

New Political Economy >
Volume 11, 2006 - Issue 1

1,216 Views

14

CrossRef citations to date

0

Altmetric

Global Monitor

The Bank for International Settlements

Leonard Seabrooke

Pages 141-149 | Published online: 01 Jun 2006

🗨️ Cite this article <https://doi.org/10.1080/13563460500494982>

Sample our
Politics & International
Relations Journals

>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

📄 Full Article

📊 Figures & data

🗨️ Citations

📊 Metrics

📄 Reprints & Permissions

Read this article

We Care About Your Privacy

We and our 843 partners store and/or access information on a device, such as unique IDs in cookies to process personal data. You may accept or manage your choices by clicking below, including your right to object where legitimate interest is used, or at any time in the privacy policy page. These choices will be signaled to our partners and will not affect browsing data. [Privacy Policy](#)

We and our partners process data to provide:

Use precise geolocation data. Actively scan device characteristics for identification. Store and/or access information on a device. Personalised advertising and content, advertising and content measurement, audience research and services development.

List of Partners (vendors)

I Accept

Essential Only

Show Purpose



GLOBAL MONITOR

The Bank for International Settlements

LEONARD SEABROOKE

The Bank for International Settlements (BIS) is the proverbial 'IT staff' of the global economy. While other international economic institutions are highly visible, the BIS remains mostly out of the public eye while it weaves a set of rules, norms and decision-making procedures that establish governance structures for both public and private international banks. Without the BIS, information sharing among central banks and private financial institutions would be seriously troubled. These institutions would face severe information asymmetries, their assessments of creditworthiness would be harder to establish, and the effective management of currency crises would be more difficult to achieve. In an environment where average daily turnover in foreign exchange markets is now US\$1.9 trillion, and the market for investment risk protection alone is worth US\$4.5 trillion per year, the BIS's 'firewalls' are important to prevent the global financial system from being, as it were, 'spammed'.¹ Yet, like our lack of understanding of how the IT staff is (most of the time) able to prevent the e-mail system from crashing or our files being wiped, most of us don't know exactly what the BIS does to provide us with the networks that allow global finance to run smoothly (at least most of the time).

Known as the 'Bank of Central Banks', the BIS's original charge in 1930 was to 'promote the co-operation of central banks and to provide additional facilities for international financial operations; and to act as a trustee or agent in regard to international financial settlements entrusted to it under agreements with the parties concerned'.² Today, the BIS still provides an institutional space for the sharing of information among central bank governors, but it is equally concerned with the development of international banking regulation and the collation and dissemina-



9. The BIS directly collects economic data from 34 of its member central banks and reports on the domestic issuance of securities in 47 countries. Its international financial statistics cover 95 per cent of all banking transactions, a service the BIS has provided since 1983. See Toniolo, *Central Bank Cooperation*, p. 685.
10. Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the UK and the USA.
11. See Beth A. Simmons, 'Why Innovate? Founding the Bank for International Settlements', *World Politics*, Vol. 45, No. 3 (1993), pp. 361-401.
12. BIS, 46th Annual Report (BIS, 1976), p. 76.
13. See Leonard Seabrooke, *US Power in International Finance* (Palgrave, 2001), pp. 95-8, 119-20.
14. Kenneth Rogoff, 'International Institutions for Reducing Global Financial Instability', *Journal of Economic Perspectives*, Vol. 13, No. 4. (1999), p. 32.
15. See, for general detail, Duncan Wood, *Governing Global Banking: The Basel Committee and the Politics of Financial Globalisation* (Ashgate, 2005).
16. Bank of England, 'Major International Banks' Performance: 1980-91', *Bank of England Quarterly Bulletin*, August (1992), p. 290.
17. BIS, 70th Annual Report (BIS, 2000), p. 158.
18. Seabrooke, 'The Role of the Bank for International Settlements in the Global Financial System', *Journal of International Money and Finance*, Vol. 25, No. 5, pp. 685-700. See also Miller & Seabrooke, 'The Bank for International Settlements: Implications for the Global Financial System', *Journal of International Money and Finance*, Vol. 25, No. 5, pp. 685-700. See also Seabrooke, 'The Bank for International Settlements: Implications for the Global Financial System', *Journal of International Money and Finance*, Vol. 25, No. 5, pp. 685-700. See also Seabrooke, 'The Bank for International Settlements: Implications for the Global Financial System', *Journal of International Money and Finance*, Vol. 25, No. 5, pp. 685-700.
19. Blyth, *Why Markets Fall* (Harvard University Press, 2001), p. 10. See also Blyth, 'The Way to Financial Stability: A New Role for the Bank for International Settlements', *Journal of International Money and Finance*, Vol. 25, No. 5, pp. 685-700. See also Blyth, 'The Way to Financial Stability: A New Role for the Bank for International Settlements', *Journal of International Money and Finance*, Vol. 25, No. 5, pp. 685-700. See also Blyth, 'The Way to Financial Stability: A New Role for the Bank for International Settlements', *Journal of International Money and Finance*, Vol. 25, No. 5, pp. 685-700.



