

International Bank Lending: A Guided Tour through the Data

The rapid growth of international bank lending over recent years has whetted the appetite of bankers, financial analysts, economists, and the public at large for more detailed and timely information on this activity. Comprehensive data are needed to come to grips with a wide range of important questions. Here are just a few examples:

- What is the volume of bank lending in world markets?
- How much of it is being done by United States banks?
- Do United States bank practices differ from practices of other banks?
- Are United States bank loans concentrated among a few borrowers?
- What is the exposure of United States banks in individual countries?

Interest in issues such as these naturally has been keen among government officials and bank supervisors both in this country and abroad. However, they have found that the available data series, which were developed to address particular problems in the past, were not fully adequate to deal with the broader scope of concerns that have emerged in recent years.

Consequently, considerable resources have been devoted to expanding and refining data sources. Progress so far has been encouraging, although there are still gaps in the data that make it impossible to answer every question a researcher might wish to ask. This article describes what kinds of information are now available and how they can be used.

Data on United States banks' foreign lending

The Treasury and the Federal Reserve have greatly increased the scope of their data on international banking activities over the last several years. Originally, the Treasury collected information on foreign lending by banks in the United States for the purpose of measuring the United States balance of payments. In April 1978 the Treasury changed the format of these data to improve their usefulness in analyzing bank behavior. Among the changes made by the Treasury the most important is the segregation of claims on foreigners held by banks for their customers from banks' own claims on foreigners.¹ Because that distinction was not made before, earlier data moderately overstate the volume of bank lending to foreigners. Treasury data, available back to 1934, are published in the *Treasury Bulletin*. (See box on page 40 for sources of data on international bank lending.) Changes in the Treasury international capital series are described on pages 612-13 of the July 1978 *Federal Reserve Bulletin*.

The Federal Reserve began in 1969 collecting monthly information on the activities of foreign branches of United States banks for supervisory purposes. These data are published monthly in the *Federal Reserve Bulletin*. In 1975, the Federal Reserve extended the coverage of branch activities to permit quarterly analysis of the geographic distribution of branch lending. These supplementary data are pub-

¹ The term "claims" is a more inclusive concept than "loans", which are one component of claims. Other components include acceptances made for foreigners, items in process of collection, demand and time deposits held by banks, certificates of deposit, promissory notes, and related assets.

lished in the *Statistical Release E.11* of the Board of Governors of the Federal Reserve System.

By combining Treasury and Federal Reserve data, the researcher can analyze changes in the volume of foreign claims. But there are problems with this method. One has already been mentioned: until this spring, Treasury data have included customer claims

on foreigners held in custody at United States banks. In addition, the Treasury numbers include the foreign claims position of foreign-owned agency and branch banks located in the United States. Consequently, the researcher cannot distinguish between lending by United States-chartered banks and other bank lending originating in this country.

Sources of Data on International Bank Lending

United States banks

- (1) *United States Treasury Bulletin*, Tables CM-II-1 through CM-II-6: foreign claims of United States-located banks; monthly. Selected data also in *Federal Reserve Bulletin*, Tables 3.16-3.18.
- (2) *Federal Reserve Bulletin*, Table 3.13: claims of overseas branches of United States banks; monthly.
- (3) Board of Governors of the Federal Reserve System, "Geographical Distribution of Assets and Liabilities of Major Foreign Branches of U. S. Banks", *Statistical Release*, E.11: claims on foreigners by foreign branches of United States banks by country of borrower; quarterly.
- (4) Board of Governors of the Federal Reserve System, "Country Exposure Lending Survey", *Press Release* (thus far, released on January 16, 1978 and June 8, 1978): foreign claims of United States-owned banks and their overseas affiliates.
- (5) *Federal Reserve Bulletin*, "Announcements": assets of overseas branches of Federal Reserve member banks; year-end data available with a variable lag (usually six to nine months after the year-end).

