Emerging Market Bank Lending And Credit Risk Control Evolving Strategies To Mitigate Credit Risk Optimize Lending Portfolios And Check Delinquent Loans

The paper assesses the effects of certain institutional factors on financial sector development in Sub- Saharan Africa (SSA). Data Envelopment Analysis (DEA) is applied to determine the extent to which these institutions affect the financial sector, and to suggest which institutions play a more critical role in each country. Results suggest that institutional factors affect financial depth and access to financial services more than asset quality and profitability (measured by nonperforming loans (NPL) and return on equity (ROE). The results also suggest that depth of credit information has the strongest influence on the NPL ratio, and political stability affects access the most. Based on model findings, policy implications on prioritizing institutional reforms to enhance financial sector development are suggested for individual countries and for country groups.

"Filled with creative strategies that work in today's market. A must-read for the real estate investor!" -Albert Lowry, PhD, New York Times bestselling author of How You Can Become Financially Independent by Investing in Real Estate A few years ago, even reckless real estate investors could still make money because the market was booming. But many markets have softened, and making a profit isn't as simple as it used to be. However-with the right strategy and long-term thinking-there is still plenty of money to be made in real estate. If you're willing to look outside your local market, you'll discover emerging markets that are booming. And there are also smart investing strategies that work especially well in slowing markets. You can do it! You just need the new rules and wise tactics you'll find in this practical, profitable guide: * Invest in up-and-coming, high-growth emerging markets * Learn the powerful strategy of market-timing * Use lease options to get more for your money * Learn creative strategies to engineer hands-off investments * Find foreclosures and other hidden bargains * Invest in bargain-rate new construction projects There are great deals hiding in every real estate market, and this book makes finding those values easy. Whether you want to locate the next up-and-coming growth markets, or find creative ways to finance your investments, Making Hard Cash in a Soft Real Estate Market is a savvy guide to investing for anyone who wants to play it safe and profitably.

This book addresses three main dimensions of risk management in emerging markets: 1) the effectiveness of risk management practices; 2) current issues and challenges in risk assessment and modelling in emerging market countries; 3) the responses of emerging markets to the recent financial crises and the design of risk management models.

Emerging Market Bank Lending and Credit Risk ControlEvolving Strategies to Mitigate Credit Risk, Optimize Lending Portfolios, and Check Delinquent LoansAcademic Press

The ins and outs of emerging markets Emerging markets are an integral part of the global business scene. The 1997 Asian meltdown and the Russian debt default scared investors, but as the domestic market becomes more overvalued, investors have begun seeking returns elsewhere. Destined to become a standard in the field, Emerging Markets fills the niche for a balanced evaluation of the investment opportunities in the riskiest markets throughout the world. This practical guide covers what an emerging market is, why corporations and investors should or should not invest in them, and what the risks are. Jeffrey Hooke's new book is ideal for corporations and investors who are starting to look to emerging markets as ways to improve investment returns, expand into new markets, or diversify their portfolios. Jeffrey C. Hooke (Chevy Chase, MD) is Managing Director of Hooke Associates, LLC, an investment banking firm. He was formerly director of Emerging Markets Partnership, a $4 billion fund focusing on emerging markets, and senior investment officer of the World Bank Group.

In the late 1990s, economic and financial crises raged through East Asia, devastating economies that had previously been considered among the strongest in the developing world. The crises eventually spread to Russia, Turkey, and Latin America, and impacted the economies of many industrialized nations as well. In today's increasingly interdependent world, finding ways to reduce the risk of future crises—and to improve the management of crises when they occur—has become an international policy challenge of paramount importance. This book rises to that challenge, presenting accessible papers and commentaries on the topic not only from leading academic economists, but also from high-ranking government officials (in both industrial and developing nations), senior policymakers at international institutions, and major financial investors. Six non-technical papers, each written by a specialist in the topic, provide essential economic background, introducing sections on exchange rate regimes, financial policies, industrial country policies, IMF stabilization policies, IMF structural programs, and creditor relations. Next, personal statements from the major players give firsthand accounts of what really went on behind the scenes during the crises, giving us a rare glimpse into how international economic policy decisions are actually made. Finally, wide-ranging discussions and debates sparked by these papers and statements are summarized at the end of each section. The result is an indispensable overview of the key issues at work in these crises, written by the people who move markets and reshape economies, and accessible to not just economists and policymakers, but also to educated general readers. Contributors: Montek S. Ahluwalia, Domingo F. Cavallo, William R. Cline, Andrew Crockett, Michael P. Dooley, Sebastian Edwards, Stanley Fischer, Arminio Fraga, Jeffrey Frankel, Jacob Frenkel, Timothy F. Geithner, Morris Goldstein, Paul Keating, Mervyn King, Anne O. Krueger, Roberto Mendoza, Frederic S. Mishkin, Guillermo Ortiz, Yung Chul Park, Nouriel Roubini, Robert Rubin, Jeffrey Sachs, Ammar Siamwalla, George Soros