20. Andre Lucas, 'Evaluating the Basle Guidelines for Backtesting Banks' Internal Risk Management Models', *Journal of Money, Credit and Banking*, Vol. 33, No. 3 (2001), pp. 826-46.
21. BIS, 67th Annual Report (BIS, 1997), p. 138.
22. BIS, 69th Annual Report (BIS, 1999), p. 153.
23. 'Basel II: Blip on the radar screen or major event?', *Bank News*, 1 April 2003.
24. On rating methodologies, see Layna Mosley, *Global Capital and National Governments* (Cambridge University Press, 2003), pp. 139-45.
25. BIS, 75th Annual Report, p. 166.
26. On the importance of small banks to the US economy, and how the Bush administration is actively undermining them, see Leonard Seabrooke, *The Social Sources of Financial Power: Domestic Legitimacy and International Financial Orders* (Cornell University Press, forthcoming 2006).
27. Stijn Claessens, Geoffrey R. D. Underhill & Xiaoke Zhang, 'Basle II Capital Requirements and Developing Countries: A Political Economy Perspective', paper presented to the Annual Convention of the International Studies Association, Montréal, Canada, 17-21 March 2004.
28. BIS, 67th Annual Report, pp. 148-9.
29. See ...
30. Ranc ...
31. See ...



32. The most recent publication of these statistics, in August 2005, included data on 176 countries.
33. Seven Central European, eight East Asian and four Western Hemisphere central banks became shareholding members between 1993 and 2003. Toniolo, *Central Bank Cooperation*, pp. 667–96.
34. For example, in 2004 BIS representatives attended five regional central bank associations in Africa.
35. ‘BIS launches Asian Bond Fund’, *The Asian Banker*, 15 June 2003.
36. Timothy J. Sinclair, *The New Masters of Capital: American Bond Ratings Agencies and the Politics of Creditworthiness* (Cornell University Press, 2005), pp. 15–16.
37. BIS, 72nd Annual Report (BIS, 2002), p. 152.
38. BIS, 75th Annual Report, p. 147.
39. Other institutions, however, do enforce BIS standards. For example, the IMF included Basle I compliance in loan conditions that followed the Asian and Russian financial crises.
40. Simmons, ‘Why Innovate?’; Thomas Oatley & Robert Nabors, ‘Market Failure, Wealth Transfers and the Basle Accord’, *International Organization*, Vol. 52, No. 1 (1998), pp. 35–54.
41. Tony ... Regime ... 53–79. ... international ... (2002), pp. ...
42. On fi ... Seabrooke, ... ‘Civilizin ... hard ... ries in ...
43. ‘Ban ... Framewo ... , ... <http://www...ult.htm>



44. Recent estimates suggest Asian banks will spend up to 11 per cent of their annual budgets on building information technology systems for Basel II compliance until 2012, an investment considered to be 'a large investment with little bottom line returns'. See 'Compliance architecture for financial institutions', New Straits Times, 12 September 2005.

45. On 'developed country "government-at-a-distance" over developing countries', see Sinclair, *The New Masters of Capital*, p. 147.

46. See Seabrooke, *The Social Sources of Financial Power*, ch. 7.

Related research

People also read

Recommended articles

Cited by
14

[The Bank of International Settlements as a think tank for financial policy-making >](#)

Carola Westermeier

Policy and Society

Published online: 16 Mar 2018



[Worlds Apart: Measuring international and global inequality: Branko Milanovic \(Princeton University Press, 2005\) >](#)

Jonathan Derrington

New Pol

Publishe



Monies

E. Ande

Glo

Publ



Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up



✕