Statistical Annex

The international banking market

Securities markets

Derivatives markets

The BIS international financial statistics summary tables

The BIS publishes a variety of international financial statistics, most of them on a quarterly basis. They cover banking statistics on both a locational and a consolidated basis, debt securities issues in both domestic and international markets, and statistics on derivatives traded on exchanges and over the counter. The main purpose of the statistics is to provide a measure of the size and structure of key segments of the global financial market and to monitor their development. A summary of the most recent data is presented in seven tables (see below).[1]

1. International banking statistics (Tables 1A, 1B, 2A and 2B)

The locational reporting system provides quarterly data on the international financial claims and liabilities of banks resident in the 44 reporting countries on a gross basis. The methodology is consistent with the principles underlying the compilation of national accounts, balances of payments and external debt statistics. Breakdowns are provided in terms of instrument, currency, sector and vis-à-vis country. The currency breakdown allows the BIS to approximate global bank credit flows adjusted for exchange rate fluctuations.

The consolidated banking statistics cover banks' worldwide on-balance sheet claims, on both a contractual (immediate borrower) and an ultimate risk basis (ie net of risk mitigants such as guarantees and collateral). Positions are reported by head offices in their home country and include all branches and subsidiaries on a worldwide consolidated basis, net of inter-office accounts. Breakdowns are available in terms of instrument, sector, maturity and vis-à-vis country. Information is also available on key off-balance sheet items such as guarantees extended, credit commitments and derivative contracts. Currently 30 countries provide consolidated banking data.

While the locational statistics are appropriate for measuring lending flows in a given period, the consolidated statistics are more suited to gauging the size of banks' country and liquidity risk exposures. The data are compiled by the BIS on the basis of national data reported by the respective central banks, which in turn collect these data from the internationally active banks in their jurisdiction.

2. Debt securities statistics (Tables 3A and 3B)

Securities statistic are harmonised with recommendations from the Handbook on Securities Statistics Part 1 (jointly released by BIS, ECB and IMF; available at the IMF web site www.imf.org/external/np/sta/wgsd/pdf/051309.pdf). There are three datasets, each covering a different market of issue: international debt securities, domestic debt securities and total debt securities.

The sectoral breakdown presents data based on the sector of the borrower itself and not on the sector of the parent of the borrower or any guarantor. "General government" comprises central government and other governments, while "Financial corporations" comprises commercial banks, central bank, and other financial institutions.

The compilation methodology was changed in December 2012 for the full history of the statistics. For statistics compiled according to the old methodology, see the detailed Annex Tables in pre-December 2012 version of the *BIS Quarterly Review*.

3. Derivatives statistics (Table 4)

Semi-annual data are compiled for activity in over-the-counter (OTC) markets whilst quarterly data are available on activity in exchange-traded markets. The data on OTC derivatives are based on the reporting to the BIS by central banks in major financial centres that in turn collect the information on a consolidated basis from reporting dealers headquartered in their respective country, while those on exchange-traded derivatives are obtained from market sources.

The derivatives data cover notional amounts outstanding and gross market values for a number of risk categories: foreign exchange, interest rates, equity-linked, commodities and credit default swaps. Gross credit exposure in OTC markets after bilateral netting is also available.

[1] More detailed tables and options to download the data in time series form are available at www.bis.org/statistics/index.htm.

Table 1A: International positions of banks by residence of counterparty, June 2012[1]

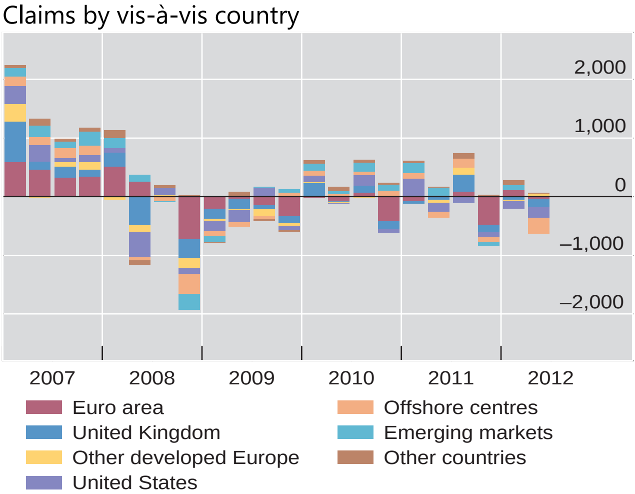
In billions of US dollars

	Vis-à-vis developed countries	Vis-à-vis offshore centres	Vis-à-vis emerging markets: Total	Africa	Asia	Europe	Latin America	Total
			Amounts outstanding					
Total claims	**24,680**	**4,261**	**3,761**	**482**	**1,714**	**831**	**734**	**33,384**
Total external claims[3]	**21,961**	**3,679**	**3,133**	**475**	**1,345**	**694**	**618**	**28,968**
Loans	15,539	3,020	2,495	438	1,075	531	450	21,129
Securities	4,477	538	352	16	147	68	121	5,484
Claims on banks	13,973	2,202	1,667	195	857	362	253	17,985
Claims on non-banks	7,988	1,477	1,465	280	489	332	365	10,983
US dollar	8,254	2,289	1,306	278	409	196	423	11,895
Euro	9,369	267	432	83	48	277	24	10,155
Foreign currency claims on residents	**2,719**	**581**	**628**	**7**	**369**	**137**	**115**	**3,928**
			Estimated exchange rate-adjusted changes during the quarter[2]					
Total claims	**-330**	**-272**	**29**	**-16**	**33**	**0**	**13**	**-554**
Total external claims[3]	**-318**	**-272**	**6**	**-15**	**25**	**-11**	**7**	**-575**
Loans	-373	-243	24	-12	29	-6	15	-584
Securities	-24	-18	-4	-1	4	-2	-5	-43
Claims on banks	-344	-252	5	-10	17	-15	12	-581
Claims on non-banks	26	-20	1	-5	8	4	-6	6
US dollar	-477	-255	-5	-18	8	2	2	-734
Euro	35	-19	3	3	0	-1	1	25
Foreign currency claims on residents	**-12**	**1**	**24**	**-1**	**8**	**11**	**6**	**12**
			Amounts outstanding					
Total liabilities	**21,219**	**4,897**	**3,169**	**877**	**1,331**	**418**	**542**	**32,548**
Total external liabilities[3]	**18,190**	**4,027**	**2,552**	**869**	**919**	**301**	**463**	**25,010**
Deposits	15,590	3,889	2,457	854	885	295	423	22,170
Securities	1,312	86	27	8	10	0	8	1,427
Liabilities to banks	13,385	2,687	1,612	546	643	212	210	17,853
Liabilities to non-banks	4,805	1,340	940	322	276	89	253	7,157
US dollar	7,060	2,546	1,428	582	382	119	346	11,108
Euro	7,480	415	364	133	80	107	44	8,390
Foreign currency liabilities to residents	**3,029**	**870**	**617**	**9**	**412**	**117**	**79**	**4,515**
			Estimated exchange rate-adjusted changes during the quarter[2]					
Total liabilities	**-449**	**-279**	**73**	**32**	**30**	**7**	**5**	**-721**
Total external liabilities[3]	**-430**	**-279**	**68**	**31**	**27**	**0**	**9**	**-644**
Deposits	-544	-279	63	31	28	-2	6	-766
Securities	-21	-2	1	0	-1	0	1	-22
Liabilities to banks	-345	-284	72	30	33	0	9	-553
Liabilities to non-banks	-85	5	-4	1	-6	0	1	-91
US dollar	-534	-268	44	21	17	0	6	-764
Euro	19	-2	0	3	-1	-2	1	14
Foreign currency liabilities to residents	**-19**	**-1**	**5**	**0**	**2**	**7**	**-4**	**-14**

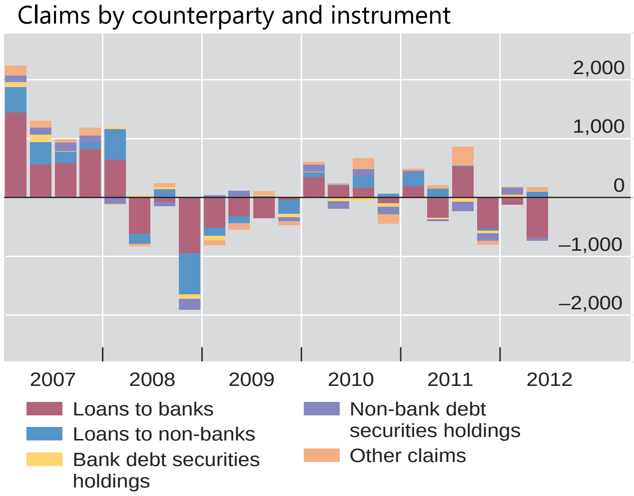
Cross-border positions

Exchange rate-adjusted changes in stocks

Claims by vis-à-vis country



Claims by counterparty and instrument



[1] Detailed breakdowns and time series data are available at http://www.bis.org/statistics/bankstats.htm (Tables 1–7B). [2] Taking into account exchange rate effects on outstanding balances in non-dollar currencies. [3] External position has been revised to exclude assets/liabilities unallocated by counterparty country. See "Box 2: A reallocation of external positions in the BIS locational banking statistics", Highlights of the BIS international statistics, BIS Quarterly Review, December 2012.

