

**SOME COMMENTS ON THE PAPER
“NEWS AND CONSUMER CARD PAYMENTS”
BY ARDIZZI, EMILIOZZI, MARCUCCI, & MONTEFORTE**

Javier J. Pérez
Banco de España

“HARNESSING BIG DATA & MACHINE LEARNING TECHNOLOGIES FOR CENTRAL BANKS”

Banca d'Italia
Rome, 26-27 March 2018



Extremely interesting empirical paper:

Based on unique daily dataset on debit cards' expenditures

Study the reaction of consumption to news related to economic policy uncertainty or to payment system security

Application of big data techniques to construct such news-indexes

Methodologically sound (local projections)

Suggestive results:

*Daily **EPU news** reduce purchases, mainly during crisis*

*Daily **security news** reduce expenditure and increase preference for cash*

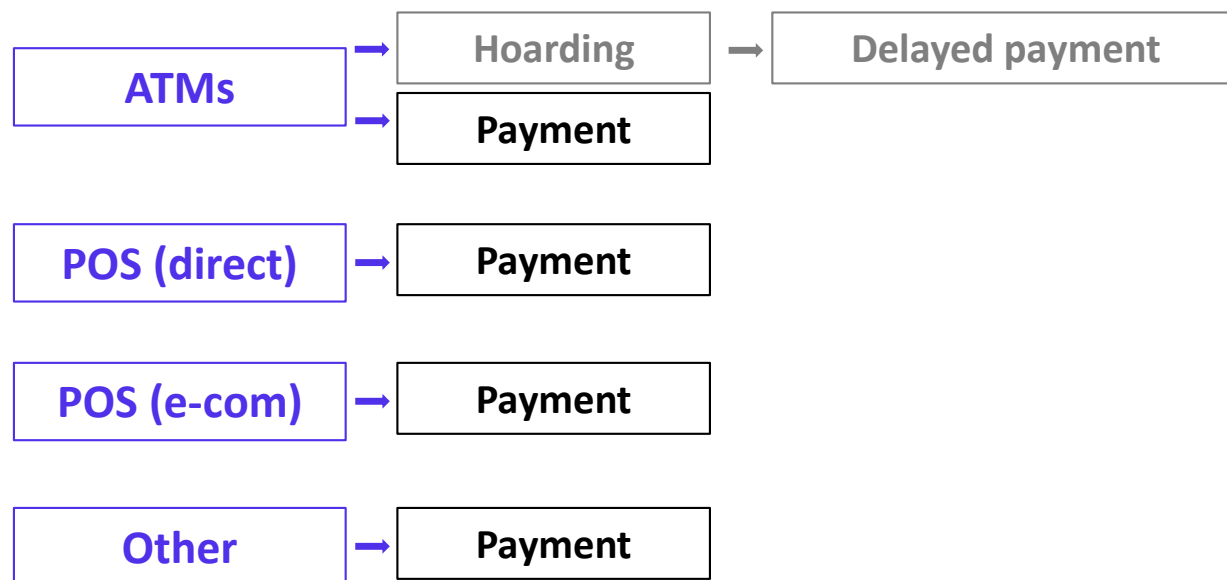
THE PAPER: AIM AND SOME QUESTIONS ON CHANNELS



Discussion on “News and consumer card payments”



Clearing and settlement system
BI-COMP



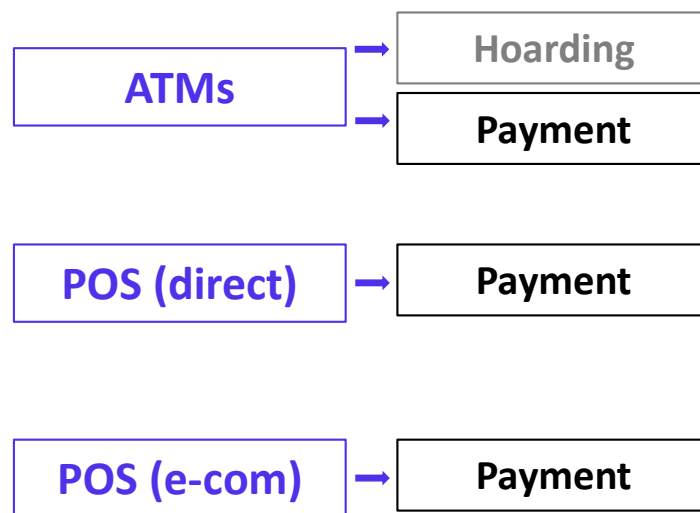
THE PAPER: AIM AND SOME QUESTIONS ON CHANNELS



Discussion on “News and consumer card payments”

