

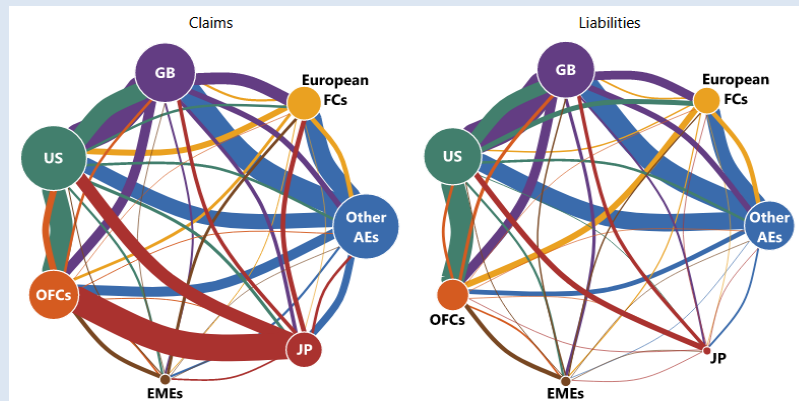
The International Banking Library (IBL)

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 2020 features information about financial cross-border linkages and bank competition.

Cross-border links between banks and non-bank financial institutions (NBFIs)

In a recent article featured in the BIS Quarterly review, Aldasoro, Huang and Kemp attempt to map the evolving network of linkages between banks and NBFIs. The graph on the right illustrates a subset of connections in these networks: direct claims and liabilities. It demonstrates which jurisdictional links are most prevalent, and how claims and liabilities are distributed between countries. For example, Japanese banks appear to have most claims on NBFIs in offshore financial centers. The article calls for more data on these ties as well as a close monitoring of the financial flows associated with them, given their growing importance and vulnerability which may threaten the stability of the financial system in the future.

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Link colours are based on the residence of the bank having the claim (left-hand panel) or liability (right-hand panel). For example, green links in the left-hand panel are claims of banks located in the United States on NBFIs in the respective counterparty countries/regions. In the same panel, the purple link connecting the United Kingdom with the United States represents claims of banks in the former on NBFIs in the latter. Due to data confidentiality constraints, some reporting jurisdictions' positions are grouped with other jurisdictions. Links between jurisdictions belonging to an aggregate (ie between EMEs) are not considered. The composition of countries in a customised aggregate differs for reporting location and counterparty location. EMEs = emerging market economies (out of 14 reporting countries, 11 report claims/liabilities vis-à-vis NBFIs and three are BR, CL and MX; there are about 150 EME counterparty countries). European FCs (financial centres) = IE, LU, NL and CH. Other AEs = other advanced economies, comprising euro area countries (excluding IE, LU and NL; 13 euro area reporting countries provide positions vis-à-vis NBFIs), AU, CA, DK, NO and SE. OFCs = offshore financial centres, as per the BIS classification (out of 12 reporting offshore centres, five do not report positions vis-à-vis NBFIs: BH, CW, JE, PA and SG). For confidentiality reasons, the underlying data are not available. The dynamic version shows a slightly different aggregation and the underlying data are available.

Sources: BIS locational banking statistics (by residence); authors' calculations.

Source: Aldasoro, I., Huang, W., & Kemp, E. (2020). Cross-border links between banks and non-bank financial institutions. In: BIS Quarterly Review September 2020, pp. 61-74.

At the Research Frontier

What's new in international banking?

- **The interaction between macroprudential policy and monetary policy: overview**

Matthieu Bussière, Jin Cao, Jakob de Haan, Robert Hills, Simon Lloyd, Baptiste Meunier, Justine Pedrono, Dennis Reinhardt, Sonalika Sinha, Rhiannon Sowerbutts and Konstantin Styrin
BoE Staff Working Paper No. 886

- **Capital Flow Data – A Guide for Empirical Analysis and Real-time Tracking**

Robin Koepke and Simon Paetzold
IMF Working Paper No. 20/171

- **The International Aspects of Macroprudential Policy**

Kristin Forbes
CEPR Discussion Paper No. 15198

Close Competitors? On the Causes and Consequences of Bilateral Bank Competition

Ralph de Haas, Liping Lu and Steven Ongena | CEPR Discussion Paper No. 15015

- **Research Question:** Which factors determine whether a bank views another one as a key competitor in firm-lending? How does an increase in bilateral bank competition affect borrowing constraints of small and medium sized firms in the area?
- **Data:** Information on the determinants of banking competition is collected from 379 interviews with the respective banks' CEOs. These data are merged with geographical information on banks and companies.
- **Main Findings:** Key determinants of banking competition include the extent of branch-network-overlap, the rival bank's efficiency of lending procedures and ownership status, as well as similarities in lending techniques. Perhaps surprisingly, an intensification of bank competition is connected to an increase in borrowing constraints for businesses in the area, as it impedes the formation of lending relationships.

Articles and Posts

Latest Updates

- **Stanford Big-Data Initiative in International Macro-Finance**
The initiative aims at lowering entry barriers to empirical research posed by challenges linked to large-scale data acquisition and analysis. To this end, a workshop is hosted each year; as the 2020 event took place virtually, all lecture videos, codes and data shared are now available online.
- **Distance makes international linkages more volatile**
This VoxEu column investigates the effect of geographical distance on volatility of international linkages. These connections were more affected by recent crises the greater the physical distance between two countries, suggesting that policymakers should also focus on distant trading partners to protect a country from global cycles.
- **Fintech and big tech credit: a new database**
This new BIS dataset compiles information on fintech and big tech operations, whose emergence has considerably transformed the credit market system in the past years. It records credit volumes of these alternative lending practices between 2013 and 2019 for a wide range of countries.

Research Agenda

Forthcoming Conferences

- **Evaluating financial regulation: (un)intended effects and new risks - a joint virtual workshop**
Online, April 20-21, 2021
Basel Committee, Deutsche Bundesbank & CEPR
Deadline CfP: December 15, 2020
- **ECB-RFS Macro-Finance Conference**
Frankfurt a. M., Germany, March 22-23, 2021
European Central Bank
Deadline CfP: November 15, 2020
- **CEPR Conference: The Politics of Regulation and Central Banking**
Rotterdam, the Netherlands & Online, February 12, 2021
CEPR, University of Amsterdam, Erasmus University
Rotterdam & Tilburg University
Deadline CfP: November 15, 2020