



20 October 2020

Statistical release: BIS international banking statistics at end-June 2020

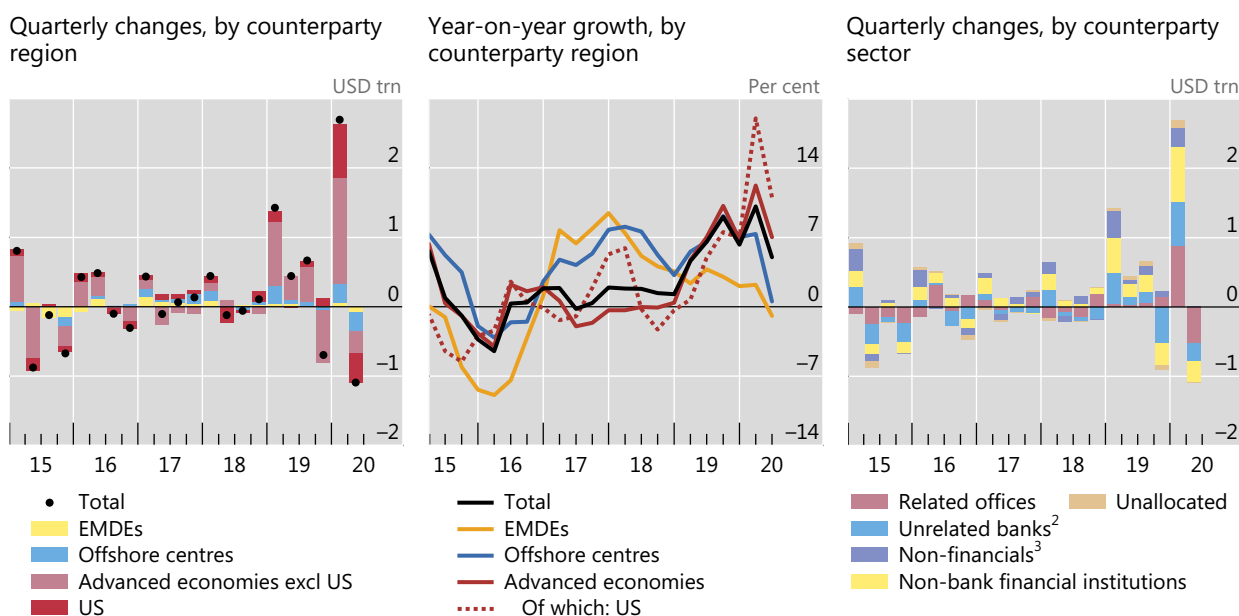
- Cross-border claims contracted by \$1.1 trillion from Q1 to Q2 2020. The year-on-year growth rate dropped from 10% at end-March to [5%](#) at end-June 2020. Interbank claims, which had surged in the first quarter, [fell sharply](#), driving the overall contraction.
- Cross-border claims on emerging market and developing economies (EMDEs) fell year on year for the first time since 2016, mainly driven by a [\\$43 billion](#) contraction in claims on Latin America and the Caribbean.
- Banks have continued to rebalance their portfolios into government assets. Their consolidated foreign claims on the [official sector](#) globally rose to 29% of their total foreign claims in Q2 2020, up from 19% at end-2010.

Cross-border positions contracted in the second quarter of 2020

Cross-border claims contracted by [\\$1.1 trillion](#) from end-March to end-June, partly reversing the \$2.7 trillion surge observed the quarter before. Consequently, the year-on-year (yoy) growth rate dropped from 10% to 5%. Like the Q1 surge, the Q2

Global cross-border claims¹

Graph 1



¹ Quarterly changes are adjusted for breaks in series and exchange rate fluctuations. The year-on-year growth rates are calculated based on the adjusted changes for the last four quarters. ² Includes central banks and banks unallocated by subsector between intragroup and unrelated banks. ³ Includes non-banks unallocated by subsector.

Source: BIS locational banking statistics.

contraction was driven by interbank positions; almost half of the quarterly change was the result of reduced inter-office positions (Graph 1, right-hand panel), as banks redistributed liquidity across their global operations amidst the pandemic. In particular, claims on counterparties located in the United States, which accounted for much of the expansion in the first quarter, fell the most in the second (left-hand panel).

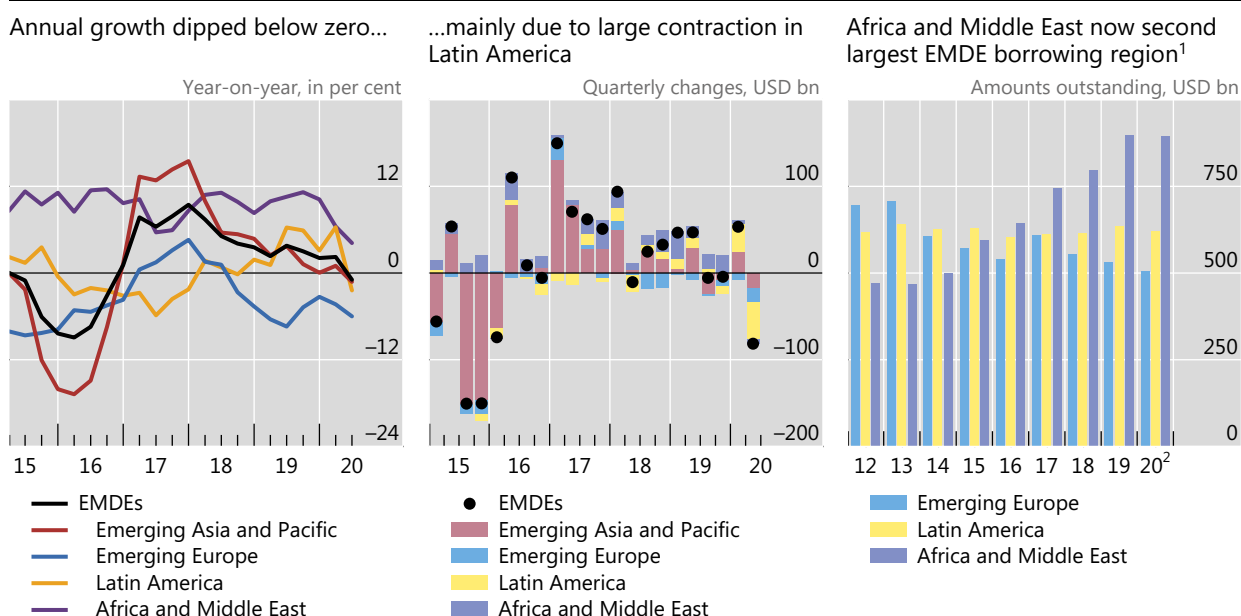
The global contraction was uneven across regions. While cross-border claims on advanced economies contracted during the quarter, their annual growth rate remained strong at [+7% yoy](#). The growth in claims on the United States in particular stayed high, at [+11% yoy](#). In contrast, claims on offshore centres almost stalled ([+1% yoy](#)), and those on EMDEs fell ([-1% yoy](#)) for the first time since end-2016 (Graph 1, centre panel).

