

Statistical release: BIS international banking statistics and global liquidity indicators at end-September 2021

- Banks' cross-border claims increased by \$228 billion in the third quarter of 2021, pushing their year-on-year (yoy) growth rate to 3%. Claims on non-bank financial institutions accounted for more than half of the quarterly increase.
- Non-US banks increased their US dollar funding to their affiliates in the United States and, in turn, expanded their claims on the US official sector through greater holdings of US Treasury securities and reserves at the Federal Reserve.
- Claims on emerging market and developing economies (EMDEs) fell modestly in the third quarter, driven by a contraction in claims on China. By contrast, claims on Latin America and Africa and the Middle East grew.
- The global liquidity indicators (GLIs) show that financing through the bond market now accounts for as much dollar credit to EMDEs as lending from internationally active banks.
- For the first time since the start of the Covid-19 pandemic, growth in dollar- and euro-denominated foreign currency credit outpaced domestic credit in the respective currency areas.

Cross-border claims rise, particularly on the United States

The BIS locational banking statistics (LBS) show that internationally active banks' cross-border claims rose by \$228 billion (to \$35 trillion) during the third quarter of 2021 (Graph 1, top left-hand panel).¹ On a year-on-year (yoy) basis, claims on all regions rose by about 3% (bottom left-hand panel). Over half of the quarterly increase reflected greater claims on non-bank financial institutions (NBFIs), which went up by \$119 billion. Claims on unrelated banks and non-financials also expanded, by \$71 billion and \$55 billion, respectively.² Meanwhile, inter-office claims fell by \$4 billion.

These figures, however, mask large differences across counterparty countries and the currencies in which the claims are denominated. Claims in euros fell by \$76 billion overall, due to lower inter-office claims (Graph 1, top right-hand panel) among major European countries. Euro claims on other sectors expanded, mostly on NBFIs and unrelated banks. In contrast, claims denominated in US dollars jumped by \$293 billion, reflecting greater inter-office positions (\$128 billion) and lending to non-financials (\$83 billion) and NBFIs (\$74 billion) (top centre panel).

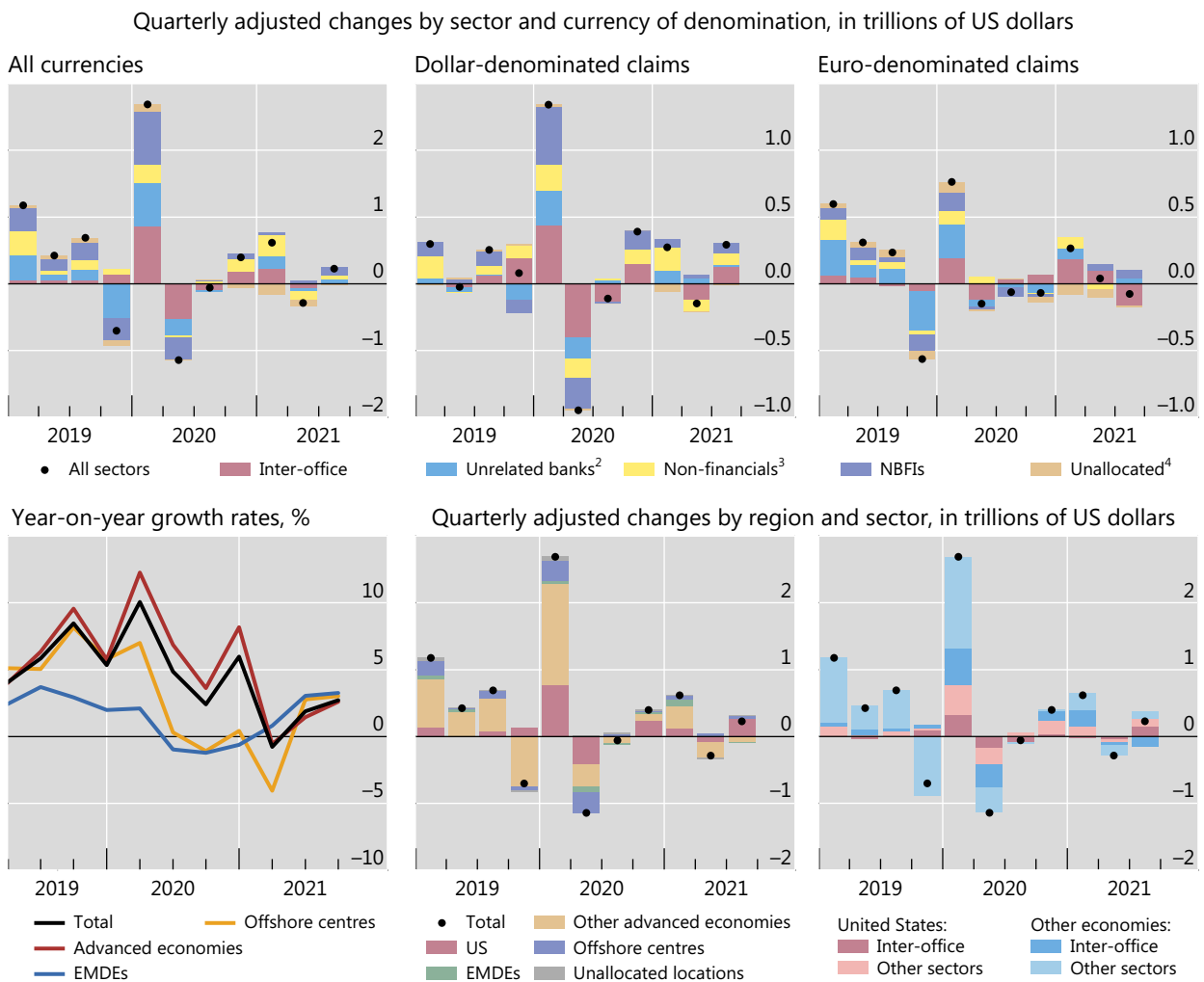
¹ In the LBS, claims comprise loans, holdings of debt securities and derivatives with a positive market value.

² The sector total for non-financials includes non-banks unallocated by subsector.

Most of the increase in claims was on borrowers in the United States (+\$268 billion, +9% yoy) (Graph 1, bottom centre and right-hand panels). Inter-office claims on the United States jumped by \$143 billion (bottom right-hand panel) as non-US banks channelled funds to their affiliates operating in the United States (Graph 2, first panel). The first quarter of 2020 saw similar developments on a larger scale.

Banks' global cross-border claims¹

Graph 1

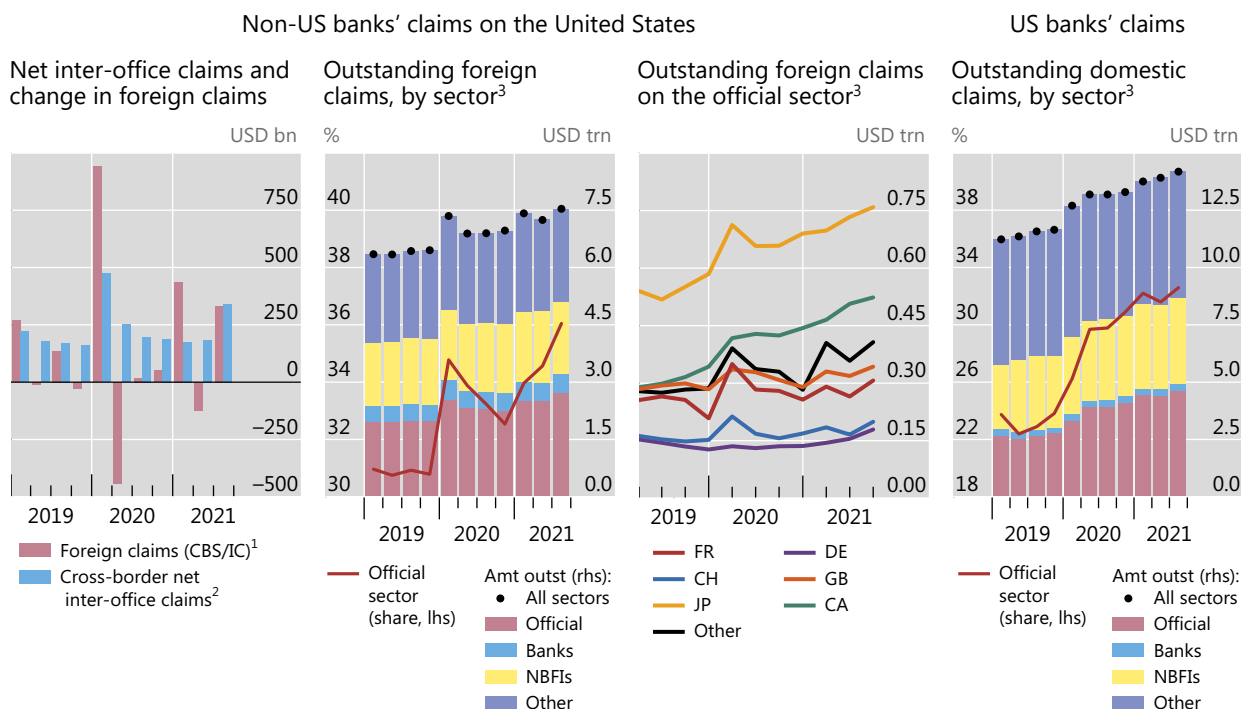


¹ Quarterly changes are adjusted for breaks in series and exchange rate fluctuations. The year-on-year growth rates are calculated based on the adjusted changes for the past four quarters. ² Includes central banks and banks unallocated by subsector between related offices and unrelated banks. ³ Includes non-banks unallocated by subsector. ⁴ Includes international organisations and unallocated claims by sector.

Source: BIS locational banking statistics.

Greater inter-office claims on the United States went hand in hand with increased claims on the official sector in particular. The BIS consolidated banking statistics (CBS), which track the globally consolidated positions of banks headquartered in a country, show that non-US banks' foreign claims³ on the US official sector grew by \$215 billion

³ Foreign claims on a guarantor basis comprise cross-border claims and local claims of banks' foreign affiliates. They exclude inter-office positions. In the CBS, the official sector includes the central bank, and thus differs from the general government sector in the System of National Accounts.



¹ Quarterly changes; not adjusted for breaks in series or exchange rate fluctuations. ² Non-US banks' net inter-office "cross-border" claims on their affiliates located in the United States. ³ Consolidated claims on the United States, on a guarantor basis.