The recent global financial turmoil raised questions about the stability of foreign banks' financing to emerging market countries. While foreign banks' lending growth to most emerging market regions contracted sharply, lending to Latin America and the Caribbean (LAC) was significantly more resilient. Analyzing detailed BIS data on global banks' lending to LAC countries-whether extended directly by their headquarters abroad or by their local affiliates in host countries-we show that the propagation of the global credit crunch was significantly more muted in countries where most of foreign banks' lending was channeled in domestic currency. We also show that foreign banks' involvement in LAC has differed in fundamental ways from that in other regions, with most of their lending to LAC conducted by their local subsidiaries, denominated in domestic currency and funded from a domestic deposit base. These characteristics help explain why LAC has not been struck as hard as other emerging markets by the global deleveraging and pullback in foreign banks' lending.

This paper analyses the determinants of international bank lending to the largest countries in Asia and Latin America through a framework based on 'push'/'pull' factors. Our results show that both types of factors determine international bank lending. However, they differ from those of the early 1990s' literature in that aggregate lending to emerging market countries appears to have been procyclical to growth in lending countries rather than countercyclical. Moreover, the sharp increase in short-term lending during the 1990s seems to have been largely a pull phenomenon. Additionally, there is evidence that fixed rate regimes encouraged international bank lending, while bandwagon and contagion effects were also present. The introduction of the Basel Accord on capital adequacy does not appear to have played a significant role in international bank lending to emerging economies.

We examine the association between capital inflows and industry growth in a sample of 22 emerging market economies from 1998 to 2010. We expect more external finance dependent industries in countries that host more capital inflows to grow disproportionately faster. This is indeed the case in the pre-crisis period of 1998–2007, and is driven by debt, rather than equity, inflows. We also observe a reduction in output volatility but this association is more pronounced for equity, rather than debt, inflows. These relationships, however, break down during the crisis, hinting at the importance of an undisrupted global financial system for emerging markets to harness the growth benefits of capital inflows. In line with this observation, we also document that the inflows-growth nexus is stronger in countries with well-functioning banks.

This paper studies the nature of spillover effects in bank lending flows from advanced to the emerging market economies and identifies specific channels through which such effects occur. Based on a gravity model we examine a panel data set on cross-border bank flows from 17 advanced to 28 emerging market economies in Asia, Latin America and central and eastern Europe from 1993 to 2008. The empirical analysis suggests that global as well as country specific factors are significant determinants of cross-border bank flows. Greater global risk aversion and expected financial market volatility seem to have been the most important factors behind the decrease in cross-border bank flows during the crisis of 2007-08. The decrease in cross-border loans to central and eastern Europe was more limited compared to Asia and Latin America, in large measure because of the higher degree of financial and monetary integration in Europe, and relatively sound banking systems in the region. These results are robust to various specification, sub-samples and econometric methodologies.

This book investigates small and medium sized enterprises (SMEs) access to credit, the earning quality, and the cost of debt in the European Union. It also examines two important risk measures in financial markets: the volatility index (VIX) and Credit Default Swaps (CDS). Finally, it deep dives inside one of the most important emerging markets, China, to assess monetary policy and the relationship between financial institutions and real estate firms. This work will appeal to both academics and practitioners in the areas of SME financing, financial markets and emerging economies.