The contraction observed for EMDEs was relatively widespread. While claims on EMDE non-banks increased slightly ([+3% yoy](#)), this was more than offset by a big drop in interbank claims ([-\\$93 billion or -5% yoy](#)). Cross-border claims on all four EMDE regions [dropped](#) from Q1 to Q2 2020, with those on Latin America falling the most ([-\\$43 billion](#); Graph 2, centre panel). Claims declined yoy for three of the four regions, resulting in negative yoy growth for EMDEs as a whole for the first time since end-2016 (left-hand panel). One exception to this general picture is the Africa and Middle East region: the annual growth in cross-border claims on its residents has remained positive ([+4% yoy](#)), extending the trend observed since 2014. As a result, claims on that region now surpass those on both emerging Europe and Latin America (right-hand panel).

Cross-border claims on emerging market and developing economies

By counterparty region

Graph 2



¹ At \$2 trillion at end-June 2020, claims on emerging Asia and Pacific (not plotted) are still by far the largest amongst EMDE regions. ² End-June; end-December for other years.

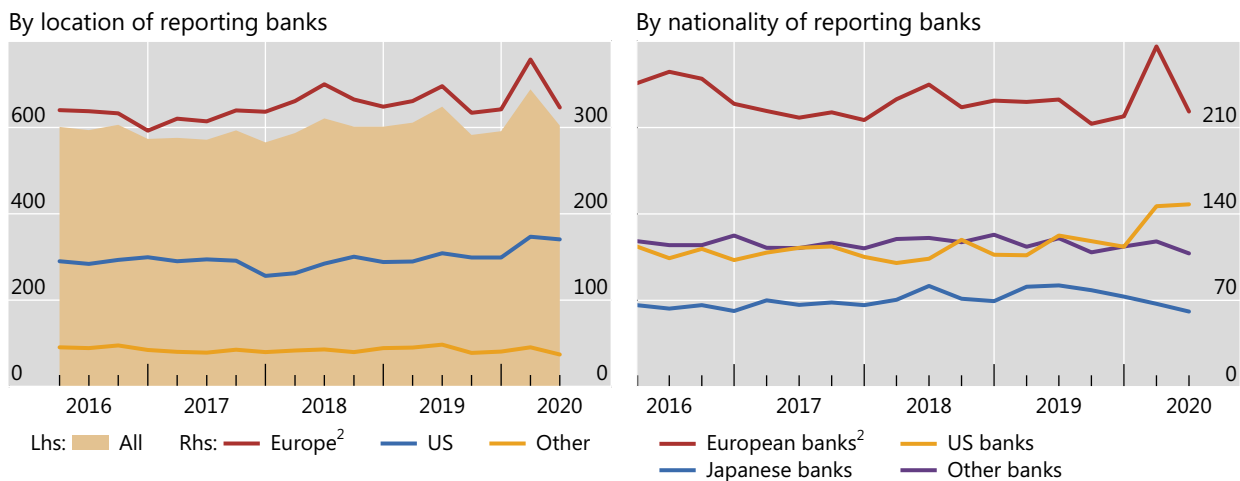
Source: BIS locational banking statistics.

Banks reported fewer cross-border liabilities to official monetary authorities in Q2 2020, reversing the rise reported in the first quarter. These cross-border liabilities typically reflect deposits of foreign exchange reserves with commercial banks. US dollar-denominated deposits had surged in the course of Q1 2020 (+\$97 billion) but then reverted in the second quarter by \$84 billion (Graph 3, and Graph A.5 in the statistical annex). Commercial banks located in Europe and, to a lesser extent, the United States reported the largest fluctuations over the two quarters (Graph 3, left-hand panel). Ranked by bank nationality (right-hand panel), it was affiliates of European and US banks that saw the largest moves.

Banks' US dollar-denominated cross-border liabilities to official monetary authorities¹

Amounts outstanding, in billions of US dollars

Graph 3



¹ Banks' cross-border liabilities to official monetary authorities typically reflect deposits of foreign exchange reserves by central banks. ² AT, BE, CH, CY, DE, DK, ES, FI, FR, GB, IE, IT, LU, NL, NO, PT and SE.

Source: BIS locational banking statistics.

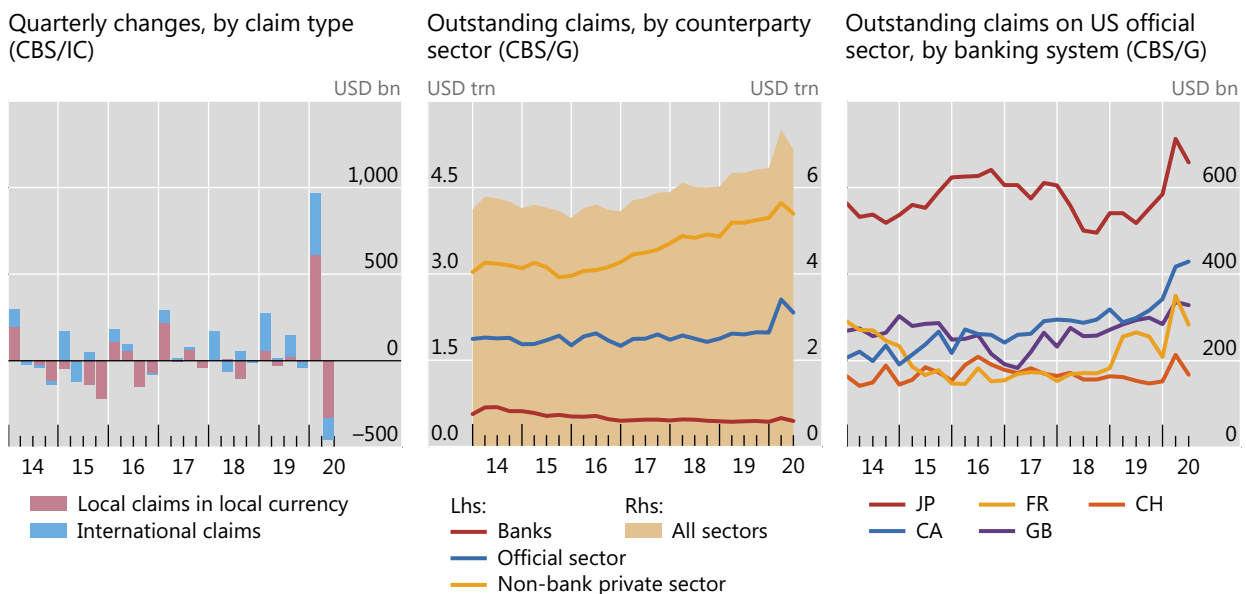
Shift in banks' portfolios into government assets

The BIS consolidated banking statistics (CBS), which track the globally consolidated positions of banks headquartered in a given country, also show a decrease in banks' claims in the second quarter. Overall, banks' *foreign claims* – ie cross-border claims and local claims booked by affiliates located abroad (excluding inter-office positions) – fell by \$1.1 trillion from end-Q1 to end-Q2 2020.¹

¹ Exchange rate-adjusted changes for the CBS are estimated using the currency breakdowns available in the LBS (since the CBS do not contain currency breakdowns).