Sources: BIS consolidated banking statistics on an immediate counterparty basis (CBS/IC) and guarantor basis; BIS locational banking statistics by nationality. Further information available at www.bis.org/statistics/bankstats.htm.

to reach \$2.7 trillion in Q3 (Graph 2, second panel). Claims on the US official sector include claims on the Federal Reserve, notably reserves.⁴

Claims on the US official sector rose to 36% of non-US banks' total claims on the United States at end-Q3 2021, up from 31% at end-2019 (Graph 2, second panel). Several major banking systems increased their consolidated claims on the US official sector (third panel). A similar expansion was observed among US banks: their claims on the official sector reached \$4.6 trillion at end-Q3 2021 (fourth panel), a full 67% higher than at end-2019.⁵ These trends have taken place against the backdrop of asset purchases and quantitative easing operations by the Federal Reserve.

⁴ Data published by the Federal Reserve show that the reserves of non-US banks' branches and agencies in the United States increased by almost \$170 billion in Q3 2021, to \$970 billion. Meanwhile, their holdings of US Treasury securities and agency- and GSE-backed securities edged up by a combined \$2.2 billion, to reach \$145 billion.

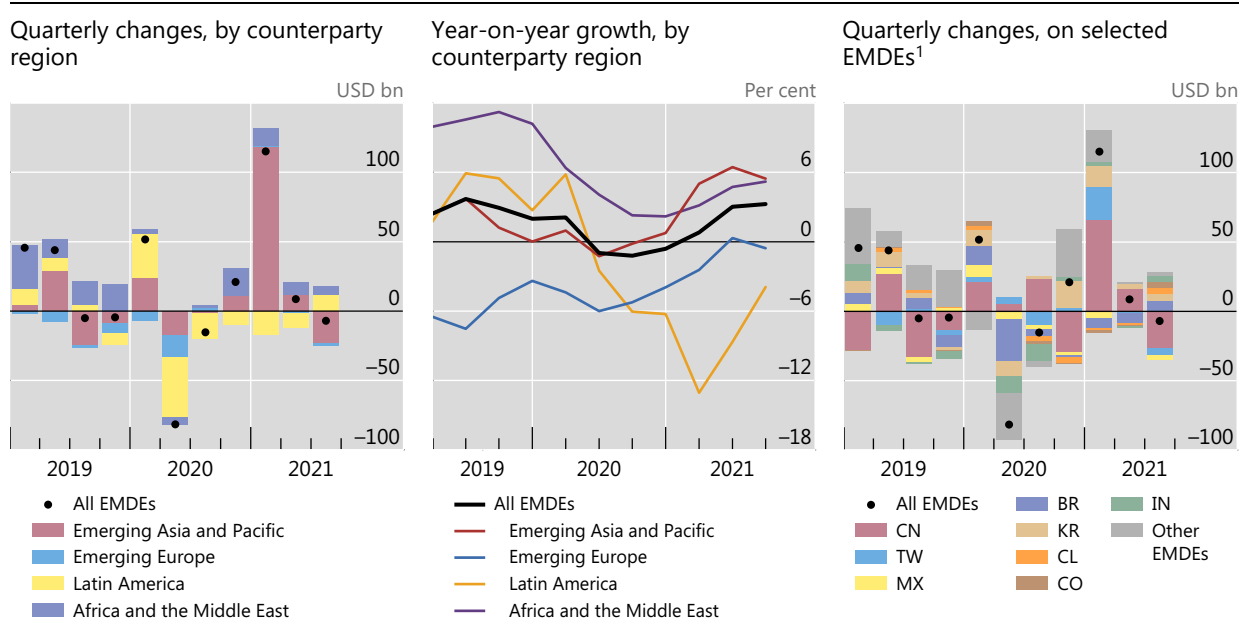
⁵ Data published by the Federal Reserve show that the reserves of US-chartered banks' depository institutions increased by \$184 billion in Q3, to \$2.7 trillion. They also increased their holdings of US Treasury securities by \$100 billion to \$1.3 trillion, while those in agency- and GSE-backed securities also went up by \$100 billion to \$3.5 trillion.

Cross-border claims on EMDEs dropped, reflecting lower claims on China

Banks' cross-border claims on EMDEs fell slightly in Q3 2021, by \$7 billion (Graph 3, left-hand panel). On a yoy basis, their growth rate remained positive overall (3%, for all EMDE regions combined), with higher rates of growth vis-à-vis the Asia and Pacific and Africa and the Middle East regions (+5% in both cases). Yearly growth in lending to Latin America (-4%) and emerging Europe (-1%) remained negative (centre panel). Yearly growth in lending to Latin America (-4%) and emerging Europe (-1%) remained negative (centre panel).

Cross-border claims on EMDEs

Graph 3



¹ The selected EMDEs are among the countries with the largest changes in Q3 2021.

Source: BIS locational banking statistics.

The quarterly decline in global claims on EMDEs in Q3 2021 was due to reduced lending to borrowers in Asia and Pacific. Claims on the region dropped noticeably (-\$23 billion), especially vis-à-vis China (-\$26 billion) (Graph 3, red bars). Banks in Hong Kong SAR and Macao SAR reported the largest reductions in claims on China (-\$17 billion), after increasing their claims on the mainland by \$46 billion over the previous two quarters. Elsewhere in the Asian region, claims on Chinese Taipei dropped (-\$6 billion) while those on Korea (\$5 billion) and India (\$4 billion) grew.

By contrast, claims on Latin America picked up (\$12 billion) in Q3 2021, for the first time since Q1 2020 (Graph 3, left-hand panel), with significant increases vis-à-vis Brazil (\$7 billion), Chile (\$4 billion) and Colombia (\$4 billion). Banks located in the United States, Luxembourg and Panama were the main lenders to the region.

Elsewhere, claims on Africa and the Middle East continued to rise (\$6 billion), although at a slower pace than previously, while those on emerging Europe fell (-\$2 billion). Banks reported greater claims on Eswatini, Liberia and Saudi Arabia (+\$2 billion each), but lower claims on South Africa and Qatar (-\$2 billion each). For South Africa, this was the 10th consecutive quarterly decline. Among the emerging European countries, claims on Croatia and Poland fell by a combined \$3 billion.

Global liquidity indicators at end-September 2021

The BIS global liquidity indicators (GLIs) track credit to non-bank borrowers, covering both loans extended by banks and funding from bond markets. The main focus is on foreign currency credit denominated in three major reserve currencies (US dollar, euro and Japanese yen) to non-residents, ie borrowers outside the respective currency areas. The GLIs monitor growth in these aggregates and compare them with the evolution of credit (denominated in the same currencies) to residents within these currency areas, as reported in national financial accounts.^①

In the third quarter of 2021, foreign currency credit in dollars, euros and yen increased modestly, pulling up the respective year-on-year (yoy) growth rates (Graph A, left-hand panel). Dollar credit to borrowers outside the United States stood at \$13.4 trillion at end-Q3, up 6% yoy. Growth in euro credit to borrowers outside the euro area gathered pace compared with previous quarters: the 8% yoy expansion brought the stock to €3.7 trillion (\$4.3 trillion). Meanwhile, yen credit to borrowers outside Japan continued to fall, but at a slightly reduced pace of -6% yoy, bringing the amount outstanding to ¥46 trillion (\$0.4 trillion).

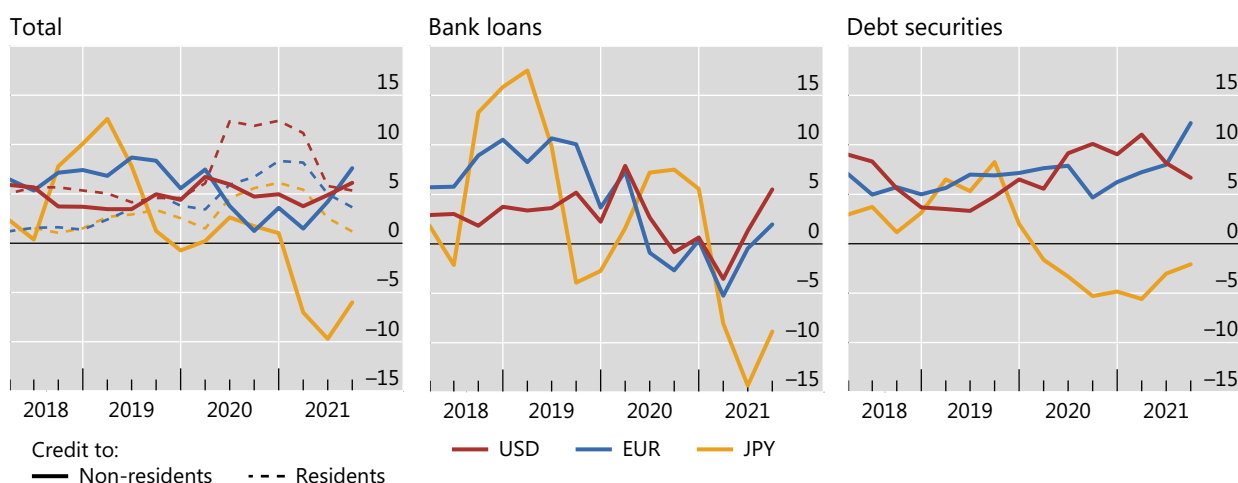
Bank loans in dollars and euros rebounded in Q3 2021, while credit from bond markets in the same currencies continued to expand (Graph A, centre and right-hand panels). Bank loans to non-residents jumped in the third quarter, pushing the yoy growth rates in dollar and euro lending to 5% and 2%, respectively (centre panel). Over the same period, bond issuance in dollars and euros grew strongly at 7% and 12% yoy, respectively (right-hand panel). In contrast, net bond issuance in yen continued to contract (-2% yoy), though less than bank lending in that currency (-9%). As a result of these developments, the share of foreign currency credit provided through bond markets continued to increase in all three currencies.

For the first time since the start of the pandemic in early 2020, growth in dollar- and euro-denominated foreign currency credit outpaced domestic credit in the respective currency areas (Graph A, left-hand panel). After brisk growth in domestic credit in 2020 and 2021, yoy growth fell back to rates prevailing before the pandemic (dashed lines). Meanwhile, dollar and euro credit to non-residents of these currency areas accelerated (solid lines). Yen credit, on the other hand, has remained weak by comparison, both to non-residents and residents of Japan.

