

Should there be one global center bank essay sample

[Literature](#), [Russian Literature](#)



Banks rose from the market of people needing somewhere to safe keep their money. Along with the changing times and advances in technology, the services offered by modern commercial banks have evolved and data transfer has become faster therefore increasing the reach to other countries. This begs the question of whether there should be one global bank to oversee and facilitate these services for its customers.

I believe that the systems in place right now are effective and do not need to be consolidated into one bank. Having a single entity in charge of banking for the whole world would raise more questions than answers. The first issue will come from capitalization. The bank should have at least half the value of the money of its clients on hand in case the depositors withdraw. The exchange rate also has to be carefully studied since it would dictate the value of what a client has deposited.

Another issue would be setting interest rates since they are dependent on each country. It would have to be different for each country and has to be monitored constantly due to inflation. Also the cultures and business practices of each country have to be taken into consideration. For example, Islamic countries do not believe in interest since it is against their religion. The hardest problem to overcome also would be to transfer the existing operations to the global-central bank.

If financial transactions stopped even for a day, economies would crash but then how would we shift to the new system? In my opinion, a better organization to contemplate would be a global governing body for banks like the United Nations for countries. This way, the current systems would remain

without any interruption while the issues of the banks can be tackled in a world forum with input coming in from different countries. It would speed up the problem solving process after all two heads are better than one.