Non-US banks' foreign claims on the United States

Graph 4



Sources: BIS consolidated banking statistics on an immediate counterparty basis (CBS/IC) and on a guarantor basis (CBS/G); BIS calculations.

Most notably, non-US banks' [foreign claims on the United States](#) in the second quarter dropped by nearly half of the \$950 billion surge they saw in the first (Graph 4, left-hand panel). Their local dollar claims on US residents accounted for much of this contraction (red bars).² Non-US banks' foreign claims on the US official sector – which includes the US government and the Federal Reserve³ – fell by \$223 billion (centre panel), partly reversing the jump in the first quarter when the pandemic escalated. French and Japanese banks accounted for the largest shares of this decrease, followed by Swiss banks (right-hand panel).

Despite the recent fluctuations in claims on the US official sector, an important long-term trend has been the increase in banks' consolidated claims on the [official sector](#) globally. Banks' public sector claims have risen from 19% of their foreign claims in 2010 to 29% at end-Q2 2020 (Graph 5, left-hand panel). This general trend applies to the official sector in both advanced economies and EMDEs. Amongst the former, banks' claims on the official sector in the euro area and Japan jumped from, respectively, 20% and 40% in 2010 to 32% and 52% at end-Q2. Amongst the large EMDE counterparties, the shares for China, Korea and the Czech Republic rose by 7, 6 and 26 percentage points, respectively.

² This is consistent with Federal Reserve data showing that non-US banks' branches and agencies in the United States held \$640 billion of reserves at the Federal Reserve at end-Q2 2020, down from \$868 billion at end-Q1. Note that in the CBS, the official sector includes the central bank, and thus differs from the general government sector in the System of National Accounts.

³ The counterparty sector breakdown in the CBS on an immediate counterparty basis (CBS/IC) is available only for banks' international claims, and not for their local claims in local currency. By contrast, in the CBS on a guarantor basis (CBS/G), which allocates claims to the country and sector of the ultimate obligor after taking into account credit risk mitigants, the counterparty sector applies to all foreign claims, ie banks' local claims in local currency plus their international claims.

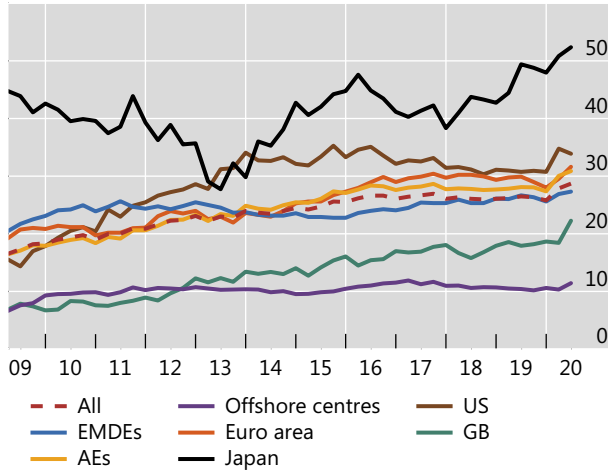
Roughly half of all foreign claims on the official sector at end-Q2 were reported by just four banking systems: Japanese, US, UK and French banks. Of these, French banks saw the largest increase since 2010, with UK and US banks not far behind (Graph 5, right-hand panel).

Consolidated foreign claims on the official sector

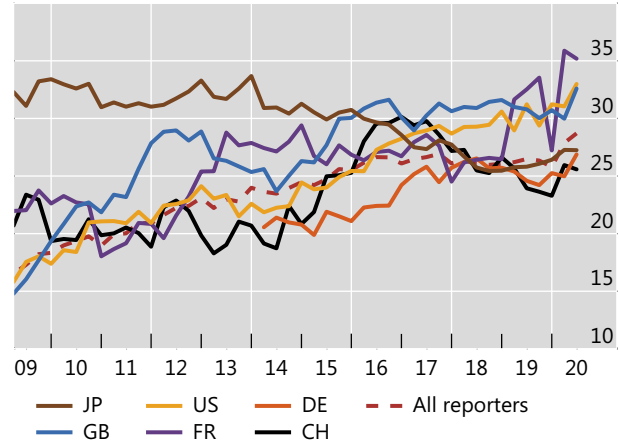
As a percentage of foreign claims on all sectors

Graph 5

By counterparty region



By creditor banking system



Source: BIS consolidated banking statistics on guarantor basis.