Table 1B: International positions of banks by nationality of head office, June 2012[1]

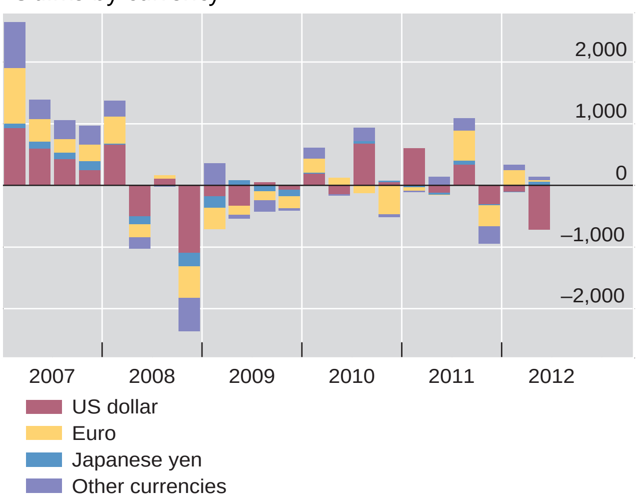
In billions of US dollars

	Nationality of banks										All countries
	France	Germany	Italy	Nether-lands	Spain	Switzer-land	United Kingdom	Japan	United States	Emerging markets	
	Amounts outstanding										
Total claims	**3,451**	**3,741**	**844**	**1,537**	**719**	**2,456**	**4,575**	**4,251**	**3,990**	**1,395**	**33,392**
on banks	2,355	2,064	456	977	386	1,577	2,636	1,773	2,633	760	19,635
on related foreign offices	940	1,098	224	438	221	848	1,606	878	1,590	230	10,165
on other banks	1,395	959	232	536	163	727	1,017	895	1,040	486	9,284
on official monetary institutions	20	6	0	3	3	2	13	1	3	45	186
on non-banks	1,096	1,678	387	560	333	878	1,940	2,478	1,357	635	13,757
US dollar	1,032	1,172	116	398	239	1,295	1,696	2,302	2,517	948	13,651
Euro	1,818	1,965	655	817	320	551	1,682	461	609	124	10,865
Other currencies	602	604	73	323	160	610	1,197	1,489	863	323	8,876
	Estimated exchange rate-adjusted changes during the quarter[2]										
Total claims	**-120**	**-136**	**-10**	**31**	**-29**	**-32**	**-267**	**204**	**-332**	**26**	**-581**
on banks	-112	-90	-23	16	-31	-35	-269	139	-293	50	-613
on related foreign offices	-77	-101	-18	-3	-25	-10	3	61	-304	4	-485
on other banks	-38	12	-5	16	-5	-25	-262	78	10	40	-133
on official monetary institutions	3	-1	0	2	0	0	-11	0	0	6	5
on non-banks	-8	-46	13	16	2	3	2	64	-38	-24	32
US dollar	-97	-53	-6	30	-14	-25	-273	84	-415	15	-723
Euro	-15	-62	-1	0	-8	1	7	20	37	5	21
Other currencies	-7	-21	-3	2	-7	-8	-1	99	46	6	121
	Amounts outstanding										
Total liabilities	**3,257**	**3,117**	**791**	**1,621**	**811**	**2,697**	**4,845**	**2,494**	**4,420**	**1,441**	**32,524**
to banks	2,165	1,753	507	1,164	426	1,498	2,431	1,465	2,343	814	18,441
to related foreign offices	865	1,061	177	358	154	891	1,390	721	1,337	198	8,939
to other banks	1,208	584	308	773	257	587	932	683	827	598	8,681
to official monetary institutions	92	108	22	33	15	21	108	60	179	18	820
to non-banks	1,092	1,365	284	457	385	1,199	2,414	1,029	2,077	628	14,084
US dollar	1,061	1,216	106	525	252	1,313	1,576	1,519	3,055	912	14,137
Euro	1,580	1,196	617	664	431	670	1,643	253	553	134	9,864
Other currencies	615	705	68	432	128	714	1,626	721	811	395	8,523
	Estimated exchange rate-adjusted changes during the quarter[2]										
Total liabilities	**-122**	**-144**	**4**	**-32**	**-75**	**-1**	**-72**	**132**	**-574**	**4**	**-765**
to banks	-122	-114	-12	-23	-15	-15	-64	88	-541	19	-751
to related foreign offices	-75	-83	-22	-21	-32	-35	-22	75	-366	1	-520
to other banks	-48	-13	9	-2	34	19	-35	4	-180	24	-197
to official monetary institutions	1	-19	1	-1	-17	1	-7	9	5	-5	-34
to non-banks	0	-30	16	-9	-60	13	-9	44	-32	-15	-14
US dollar	-81	-71	1	-11	-26	-43	-61	89	-653	-15	-879
Euro	-29	-49	6	-13	-39	16	8	-2	32	6	-37
Other currencies	-12	-24	-3	-8	-11	26	-19	46	48	14	152

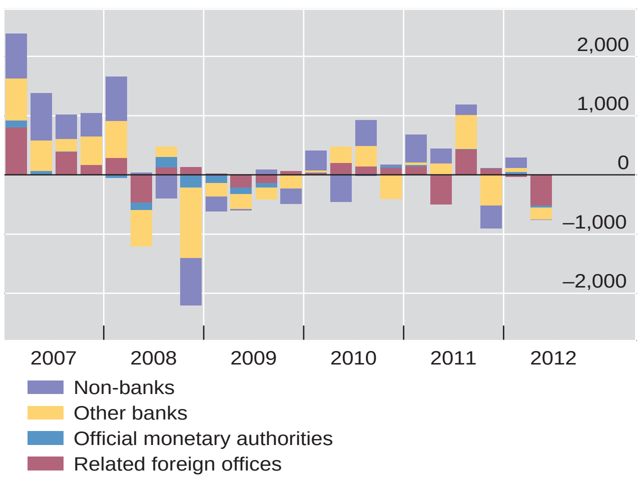
International positions of BIS reporting banks

Exchange rate-adjusted changes in stocks

Claims by currency



Liabilities by sector of counterparty



[1] Detailed breakdowns and time series data are available at http://www.bis.org/statistics/bankstats.htm (Tables 8A–8B). [2] Taking into account exchange rate effects on outstanding balances in non-dollar currencies.

Table 2A: Consolidated claims, immediate borrower basis, June 2012[1]

Amounts outstanding, in billions of US dollars

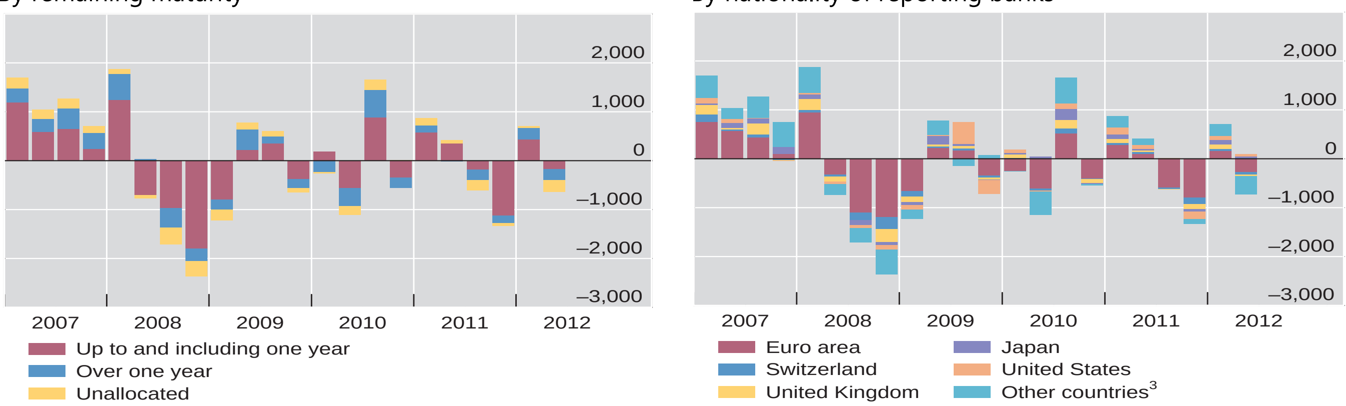
	Vis-à-vis developed countries				Vis-à-vis offshore centres	Vis-à-vis emerging markets					All countries
	Total	United States	Euro area	Japan		Total	Africa	Asia	Europe	Latin America	
Foreign claims	**22,516**	**5,789**	**8,968**	**1,184**	**2,573**	**5,401**	**645**	**2,093**	**1,362**	**1,301**	**30,666**
International claims	**14,076**	**2,601**	**6,431**	**765**	**2,039**	**3,160**	**430**	**1,384**	**791**	**554**	**19,449**
Up to and including one year	7,321	895	3,217	633	1,030	1,659	213	894	286	266	10,050
Over one year	4,580	1,081	2,237	69	633	1,208	197	363	419	228	6,472
Unallocated by maturity	2,175	625	977	63	377	293	20	127	86	59	2,926
Local currency claims	**8,440**	**3,188**	**2,536**	**419**	**534**	**2,241**	**215**	**709**	**571**	**747**	**11,217**
Local currency liabilities	**6,028**	**2,477**	**1,809**	**236**	**456**	**1,710**	**194**	**467**	**467**	**583**	**8,196**
	Unadjusted changes during the quarter[2]										
Foreign claims	*-1,013*	*-288*	*-625*	*10*	*-7*	*-139*	*-24*	*2*	*-79*	*-37*	*-1,153*
International claims	*-594*	*-210*	*-299*	*-12*	*-6*	*-43*	*-10*	*3*	*-32*	*-5*	*-638*
Local currency claims	*-419*	*-79*	*-326*	*22*	*-1*	*-96*	*-15*	*-2*	*-48*	*-32*	*-515*
Local currency liabilities	*-82*	*-56*	*28*	*7*	*-15*	*-53*	*1*	*-11*	*-26*	*-17*	*-150*
Nationality of reporting banks:	**Foreign claims**										
Domestically owned banks (total)	**18,741**	**5,387**	**7,166**	**821**	**2,467**	**4,863**	**593**	**1,755**	**1,299**	**1,216**	**26,237**
Euro area	7,579	1,398	3,877	166	407	2,092	214	281	1,026	572	10,145
Switzerland	1,394	710	330	92	191	160	29	68	21	42	1,754
United Kingdom	2,626	1,080	1,121	141	577	919	229	477	65	148	4,166
Japan	2,180	1,185	514	.	562	350	31	237	27	55	3,092
United States	2,030	.	714	358	433	722	60	328	73	261	3,210
Other countries[3]	2,932	1,015	610	63	297	619	31	364	86	137	3,870
Other foreign banks	**3,775**	**402**	**1,802**	**363**	**107**	**538**	**52**	**337**	**63**	**84**	**4,429**
	International claims, all maturities										
Domestically owned banks (total)	**10,411**	**2,219**	**4,710**	**402**	**1,933**	**2,625**	**380**	**1,047**	**728**	**470**	**15,133**
Euro area	4,345	597	2,355	97	371	1,028	150	201	524	153	5,812
Switzerland	599	124	265	35	178	129	26	56	19	29	913
United Kingdom	1,223	370	642	80	254	419	100	220	47	51	1,940
Japan	1,746	865	471	.	520	268	31	158	27	52	2,534
United States	1,329	.	609	150	381	382	42	174	45	122	2,118
Other countries[3]	1,169	263	367	41	229	397	30	238	66	63	1,817
Other foreign banks	**3,665**	**382**	**1,721**	**362**	**107**	**535**	**50**	**337**	**63**	**84**	**4,316**
	International claims, short-term										
Domestically owned banks (total)	**5,012**	**738**	**2,182**	**292**	**965**	**1,326**	**185**	**647**	**260**	**234**	**7,341**
Euro area	2,087	313	919	57	183	382	61	91	161	69	2,661
Switzerland	372	63	161	21	122	77	20	33	9	15	572
United Kingdom	610	154	356	42	150	242	49	137	30	25	1,006
Japan	213	73	59	.	54	103	7	81	7	8	370
United States	1,045	.	462	136	327	300	33	148	33	87	1,688
Other countries[3]	685	135	224	35	129	222	14	157	21	29	1,044
Other foreign banks	**2,309**	**157**	**1,035**	**342**	**65**	**333**	**28**	**247**	**25**	**33**	**2,709**