Growth of credit in major currencies¹

Year-on-year changes, in per cent

Graph A



¹ For residents, credit in US dollars to borrowers in the US, in euros to borrowers in the euro area, and in yen to borrowers in Japan.

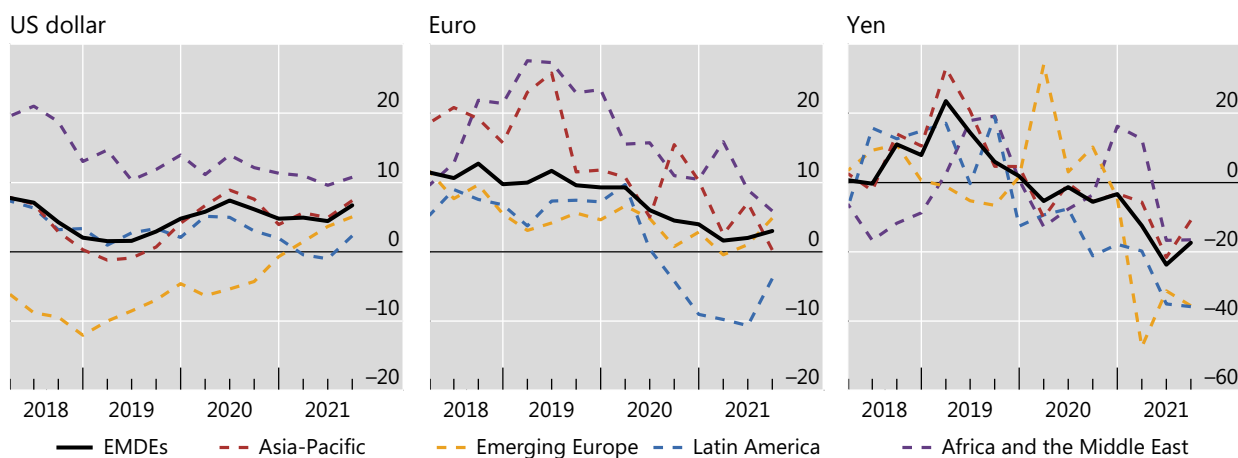
Source: BIS global liquidity indicators.

Foreign currency credit towards EMDEs has continued to hold up (Graph B, left-hand and centre panels). Dollar credit to EMDEs reached \$4.2 trillion (Annex Graph C.4, right-hand panel), while that denominated in euros reached €0.8 trillion (Table E2-EUR). For both currencies, this reflects continued expansion vis-à-vis most regions, except for euro credit in Latin America (-4% yoy, centre panel), with Brazil and Mexico accounting for the largest declines over the past year. Albeit small, yen-denominated credit to EMDEs continued to decline, reaching ¥7 trillion (\$62 billion).

Growth of foreign currency credit to EMDEs

Year-on-year changes, in per cent

Graph B

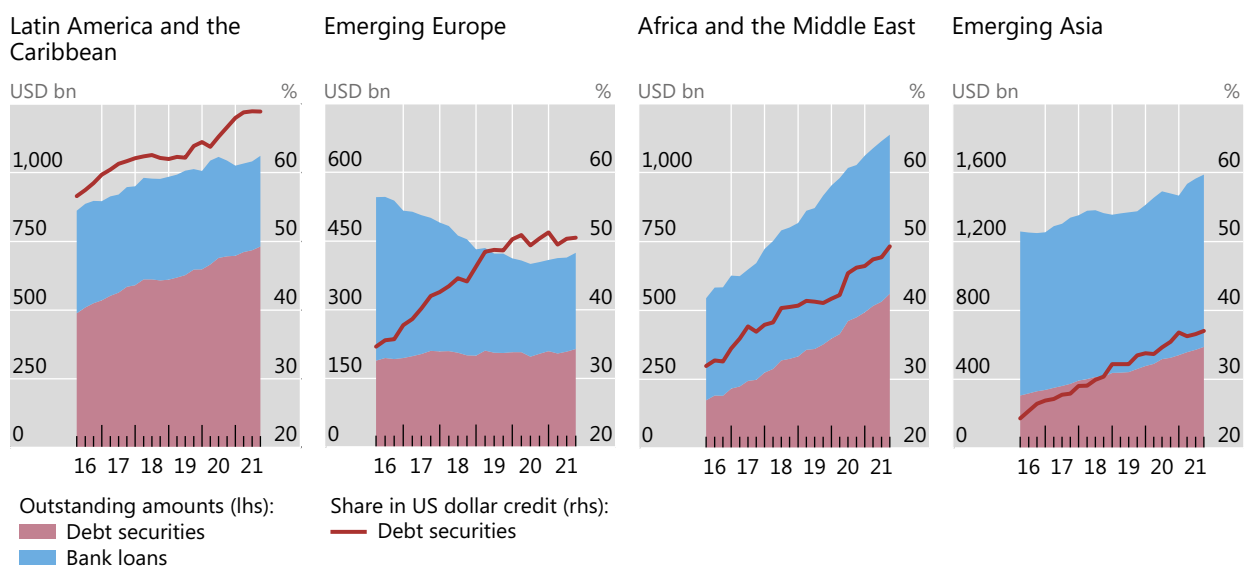


Source: BIS global liquidity indicators.

EMDEs are approaching a similar reliance on bond markets for dollar funding to that observed for advanced economies. Bond markets now provide as much dollar credit to EMDEs as internationally active banks do (Annex Graph C.4, right-hand panel). The share of debt securities in dollar credit has trended up since the Great Financial Crisis (GFC) to reach 50% in the latest quarter; an earlier run-up towards 50% ended in 2003, when international bank lending outpaced bond market finance to emerging market economies until the GFC hit. The trend towards bond financing is shared across EMDE regions (Graph C). Latin America and the Caribbean rely on bonds the most, with nearly 69% of total dollar credit raised in bond markets (first panel). In emerging Europe, 51% of total dollar credit comes from bond markets, with the stock of debt securities reaching a peak of \$214 billion in Q3 2021 (second panel). In Africa and the Middle East, bond financing has been growing steadily since 2016, pushing its share towards 50% in the latest quarter (third panel). In emerging Asia, bank loans still account for 63% of total dollar credit to the region; however, the bond share and amounts outstanding have been rising consistently, bringing the stock in Q3 2021 to \$588 billion (or 37% of total dollar credit; fourth panel).

US dollar credit to EMDEs

Graph C



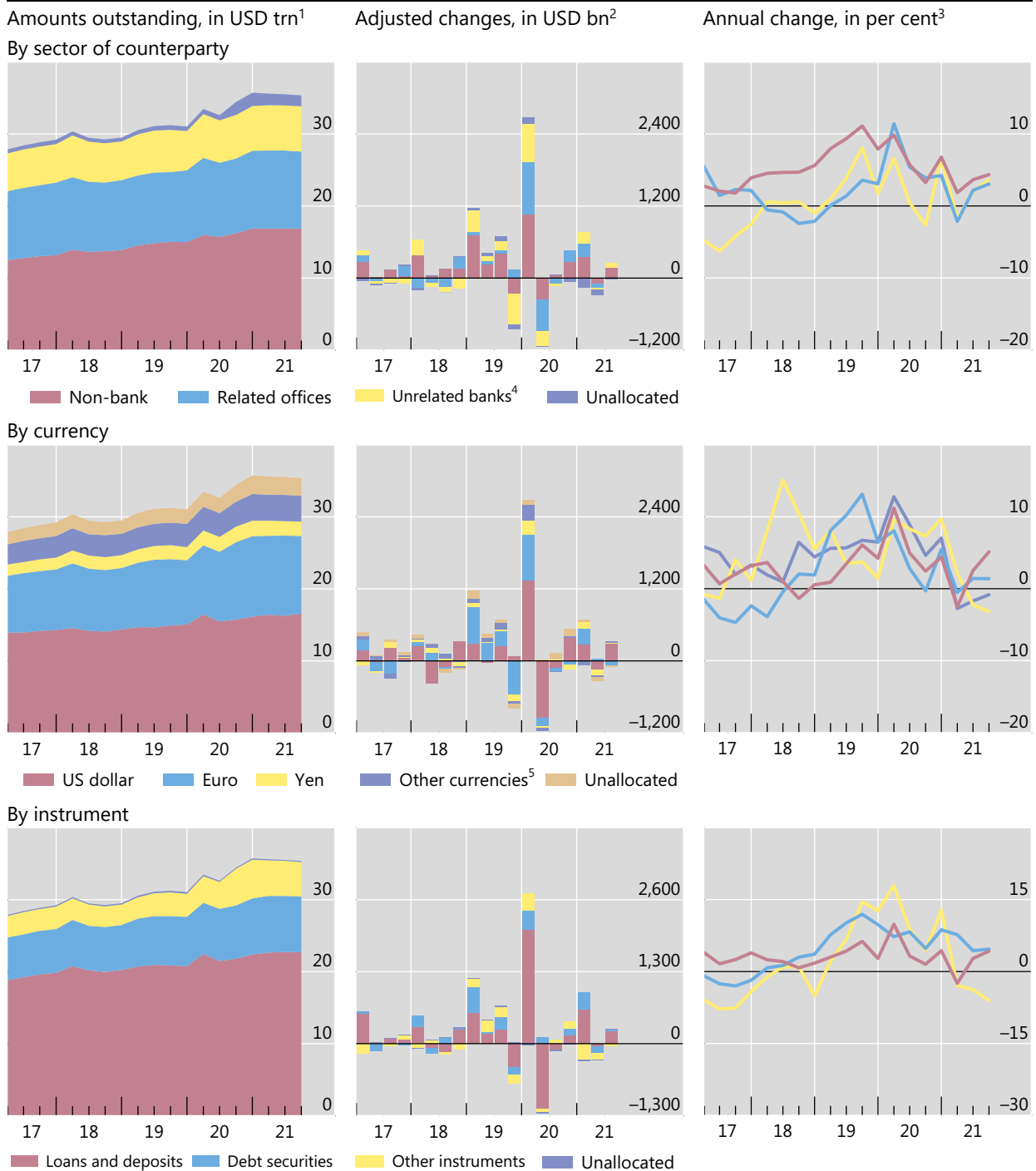
Source: BIS global liquidity indicators.

© For more details, see the GLI methodology (www.bis.org/statistics/gli/gli_methodology.pdf).