Annex A Locational banking statistics: charts

Cross-border claims by sector, currency and instrument

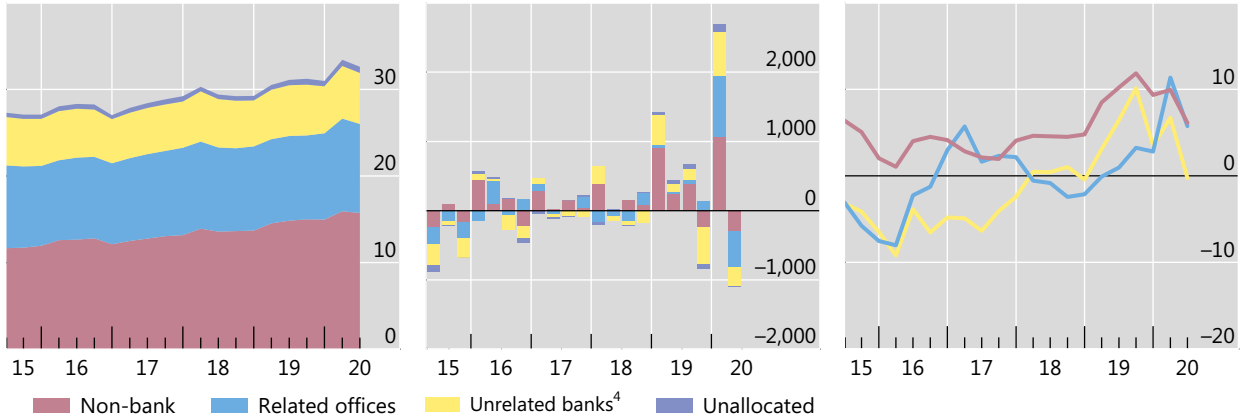
Graph A.1

Amounts outstanding, in USD trn¹

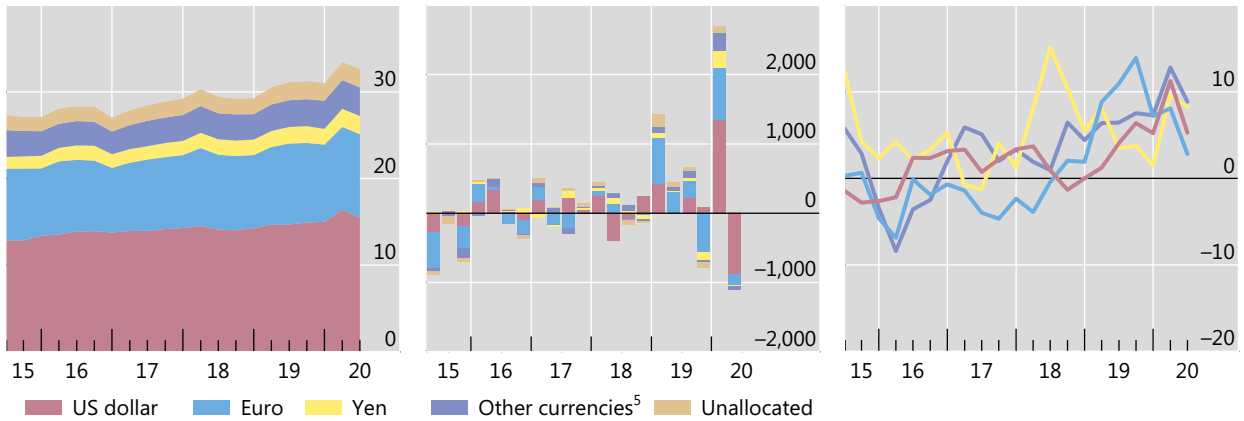
Adjusted changes, in USD bn²

Annual change, in per cent³

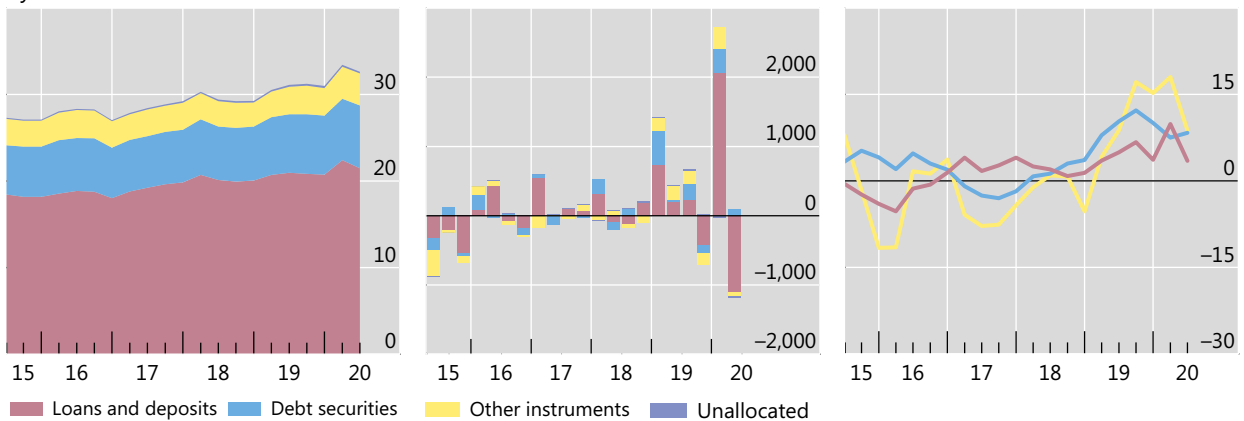
By sector of counterparty



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