"Broner, Lorenzoni, and Schmukler argue that emerging economies borrow short term due to the high risk premium charged by international capital markets on long-term debt. They first present a model where the debt maturity structure is the outcome of a risk-sharing problem between the government and bondholders. By issuing long-term debt, the government lowers the probability of a liquidity crisis, transferring risk to bondholders. In equilibrium, this risk is reflected in a higher risk premium and borrowing cost. Therefore, the government faces a tradeoff between safer long-term borrowing and cheaper short-term debt. Second, the authors construct a new database of sovereign bond prices and issuance. They show that emerging economies pay a positive term premium (a higher risk premium on long-term bonds than on short-term bonds). During crises, the term premium increases, with issuance shifting toward shorter maturities. This suggests that changes in bondholders' risk aversion are important to understand emerging market crises. This paper--a product of the Investment Climate Team, Development Research Group--is part of a larger effort in the group to understand financial markets in emerging economies"--World Bank web site.

In today's competitive banking industry, institutional banking is attracting greater interest. Under the globalization umbrella, inter-bank business is undergoing dynamic change and is transcending the boundaries of traditional correspondent banking. In today's climate, no bank, regardless of size, can grow without the cooperation of other banks and no bank can hope to survive and prosper without utilizing emerging markets. Institutional banking in emerging countries has some unique functions: for example, problem solving is heavier and more crucial in emerging markets than in developed countries, given the irregularity of the market and non-transparency of the financial/legal systems. Moreover, it is particularly necessary to forge good relationships, day-to-day contact and personal communication, to provide better chances for product marketing and risk management. Products are therefore tailor-made and adapted as the situation dictates, a successful lesson for one case in one country cannot necessarily be repeated in another. Huang provides a systematic framework for the subject combining both principles and practice. The direct experience of the author, allows him to write authoritatively about the subject with academic vigour as well as a large amount of practical knowledge which only a practitioner can provide. The book contains numerous real life examples and case studies to allow the reader an insight into how Institutional Banking actually works in the real world. The book also contains a supplementary CD which includes chapter summary's and further information. Note: CD-ROM/DVD and other supplementary materials are not included as part of eBook file.

The rapid spread and far-reaching impact of the global financial crisis have highlighted the need for strengthening financial systems in advanced economies and emerging markets. Emerging markets face particular challenges in developing their nascent financial systems and making them resilient to domestic and external shocks. Financial reforms are critical to these economies as they pursue programs of high and sustainable growth. In this timely volume Masahiro Kawai, Eswar Prasad, and their contributors offer a systematic overview of recent developments in—and the latest thinking about—regulatory frameworks in both advanced countries and emerging markets. Their analyses and observations clearly point out the challenges to improving regulation, efficiency of markets, and access to the fi nancial system. Policymakers and financial managers in emerging markets are struggling to learn from the crisis and will need to grapple with some key questions as they restructure and reform their financial markets: • What lessons does the global financial crisis of 2007–09 offer for the establishment of efficient and flexible regulatory structures? • How can policymakers develop broader financial markets while managing the associated risks? • How—or should—they make the formal financial system more accessible to more people? • How might they best contend with multinational financial institutions? This book is an important step in getting a better grasp of these issues and making progress toward solutions that strike a balance between promoting financial market development and efficiency on the one hand, and ensuring financial stability on the other.

Financing Entrepreneurship and Innovation in Emerging Markets offers an original perspective on the links between macro data on innovation, data on micro-entrepreneurial processes and venture capital supply. The authors synthesize two disparate fields of research and thinking—innovation and entrepreneurship and economics—to illuminate how domestic companies compete and the business environment in which entrepreneurial firms operate. Its broad scope and firm linkages between processes at different levels leapfrogs research topics. For those investigating entrepreneurship and innovation in the early stages of economic development, this book demonstrates how micro and macro foundations of productivity, and hence economic growth and development, are inextricably intertwined. Combines macro and micro perspectives on innovation processes Reveals how economic growth and development are inextricably intertwined Uses case studies to portray the entrepreneurial firm and its role in accelerating the speed of innovation and dissemination of new technologies Identifies common flaws undermining public venture programs, including poor design, a lack of understanding for the entrepreneurial process and implementation problems

This paper explores the contribution of credit growth and the composition of credit portfolio (corporate, consumer, and housing credit) to economic growth in emerging market economies (EMs). Using cross-country panel regressions, we find significant impact of credit growth on real GDP growth, with the magnitude and transmission channel of the impact of credit on real activity depending on the specific type of credit. In particular, the results show that corporate credit shocks influence GDP growth mainly through investment, while consumer credit shocks are associated with private consumption. In addition, taking Brazil as a case study, we use a time series model to examine the role that the expansion and composition of credit played in driving real GDP growth in the past. The results of the case study are consistent with those found in the cross-country panel regressions.

