

The internationalization of domestic banks and the credit channel of monetary policy

JOURNAL OF BANKING & FINANCE

DOI:

<https://doi.org/10.1016/j.jbankfin.2021.106317>

Publicado:

Viernes, 22 Abril 2022

Authors:

Adriana Paola Morales-Acevedo,

[Daniel Esteban Osorio-Rodríguez](#),

Juan Sebastián Lemus-Esquivel,

[Miguel Sarmiento](#)

Clasificación JEL:

E43, E52, F23, F34, F44

[Descargar documento](#)

Lo más reciente

[Impacto macroeconómico y fiscal del cambio demográfico](#)

Jesús Alonso Botero-García, Ligia Alba Melo-Becerra, Cristian Castrillón Gaviria, Daniela Gallo

[Revista Ensayos Sobre Política Económica - Explorando las brechas de género en Colombia](#)

María Teresa Ramírez-Giraldo, Karina Acosta, Olga Lucia Acosta Navarro, Lucia Arango-Lozano, Fernando Arias-Rodríguez, Oscar Iván Ávila-Montealegre, Oscar Reinaldo Becerra Camargo, Leonardo Bonilla-Mejía, Grey Yuliet Ceballos-García, Luz Adriana Flórez, Juan Miguel Gallego-Acevedo, Luis Armando Galvis-Aponte, Luis M. García-Pulgarín, Andrés Felipe García-Suaza, Anderson Grajales, Daniela Gualtero-Briceño, Didier Hermida-Giraldo, Ana María Iregui-Bohórquez, Juliana Jaramillo-Echeverri, Karen Laguna-Ballesteros, Francisco Javier Lasso-Valderrama, Daniel Márquez, Carlos Alberto Medina-Durango, Ligia Alba Melo-Becerra, María Fernanda Meneses-González, Juan José Ospina-Tejeiro, Andrea Sofía Otero-Cortés, Daniel Parra-Amado, Juana Piñeros-Ruiz, Christian Manuel Posso-Suárez, Natalia Ramírez-Bustamante, Mario Andrés Ramos-Veloz, Jorge Leonardo Rodríguez-Arenas, Alejandro Sarasti-Sierra, Bibiana Taboada-Arango, Ana María Tribín-Uribe, Juanita Villaveces

[Uncertainty and monetary policy: the case of the Central Bank of Colombia](#)

Hernando Vargas-Herrera

[Otras Publicaciones](#)

How does the expansion of domestic banks in international markets affect the bank lending channel of monetary policy? Using bank-firm loan-level data, we find that loan growth and loan rates from international banks respond less to monetary policy changes than domestic banks and that internationalization partially mitigates the risk-taking channel of monetary policy. Banks with a large international presence tend to tolerate more their credit risk exposition relative to domestic banks. Moreover, international banks tend to rely more on

The internationalization of domestic banks and the credit channel of monetary policy

The internationalization of domestic banks and the credit channel of monetary policy - Portal de Investigaciones Económicas

foreign funding when policy rates change, allowing them to insulate better the monetary policy changes from their credit supply than domestic banks. This result is consistent with the predictions of the internal capital markets hypothesis. We also show that macroprudential FX regulation reduces banks with high FX exposition access to foreign funding, ultimately contributing to monetary policy transmission. Overall, our results suggest that the internationalization of banks lowers the potency of the bank lending channel. Furthermore, it diminishes the risk-taking channel of monetary policy within the limit established by macroprudential FX regulations.