SOME COMMENTS ON THE PAPER
“NEWS AND CONSUMER CARD PAYMENTS”
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“HARNESSING BIG DATA & MACHINE LEARNING TECHNOLOGIES FOR CENTRAL BANKS”
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DGA ECONOMICS AND RESEARCH
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

- ATMs
  - Hoarding
  - Payment
- POS (direct)
  - Payment
- POS (e-com)
  - Payment
- Other
  - Payment
Discussion on “News and consumer card payments”

THE PAPER: AIM AND SOME QUESTIONS ON CHANNELS

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?

ATM, POS fraud

Cyber-Security shock

ATMs

POS (direct)

POS (e-com)
(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”

- ATMs
- POS (direct)
- POS (e-com)

→ Hoarding
→ Payment
→ Delayed payment

- Focus on debit cards

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

- It would be interesting to see ATM/POS response

- Uncertainty shock
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