This edited volume of International Finance Review examines the rising challenges facing emerging financial markets and institutions. It provides significant insight and policy implications on topics including global banking, risk and contagion, stock market behaviour, financial inclusion in the major emerging economies, and more.

We examine changes in bank credit across a wide range of emerging market economies during the last decade. The rich time-series and cross-section information allows us to draw broader lessons compared to many existing researches, which focus on a specific set of emerging market economies or on shorter time periods. Our results show that domestic and foreign funding contribute positively and symmetrically to credit growth. The results also indicate that stronger economic growth leads to higher credit growth, and high inflation, while increasing nominal credit, is detrimental to real credit growth. We also find that loose monetary conditions, either domestic or global, result in more credit, and that the health of the banking sector also matters. Finally, we discuss some policy lessons.

"Using bank-specific data on U.S. bank claims on individual foreign countries since the mid-1980s, this paper (1) characterizes the size and portfolio diversification patterns of the U.S. banks engaging in foreign lending, and (2) econometrically explores the determinants of fluctuations in U.S. bank claims on a broad set of countries. U.S. bank claims on Latin American and Asian emerging markets, and on industrialized countries, are sensitive to U.S. macroeconomic conditions. When the United States grows rapidly, there is substitution between claims on industrialized countries and claims on the United States. The pattern of response of claims on emerging markets to U.S. conditions differs across banks of different sizes and across emerging market regions. Moreover, we find that, unlike U.S. bank claims on industrialized countries, claims on emerging markets are not highly sensitive to local country GDP and interest rates"--Federal Reserve Bank of New York web site.

The most recent decade has seen a growing presence of banks headquartered in advanced economies (AEs) expanding into emerging markets (EMs). These expansions have brought some benefits to both home and host countries, but the global financial crisis has also unmasked significant vulnerabilities inherent in such relationships. In keeping with past cross-cutting themes papers, this paper focuses on

the experiences of four medium-sized ?home countries,? each with significant retail banking links to EMs—Austria, Belgium, the Netherlands, and Spain. These countries were chosen because of their banks' diverse approaches to EM expansion (including the centralization of their funding models) and equally diverse crisis outcomes (fears over Eastern European exposures resulted in extraordinary policy efforts to maintain bank lending), providing fertile ground for analysis and for drawing lessons in the future.
Housing finance markets have been changing dramatically in both emerging and developed economies. On the one hand, housing finance markets are expanding and represent a powerful engine for economic growth in many emerging economies. However, the unfolding sub-prime mortgage crisis highlights the risks and potential turbulence that this sector can introduce into the financial system when expanding without proper infrastructure and regulation. As housing finance keeps growing in emerging economies to match a rising demand for housing, new risk management approaches, business models, funding tools, and policy instruments can help. Yet many questions remain about the right balance between innovation and regulation, the extent of risks to the financial system, the appropriate role of the state to promote affordable housing, and the effects of the sub-prime crisis. This book provides a guide for policymakers dealing with housing finance in emerging markets. It highlights the prerequisites for an effective housing finance system; it lays out several policy alternatives and models of housing finance; and it explores the role of governments in expanding access to housing finance for lower-income households. There is no "best" model set out in this book. The aim is to provide a developmental roadmap that can be tailored and sequenced to each country's situation and timing.
Using a framework of volatile markets Emerging Market Bank Lending and Credit Risk Control covers the theoretical and practical foundations of contemporary credit risk with implications for bank management. Drawing a direct connection between risk and its effects on credit analysis and decisions, the book discusses how credit risk should be correctly anticipated and its impact mitigated within framework of sound credit culture and process in line with the Basel Accords. This is the only practical book that specifically guides bankers through the analysis and management of the peculiar credit risks of counterparties in emerging economies. Each chapter features a one-page overview that introduces its subject and its outcomes. Chapters include summaries, review questions, references, and endnotes. Emphasizes bank credit risk issues peculiar to emerging economies Explains how to attain asset and portfolio quality through efficient lending and credit risk management in high risk-prone emerging economies Presents a simple structure, devoid of complex models, for creating, assessing and managing credit and portfolio risks in emerging economies Provides credit risk impact mitigation strategies in line with the Basel Accords
Emerging market economies have accounted for three quarters of world economic growth and more than half of world output over the last decade. But the energy and ideas inherent in emerging economies cannot generate growth by themselves without resources to support them — and first among these resources is money which is needed to purchase the capital and knowhow that turn ideas and initiative into income. How do emerging economies rich in resources other than money get money? This question encapsulates what emerging market finance is all about, and why finance is absolutely crucial to economic development. In emerging countries, most of the population does not have access to bank accounts or financial markets to save or borrow. The result is that many firms cannot get access to financial resources to grow, while households cannot borrow and save in ways that could reduce the riskiness and poverty of their lives. Even those that do have access to formal finance find that credit is unreliable and expensive. These financial failures limit growth and also increase the frequency of costly financial crises. These issues, and many more like them, mean that finance in emerging economies is different and often more complex than the view presented in most textbooks, where finance is only considered from the perspective of wealthy, developed economies. This book

