

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.

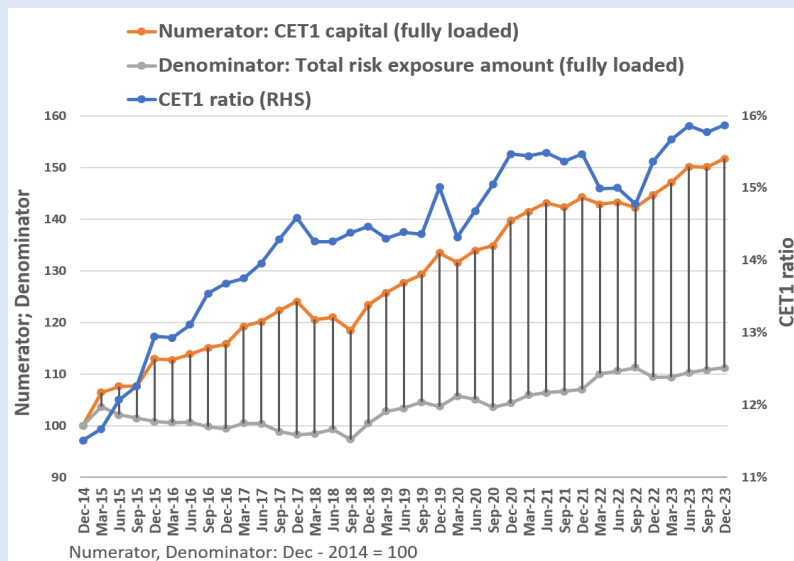
The second issue of 2024 presents new research on the impact of deposit relationships on lender switching, the role of corporate debt in explaining boom-bust cycles, and banks' use of accounting reclassification, i.e. the reclassification of securities as held-to-maturity (HTM) given higher interest rates.

Is there Evidence for a Strong Capital Position of EU/EEA Banks?

The figure shows that EU/EEA banks have reached record-high capitalization levels. The information is sourced from the Q4 2023 Risk Dashboard (RDB) of the European Banking Authority (EBA). The Common Equity Tier 1 (CET 1) ratio shows an upward trend such that the weighted average CET1 ratio recently reached a value of 15.9%. The [EBA's dashboard](#) provides further information on, amongst others, EU/EEA banks' liquidity, profitability and non-performing loans.

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

Capital position of EU/EEA banks remains strong



Source: EBA's Risk Dashboard, supervisory reporting data

At the Research Frontier

What's new in international banking?

Quarterly Selected Study

The Editors' Pick

- **Banking on Deposit Relationships: Implications for Hold-Up Problems in the Loan Market**

Jin Cao, Emilia Garcia-Appendini, Cédric Huylebroek
Norges Bank Working Paper No. 4/2024

- **Cross-Border Bank Flows, Regional Household Credit Booms and Bank Risk-Taking**

Dominik Boddin, Daniel te Kaat, Kasper Roszbach; Available at SSRN

- **Book Value Risk Management of Banks: Limited Hedging, HTM Accounting, and Rising Interest Rates**

João Granja, Erica Xuewei Jiang, Gregor Matvos, Tomasz Piskorski, Amit Seru
NBER Working Paper No. 32293

The Secular Decline of Bank Balance Sheet Lending

Greg Buchak, Gregor Matvos, Tomasz Piskorski, Amit Seru
NBER Working Paper No. 32176

- **Research Question:** What are the primary drivers behind the secular decline of bank balance sheet lending in the private credit market? What are the consequences for financial intermediation and macroprudential regulation?
- **Data:** The data series to show trends in, for example, private credit and household deposit shares in the United States are taken from the Financial Accounts provided by the Federal Reserve System.
- **Main Findings:** The study highlights relevant patterns in the data: i) informationally-sensitive lending to the private sector reached a peak in the 1970s and has halved since then, ii) also the deposit share of household savings declined by almost one half, and iii) the loan share in total assets declined from 70% to 55% of bank assets. In a quantitative model, three different forces behind these patterns are analyzed including technological improvements, preferences of savers, and government regulation.

- **1st IWH Bootcamp in Financial Economics for Master Students**

IWH hosts an intensive four-day summer school for master students interested in learning more about financial economics in September 2024. Students pursuing a master's degree in economics, econometrics, or finance are invited to send their applications by June 24.

- **Summer School: Boosting Empirics with Theory**

The summer school taught by Wolf Wagner (Rotterdam School of Management) in July is targeted at participants who want to improve the quality and publication potential of empirical research by better linking it to theory.

- **European banking supervision a decade on: safeguarding banks' resilience amid global challenges**

The speech delivered by Claudia Buch in Brussels highlights that European banking supervision needs to be agile and prudent given geopolitical risks and new technologies.

- **The growth of the South in global finance: New bilateral data and stylised facts**

The article shows that the significance of countries in the Global South for the global economy has increased based on a [dataset](#) covering bilateral international investments.

- **10th IWH-FIN-FIRE Workshop on "Challenges to Financial Stability"**

Halle, Germany | October 21-22, 2024
Halle Institute for Economic Research (IWH)
CfP deadline: May 20, 2024

- **3rd CEMLA / Dallas Fed / IBEFA Financial Stability Workshop: Frontier Research in Financial Intermediation**

Mexico City | November 25-26, 2024
CEMLA/ Dallas FED/ IBEFA
CfP deadline: May 27, 2024

- **13th Annual Research Workshop - Boundaries of Banking Regulation**

Paris, France | November 6-7, 2024
European Banking Authority
CfP deadline: July 5, 2024