Household Borrowing and Monetary Policy Transmission: The Role of Non-Monetary Financial institutions

Tamás Briglevics [1]   et al.[2]

[1]MNB
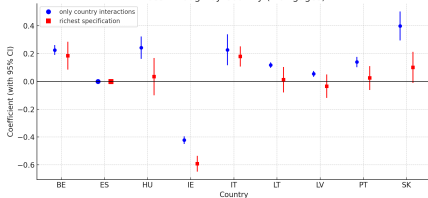[2]NBB, BdE, MNB, CBoI, BdI, LT,LV, BdP, NBS

ChaMP WS1 Workshop
Banco de Portugal
December 11-12, 2025
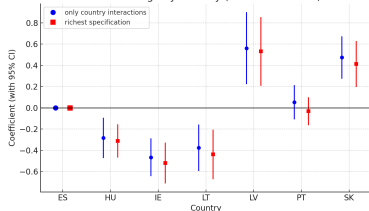
Purpose of this side project

Mortgages

Pass-Through by Country (Mortgages)

Consumer Credit

Pass-Through by Country (Consumer Credit)

Country heterogeneity (relative to Spain)

1. Cross-country heterogeneity in pass-through rates across countries
2. For mortgages this could be explained away
3. For consumption loans, not really
4. Could OFIs help us with that?

Recap - Data preparation

Bin Construction

- Create indicator dimensions: country, half-year, Credit type, age, maturity, IRF, collateral, MFI
- Form all possible combinations $\rightarrow$ $BIN_{Country,Period,LoanType,Age,Maturity,IRF,Collateral,MFI}$

Countries: nine EU countries (8 euro area)

Time Periods: six 6-month intervals: Jan 2022-Dec 2024

Credit types: Mortgages (purchase/construction)
Consumer credit (excl. leasing)
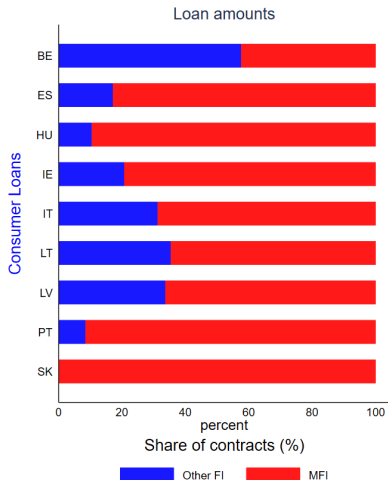
Borrowers: Natural persons only; six age bins
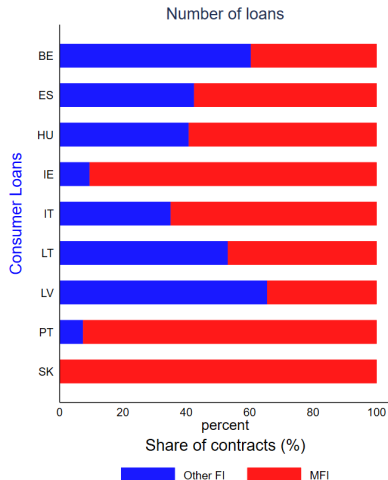
Creditor types: MFI vs. **OFI**

