



## **[Glossary]**

### **Payment System Part - 2**

<b>Subject:</b>	Business Economics
<b>Course:</b>	B. A. (Hons.), 6 <sup>th</sup> Semester, Undergraduate
<b>Paper No. &amp; Title:</b>	Paper – 611 International Finance
<b>Unit No. &amp; Title:</b>	Unit – 5 Payment Systems
<b>Lecture No. &amp; Title:</b>	Lecture – 2 Payment System Part – 2

## Glossary

- ***International Monetary Fund (IMF);*** Its operations involve surveillance, and financial and technical assistance. In particular, its compensatory financing facility attempts to reduce the impact of export instability on country economies. The IMF uses a quota system, and its unit of account is the SDR (special drawing right).
- ***World Bank Group;*** The world bank was Established in 1944, the Group assists development with the primary focus of helping the poorest people and the poorest countries. It has 183 member countries, and is composed of five organizations – IBRD, IDA, IFC, MIGA and ICSID.
- ***IBRD: International Bank for Reconstruction and Development;*** Better known as the World Bank, the IBRD provides loans and development assistance to middle-income countries and creditworthy poorer countries. In particular, its structural adjustment loans are intended to enhance a country's long-term economic growth. The IBRD is not a profit-maximizing organization. Nevertheless, it has earned a net income every year since 1948. It may spread its funds by entering into co-financing agreements with official aid agencies, export credit agencies, as well as commercial banks.
- ***IDA: International Development Association;*** IDA was set up in 1960 as an agency that lends to the very poor developing nations on highly concessional terms. IDA lends only to those countries that lack the financial ability to borrow from IBRD. IBRD and IDA are run on the same lines, sharing

the same staff, headquarters and project evaluation standards.

- **IFC: International Finance Corporation;** *The IFC was set up in 1956 to promote sustainable private sector investment in developing countries by; financing private sector projects, helping to mobilize financing in the international financial markets and providing advice and technical assistance to businesses and governments.*
- **MIGA: Multilateral Investment Guarantee Agency;** *The MIGA was created in 1988 to promote FDI in emerging economies by offering political risk insurance to investors and lenders and helping developing countries attract and retain private investment.*