



22 April 2020

Statistical release: BIS international banking statistics at end-December 2019

- The annual growth rate of global cross-border bank claims fell to [6%](#), down from 9% at end-September 2019.
- The short-term share of foreign banks' claims, a key indicator of external vulnerability, is elevated for a number of borrowing emerging market and developing economies (EMDEs).
- Borrowers in EMDEs had untapped credit lines of [\\$610 billion](#), or roughly 10% of the stock of global foreign claims on EMDEs at end-2019.
- [Saudi Arabia](#) joined the reporting population for the locational banking statistics (LBS) with data starting from Q4 2017, bringing the number of countries reporting these data to 48.

Global cross-border lending growth slows in Q4 2019

The BIS locational banking statistics (LBS) show that banks' global cross-border claims contracted by \$703 billion during the fourth quarter of 2019, bringing the outstanding stock to \$31 trillion at end-December. This resulted in year-on-year (yoy) growth of 6%, down from 9% at end-September, but still 5 percentage points higher than the average of the previous five years.

Among the main borrowing regions, the global slowdown was primarily driven by claims on advanced economies and offshore financial centres (Graph 1, top panels). Much of the Q4 2019 contraction in cross-border claims reflected a decline in interbank positions ([−\\$380 billion](#)) reported mainly by banks located in Europe. Banks in France, Germany, the Netherlands and the UK saw a combined \$462 billion drop in euro-denominated cross-border claims, the bulk of which were on unrelated banks (Annex Graph A.1) located in the euro area and the United Kingdom (Annex Graph A.3).

Claims on borrowers in emerging and developing economies (EMDEs) expanded at an annual rate of [2%](#) as of end-2019. Claims on [emerging Asia-Pacific](#) contracted slightly (−\$8 billion) during Q4 2019 to reach \$2,075 billion, driving the annual rate of growth down to nearly 0%, from 5% at end-2018. An \$8 billion drop in claims on [Latin America](#) pushed the yoy growth rate down to 2% from 6% at end-June 2019 (Graph 1, lower panels). By contrast, claims on [Africa and the Middle East](#) continued to expand at a brisk clip, by 10% yoy (Annex Graph A.2, bottom panels); within this region, foreign banks channelled cross-border credit mainly to borrowers in Qatar, Saudi Arabia and Egypt.

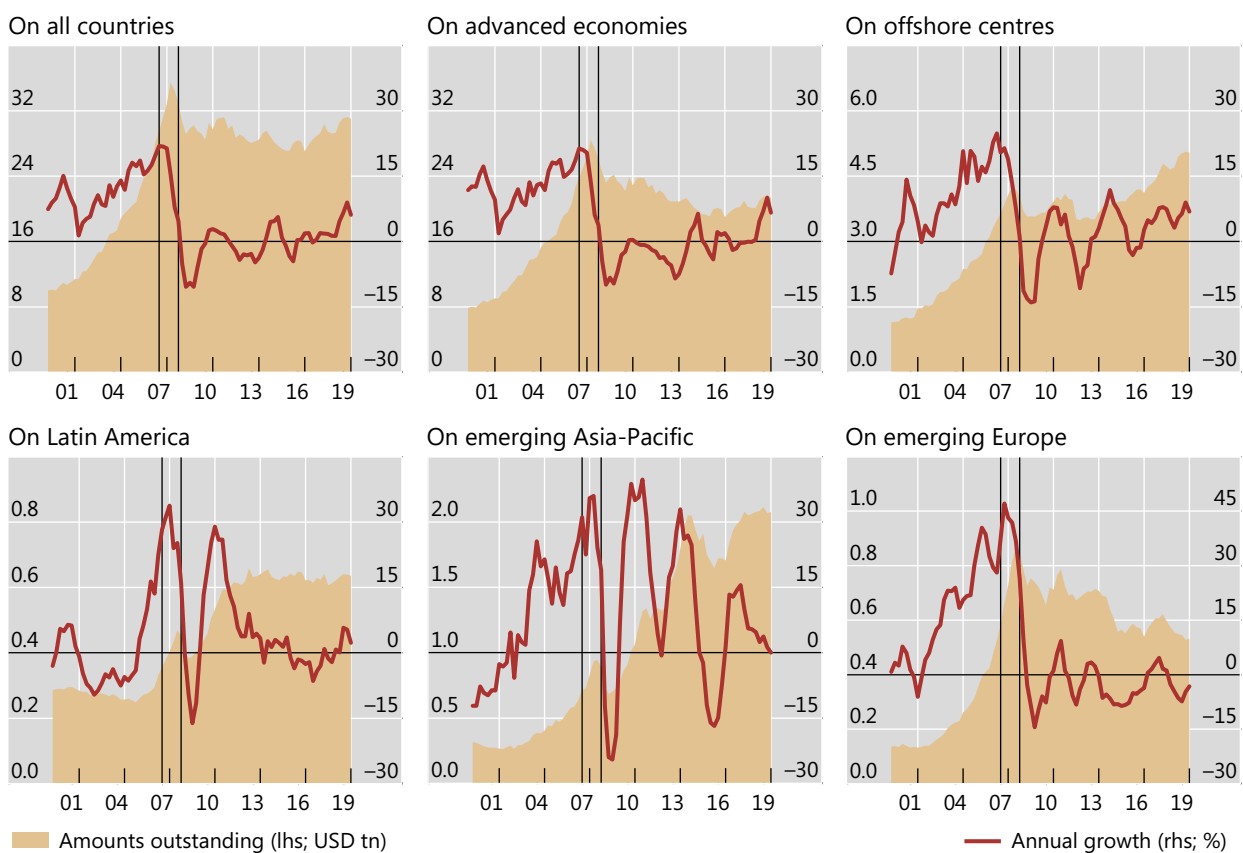
Across sectors, cross-border claims on non-banks also declined in Q4 2019, driven by lower claims ([−\\$326 billion](#)) on [non-bank financial institutions](#) (NBFIs). The primary factor behind this was lower claims on NBFIs in offshore financial centres – in particular, the Cayman Islands (−\$114 billion) (Annex Graph A.3). [Claims on NBFIs](#) in

Japan, the United Kingdom and the euro area also declined considerably (by \$78 billion, \$75 billion and \$70 billion respectively).

The most recent international banking statistics are as at end-Q4 2019, and thus do not cover Q1 2020, when the Covid-19 pandemic started to shut down much of the global economy.¹ But previous global shocks, such as the Great Financial Crisis (GFC) of 2007–09, can be used as a guide as to where vulnerabilities lay. As shown in Graph 1, the growth in cross-border claims dropped deep into negative territory in the wake of the GFC, from 22% yoy in 2007 to –10% in 2009. EMDEs, especially those in Asia-Pacific, saw sharp contractions (–25%). How quickly and sharply claim stocks can adjust in the face of the most recent economic shock depends on a few key characteristics, as analysed in the next section.

Cross-border claims by region

Graph 1



Vertical black lines indicate end-Q2 2007 and end-Q3 2008.

Source: BIS locational banking statistics ([Table A1](#)).

Foreign banks' claims on EMDEs on the eve of the Covid-19 pandemic

The GFC showed that the stability of the outstanding stock of bank credit to EMDEs depends a lot on their composition. Both the maturity profile of the stock of credit and the mix of claim types – ie cross-border or locally booked and funded positions – influence how rapidly the stock of claims can contract following an economic shock. At the same time, borrowers are more likely to be in need of cash during such periods,

¹ Data for Q1 2020 are expected to be released by end-July 2020.

and thus draw on existing credit lines, resulting in an expansionary effect on the stock of outstanding claims.

This section reviews the structure of banks' foreign claims on a sample of large EMDEs, with a focus on the type of claims and their maturity profile. It then examines the size of the undisbursed credit commitments that were available to borrowers in EMDEs at end-2019, and the extent to which these credit commitments, if drawn, could boost claims. The analysis is based on the BIS consolidated statistics (CBS), which track reporting banks' worldwide consolidated claims on counterparties in particular countries and sectors.²

Foreign banks' credit to EMDEs: claim type and maturity profile

During the GFC, the rate at which foreign banks' claims on individual EMDEs contracted depended on a few characteristics of these claims. For countries that relied on short-term cross-border credit, particularly interbank credit, the rate of contraction was fairly rapid. A key reason is that short-term claims may simply not be rolled over. And cross-border claims are often backed by short-term wholesale funding, which can evaporate during periods of global stress. By contrast, banks' claims extended locally by affiliates located in the borrower country, particularly those denominated in the local currency and backed by local currency funding, were more stable; to some degree, they were insulated from disruptions in global funding markets.