Contract details: 4 Maturity bins
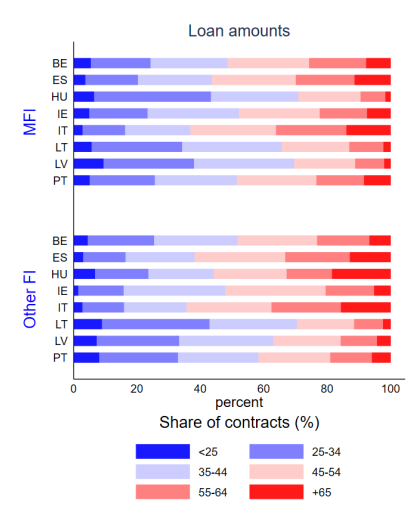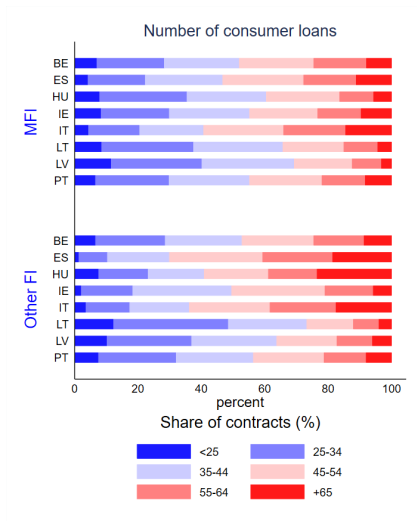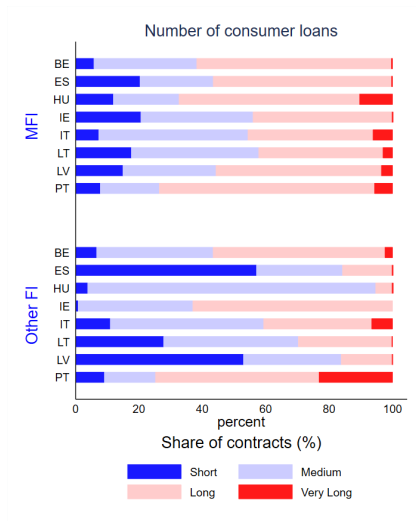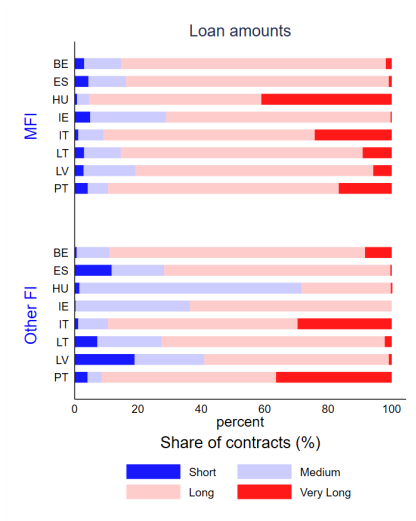4 Rate-fixation bins

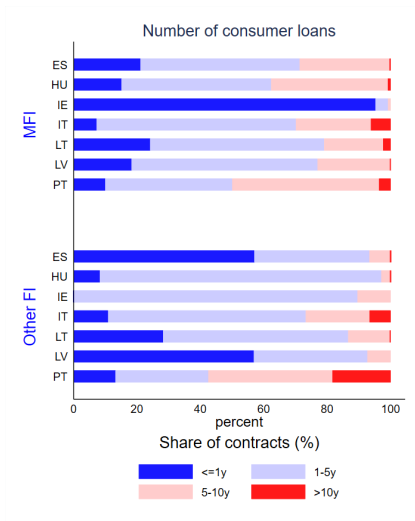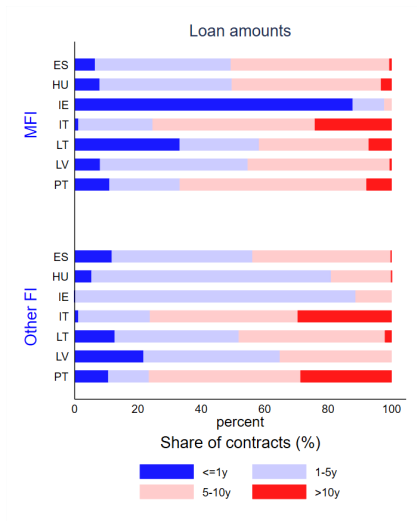# Stylized Facts: Importance of OFIs

Breakdown of OFI Loan Contracts: Age

Breakdown of OFI Loan Contracts: Maturity

Breakdown of OFI Loan Contracts: IRF

Interest Rate Pass-Through

> ### Regression Framework
> $$\text{IR}_{\text{bin}} = \beta_1 \,\text{Reference Rate}_{c,bin,t}$$
> $$+ \sum_d \beta_d \big(\text{Reference Rate}_{c,bin,t} \times D_d\big)$$
> $$+ \sum_d \gamma_d \, D_d + \nu_{c \times \text{mat}} + \varepsilon$$

Key Points

- D_d are dummies for each dimension
  $d \in \{\text{Country, Age, Maturity, IRF}\}$.
- Interaction terms β_d capture heterogeneity in pass-through.
- Controls γ_d soak up fixed effects for each characteristic.
- Estimated separately for **consumer credit** origination by *OFI*s.

