

## World Economic Growth

The world's expected economic growth will have to be supported by an extra \$100 trillion (£63 trillion) in credit over the next decade, according to the World Economic Forum.

The global credit stock has already doubled in recent years, from \$57 trillion to \$109 trillion between 2000 and 2009

This doubling of existing credit levels could be achieved without increasing the risk of a major crisis, said the report from the WEF ahead of its high-profile annual meeting in Davos.

But researchers warned that leaders must be wary of new credit "hotspots", where too much lending takes place, as the world emerges from a financial catastrophe blamed in large part "to the failure of the financial system to detect and constrain" these areas of unsustainable debt.

"Pockets of credit grew rapidly to excess – and brought the entire financial system to the brink of collapse," said the report, written in conjunction with consulting firm McKinsey. "Yet, credit is the lifeblood of the economy, and much more of it will be needed to sustain the recovery and enable the developing world to achieve its growth potential."

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The WEF said the continued demand for credit could be met "responsibly, sustainably – and with fewer crises". However, it cautioned that to achieve this goal, financial institutions, regulators, and policy makers need more robust indicators of unsustainable lending, risk, and credit shortages.

Source and date unknown