Annex A Locational banking statistics graphs

Cross-border claims by sector, currency and instrument

Graph A.1



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 interoffice 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

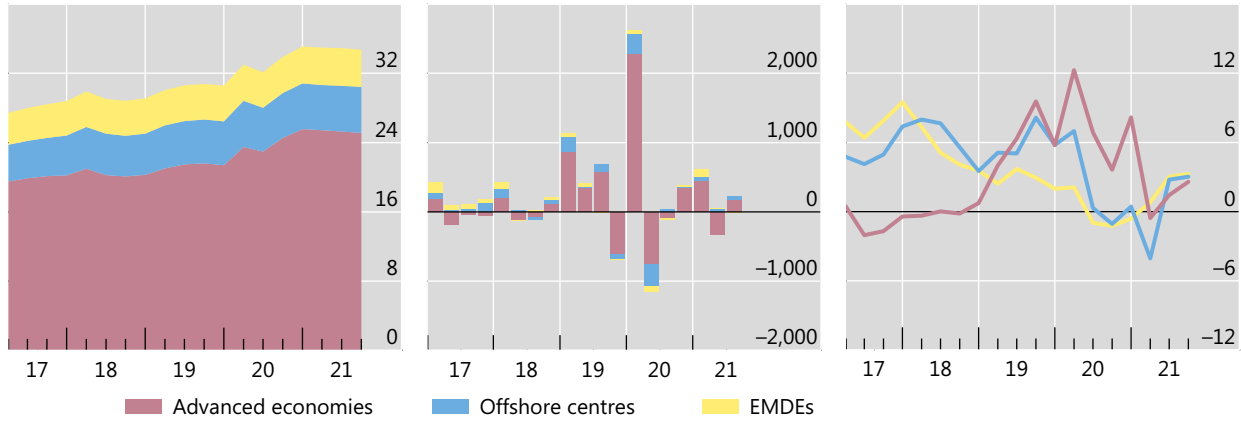
Graph A.2

Amounts outstanding, in USD trn¹

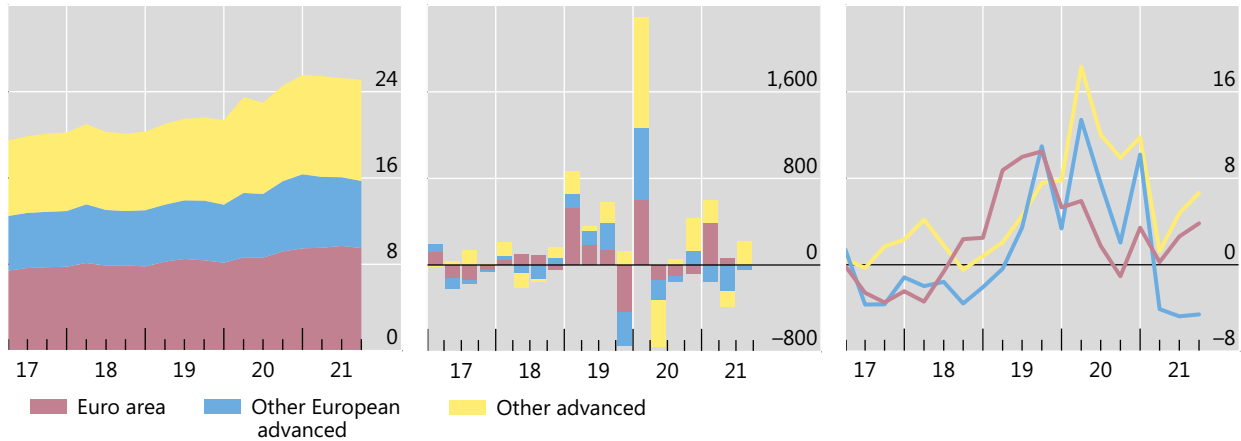
Adjusted changes, in USD bn²

Annual change, in per cent³

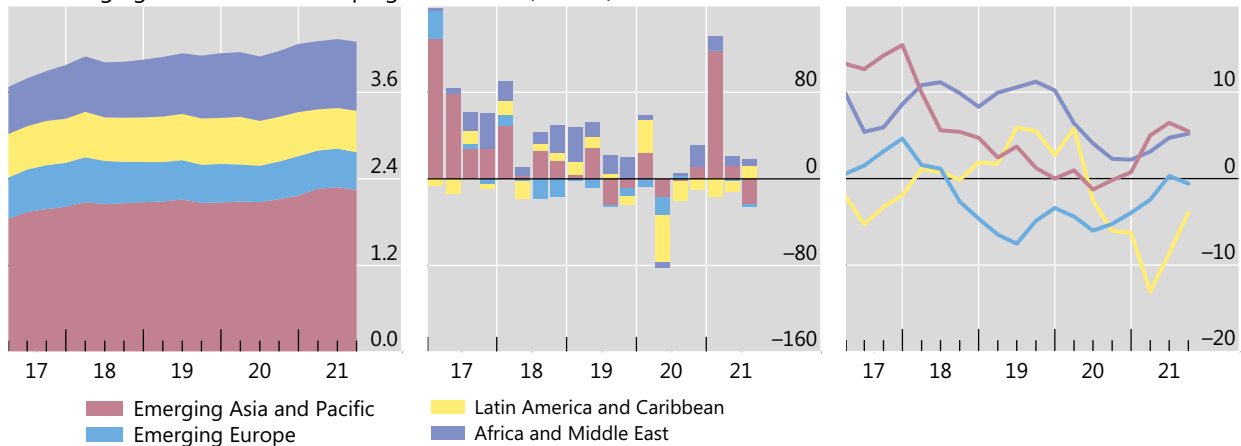
On all countries



On advanced economies



On emerging market and developing economies (EMDEs)



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

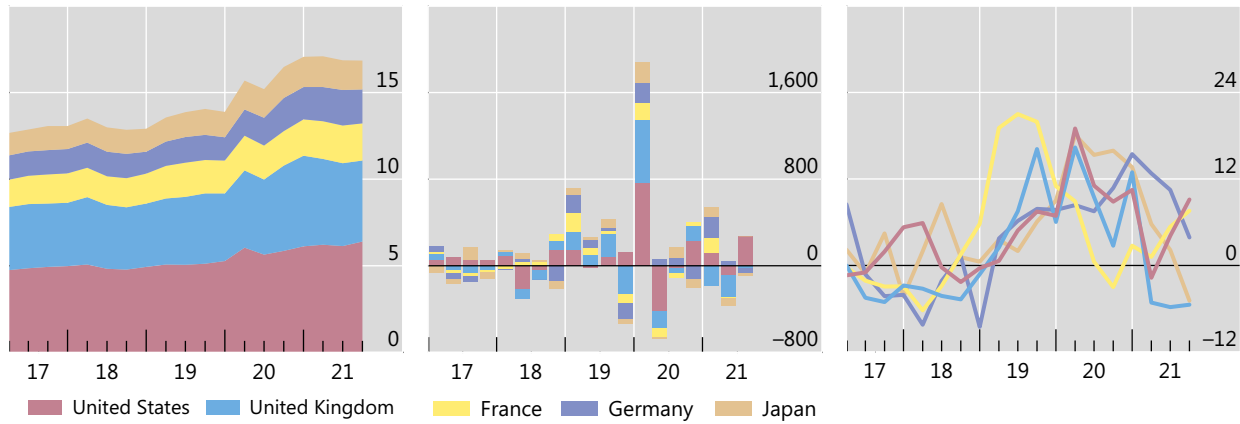
Graph A.3

Amounts outstanding, in USD trn¹

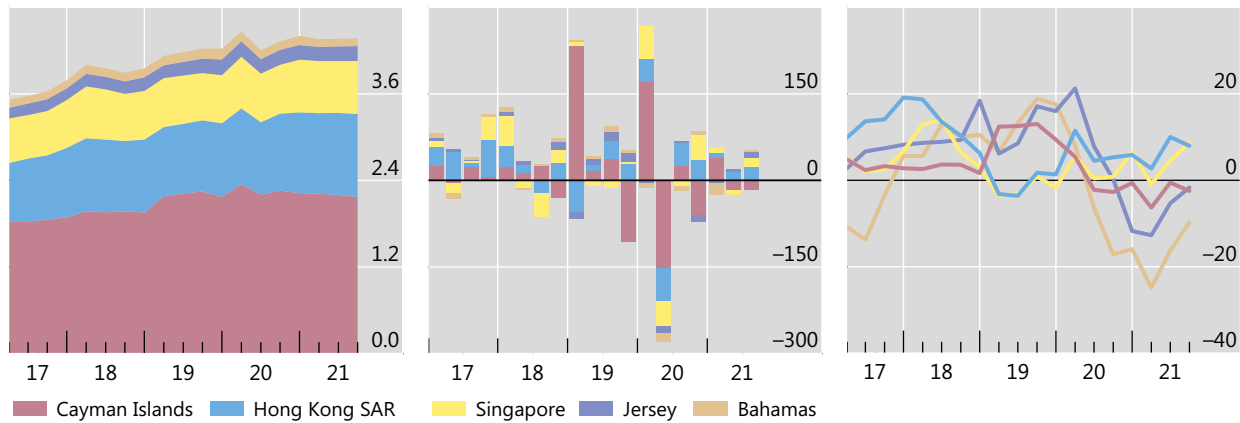
Adjusted changes, in USD bn²

Annual change, in per cent³

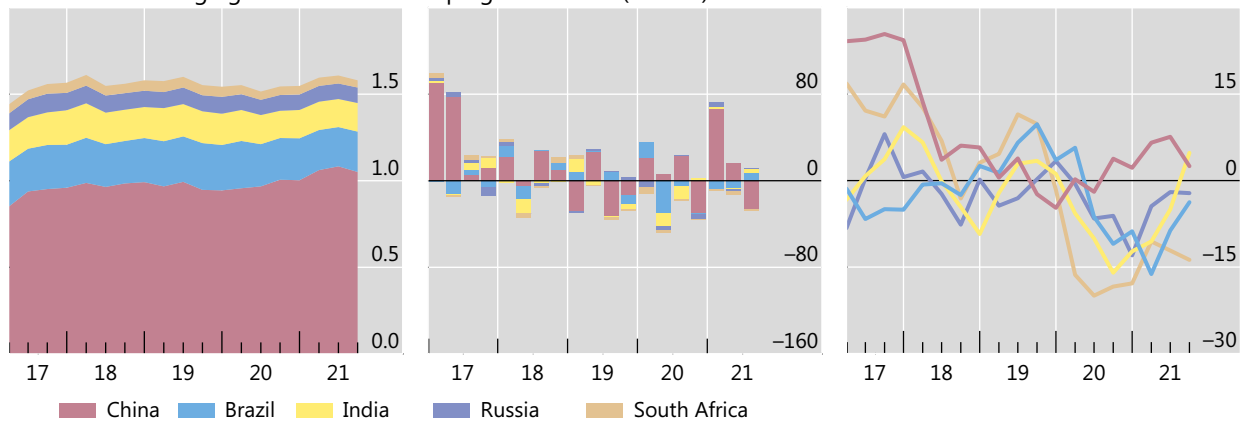
On selected advanced economies



On selected offshore centres



On selected emerging market and developing economies (EMDEs)



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.