Banks in major industrial countries

- (6) Bank for International Settlements, *Annual Report*: external claims of banks in the Group of Ten countries, Switzerland, and branches of United States banks in the Caribbean and Far East, gross Eurocurrency claims by banks in Belgium-Luxembourg, France, Germany, Italy, the Netherlands, Sweden, Switzerland, and the United Kingdom (the European reporting area); estimated net uses of Eurocurrency funds by banks in the European reporting area. Selected data also reported in Bank of England *Quarterly Bulletin* and in Organization for Economic Cooperation and Development *Financial Statistics*.
- (7) Bank for International Settlements, Monetary and

Economic Department, "Euro-currency and Other International Banking Developments": greater disaggregation of data described in (6); quarterly.

- (8) Bank for International Settlements, Monetary and Economic Department, "International Banking: External Positions of Commercial Banks in Group of Ten Countries, Switzerland, Austria, Denmark and Ireland and of Certain of Their Foreign Affiliates", July 1978: semiannual international banking survey.
- (9) Bank of England, *Quarterly Bulletin*: foreign currency claims on foreigners of banks in the United Kingdom—detail on location of borrowers; distinction between bank and nonbank borrowers. Maturity analysis of foreign currency claims by type of United Kingdom-located bank (e.g., American banks, consortium banks). United Kingdom contribution to recent BIS lending survey (Source 8).
- (10) Deutsche Bundesbank, *Monthly Report of the Deutsche Bundesbank*: foreign claims of German banks—detail on asset type can be derived by subtracting internal assets from total assets.
- (11) Deutsche Bundesbank, *Statistical Supplements to the Monthly Reports of the Deutsche Bundesbank*, Series 3: foreign claims of German banks—short-term vs. long-term; Deutsche mark-denominated vs. all others; claims on nonbanks vs. claims on banks. Some detail on location of borrower.
- (12) Bank of Canada, *Bank of Canada Review*: foreign currency claims on foreigners by Canadian banks—some detail on location of borrower; distinction between bank and nonbank borrowers and between United States dollar-denominated claims and all other claims; monthly.
- (13) Bank of Japan, *Economics Statistics Monthly*: short-term claims on foreigners by Japanese banks—distinction between yen-denominated claims and all other claims.
- (14) World Bank, *Borrowing in International Capital Markets*: syndicated bank credits—detailed information about individual credits as well as summary data; quarterly.

Federal Reserve and Treasury data, moreover, were not designed for identifying the country exposure of United States banks. For one thing, exposure includes what are called contingent claims, binding commitments of banks to extend credit in the future. For another, a loan to a borrower in one country guaranteed by an institution in a second country is considered an exposure to the second country, not the first.

To deal with these problems, the Federal Reserve, together with the Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation, developed the country exposure lending survey (CELS). This survey provides foreign lending information for United States banks on a consolidated basis, that is, for a bank's domestic offices plus all of its overseas affiliates including majority-owned subsidiaries. These data, available semiannually (but with certain modifications) from June 1977, provide detailed country-by-country information on the types of borrowers, the maturity distribution of claims on foreigners, the ultimate guarantor of borrowings (when applicable), and commitments by banks to lend to foreigners.²

Data published by the BIS

Although United States banks make up the largest group of market participants, banks from other industrial countries have played a major and growing role in international banking. Since the early 1960's, information on the foreign lending activities of banks in major industrial countries has been published by the Bank for International Settlements (BIS). Over the years, the scope and detail of these data have expanded greatly. Today, BIS figures, published in the quarterly "Euro-currency and Other International Banking Developments" and in the *BIS Annual Report*, cover banks in fourteen industrial countries and selected bank branches in the Caribbean area and Far East.³

As a source of information for analyzing the country exposure of banks, these BIS figures share many of the drawbacks of the Treasury international capital series and the Federal Reserve foreign branch data. No distinction is made among types of bank assets. Guaranteed credits and contingent claims on foreigners are not identified. Nor is there sufficient detail to distinguish, on a country-by-country basis,

between claims on other banks and claims on nonbank borrowers. To remedy some of these problems, BIS reporting countries agreed to collect more detailed information.⁴ The Federal Reserve's contribution to this effort evolved into the country exposure lending survey discussed above, which provides greater information on banking system exposure than does its BIS counterpart. The BIS international banking survey data are collected semiannually and reported under the title "International Banking: External Positions of Commercial Banks in Group of Ten Countries, Switzerland, Austria, Denmark and Ireland and of Certain of Their Foreign Affiliates". The initial survey covered bank positions at the end of 1977 and was published in July 1978.