International claims of BIS reporting banks on an immediate borrower basis[4]

Changes in stocks[2]

By remaining maturity

By nationality of reporting banks



[1] Detailed breakdowns and time series data are available at http://www.bis.org/statistics/consstats.htm (Tables 9A–9B and BIS WebStats). [2] Quarterly difference in outstanding stocks, excluding effects of breaks in series, not adjusted for exchange rate movements. [3] Domestically owned banks in other reporting countries. [4] Worldwide consolidated positions of domestically owned banks and unconsolidated positions of foreign banks in 30 reporting countries.

Table 2B: Consolidated claims, ultimate risk basis, June 2012[1]

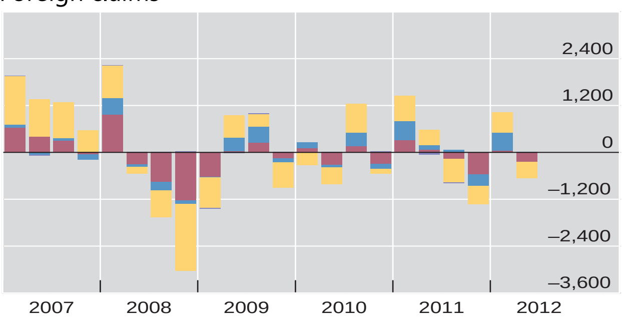
Amounts outstanding, in billions of US dollars

	Vis-à-vis developed countries				Vis-à-vis offshore centres	Vis-à-vis emerging markets					All countries
	Total	United States	Euro area	Japan		Total	Africa	Asia	Europe	Latin America	
Foreign claims	**18,435**	**5,461**	**7,034**	**826**	**1,847**	**4,692**	**560**	**1,723**	**1,241**	**1,168**	**25,159**
Banks	4,019	798	1,606	265	130	906	89	501	176	141	5,064
Public sector	4,092	1,450	1,691	322	195	1,131	125	344	279	384	5,558
Non-bank private sector	10,161	3,158	3,701	238	1,498	2,637	346	876	772	643	14,319
Unallocated	163	55	36	2	24	18	1	2	14	2	213
Cross-border claims	**9,232**	**2,263**	**4,439**	**340**	**1,132**	**1,988**	**306**	**860**	**456**	**367**	**12,530**
Local claims in all currencies	**9,203**	**3,198**	**2,594**	**485**	**716**	**2,704**	**254**	**863**	**785**	**802**	**12,629**
	Unadjusted changes during the quarter[2]										
Foreign claims	*-482*	*-98*	*-348*	*31*	*-38*	*-123*	*-12*	*-12*	*-60*	*-39*	*-640*
Cross-border claims	*-214*	*-73*	*-160*	*9*	*-21*	*-33*	*-9*	*-9*	*-11*	*-3*	*-265*
Local claims in all currencies	*-268*	*-25*	*-189*	*22*	*-17*	*-91*	*-3*	*-3*	*-49*	*-35*	*-375*
Nationality of reporting banks[3]	**Foreign claims**										
Total	**18,435**	**5,461**	**7,034**	**826**	**1,847**	**4,692**	**560**	**1,723**	**1,241**	**1,168**	**25,159**
Euro area	7,547	1,410	3,878	165	329	2,037	211	275	979	573	9,984
France	2,228	472	1,286	93	90	405	117	91	163	35	2,733
Germany	2,164	492	984	50	134	317	53	101	120	43	2,654
Italy	605	31	494	.	13	205	10	15	177	3	830
Spain	903	198	245	3	17	515	3	11	46	456	1,438
Switzerland	1,445	756	343	84	119	140	17	62	20	40	1,712
United Kingdom	2,591	1,050	1,096	160	529	930	223	495	65	148	4,093
Japan	2,186	1,281	463	.	355	335	29	224	26	57	2,876
United States	2,066	.	704	366	308	715	57	329	72	256	3,127
Other countries	2,601	964	550	51	208	535	22	339	79	94	3,366
	Cross-border claims										
Total	**9,232**	**2,263**	**4,439**	**340**	**1,132**	**1,988**	**306**	**860**	**456**	**367**	**12,530**
Euro area	3,854	562	2,215	82	254	741	137	177	307	120	4,919
France	1,133	144	663	43	67	186	60	60	39	27	1,396
Germany	1,480	298	820	29	119	234	51	63	80	40	1,873
Italy	258	22	168	.	12	38	4	8	23	3	314
Spain	189	19	112	3	11	48	3	10	5	30	250
Switzerland	559	151	277	27	88	106	15	48	18	26	761
United Kingdom	1,151	341	613	76	150	331	69	180	40	42	1,676
Japan	1,765	980	419	.	303	228	29	120	25	54	2,296
United States	1,107	.	599	128	235	324	37	150	40	98	1,705
Other countries	795	230	316	27	101	259	19	185	27	27	1,173
	Other potential exposures[4, 5]										
Derivatives contracts	3,662	932	1,424	97	112	173	35	67	24	47	3,965
Guarantees extended	6,264	708	2,503	251	235	1,239	158	370	441	270	8,655
Credit commitments	2,716	883	911	60	186	565	68	190	130	178	3,469

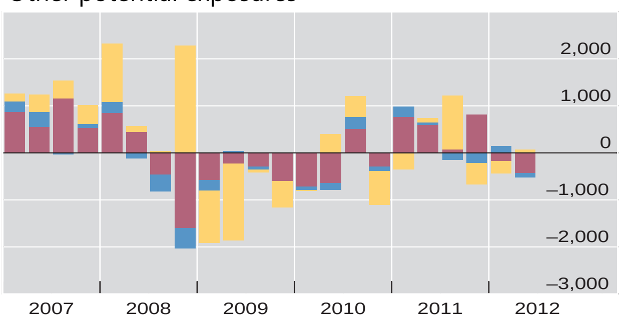
Consolidated claims and other potential exposures of BIS reporting banks on an ultimate risk basis

Changes in stocks[2]

Foreign claims



Other potential exposures[4, 5]



[1] Detailed breakdowns and time series data are available at http://www.bis.org/statistics/consstats/htm (Tables 9C–9E). [2] Quarterly difference in outstanding stocks, excluding effects of breaks in series, not adjusted for exchange rate movements. [3] Worldwide consolidated positions of domestically owned banks of 24 reporting countries. [4] Not included in foreign claims. [5] Derivatives relate to positive market values recorded as on- or off-balance sheet items. Credit commitments and guarantees are recorded as off-balance sheet items.

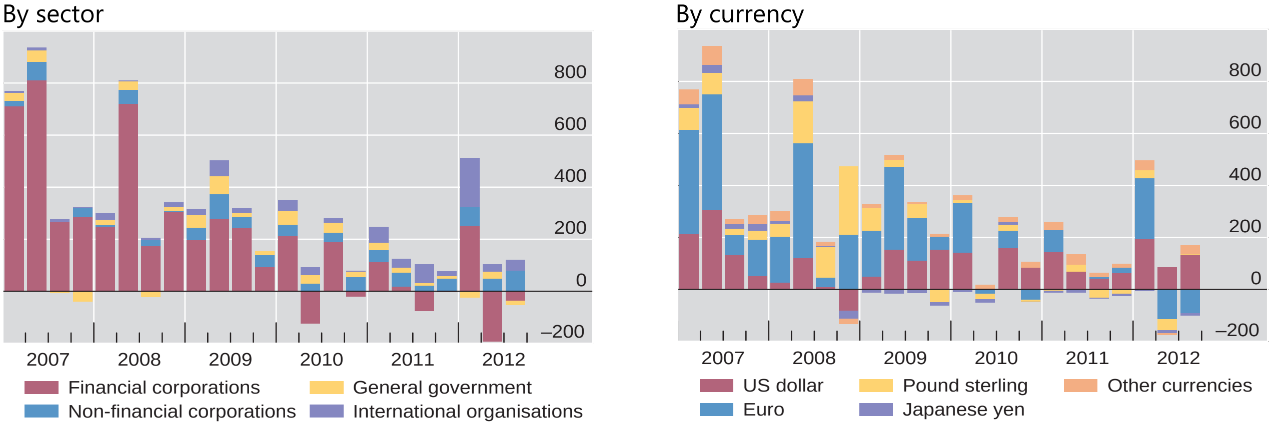
Table 3A: International debt securities issuance, September 2012[1]

