

## IMF's Lagarde: Ignoring Cryptocurrencies 'May Not Be Wise'

Sep 29, 2017 at 21:30 UTC by Nikhilesh De

Regulation • News • Central Banking

The head of the International Monetary Fund (IMF) believes that cryptocurrencies may give traditional government-issued ones a "run for their money."

Speaking at a conference in London, IMF chief Christine Lagarde [told attendees](#) that she thinks "it may not be wise to dismiss virtual currencies."

Notably, she outlined possible scenarios in which a country – particularly those with "weak institutions and unstable national currencies" might actually embrace one more directly.

"Instead of adopting the currency of another country – such as the U.S. dollar – some of these economies might see a growing use of virtual currencies. Call it dollarization 2.0," she said.

One of the driving factors behind that potential evolution would be a shift in consumer preference for new currencies that are "easier and safer" than existing ones. That scenario could be further hastened if cryptocurrencies "actually become more stable," she said.

Lagarde went on to say:

*"So in many ways, virtual currencies might just give existing currencies and monetary policy a run for their money. The best response by central bankers is to continue running effective monetary policy, while being open to fresh ideas and new demands, as economies evolve."*

That said, Lagarde noted earlier in her speech that such an outcome is, in her view, a distant prospect, saying that cryptocurrencies are "too volatile, too risky, too energy intensive, and because the underlying technologies are not yet scalable."

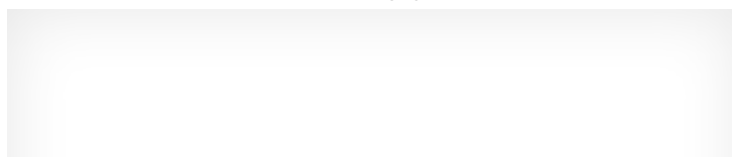
To date, the IMF has advocated a balanced approach on cryptocurrency regulation, voicing that position in [a January 2016 staff paper](#). Lagarde has also [voiced support](#) for financial applications of blockchain, a subject that the IMF has explored [on an organizational level](#) as well.

Image Credit: [360b / Shutterstock.com](#)

*The leader in blockchain news, CoinDesk is an independent media outlet that strives for the highest journalistic standards and abides by a [strict set of editorial policies](#). Have breaking news or a story tip to send to our journalists? Contact us at [news@coindesk.com](mailto:news@coindesk.com).*

International Monetary Fund [Christine Lagarde](#)

ADVERTISING





PREVIOUS ARTICLE



US Regulator: Cryptocurrencies May Pose Risks, Rewards for...

NEXT ARTICLE



SEC Charges ICO: US Agency Takes Action Against Alleged...

You May Like

Sponsored Links by Taboola

The Secret to Getting Every Sunday NFL Game

Flow Sports

Play this for 1 minute and see why everyone is addicted

Vikings: Free Online Game

Start playing and you won't sleep for 3 days!

Throne: Free Online Game

That's How You Find Super Cheap Flights!

Save70.com

End Your Nightly Snoring Nightmare With This Simple Solution

My Snoring Solution

People all over the world are using this tool to build their Blog or Website

SimpleSite

SPONSORED FINANCIAL CONTENT

dianomi

Weekly update on the financial markets

MarketViews

Where is the clever money going?

MarketViews

Read the latest equity news to stay on top of the markets

MarketViews

Read the latest Asian market commentary from experts

MarketViews

Expert financial and political views on Latin America

MarketViews

Read the latest global market commentary from experts

MarketViews

Get the latest market views on commodities from the experts

MarketViews

How are protectionist policies affecting emerging markets?

MarketViews



32 Comments CoinDesk

Login

Recommend 1 Share

Sort by Best



Join the discussion...

LOG IN WITH

OR SIGN UP WITH DISQUS ?

Name

**vampyren** • 11 days ago

They know that once a few poor countries get into crypto seriously the big dogs are done for! No more manipulation (or atleast less). No more banks who can take and lock our money! I dream of that day to come.

13 ^ | v • Reply • Share &gt;

**Matthew Goldsmith** • 11 days ago

It will only take one poor country to adopt bitcoin before it then snowballs to all the others

10 ^ | v • Reply • Share &gt;

**Marco Maltese** → Matthew Goldsmith • 11 days ago

Yeah, when other poor countries will see Bitcoin is working, they will switch immediately. THAT will sign the boom and the global mainstream adoption in less than 5 years. The value boom will be incredible.