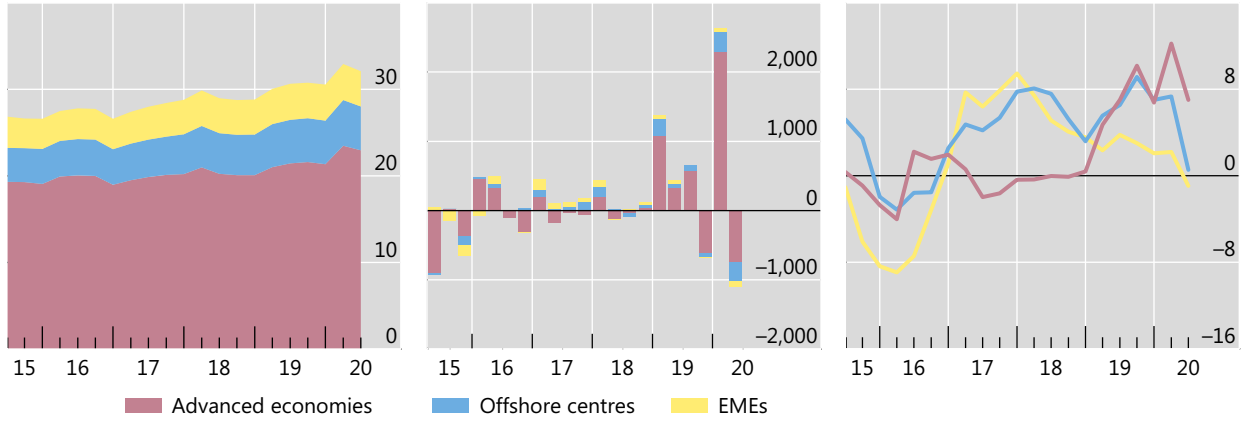
Graph A.2

Amounts outstanding, in USD trn¹

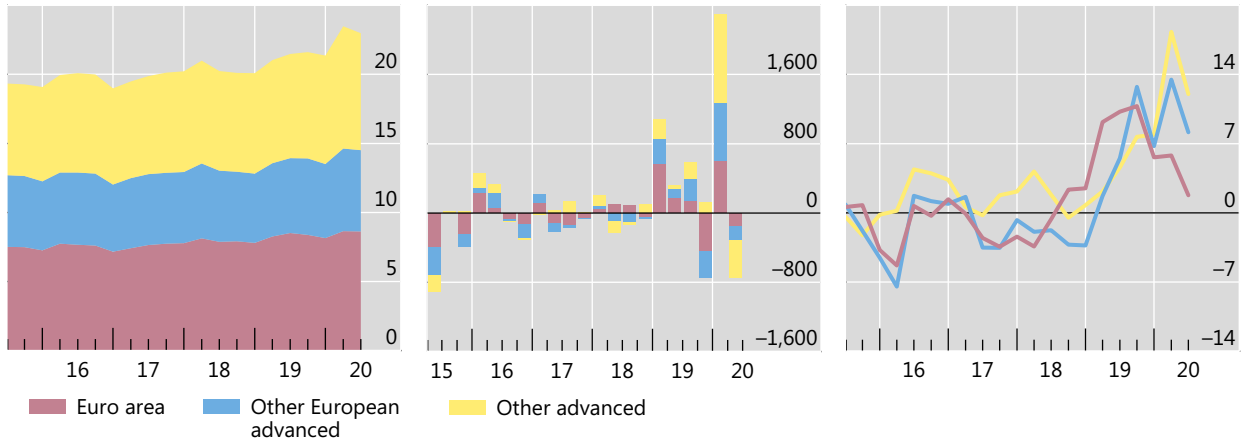
Adjusted changes, in USD bn²

Annual change, in per cent³

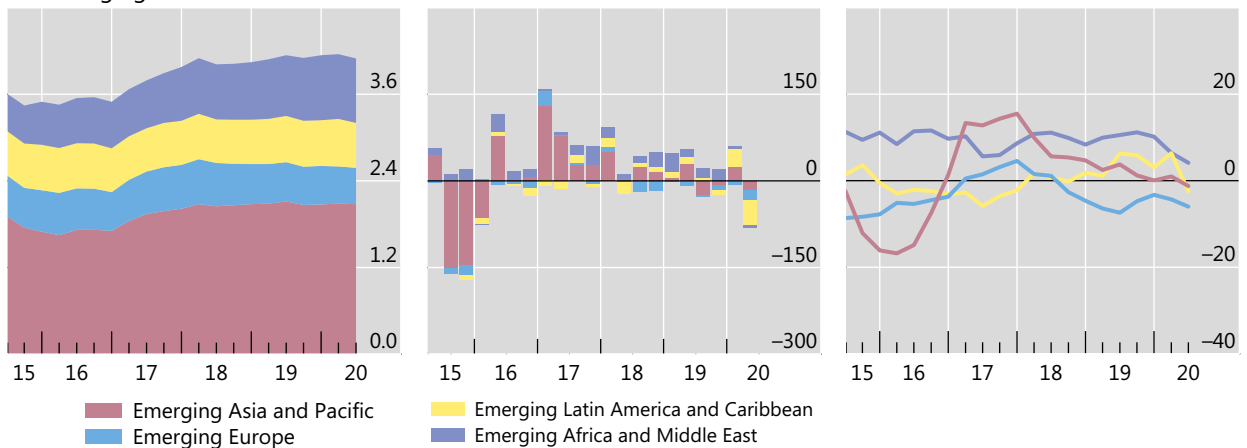
On all countries



On advanced economies



On emerging market economies



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Cross-border claims by borrowing country

