reaction to globalization â€"or, more specifically the dislocations that have occurred in our interconnected global economy. Many people believe that it has not delivered fair outcomes, and that there is a lack of accountability for leaders and those who have gained the most. Second, the global financial crisis, and the slow, decade-long recovery that followed exacerbated this trend. Governments have been blamed for failing to prevent the crisis and then compounding the difficulties by failing to engineer a swift recovery. For many, the past decade only provided proof that special interests had hijacked institutions, that corruption is endemic, and working people are left holding the bag. Deep anger was directed at the bankersâ€"although, ironically, recent surveys show that trust in banks is now returning. That no doubt reflects the reform that followed the crisis, which underlines one key lesson: The third factor is technology. The rise of automation, AI, big data, e-commerce, and fintech each have huge potential. But they also deepen worries about the future of work , the sustainability of established businesses, the spread of cyber-criminality, and the weaponization of data. It should come as no surprise that we are witnessing a loss of trust in the big internet giants. The rise of populist political movements and parties and protectionist sentiments may be the most obvious consequence of the trust recession, along with the anger in many countries about income inequality. But there is a deeper tendency at workâ€"a shift as people place their trust in local entities or single-issue entities where citizens feel they can regain a sense of control. This includes civil society organizations, social and political movements, and communities that form online. While decentralization gives people a sense of belonging and local impact, this fragmentation comes with a fundamental downside consequence. The more trust resides at local and decentralized levels, the less those who are trusted will have the power and authority to address and solve problems that inherently require centralized authority, and, in an increasing number of cases, regional and global cooperation. For example, trust in some European institutions has suffered from concerns about overreach. Discontent and suspicion of supranational bodies and regulation has generated a backlash in recent elections. Europe faces additional vulnerabilities as long as elements of the regional construct remain incomplete. With work remaining on banking union and the harmonization of national regulations and practices in the financial sector, the risk is a further erosion of trust. On the upside, progress on further integration there could renew trust. What is proving difficult is contending with risk reductionâ€"the legacies of crisis and national policy indisciplineâ€"while building elements of risk sharing. Unless that balance is properly struck, trust may be hard to maintain, if citizens in some countries see themselves as payers and others as receivers. On the global level, distrust of global agreements and institutions is most evident in the realm of trade and foreign direct investmentâ€"witness the turn toward bilateral negotiations and treaties and the talk of unilateral actions. Cooperation for mutual gain is the only sure way to avoid the risk of damaging escalation in trade tensions. But by the same token, globalization will not receive sustained, broad support unless it is based on free and fair trade and investment practices. That means being willing to update rules and institutions commensurate with the growing sophistication and complexity of the global economyâ€"and as technology changes the economic landscape. All countries need to work to improve their own policies, and work together to take account of the dislocations from globalization and technology. The IMF is no stranger to distrust. We have been at the center of crisis and controversy. We have faced pressure again and again to reform to meet the changing needs and expectations of the international community. We feel it again now in discussions about the global financial safety net , which is needed as a bulwark against future crises. Over the past decade, the Fund has taken important steps to make our decision making more reflective of changes in the global economy, with emerging market countries gaining a larger voice. Our work must continue. We must become better attuned to ideas and grievances coming from all corners of the globeâ€”and that includes addressing corruption concerns. We must demonstrate that we are a learning, evolving, and competent institution. But more importantly, we must prove that there is still reason to work together for global goods that benefit all people and transcend national and parochial boundaries. It is crucial to prepare multilateralism for a world where trust and authority are more decentralized. Our multilateral institutions are more critical than ever. The way we rebuild confidence is to make sure that cooperation leads to concrete gains that benefit all people, and that these gains are widely shared. We can restore trust in institutions and larger purposes if we set out to regain the sense that something concrete can be achieved by working together.

Chapter 6 : Social Protection and the Future of Work

IMFBlog is a forum for the views of the International Monetary Fund (IMF) staff and officials on pressing economic and policy issues of the day. The views expressed are those of the author(s) and do not necessarily represent the views of the IMF and its Executive Board.