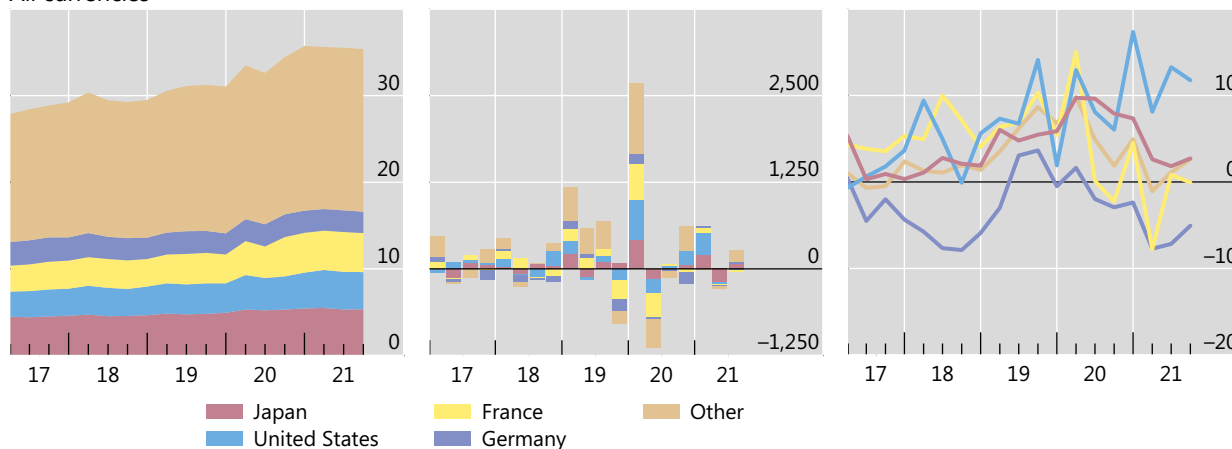
Cross-border claims by nationality of reporting bank and currency of denomination Graph A.4

Amounts outstanding, in USD trn¹

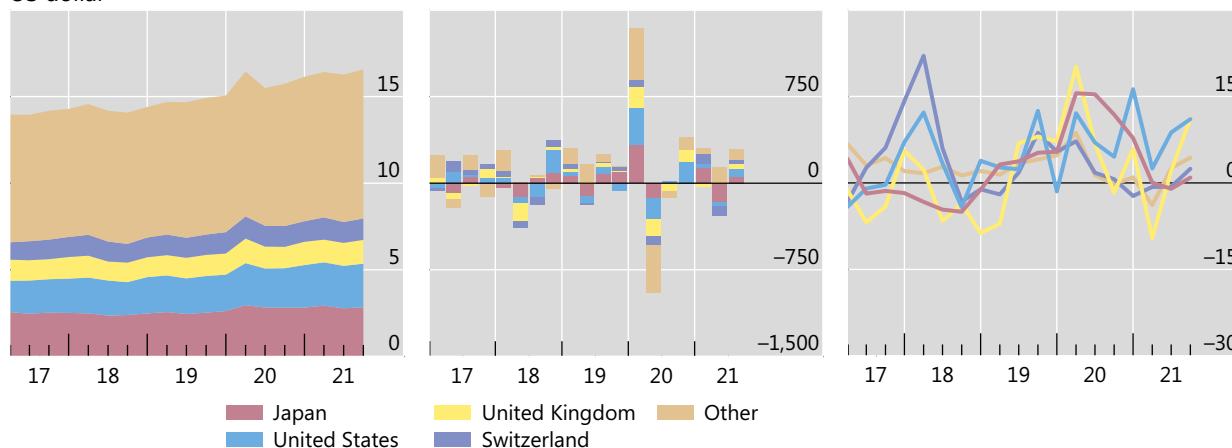
Adjusted changes, in USD bn²

Annual change, in per cent³

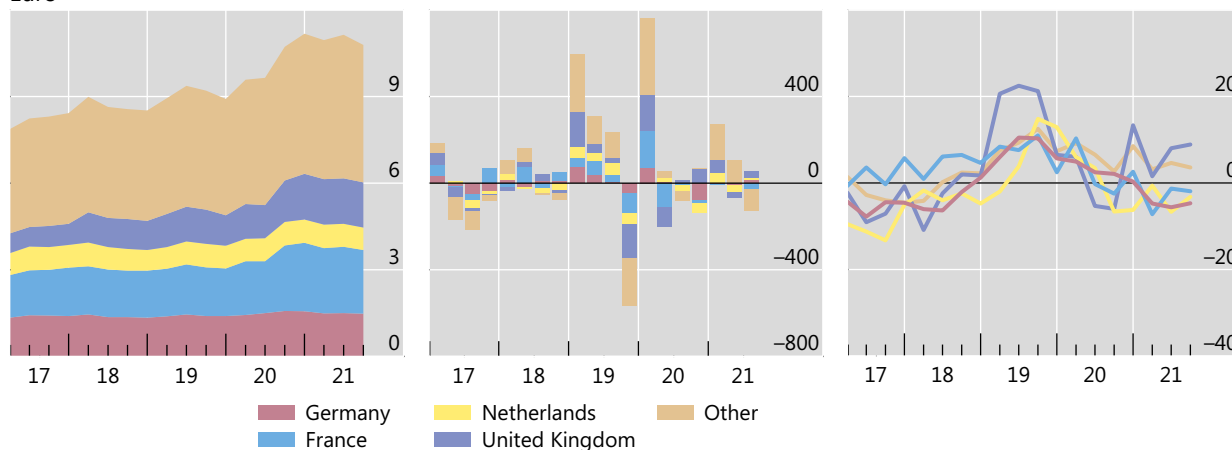
All currencies



US dollar



Euro



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

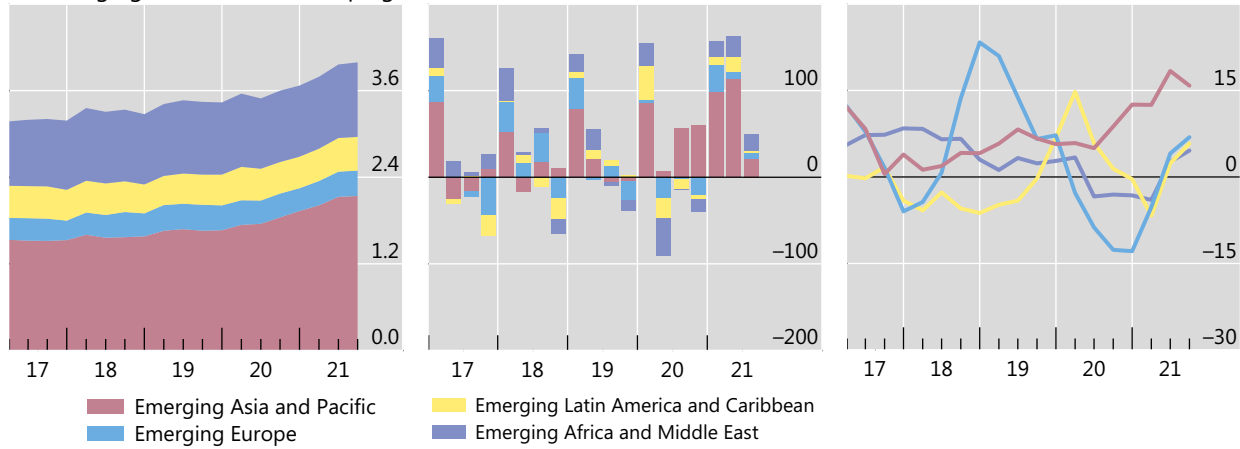
Graph A.5

Amounts outstanding, in USD trn¹

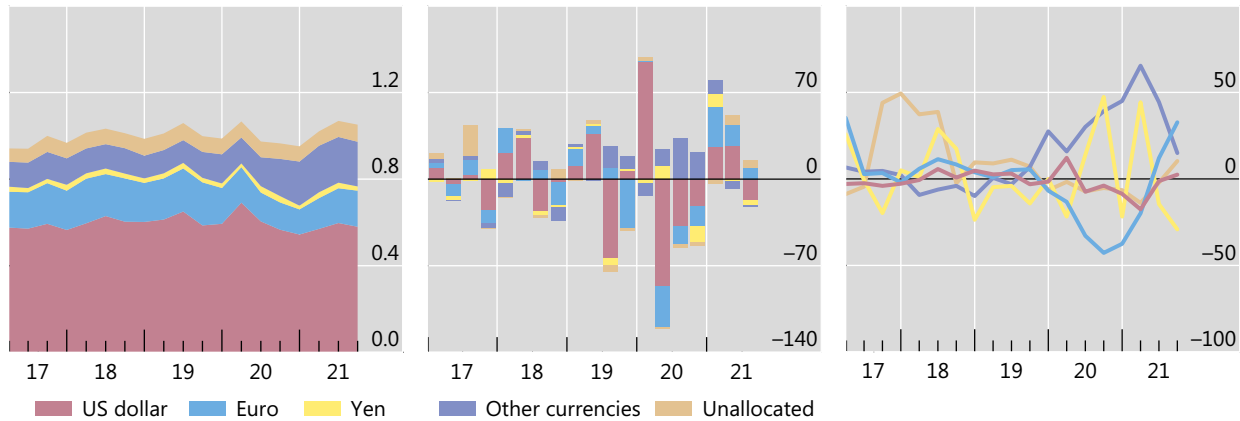
Adjusted changes, in USD bn²

Annual change, in per cent³

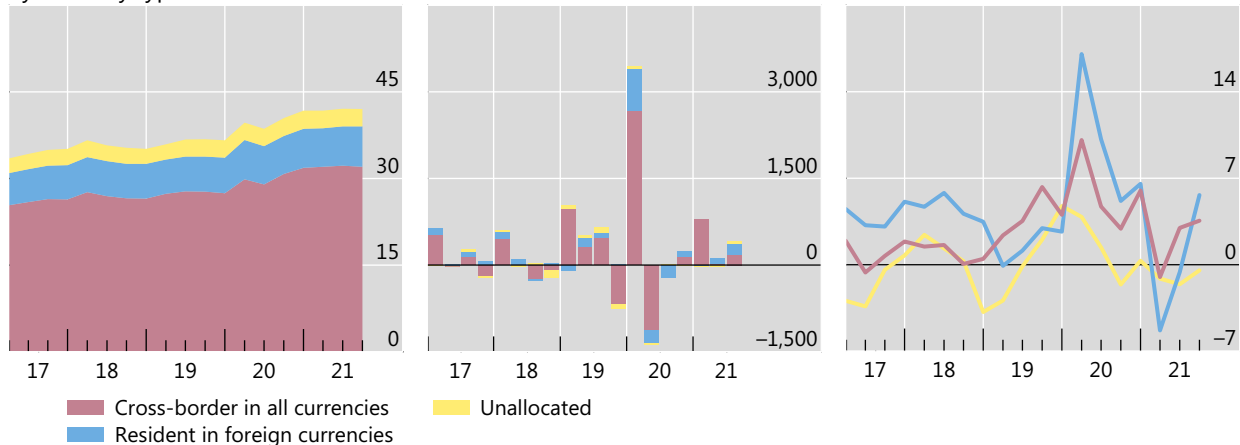
To emerging market and developing economies (EMDEs)



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.

