

## The International Banking Library (IBL)

is a web-based platform for the exchange of research on cross-border banking. The IBL-Newsletter addresses researchers working on topics related to international banking, and provides the latest updates on new research and conferences in the field.

The third issue of 2017 features information on supply and demand side factors of global banking, the effects of macroprudential policy changes on cross-border lending and the global adoption of new financial technologies.

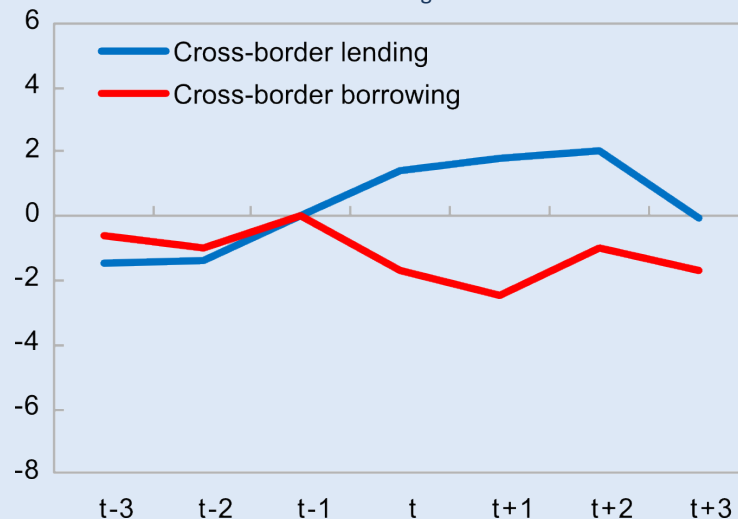
## Macroprudential Policy Spillovers: A Quantitative Analysis

A new data set extends the survey conducted by Lim et al. (2013) with data provided by BIS and ESRB and comprises quarterly data from 2000 to 2015 on 64 countries regarding 11 policy instruments. The study finds significant effects of macroprudential policy tightening on cross-border lending and borrowing while finding no evidence of spillovers following a loosening in macroprudential policy instruments. The graph on the right shows the median changes in yearly growth rates of cross-border lending and borrowing for each quarter following a macroprudential policy tightening.

**Editors' Note:** If you found this newsletter in your junk-mail folder, please **contact** us to give us the chance to resolve the problem.

## Cross-Border Bank Credit Changes after Macroprudential Policy Tightening

Median Changes in Quarterly Year-Over-Year  
Growth Rates in Percentage Points w.r.t. t-1



**Source:** H Kang, F Vitek, R Bhattacharya, P Jeasakul, S Muñoz, N Wang and R Zandvakil (2017). Macroprudential Policy Spillovers: A Quantitative Analysis. Working Paper No. 17/170. Figure 2, p.

# At the Research Frontier

## What's new in international banking?

# Quarterly Selected Study

## The Editors' Pick

- **The Shifting Drivers of Global Liquidity**

Stefan Avdjiev, Leonardo Gambacorta, Linda S. Goldberg and Stefano Schiaffi  
NBER Working Paper No. 23565

- **The International Dimensions of Macprudential Policies**

Pierre-Richard Agénor, Leonardo Gambacorta, Enisse Kharroubi, Giovanni Lombardo and Luiz A. Pereira da Silva  
CEPR Working Paper No. 12108

- **The Flight Home Effect in Multinational Internal Capital Markets During the Great Recession**

Marc Deloof and Fabiola Montalto  
SSRN Working Paper id 2976257

- **Supply- and Demand-Side Factors in Global Banking**

Mary Amiti, Patrick McGuire and David E Weinstein – BIS Working Paper No. 639

- **Research Question:**

How do **supply** and **demand** factors drive international banking flows?

- **Data:**

The paper is based on confidential data from the **BIS Consolidated Banking Statistics (CBS)**, which allows adjusting for breaks in series of foreign claims that arise due to methodological changes or exchange rate movements. For banks with headquarters in 31 countries and more than 200 counterparty countries, the authors derive a flow measure spanning the period 2000-2016.

- **Contributions and Results:**

The study applies the **methodology developed by Amiti and Weinstein** to international banking flows. This helps **disentangling** the role of supply versus demand side factors regarding movements in international banking flows. During **non-crisis times**, banking flows can be explained by a common factor and idiosyncratic local **demand shocks**. This relationship does not hold in **crisis times**, during which idiosyncratic **supply shocks** to the creditor country become relevant.

# Articles and Posts

## Latest Updates

- **Understanding Globalisation**

The BIS annual report proposes an international cooperation in supplementing policies addressing the national effects of increasing financial and trade cross country linkages in order to enhance the gains of globalization.

- **EY FinTech Adoption Index 2017**

Ernst & Young compare adoption rates of new financial technologies among the digitally active population across markets and find among emerging markets the ones with the highest prevalence as well as some with the highest growth potential. Most used services concern payments and insurance.

- **Going with the Flow: Benefits of Capital Inflows for Emerging Markets**

This blog post presents IMF work on disentangling the pre-crisis inflow-growth nexus for 22 emerging markets. Exploiting industry level data and different types of capital flows, the study finds a positive impact of external debt on growth, lower output volatility caused by equity inflow and highlights the importance of regulation as a safety measure against the downsides of capital inflow surges.

## Research Agenda

## Forthcoming Conferences

- **30th Australasian Finance and Banking Conference**

Sydney, December 13-15, 2017

Institute of Global Finance and the School of Banking and Finance, UNSW Business School

Deadline CfP: **August 18, 2017**

- **3rd Annual Volatility Institute Conference  
“Derivatives and Volatility”**

Shanghai, November 17, 2017

Volatility Institute at NYU Shanghai

Deadline CfP: **August 31, 2017**

- **5th Bordeaux Workshop in International Economics and Finance**

Bordeaux, December 8, 2017

Laboratory for Analysis and Research in Economics and International Finance (LAREFI)

Deadline CfP: **September 18, 2017**