addresses this failure by focusing on the important characteristics of financial systems in emerging market economies and their differences from those in developed countries. This book surveys both theoretical and empirical research on finance in emerging economies, as well as reviewing numerous case studies. The final chapters describe and compare financial systems within the four different regions that encompass most emerging economies: Sub-Saharan Africa, the Middle East, Asia, and South America.

Economists and policymakers are still trying to understand the lessons recent financial crises in Asia and other emerging market countries hold for the future of the global financial system. In this timely and important volume, distinguished academics, officials in multilateral organizations, and public and private sector economists explore the causes of and effective policy responses to international currency crises. Topics covered include exchange rate regimes, contagion (transmission of currency crises across countries), the current account of the balance of payments, the role of private sector investors and of speculators, the reaction of the official sector (including the multilaterals), capital controls, bank supervision and weaknesses, and the roles of cronyism, corruption, and large players (including hedge funds). Ably balancing detailed case studies, cross-country comparisons, and theoretical concerns, this book will make a major contribution to ongoing efforts to understand and prevent international currency crises.

A practitioner's guide to finding alpha in fixed income trading in emerging markets Emerging fixed income markets are both large and fast growing. China, currently the second largest economy in the world, is predicted to overtake the United States by 2030. Chinese fixed income markets are worth more than $11 trillion USD and are being added to global fixed income indices starting in 2019. Access for foreigners to the Indian fixed income market, valued at almost 1trn USD, is also becoming easier – a trend repeated in emerging markets around the world. The move to include large Emerging Market (EM) fixed income markets into non-EM benchmarks requires non-EM specialists to understand EM fixed income. Trading Fixed Income in Emerging Markets examines the principle drivers for EM fixed income investing. This timely guide suggests a more systematic approach to EM fixed income trading with a focus on practical trading rules on how to generate alpha, assisting EM practitioners to limit market-share losses to passive investment vehicles. The definitive text on trading EM fixed income, this book is heavily data-driven – every trading rule is thoroughly back-tested over the last 10+ years. Case studies help readers identify and benefit from market regularities, while discussions of the business cycle and typical EM events inform and optimise trading strategies. Topics include portfolio construction, how to apply ESG principles to EM and the future of EM investing in the realm of Big Data and machine learning. Written by practitioners for practitioners, this book: Provides effective, immediately-accessible tools Covers all three fixed income asset classes: EMFX, EM local rates and EM credit Thoroughly analyses the impact of the global macro cycle on EM investing Examines the influence of the financial rise of China and its fixed income markets Includes case studies of trades that illustrate how markets typically behave in certain situations The first book of its kind, Trading Fixed Income in Emerging Markets: A Practitioner's Guide is an indispensable resource for EM fund managers, analysts and strategists, sell-side professionals in EM and non-EM specialists considering activity in emerging markets.

