

## Chapter 1

# CROSS-BORDER BANK LENDING TO SELECTED SEACEN ECONOMIES: AN INTEGRATIVE REPORT

By Victor Pontines and Reza Y. Siregar

1.	Introduction	1
2.	Stylised Facts and Motivation	3
3.	Measurement and Empirical Results	6
4.	Lessons from the Research Papers	10
5.	Policy Challenges Going Forward	13
	5.1 Cross-border Supervision	13
	5.2 Reducing the Complexity of Large Cross-Border Banks through ‘Subsidiarisation’	14
	5.3 Other Policy Considerations	15
6.	Concluding Remarks	17
	References	19

## **Chapter 2**

### **INTERNATIONAL AND CROSS-BORDER BANK LENDING AND IMPLICATIONS IN SEACEN ECONOMIES: BALANCE SHEET PERSPECTIVE THE CASE OF CAMBODIA**

By Souk Mann and Chea Vuthy

1.	Introduction	33
2.	Literature Review and Stylised Fact about Cambodia's Economy	35
2.1	Overview of the Cambodia Economy	37
2.2	Financial System in Cambodia	38
2.3	Cambodia's Banking Sector and the Global Financial Crisis	40
3.	Analysis of Foreign Banks' Involvement Pre-and During the Global Financial Crisis in Cambodia	41
4.	Research Methodology and Empirical Results	48
4.1	Regression Analysis of Times Series Data	49
5.	Policy Implications	58
6.	Conclusion	60
	References	62

## **Chapter 3**

### **INTERNATIONAL AND CROSS-BORDER BANK LENDING IN KOREA AND IMPLICATIONS: BALANCE SHEET PERSPECTIVES**

By Bokyong, Jung and Dongwoo, Kim

1.	Introduction	63
1.1	General Objective	63
1.2	Outline	65
2.	Analysis of Foreign Banks' Involvement in Korea Before and During the Global Financial Crisis	65

2.1	Key Emphasis Regarding Foreign Bank Involvement in Korea	65
2.2	Main Factors Behind Surge in Short-term External Debt	71
3.	Review of Related Literature in Korea	72
4.	Research Methodology and Empirical Results	75
5.	Conclusion and Policy Responses in Korea	82
5.1	Conclusion	82
5.2	Specific Policy Responses in Korea	83
	References	85

#### **Chapter 4**

### **FOREIGN CLAIMS BY GLOBAL BANKS: THE ROLE AND IMPLICATIONS IN INDONESIA**

By Piter Abdullah

1.	Introduction	87
2.	Literature Review	88
3.	The role of Global Banks in the Indonesian Economy: Trend Analysis	91
3.1	A Closer Look at the Indonesian Banking Industry	91
3.2	Global Banks' Cross-Border and Local Lending: Impact of the Crisis	92
4.	The Role and Implications of Foreign Claims by Global Banks: Panel Data Analysis	100
4.1	Methodology	100
4.2	Empirical Results	102
5.	Closing Remarks	106
	References	108

## **Chapter 5**

### **FOREIGN BANKS, CROSS BORDER BANK LENDING AND IMPLICATIONS ON MALAYSIA: BALANCE SHEET PERSPECTIVES**

By Allison Loke Yen San

1.	Introduction	111
1.1	Background	113
2.	Involvement of Foreign Banks Prior to and During the Global Financial Crisis in Malaysia	115
2.1	Stylised Facts	115
2.2	Cross-border Lending and Foreign Claims vis-a-vis Malaysia	120
3.	Literature Review	124
4.	Research Methodology and Empirical Results	125
4.1	Model Specification and Data	126
4.2	Empirical Results	128
5.	Policy Recommendations and Conclusion	131
	References	133

## **Chapter 6**

### **INTERNATIONAL AND CROSS BORDER BANK LENDING IMPLICATION IN SEACEN: BALANCE SHEET PERSPECTIVE IN MYANMAR**

By Win Htein Min

1.	Introduction	135
1.1	Background	135
1.2	Objective of Study	135
1.3	Macroeconomic Performance in Myanmar	136
2.	Analysis of Foreign Banks' Involvement Pre and During the Global Financial Crisis in Myanmar	141
2.1	Myanmar Banking Structure	141
2.2	Recent Banking Sector Development	144

