

# **Perspective on How Libra Washing Away Traditional Banking**

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## **Abstract**

Libra was designed to substitute sovereign currencies and will definitely reshape the future economy and society. It will shock, first and foremost, traditional banking and financial systems. Firstly, I will give a brief review of the evolution of banking, looking back the origin of banks and rationales behind their existence. Second, I will elaborate alternative theories of banking, praising highly the credit creation theory. With this new perspective, we revisited money creation and decomposition of aggregate demand. At last, I will present the possible transition processes of banks after the birth of Libra, which may arouse systemic risks and thus call for attention of governors and regulators.