Data published by other industrial countries

Although the BIS data provide the most comprehensive coverage of international bank lending activity, the level of aggregation hides important information. In comparing the activities of banks in different countries, it can be useful to refer to national data series. From these, the researcher usually can derive greater information on type and location of borrower, maturity and currency composition of claims, and asset types. Important sources of national data series are listed in the box, (9) through (13).

Data on syndicated bank credits

Bank lending takes many forms: straight loans, trade financing (e.g., acceptances), deposits with other banks, purchases of corporations' commercial paper or promissory notes, acquisition of securities and certificates of deposit, and so on. One of the more popular lending vehicles in the international market has been the syndicated credit—a line of credit extended by a group or syndicate of banks rather than by a single bank. Participation in syndicated credits often is viewed by banks as a sign of international prestige. As a result, these credits are usually publicized in "tombstones" that appear in major financial newspapers and magazines. Several groups, including private banks and trade publications, compile tabulations on syndicated credits from such publicized information. Perhaps the most comprehensive tabulation on new syndicated credits is published by the World Bank in its quarterly

² For a more detailed discussion of this survey, see "A New Supervisory Approach to Foreign Lending", this *Quarterly Review* (Spring 1978), especially page 6.

³ Reporters consist of banks in the Group of Ten Countries—Belgium-Luxembourg, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom, and the United States—plus Switzerland, Austria, Denmark, and Ireland plus United States bank branches located in the Bahamas, Cayman Islands, Hong Kong, Panama, and Singapore.

⁴ Reporters consist of banks in the Group of Ten countries, Switzerland, Austria, Denmark, and Ireland, as well as (a) all foreign affiliates (including branches) of United States banks, and (b) affiliates of other reporting banks (except those reporters in Belgium-Luxembourg) located in the Bahamas, Barbados, Bahrain, Bermuda, Cayman Islands, Hong Kong, Liberia, Lebanon, the Netherlands overseas territories, New Hebrides, Panama, Singapore, Virgin Islands, and other British West Indies.

Table 1

Bank Claims on Foreigners

In billions of dollars

Claims by banks in	Outstanding at	
	Mid-1977	End-1977
United States*		
Treasury-Federal Reserve series	228 1	251 1
Country Exposure Lending Survey	164 2	194 6
Industrial countries		
BIS (quarterly)†	572 1	657 3
BIS (semiannual)‡	\$	217 0

* Excludes intrabank claims

† Reporters include banks in the Group of Ten countries and Switzerland and branches of United States banks in the Bahamas, Cayman Islands, Hong Kong, Panama, and Singapore. See (6) and (7) in the box on page 40.

‡ Reporters include those in above footnote as well as banks in Austria, Denmark, and Ireland and certain foreign affiliates in other countries. See (8) in the box.

\$ Not available.

Borrowing in International Capital Markets. These data are available back to 1973.

Because syndicated credits are lines of credit, they reflect commitments to lend by the participating banks, not just actual disbursements. Further, numbers cited in tombstone announcements and in the World Bank publication represent *new* commitments rather than *total* credit commitments. For these reasons, figures on syndicated credits are not comparable to the bank claims data in other reports, such as the Treasury-Federal Reserve series, which cover total credit actually extended by banks.

Volume of bank claims

One frequently asked question about international bank lending is simply "How big is it?" Surprisingly, even with the improvement and refinement in data sources, that is not easy to answer definitively. As shown in Table 1, different data sources can provide different answers. This results from differences in coverage among them.

