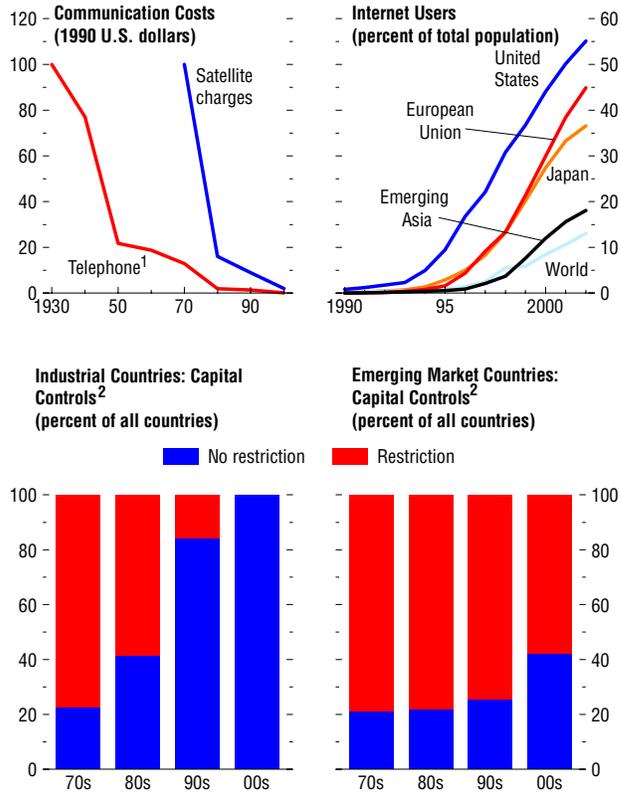


Figure 3.2. Determinants of Financial Globalization

Decreasing communication and information costs and reduced restrictions on capital flows have fostered financial globalization.



Sources: Busse (2003); IMF, *Annual Report on Exchange Arrangements and Exchange Restrictions* (2004); World Bank, *World Development Indicators*; and IMF staff calculations.

¹Cost of a three-minute phone call from New York to London.

²Restrictions on international financial transactions.