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**Discussion:**

**The international bank lending channel of unconventional monetary policy  
(J. Grab and D. Zochowski)**

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# Main strength of the paper

- **Rich (confidential) bank-level data set of MFI**
  - High level frequency (monthly)
  - All euro area countries (except France) from July 2007 to September 2016
- **Analysis of banks' balance sheets specific characteristics**
  - Diff-in-diff approach
  - Channels (share of liquid assets, share of international capital market funding, etc)

# Main weakness of the paper

- **Endogeneity of QE actions**
  - Controlling for lagged macroeconomic variable is not enough
  - Actions should be orthogonal to (i) current and expected future economic activity; (ii) other shocks
- **Silent on the transmission mechanism**
  - What is the effect of QE on output and real interest rate?
  - What are the effect on NEER (differences between ea area vs. non ea recipients) and VIX?
  - What are the effects on banks' liquidity?

# Questions/suggestions

- **Focus on EA QEs actions and try to identify causality**
  - Identify exogenous QEs actions (purge changes in ECB balance sheets by projecting them on forecast, contemporaneous and lagged macro variables—better at monthly)
  - Retrieve structural shocks to QEs using sign restrictions (Burriel and Galesi 2018)
- **Show effect on domestic EA variables**
- **Why not exploring cross-country heterogeneity? (arguably QE had different effects across countries)**
- **Others**
  - Why quarterly?
  - Why channels only lagged?
  - Why not fully dynamic specification and show IRFs
  - How the unconditional effect varies when the channels are included?