Regression summary

	(1)	(2)	(3)
Reference Rate	-0.020	-0.089	0.090
	(0.112)	(0.115)	(0.071)
Observations	1430	1430	1430
Adjusted R-squared	0.89	0.95	0.94
FE	CxM	CxM	CxM
SE-cluster	Cntry-Age	Cntry-Age	Cntry-Age
WLS	-	nbr	value

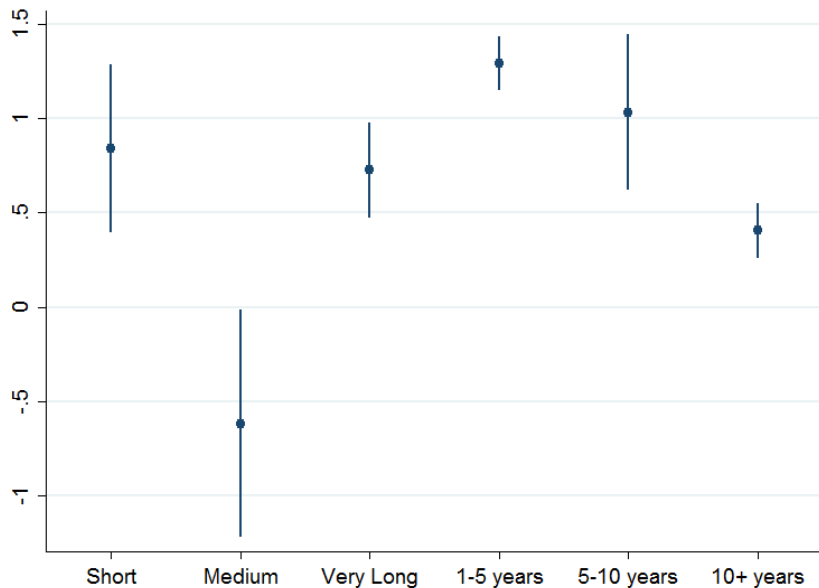**Dependent variable: Average interest rate on new contracts**

Regression coefficients
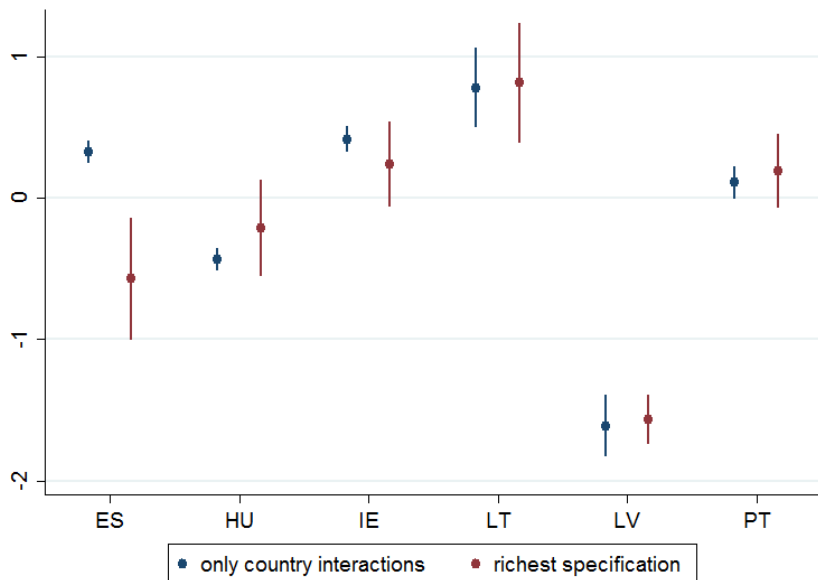
Time-series of interest rates
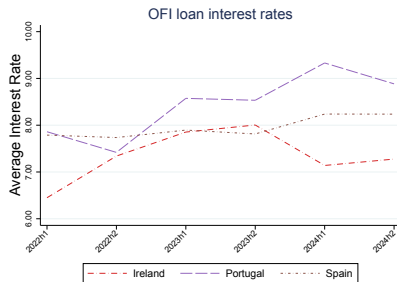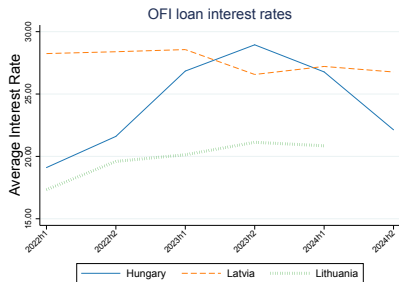
Regression coefficients, cont.

Concluding Remarks

Varying degree of importance

- Important by the number of contracts...
- ...by value they are below 40 percent
- Except in, BE where they are a big part of the consumer loan market

Pass-through

- Even lower than what we found for MFI consumer loans
- Loan characteristics tend to explain a lot of the cross-country variation