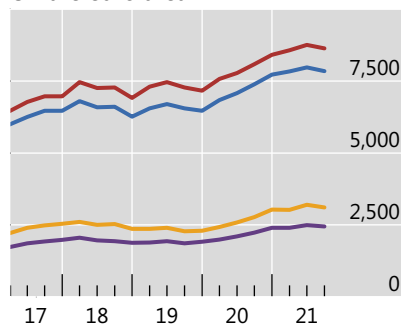
Annex B Consolidated banking statistics graphs

Consolidated claims of reporting banks on advanced economies

Graph B.1

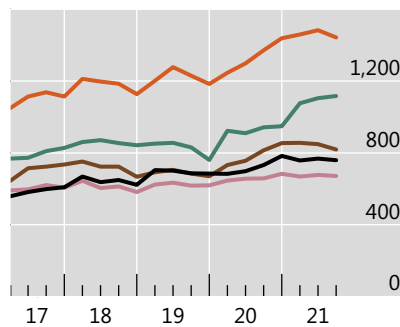
Foreign claims and local positions, in USD bn^{1,2}

On the euro area



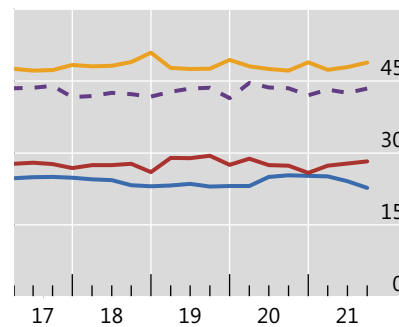
— Foreign claims (immediate)⁵
 — Foreign claims (guarantor)⁶
 — Local claims in local currency
 — Local liabilities in local currency

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



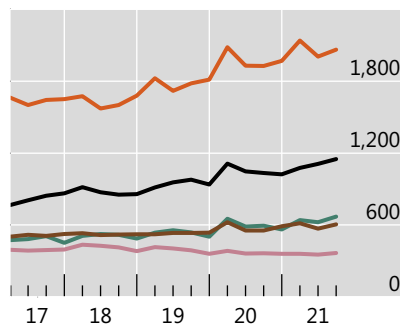
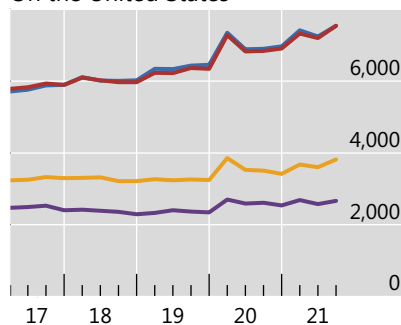
— FR — GB — DE
 — JP — US

International claims, by sector and maturity, in per cent⁴

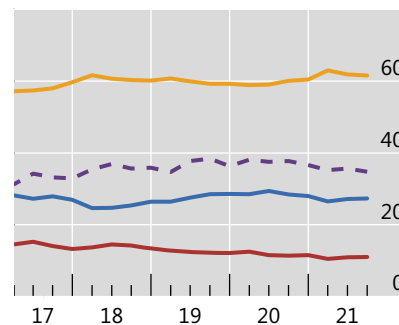


— Banks
 — Official sector
 — Non-bank private sector
 - - Up to and including 1 year

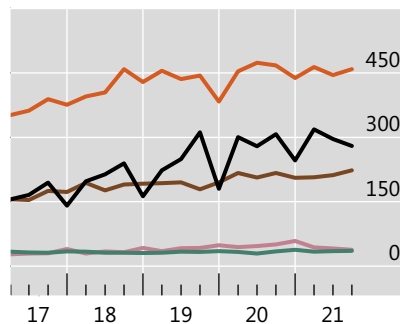
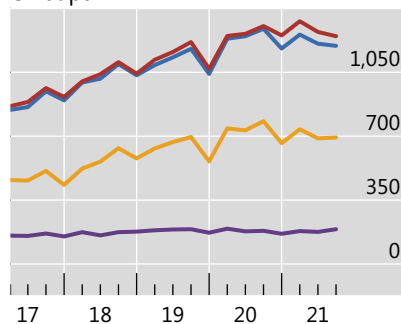
On the United States



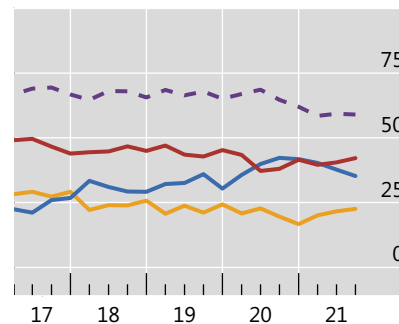
— JP — CH — DE
 — GB — FR



On Japan



— US — GB — AU
 — FR — TW



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.

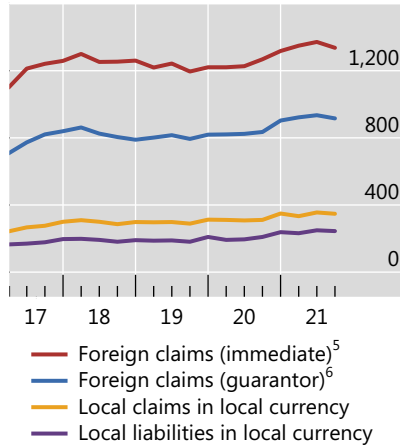
Source: BIS consolidated banking statistics (CBS). Further information is available at www.bis.org/statistics/consstats.htm.

Consolidated claims of reporting banks on emerging market and developing economies (EMDEs)

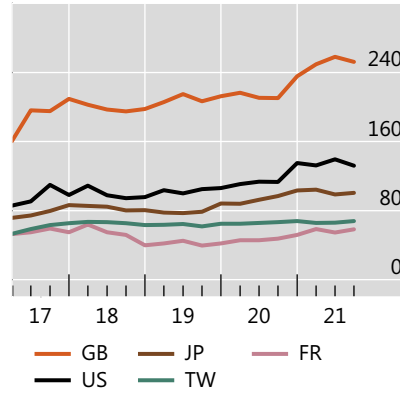
Graph B.2

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

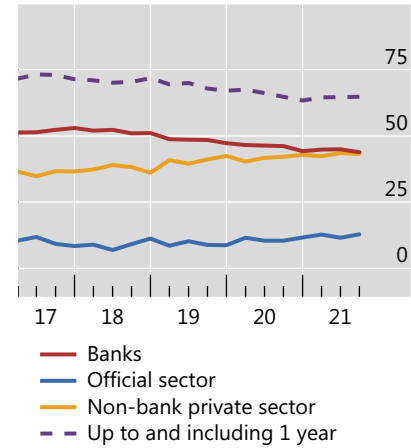
On China



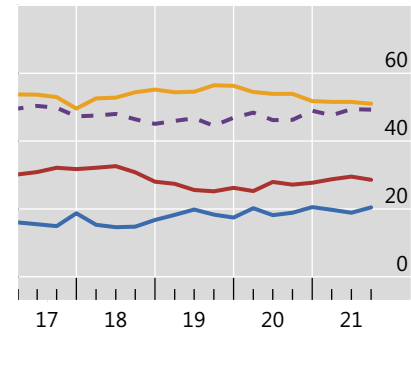
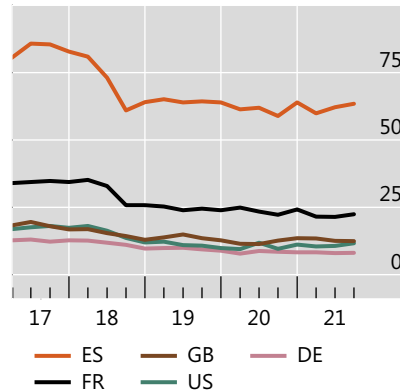
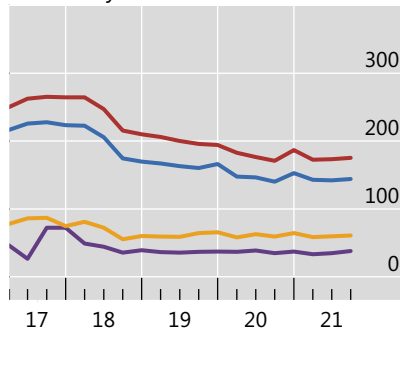
Foreign claims of selected creditors, in USD bn^{1,3}



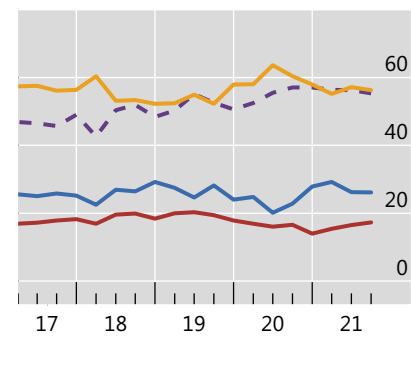
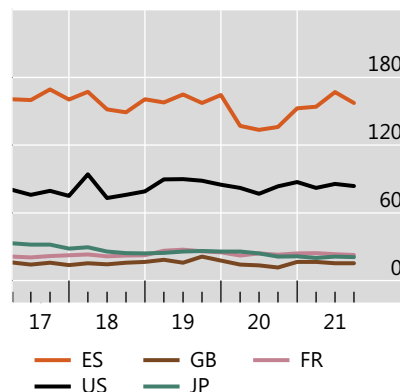
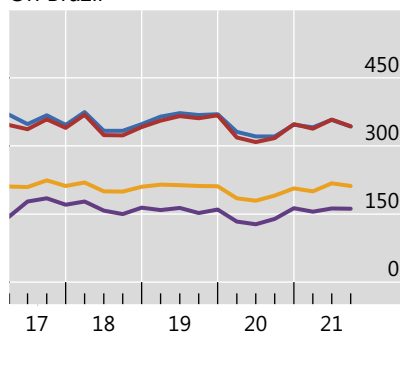
International claims, by sector and maturity, in per cent⁴



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 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. 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.

