

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 2023 presents multiple papers analyzing the risk potential of rising interest rates for the financial sector. A special focus lays on the collapse of the Silicon Valley Bank and deposit withdrawals or reallocations. In The Editor's Pick a paper about the increasing significance of China in international lending is summarized.

Is there Evidence for a Deposit Drain in the Euro Area?

The interest rate environment in the Euro Area has significantly changed over the recent quarters and moved back to positive and increasing rates. In case of sluggish deposit rate adjustments by selected banks, this might induce reallocations of depositors' financial resources. To gain some first evidence on recent developments, the graph on the right-hand side shows the pattern of Euro Area banks' deposits to total assets ratio for both deposits by monetary financial institutions (MFI) and non-MFIs from the Euro Area. While both deposit shares experienced elevated levels during the Covid19 pandemic, there is some evidence for recently declining deposit shares.

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Euro Area Banks' Deposits to Total Assets Ratio by Depositor Type



Source: Own illustration. Data retrieved from the European Central Bank's [Statistical Data Warehouse](#).

Notes: Deposits by non-MFIs from the Euro Area do not include central government deposits.

- **The March 2023 Bank Interventions in Long-Run Context – Silicon Valley Bank and beyond**

Andrew Metrick, Paul Schmelzing
NBER Working Paper 31066

- **The Global Dollar Cycle**

Maurice Obstfeld, Haonan Zhou
CEPR Discussion Paper 17940

- **Monetary Tightening and U.S. Bank Fragility in 2023: Mark-to-Market Losses and Uninsured Depositor Runs?**

Erica Xuewei Jiang, Gregor Matvos, Tomasz Piskorski, Amit Seru
NBER Working Paper 31048

China as an International Lender of Last Resort

Sebastian Horn, Bradley C. Parks, Carmen M. Reinhart, Christoph Trebesch
Kiel Working Paper 2244

- **Research Question:** Which role does China play in international rescue lending and which monetary means are used?
- **Data:** Hand-coded dataset of Chinese overseas rescue loans from 2000 to 2021; including data on swap line drawings within the People's Bank of China swap line network as well as on bridge loans from Chinese state-owned banks and commodity enterprises
- **Main Findings:** The systemic analysis of China's overseas bailouts reveals that China has become a "key lender of last resort for a growing number of developing countries" as debtor countries have received 240 billion USD in Chinese rescue lending since 2000. Strikingly, most of the recipients were low- and middle-income countries which are part of the Belt and Road Initiative. Besides rescue loans, the swap line network of the People's Bank of China is used as an integral "tool of overseas crisis management."

- **Destabilizing Digital “Bank Walks”**

Deposits are usually considered to be sticky, which is an essential characteristic with regard to banks’ ability to cover interest rate risks. However, this assumption does not seem to stand in the age of digital banking. The analysis of Naz Koont, Tano Santos and Luigi Zingales reveals that digital banks in the U.S. experienced a significantly higher withdrawal of deposits than non-digital banks since the federal fund rate started increasing more rapidly.

- **Insights for Young Researchers in Finance (FYI)**

To support young researchers in finance, Melina Ludolph and Lena Tonzer have introduced the newsletter “Insights for Young Researchers in Finance”. The updates include information on, amongst others, calls for papers, internships, grants, and networking events.

- **Nonbank Financial Sector Vulnerabilities Surface as Financial Conditions Tighten**

The rise of base rates to combat current inflation rates reveals major financial vulnerabilities. Among these vulnerabilities is the fragile non-bank financial sector (NBFS). The article analyses how the NBFS is affected by higher interest rates and which policies should be considered for stabilization.

- **Bristol Financial Markets Conference**

Bristol, England | September 28-29, 2023
University of Bristol
CfP deadline: May 31, 2023

- **C.r.e.d.i.t. 2023: Social, Sovereign and Geopolitical Risks**

Venice, Italy | September 21 - 22, 2023
GRETA Associati, CRIF, European Datawarehouse,
European Investment Bank, European Investment
Fund, Intesa Sanpaolo
CfP deadline: May 31, 2023

- **Research on Global Financial Stability: the Use of BIS International Banking and Financial Statistics**

Basel, Switzerland | December 15, 2023
Bank for International Settlements
CfP deadline: July 31, 2023