4 ^ | v • Reply • Share &gt;

**Catrina Ludwig** → Marco Maltese • 7 days ago

<https://www.coindesk.com/im...>

^ | v • Reply • Share &gt;

**Arth Eidt** → Matthew Goldsmith • 10 days ago

country is just an expression many so called states are just a bunch of loud speaking media using people who behave as if everything belongs to them...

^ | v • Reply • Share &gt;

**Marco Maltese** • 11 days ago

It's funny how LATE all these economy geniuses understand what's going on. They are so weak minded. And they are at the top of the pyramid. Makes you think, right?

5 ^ | v • Reply • Share &gt;

**xcsler** → Marco Maltese • 10 days ago

They are either weak minded or are liars who understand perfectly well the superiority of Bitcoin.

2 ^ | v • Reply • Share &gt;

**brandon** → xcsler • 10 days ago

My guess is the latter. You get a couple of these buffoons like Jamie Dimon & Co. calling bitcoin a pyramid scheme and it's enough to scare a few people away from crypto for the time being. Especially people that are on the fence about whether to jump in or not.

2 ^ | v • Reply • Share &gt;

**Phoenix York** → Marco Maltese • 10 days ago

they are not weak minded. They stay in line with the world company. It's the only way to keep their job also.

1 ^ | v • Reply • Share &gt;

**Crypto Investor** • 11 days ago

This is the proper way to approach cryptocurrencies from a more traditional side of the world. I'm happy that she "gets it" to the extent that she sees their (or rather, "a") use case, but isn't blind to the challenges crypto faces. Hopefully can get some support as we solve the issues of scaling in full force.

3 ^ | v • Reply • Share &gt;

**SG** • 11 days ago

I like the IMF's balanced commentary on cryptocurrencies. But, to address a few of Lagarde's doubts:

"too volatile"

When the total market cap of cryptocurrencies reaches ~\$1trillion, the volatility will begin to subside. More liquidity will be the only effective

"too risky"

The modern era of de-risking everything also de-profits everything.

"too energy intensive"

Casper POS: Ethereum.

"and because the underlying technologies are not yet scalable"

Casper POS, sharding, plasma: Ethereum. Lightning Network: Bitcoin.

2 ^ | v · Reply · Share ›

**Marco Maltese** → SG · 11 days ago

She probably doesn't know all this stuff LOL.

1 ^ | v · Reply · Share ›

**SG** → Marco Maltese · 10 days ago

True, which is why I'm trying to assist her. Maybe she will read this article. Who knows.

2 ^ | v · Reply · Share ›

**Nick Niceman** → SG · 10 days ago

1)ether is fake tech - brutal crypto. Only owner knows how its working and can do any fork any day.

^ | v · Reply · Share ›

**D a** → Nick Niceman · 10 days ago

Nick, you clearly have not done the research. Just because Ethereum cant be used in any real world application at this moment in time doesn't mean that it wont in the future. Oracles like ChainLINK allow for real world applications and in the future these oracles will most likely be a part of the ETH protocol in one way or another.

Also, NEO cant be forked and the dBFT consensus mechanism is much less energy intensive. I think the people who post negative comments are scared to invest because they dont know where to invest and they are scared that they will miss out. This leads them to sending negative leaning passive-aggressive messages but i assure you this isnt the best way to learn.

1 ^ | v · Reply · Share ›

**Nick Niceman** → D a · 9 days ago

Forgot your research.Its protocol easy manipulated by developers.

^ | v · Reply · Share ›

**hitchhiker999** → Nick Niceman · 9 days ago

Do you not understand 'Consensus'? If 'the owner' wanted to fork, consensus would still need to be achieved. It's 'consensus' that supports the value proposition. Do your research. Make your own technology, or concede to protocols you support.

^ | v · Reply · Share ›

**disqus\_p05h4KCIG2** → hitchhiker999 · 8 days ago

your developers are monkey business ... bodies which need to be used.. nothing more... if that russian pig wasn't in control ... he left game...

^ | v · Reply · Share ›

**disqus\_p05h4KCIG2** → hitchhiker999 · 8 days ago

My words say it all. And don't tell me what conglomerates are.

^ | v · Reply · Share ›

**George Coffie** · 10 days ago

There is a growing acceptance of crypto-currencies because people have lost trust in the old, corrupt financial system... the system that brought us the global financial crisis. The system that gave multi-million dollar bonuses to bankers and CEOs for losing billions... and ended with tax-payers bailing out those same banks and corporations.