In billions of US dollars

	Developed countries				Off-shore centres	Emerging markets					Int'l organi-sations	All countries
	Total	United States	Euro area	Japan		Total	Africa	Asia	Europe	Latin America		
Amounts outstanding												
Total issues	**17,176**	**2,038**	**9,152**	**188**	**1,678**	**1,425**	**176**	**383**	**353**	**512**	**1,325**	**21,604**
Money market instruments	**765**	**8**	**452**	**1**	**53**	**12**	**3**	**7**	**0**	**2**	**25**	**856**
Financial corporations	710	7	411	1	53	12	3	7	0	2	0	775
Non-financial corporations	28	0	19	0	0	0	0	0	0	0	0	29
General government	27	0	21	0	0	0	0	0	0	0	0	27
US dollar	236	1	135	0	33	8	2	4	0	2	13	289
Euro	334	3	218	0	6	1	1	1	0	0	7	348
Other currencies	196	3	98	1	14	4	1	3	0	0	6	220
Bonds and notes	**16,411**	**2,031**	**8,700**	**187**	**1,625**	**1,413**	**173**	**376**	**353**	**510**	**1,299**	**20,747**
Financial corporations	13,693	1,798	7,177	141	1,507	367	41	178	54	95	0	15,567
Non-financial corporations	1,887	228	913	43	71	383	64	107	44	169	0	2,341
General government	830	5	610	4	48	662	69	91	255	246	0	1,540
US dollar	4,398	1,324	1,258	77	1,202	1,047	137	292	198	419	378	7,025
Euro	8,454	428	6,491	10	152	188	16	10	121	41	534	9,328
Other currencies	3,558	279	951	100	271	177	20	74	34	49	388	4,394
Floating rate	5,321	405	2,975	20	527	68	20	21	12	15	90	6,006
Fixed rate	10,871	1,558	5,666	138	1,038	1,296	146	325	338	487	1,210	14,415
Equity-related	218	68	58	29	59	49	8	31	3	7	0	326
Net issuance during the quarter												
Total issues	**-76**	**-18**	**-81**	**10**	**35**	**66**	**8**	**16**	**22**	**20**	**43**	**69**
Money market instruments	**-47**	**-1**	**-47**	**0**	**2**	**1**	**0**	**0**	**0**	**0**	**-4**	**-49**
Financial corporations	-38	-1	-42	0	1	1	0	1	0	0	0	-36
Non-financial corporations	-7	0	-6	0	0	0	0	0	0	0	0	-7
General government	-2	0	0	0	0	0	0	0	0	0	0	-2
US dollar	6	0	-2	0	2	1	0	0	0	0	-2	7
Euro	-40	0	-35	0	2	0	0	0	0	0	-3	-42
Other currencies	-12	0	-10	0	-2	0	0	0	0	0	1	-14
Bonds and notes	**-29**	**-17**	**-34**	**9**	**34**	**65**	**8**	**16**	**22**	**20**	**47**	**117**
Financial corporations	-59	-24	-31	5	25	33	2	11	13	7	0	-1
Non-financial corporations	57	6	26	5	7	20	2	2	3	12	0	85
General government	-27	0	-29	0	1	12	4	2	5	1	0	-14
US dollar	47	-9	19	10	26	53	8	11	16	18	2	127
Euro	-87	-5	-57	-1	-2	4	-1	0	4	1	36	-49
Other currencies	11	-3	4	1	10	9	1	5	2	2	9	40
Floating rate	-135	-10	-79	-1	-4	-2	-2	0	0	0	7	-134
Fixed rate	101	-10	47	10	36	69	9	19	21	20	40	246
Equity-related	5	3	-2	0	2	-2	1	-3	0	0	0	4

Net international debt securities issuance

By sector | By currency



[1] Compilation methodology changed in December 2012 for the full history of the statistics; see "Enhancements to the BIS debt securities statistics", BIS Quarterly Review, December 2012.

Table 3B: Domestic and total debt securities, June 2012[1]

In billions of US dollars

	Domestic debt securities											
	China	Brazil	South Korea	Mexico	Malaysia	Thailand	Turkey	South Africa	Russia	Israel	Indonesia	Singapore
Amounts outstanding												
All issuers	3,486	2,091	1,162	488	318	279	222	212	195	184	132	112
Financial corporations	1,606	597	345	149	72	142	13	52	43	39	12	...
Non-financial corporations	694	138	432	37	114	42	0	27	60	38	7	...
General government	1,186	1,356	385	303	132	95	209	133	92	107	113	112
Short-term	...	...	89	93	38	77	10	33	...	2	...	47
Long-term	...	...	1,073	396	251	202	213	177	92	105	...	65
Unallocated	3,486	2,091	0	0	29	0	0	2	103	77	132	0
Exchange rate adjusted changes												
All issuers	51	104	16	14	5	-4	4	9	4	1	6	-1
Financial corporations	26	9	-6	3	-1	-11	3	2	2	2	1	...
Non-financial corporations	13	15	15	0	4	-1	0	1	-1	-3	1	...
General government	13	79	8	11	3	8	1	6	3	2	4	-1
Short-term	...	...	2	10	0	-9	2	0	...	0	...	0
Long-term	...	...	14	3	6	6	2	9	3	3	...	-1
Unallocated	51	104	0	0	-1	0	0	0	1	-1	6	0

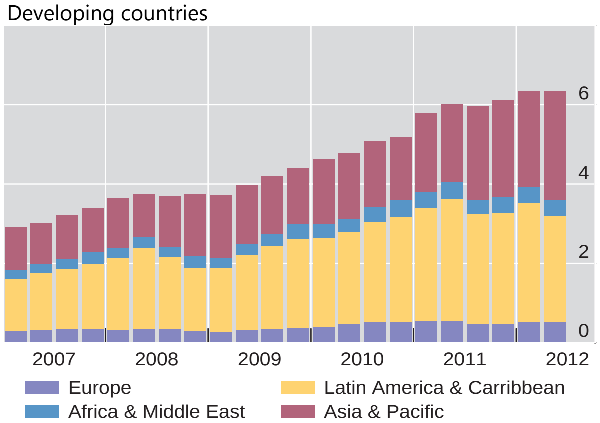
	Total debt securities											
	United States	Japan	United Kingdom	France	Germany	Italy	Spain	Netherlands	Canada	Australia	Ireland	Denmark
Amounts outstanding												
All issuers[2]	34,144	15,645	5,455	4,454	4,242	3,685	2,310	2,222	1,997	1,930	1,284	790
Financial corporations	14,454	3,022	2,523	1,905	2,010	1,478	1,411	1,702	434	1,221	1,174	608
Non-financial corporations	5,924	1,006	805	561	128	119	20	117	334	194	4	28
General government	13,518	11,617	2,121	1,989	2,105	2,088	879	403	1,229	515	106	155

Outstanding amounts

In trillions of US dollars

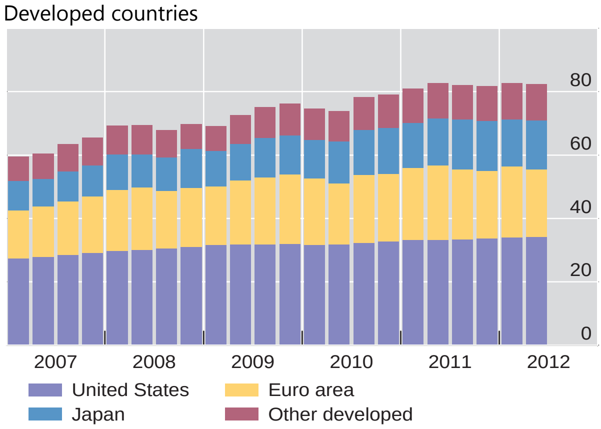
Domestic debt securities

Developing countries



Total debt securities

Developed countries



[1] Compilation methodology changed in December 2012 for the full history of the statistics; see "Enhancements to the BIS debt securities statistics", BIS Quarterly Review, December 2012. [2] All issuers include households and non-profit institutions serving households.

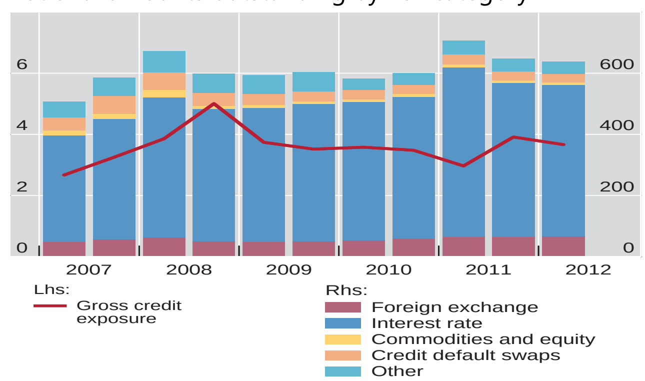
Table 4: Global OTC derivatives market, end-June 2012[1]

In billions of US dollars

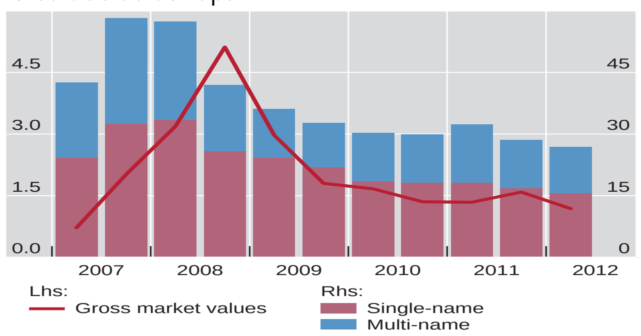
	Forwards and swaps				Options			
	Total	with reporting dealers	with other financial institutions	with non-financial customers	Total	with reporting dealers	with other financial institutions	with non-financial customers
	Notional amounts outstanding							
All contracts[2]	**567,364**	**158,800**	**357,590**	**48,856**	**71,564**	**41,128**	**24,477**	**4,873**
Foreign exchange	**55,551**	**24,273**	**23,109**	**8,169**	**11,094**	**5,211**	**4,429**	**1,455**
US dollar	48,662	22,535	19,978	6,149	8,692	4,059	3,446	1,187
Euro	20,167	8,199	8,238	3,730	4,123	1,866	1,569	688
Japanese yen	10,385	5,437	3,610	1,338	3,255	1,823	1,133	298
Pound sterling	6,867	2,705	2,947	1,215	724	301	301	122
Other	25,021	9,670	11,444	3,907	5,394	2,372	2,408	614
Up to one year	39,958	16,184	17,794	5,980	8,507	3,800	3,615	1,092
Over one year	15,593	8,090	5,315	2,189	2,587	1,411	814	363
Memo: Exchange-traded[3]	*215*	.	.	.	*111*	.	.	.
Interest rate	**443,704**	**107,782**	**298,915**	**37,006**	**50,314**	**31,364**	**16,298**	**2,653**
US dollar	149,934	32,144	106,686	11,105	14,090	7,768	5,447	875
Euro	154,891	29,331	113,261	12,299	23,776	15,884	6,765	1,127
Japanese yen	53,078	18,865	27,788	6,425	7,014	4,940	1,848	226
Pound sterling	36,512	9,632	23,875	3,004	3,401	1,991	1,218	193
Other	49,289	17,810	27,306	4,173	2,032	780	1,020	232
Up to one year	192,737	45,970	133,902	12,865	14,179	7,687	5,674	818
Over one year	250,967	61,812	165,014	24,141	36,135	23,677	10,624	1,835
Memo: Exchange-traded[3]	*22,411*	.	.	.	*33,225*	.	.	.
Equity	**1,880**	**552**	**1,047**	**281**	**4,434**	**1,849**	**2,140**	**445**
Memo: Exchange-traded[3]	*1,113*	.	.	.	*2,448*	.	.	.
Commodities	**1,978**	**...**	**...**	**...**	**1,015**	**...**	**...**	**...**
Credit default swaps	**26,931**	**15,747**	**10,997**	**187**	**...**	**...**	**...**	**...**
Unallocated	**37,321**	**10,446**	**23,522**	**3,214**	**4,707**	**2,705**	**1,610**	**321**
	Gross market values							
All contracts	**22,160**	**7,363**	**13,251**	**1,546**	**2,811**	**1,733**	**827**	**251**
Foreign exchange	**1,955**	**741**	**808**	**406**	**262**	**135**	**76**	**51**
US dollar	1,592	661	651	280	208	105	56	46
Euro	790	264	327	198	88	41	29	19
Japanese yen	382	175	132	74	124	74	28	22
Pound sterling	203	62	82	59	10	4	4	2
Other	943	321	423	200	95	46	36	13
Interest rate	**17,265**	**5,290**	**10,996**	**979**	**1,848**	**1,278**	**487**	**83**
US dollar	6,763	2,132	4,312	319	623	437	159	27
Euro	6,957	1,928	4,593	437	983	675	263	46
Japanese yen	960	405	519	35	96	74	19	2
Pound sterling	1,349	395	864	90	113	76	32	5
Other	1,236	430	708	98	33	16	13	4
Equity	**147**	**31**	**80**	**36**	**497**	**195**	**204**	**98**
Credit default swaps	**1,187**	**767**	**407**	**13**	**...**	**...**	**...**	**...**
Unallocated	**1,606**	**533**	**960**	**112**	**204**	**126**	**60**	**18**

