Discussion of “Interest rate pass-through in Serbia: evidence from individual bank data” by Mirjana Miletic

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Evidence on bank-lending channel in Serbia

- very interesting paper, I have learned a lot reading it
- analyze pass-through from money market rate to lending rate
- use individual bank data in panel set 2010–2018
- find complete pass-through in long run
  - similar to results from some other countries...

    ... Germany, Italy, Belgium, Poland, Turkey

Data availability

- data set is short in the sense that it does not include the financial crisis
- how would this affect results? should we expect any effect?
- maybe easing instead of tightening after a crisis??
- a short subsample is considered, 2010-2014
  - comparison to full sample
  - reveals that pass-through has gotten stronger over time
  - because of macro conditions?
  - or because of gradual central bank policy normalization after crisis?

Heterogeneity

- consider different types of borrowers and banks
- households versus corporates, small versus large banks
  - corporate borrowers may have more outside options?
  - corporate loan pass-through faster when borrowing from bigger banks
  - households pass-through is faster when borrowing from smaller banks
- what does this tell us about source of incomplete short-run pass-through?

Policy rate increase vs decrease

- some results are counter-intuitive
- this is interesting!
- but can we say more?
- maybe results easier to interpret if we differentiate
  - policy rate increase versus decrease
- maybe effect of liquidity or NPL on pass-through depends on this?