Since they track these key dimensions of credit, the CBS proved particularly helpful for analysing such vulnerabilities during the GFC.³ Graph 2 shows the structure of BIS reporting banks' outstanding foreign claims (FC) on nine major EMDEs. Foreign claims are the sum of international claims (dark tan area) and local claims in local currencies (light tan area).⁴ Importantly, local claims backed by local liabilities in local currency (dashed black lines) tended to be the most stable in the wake of the GFC.

Similarly, the CBS can shed light on which EMDEs were potentially more vulnerable at end-2019 on the eve of the Covid-19 pandemic. There was considerable heterogeneity across EMDE regions in the structural features of outstanding claims. International claims accounted for the majority of banks' total foreign claims on emerging Asia-Pacific (64%). Among individual countries in the region, the share was as high as 75% for China and neared 57% for Korea. By contrast, more than half (57%) of banks' foreign claims on Latin America were local claims in local currencies, reflecting operational requirements imposed by both host supervisory authorities in the region and home supervisory authorities in creditor countries. In fact, the shares of international claims in total foreign claims on Brazil, Chile and Mexico have remained below 50% since 2003. Local claims in local currencies also accounted for

² The CBS comprise the CBS on an immediate risk basis (CBS/IR), where claims (consolidated at the level of the creditor banks) are allocated to the country and sector of the immediate counterparty (CBS/IR), and the CBS on a guarantor basis (CBS/G), where claims are allocated to the country and sector of the ultimate obligor after taking into account credit risk mitigants (eg credit default swap (CDS) protection bought, third-party and parent guarantees).

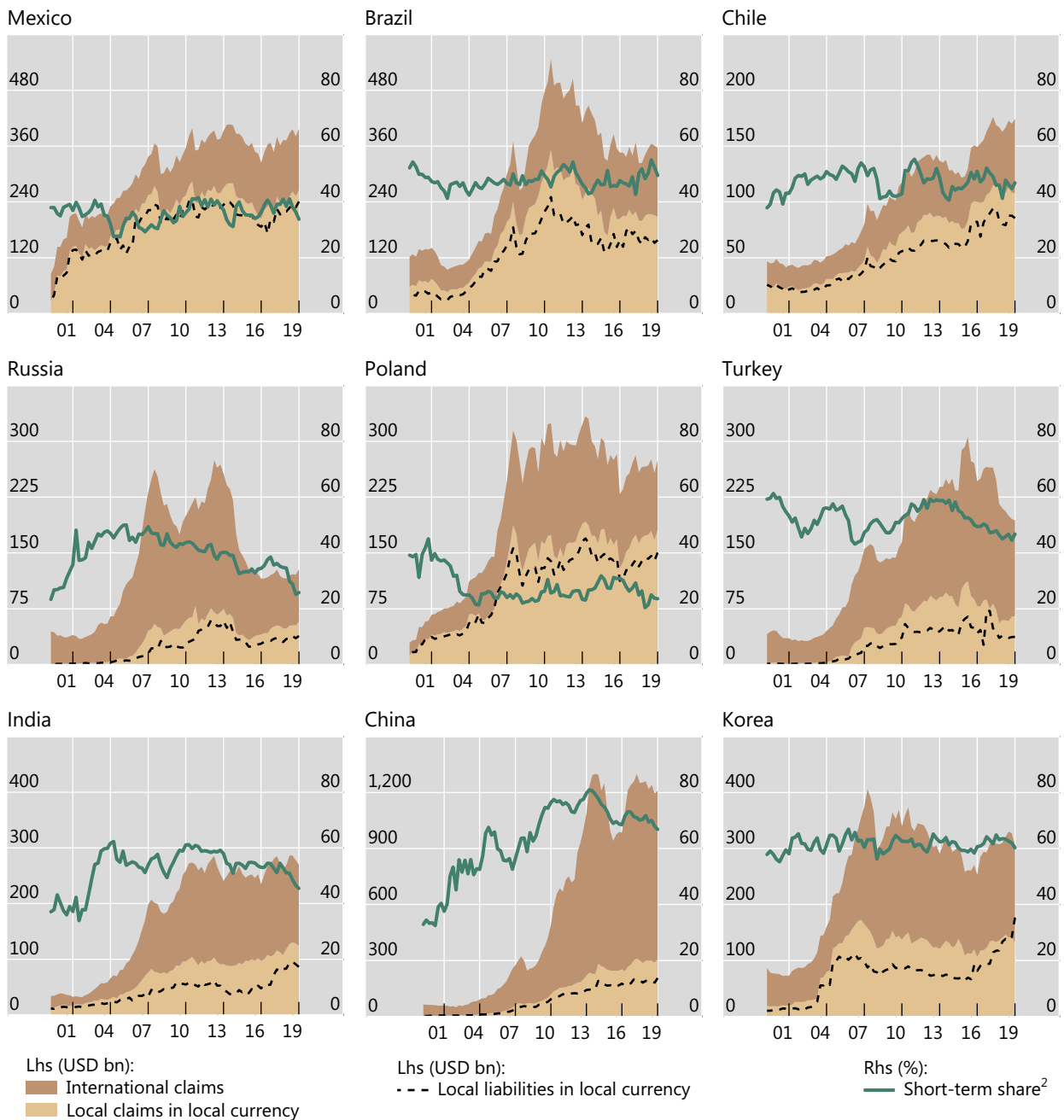
³ The figures behind Graph 2 are from the CBS/IR, where banks' claims are allocated to the country and sector where the immediate counterparty resides, and do not take into account risk transfers such as third-party guarantees and/or CDS protection bought.

⁴ International claims are cross-border claims plus locally booked claims in non-local currencies. Banks' local operations in EMDEs tend to be retail and corporate lending on the asset side, funded by local deposits on the liability side.

the majority (about 60%) of foreign claims on emerging Europe. Nevertheless, the aggregate regional share masks considerable differences across individual countries. In Turkey, for example, international claims accounted for nearly two thirds (66%) of foreign claims.

Foreign claims¹ on selected EMDEs

Graph 2



¹ Foreign claims are the sum of international claims (cross-border claims in all currencies and foreign currency claims extended locally by foreign offices) and locally extended claims in local currency. Includes the unconsolidated claims of banks headquartered outside but located inside CBS-reporting countries. ² Share of short-term claims (maturity up to and including one year) in total international claims.

Source: BIS consolidated banking statistics on an immediate counterparty basis ([Table B4](#)).

The CBS/IR also provide a coarse maturity breakdown (green lines), but only for banks' international claims (ie cross-border claims plus local claims in non-local currencies). They thus paint only a partial picture of the maturity profile of the overall

stock of total foreign claims. Across all EMDEs combined, total short-term claims (those with a remaining maturity of one year or less) amounted to [\\$1.8 trillion](#), or roughly 50% of total international claims (and 30% of total foreign claims).

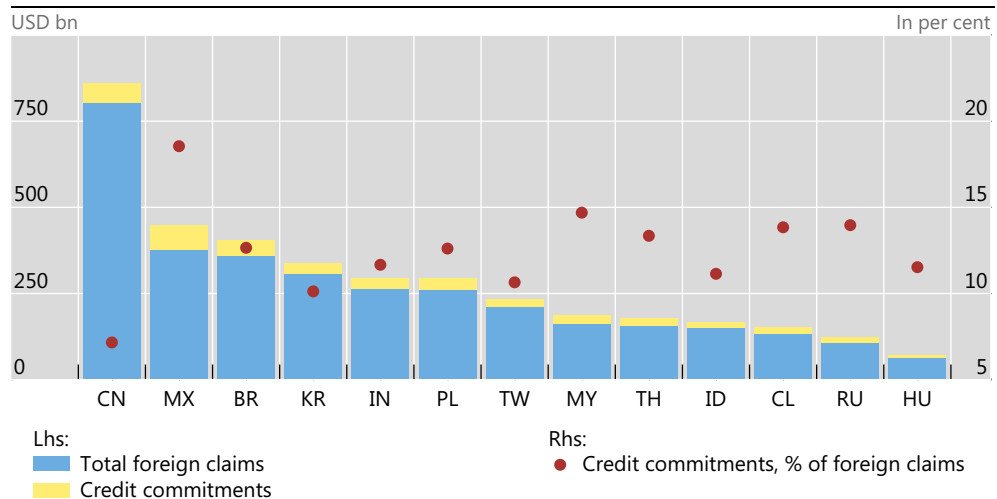
Despite these shortcomings, the data suggest that claims on key economies in emerging Asia-Pacific have tended to have higher share of short-term maturities than elsewhere. At end-2019, short-term claims accounted for 67% of the total international claims on China, and 60% of those on Korea. By contrast, the short-term share of international claims on Poland, Russia and Turkey were all below 50%.

