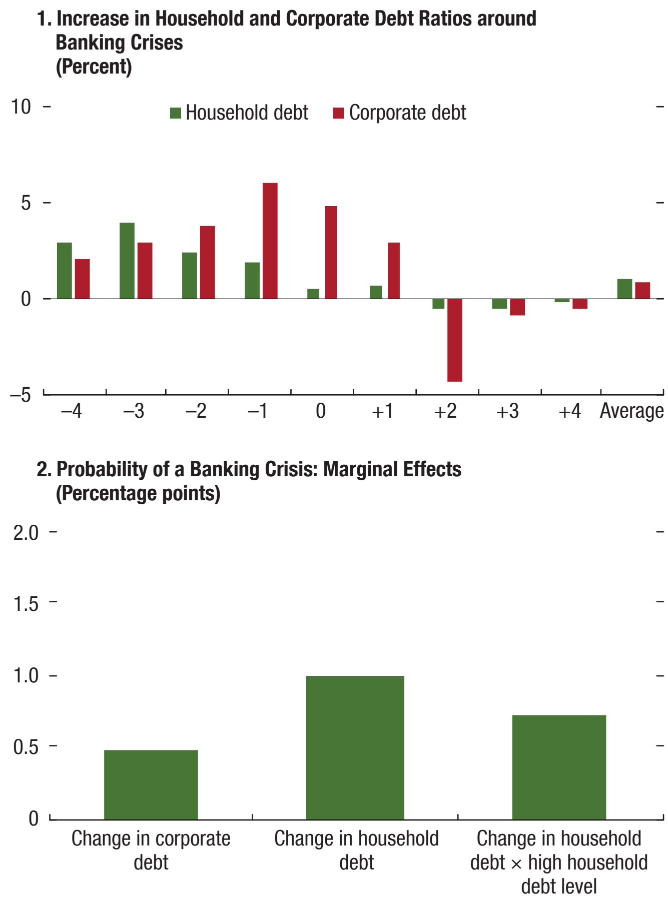
Figure 2.8. Banking Crises and the Role of Household Debt



Sources: Bank for International Settlements; CEIC Data Co. Ltd.; Economic Cycle Research Institute; Haver Analytics; IMF, International Financial Statistics, and Monetary and Financial Statistics databases; Jordà-Schularick-Taylor Macrohistory Database; Laeven and Valencia 2013; Thomson Reuters Datastream; and IMF staff calculations.

Note: Panel 1 shows the average growth in ratios of household and nonfinancial corporate debt to GDP before and after a banking crisis, as well as the unconditional average growth rate. Panel 2 shows the marginal effects of a panel logit model for banking crises for 34 countries, with country fixed effects, levels, and changes in ratios of household and nonfinancial corporate debt to GDP. It also shows the interaction effect with a high household debt dummy variable, set at 65 percent of GDP, representing the top quintile of the distribution. The effects are significant at the 10 percent confidence level. Banking crises are taken from the updated database by Laeven and Valencia (2013).