Lagarde referred in her speech to times where modern technology, such as computers or tablets, were not taking seriously and many experts predicted that they would not last long, or at least would be implemented only by the niche. As we all know, it all happened differently. She goes as far as to claim that digital currencies could replace central banks, traditional banking system and challenge some of the most monopolistic local currencies. At the same time, she acknowledges that there are still plenty of limitations when it comes to cryptocurrency and blockchain technology, but they should not stop anyone from looking at them as the future replacement of fiat currency. Lagarde focused on explaining how financial technology will reshape the banking industry by Cryptocurrency Is a Different to Fiat Online Money Lagarde made an important distinction between cryptocurrency and online payment providers, such as PayPal. Virtual currency is often misunderstood to be just like online money available on the account. She stressed, however, that cryptocurrency is in an entirely different category as they provide their unit of value. Unlike fiat, digital currency is entirely decentralised, without an intrusion from a government or central bank. It has been designed on a peer-to-peer sharing network. Cryptocurrency May Be Eventually More Profitable When thinking about adopting cryptocurrency, it is important to put aside already established economies and focus on developing countries, with weaker institutions and unstable national currency. She brought an example of Seychelles, where dollarisation had increased from 20 percent in to 60 percent in Hence, instead of adopting the non-native currency, some of these countries may want to explore the virtual currencies. Lagarde made a valid point that individuals may prefer holding on to digital currencies, rather than spending them like fiat. Because in the future they may turn out to be easier to handle, especially once cryptocoins become more stable. On the top of that, cryptocurrency has an advantage of being transparent, governed by a complex algorithm, which can be monitored by the authorities. Digital Currency Can Offer Better Payment Services Currently, traditional money transfers can come at a hefty cost especially if moving them across the borders. The demand for such services keeps growing, but making small value payments are still not profitable to be transferred. This is where cryptocurrency will become even more useful â€" it is more convenient, without clearing delays and intermediaries that consume a big part of the transaction fee. We already have a cryptocurrency service that offers money transfers in less than 4 seconds anywhere around the world, with a minuscule extra payment â€" Ripple. It is a fantastic example of a developing blockchain technology that is already looked at by some of the major commercial banks. The Challenges of Cryptocurrency Becoming a Future Do not be misled â€" Legard is aware of all the risks and limitations that cryptocurrency holds. For the time being, virtual currencies challenge the legal system which has to figure out on how to tax them and how to control a potential money laundering. As it is, they do not present much danger to fiat currency and central banks, something that has often been wrongly brought up. Digital currencies are still in their early stage of development, with too much risk of volatility and scams to be able to overtake central banks. Bitcoin or Ethereum , citizens still do not hold enough trust towards them. Legard also addressed that many of those challenges can be overcome in the future; hence we should not dismiss them. In a world where technology and data are the kings, any innovation should not be discarded. Regarding cryptocurrency and traditional banking, the latter has to acknowledge the future threat of digital currency. Otherwise, they may be forced in the future to step down. As a head of a significant financial authority, her saying will hopefully motivate others to make peace with the future of banking system, instead of trying to fight it. Chritine Lagarde is the Managing Director of the International Monetary Fund and she has been holding the title since She enjoys combining finance with technology, from a less-techy perspective.

Chapter 7 : IMF: The trade war will hurt US and Chinese growth next year - CNN

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Future Development This blog was first launched in September by the World Bank in an effort to hold governments more accountable to poor people and offer solutions to the most prominent.

Chapter 8 : The IMF and the Future : Graham Bird :

David Lipton assumed the position of First Deputy Managing Director of the International Monetary Fund on September 1, On March 28, , he was reappointed for a second five-year term beginning September 1,

Chapter 9 : International Monetary Fund - Wikipedia

IMF experience shows that there is a tipping point beyond which coordination around a new currency is exponential. In the Seychelles, for example, dollarization jumped from 20 percent in to.