Corporates that have faced severe revenue shortages are likely to have tapped their credit lines in the course of Q1 2020 in order to secure working capital.⁵ Such a drawdown gives rise to new credit, and thus has an expansionary effect on the stock of outstanding claims. Graph 3 below shows a snapshot at end-2019 for key EMDEs of the outstanding stock of foreign claims (guarantor basis) (blue bars) and the amount of undisbursed credit commitments. For most borrower countries, the undisbursed credit commitments were on the order of 10–15% of the outstanding stock of claims (red dots). But borrowers in Mexico had commitments for an additional [\\$70 billion](#) in funds, or 19% of the total stock of claims on Mexico.

Foreign claims and undisbursed credit commitments to EMDEs

As of December 2019

Graph 3



Source: Consolidated banking statistics on a guarantor basis ([Table B4](#)).

The creditor banking systems' perspective

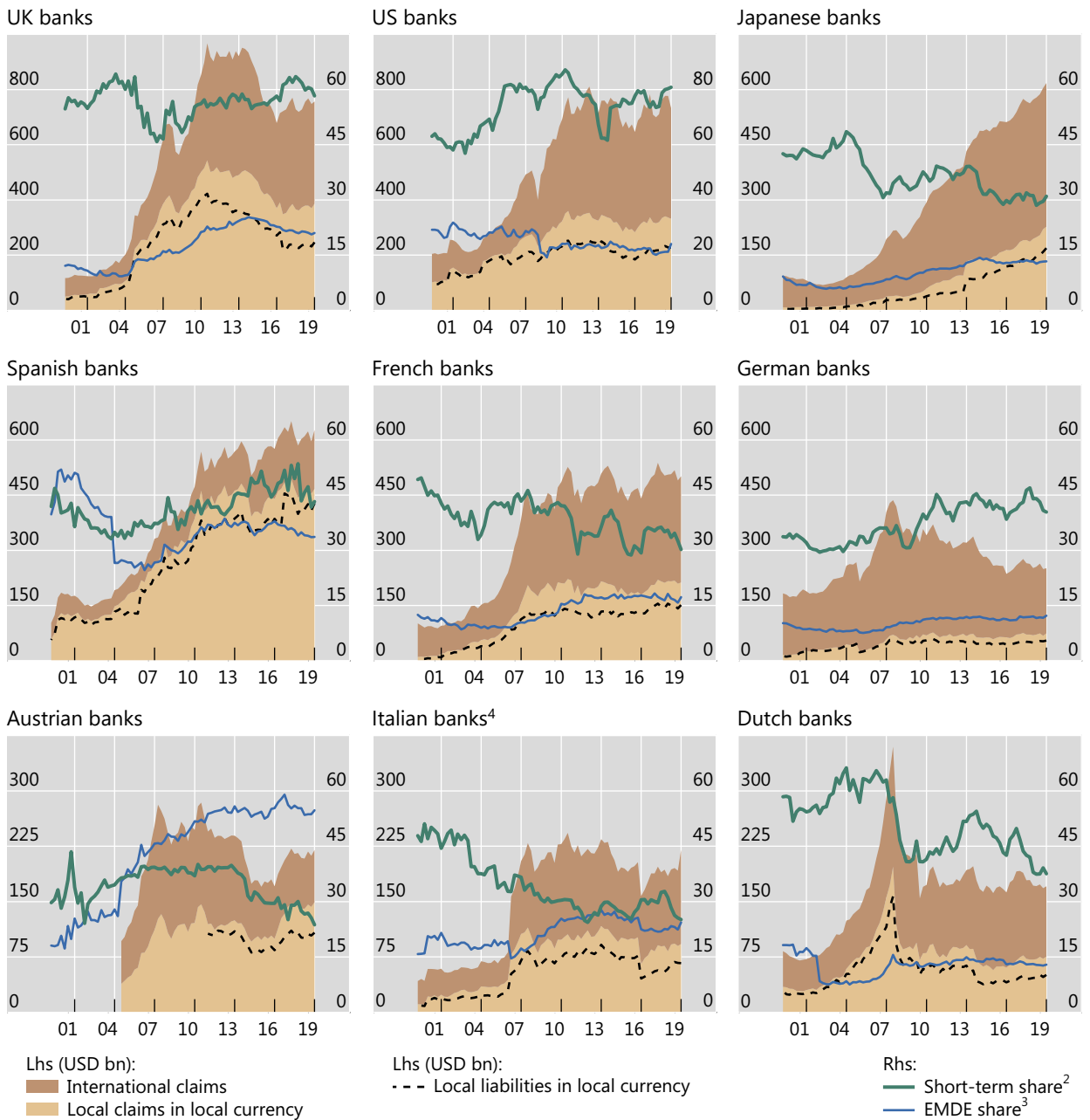
From the creditors' perspective, the CBS also shed light on the structure of particular banking systems' consolidated claims on EMDEs. The panels of Graph 4 contain the same elements as Graph 2, but show selected national banking systems' claims on all EMDEs combined. Banking systems that provide the bulk of their foreign credit as international rather than local claims, and with the a shorter maturity profile (ie with a relatively higher share of claims with a remaining maturity of one year or less), arguably have greater scope to scale back their overall credit stocks in times of stress in the global financial system.

⁵ See FT article here: <https://www.ft.com/content/6b299c42-6c66-11ea-89df-41bea055720b>.

Against this backdrop, the CBS provide insights into how national banking systems may react to the impact of Covid-19. For most banking systems, claims on EMDEs represent a relatively small share (20% on average at end-2019) of their total foreign claims (blue lines). But there are exceptions: claims on EMDEs accounted for more than half of Austrian banks' and roughly a third of Spanish banks' total foreign claims.

Foreign claims¹ on EMDEs, by national banking system

Graph 4



¹ Foreign claims are the sum of international claims (cross-border claims in all currencies and foreign currency claims extended locally by foreign offices) and locally extended claims in local currency. ² Share of short-term claims in total international claims. ³ Share of foreign claims on EMDEs in total foreign claims. ⁴ The jump in 2007 was the result of a merger between UniCredit and HypoVereinsbank.

Source: BIS consolidated banking statistics on an immediate counterparty basis.

Moreover, the CBS show that there are notable differences across reporting banking systems in how their claims on EMDEs are booked. Spanish banks, for

example, stand out, with more than 70% of their total foreign claims booked locally in the borrower country and in the local currency at end-2019. Austrian banks also had relatively high shares of locally booked claims. By contrast, French, Japanese, UK and US banks, all with total foreign claims on EMDEs in excess of \$450 billion, booked close to or less than 50% of their positions locally in the borrower country. And the international claims of some banking systems tended to have short maturities. More than 80% of US banks' claims and about 60% of UK banks' claims on EMDEs were short-term.

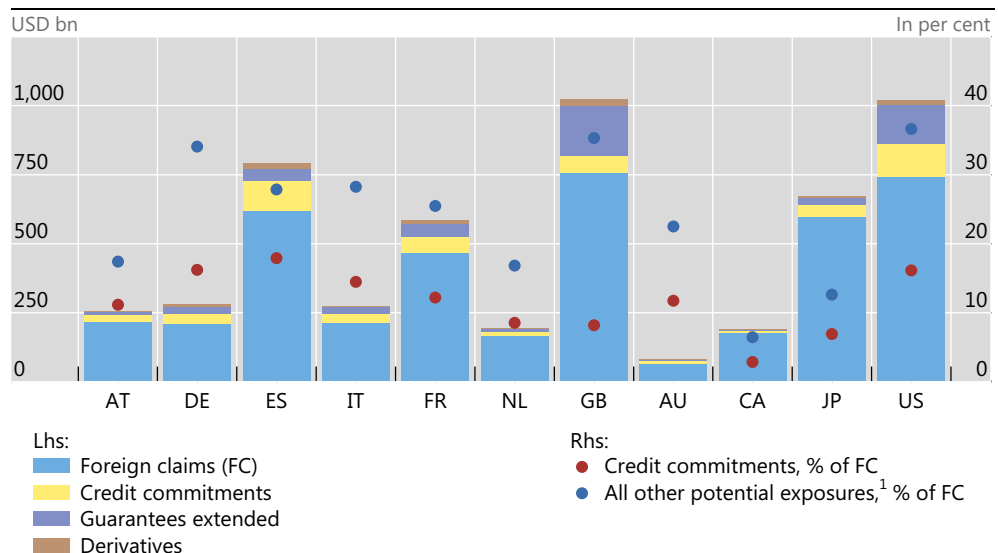
Lastly, while the above analysis showed the structure of banks' consolidated claims on particular countries based on the CBS/IR, their full credit exposures can be better captured in the CBS on a guarantor basis.⁶ Graph 5 shows a snapshot of selected consolidated banking systems' claims on all EMDEs combined, and in addition other potential exposures. These include their undisbursed credit commitments, which could be drawn on by borrowers (yellow bars), credit guarantees (purple bars) and derivatives with a positive market value (tan bars).