Global OTC derivatives[4]

Notional amounts outstanding by risk category



Credit default swaps



[1] Detailed breakdowns and time series data are available at http://www.bis.org/statistics/derstats.htm (Tables 19, 20A–C, 21A–C, 22A–C and 23A–B). [2] Due to incomplete counterparty breakdowns for the commodity derivatives, components do not add up to the total.[3] Futures and options. Data on exchange-traded and OTC derivatives are not directly comparable; the former refers to open interest while the latter refers to gross positions. [4] In trillions of US dollars.

Notes to tables

Data for the most recent period are provisional. Data on changes in stocks have been calculated by converting the relevant stocks into their original currencies using end-of-period exchange rates and subsequently converting the changes in stocks into US dollar amounts using period average rates. Flow and turnover data have been calculated by converting flows and turnover in original currencies into US dollar amounts using period average exchange rates.

Tables 1A–1B

The data in Tables 1A–1B (the locational BIS banking statistics) cover banks' unconsolidated gross international on-balance sheet assets and liabilities. These data are based on the residence of the reporting institution and therefore measure the activities of all banking offices residing in each reporting country. Such offices report exclusively on their own unconsolidated business, which thus includes international transactions with any of their own affiliates. BIS reporting banks include banks residing in the G10 countries, plus Australia, Austria, the Bahamas, Bahrain, Bermuda, Brazil, the Cayman Islands, Chile, Chinese Taipei, Curacao, Cyprus, Denmark, Finland, Greece, Guernsey, Hong Kong SAR, India, Indonesia, Ireland, Isle of Man, Jersey, Korea, Luxembourg, Macao SAR, Malaysia, Mexico, the Netherlands Antilles (till Q3 2010), Norway, Panama, Portugal, Singapore, South Africa, Spain and Turkey. Breakdowns by currency are compiled from actual reported data and do not include any estimates done by the BIS for reporting countries that provide incomplete or partial currency information. Table 1A provides aggregated figures by residence of banks in all reporting countries. Table 1B provides figures by nationality of banks in reporting countries. The nationality statistics are prepared by regrouping the locational data into categories based on the control or ownership of the banking offices in question. Thus, for a reporting country, total assets and total liabilities of all banks reported under locational by residence statistics should be equal to the total assets and total liabilities of all banks reported under nationality statistics. Locational data on other instruments for Finland for 2011Q4, 2012Q1 and 2012Q2 relate to 2011Q3. Detailed tables, including time series data in CSV files, guidelines and information on breaks in series in the locational banking statistics, are available on the BIS website under www.bis.org/statistics/bankstats.htm.

Tables 2A–2B

The consolidated statistics are based mainly on the country of incorporation of the reporting institutions and measure the international lending activities of banks' head offices in the reporting countries and all their offices at home and abroad, with positions between offices of the same bank being netted out. The data in Table 2A cover BIS reporting banks' worldwide consolidated claims on an immediate borrower basis. These contractual claims are not adjusted for risk mitigants, such as guarantees and collateral. The 30 reporting countries comprise the G10 countries plus Australia, Austria, Brazil, Chile, Chinese Taipei, Denmark, Finland, Greece, Hong Kong SAR, India, Ireland, Luxembourg, Mexico, Norway, Panama, Portugal, Singapore, Spain and Turkey. The data in Table 2B cover BIS reporting banks' worldwide consolidated claims on an ultimate risk basis. These contractual claims are adjusted for risk mitigants, such as guarantees and collateral. The reporting population is a subset of 24 countries which reports both sets of data and comprises Australia, Austria, Belgium, Canada, Chile, Chinese Taipei, Finland, France, Germany, Greece, India, Ireland, Italy, Japan, the Netherlands, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. In table 2B, German banks' foreign claims vis-à-vis developed countries are on an immediate borrower basis. The data in Table 2A cover both foreign and international claims, while Table 2B covers foreign claims only. International claims are defined as BIS reporting banks' cross-border claims in all currencies plus the local claims of their foreign affiliates in foreign currency. Foreign claims include, in addition, reporting banks' foreign affiliates' local claims in local currency, as shown below.

Types of claims

A	B	C	D
Cross-border claims	Local claims of foreign affiliates in foreign currency	Local claims of foreign affiliates in local currency	Domestic claims in the reporting country

International claims (A + B)

Foreign claims (A + B + C)

The shaded area indicates claims excluded from the consolidated banking statistics; bold italics indicate claims published within the consolidated banking statistics.

Austria and Portugal report on a partially consolidated basis. Detailed information on breaks in series in the consolidated banking statistics is available on the BIS website under www.bis.org/statistics/consstats.htm.

Tables 3A–3B

Securities statistic are harmonised with recommendations from the Handbook on Securities Statistics Part 1 (jointly released by BIS, ECB and IMF; available at the IMF web site, www.imf.org/external/np/sta/wgsd/pdf/051309.pdf). There are three datasets, each covering a different market of issue: international debt securities, domestic debt securities and total debt securities.

The sectoral breakdown presents data based on the sector of the borrower itself and not on the sector of the parent company of the borrower or any guarantor. "General government" comprises central governments and other governments, while "Financial corporations" comprises commercial banks, central banks, and other financial institutions.

Detailed information about the compilation of the statistics on domestic and total debt securities is available on the BIS website.

Table 4

The data in Table 4 cover the activity recorded in the global over-the-counter (OTC) and exchange-traded derivatives markets. The data on exchange-traded derivatives are obtained from market sources, while those on OTC derivatives are based on the reporting to the BIS by central banks in major financial centres that in turn collect the information on a consolidated basis from reporting dealers headquartered in their respective countries.

The data on OTC derivatives are available in terms of notional amounts outstanding, gross market values and gross credit exposure. Gross credit exposure excludes credit default swap contracts for all countries except the United States. These statistics are adjusted for inter-dealer double-counting and cover foreign exchange, interest rate, equity, commodity and credit derivatives.

For the exchange-traded derivatives, data on open interest measured in terms of US dollars are available for the main financial derivatives contracts (interest rate, currency and equity-linked derivatives).

Information on the methodology used to compile these statistical sets and a more detailed description of their coverage can be found on pages 18 to 21 of the Guide to the international financial statistics, available at www.bis.org/publ/bispap14.htm

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Recent BIS publications[1]

BIS Papers

Challenges related to capital flows: Latin American perspectives
October 2012

www.bis.org/publ/bppdf/bispap68.htm

This BIS Paper is a collection of essays focusing on the drivers and effects of capital flows and the challenges they pose for the implementation of monetary and other policies. The collection draws on selected presentations made at the BIS-sponsored sessions at the Latin American and Caribbean Economic Association (LACEA) meetings in 2010 in Medellín, Colombia and in 2011 in Santiago, Chile.

Fiscal policy, public debt and monetary policy in emerging market economies
October 2012

www.bis.org/publ/bppdf/bispap67.htm

During the 1980s and 1990s, the vulnerability of EMEs was often exacerbated by high fiscal deficits, underdeveloped domestic bond markets, and large currency or maturity mismatches. In many cases, these weaknesses constrained fiscal and monetary policy choices, and responses were often procyclical. Since the beginning of 2000s, however, the policy setting has much improved. Fiscal deficits and public debt levels have declined, domestic financing has increased, and the share of foreign currency debt has fallen. What do these developments mean for monetary policy? Has the threat of fiscal dominance in EMEs lessened, just when it has grown in the advanced economies? Have EMEs been able to use fiscal and monetary policy in more countercyclical way than in the past?

These questions were the focus of the 17th Annual Meeting of Deputy Governors from major EMEs held at the BIS in Basel on 16-17 February 2012. The meeting addressed three issues: (i) the fiscal constraints on monetary policy; (ii) the impact of local currency bond markets on central bank policies; and (iii) the role of central banks in public debt management. This BIS Paper volume brings together the papers prepared by the BIS staff for the meeting as well as the contributions of central banks.