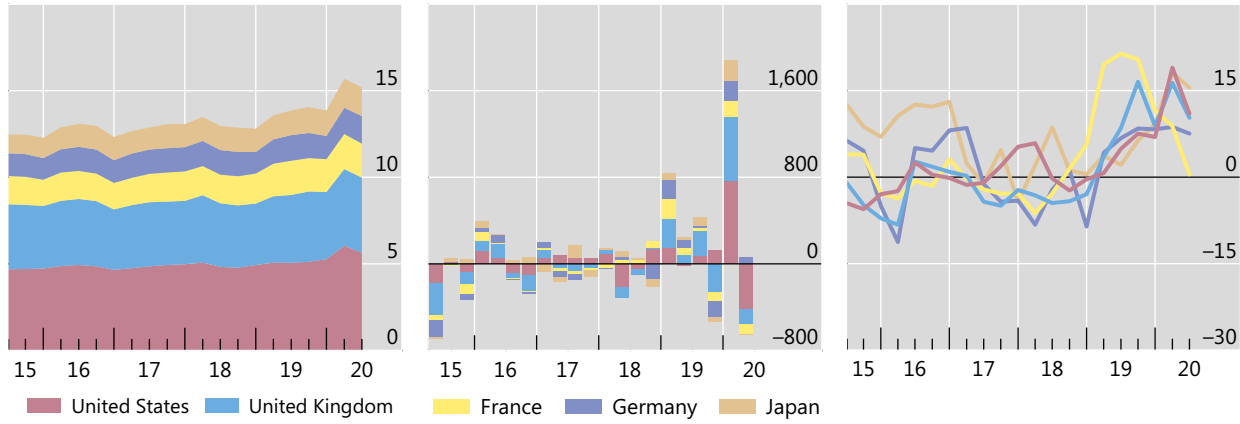
Graph A.3

Amounts outstanding, in USD trn¹

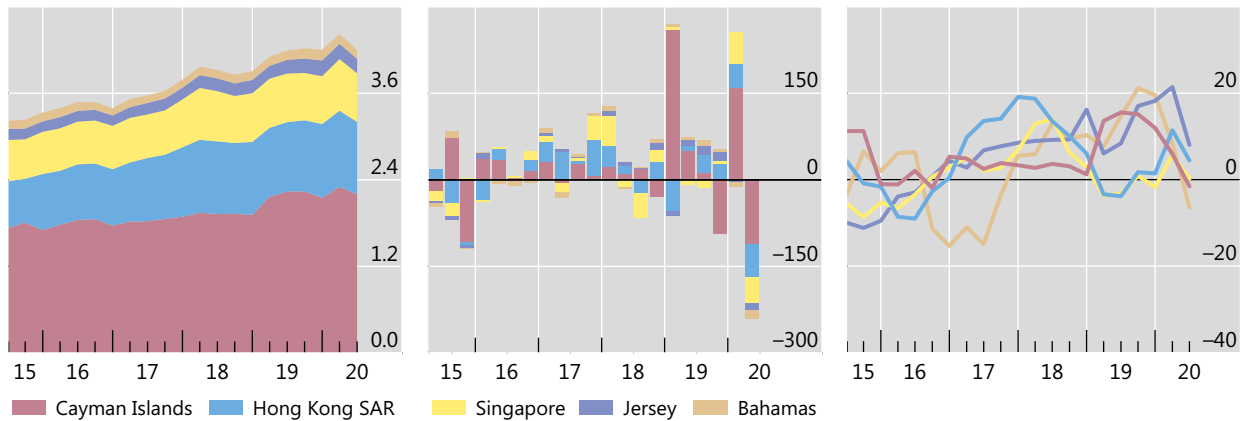
Adjusted changes, in USD bn²

Annual change, in per cent³

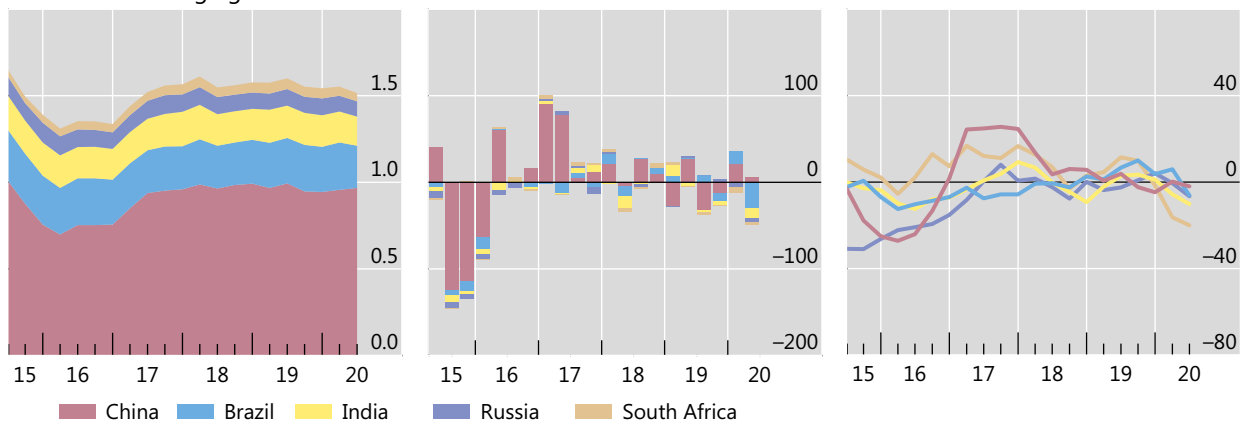
On selected advanced economies



On selected offshore centres



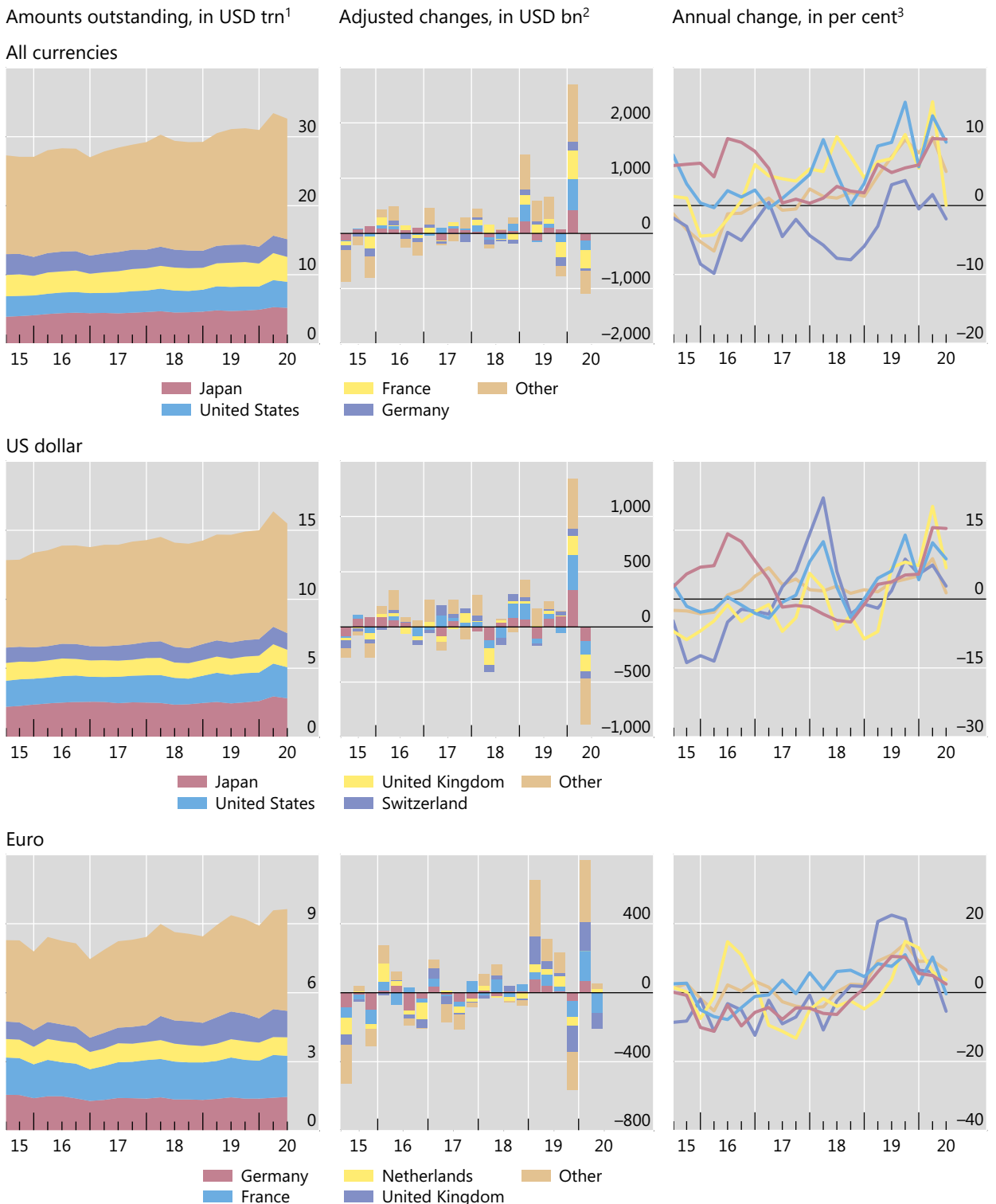
On selected emerging market economies



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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

