

The International Banking Library (IBL)

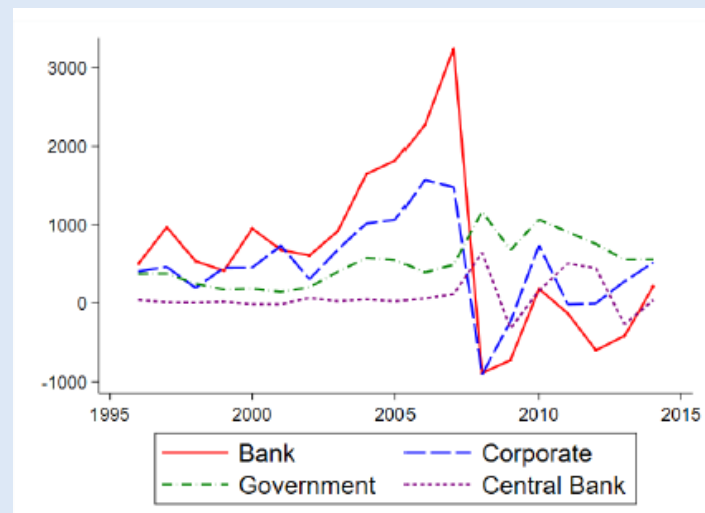
is a web-based platform for the exchange of research on cross-border banking. The IBL-Newsletter addresses researchers working on topics related to international banking, and provides the latest updates on new research and conferences in the field. The second issue of 2022 focuses on cross-border capital flows and bank credit misallocation, data on aggregate capital flows, crypto-assets regulation, as well as the global financial stability risks following the Russian invasion of Ukraine.

Gross capital flows by banks, corporates and sovereigns

Avdjiev, Hardy, Kalemli-Özcan, and Servén constructed a dataset on aggregate capital flows by sector covering advanced economies and emerging markets, which was updated in March 2022. The graph on the right represents the aggregate debt inflow in advanced countries. The figure shows that inflows to the general government and central bank both increased while inflows to banks and corporates collapsed during the Global Financial Crisis (GFC). Banks received the lion's share of capital inflows before the GFC, which was followed by negative net inflows indicating post-GFC deleveraging.

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Total debt liability flows in advanced economies



Source: Avdjiev, S., Hardy, B., Kalemli-Özcan, Ş., and Servén, L. (2017). Gross capital flows by banks, corporates and sovereigns (NBER WP No. 23116). The data can be found [here](#). In billions of 1996 USD.

At the Research Frontier

What's new in international banking?

- **Global banks' local presence: a new lens**
Iñaki Aldasoro, John Caparusso and Yingyuan Chen
BIS Quarterly Review, March 2022
- **Zombie Lending: Theoretical, International and Historical Perspectives**
Viral V. Acharya, Matteo Crosignani, Tim Eisert, and Sascha Steffen
NBER Working Paper 29904
- **Macroprudential Policy in Central Banks: Integrated or Separate? Survey Among Academics and Central Bankers**
Simona Malovaná, Martin Hodula, Zuzana Gric, Josef Bajzík
CNB Research and Policy Notes No. 4/2021

International Financial Flows and Misallocation: Evidence from Micro Data

Federico Cingano, Fadi Hassan | CEPR Discussion Paper 17186

- **Research Question:** Do large inflows of international capital contribute to a misallocation of bank credit and consequently affect productivity?
- **Data:** Loan-level data (Italian Credit Register), bank-level and firm-level data (Bank of Italy Supervisory reports and CERVED database)
- **Main Findings:** The study reveals that the boom in cross-border capital inflows in Italy in the early 2000s reduced credit misallocation and enhanced aggregate productivity. Banks exposed to capital inflows provided more loans to firms with higher productivity. Exposure is measured by the ex-ante foreign-liability ratio of banks, indicating the ease with which banks can rely on external funding. Identification is achieved by relying on the approach suggested by Khwaja and Mian (2008). In contrast, the study finds that other factors favoring credit expansion by banks, such as bond financing, contributed to misallocation because loans have been granted to more unproductive firms.

Articles and Posts

Latest Updates

- **Global financial risk factors and sovereign risk**

This VoxEU column explores the financial-sovereign risk nexus from a global perspective. The authors find that financial risk factors, which are strongly linked to global financial institutions' risk appetite, account for a significant portion of the co-movement between sovereign spreads since the mid-1990s.

- **Financial stability and crypto-assets**

The recent growth of crypto-assets like bitcoin raises questions about whether and how to supervise such markets, which might include issuing warnings to potential consumers and investors about the risks involved. This SUERF Policy Note discusses the need for a regulatory response framework.

- **Financial Stability Risks Grow as War Complicates Push to Contain Inflation**

This IMF Blog article discusses financial stability risks following the Russian invasion of Ukraine, revealing a tightening of financial conditions and visualizing lender linkages to Russia and Ukraine.

Research Agenda

Forthcoming Conferences

- **Community Banking in the 21st Century Research and Policy Conference 2022**
St. Louis, MO, U.S. | September 28-29, 2022
Federal Reserve Bank of St. Louis
CfP deadline: June 3, 2022
- **11th EBA Policy Research Workshop: Technological Innovation, Climate Finance and Banking Regulation**
Paris, France | October 26-27, 2022
European Banking Authority
CfP deadline: June 24, 2022
- **2nd CEPR Conference Political Economy of Central Banks**
Amsterdam, the Netherlands | November 12, 2022
Erasmus University Rotterdam, Tilburg University, the University of Amsterdam, CEPR
CfP deadline: May 29, 2022