

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.

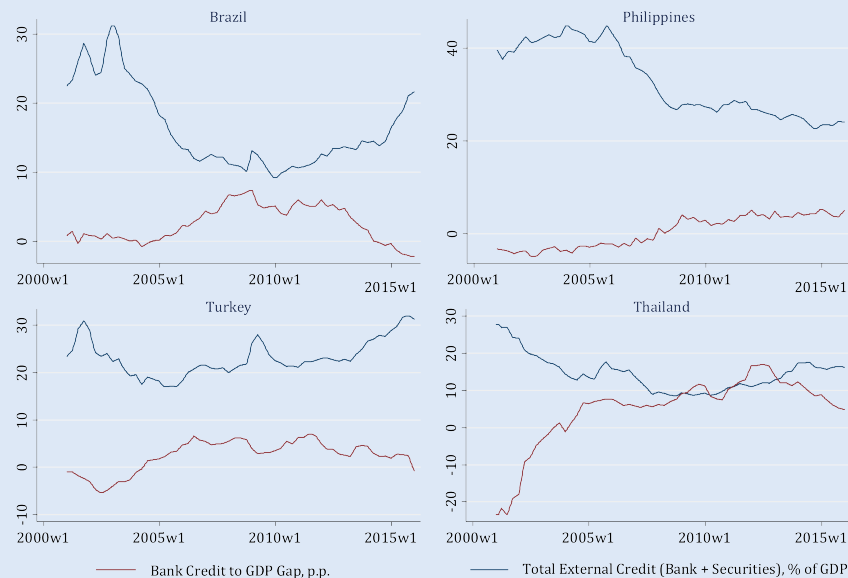
The first issue of 2018 features information on the benefits of coordinating the usage of macroprudential policies, the announcement of the 4th IWH-FIN-FIRE Workshop on “Challenges to Financial Stability” and new insights on capital controls policies in emerging markets.

Policy Rules for Capital Controls

Pasricha (2017) exploits a novel weekly dataset on capital controls policy actions in 21 emerging economies from 2001 to 2015 and proposes a new proxy for mercantilist concerns to disentangle them from macroprudential concerns. She finds evidence that past emerging-market policy systematically responds to both of these motivations. Capital controls policy is acyclical to foreign debt and countercyclical to domestic bank credit to the private non-financial sector. The graph on the right shows external credit to be a substitute for domestic bank credit for selected emerging markets.

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

For many EMEs, external credit appears to substitute for bank credit



Source: Gurnain Kaur Pasricha (2017). Policy Rules for Capital Controls. Bank of Canada Staff Working Paper 2017-42. Figure 6, p. 29.

At the Research Frontier

What's new in international banking?

Quarterly Selected Study

The Editors' Pick

- **Financial Spillovers and Macroprudential Policies**

Joshua Aizenman, Menzie D. Chinn and Hiro Ito
NBER Working Paper No. 24105

- **Cross-Border Spillover Effects of the G20 Financial Regulatory Reforms**

Clive Briault, Erik Feyen, Ines Gonzalez Del Mazo, Brian Kwok Chung Yee, Jan Rademacher and Ilias Skamnelos
World Bank Policy Research Working Paper 8300

- **Can Macroprudential Measures Make Cross-Border Lending More Resilient?**

Előd Takáts and Judit Temesváry
BIS Working Paper No. 683

Friend or Foe? Cross-Border Linkages, Contagious Banking Crises, and “Coordinated” Macroprudential Policies

Seung M Choi, Laura E. Kodres and Jing Lu – IMF Working Paper No. 18/9

- **Research Question:**

Can a **coordinated use of macroprudential policies** across highly-linked countries help mitigate the occurrence of banking crises?

- **Data:**

An annual banking crisis dummy for **120 countries from 1970 to 2014** is constructed based on the data by Laeven and Valencia (2014). Data on macroprudential policies is obtained from Akinci and Olmstead-Rumsey (2015). IMF’s International Financial Statistics, World Economic Outlook database and Direction of Trade Statistics provide information on credit growth, house price growth and country linkages.

- **Contributions and Results:**

The authors examine the impact of a tightening of macroprudential tools in partner countries on the probability of a domestic financial crisis. Although it takes time to materialize, the **coordinated implementation of macroprudential tools** across highly-linked countries **can help to contain the risks of a widespread banking crisis**.

Articles and Posts

Latest Updates

- **The state of global financial regulation**

William Coen, Secretary General of the Basel Committee, is confident that the global regulatory framework (Basel III) will be finalized soon and fully implemented by all member jurisdictions.

- **Global Financial Development Report 2017/2018: Bankers without Borders**

The World Bank report presents new evidence on the costs and benefits of international integration of banking and provides policy guidance, especially for developing countries.

- **Risk transfers in international banking**

This BIS Quarterly Review contribution shows that credit risk transfer patterns are closely linked to the business models and international footprint of global banks and corporates.

Research Agenda

Forthcoming Conferences

- **1st Endless Summer Conference on Financial Intermediation and Corporate Finance**

Larnaca, Cyprus, September 6 - 7, 2018

CEPR

Deadline CfP: **April 3, 2018**

- **4th IWH-FIN-FIRE Workshop on “Challenges to Financial Stability”**

Halle (Saale), August 20 - 21, 2018

IWH Halle and Frankfurt School of Finance & Management

Deadline CfP: **April 28, 2018**

- **International Spillovers**

Warsaw, September 20 - 21 2018

Narodowy Bank Polski, Bank of Lithuania, CEBRA and CEPR

Deadline CfP: **April 30, 2018**