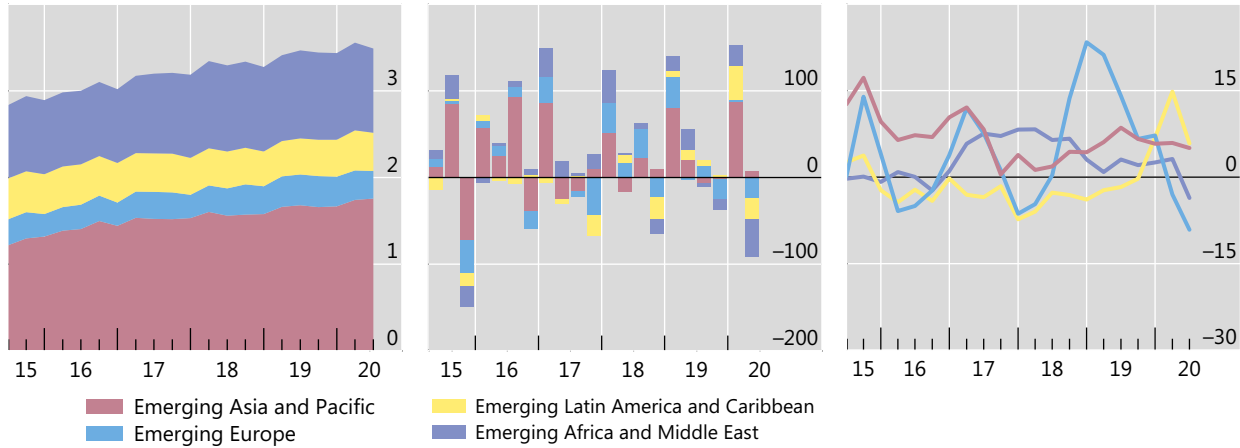
Graph A.5

Amounts outstanding, in USD trn¹

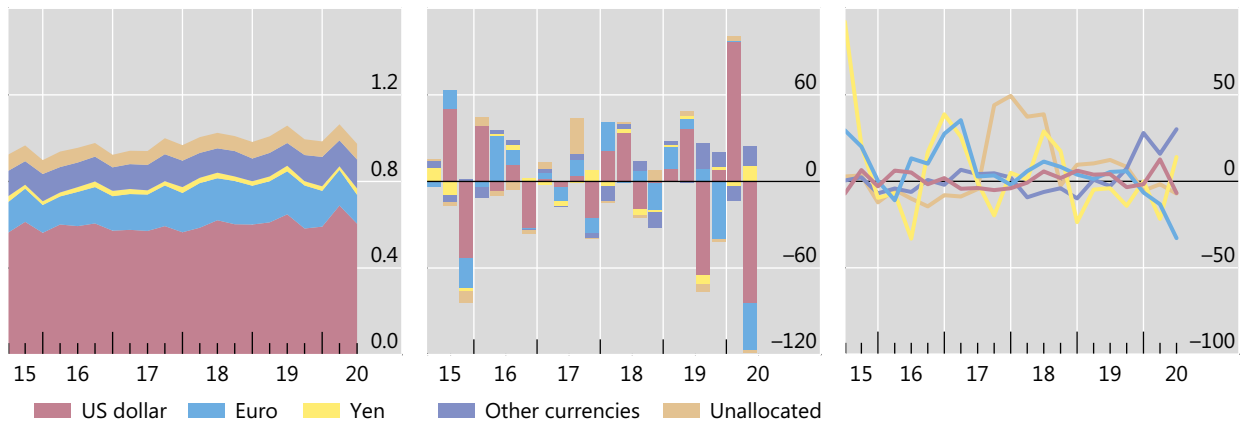
Adjusted changes, in USD bn²

Annual change, in per cent³

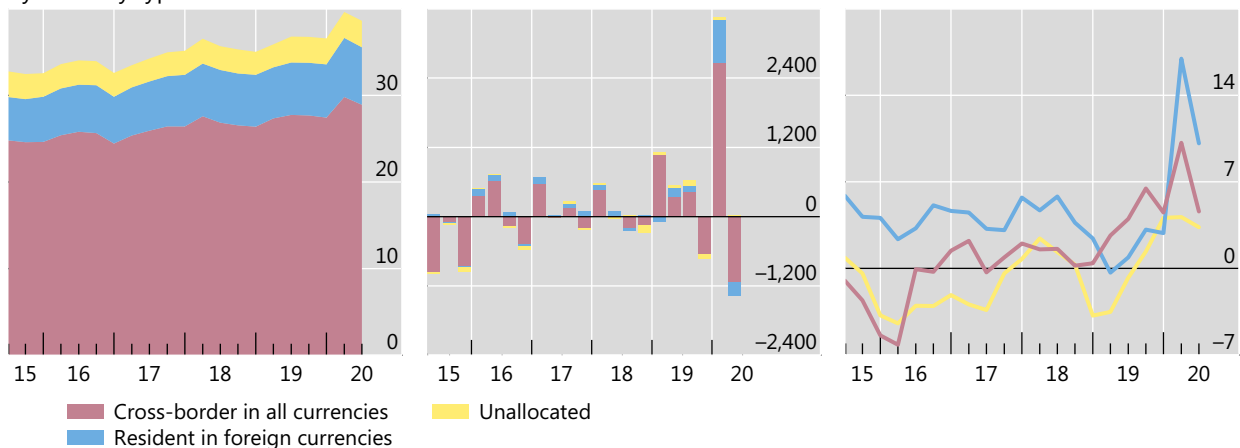
To emerging market economies



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

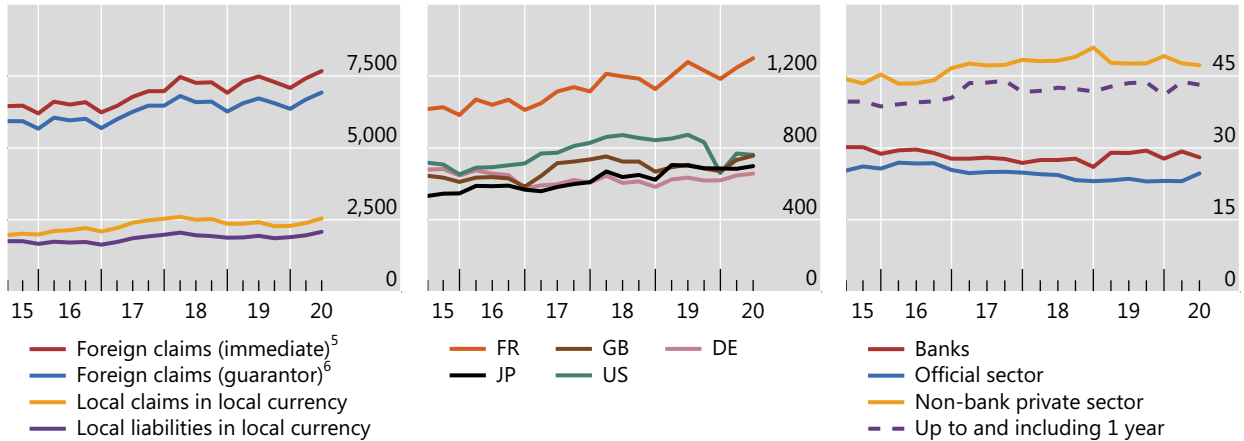
Graph B.1

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

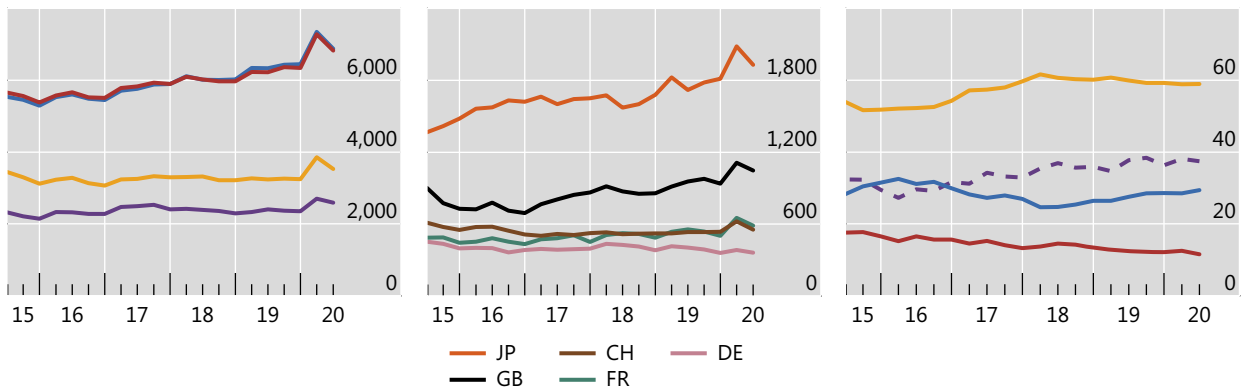
Foreign claims of selected creditors, in USD bn^{1,3}