2.3	Foreign Banks' Involvement in Myanmar	148
2.4	The Role of Representative Offices in Myanmar	150
2.5	Banking Crisis in Myanmar	151
2.6	Impact of the Global Financial Crisis in Myanmar	153
3.	Literature Review	156
4.	Research Methodology and Results	159
5.	Policy Implications	163
6.	Conclusion	166
	References	169

## **Chapter 7**

### **WAS IT IS CREDIT SUPPLY?**

#### **INTERNATIONAL CLAIMS AND CROSS-BORDER LENDING TO THE PHILIPPINES DURING THE FINANCIAL CRISIS**

By Veronica B. Bayangos

1.	Introduction	171
2.	The Growing Role of Foreign Banks in the Philippines	173
3.	International Claims and Cross-Border Lending to the Philippines	176
4.	A Closer Look at Foreign Banks in the Philippines	182
	4.1 Branches and Subsidiaries of Foreign Banks	182
	4.2 Offshore Banks	184
	4.3 Insights	186
5.	Methodology and Results	187
	5.1 The Model	187
	5.2 The Variables	188
	5.3 The Estimation Method	191
	5.4 The Empirical Results	192

6. Conclusion: Policy Implications	198
References	201
Technical Appendix	203

## **Chapter 8**

### **INTERNATIONAL AND CROSS BORDER BANK LENDING IMPLICATION IN SEACEN: SRI LANKA**

By M.R.M. Abeyratne

1. Introduction	205
1.1 General Motivation	205
1.2 Banking Sector	206
2. Analysis of Foreign Banks' Involvement Pre and During the Global Financial Crisis in the Economy	208
2.1 Assets of Domestic and Foreign Banks	209
2.2 Deposits of Domestic and Foreign Banks and their Market Share	211
2.3 Loans and Advances of Domestic Banks and Foreign Banks	213
2.4 Foreign Borrowings	214
2.5 Sources and Uses of Funds of Commercial Banks	215
2.6 Off-Shore Banking Unit of Licensed commercial Banks	215
2.7 Consolidated Foreign Claims	217
3. Literature Review	218
4. Research Methodology and Empirical Results	219
4.1 Model - A Modification of Martinez-Peria et al. (2005)	219
4.2 Foreign Country Factors	220
4.3 Sri Lanka Factors	221
4.4 Empirical Results	222
4.5 The Impact of the Global Economic Crisis on the Sri Lankan Economy	226

5.	Policy Implications	229
6.	Conclusion	229
	References	230

## **Chapter 9**

### **FOREIGN BANK CLAIMS ON CHINESE TAIPEI DURING THE RECENT GLOBAL FINANCIAL CRISIS**

By Huey-Ming Chen

1.	Introduction	231
	1.1 Motivation	231
	1.2 The Scope Covered in the Research Paper	232
2.	Analysis of Foreign Banks' Involvement Before and During the Global Financial Crisis	233
	2.1 Foreign Bank Claims on Chinese Taipei	233
	2.2 The Development of Foreign Bank Affiliates in Chinese Taipei	234
	2.3 Loan Extension by Foreign Bank Affiliates in Chinese Taipei	237
3.	Literature Review	242
	3.1 Arguments about Foreign Banks' Role for Credit in Host Countries	242
	3.2 Literature in Chinese Taipei	243
4.	Research Methodology	247
	4.1 Model I: Using Aggregated Panel Data	247
	4.2 Model II: Using Micro-panel Data	251
5.	Empirical Results	254
	5.1 Model I	254
	5.2 Model II	258
	5.3 Summary of the Empirical Results	262

6.	Policy Implications	263
6.1	Prevention from Economy Concentration of Foreign Banks	263
6.2	Supervision for Liquidity and Funding Conditions of Foreign Bank Affiliates	264
6.3	The Importance of Monitoring Foreign Banks' Influence on Chinese Taipei	264
7.	Conclusion	264
	References	266