

Determinants of secondary money in Bolivia: 2005 – 2017

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Abstract

An issue that has not been sufficiently addressed in the literature is referred to the factors that determine the creation of secondary money. In this sense, this document tries to fill this gap and answer the question of what are the determinants of the creation of secondary money in Bolivia? for which econometric estimates are made with monthly statistical information for the period 2010 - 2017. Results show that in Bolivia, the factors that would have promoted the creation of secondary money are: solvency of the financial system and the output gap, mainly; development of the payment system and Bolivianization; and the factors that would have had an opposite effect are the interest rate on savings accounts deposits, spread of interest rate, interbank rate, and TGN bills rate.

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