One major finding was that improved fiscal positions have allowed many EMEs to use countercyclical fiscal and monetary policies to stabilise their economies during the recent global financial crisis. Anchoring medium term fiscal expectations was crucial, so was greater access to domestic financing enabled by the development of the local currency bond markets. Yet these reassuring conclusions came with a number of caveats. Although fiscal dominance has fallen, contingent liabilities and the costs of ageing populations pose serious medium- to long-term risks to many EMEs. And, while government debt levels have moderated, the volume of securities issued by central banks has expanded, reflecting large-scale interventions in the foreign exchange market. The implications of these balance sheet developments for price and financial stability require careful monitoring.

Are central bank balance sheets in Asia too large?
October 2012

www.bis.org/publ/bppdf/bispap66.htm

This volume is a collection of the speeches, background papers and presentations from a conference on "Central bank balance sheets in Asia and the Pacific: the policy challenges ahead". The event was co-hosted by the Bank of Thailand (BOT) and the Bank for International Settlements (BIS) and was held on 12-13 December 2011 in Chiang Mai, Thailand. Senior officials from central banks, as well as academic scholars and economists from the BIS attended the conference. The formal addresses included those from Prasarn Trairatvorakul, Governor of the Bank of Thailand, and Jaime Caruana, General Manager of the BIS. The conference marked the culmination of a two-year research programme at the BIS Representative Office for Asia and the Pacific focused on central bank balance sheets, addressing the domestic and international implications of the large expansion of central bank balance sheets worldwide,

1 Requests for publications should be addressed to Bank for International Settlements, Press & Communications, Centralbahnplatz 2, CH-4002 Basel. These publications are also available on the BIS website (www.bis.org).

with particular emphasis on Asia. This two-year research programme is a flagship activity of the BIS Representative Office; the activities in the office are guided by the Asian Consultative Council, comprising the Governors of the 12 BIS shareholding central banks in the region (Australia, China, Hong Kong SAR, India, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore and Thailand).

BIS Working Papers

Liquidity in Government versus Covered Bond Markets

Jens Dick-Nielsen, Jacob Gyntelberg and Thomas Sangill

www.bis.org/publ/work392.htm

We present findings on the secondary market liquidity of government and covered bonds in Denmark before, during and after the 2008 financial crisis. The analysis focuses on wholesale trading in the two markets and is based on a complete transaction level dataset covering November 2007 until end 2011. Overall, our findings suggest that Danish benchmark covered bonds by and large are as liquid as Danish government bonds – including in periods of market stress. Before the financial crisis of 2008, government bonds were slightly more liquid than covered bonds. During the crisis, trading continued in both markets but the government bond market experienced a brief but pronounced decline in market liquidity while liquidity in the covered bond market was more robust – partly reflective of a number of events as well as policy measures introduced in the autumn of 2008. After the crisis, liquidity in the government bond market quickly rebounded and government bonds again became slightly more liquid than covered bonds.

Emerging market local currency bonds: diversification and stability

Ken Miyajima, Madhusudan Mohanty and Tracy Chan

www.bis.org/publ/work391.htm

Over the past three years, cross-border inflows into emerging market (EM) local currency bonds have surged. The returns on these bonds have moved more closely with those on international assets regarded as "safe", particularly following the euro area debt crisis. This paper first demonstrates that domestic factors have tended to dictate the dynamics of the EM local currency government yield. The importance of local drivers has probably increased the potential diversification benefit, creating strong appetite for the asset class. Second, the paper confirms that EM local currency government yields have behaved more like safe haven yields since 2008: they have dropped, rather than increased, in response to worsening global risk sentiment. Yet EM local currency government yields could be susceptible to adverse external shocks: the yield dynamics have been affected by unsustainably low US Treasury yields. Moreover, the international role of EM local currency bonds depends crucially on the behaviour of exchange rates. Nevertheless, the further development of local currency bond markets should help strengthen the stability of the international monetary and financial system.

The liquidity consequences of the euro area sovereign debt crisis

William A Allen and Richhild Moessner

www.bis.org/publ/work390.htm

We examine the liquidity effects of the euro area sovereign debt crisis, including its effects on euro area banks as a group, on intra-euro area financial flows, on the supply of and demand for collateral, and on international liquidity. The lending capacity of the euro area banking system has been much weakened, despite the remarkable growth of the operations of the Eurosystem, including its greatly increased lending, its intermediation between national central banks in surplus and deficit countries and its collateral policy. The euro crisis has also created international liquidity stresses. We find that central bank swap lines have only had limited effectiveness in alleviating the stresses, probably owing to some stigma being attached to their use.

Currency intervention and the global portfolio balance effect: Japanese lessons

Petra Gerlach-Kristen, Robert N McCauley and Kazuo Ueda

www.bis.org/publ/work389.htm

This paper shows that the Japanese foreign exchange interventions in 2003/04 seem to have lowered long-term interest rates in a wide range of countries, including Japan. It seems that this decline was triggered by the investment of the intervention proceeds in US bonds and that a global portfolio balance effect spread the resulting decline in US yields to other bond markets, thus easing global monetary conditions.

Monetary policy in a downturn: are financial crises special?
Morten Bech, Leonardo Gambacorta and Enisse Kharroubi

www.bis.org/publ/work388.htm

Accommodative monetary policy during the financial crisis was instrumental in preventing a deeper recession. Views differ, however, on how long such measures should be kept in place. At the heart of this debate is the notion that a protracted period of policy accommodation could create distortions. Some would argue that any distortions will be limited in extent and that further monetary stimuli should bolster the recovery. Others fear that prolonged easing may delay much-needed balance sheet adjustments, thus entrenching weak economic performance. Our analysis, based on a sample of 24 developed countries, indicates that monetary policy is less effective in a financial crisis, when impairments in the monetary transmission mechanism may occur. In particular, the results show that the benefits of accommodative monetary policy during a downturn for the subsequent recovery are more elusive when the downturn is associated with a financial crisis. In addition, we find that private sector deleveraging during a downturn helps to induce a stronger recovery. Both results hold even after controlling for the fiscal policy stance, real exchange rate movements and developments in the international environment. That said, the evidence is tentative owing to the restricted size and other limitations of our sample.

Does US GDP stall?
Wai-Yip Alex Ho and James Yetman

www.bis.org/publ/work387.htm

Low positive GDP growth has been interpreted as evidence that the economy may be "stalling", implying that low growth is a strong predictor of future recessions. We examine the empirical evidence for stalling based on kernel density estimates, probit estimates and Markov switching models.

Whether we find evidence for stalling or not depends crucially on how a stall is defined. If we define a stall as a low but positive growth rate, then there is no evidence of stalling in US GDP. Low growth is as likely to be followed by higher growth as by a recession. In contrast, if we define a stall as a decline in the growth rate of the economy to below some threshold, we find evidence for stalling.

We also discuss the merits of each of the definitions of stalling, and limitations in using aeronautical analogies for discussing the business cycle.

The social value of policy signals
Stefan Avdjiev, Patrick McGuire and Nikola Tarashev

www.bis.org/publ/work386.htm

Do public policy signals improve the alignment of market outcomes with economic fundamentals? Existing work contends that, when individual players have an incentive to coordinate their actions, public policy signals could steer these actions away from the fundamentals. We argue that such a conclusion rests on a restricted information structure, predicated on markets being segmented. Public policy signals are unambiguously beneficial in an integrated market, where they refine other public information that prices generate endogenously. An implication of this finding is that policy authorities have an important role to play in collecting and disseminating data on aggregate market positions.

Ageing, property prices and money demand
Kiyohiko G Nishimura and Elől Takáts

www.bis.org/publ/work385.htm

When the baby boomers joined the workforce and started saving, money supply and property prices entered a rising trajectory. We conclude that demography was the long-run driver of this process, basing our argument on data from 22 advanced economies for the 1950–2010 period. According to our lifecycle model, large working-age populations saved for their old age by investing in property and broad money instruments, such as deposits. In the past, savings activity by baby boomers drove up property prices and also increased demand for money. As baby boomers retire, these dynamics will go into reverse. Falling demand for savings, including money and deposits, might hinder banks in their efforts to collect deposits and thereby bring down excessively high loan-to-deposit ratios. Our model also confirms that monetary stability contributes to long-run property price stability.

The Effectiveness of unconventional monetary policy at the zero lower bound: a cross-country analysis
Leonardo Gambacorta, Boris Hofmann and Gert Peersman

www.bis.org/publ/work384.htm

This paper assesses the macroeconomic effects of unconventional monetary policies by estimating a panel VAR with monthly data from eight advanced economies over a sample spanning the period since the onset of the global financial crisis. It finds that an exogenous increase in central bank balance sheets at the zero lower bound leads to a temporary rise in economic activity and consumer prices. The estimated output effects turn out to be qualitatively similar to the ones found in the literature on the effects of conventional monetary policy, while the impact on the price level is weaker and less persistent. Individual country results suggest that there are no major differences in the macroeconomic effects of unconventional monetary policies across countries, despite the heterogeneity of the measures that were taken.

Basel Committee on Banking Supervision

Basel III counterparty credit risk – Frequently asked questions
November 2012

www.bis.org/publ/bcbs235.htm

The Basel Committee on Banking Supervision has received a number of interpretation questions related to the December 2010 publication of the Basel III regulatory frameworks for capital and liquidity and the 13 January 2011 press release on the loss absorbency of capital at the point of non-viability.
Today's publication sets out the third set of frequently asked questions (FAQs) that relate to counterparty credit risk, including the default counterparty credit risk charge, the credit valuation adjustment (CVA) capital charge and asset value correlations. FAQs that have been added since the publication of the second version of this document in July 2012 are shaded yellow.
These FAQs aim to promote consistent global implementation of Basel III.

Report to G20 Finance Ministers and Central Bank Governors on Basel III implementation
October 2012

www.bis.org/publ/bcbs234.htm

Full, timely and consistent implementation of the Basel III framework is essential for promoting confidence in the regulatory framework for banks and to help secure a stable global banking system. The Basel Committee is monitoring its member jurisdictions' implementation through a recently launched comprehensive review programme. A key element of the process is transparency, including periodic reports to the G20. The first of which was published in June 2012.
The Report to the G20 Finance Ministers and Central Bank Governors reviews Basel Committee members' progress in introducing the Basel standards ahead of the globally agreed start date of 1 January 2013. Eight of the 27 member jurisdictions of the Basel Committee have issued final regulations, of which Japan has undergone a detailed assessment of its final set of regulations. Two further assessments have been conducted on draft regulations in the European Union and United States, and these jurisdictions now have the opportunity to address the identified gaps as they finalise their rules. The evaluation of banks' calculation of risk-weighted assets for banking and trading book exposures relevant for the implementation of the Basel III framework is underway and the findings are expected to be published during 2013.

