

## 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.

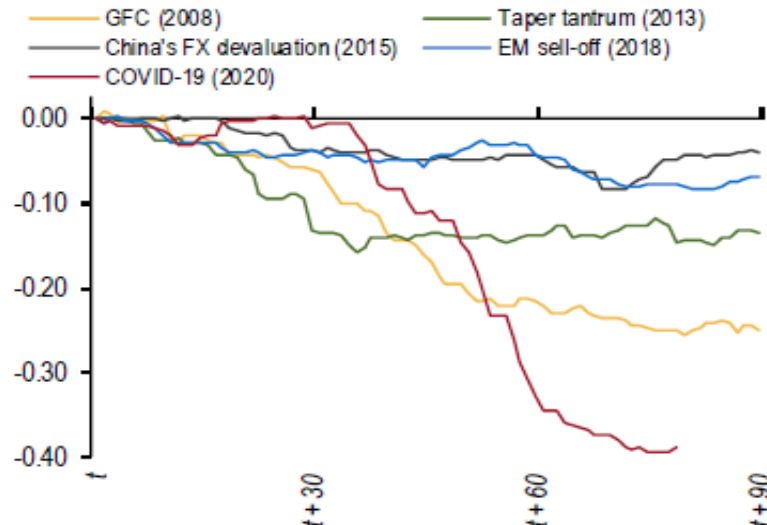
The second issue of 2020 features information about capital flows, tax havens and implications for risk.

## COVID-19 Crisis poses Threat to Financial Stability

In a recent IMFBlog article, T. Adrian and F. Natalucci comment on the drastic effects of the COVID-19 crisis on financial stability. Despite central banks' efforts to counteract these, financial tightening caused by COVID-19 leaves markets in a fragile condition. Emerging market economies are hit the hardest, as the right graph shows: portfolio outflows have increased dramatically since the crisis' beginning, exceeding the levels of all previous economic turmoils. These effects may even worsen with further financial tightening, calling for additional policies and international coordination to protect emerging market economies from financial stability risks in the future.

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

### 1. Cumulative Nonresident Portfolio Flows to Emerging Markets (Percent of GDP, based on daily observations)



**Source:** International Monetary Fund. Monetary and Capital Markets Department. (2020). Global Financial Stability Report, April 2020. USA: International Monetary Fund.

# At the Research Frontier

What's new in international banking?

- **Redrawing the Map of Global Capital Flows: The Role of Cross-Border Financing and Tax Havens**

Antonio Coppola, Matteo Maggiori, Brent Neiman,  
Jesse Schreger  
NBER Discussion Paper 26855

- **Foreign Banks, Liquidity Shocks, and Credit Stability**

Daniel Belton, Leonardo Gambacorta, Sotirios Kokas,  
Raoul Minetti  
CEPR Discussion Paper 14504

- **Le Pont de Londres: Interactions between Monetary and Prudential Policies in Cross-Border Lending**

Matthieu Bussière, Robert Hills, Simon Lloyd, Baptiste Meunier,  
Justine Pedrono, Dennis Reinhardt and Rhiannon Sowerbutts  
BoE Discussion Paper 850

# Quarterly Selected Study

## The Editors' Pick

### Elusive Safety: The New Geography of Capital Flows and Risk

Laura Alfaro, Ester Faia, Ruth Judson, Tim Schmidt-Eisenlohr  
CEPR Working Paper 14636

- **Research Questions:** What are the motives behind the large and growing international flows of US-denominated securities? How can these assets be classified?
- **Data:** The authors use a confidential data set based on the Treasury International Capital (TIC) reporting system, which contains data on cross-border banking and asset flows stemming from official sources.
- **Main Findings:** Flows of US-denominated securities can be roughly classified into safe treasury bonds held by foreign official investors and private assets, mainly equity holdings of multinational firms. The latter are increasingly channeled through tax haven financial centers (THFC) and are driven by tax avoidance and regulatory arbitrage.

# Articles and Posts

## Latest Updates

- **COVID-19 Financial Response Tracker**

This regularly updated data base initiated by the Yale Program on Financial Stability (YPFS) gathers information on policy interventions aimed at counteracting the effects of the Covid-19 crisis.

- **The dollar and international capital flows in the COVID-19 crisis**

This VoxEU column sheds light on ForEx market dynamics during Covid-19 times. Although the pattern is similar to that of previous economic crises, the scale and speed of the changes are unique. Most notably, capital outflows from emerging markets reached levels hitherto not seen.

- **Dollar funding costs during the Covid-19 crisis through the lens of the FX swap market**

This BIS Bulletin addresses the sharp rise in dollar funding costs recently experienced: as foreign investors' hedging needs drive up dollar demand and supply from financial intermediaries tightens, dollar funding gets ever more expensive. Although the situation has relaxed since the establishment of swap lines by major central banks, the need for further policy intervention remains.

## Research Agenda

## Forthcoming Conferences

- **MoFiR Virtual Seminars on Banking**

Online via Zoom, monthly, starting April 28, 2020  
Money and Finance Research Group (MoFiR)

- **CompNet 2020 Annual Conference**

Frankfurt, Germany, September 21-22, 2020  
European Central Bank  
Deadline CfP: **May 15, 2020**

- **Global Research Forum on International Macroeconomics and Finance**

Washington, D.C., USA, November 12-13, 2020  
Federal Reserve Board  
Deadline CfP: **July 1, 2020**