Shadow Banking in China: A looming credit crisis?

Federal Reserve Bank of Chicago
16th Annual International Banking Conference
November 7-8, 2013

Nicholas R. Lardy
Anthony M. Solomon Senior Fellow
Peterson Institute for International Economics
The financial situation in China has become quite alarming. Cracks are appearing all through its financial structure as a result of debt-fueled overinvestment...There's likely to be big trouble coming in the next year or two.

- George Magnus, a London-based economist and independent advisor to UBS
Bank credit to the private sector, 1993-2013

Percent of GDP
Emerging market banking assets to domestic savings, 2000-2011

Source: Jon Anderson
Total credit to private sector/deposit ratio, 2000-2012

Total credit to private sector/deposits

Source: Jon Anderson