The two sets of figures on United States bank claims on foreigners differ by about \$60 billion. Several differences in coverage that are only partially offsetting account for this large discrepancy. Figures in the country exposure lending survey cover overseas subsidiaries of United States banks and not just their overseas

branches. They also include some holdings of long-term securities issued by foreigners, which are excluded from Treasury claims data. (Although purchases and sales of foreign securities are reported in the *Treasury Bulletin*, these data do not show bank activity separately.) However, these factors are more than offset by other differences in coverage. The exposure survey excludes claims on foreigners by United States-located agencies and branches of foreign banks, which are included in the Treasury international capital series. As noted, Treasury data prior to the 1978 changes also included bank-held but customer-owned claims on foreigners; these are excluded from the lending survey numbers. Finally, the exposure survey publishes only cross-border and cross-currency claims on unaffiliated foreigners. That means, for example, the cruzeiro-denominated claims of United States bank branches located in Brazil on Brazilians are not shown.

The difference between the two BIS data sets is even more striking than the United States data. However, almost the entire \$440 billion difference between the quarterly BIS external claims figure and the semiannual BIS international banking survey number results from the exclusion in the semiannual data of bank claims on borrowers located in other reporting countries.⁵ That means a loan by a British bank to a German resident is not picked up by the BIS international banking survey. Obviously, such activity accounts for a very large portion of total international lending.

The volume of bank lending to final borrowers

In addition to lending to foreign governments and corporations, banks also lend to each other. However, in analyzing international economic activity, the researcher is generally interested in the change in claims on final borrowers, such as individuals, corporations, and governments, and would wish to deduct claims on other banks from total bank claims. That adjustment is possible in varying degrees with the available data. Treasury-Federal Reserve data can be adjusted to exclude interbank activity using the Treasury data disaggregation presented in the *Federal Reserve Bulletin* as well as the overseas branch figures presented in

⁵ Claims on borrowers in the following countries are excluded: Austria, Belgium-Luxembourg, Canada, Denmark, France, Germany, Ireland, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom, the United States, the Bahamas, Barbados, Bahrain, Bermuda, Cayman Islands, Hong Kong, Lebanon, Liberia, Netherlands overseas territories, New Hebrides, Panama, Singapore, the Virgin Islands, and other British West Indies. There are many other differences between the quarterly and semiannual data, including differences in coverage among reporting banks. For a detailed discussion of these differences, see (8) in the box.

Table 2

Summary of Data on Foreign Claims of Banks in the United States and Other Industrial Countries*

Sources	Maturity breakdown (years)	Maturity determination	Borrower breakdown	Interbank activity	External guarantee†	Contingent claims and unutilized credits‡	Currency breakdown
Attributes of United States bank claims							
Treasury-Federal Reserve data (prior to April 1978)	0-1; over 1; Treasury data only	From date obligation incurred	Foreign officials, foreign banks; others; (only for loans in Treasury data)	Data available to exclude intra- bank activity			Dollars vs. foreign currency claims
Treasury-Federal Reserve data (available April 1978)	0-1; over 1; quarterly Treasury data only	Time remaining	Public borrowers;§ foreign banks (unaffiliated vs. affiliated); all others	Data available to exclude intra- bank and interbank activity			Dollars vs. foreign currency claims
Country Exposure Lending Survey (CELS)	0-1; 1 to 5; over 5 (beginning December 1977)	Time remaining	Public borrowers;§ banks; all other borrowers	Excludes intra- bank activity; data avail- able to exclude interbank activity	Externally guaranteed nonlocal currency claims on banks vs. all other borrowers	Available	
Attributes of industrial countries' bank claims							
Bank for International Settlements (BIS) counterpart to Treasury- Federal Reserve data				Possible to net out interbank within re- porting area. Claims on nonbanks exclude central monetary authorities			Available for European reporting area only
BIS international banking survey	0-1; 1-2; over 2	Time remaining				Available	

* For source references, see the box on page 40.

† "Guaranteed" claims are those claims of the reporting institution for which a third party formally and legally obligates itself to repay the reporting institution's claims on the direct obligor if the latter fails to do so.

