

Garcia, Heider and Rünstler

*The euro area money market network during the
financial crisis*

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Outline

- Summary of the paper
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 - find
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- Some remarks
 - ① Banking groups
 - ② Core periphery
 - ③ Related literature
 - ④ Communities

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- Minor points

1. Banking groups

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- Do they cross borders? Since the study is about the integration of *markets* rather than *firms*, shouldn't you first analyse the subsidiaries rather than the groups?
- Is there cross-sectional / time variation in (the use of) internal capital markets (cf. de Haas and van Lelyveld (2010, 2014))?

2. Core periphery

- Is core *size* or *composition* fixed over sample or period?

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- Core is set at 15% Craig and von Peter (2014), in 't Veld and van Lelyveld (2014), Fricke and Lux (2015).
- Advertorial for BCBS Research Task Force LST group (BCBS (2015), Anand et al. (2015)); we find a CP between 3% and 97%

3. Related literature

- Data has been analysed before so how does it relate to these prior papers?
 - Galbiati and Stanciu-viziteu (2015)
 - Gabrieli and Georg (2015)
 - Beltran et al. (2015)

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 - Gabrieli and Georg (2015)
 - Beltran et al. (2015)
- How are prices constructed? You cite a very short piece (Garcia de Andoain et al. (2014) *Ec. Letters*). How does it differ from other implementations? (Arciero et al. (2013), Gabrieli and Georg (2015))

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- The communities are very large
- Are they also stable? What are the transition probabilities for each period? (Petri and Expert (2014) and Delvenne et al (2013))
- What about central *in* communities?
- In the abstract you advertise 412 groups but in Table A.3 max 316 (and on average 270). So a lot of entry and exit. Is this driving the changes in communities? Maybe show some alluvial graphs.

Smaller points

- Is maximizing modularity in Directed Weighted networks an innovation? Kim et al (2010), older paper by Newman?
- T2 starts in February 2008. Why do you start in June?
- Figure A.3a..e shows dynamic evolution. Maybe use Beltran et al. (2015) to make this more accessible.
- Move page 5 and 6 to an appendix
- What is the stopping parameter?
- p8: Compare Bonacich and Loyd (2001) approach with Lee (2013).
- p9: 465500 transactions. Are these all transactions or only *between* groups.
- p11, Fig. 1, top left: show 'All' and 'CB/All' instead to stress *relative* importance of cross border (CB).
- p11, Fig. 2: if you are not showing colours for individual lines, then use 'percentile' graph with 10-90 percentile bands.

Summary

- Excellent contribution to the literature
- Innovative methods and extremely interesting data
- Very useful in gauging the fragmentation of the euro area interbank market

Thank you for your attention

The usual disclaimer applies: these views are my own and do not necessarily represent the views of De Nederlandsche Bank.

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