International Monetary System

History of IMF

Introduction

- The International Monetary Fund (IMF) is an international organisation that aims to promote
- Global economic growth and financial stability,
- Encourage international trade, and
- Reduce poverty

History of IMF

- The IMF was originally created in 1945 as part of the Bretton Woods Agreement
- Which attempted to encourage international financial cooperation by introducing a system of convertible currencies at fixed exchange rates, with the dollar redeemable for gold at $35 per ounce
- The IMF oversaw this system: for example, a country was free to readjust its exchange rate by up to 10% in either direction, but larger changes required the IMF's permission

History of IMF

- Since the Bretton Woods system collapsed in the 1970s, the IMF has promoted the system of floating exchange rates, meaning that market forces determine the value of currencies relative to one another
- This system continues to be in place today

History of IMF

- International Monetary Fund started its functioning from 1st March 1947
- IMF was established with the motto to increase international liquidity of the member countries to make the balance of payment, favourable
- Thus, the Fund is a pool of central bank reserves and national currencies which are made available to funding member under certain conditions

To be Continued…

Thank You