End-2019 data show that these additional potential exposures can be quite substantial. Undisbursed credit commitments, if drawn, would increase German, Italian, Spanish and US banks' claims by about 15% or more (red dots). If all additional potential exposures are included, German, UK and US banks' foreign exposures to EMDEs would be about 35% higher than they are (blue dots), and almost 30% higher for Italian and Spanish banks. The above indicators suggest that there could be substantial heterogeneity among national banking systems in their reactions to the global financial shock triggered by the pandemic.

Foreign claims and other potential exposures to EMDEs

As of December 2019

Graph 5



¹ Refers to the sum of credit commitments, guarantees extended and derivatives.

Source: Consolidated banking statistics on a guarantor basis.

⁶ In CBS/G, banks' claims are allocated to the country and sector where the ultimate obligor resides, after taking into account risk transfers such as third-party guarantees and/or CDS protection bought.

Saudi Arabia joins the reporting population for the LBS

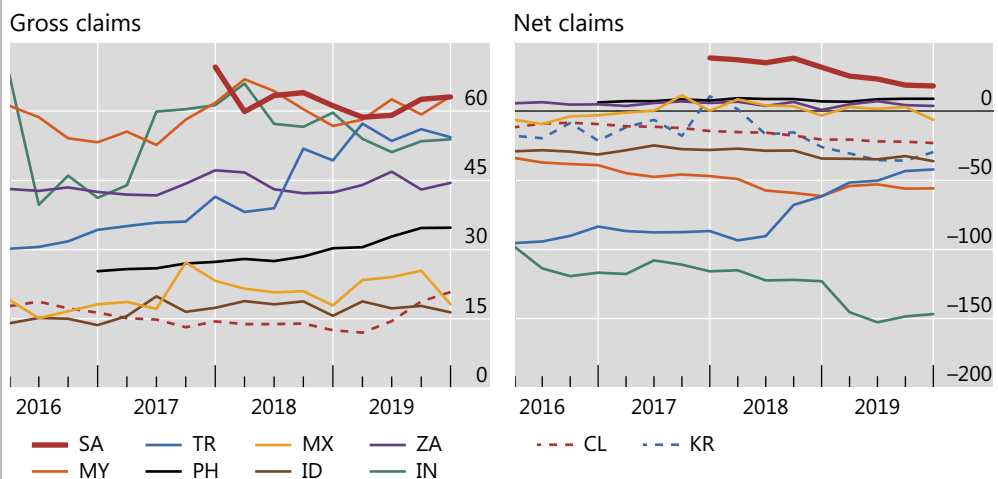
Saudi Arabia joined the population of reporting countries for the locational banking statistics (LBS), bringing the number of jurisdictions reporting these data to 48. The reported LBS data are compiled from 23 deposit-taking institutions, almost half of which are branches of foreign banks. Resident domestic banks account for about 80% of total cross-border claims and liabilities. Expanding the LBS-reporting population had been identified as a priority, as part of the enhancements to the banking statistics agreed by the Committee on the Global Financial System in 2012, as well as the Data Gaps Initiative launched by the IMF and FSB in 2009 with the endorsement of the G20.

As shown in the left-hand panel of Graph A, banks in Saudi Arabia had outstanding cross-border claims of \$63 billion at end-Q4 2019, on a par with those reported by banks in Malaysia and higher than those reported by banks in India and Turkey (each at \$54 billion) and Mexico (\$18 billion), all of which are much larger economies. The right-hand panel shows that banks in Saudi Arabia, relative to these other banking systems, are prominent net creditors to the rest of the world. Net claims (ie cross-border claims less cross-border liabilities) amounted to \$18 billion.

Cross-border claims of LBS-reporting countries

Amounts outstanding, in billions of US dollars

Graph A



CL = Chile; ID = Indonesia; IN = India; KR = Korea; MX = Mexico; MY = Malaysia; PH = Philippines; SA = Saudi Arabia; TR = Turkey; ZA = South Africa.

Source: BIS locational banking statistics ([Table A2](#)).

Banks in Saudi Arabia channelled the bulk of their cross-border claims on counterparties in developing Africa and the Middle East, which accounted for more than 35% of claims. Counterparties in advanced economies and offshore centres made up 32% and 24% respectively. Overall, about two thirds of these claims were on banks and more than three quarters were in foreign currency (mainly US dollars).

List of background references

["Supply- and demand-side factors in global banking"](#), *BIS Working Papers*, no 639, May 2017.

["International capital flows and financial vulnerabilities in emerging market economies: analysis and data gaps"](#), note submitted to the G20 International Financial Architecture Working Group, August 2016.

["The resilience of banks' international operations"](#), *BIS Quarterly Review*, March 2016.

["Rapid credit growth and international credit: challenges for Asia"](#), *BIS Working Papers*, no 377, April 2012.

["After the global financial crisis: from international to multinational banking?"](#), *Journal of Economics and Business*, no 64, 2012.

["Measuring the vulnerability of emerging market economies to sudden capital withdrawals through the banking system"](#), *BIS Quarterly Review*, December 2011.

["Bank health and lending to emerging markets"](#), *BIS Quarterly Review*, December 2008.

