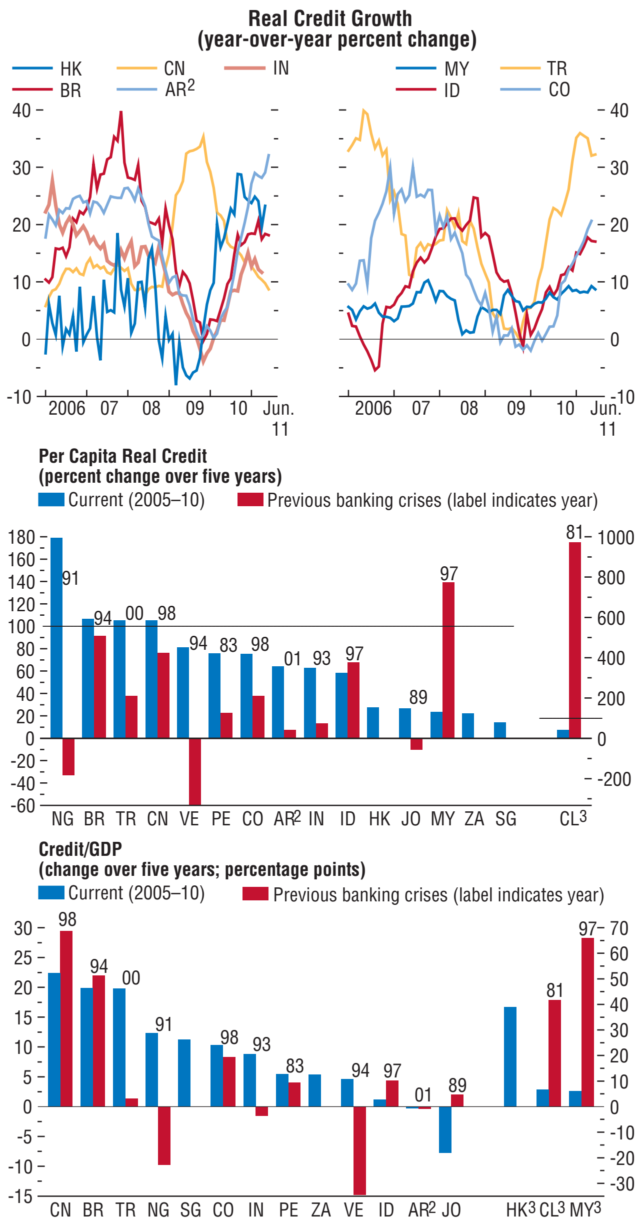
Figure 1.9. Emerging Market Economies with Strong Credit Expansion[1]

Bank credit growth is high in a number of emerging market economies. In per capita terms, credit close to doubled in real terms during 2005–10. Credit has also grown much faster than nominal GDP in a number of economies. On the one hand, this indicates financial deepening, which is desirable. On the other hand, it raises concern, because the growth rates are so high that they are likely to come at the expense of deteriorating credit quality. Furthermore, high credit growth coincides with rapid increases in real estate prices in many emerging economies. These conditions are reminiscent of those experienced ahead of previous banking crises.



Sources: IMF, *International Financial Statistics;* and IMF staff calculations.

[1]AR: Argentina; BR: Brazil; CL: Chile; CN: China; CO: Colombia; HK: Hong Kong SAR; ID: Indonesia; IN: India; JO: Jordan; MY: Malaysia; NG: Nigeria; PE: Peru; SG: Singapore; TR: Turkey; VE: Venezuela; ZA: South Africa. Figure shows bank credit to the private sector.

[2]For Argentina, calculations are based on official GDP and CPI data.

[3]Right scale.