‡ Contingent claims refer to binding contractual obligations to lend by the reporting institution.

§ The term "public borrowers" refers to central governments and departments of central governments and their possessions; central banks, stabilization funds and exchange authorities; corporations and other agencies of central governments; state, provincial; and local governments and their departments and agencies, and international or regional organizations or subordinate or affiliate agencies thereof.

|| Not available.

that publication.⁶ The technique is documented in the following example for May 31, 1978 (in millions of dollars):

1. Head office claims on foreigners (<i>Treasury Bulletin</i> , July 1978, page 95)	88,171
minus	
Head office claims on own foreign offices (<i>Federal Reserve Bulletin</i> , July 1978, page A62) ..	— 35,476
minus	
Head office claims on unaffiliated foreign banks (<i>Federal Reserve Bulletin</i> , July 1978, page A62)	— 28,153
equals	
2. Head office claims on final foreign borrowers ..	24,542
3. United States overseas branch claims on foreigners (<i>Federal Reserve Bulletin</i> , August 1978, page A56)	241,788
minus	
United States overseas branch claims on foreign banks (<i>Federal Reserve Bulletin</i> , August 1978, page A56)	— 91,960
minus	
United States overseas branch claims on other branches of parent (<i>Federal Reserve Bulletin</i> , August 1978, page A56)	— 52,722
equals	
4. United States overseas branch claims on final borrowers	97,106
5. United States banks' claims on final borrowers (2 + 4)	121,648

The netting-out of interbank claims can be performed on these data only for *total* bank claims; it cannot be done for claims on individual countries.

By contrast, the CELS figures were designed to provide a country-by-country breakdown of claims on public and private nonbank borrowers. The survey also includes separately claims on unaffiliated banks but excludes claims on affiliated foreign banking offices. In addition, the survey provides separate information on contingent claims on public and other borrowers to allow the analyst to derive potential, as well as current, bank exposure to a particular area.

⁶ Prior to April 1978, only intrabank claims, that is, claims of one office of a bank on another office of the bank, can be excluded. To accomplish this, data provided in the *Federal Reserve Bulletin* on foreign branch liabilities to United States parent banks (a proxy for United States head office claims on own foreign offices) and foreign branch claims against sister branches should be subtracted from the gross Treasury-Federal Reserve foreign claims figures.

Information on lending to final borrowers by banks in the major industrial countries is provided in the BIS quarterly series. However, three *different* net claims concepts are provided, two of which overestimate and one of which underestimates lending to final borrowers. The first concept excludes interbank deposits or placements with other reporting banks from Eurocurrency claims (*i.e.*, claims denominated in a currency foreign to the country in which the lending bank is located).⁷ However, interbank claims on nonreporting banks are included, overstating the actual volume of lending to final borrowers.

The second BIS measure of lending to final borrowers is similar to the first in that it excludes only interbank placements between reporting banks. However, it differs in two respects. It deals with external claims (*i.e.*, claims in *both* domestic and foreign currencies on borrowers residing outside the country in which the lending bank is located) rather than Eurocurrency claims. In addition, it covers lending by a larger group of banks than the first measure.⁸ Again, because of the inclusion of claims on nonreporting banks, this concept overstates the size of lending to final borrowers.

The last BIS measure of lending to final borrowers is similar to the first in that it covers Eurocurrency claims by banks in eight European countries.⁹ It differs from both of the other two measures in that it covers only claims on nonbanks, where "nonbanks" is defined to exclude central monetary authorities. Thus, to the extent that central monetary authorities borrow from Eurobanks, this concept underestimates lending to final borrowers.

Although the BIS semiannual international banking survey provides no information on interbank placements, it is the only source of contingent claims on foreigners by banks in industrial countries. As noted above, such data are useful in determining total potential bank exposure to a given country.

Finally, national data sources (*e.g.*, (9), (11), and (12) in the box) provide additional detail on lending to nonbanks by banks in certain countries. However, the BIS data provide the most comprehensive coverage of banks in industrial countries as a whole.