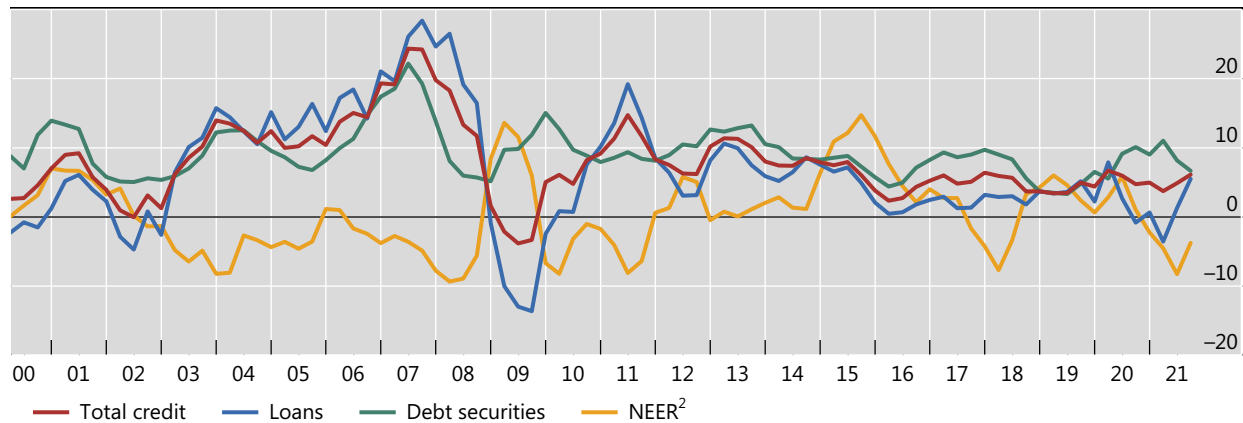
Source: BIS consolidated banking statistics (CBS). Further information is available at www.bis.org/statistics/consstats.htm.

Annex C Global liquidity indicators graphs

US dollar credit outside the United States¹

Annual change, in per cent

Graph C.1



Further information on the BIS global liquidity indicators is available at www.bis.org/statistics/about_gli_stats.htm.

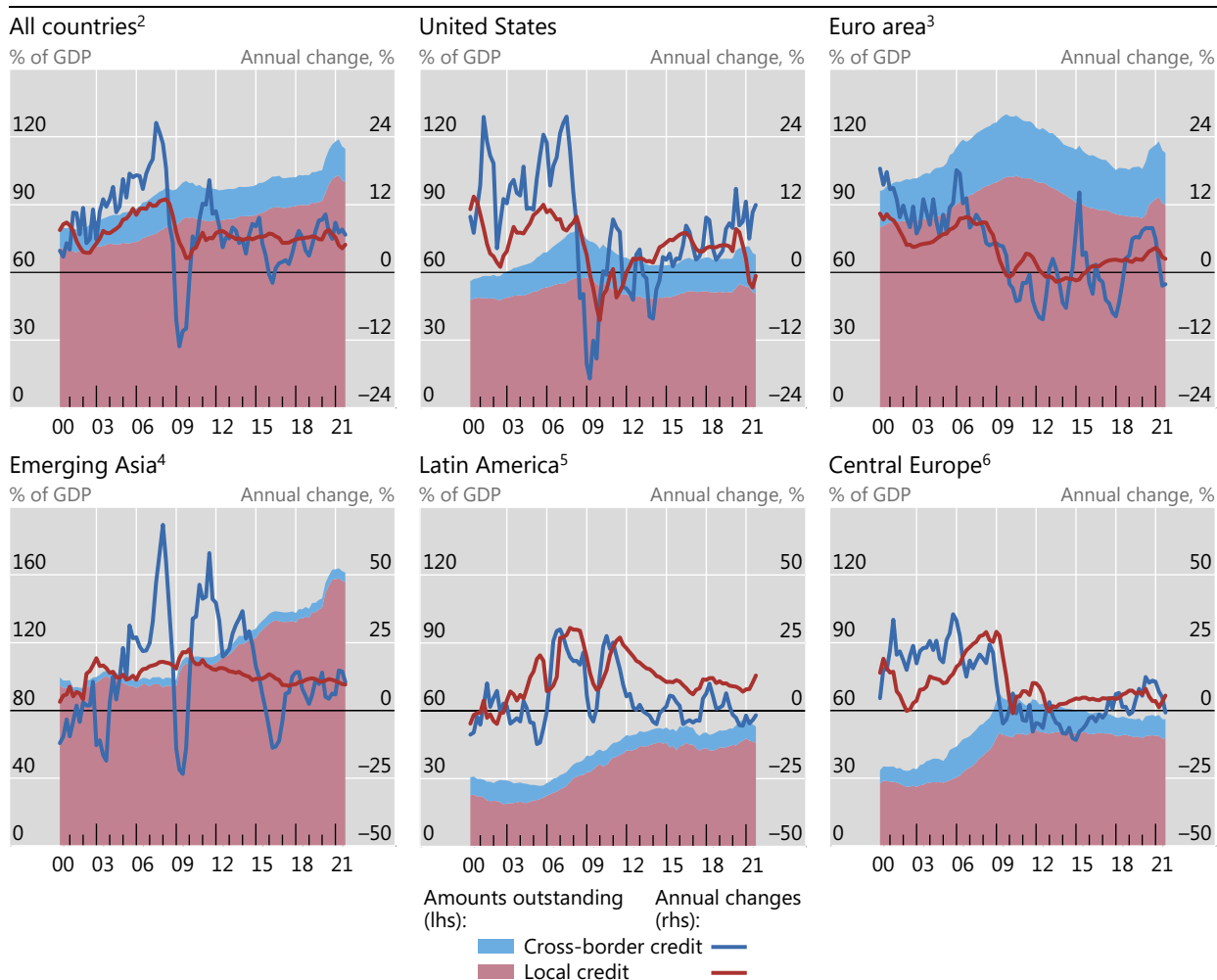
¹ Annual growth of US dollar-denominated credit to non-banks outside the United States. ² Annual growth of the US dollar nominal effective exchange rate (NEER). An increase indicates an appreciation of the US dollar NEER.

Sources: Datastream; Dealogic; Euroclear; Thomson Reuters; Xtrakter Ltd; national data; BIS locational banking statistics; BIS effective exchange rate statistics; BIS calculations.

Global bank credit to the private non-financial sector, by residence of borrower

Banks' cross-border credit plus local credit in all currencies¹

Graph C.2



Further information on the BIS global liquidity indicators is available at www.bis.org/statistics/about_gli_stats.htm.

¹ Cross-border claims of LBS-reporting banks to the non-bank sector plus local claims of all banks to the private non-financial sector. Weighted averages of the economies listed, based on four-quarter moving sums of GDP. ² Australia, Canada, Denmark, Japan, New Zealand, Norway, Russia, Saudi Arabia, South Africa, Sweden, Switzerland, Turkey and the United Kingdom, plus the countries in the other panels. ³ Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal and Spain. ⁴ China, Hong Kong SAR, India, Indonesia, Korea, Malaysia, Singapore and Thailand. ⁵ Argentina, Brazil, Chile and Mexico. ⁶ The Czech Republic, Hungary and Poland.

Sources: BIS statistics on credit to the non-financial sector; BIS locational banking statistics (LBS); BIS calculations.

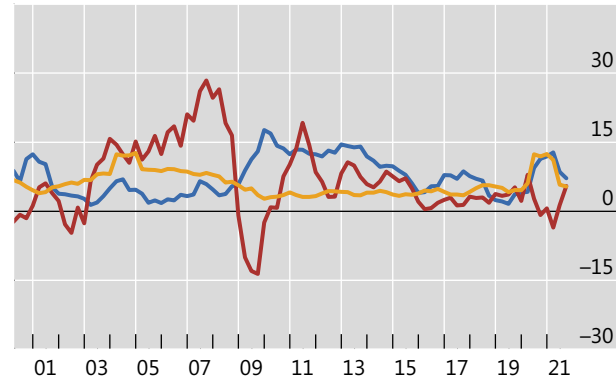
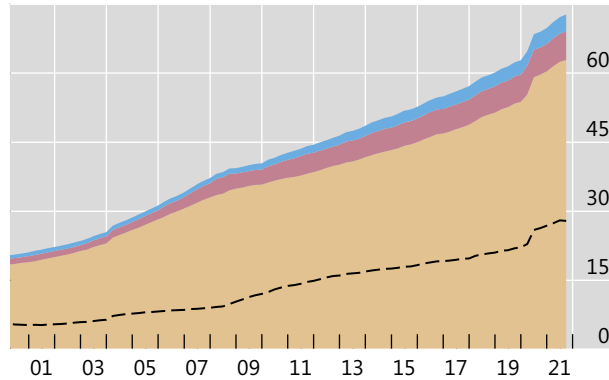
Global credit to the non-financial sector, by currency

