

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.

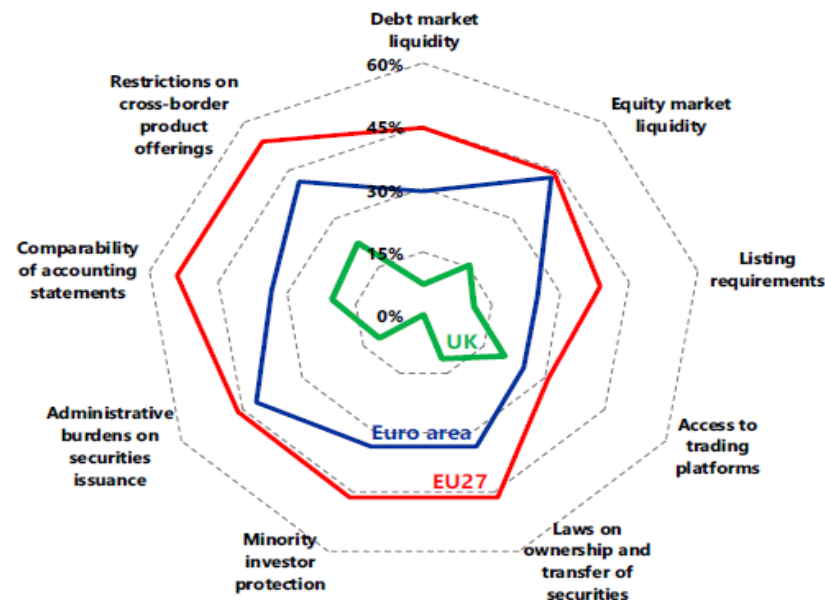
The fourth issue of 2019 features information about capital flows by nonbanks and about loan loss provisions by euro area banks.

A Capital Market Union for Europe

Mitra et al. (2019) analyze the state of capital market integration in Europe. So far, capital markets in Europe are small and segregated along national lines, resulting in uneven market conditions for firms. Market integration could foster stronger shock absorption and diversification benefits for firms, investors and savers. However, major legal and political obstacles block the path towards deeper integration. The graph on the right hand side illustrates survey results that mark administrative burdens, restrictions on cross-border offerings and minority investor protection as key barriers to international capital flows.

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

Complaints focus on restrictions on cross-border offerings, heavy administrative burdens, and deficiencies in securities laws



Source: Mitra et al. (2019).

A Capital Market Union for Europe. IMF Staff Discussion Notes 19/07.

At the Research Frontier

What's new in international banking?

Quarterly Selected Study

The Editors' Pick

- **Chinese Financial Conditions and their Spillovers to the Global Economy and Markets**

Rong Fu, Jeremy Lawson, Carolina Martinez and Abigail Watt

CEPR Discussion Paper 14065

- **Rules versus Discretion in Bank Resolution**

Ansgar Walther and Lucy White

CEPR Discussion Paper 14048

- **A Macprudential Theory of Foreign Reserve Accumulation**

Fernando Acre, Julien Bengui, Javier Bianchi

NBER Working Paper 26236

U.S. Monetary Policy and International Risk Spillovers

Sebnem Kalemli-Özcan

NBER Working Paper 26297

- **Research Questions:** How does monetary policy divergence vis-à-vis the U.S. affect investors' risk perception and international capital flows? Can domestic monetary policy mitigate spillovers and limit exchange rate volatility?
- **Data:** Data on capital flows comes from the IMF's Balance of Payment database. The final sample is composed of 46 emerging and 13 advanced economies and runs from 1996q1 to 2018q4.
- **Main findings:** Local and global risk perceptions are a key channel in U.S. monetary policy affecting domestic credit costs and international capital flows. These risk perceptions are particularly sensitive for emerging markets, which makes domestic monetary policy less effective in mitigating spillover effects. Exchange rate flexibility might therefore be a helpful stabilizing tool for emerging markets, as the exchange rate picks up changes in risk premia.

Articles and Posts

Latest Updates

- **BIS Innovation Hub**

The BIS Innovation Hub analyzes trends in financial technology of relevance to central banks. Developments such as central bank digital currencies, global stablecoins, payment innovations and the impact of big tech on financial intermediation will be among the focus points of the operation.

- **The Effectiveness of Cross-Border Cooperation in Banking Supervision**

This article investigates if tighter cooperation between banking supervisors on international banks is associated with higher bank stability. It finds that this is indeed the case but that the effectiveness of cooperation is lower for larger banks.

- **Global Banks and Synthetic Funding: The Benefits of Foreign Relatives**

This article examines the market for foreign swaps in which banks can synthetically access foreign currency funding. Recent dislocations in this market affect the supply of foreign exchange credit of UK banks.

Research Agenda

Forthcoming Conferences

- **Financial Frictions: Macroeconomic Implications and Policy Options for Emerging Market Economies**

Santiago, Chile, March 19-20, 2020

The Research Department of the Inter-American Development Bank (IDB) and the Central Bank of Chile

Deadline CfP: **November 15, 2019**

- **9th Fixed Income and Financial Institutions Conference**

Columbia (SC), USA, April 24-25, 2020

Darla Moore School of Business at the University of South Carolina

Deadline CfP: **December 15, 2019**

- **Emerging and Frontier Markets: Capital Flows, Risks, and Growth**

Cartagena, Colombia, May 4-5, 2020

National Bureau of Economic Research and Banco Central de Chile

Deadline CfP: **January 15, 2020**