Loss of trust in the old system has created a strong desire for a decentralized currency that cannot be manipulated by corrupt bankers, government officials... or anyone else.into a decentralized crypto-currency — like Bitcoin.

1 ^ | v · Reply · Share ›

**George Coffie** · 10 days ago

We strongly believe we are witnessing a historic "paradigm shift" in currencies. Once people realize the benefits, they will switch to using crypto-currencies and stop using fiat currencies wherever possible. The shift to crypto-currencies will surely take time, but the first battles have already been won by Bitcoin.

1 ^ | v · Reply · Share ›

Anyone noticed how fluid Cryptos are? Just like water, it will surely find its level. Ain't nothing Big Governments can do about it. Bitcoin and altcoins volume coming out of china has reduced but they pay more in price than the actual international rates at the moment.

1 ^ | v · Reply · Share ›

**Phoenix York** · 10 days ago

She's part of the Bildeberg group. They don't like this.

1 ^ | v · Reply · Share ›

**getcrypto.info** · 10 days ago

They know that crypto can erode their power. They're getting scared.

1 ^ | v · Reply · Share ›

**xcsler** → getcrypto.info · 10 days ago

If they want to keep their fiat Ponzi scheme going they're going to have to buy some Bitcoin to be held as reserves. There is no other way other than severe restrictions on monetary freedom which risks a Streisand effect and an even more rapid depreciation of fiat vs. Bitcoin.

1 ^ | v · Reply · Share ›

**Catrina Ludwig** → getcrypto.info · 7 days ago

<https://www.coindesk.com/im...>

Attention !

^ | v · Reply · Share ›

**Arth Eidt** · 8 days ago

Let us all remember that after the point of view of the current banks bitcoin has been created illegally someone should regulairly remember them about that.

^ | v · Reply · Share ›

**Øztung Khorshed** · 9 days ago

It will only take one poor country to adopt bitcoin before it then snowballs to all the others

^ | v · Reply · Share ›

**George Coffie** · 10 days ago

Becoming a crypto-currency carries many benefits for bitcoin users etc

For example, crypto-currencies are strictly limited and controlled by mathematics. If properly designed, the currency will be created at a controlled rate, and then creation is eventually stopped. After that, there is no way "print more" of the currency.

In the old, corrupt financial system, our governments wildly "print" their fiat currencies at ever increasing rates. This creation of money inflates the money supply, and so, is called inflation. Those who truly understand money realize that inflation is a "secret tax" — it allows governments to steal value from their citizens by simply creating more of the currency. By adding more to the money supply, they devalue what the citizens already hold. Governments love it because (1) they don't have to take anything by force and (2) it isn't even recognized as stealing by most of the population.

^ | v · Reply · Share ›

**Joe Bloggs** → George Coffie · 8 days ago

Yep you got that last point right... It's all by design, Stealth & dumbing down the population. So BTC is the answer to all of this bs

1 ^ | v · Reply · Share ›

**George Coffie** · 10 days ago

This people want to control people, they have see that are are losing and manipulation they want to do now , but it will not happen hahahaha.

^ | v · Reply · Share ›

**Guest** · 10 days ago

"Mining will be king"

^ | v · Reply · Share ›

ALSO ON COINDESK

**Oracle's Entrance: Database Giant Unveils Enterprise Blockchain Strateav - CoinDesk**

**100 and Counting: Ripple Adds New Members to Distributed Ledaer Network - CoinDesk**

... he said, arguing that the idea that blockchains are "distributed databases" is not entirely accurate. "Permissioned centralized "blockchains" ...

... CRAZY — Push it to double digits.

### Ex-IMF Economist Kenneth Rogoff Joins 'Bitcoin Will Collapse' Chorus - CoinDesk

8 comments • 6 hours ago

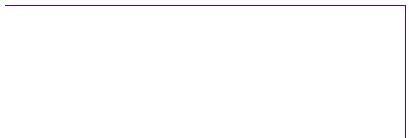
**INDIA GREAT WARRIORS** — These people are fraud bankers they hate cryptocurrency because banker afraid from cryptocurrency popularity

### The CFTC Still Doesn't Know What Constitutes Cryptocurrency 'Delivery' - CoinDesk

2 comments • a day ago

**peacelovewoodstock** — "Would someone here like to tell me how to define the 'actual delivery' of a virtual commodity? The CFTC is working very hard to ...

[Subscribe](#) [Add Disqus to your site](#) [Add Disqus](#) [Privacy](#)



**Bitcoin** ▲ 0.57%

\$4800.27

**Ethereum** ▲ 2.24%

\$303.64