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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**
  o High level frequency (monthly)
  o All euro area countries (except France) from July 2007 to September 2016

• **Analysis of banks’ balance sheets specific characteristics**
  o Diff-in-diff approach
  o Channels (share of liquid assets, share of international capital market funding, etc)
Main weakness of the paper

• Endogeneity of QE actions
  o Controlling for lagged macroeconomic variable is not enough
  o Actions should be orthogonal to (i) current and expected future economic activity; (ii) other shocks

• Silent on the transmission mechanism
  o What is the effect of QE on output and real interest rate?
  o What are the effect on NEER (differences between ea area vs. non ea recipients) and VIX?
  o What are the effects on banks’ liquidity?
Questions/suggestions

• Focus on EA QEs actions and try to identify causality
  o Identify exogenous QEs actions (purge changes in ECB balance sheets by projecting them on forecast, contemporaneous and lagged macro variables—better at monthly)
  o 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
  o Why quarterly?
  o Why channels only lagged?
  o Why not fully dynamic specification and show IRFs
  o How the unconditional effect varies when the channels are included?