Introduction

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In December 2006 the CGFS held a workshop in Basel on the use of the BIS international financial statistics in research on global financial stability.

These statistics are one of the few sources of detailed information on stocks and flows, and on the currency denomination and maturity structure of cross-border banking assets and liabilities, on both a locational and a nationality basis.

The origins of the BIS international banking statistics go back to the mid-1960s and the emergence of the so-called eurocurrency markets that had sprung up to circumvent domestic regulations. To monitor the rapid growth of these markets, the central banks of the G10 countries and the BIS started to collect data on banks' international positions in major countries. These data provided invaluable information about the expansion of international bank lending aggregates and about the scale of individual country borrowing from international banks. Alexandre Lamfalussy has described just how useful these data were in providing early warnings (often ignored) of crisis from the late 1970s onwards.[1]

Since then, the coverage of the international banking statistics has been broadened to include a wider range of activity. As a result of the increasing role of the international securities markets in global financial intermediation, the BIS was mandated in the mid-1980s to collect and publish international debt securities statistics on the basis of data from commercial databases and information available to individual central banks. Currently, aggregated international debt securities statistics are available by country of residence and nationality of issuer, and broken down by currency and type of issue. The BIS also started to collect domestic debt securities statistics in the early 1990s.

A third group of financial statistics which is collected and published by the BIS is data on derivatives. Data on OTC derivatives have been available, based on an ad hoc semiannual survey, since 1998; in 2004 they were supplemented with data on credit default swaps. Data for exchange-traded derivatives, which are provided by the exchanges, are also published by the BIS, with a longer time series.

In the past, the BIS financial statistics have been used by the financial community and in academic circles for a variety of applications. One major use of the data is the calculation of country risk and related indicators (eg banking sector vulnerability), which is routinely performed by both the official sector (central banks, banking supervisors, government agencies) and the private sector (inter alia rating agencies, investment banks, institutional investors).

Apart from country surveillance, the BIS banking and debt securities statistics have also been increasingly used by researchers in central banks and the academic community to investigate broader developments in the international banking market. Initially, the academic literature that emerged in the 1970s focused on the implications of the expanding eurodollar market for monetary aggregates and the transmission of monetary policy. In the 1980s and 1990s, the scope of analytical work broadened to include the determinants and patterns of cross-border banking flows, with a view to ascertaining the strategies adopted by banks in

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[1] See especially pp 9–13 of Lamfalussy (2000).

industrialised countries to penetrate emerging markets. After the Asian crisis of the late 1990s a number of studies used the BIS database for assessing global financial stability, for instance by analysing the role played by banking systems in financial contagion.

The main motivation for the workshop was to provide a forum for researchers from the “demand side”, so to speak, allowing them to learn about new areas of research which make use of these statistics, in particular on issues related to financial stability.

After a call for papers, eight presentations were ultimately selected. Speakers and participants included representatives from academia, central banks and the BIS.

The workshop concluded with a discussion of how to sustain the momentum provided by the meeting. Most participants indicated that regular meetings, for example every 18 months to two years, would be useful for sharing ideas on market monitoring and the construction of better capital flow measures.

Since the BIS statistics are rather broad and research topics have become quite diverse, some participants suggested that future meetings should concentrate on particular themes, in order to make the discussion more focused and enhance the exchange of ideas.

Reference

Lamfalussy, A (2000). *Financial crises in emerging markets: an essay on financial globalisation and fragility*, Yale University Press, New Haven.