**IMF Statement:**

*“... under the present system banks do not have to wait for depositors to appear and makes funds available before they can on-lend, or intermediate, those funds. Rather, they create their own funds, deposits, in the act of lending. This fact can be verified in the description of the money creation system in many central bank statements, and it is obvious to anyone who has lent money and created the resulting book entries.” 1*

**Central Bank Statements:**

*- “Banks create money when they lend it” 2 - “... banks extend credit by creating money.” 3*

*- “What they do when they make loans is to accept promissory notes in exchange for credits to the borrowers' transaction accounts.” 4*

*- “...credit of promissory notes (money of account) become money when banks deposit promissory notes with the intent of treating them as cash.” 5,7*

*- “Commercial banks create checkbook money whenever they grant a loan, simply by adding new deposit dollars to accounts on their books in exchange for a borrower's IOU.” 6*

*- “Then, bankers discovered that they could make loans merely by giving their promises to pay, or bank notes, to borrowers. In this way, banks began to create money. More notes could be issued than the gold and coin on hand.”****4***

**References:**

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