A framework for dealing with domestic systemically important banks - final document
October 2012

www.bis.org/publ/bcbs233.htm

In November 2011, the Basel Committee issued final rules for global systemically important banks (G-SIBs). The G20 leaders endorsed these rules at their November 2011 meeting and asked the Basel Committee and the Financial Stability Board to work on extending the framework to domestic systemically important banks (D-SIBs).
While not all D-SIBs are significant from a global perspective, the failure of such a bank could have a much greater impact on its domestic financial system and economy than that of a non-systemic institution. Some of these banks may have cross-border externalities, even if the effects are not global in nature.
Against this backdrop, the Basel Committee developed a set of principles on the assessment methodology and the higher loss absorbency requirement for D-SIBs. The framework takes a complementary perspective to the G-SIB framework by focusing on the impact that the distress or failure of banks will have on the domestic economy.
Given that the D-SIB framework complements the G-SIB framework, the Committee considers that it would be appropriate if banks identified as D-SIBs by their national authorities are required by those authorities to comply with the principles in line with the phase-in arrangements for the G-SIB framework, ie from January 2016.

Progress report on Basel III implementation (update published in October 2012)
October 2012

www.bis.org/publ/bcbs232.htm

This updated Progress report on Basel III implementation provides a high-level view of Basel Committee members' progress in adopting Basel II, Basel 2.5 and Basel III, as of end September 2012. It focuses on the status of domestic rule-making processes to ensure that the Committee's capital standards are transformed into national law or regulation according to the internationally agreed timeframes. The Committee believes that disclosure will provide additional incentive for members to fully comply with the international agreements. This report updates the Committee's June 2012 report to G20 Leaders on Basel III implementation.

Principles for the supervision of financial conglomerates - final report
September 2012

www.bis.org/publ/joint29.htm

The Joint Forum's final report on Principles for the Supervision of Financial Conglomerates provides a set of principles which supersedes the compendium of principles on this topic developed in 1999 and published in 2001 by the Joint Forum ('the 1999 Principles').

These updated principles are a broader and more consolidated set of internationally agreed principles. They include guidance for policymakers on the powers and authority necessary for supervisors of financial conglomerates. They also focus on supervisory responsibility and guidance for supervisors on the governance, capital, liquidity and risk management frameworks of financial conglomerates. Importantly, these updated principles are structured in a manner that should facilitate their implementation across jurisdictions and over time.

The principles are organised into five sections and expand on and supplement the 1999 Principles in a number of ways:

Supervisory powers and authority. The principles are directed to both policy makers and supervisors highlighting the need for a clear legal framework that provides supervisors with the necessary powers, authority and resources to perform, with independence and in coordination with other supervisors, comprehensive group-wide supervision.

Supervisory responsibility. The principles reaffirm the importance of supervisory cooperation, coordination and information exchange. They clarify the importance of identifying a group-level supervisor whose responsibility is to focus on group-level supervision and the facilitation of coordination between relevant supervisors. New principles have been included which relate to the role and responsibilities of supervisors in implementing minimum prudential standards, monitoring and supervising activities of financial conglomerates and taking corrective action as appropriate.

Corporate governance. The principles reaffirm the importance of fit and proper principles and also provide, through a series of new principles, guidance for supervisors intended to ensure the existence of a robust corporate governance framework for financial conglomerates. These new principles relate to the structure of the financial conglomerate, the responsibilities of the board and senior management, the treatment of conflicts of interest and remuneration policy.

Capital adequacy and liquidity. The principles highlight the role of supervisors in assessing capital adequacy on a group basis, taking into account unregulated entities and activities and the risks they pose to regulated entities. They include new principles on group-wide capital management. The principles also provide guidance on internal capital planning processes that rely on sound board and management decisions, incorporate stressed scenario outcomes, and are subject to adequate internal controls. A new principle on liquidity assessment and management is also introduced - providing guidance for supervisors intended to ensure that financial conglomerates properly measure and manage liquidity risk.

Risk management. The principles set out the need for a financial conglomerate to have a comprehensive risk management framework to manage and report group-wide risk concentrations and intra-group transactions and exposures. Greater emphasis is placed on the financial conglomerate's ability to measure, manage and report all material risks to which it is exposed, including those stemming from unregulated entities and activities. The principles focus on group-wide risk management culture and appropriate tolerance levels; addressing risks associated with new business areas and outsourcing; group-wide stress-tests and scenario analyses for the prudent aggregation of risks; bringing off-balance sheet activities within the scope of group-wide supervision.

Comments received from a public consultation helped the Joint Forum refine this final report of its Principles for the Supervision of Financial Conglomerates. The report is available on the websites of the Bank for International Settlements (www.bis.org), IOSCO (www.iosco.org) and the IAIS (www.iaisweb.org).

The Joint Forum was established in 1996 under the aegis of the Basel Committee on Banking Supervision (BCBS), the International Organization of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors (IAIS) to deal with issues common to the banking, securities and insurance sectors, including the regulation of financial conglomerates.

Results of the Basel III monitoring exercise as of 31 December 2011
September 2012

www.bis.org/publ/bcbs231.htm

This report presents the results of the Basel Committee's Basel III monitoring exercise. The study is based on rigorous reporting processes set up by the Committee to periodically review the implications of the Basel III standards for financial markets; the first results of the exercise based on June 2011 data had been published in April 2012. A total of 209 banks participated in the study, including 102 Group 1 banks (ie those that have Tier 1 capital in excess of €3 billion and are internationally active) and 107 Group 2 banks (ie all other banks).

While the Basel III framework sets out transitional arrangements to implement the new standards, the monitoring exercise results assume full implementation of the final Basel III package based on data as of 31 December 2011 (ie they do not take account of the transitional arrangements such as the phase in of deductions). No assumptions were made about bank profitability or behavioural responses, such as changes in bank capital or balance sheet composition. For that reason the results of the study are not comparable to industry estimates.

The study finds that based on data as of 31 December 2011 and applying the changes to the definition of capital and risk-weighted assets, the average common equity Tier 1 capital ratio (CET1) of Group 1 banks was 7.7%, as compared with the Basel III minimum requirement of 4.5%. In order for all Group 1 banks to reach the 4.5% minimum, an increase of €11.9 billion CET1 would be required. The overall shortfall increases to €374.1 billion to achieve a CET1 target level of 7.0% (ie including the capital conservation buffer); this amount includes the surcharge for global systemically important banks where applicable. As a point of reference, the sum of profits after tax and prior to distributions across the same sample of Group 1 banks in 2011 was €356 billion. Compared to the June 2011 exercise, the aggregate CET1 shortfall with respect to the 4.5% minimum for Group 1 banks has reduced by €26.9 billion. At the CET1 target level of 7.0%, the aggregate CET1 shortfall for Group 1 banks has reduced by €111.5 billion.

For Group 2 banks, the average CET1 ratio stood at 8.8%. In order for all Group 2 banks in the sample to meet the new 4.5% CET1 ratio, the additional capital needed is estimated to be €7.6 billion. They would have required an additional €21.7 billion to reach a CET1 target 7.0%; the sum of these banks' profits after tax and prior to distributions in 2011 was €24 billion.

Core principles for effective banking supervision
September 2012

www.bis.org/publ/bcbs230.htm

The Basel Committee on Banking Supervision has completed its review of the October 2006 Core principles for effective banking supervision and the associated Core principles methodology. The revised Core Principles were endorsed by banking supervisors at the 17th International Conference of Banking Supervisors held in Istanbul, Turkey, on 13–14 September 2012.

Both the existing Core Principles and the associated assessment methodology have served their purpose well in terms of helping countries to assess their supervisory systems and identify areas for improvement. While conscious efforts were made to maintain continuity and comparability to the extent possible, the revised document combines the Core Principles and the assessment methodology into a single comprehensive document. The revised set of twenty-nine Core Principles has also been reorganised to foster their implementation through a more logical structure, highlighting the difference between what supervisors do and what they expect banks to do: Principles 1 to 13 address supervisory powers, responsibilities and functions, focusing on effective risk-based supervision, and the need for early intervention and timely supervisory actions. Principles 14 to 29 cover supervisory expectations of banks, emphasising the importance of good corporate governance and risk management, as well as compliance with supervisory standards.

Important enhancements have been introduced into the individual Core Principles, particularly in those areas that are necessary to strengthen supervisory practices and risk management. As a result, certain "additional criteria" have been upgraded to"essential criteria", while new assessment criteria were warranted in other instances. Close attention was given to addressing many of the significant risk management weaknesses and other vulnerabilities highlighted in thefinancial crisis. In addition, the review has taken account of several key trends and developments that emerged during the last few years of market turmoil:

- the need for greater supervisory intensity and adequate resources to deal effectively with systemically important banks;
- the importance of applying a system-wide, macro perspective to the microprudential supervision of banks to assist in identifying, analysing and taking pre-emptive action to address systemic risk; and
- the increasing focus on effective crisis management, recovery and resolution measures in reducing both the probability and impact of a bank failure.

The Committee has sought to give appropriate emphasis to these emerging issues by embedding them into the Core Principles, as appropriate, and including specific references under each relevant Principle.

In addition, sound corporate governance underpins effective risk management and public confidence in individual banks and the banking system. Given fundamental deficiencies in banks' corporate governance that were exposed during the crisis, a new Core Principle on corporate governance has been added by bringing together existing corporate governance criteria in the assessment methodology and giving greater emphasis to sound corporate governance practices. Similarly, the Committee reiterated the key role of robust market discipline in fostering a safe and sound banking system by expanding an existing Core Principle into two new ones dedicated respectively to greater public disclosure and transparency, and enhanced financial reporting and external audit.

As a result of the Committee's review, the number of Core Principles has increased from 25 to 29. There are a total of 39 new assessment criteria, comprising 34 new essential criteria and 5 new additional criteria. In addition, 34 additional criteria from the existing assessment methodology have been upgraded to essential criteria that represent minimum baseline requirements for all countries.

A consultative version of the revised Core Principles was issued for public consultation in December 2011. The Committee appreciates the constructive comments received and thanks those who have taken the time and effort to express their views on the consultative document.