Annex A Locational banking statistics: charts

Cross-border claims by sector, currency and instrument

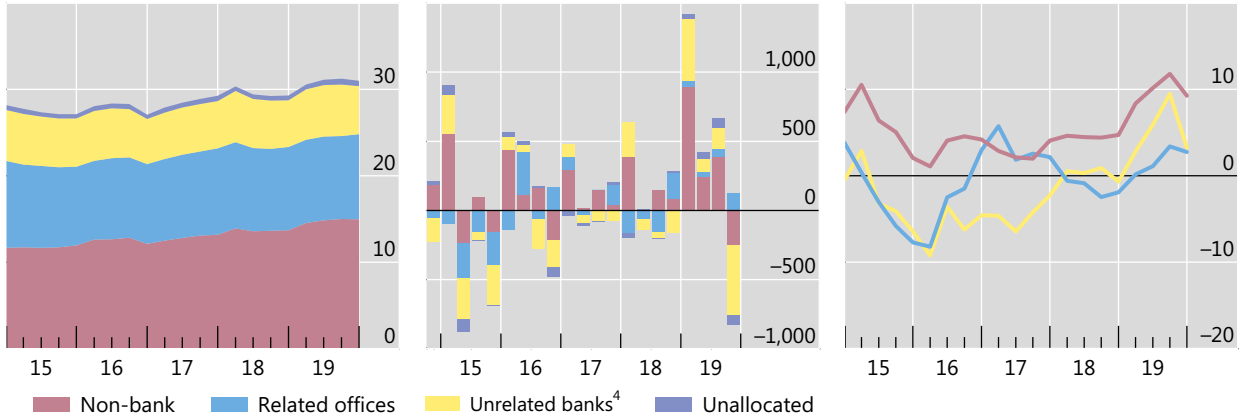
Graph A.1

Amounts outstanding, in USD trn¹

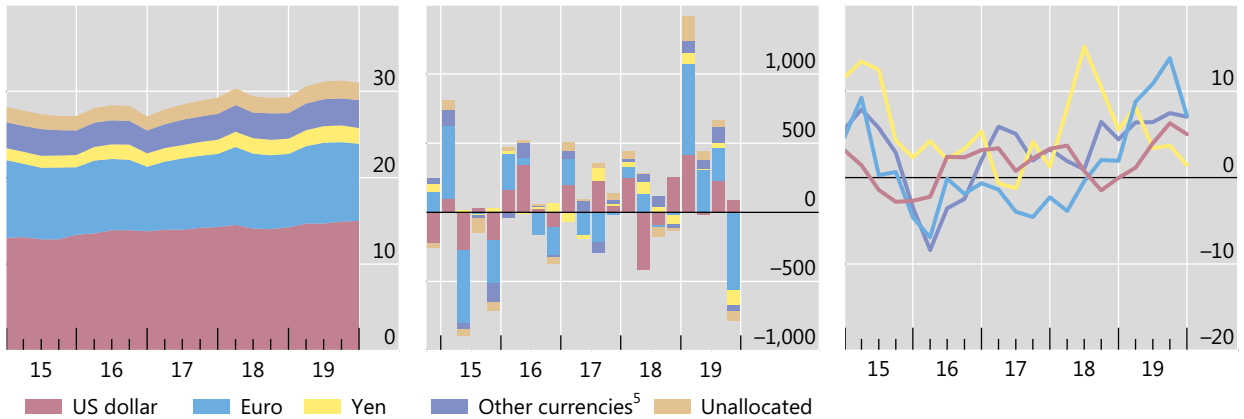
Adjusted changes, in USD bn²

Annual change, in per cent³

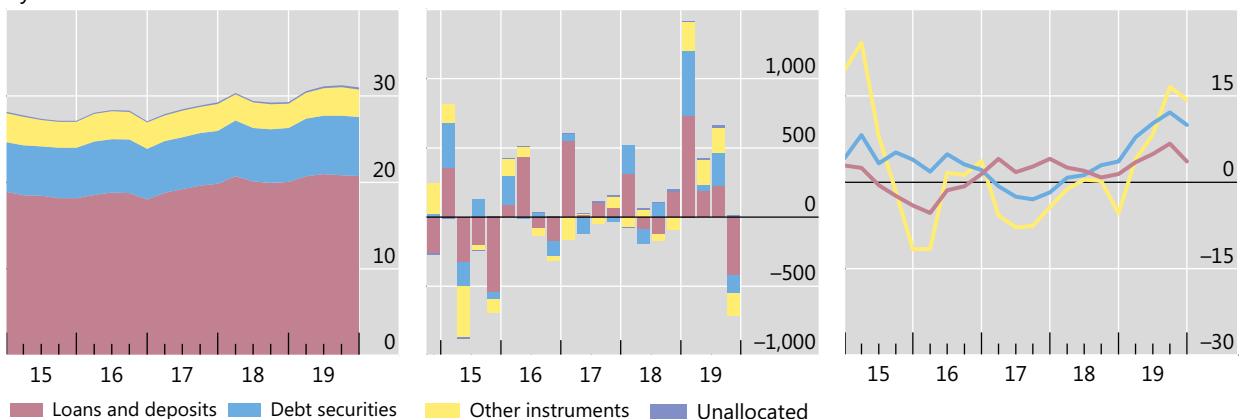
By sector of counterparty



By currency



By instrument



¹ At quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. ² Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. ³ Geometric mean of quarterly percentage adjusted changes. ⁴ Includes central banks and banks unallocated by subsector between intragroup and unrelated banks. ⁵ Other reported currencies, calculated as all currencies minus US dollar, euro, yen and unallocated currencies. The currency is known but reporting is incomplete.

Source: BIS locational banking statistics. Further information is available at www.bis.org/statistics/bankstats.htm.

Cross-border claims by borrowing region

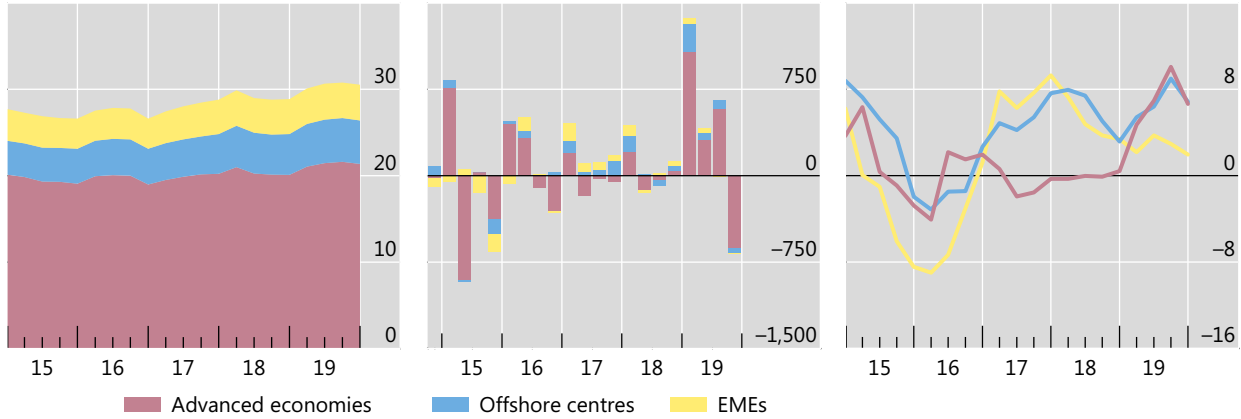
Graph A.2

Amounts outstanding, in USD trn¹

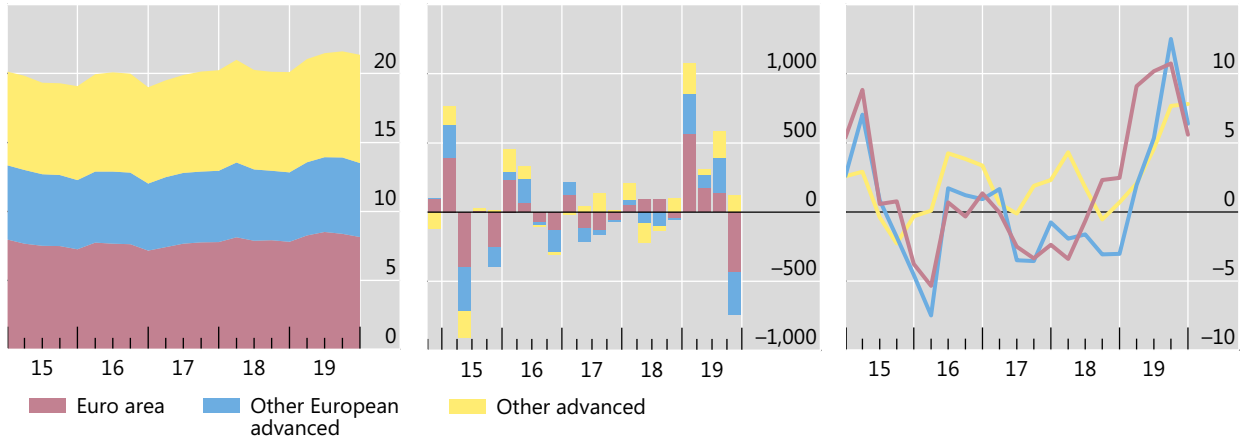
Adjusted changes, in USD bn²

Annual change, in per cent³

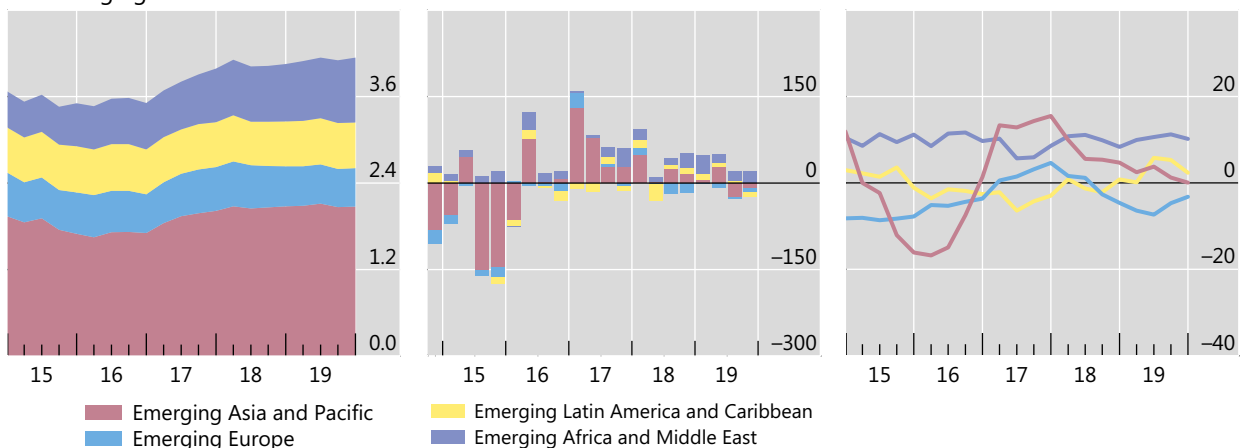
On all countries



On Europe



On emerging market economies



¹ At quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. ² Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. ³ Geometric mean of quarterly percentage adjusted changes.

Source: BIS locational banking statistics. Further information is available at www.bis.org/statistics/bankstats.htm.

