

The International Banking Library (IBL)

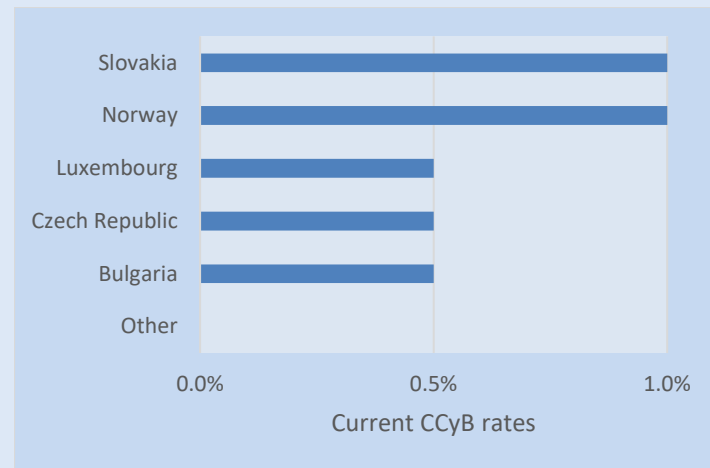
is a web-based platform for the exchange of research on cross-border banking. The IBL-Newsletter addresses researchers working on topics related to international banking, and provides the latest updates on new research and conferences in the field. The first issue of 2022 focuses on cross-border bank lending in response to domestic climate policies, the global footprint of Chinese banks, risks associated with banks' digitalization, and the expansion of private credit markets.

Countercyclical capital buffer

The ESRB's overview of macroprudential measures reports the current countercyclical capital buffer (CCyB) rates as well as pending CCyB rates announced by the respective national authorities in the countries of the European Economic Area (EEA). The CCyB is designed to mitigate pro-cyclicality in the financial system and institutions should build capital buffers to increase the banking sector's resilience during periods of stress. The graph on the right indicates the current CCyB rates across EEA countries. Currently, the authorities of Bulgaria, Czech Republic, Denmark, Estonia, Iceland, Norway, Romania, and Sweden have announced 11 pending changes of CCyB rates in 2022 and two changes in 2023.

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Current countercyclical capital buffer rates



Note: "Other" countries include: Austria, Belgium, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Malta, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain, and Sweden.

Source: Own illustration, ESRB (2022). Information retrieved from https://www.esrb.europa.eu/national_policy/ccb/html/index.en.html

At the Research Frontier

What's new in international banking?

- **A Theory of the Boundaries of Banks with Implications for Financial Integration and Regulation**

Falko Fecht, Roman Inderst, Sebastian Pfeil
CEPR Discussion Paper 16880

- **Scrambling for Dollars: International Liquidity, Banks and Exchange Rates**

Javier Bianchi, Saki Bigio, Charles Engel
NBER Working Paper 29457

- **Voluntary Support and Ring-Fencing in Cross-border Banks**

Gyöngyi Lóránth, Anatoli Segura, Jing Zeng
CEPR Discussion Paper 16893

“There is No Planet B”, but for Banks There are “Countries B to Z”: Domestic Climate Policy and Cross-Border Bank Lending

Emanuela Benincasa, Gazi Kabas, Steven Ongena | CEPR Discussion Paper 16665

- **Research Question:** Do banks adjust cross-border lending in response to changes in climate policy stringency in their home countries?
- **Data:** Loan-level data (LPC DealScan), climate policy stringency (Climate Change Performance Index), bank-level data (Bankscope & BankFocus), firm information (Compustat & WRDS) and country-level data
- **Main Findings:** The study reveals that banks increase cross-border lending in response to more stringent climate policies in their home countries. The increase in cross-border lending holds when controlling for loan demand and home country characteristics such as economic conditions, culture, and the legal environment. Importantly, the results indicate that banks only increase cross-border lending when policy stringency at home is tighter than abroad, suggesting the use of cross-border lending as a regulatory arbitrage tool against climate measures.

Articles and Posts

Latest Updates

- **The rise of private markets**

Over the last two decades, private capital markets have gained in relevance regarding firm financing, where funding is e.g. provided via private equity or venture capital. In that respect, the BIS Quarterly Review investigates the interactions of non-bank financial intermediaries with the economy and their responses to monetary policy. It is found that, despite long investment horizons, private markets are as pro-cyclical as public markets.

- **The global footprint of Chinese banks**

This VoxEU column analyses the expanding global footprint of Chinese banks and finds that Chinese banks' international lending, like that of their US counterparts, is strongly correlated with trade, but there is an unusual negative association between banks' cross-border lending and past portfolio investment.

- **ASC publishes report on digitalisation and the future of banking**

This report outlines three hypothetical scenarios for the future implications of digitalisation on the EU financial system and proposes a set of policy measures aimed at addressing financial and non-financial risks associated with the digitalisation of the banking sector.

Research Agenda

Forthcoming Conferences

- **2022 CEMLA Conference: New Advances in International Finance**

Mexico City, Mexico | April 21-22, 2022
Center for Latin American Monetary Studies (CEMLA)
CfP deadline: February 15, 2022

- **Central bankers go data driven: applications of AI and ML for policy and prudential supervision**

Amsterdam, the Netherlands | May 12-13, 2022
De Nederlandsche Bank (DNB)
CfP deadline: February 21, 2022

- **Oxford Financial Intermediation Theory Conference (OxFIT)**

Oxford, UK | June 30- July 1, 2022
Saïd Business School, University of Oxford
CfP deadline: March 1, 2022