An investor's guide to capitalizing on opportunities in the fixed income markets of emerging economies The fixed income market in emerging countries represents a new and potentially lucrative area of investment for professionals, but with great risk. Investing in Emerging Fixed Income Markets shows investors how to identify solid investment opportunities, assess the risk potential, and develop an investment approach to enhance long-term returns. Contributors to this book, among the leading experts from around the world, share their insights, advice, and knowledge on a range of topics that will help investors make the right decisions and choices when dealing with emerging fixed income markets. This fully updated and revised edition of the Handbook of Emerging Fixed Income and Currency Markets is the best guide for navigating the complicated world of emerging fixed income markets. Efstathia Pilarinu (Strasbourg, France) is a consultant specializing in the derivatives and emerging market fixed income areas. She has worked for several major Wall Street firms, including Salomon Brothers, Bankers Trust, Societe General. She has a doctorate degree and an MBA in finance from the University of Tennessee and an undergraduate degree in mathematics from the University of Patras, Greece. John Wiley & Sons, Inc. is proud to be the publisher of the esteemed Frank J. Fabozzi Series. Comprising nearly 100 titles--which include numerous bestsellers--The Frank J. Fabozzi Series is a key resource for finance professionals and academics, strategists and students, and investors. The series is overseen by its eponymous editor, whose expert instruction and presentation of new ideas have been at the forefront of financial publishing for over twenty years. His successful career has provided him with the knowledge, insight, and advice that has led to this comprehensive series. Frank J. Fabozzi, PhD, CFA, CPA, is Editor of the Journal of Portfolio Management, which is read by thousands of institutional investors, as well as editor or author of over 100 books on finance for the professional and academic markets. Currently, Dr. Fabozzi is an adjunct Professor of Finance at Yale University's School of Management and on the board of directors of the Guardian Life family of funds and the Black Rock complex of funds.

The recent global financial turmoil raised questions about the stability of foreign banks'' financing to emerging market countries. While foreign banks'' lending growth to most emerging market regions contracted sharply, lending to Latin America and the Caribbean (LAC) was significantly more resilient. Analyzing detailed BIS data on global banks'' lending to LAC countries-whether extended directly by their headquarters abroad or by their local affiliates in host countries-we show that the propagation of the global credit crunch was significantly more muted in countries where most of foreign banks'' lending was channeled in domestic currency. We also show that foreign banks'' involvement in LAC has differed in fundamental ways from that in other regions, with most of their lending to LAC conducted by their local subsidiaries, denominated in domestic currency and funded from a domestic deposit base. These characteristics help explain why LAC has not been struck as hard as other emerging markets by the global deleveraging and pullback in foreign banks'' lending.

Corporate debt restructurings in the emerging markets have always presented special challenges. Today, as the global economy emerges from the COVID-19 pandemic and businesses look to pick up the pieces, this is even more true. For many, the financial hangover of the lockdowns and market disruptions linger and threaten their independence, even their survival. This peril is more acute in the emerging and frontier markets. Weaker economic fundamentals and institutional resiliency often intensify the challenge to return to pre-COVID-19 operating levels and financial sustainability. In this context, borrowers invariably must address the imbalance of substantial existing debt with the "new reality" of their business operations and revenues. This book, using case studies, presents a full, detailed narrative of a fictitious troubled bank in an emerging market, with characters, dialogues, and negotiations. It also includes a series of discussion questions with suggested answers, to draw out key issues from the case. In doing so, this initial narrative offers a substantive analysis of the five main phases and principles of a restructuring: (1) pre-restructuring, (2) the decision to restructure, (3) the case set-up, (4) structuring and negotiation, and lastly (5) implementation. In each chapter, the book outlines the main elements of the phases and shows how the elements are applied in practice. The book also presents separate chapters on exogenous shocks (with a focus on the COVID-19 pandemic as an example of such shocks), macroeconomics, and legal issues present in cross-border restructurings. It will be of interest to the international professional financial and legal community, primarily junior-to mid-level financiers, business people, and lawyers. Richard Marney is a senior advisor for risk management at responsAbility Investments AG, a leading Zurich-based development finance focused asset management firm. He previously served as the firms chief risk officer. Prior to responsAbility, Richard had a broad and varied 40-year career in emerging and frontier markets banking and principal investing, with senior-level business and corporate development, risk management, and operating roles, including with BNY Mellon and JP Morgan. Timothy Stubbs is a partner with the global law firm Dentons. He heads the firms Russian Banking and Finance Group. Tim has worked on emerging markets transactions with Dentons (and its legacy firm Salans) since 1992, having previously practiced law in Chicago and New York. Tim also worked for two years in the European Bank for Reconstruction and Development (EBRD) in London on working sabbatical. Tim has led numerous debt restructurings and financings of all types, including bilateral and syndicated lending, real estate finance and project finance. .