Cross-border claims by borrowing country

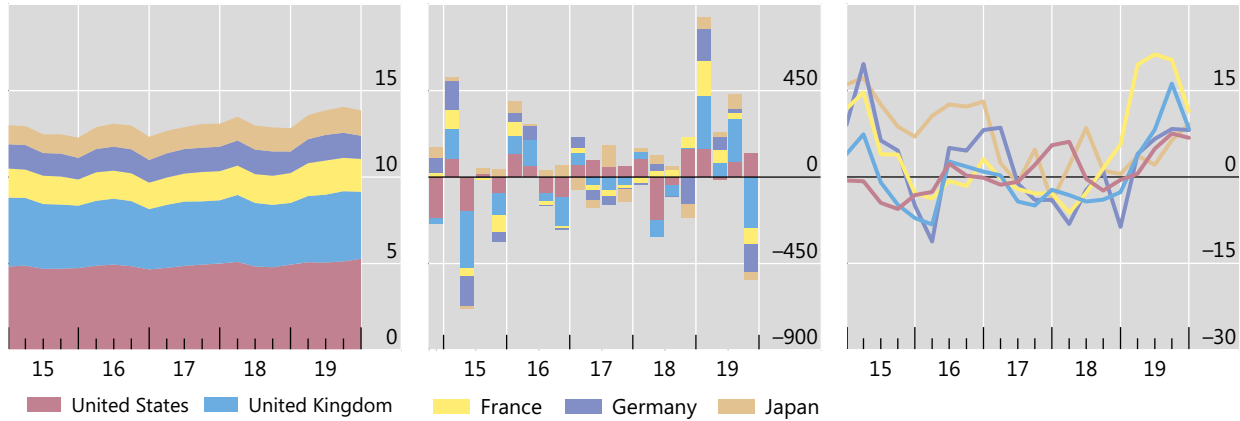
Graph A.3

Amounts outstanding, in USD trn¹

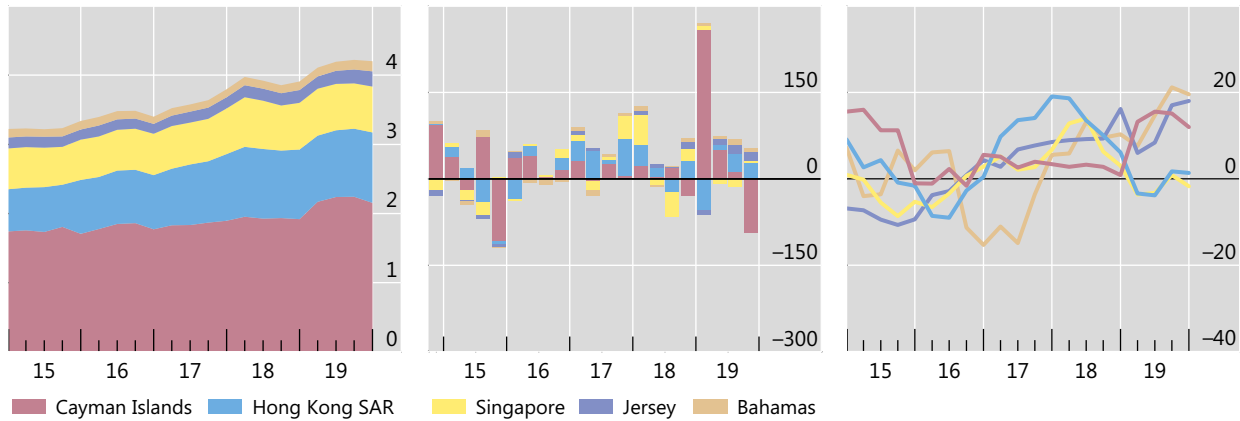
Adjusted changes, in USD bn²

Annual change, in per cent³

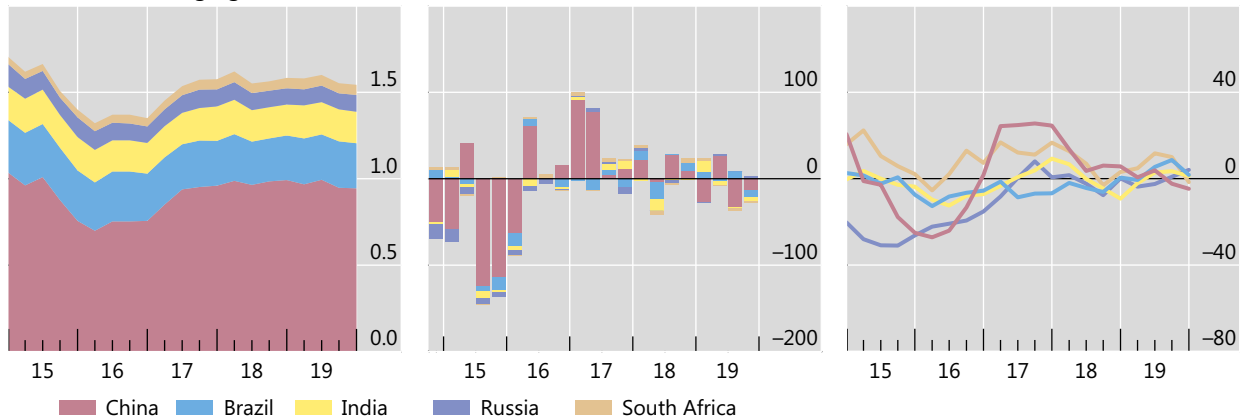
On selected advanced economies



On selected offshore centres



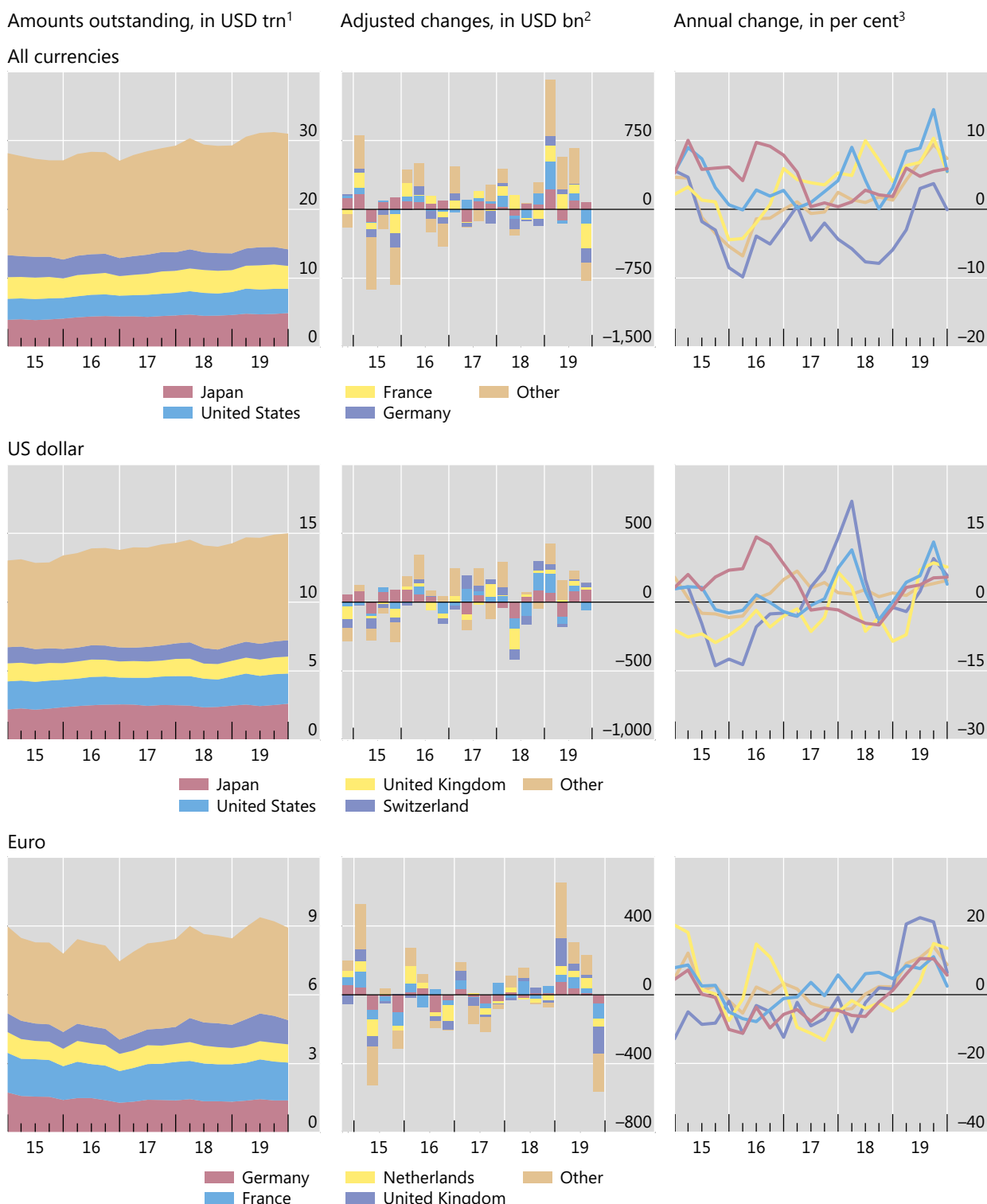
On selected emerging market economies



¹ At quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. ² Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. ³ Geometric mean of quarterly percentage adjusted changes.

Source: BIS locational banking statistics. Further information is available at www.bis.org/statistics/bankstats.htm.

Cross-border claims by nationality of reporting bank and currency of denomination Graph A.4



¹ At quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. ² Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. ³ Geometric mean of quarterly percentage adjusted changes.