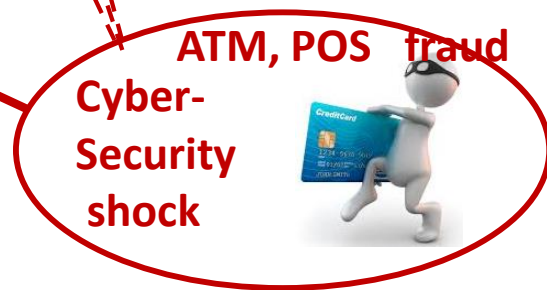


Focus on debit cards



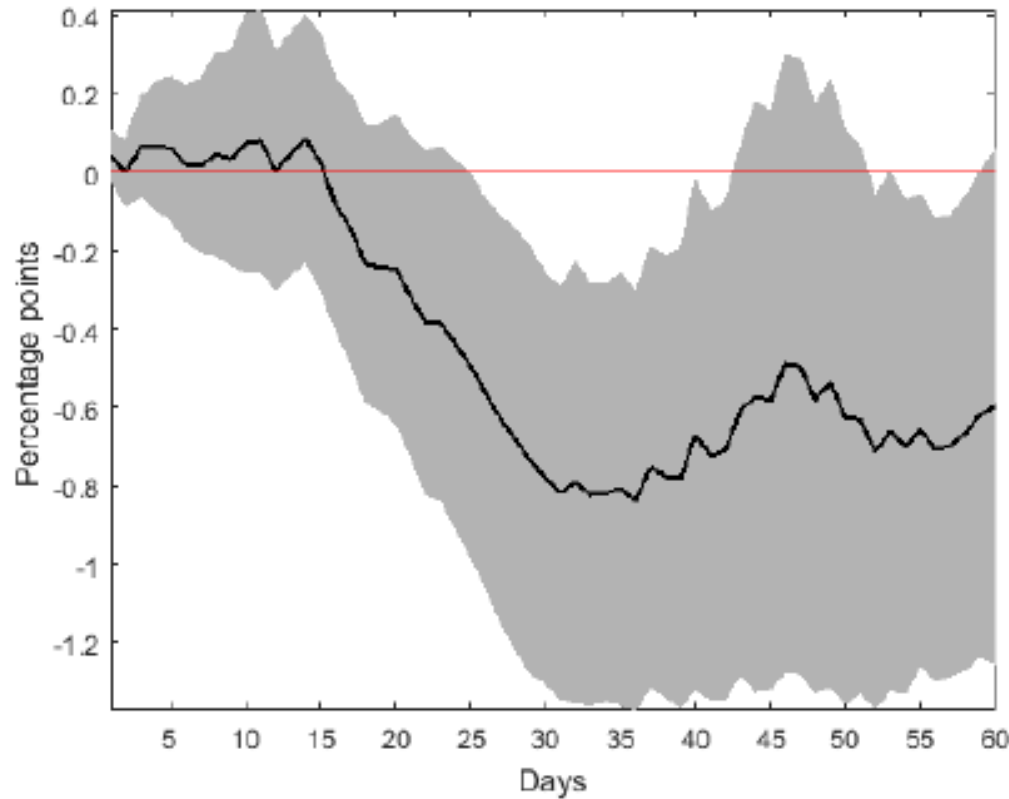
- Expected impact on ATM withdrawal? (stock)
- Persistence of shock?
 - IRFs show substantial delay
 - From daily to monthly...
- Legal issue: card holder insurance against large losses

• Main channel: is e-commerce captured by your data?





Discussion on “News and consumer card payments”



Hoarding effect?

(b) ATM response to a temporary increase in the ATM fraud index.

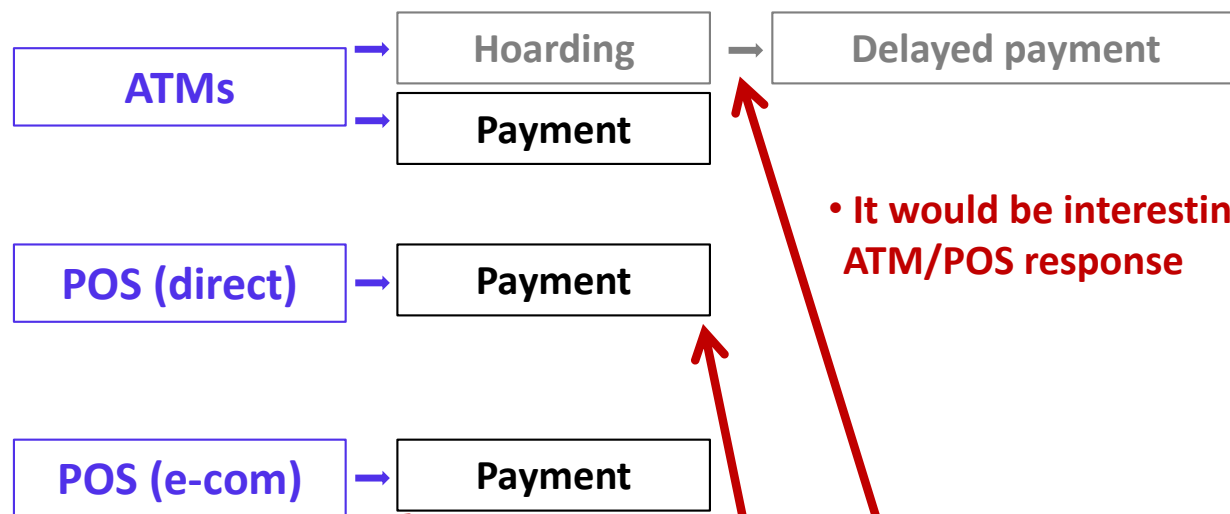
THE PAPER: AIM AND SOME QUESTIONS ON CHANNELS



Discussion on “News and consumer card payments”



Focus on debit cards



• It would be interesting to see ATM/POS response

• Distinction by type of good/service (durables/non-durables)?

Uncertainty shock



ON THE DATA



Discussion on “News and consumer card payments”

Identification of POS vs. ATM fraud news indexes:

So clear-cut?

Evidence on people’s knowledge about the two concepts? (financial literacy)



Key feature of the nice dataset: it provides real time, unrevised information

However, the paper focuses on the “trend component” data: is this identical to the seasonally-, and calendar-adjusted series?

Q: How much could this choice affect the estimated impact of daily news?

Q: In addition, no controls: why not using a financial variable (10y-bond spread) to capture the expected influence of fundamentals?

Q: related..

- *Why not using an event study approach (data-windows)?*
- *Doing so would synchronise the timing of the uncertainty shock with the response of consumption, and clean the impact of other shocks that might influence the estimated relationship*