

Household Borrowing and Monetary Policy Transmission: Post-Pandemic Insights from Nine European Credit Registers

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This paper documents a new dataset

Impressive data collection effort!

Based on credit registers of 9 countries (BE, IE, LV, LT, PT, SK, ES, HU)

Collects *harmonized microdata* on amounts at origination and contractual interest rates of new loans

Binned data with 8 attributes

- 1 *household* characteristic (age)
- 4 *contract* characteristics (type, maturity, collateralization, interest rate fixation period)
- 1 *lender* characteristic (lender type)
- *Country* and *origination period*

Data is collapsed to all unique tuples based on these attributes

Time period: January 2022 to December 2024, semiannual reporting.

Using the dataset for research?

Challenging.

Research requires *sharp identification*, which may be difficult to achieve with coarsely binned data.

Example: age threshold for mortgage subsidy eligibility.

Household information is unfortunately very limited - key characteristics like income, family size, education, labour market status, assets, home-ownership, ... not available.

Binned data destroys the panel dimension of the dataset, as current observables

- can only be imprecisely linked to past observables
- cannot be aggregated at the household level

Scope for contribution: treating the banks as unit of observation, with a focus on studying effects of country-specific policies on multinational banks. Requires bank IDs, though.

Using the dataset for policy analysis?

Promising!

Why no bank IDs? Single most useful piece of information in a credit register.

Harmonize categories with CES and other survey datasets (e.g. HFCS) to allow merging the data.

Example:

- Age categories in CES: 18-34, 35-49, 50-64, 65+
- Age categories here: <25, 25-34, 35-44, 45-54, 55-64, 65+

Can the frequency of the data be increased? How timely is the data?

Information on loan performance? Information on outstanding loans?

For missing countries: link with credit scoring data (Schufa in Germany, FICP in France, Experian for international data)

Can this dataset shed new light on heterogeneity in MP pass-through to new loans across countries?

Stronger pass-through to interest rates of new loans

- of younger buyers (interesting)
- with longer-maturity (strange)
- with lower IRF periods (expected)

IRF period heterogeneity goes some way in explaining pass-through heterogeneity across countries.

Good: this result could not be established with aggregate data alone, as it requires information on within-country loan characteristic distributions.

But: it's probably what many of us would have anticipated.

Recommendations

Bring in more bank information, use the dataset as a bank-level dataset.

Focus on questions that leverage the cross-country dimension of the data.