Discussion of
Bank Market Power and Monetary Policy Transmission: Evidence from Structural Estimation

by Wang, Whited, Wu, and Xiao (2022, JF)

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Outline

Overview

How does monetary policy affect bank lending?

1. Reserves channel
2. Bank capital channel
3. Deposit channel

This paper:

1. Build and estimate a model with all three channels
2. **Finding:** Deposit channel is the most important channel, followed by the capital channel, and then the reserves channel

The Deposits channel

Methodology

Of course Structural Estimation

1. Calibration
2. Parameter estimation from the data
3. Parameter estimation for Deposit and loan demand
4. Parameter estimation using SMD

Conclusion

This is the conclusion.