

## 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.

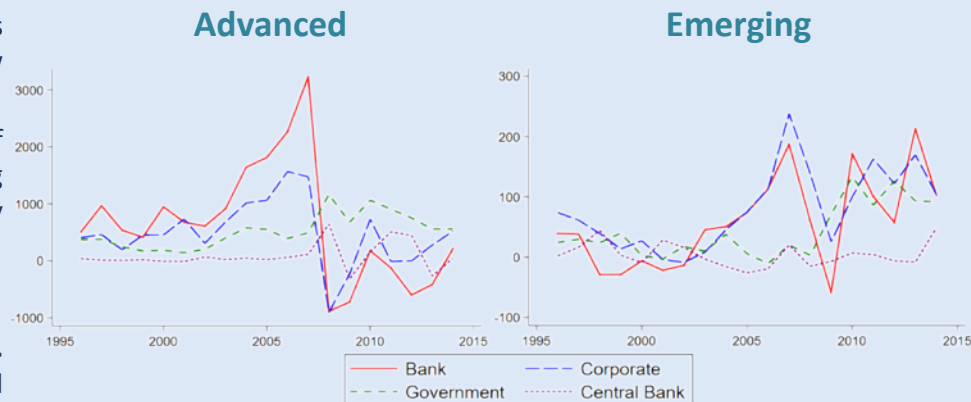
The first issue of 2019 features information about the effects of multilateral development banks on cross-border syndicated bank lending and about a new data set on cross-border capital flows disaggregated by sectors.

## Gross Capital Flows by Banks, Corporates and Sovereigns

To break down international gross capital flows by sector, **Avdjiev et al. (2018)** construct a new data set that provides information on capital inflows (85 countries from Q1 1996 to Q4 2014) and outflows (31 countries from Q1 2004 to Q4 2014). The authors identify banks and corporates as the main drivers of the procyclicality of capital inflows for all countries. In contrast, governments' external debt inflows move acyclically in advanced and countercyclically in emerging countries.

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

## Aggregate External Debt Inflows, Billions 1996 USD



The figure above depicts the diverging patterns of aggregate external debt inflows between the two groups of 25 advanced and 34 emerging economies across sectors following the 2008 financial crisis in billions 1996 USD.

**Source:** Avdjiev, Stefan, Bryan Hardy, Sebnem Kalemli-Ozcan and Luis Servén (2018). Gross capital flows by banks, corporates and sovereigns. BIS Working Papers 760. Fig. 4 p. 25.

# At the Research Frontier

## What's new in international banking?

# Quarterly Selected Study

## The Editors' Pick

- **House Price Synchronicity, Banking Integration, and Global Financial Conditions**

Adrian Alter, Jane Dokko and Dulani Seneviratne  
IMF Working Paper No. 18/250

- **What are the Consequences of Global Banking for the International Transmission of Shocks? A Quantitative Analysis**

José L. Fillat, Stefania Garetto and Arthur Smith  
CEPR Discussion Paper No. 13274

- **Foreign Currency Borrowing, Balance Sheet Shocks and Real Outcomes**

Bryan Hardy  
BIS Working Paper No. 758

### **Borrowing Costs and The Role of Multilateral Development Banks: Evidence from Cross-Border Syndicated Bank Lending**

Daniel Gurara, Andrea Presbitero and Miguel Sarmiento  
IMF Working Paper No. 263

- **Research Questions:** How does the involvement of a multilateral development bank (MDB) in a loan syndicate affect loan pricing in an emerging or developing country? Is the presence of an MDB in a loan syndicate associated with a mitigation of a borrower's risk and does that lead to lower loan spreads?
- **Data:** The sample consist of more than 16,000 syndicated loans to more than 7,000 borrowers located in 107 emerging and developing countries. The data cover the period 1994-2014 and are provided by Dealogic Loan Analytics.
- **Main findings:** The involvement of an MDB in a syndicated loan is associated with **higher borrowing costs and longer maturities** suggesting a greater willingness of an MDB to finance high-risk projects. Those high-risk projects would otherwise probably not be financed by the private sector.

# Articles and Posts

## Latest Updates

- **Preparing for the UK's Withdrawal from the EU**  
The Bank of England published an interim list of third-country CCPs and CSDs, as well as information on the temporary permissions regime, which would allow financial firms based in the European Economic Area (EEA) to continue their operation within the UK in case of a disorderly withdrawal from the EU.
- **G20 Financial Reforms do not Harm Infrastructure Finance**  
The FSB started to evaluate the effects of G20 financial reforms such as the Basel III accord and central clearing of over-the-counter derivatives on infrastructure finance. The relevance of these reforms is less pronounced compared to the impact of the macro-financial environment, government policy and institutional factors.
- **Stress Test Shows EU Banks' Improvement in Capital Ratios**  
The 48 stress tested EU and EEA banks report an elevated aggregate capital ratio as compared to the last stress test in 2016. The approach of the EBA to conduct stress tests has been **criticized** recently.

# Research Agenda

## Forthcoming Conferences

- **IWH-FIN-FIRE Workshop on "Challenges to Financial Stability"**  
Halle (Saale), Germany, August 19-20, 2019  
The Halle Institute for Economic Research (IWH) and the FIRE research centre at Frankfurt School of Finance & Management  
Deadline CfP: **April 28th, 2019**
- **12th Annual Conference – The Paul Woolley Centre for the Study of Capital Market Dysfunctionalities**  
London, United Kingdom, June 6-7, 2019  
London School of Economics (LSE) and Bank for International Settlements (BIS)  
Deadline CfP: **March 15, 2019**
- **IFABS 2019 Angers Conference – Reinventing banking and sustainable finance**  
Angers, France, June 27-29, 2019  
The International Finance and Banking Society (IFABS)  
Deadline CfP: **March 15, 2019**