Committee on the Global Financial System

Improving the BIS international banking statistics
November 2012

www.bis.org/publ/cgfs47.htm

This report documents a series of enhancements of the BIS international banking statistics (IBS) that have recently been endorsed by the Committee on the Global Financial System (CGFS) and are designed to make significant and long-lasting improvements to the IBS. The report provides a short introduction to the IBS and their main uses and discusses the nature and rationale of the forthcoming changes, which have been developed by a group of statistical experts and economists chaired by Werner Hermann (Swiss National Bank). The enhancements will provide a more comprehensive picture of national banking systems' global consolidated balance sheets, allow for a more detailed analysis of vis-à-vis country information, and help to better track banks' funding patterns and associated risks. They will also make national contributions to the IBS more complete and accessible.

The macrofinancial implications of alternative configurations for access to central counterparties in OTC derivatives markets
November 2012

www.bis.org/publ/cgfs46.htm

The G-20 leaders' commitment that all standardised over-the-counter (OTC) derivatives will be centrally cleared by the end of 2012 is intended to increase the safety and resilience of the global financial system. Achieving these objectives depends importantly on the arrangements through which market participants obtain access to central clearing. Such arrangements could include increased use of existing global CCPs; the establishment of domestic CCPs in a number of jurisdictions; and the possible construction of links between CCPs. This report analyses the potential implications for financial stability and efficiency of these alternative access arrangements to CCPs.

Global liquidity - concept, measurement and policy implications
November 2012

www.bis.org/publ/cgfs45.htm

Global liquidity has become a key focus of international policy debates over recent years. This reflects the view that global liquidity and its drivers are of major importance for international financial stability. The concept of global liquidity, however continues to be used in a variety of ways and this ambiguity can lead to unfounded and potentially destabilising policy initiatives.

This report analyses global liquidity from a financial stability perspective, using two distinct liquidity concepts. One is official liquidity, which can be used to settle claims through monetary authorities and is ultimately provided by central banks. The other concept is private (or private sector) liquidity, which is created to a large degree through cross-border operations of banks and other financial institutions.

Understanding the determinants of private liquidity is of particular importance. As many financial institutions provide liquidity both domestically and in other countries, globally, private liquidity is linked to the dynamics of gross international capital flows, including cross-border banking or portfolio movements. This international component of liquidity can be a potential source of instability because of its own dynamics or because it amplifies cyclical movements in domestic financial conditions and intensifies domestic imbalances.

Policy responses to global liquidity call for a consistent framework that considers all phases of global liquidity cycles, countering both surges and shortages. Measures to prevent unsustainable booms in private liquidity are linked with micro- and macroprudential policies as well as the financial reform agenda. Country-specific or regional liquidity shocks, in turn, may effectively be addressed through self-insurance in the form of precautionary foreign exchange reserves holdings and existing arrangements which essentially redistribute liquidity. However, truly global liquidity shocks necessitate direct interventions in amounts large enough to break downward liquidity spirals. Only central banks have this ability.

Committee on payment and Settlements Systems

Payment, clearing and settlement systems in the CPSS countries – Volume 2
November 2012

www.bis.org/publ/cpss105.htm

The Committee on Payment and Settlement Systems (CPSS) publishes - under the aegis of the Bank for International Settlements (BIS) - reference works on payment systems and the other financial market infrastructures in various countries, both CPSS member and nonmember countries. These publications are widely known as Red Books.

Following the enlargement of the CPSS in 2009, this edition of the Red Book for the CPSS countries is in two volumes. The first volume, which covers 10 CPSS countries (Australia, Brazil, Canada, India, Korea, Mexico, Russia, Singapore, Sweden and Switzerland), was published in September 2011. This second volume covers the remaining 13 CPSS countries (Belgium, China, France, Germany, Hong Kong SAR, Italy, Japan, the Netherlands, Saudi Arabia, South Africa, Turkey, the United Kingdom and the United States) and the euro area and includes a chapter on international arrangements.

Financial market infrastructure that is resilient and effective enhances the stability of the financial system. It also reduces transaction costs in the economy, promotes the efficient use of financial resources, improves financial market liquidity and facilitates the conduct of monetary policy. I hope this new edition of the CPSS Red Book will contribute to the general understanding and awareness of these issues by providing information about arrangements in the CPSS countries.

Statistics on payment, clearing and settlement systems in the CPSS countries – Figures for 2011 – preliminary release
September 2012

www.bis.org/publ/cpss104.htm

This is an annual publication that provides data on payments and payment, clearing and settlement systems in the CPSS countries.

This version of the statistical update contains data for 2011 and earlier years. There are detailed tables for each individual country as well as a number of comparative tables.

Please note that this publication contains some provisional data for 2011 while some others are not yet available.

Speeches

Assessing global liquidity from a financial stability perspective

Speech by Jaime Caruana, General Manager of the Bank for International Settlements, at the 48th SEACEN Governors' Conference and High-Level Seminar, Ulaanbaatar, 22–24 November 2012.

www.bis.org/speeches/sp121122.htm

Global liquidity has become a focus of the international policy debate. Despite accommodative monetary policies and a pickup in search-for-yield behaviour, several factors seem to suggest that financial stability risks stemming from global liquidity conditions are limited. In particular, elements of credit growth, notably cross-border flows, remain muted in comparison to past liquidity surges. Meanwhile, the macroeconomic environment in the major economies is still weak and uncertain. That said, the extremely low volatility in financial markets contrasts with a widespread slowdown in global economic growth and the well-known risks related to public finances and to impaired banking systems in some advanced economies. This could make global liquidity conditions vulnerable to event risks. Furthermore, stocks of credit may also be a concern. In advanced economies, these need to fall further to support a self-sustaining recovery. For several emerging market economies, including in Asia, financial stability risks stem primarily from prolonged credit and property price booms, and the prospect of a turn in the credit cycle. The current calm should thus be used to implement policies to contain these medium-term risks.

International monetary policy interactions: challenges and prospects

Speech by Jaime Caruana, General Manager of the Bank for International Settlements, to the CEMLA-SEACEN conference on "The role of central banks in macroeconomic and financial stability: the challenges in an uncertain and volatile world", Punta del Este, Uruguay, 16 November 2012.

www.bis.org/speeches/sp121116.htm

Systematic incorporation of spillovers is an essential but missing aspect of most monetary policy decision-making processes. The policy influences that need to be taken into account involve short-term policy rates, long-term bond yields, exchange rates and asset prices on the one hand, and quantities, especially capital flows, on the other. The result of ignoring policy interactions has been that global policy interest rates have tended to fall too low when the major countries and currency areas implement accommodative monetary policies.

On time, stocks and flows: Understanding the global macroeconomic challenges

Essay prepared for a lecture by Claudio Borio, Deputy Head of Monetary and Economic Department and Director of Research and Statistics of the Bank for International Settlements, at the Munich Seminar series, co-organised by the University of Munich, the Ifo Institute for Economic Research and the Sueddeutsche Zeitung, Munich, 15 October 2012.

www.bis.org/speeches/sp121109a.htm

Five years after the financial crisis, the global economy remains unbalanced and many of the advanced countries are still struggling to return to robust, sustainable growth. Taking a historical perspective, I argue that this predicament reflects a failure to adjust to profound changes in the economic landscape, which have given rise to the (re-)emergence of major financial booms and busts. The economic developments that really matter now take much longer to unfold - economic time has slowed down relative to calendar time – and yet the planning horizons of economic agents have shortened. The key problems arise from the cumulative effects of past decisions on stocks, and yet these effects are treated as short-term flow issues. The risk is that instability will become entrenched in the system. Policy needs to adjust.

International The future of financial intermediation and regulation

Remarks by Mr Stephen G Cecchetti, Economic Adviser and Head of Monetary and Economic Department of the BIS, prepared for the Second Conference of the European System of Central Banks Macro-prudential Research Network, Frankfurt, Germany, 30 October 2012.

www.bis.org/speeches/sp121030.htm

The concept of macroprudential regulation has been at the core of BIS thinking for three decades. BIS archivist Piet Clement believes that the term was first used internally in the late 1970s. He dates the first public use to a report published in 1986, where it is defined as a policy that promotes "the safety and soundness of the broad financial system and payments mechanism". Your research network's terms of reference clearly echo this definition, stating that the primary topic of study is "macro-financial models linking financial stability and the performance of the economy". In my remarks this morning, I will take a step back from the detailed work that is the core of the research network's mission, and ask the question that I believe to be at the heart of the challenge we face today: What financial regulatory structure will deliver the right balance between growth and stability?

Dealing with financial systemic risk: the contribution of macroprudential policies

Panel remarks by Jaime Caruana, General Manager of the Bank for International Settlements, Central Bank of Turkey/G20 Conference on "Financial systemic risk", Istanbul, 27–28 September 2012.

www.bis.org/speeches/sp121002.htm

There are important two-way interactions between macroprudential policy and other areas of public policy. These interactions put a premium on cooperative institutional frameworks that recognise the complementarities between policy actions. This means that, within a single jurisdiction, macroprudential authorities should be independent and should focus primarily on mitigating systemic risk while recognising that other policies will have an impact on the same objective. Cooperation between macroprudential policies across national borders starts from the high level set by various international regulatory standards and is improving with the explicit macroprudential frameworks recently introduced for countercyclical capital buffers and the higher loss absorbency requirements for systemically important banks. Greater cooperation, however, does not mean that we should disregard that individual policies have specific objectives and that some hierarchy of action is necessary.

Policymaking in an interconnected world

Luncheon speech by Mr Jaime Caruana, General Manager of the BIS, at the The Federal Reserve Bank of Kansas City's 36th Economic Policy Symposium on "The changing policy landscape", Jackson Hole, 31 August 2012.

www.bis.org/speeches/sp120903.htm

Is there scope for greater international cooperation in monetary policy? The answer is "yes". The need for cooperation in financial regulation is taken for granted but, when it comes to monetary policy, the view is widespread that it is enough to keep one's own house in order. But the case for cooperation can be made by considering the following questions: whether exchange rate fluctuations can really insulate economies against contagion: whether global bond markets are isolated or integrated, and whether fallacies of composition characterise monetary policymaking. We conclude that monetary policy does require international cooperation, particularly when it provides the backing for financial stability. Monetary policymakers need to take further practical steps to complement their domestic analysis with a more global perspective.