Academic Panel Introductory Notes

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Closing Conference of the ESCB Research Network on Challenges for Monetary Policy Transmission in a Changing World (ChaMP)

Banca d'Italia, July 2026

Key topics of ChaMP and connection to my (recent) research

Key messages I got from ChaMP workstream 1 (on finance) & 2 on real side (e.g. production networks)

- Heterogeneity is crucial
- Micro to macro (aggregate) effects

My (recent) work is very related to this, e.g.:

- "Production and Financial Networks in Interplay," Huremović, Jiménez, Moral, Peydró & Vega. ***American Economic Review*, May 2026** → It crucially relates workstream 1 and 2
- "Monetary Policy, Inflation, and Crises: Evidence from History and Administrative Data," Jimenez, Kuvshinov, Peydró & Richter. ***Journal of Finance*, April 2026 (presented in 1st ChaMP)** → Monetary policy dynamics has financial stability (systemic risk) implications
- "Monetary and Macroprudential Policy Complementarities," Altavilla, Laeven & Peydró, 2026 → Macropru affects the impact of monetary policy on the bank lending & risk-taking channel

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Production and Financial Networks in Interplay (AER, 2026)

- We show that production & credit network effects amplify each other
- Our identification relies on:
  I. administrative datasets from Spain covering the supplier-customer transactions and the bank loans
  II. bank credit supply shocks from the global financial crisis
  III. a general equilibrium model of a production network with financial frictions, that we estimate structurally
- We find:
  - network propagation amplifies the impact of bank shocks on GDP growth by nearly 50 percent
  - bank shocks to firms' distant suppliers & customers (e.g. suppliers' suppliers) contribute similarly to this aggregate effect as bank shocks to firms' direct customers and suppliers
- Diff-in-diff limitations to get macro effects (intercept problem) → macro-finance model to get overall (macro with GE) effects

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"Monetary Policy, Inflation, and Crises: Evidence from History and Administrative Data" (Journal of Finance, 2026)

- We show that a U-shaped monetary rate path increases banking crisis risk, via credit and asset price cycles
  - We analyze 17 countries over 150 years
- MP rate hikes (raw or instrumented) increase banking crisis risk, but only if preceded by prolonged MP cuts for long
- These patterns are unique to banking crises, unlike non-fin crisis recessions (even deep very strong recessions)
- Regarding the mechanism:
  - prolonged MP rate cuts raise the likelihood of large credit and asset price booms, consistent with higher credit supply and risk-taking
  - Subsequent hikes strongly reduce credit and asset prices, and increase banks' realized credit risk, rather than interest rate risk
    - We find consistent results in administrative loan-level data for Spain

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"Monetary and macroprudential policy complementarities: evidence from European credit registers"

- Macropru can be actively used in the Euro Area as there is only 1 monetary policy and large heterogeneity
- We show that there are strong complementarities between monetary policy and macroprudential policy in shaping the bank lending and the risk-taking channels
  - Results apply to both household and firm lending, but effects are stronger for consumer and corporate loans than for mortgages
- We use a unique loan-level dataset comprising multiple credit registers from several European countries and different types of loans, including corporate loans, mortgages and consumer credit
- We merge this rich info with borrower and bank-level variables and with indicators summarising macroprudential policy (instrumented by European directives) and monetary policy surprises

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