

1. Record Nr.	UNINA9910788519703321
Autore	Rennhack Robert
Titolo	Financial Dollarization in Latin America // Robert Rennhack, Masahiro Nozaki
Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2006
ISBN	1-4623-1349-3 1-4527-6024-1 1-282-59045-6 9786613822635 1-4519-0803-2
Descrizione fisica	1 online resource (36 p.)
Collana	IMF Working Papers
Altri autori (Persone)	NozakiMasahiro
Soggetti	Monetary policy - Latin America Currency question - Latin America Banks and Banking Foreign Exchange Inflation Money and Monetary Policy Monetary Policy, Central Banking, and the Supply of Money and Credit: General Portfolio Choice Investment Decisions Financial Institutions and Services: General Monetary Systems Standards Regimes Government and the Monetary System Payment Systems Banks Depository Institutions Micro Finance Institutions Mortgages Development Planning and Policy: Trade Policy Factor Movement Foreign Exchange Policy Price Level Deflation Monetary economics

Banking  
Currency  
Foreign exchange  
Macroeconomics  
Currencies  
Dollarization  
Bank deposits  
Exchange rate policy  
Money  
Monetary policy  
Financial services  
Prices  
Banks and banking  
Brazil

---

Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	Description based upon print version of record.
Nota di bibliografia	Includes bibliographical references.
Nota di contenuto	""Contents""; ""I. INTRODUCTION""; ""II. TRENDS IN FINANCIAL DOLLARIZATION""; ""III. FINANCIAL DOLLARIZATION AS A RATIONAL RESPONSE TO INFLATION""; ""IV. THE ROLE OF CREDIT RISK""; ""V. CONCLUDING REMARKS""; ""APPENDIX I""; ""APPENDIX II""; ""REFERENCES""
Sommario/riassunto	This paper tests several explanations for financial dollarization (FD), with an emphasis on Latin America. The results provide evidence that FD is a rational response to inflation uncertainty. The paper builds on previous research by finding that an exchange rate policy biased towards currency depreciation and currency mismatches tends to contribute to high FD and that FD is highly persistent. These results suggest that countries with significant FD should encourage the use of domestic currency by maintaining macroeconomic stability; allowing more exchange rate flexibility and less bias towards currency depreciation; and adapting prudential regulations to ensure that costs associated with FD are fully internalized in financial contracts. At the same time, restoring confidence in the domestic currency may take many years of sound policies.

---