⁷ Reporting banks covered by this concept of net claims are those located in Belgium-Luxembourg, France, Germany, Italy, the Netherlands, Sweden, Switzerland, and the United Kingdom. These data are presented in the table "Estimated Sources and Uses of Euro-currency Funds" in (6) and (7) in the box on page 40.

⁸ Here, reporting banks are those located in the Group of Ten countries and Switzerland and branches of United States banks located in the Bahamas, Cayman Islands, Hong Kong, Panama, and Singapore. These data are presented in the table "Estimated Lending in International Markets" in (6) in the box.

⁹ See the table entitled "External Positions of Reporting European Banks in Dollars and Other Foreign Currencies" in (6) in the box.

The borrowers

Another frequent question about international banking is: "Who are the borrowers and where do they come from?" Recent improvements in data sources allow much more detailed answers to this question.

The Treasury has long published monthly information on the geographic distribution of foreign claims held by banks located in this country. The data for quarter-end months can be combined with the Federal Reserve's quarterly figures on the claims of United States banks' foreign branches. Together, these data show the magnitude of the United States banking system's foreign activity in about sixty countries and five regions of the world. Beyond the geographic breakdown, however, there is little detail on the characteristics of the borrowers in each country. For instance, the foreign branch data published by the Federal Reserve do not distinguish on a country-by-country basis between, say, public sector borrowers and private sector borrowers. Distinctions among broad classes of borrowers are important for several analytical purposes, most notably for assessing the different degrees of risk in international lending.

The information in the CELS provides some detail about the characteristics of the borrowers. Data on the country-by-country distribution of United States banks' foreign claims are divided into those on public, bank, and nonbank private borrowers. Comprehensive information is also provided on external guarantees, an important factor not covered by the other data series. The total amount of externally guaranteed direct credit extended to a country is reported separately. In addition, externally guaranteed claims on bank and nonbank borrowers are reported by country of ultimate guarantor. These figures are useful in identifying the country of ultimate credit exposure.

For banks in industrial countries, the BIS quarterly data and semiannual international banking survey data provide a breakdown of external claims by country of borrower.¹⁰ The detail is sufficient to isolate claims on offshore financial centers—places like Singapore, Hong Kong, and the Bahamas, where international banks have established branches to funnel funds to other countries. Claims on those centers are typically on other banks. However, the BIS country-by-country

data do not differentiate between public and private borrowers. They do not provide information about loans guaranteed by residents of a third country, either.

Data on external foreign currency claims of banks in eight European countries¹¹ provided by the BIS give a limited geographical breakdown in combination with a distinction between bank and nonbank customers.¹² The table "Estimated Sources and Uses of Euro-Currency Funds" in (6) and (7) in the box provides a limited geographical breakdown of Eurocurrency claims (excluding those on other reporting banks). Finally, some national data sources give bank claims by country or region of borrower, e.g., (9), (11), and (12) in the box.

Characteristics of foreign lending

In addition to the volume of bank lending and the characteristics of the borrowers, available data can tell the researcher something about the maturity distribution as well as the currency and asset composition of bank claims on foreigners.

Maturities

Some information is available in the *Treasury Bulletin* on the maturity breakdown of the foreign claims of banks located in the United States. The new Treasury data series differentiates on the basis of time remaining to maturity between short-term (up to one year) and long-term (over one year) foreign claims. By comparison, in the Treasury data collected prior to April 1978, maturity is determined from the date the obligation was incurred. Beginning in December 1977, consolidated data on the CELS provide an additional breakdown—over five years. The BIS semiannual data provide a slightly different breakdown by time remaining to maturity from the United States survey. Claims are grouped into those maturing in one year or less, one to two years, and over two years. The only other reasonably comprehensive source on maturities is the Bank of England *Quarterly Bulletin* (see (9) in the box), but these data pertain to only United Kingdom-located banks (including United Kingdom branches of United States banks). Nevertheless, that particular disaggregation among maturities, between banks and nonbanks and between residents and nonresidents, is unsurpassed in detail.