This paper analyzes the drivers of cross-border bank lending to 49 Emerging Markets (EMs) during the period 1990Q1-2014Q4, by assessing the impact of monetary, financial and real sector shocks in both the US and the euro area. The literature has traditionally highlighted the influence of US monetary policy on driving cross-border bank flows, and more recently the importance of both US and Euro Area (EA) financial/banking sectors' related variables. Our contribution is the simultaneous analysis of the role of these US and EA drivers, as well as their interactions with real sector shocks. We corroborate the negative impact of US monetary policy tightening on cross-border lending to EMs, but we find that EA monetary policy seems to have an impact mostly on Emerging Europe, reflecting the fact that cross-border lending to most other EM regions is dollar denominated. We also find that real sector shocks in both the US and EA trigger an increase in cross-border lending, but less in EA when modeling the financial sector. Finally, for financial sector shocks, such as those associated with a decrease in bank leverage, our results indicate a broad-based overall contraction of cross-border lending if the shock originates in the US, and heterogenous effects across borrowing regions if the shock originates in the EA.

Tackle infrastructure development projects in emerging markets with confidence In Project Finance: Applications and Insights to Emerging Markets Infrastructure, distinguished professor and author Paul Clifford insightfully applies the fundamental principles of project finance structuring to infrastructure investments in emerging markets. Using leading emerging market case studies to illuminate the underlying themes of the book, the author provides a practitioner's perspective and incisive analysis of concepts crucial to a complete understanding of project finance in emerging markets, including: · Risk management · ESG and impact investing · The emergence of new global multilateral development banks · China's Belt and Road Initiative Project Finance bridges the gap between theoretical infrastructure development, investment, and finance and the implementation of that theory with instructive and applicable case studies. Throughout, the author relies on a grounded and quantitative approach, combining the principles of corporate finance with straightforward explanations of underlying technologies, frameworks, and national policies. This book is an invaluable resource for undergraduate and graduate students in finance, as well as professionals who are expected to deal with project and infrastructure finance in emerging markets.

This paper develops a stylized, small, open economy macro model that incorporates an explicit and non-trivial role for financial intermediation. It illustrates how such a model could be used for policy analysis in an emerging market economy where policymakers are concerned about risks associated with rapid credit growth, financial dollarization, and foreign borrowing, while lacking traditional tools to effect monetary policy transmission, and hence could resort to more direct instruments, such as foreign exchange market intervention and regulatory and administrative measures. Calibrating the model to a stylized emerging European economy, the paper simulates real and financial sector implications of various external and policy-related shocks that could be used as input for monetary policy making.

This timely reader of seminal papers published by Palgrave on behalf of Comparative Economic Studies, examines how and why foreign banks enter emerging markets and the positive benefits they bring to the host countries.

We employ a unique data set containing bank-specific information to explore how foreign bank entry determines credit allocation in emerging markets. We investigate the impact of the mode of foreign entry (greenfield or takeover) on banks' portfolio allocation to borrowers with different degrees of informational transparency, as well as by maturities and currencies. The impact of foreign entry on credit allocation may stem from the superior performance of foreign entrants ("performance hypothesis"), or reflect borrower informational capture ("portfolio composition hypothesis"). Our results are broadly in line with the portfolio composition hypothesis, showing that borrower informational capture determines bank credit allocation.

This study investigates the existence of political rents in bank lending, using a comprehensive loan-level data set of the universe of commercial loans in Mexico from 2003 to 2012. Identification relies on changes in the state of origin of a senate committee chairman as a source of exogenous variation in firms' political relationship. The study finds that banks offer favorable loan terms to politically connected firms with larger loan quantities, lower loan spreads, longer maturities, and lower collateral requirements. Furthermore, political loans exhibit higher default rates. To isolate the bank supply channel, a rich set of fixed-effects is included with various specifications. The favorable lending increases with the strength of a firm's political connection, varies gradually along the political cycle, and is mainly offered by large and domestic banks. Consistent with the quid pro quo hypothesis, the study finds that banks that extend political loans receive significantly more government borrowings with better credit quality. The study also shows that the greater credit supply due to political connection leads to a large and significant increase in firm-level employment and assets. The study provides estimates of the total social cost of political lending and net revenue for banks that are engaged in rent provision activity. Finally, a series of robustness tests are performed to rule out alternative mechanisms and explanations.

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