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## **Abnormal loan growth, credit information sharing and systemic risk in Asian banks**

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### **Abstract**

This paper investigates the interplay of abnormal loan growth, credit reporting system and systemic risk in banking. Based on a sample of publicly traded banks in Asia from 1998 to 2012, higher abnormal loan growth leads to higher systemic risk one year ahead. A closer investigation further suggests that better credit information coverage and private credit bureaus can stem the buildup of bank systemic risk one year ahead due to higher abnormal loan growth. Eventually, this paper offers some supports to strengthen macroprudential regulation to limit abnormal loan growth. This paper also advocates the importance of strengthening credit information coverage and the role of private credit bureaus in Asian countries to mitigate the negative impact of abnormal loan growth on bank systemic stability.

**Keywords:** Abnormal loan growth, systemic risk, credit reporting system, Asian banks

**JEL Classification:** G21, G28

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