Currencies and asset type

The Treasury figures differentiate claims payable in

¹⁰ The *Annual Report* and "Euro-currency and Other International Banking Developments", in the table entitled "External Positions in Domestic and Foreign Currencies of Banks in Group of Ten Countries and Switzerland and of the Offshore Branches of U.S. Banks", provide year-end and quarterly data, respectively, on all external claims by banks in the Group of Ten and Switzerland and by United States bank branches in selected offshore financial centers. The semiannual BIS international banking survey figures present selected external claims by banks in fourteen countries and by certain of these banks' affiliates.

¹¹ Belgium-Luxembourg, France, Germany, Italy, the Netherlands, Sweden, Switzerland, and the United Kingdom.

¹² These data are presented in Tables 3 and 4 in "Euro-currency and Other International Banking Developments".

dollars and those payable in all other currencies. The foreign currency claims are not further separated by type of currency.

As for types of assets, there are major differences between the old and new Treasury international capital series. Prior to April 1978, separate data on short-term dollar-denominated loans, collections, acceptances, and all other short-term dollar claims on foreigners were published each month. Short-term claims payable in foreign currencies were broken down into three categories: bank deposits, foreign government obligations plus commercial and financial paper, and all other short-term claims payable in foreign currencies. In addition, long-term dollar loans and all other long-term claims were distinguished.

However, the new Treasury data do not include as much detail on asset types as the old Treasury series. Banks' own claims are not reported by asset types. However, quarterly data on customer claims provide information on dollar-denominated deposits, negotiable and readily transferable instruments, customer liabilities on acceptances, collections, and all other dollar claims. In addition, the foreign currency claims of domestic customers are split between deposit and all other types of claims.

Federal Reserve foreign branch data provide limited information on asset types. Branch claims by type of asset are published annually in the *Federal Reserve Bulletin* (see (5) in the box). However, these data do not provide separate information on currency denomination or maturity breakdown or on the type of borrower to which credit is extended.

The BIS *Annual Report* and "Euro-Currency and Other International Banking Developments" provide currency breakdowns only for banks in the European reporting area. Gross external foreign currency claims of these banks are given with a six-currency breakdown. External claims on nonbanks (excluding central monetary authorities) are disaggregated into dollar and "other" foreign currencies.

Limitations of the data

Examined separately, these sets of data provide only a partial picture of foreign lending by international banks. Used together a more complete overview can be fashioned of the international banking system as a

whole and the United States banking system's international activity in particular.

However, despite all the improvement in the variety and scope of information on international bank lending, many questions still are unanswerable with today's data. Very little is known about the terms and conditions of lending to specific countries or borrowers. The World Bank provides information on interest rates and maturities on individual syndicated credits. However, such credits represent only a part of bank lending and, in addition, there are commitment fees and syndication charges that are rarely published. Nor is it possible from existing data to determine if and to what extent United States banks are offering different terms and conditions on loans than banks from other countries.

Another set of questions left unanswered concerns foreign borrowing by United States nonbank corporations. The available data do not tell how much of this borrowing goes on, either by the parent company or by foreign offices of United States multinationals.

The current data provide a great deal of information about country exposure. However, they do not classify corporate borrowers by industry. Do certain groups of banks have large industry exposure? The possible risk of this type of exposure was highlighted by the problems banks have experienced with tanker loans in recent years.

Finally, what forms does international bank lending take? The researcher has only limited information on the types of debt instruments used in the international banking market. What role does trade financing play? What proportion of new lending is extended through syndicated credits? To what degree do Eurobanks invest in international bond issues? These questions are left unanswered by today's data.

One final observation might be in order. It is always easier to ask questions than it is to collect data. Official agencies have to be careful not to ignore the reporting burden whenever launching a new data-collection effort or revising an existing series. In the area of international banking, however, the improvements in the scope and usefulness of the data have paid real dividends to the public and the authorities—not to mention to the reporters themselves who are eager to see how they stand in the market.

Genie Dudding Short and Betsy Buttrill White