International claims, by sector and maturity, in per cent⁴

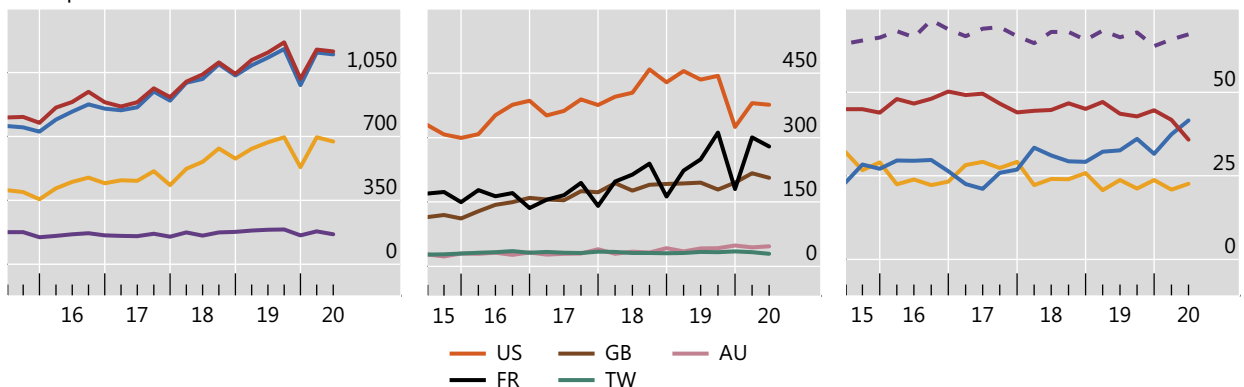
On the euro area



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 a guarantor 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 a guarantor 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

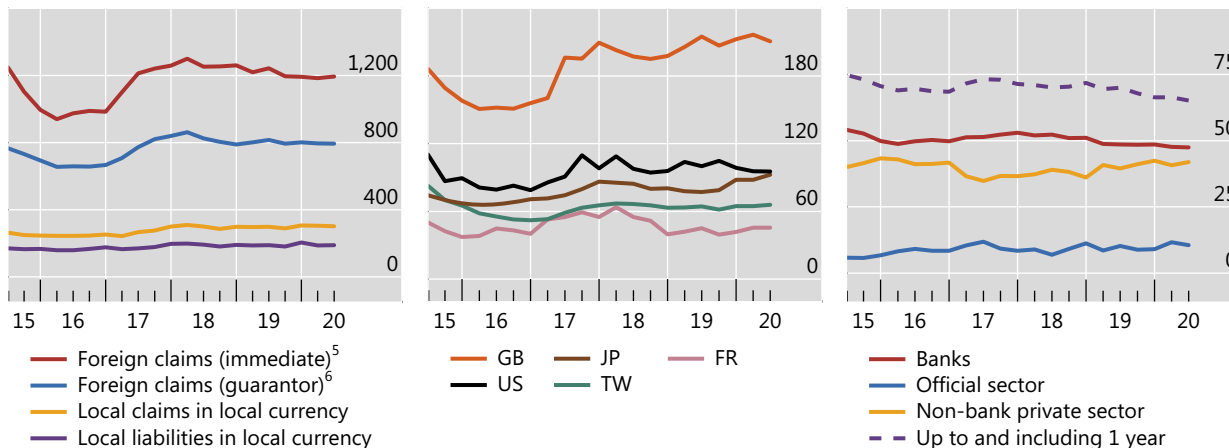
Graph B.2

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

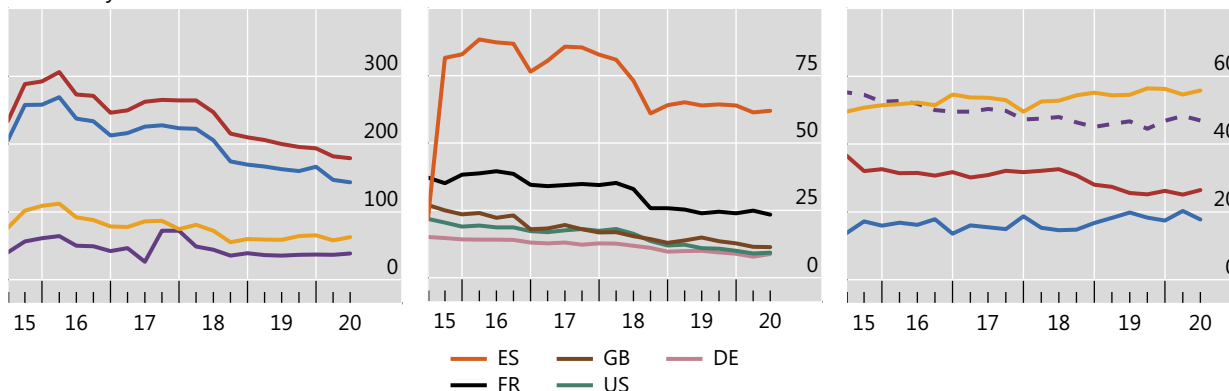
Foreign claims of selected creditors, in USD bn^{1,3}

International claims, by sector and maturity, in per cent⁴

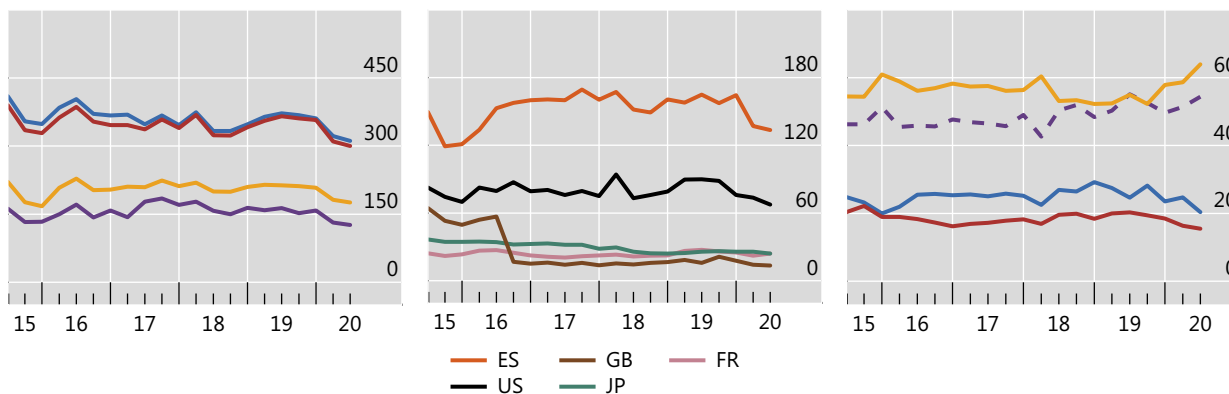
On China



On Turkey



On Brazil



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