Graph C.3

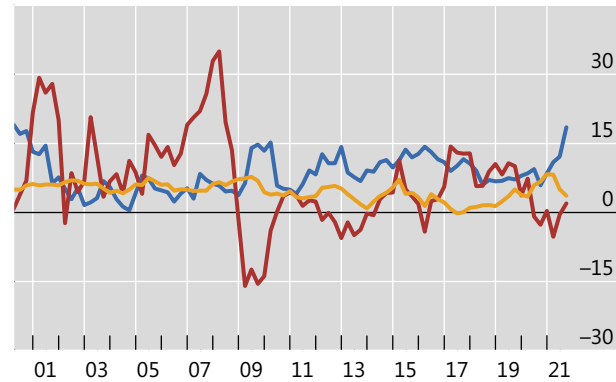
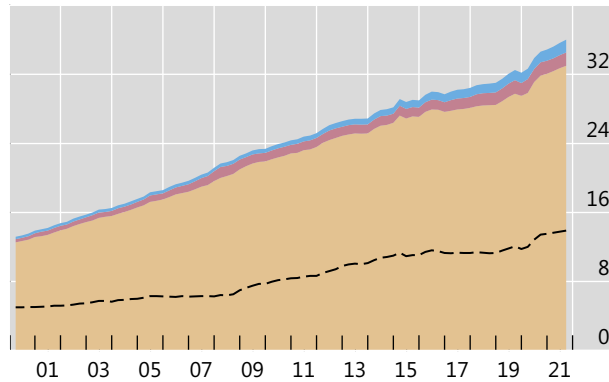
Amounts outstanding, in trillions of currency units¹

Annual change, in per cent²

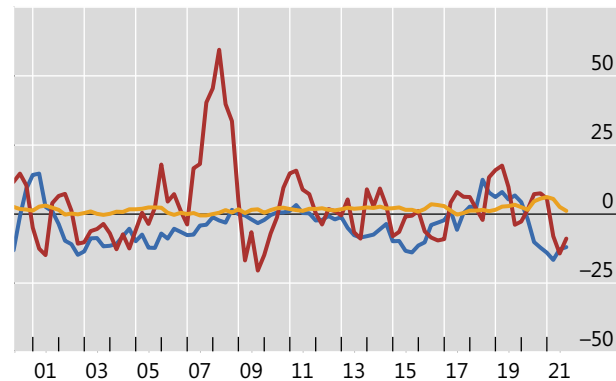
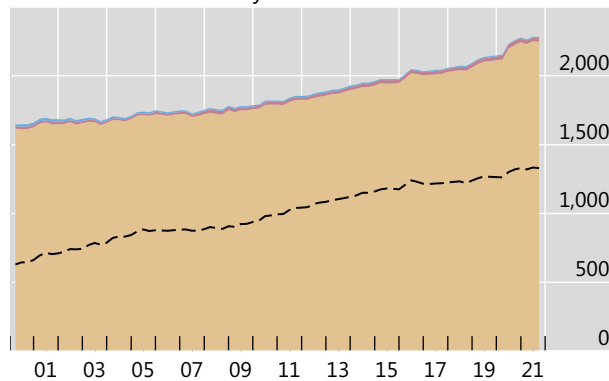
Credit denominated in US dollars



Credit denominated in euros



Credit denominated in yen



Credit to non-residents: ■ Credit to residents⁵
■ Bank loans³ ■ Of which:
■ Debt securities⁴ --- Credit to government

Credit to non-residents: — Credit to residents⁵
— Bank loans³
— Debt securities⁴

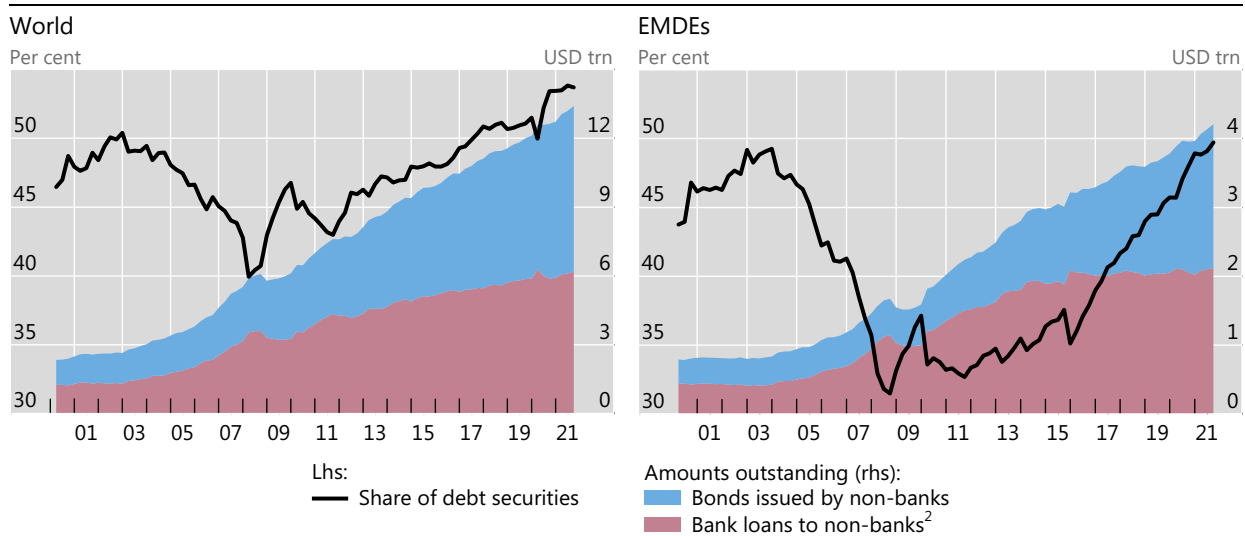
Further information on the BIS global liquidity indicators is available at www.bis.org/statistics/about_gli_stats.htm.

¹ Amounts outstanding at quarter-end. ² Based on quarterly break- and exchange rate-adjusted changes. ³ Loans by LBS-reporting banks to non-bank borrowers, including non-bank financial entities, comprise cross-border plus local loans. ⁴ Excluding debt securities issued by special purpose vehicles and other financial entities controlled by non-financial parents. Euro-denominated debt securities exclude those issued by institutions of the European Union. ⁵ Credit to non-financial borrowers residing in the United States / euro area / Japan. National financial accounts are adjusted using BIS banking and securities statistics to exclude credit denominated in non-local currencies.

Sources: Datastream; Dealogic; Euroclear; Thomson Reuters; Xtrakter Ltd; national data; BIS locational banking statistics (LBS); BIS calculations.

US dollar-denominated credit to non-banks outside the United States¹

Graph C.4



Further information on the BIS global liquidity indicators is available at www.bis.org/statistics/about_gli_stats.htm.

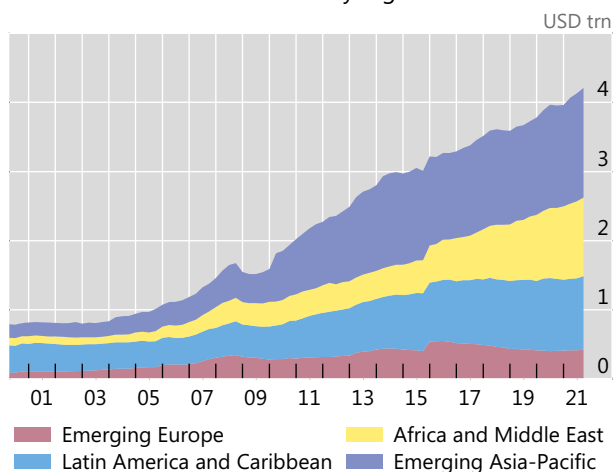
¹ Non-banks comprise non-bank financial entities, non-financial corporations, governments, households and international organisations. ² Loans by LBS-reporting banks to non-bank borrowers, including non-bank financial entities, comprise cross-border plus local loans.

Sources: Datastream; Dealogic; Euroclear; Thomson Reuters; Xtrakter Ltd; national data; BIS locational banking statistics (LBS); BIS calculations.

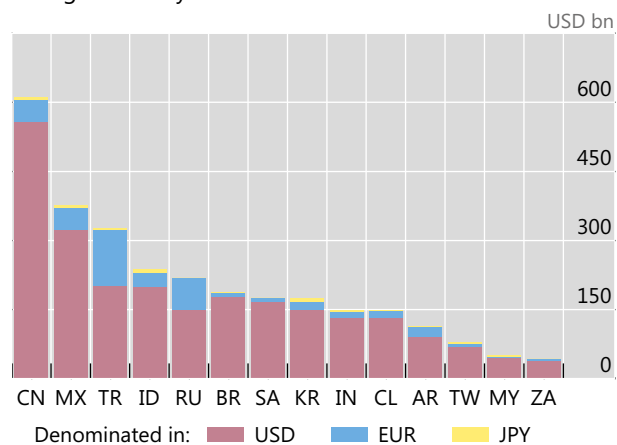
Foreign currency credit to non-banks in EMDEs

Graph C.5

US dollar-denominated credit by region



Foreign currency credit to selected EMDEs¹



Further information on the BIS global liquidity indicators is available at www.bis.org/statistics/about_gli_stats.htm.

¹ Amounts outstanding for the latest available data.

Sources: Datastream; Dealogic; Euroclear; Thomson Reuters; Xtrakter Ltd; national data; BIS locational banking statistics; BIS calculations.

Credit to non-residents and residents

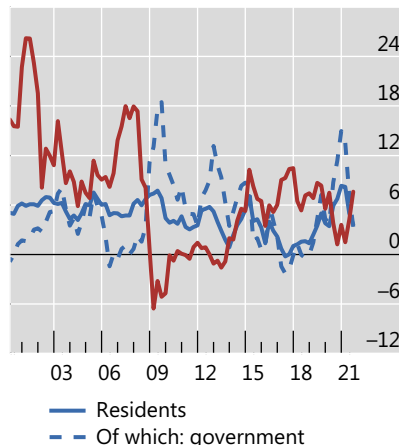
Year-on-year change, in per cent

Graph C.6

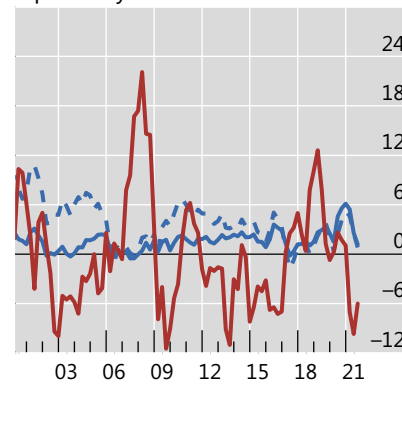
US dollar



Euro



Japanese yen



Credit to non-resident non-bank sector and resident non-financial sector.

Sources: Datastream; Dealogic; Euroclear; Thomson Reuters; Xtrakter Ltd; national data; BIS locational banking statistics (LBS); BIS calculations.