

The International Banking Library (IBL)

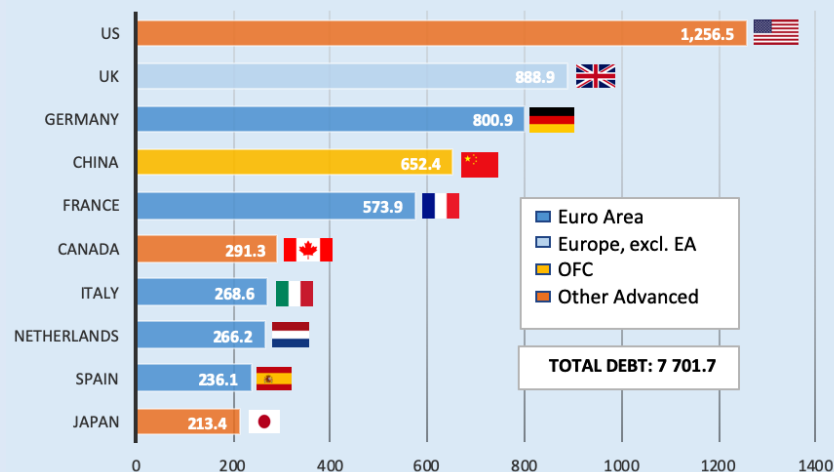
is a web-based platform for the exchange of research on cross-border banking. The IBL-Newsletter addresses researchers working on topics related to international banking, and provides the latest updates on new research and conferences in the field. The third issue of 2021 focuses on NFCs' debt dynamics, policy challenges following Covid-19 liquidity measures and the impact of EU stress tests.

Dynamics of non-financial corporate international debt

In this June's BIS Quarterly Issue, I. Aldasoro, B. Hardy and N. Tarashev explore how global debt dynamics of non-financial corporates (NFCs) changed over past decades. They find that international debt securities of NFCs have increased particularly after the 2008 financial crisis and the recent pandemic. The current debt outstanding is illustrated by the graph on the right, which breaks down the latter by nationality of the NFC parent in 2020. Of special importance in this context are off-shore affiliate companies, through which most notably emerging economy corporates take on new debt. Alongside this article, the BIS published a set of [interactive graphs](#) illustrating these patterns in more detail.

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

Non-Financial Corporate Debt by Nationality of NFC Parents in 2020 (in Billion US Dollar)



Source: Adapted from BIS (2021). Non-financial corporate international debt: interactive graphs. Retrieved from https://www.bis.org/publ/qtrpdf/r_qt2106t.htm

At the Research Frontier

What's new in international banking?

- **"Crime and Punishment?" How Russian Banks Anticipated and Dealt with Global Financial Sanctions**

Mikhail Mamonov, Steven Ongena and Anna Pestova
CEPR Discussion Paper 16075

- **Financing and Resolving Banking Groups**

Albert Banal-Estanol, Julian Kolm, Gyöngyi Lóránth
CEPR Discussion Paper 16192

- **Global Banks and Systemic Debt Crises**

Juan M. Morelli, Pablo Ottonello and Diego J. Perez
NBER Working Paper No. 28892

The Disciplining Effect of Supervisory Scrutiny in the EU-wide Stress Test

Christoffer Kok, Carola Müller, Steven Ongena and Cosimo Pancaro | ECB Working Paper No. 2551

- **Research Question:** How did European stress tests affect banks' credit risks? Does the degree of supervisory scrutiny of the tests matter in this context?
- **Data:** Bank-level data on balance sheet and profit items between 2015 and 2017 stem from the Supervisory Banking database (SUBA). Stress test participation and scrutiny is taken from the ECB proprietary dataset on 2016 stress test results.
- **Main Findings:** Confirming US results, the 2016 EU stress tests led to a significant reduction in credit risk exposure of participating banks, as measured by risk weighted density derived from banks' balance sheets. Further, more supervisory scrutiny, proxied by the duration and quantity of interaction between supervisors and banks, reduced credit risks as well. These results are robust to the influence of potential tighter capital measures introduced after the stress test or a market disciplining effect resulting from the publishing of the respective results.

Articles and Posts

Latest Updates

Research Agenda

Forthcoming Conferences

- **Launching of the PolEconFin Initiative**

PolEconFin provides a platform to connect researchers active in the political economy of finance, with a focus on public policy. It is a joint initiative of the University of Amsterdam, Tilburg University, and the Erasmus University Rotterdam. It comprises an online platform dedicated to promote research in the field and a CEPR conference series.

- **Preventing and managing a large number of corporate insolvencies**

Following the Covid-19 outbreak, a large number of corporate insolvencies were prevented due to quick and large-scale policy support. However, many corporations continue to be financially constrained and show increasing debt levels. To shield Europe against the effects of a belated wave of insolvencies, the ESRB calls for member states to implement further policies ensuring a stable transition to the post-Covid economy.

- **Old risks in new clothes: The changing nature of capital flows**

This VoxEU column assesses how the channels through which capital flows have changed since the 2008 financial crisis. The increase of market-based financing as compared to bank funding comes with new risks, such as a decrease in transparency and increases in risks associated with sudden stops. Yet, it also holds benefits, including financial diversification and a spurring effect on economic and financial development.

- **Norges Bank-CEPR Workshop "Frontier Research in Banking"**

Hybrid | November 18-19, 2021

Norges Bank, CEPR

CfP deadline: September 5, 2021

- **Bank Crisis Management – what next?**

Online | November 17-18, 2021

Single Resolution Board, Florence School of Banking and Finance, and Leibniz Institute for Financial Research

CfP deadline: September 1, 2021

- **1st International Conference "Frontiers in International Finance and Banking"**

Online | October 28-29, 2021

Moscow State Institute of International Relations

CfP deadline: September 5, 2021