Source: BIS locational banking statistics. Further information is available at www.bis.org/statistics/bankstats.htm.

Cross-border liabilities of reporting banks

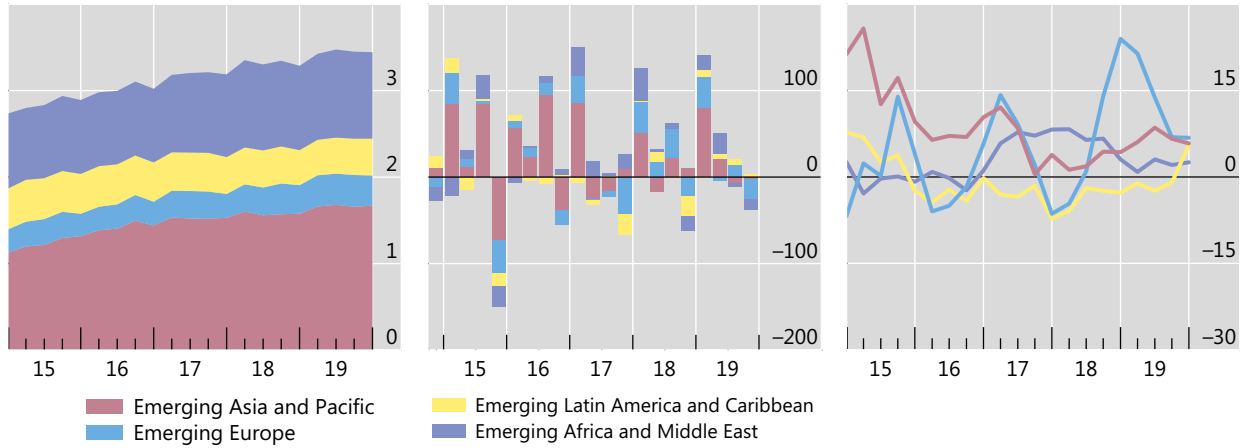
Graph A.5

Amounts outstanding, in USD trn¹

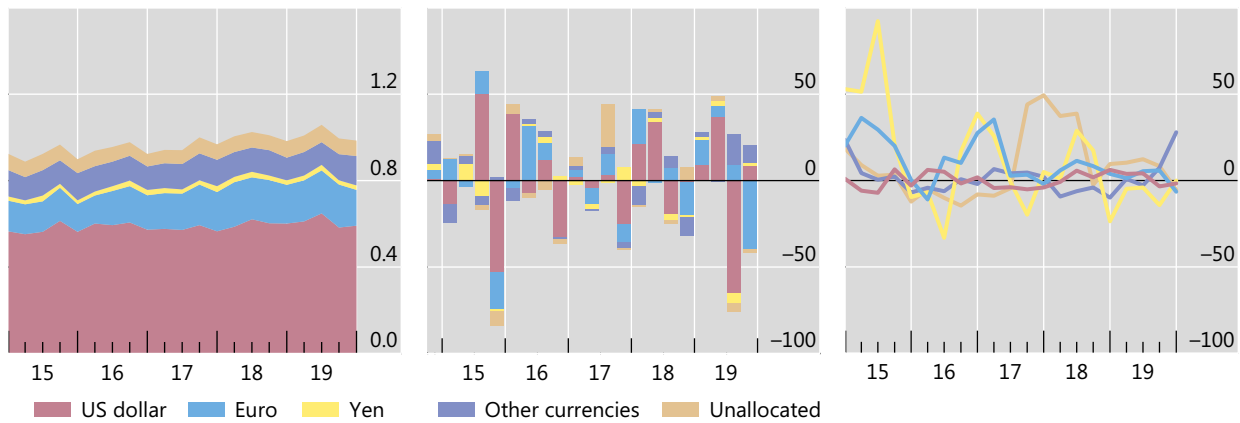
Adjusted changes, in USD bn²

Annual change, in per cent³

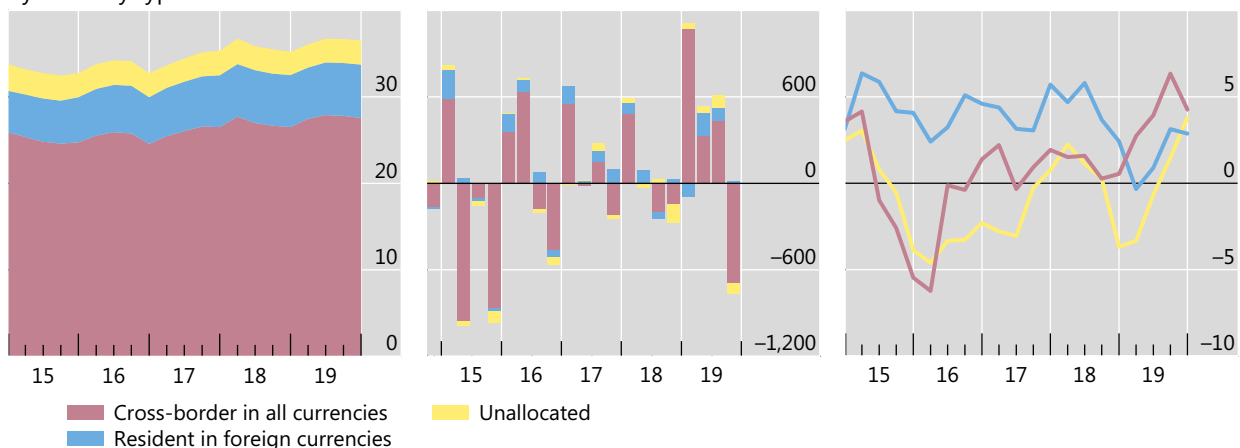
To emerging market economies



To central banks



By currency type and location



¹ At quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. ² Quarterly changes in amounts outstanding, adjusted for the impact of exchange rate movements between quarter-ends and methodological breaks in the data. ³ Geometric mean of quarterly percentage adjusted changes.

Source: BIS locational banking statistics. Further information is available at www.bis.org/statistics/bankstats.htm.

Annex B Consolidated banking statistics: charts

Consolidated claims of reporting banks on advanced economies

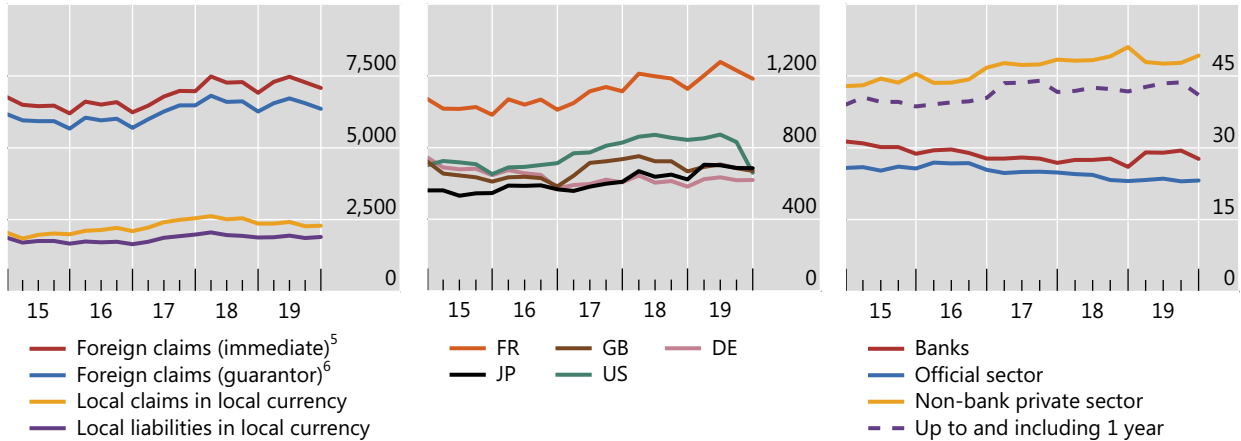
Graph B.1

Foreign claims and local positions, in USD bn^{1,2}

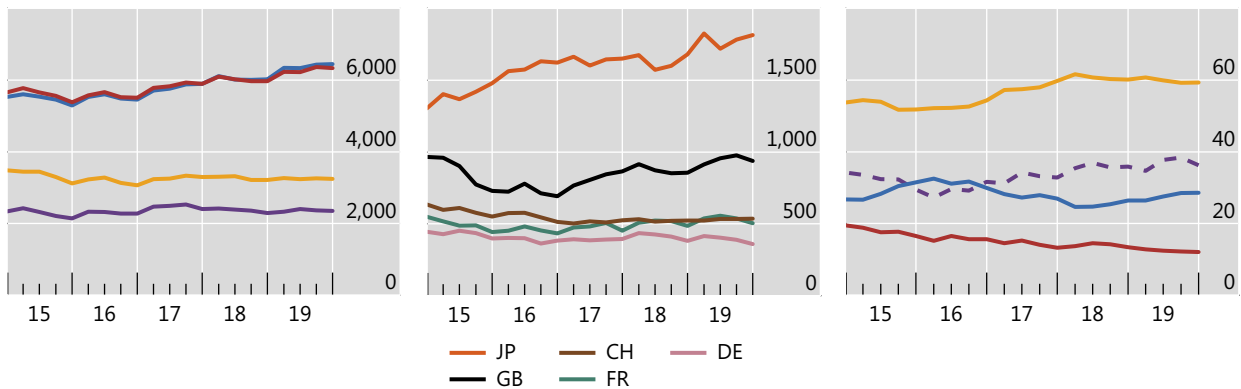
Foreign claims of selected creditors, in USD bn^{1,3}

International claims, by sector and maturity, in per cent⁴

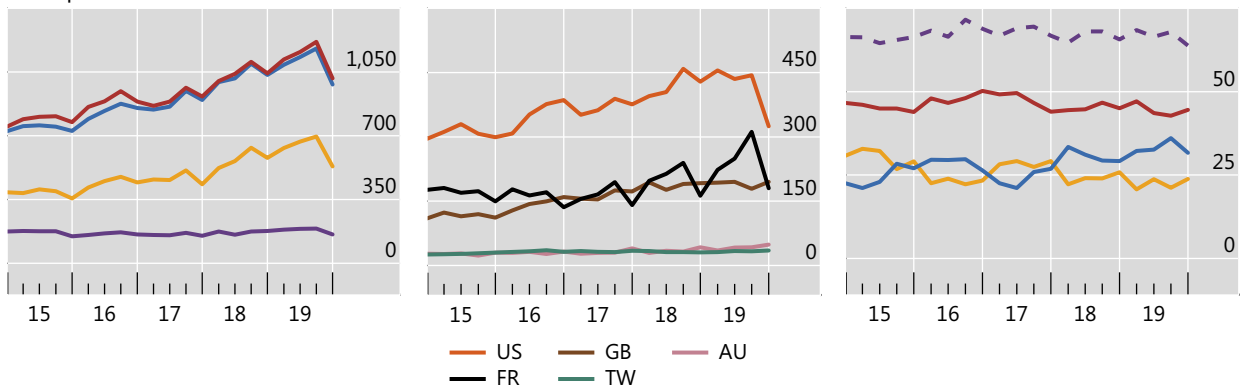
On the euro area



On the United States



On Japan



¹ Amounts outstanding at quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. ² Excludes domestic claims, ie claims on residents of a bank's home country. ³ Foreign claims on an ultimate risk basis, by nationality of reporting bank. The banking systems shown are not necessarily the largest foreign bank creditors on each reference date. ⁴ As a percentage of international claims outstanding. ⁵ On an immediate counterparty basis. Includes the unconsolidated claims of banks headquartered outside but located inside CBS-reporting countries. ⁶ On an ultimate risk basis.

Source: BIS consolidated banking statistics (CBS). Further information is available at www.bis.org/statistics/consstats.htm.

Consolidated claims of reporting banks on emerging market economies

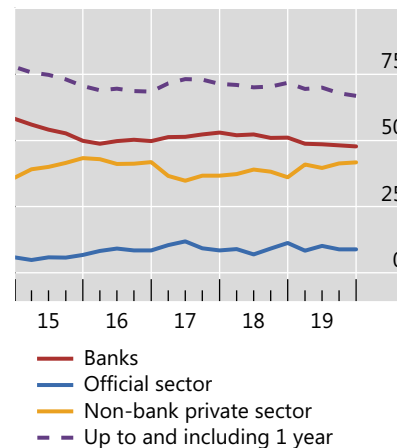
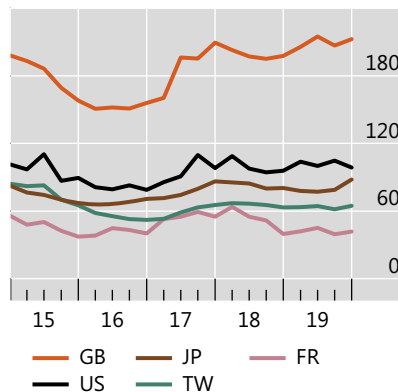
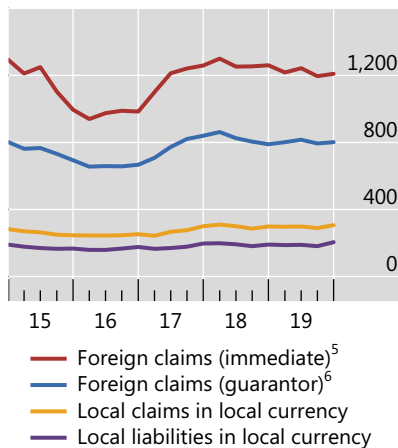
Graph B.2

Foreign claims and local positions, in USD bn^{1,2}

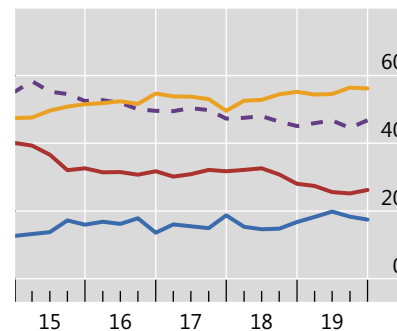
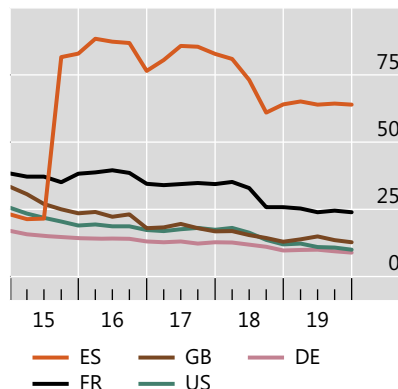
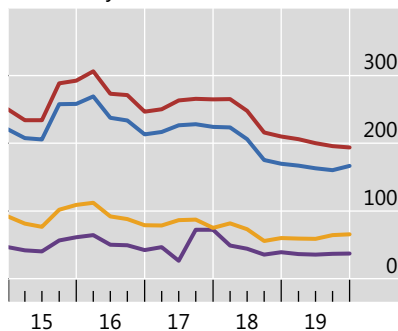
Foreign claims of selected creditors, in USD bn^{1,3}

International claims, by sector and maturity, in per cent⁴

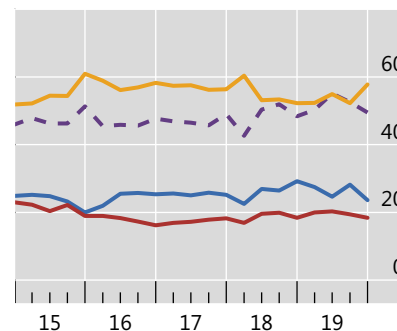
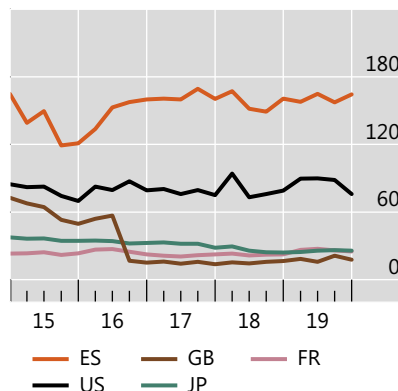
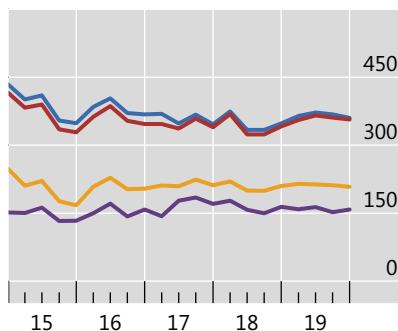
On China



On Turkey



On Brazil



¹ Amounts outstanding at quarter-end. Amounts denominated in currencies other than the US dollar are converted to US dollars at the exchange rate prevailing on the reference date. ² Excludes domestic claims, ie claims on residents of a bank's home country. ³ Foreign claims on an ultimate risk basis, by nationality of reporting bank. The banking systems shown are not necessarily the largest foreign bank creditors on each reference date. ⁴ As a percentage of international claims. ⁵ On an immediate counterparty basis. Includes the unconsolidated claims of banks headquartered outside but located inside CBS-reporting countries. ⁶ On an ultimate risk basis.

Source: BIS consolidated banking statistics (CBS). Further information is available at www.bis.org/statistics/consstats.htm.