

Fritzi Köhler-Geib: Intangible investment and the economy - a central banking perspective

Speech by Dr Fritzi Köhler-Geib, Member of the Executive Board of the Deutsche Bundesbank, at the Global Launch of WIPO (World Intellectual Property Organization)-LBS (Luiss Business School), Geneva, 8 July 2026.

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1 Introduction

Thank you very much for inviting me to the launch of the World Intangible Investment Highlights 2026", a highly relevant report. It is a great honor and pleasure for me to be here today.

When reading the report, I was reminded of the latest Easter vacation with my family to Tuscany.

In the town hall of Siena, I was struck by a fresco from the 14th century: Ambrogio Lorenzetti's allegories of good and bad government and its effects. It shows that good government leads to peace, strength and prosperity, while bad government leads to illness, violence and death.

And while good government in the 14th century certainly had different dimensions – intangible assets most likely played a very little role – since 2008 alone intangible investments have grown more than three times faster than physical investment, and at 12.8% of GDP, covered in this year's report and have overtaken tangible investment (11.8%), meaning that the world invests more in ideas than in things today.

Good government today as in the 14th century depend on good decisions which depend on good data. Contributing to the measurement of a relevant part of investment the "World Intangible Investment Highlights 2026" is a highly relevant contribution.

As for us as central bankers, good government begins with delivering sound monetary policy that preserves price stability and supports financial stability.

My considerations on intangible investments and the economy from a central bank's perspective revolve around three questions today:

1. What does the growing relevance of intangible assets mean for the transmission of monetary policy?
2. How does the rise intangible assets impact financial stability?
3. How can public institutions deal with these challenges?

2 Intangibles and the transmission of monetary policy

On monetary policy transmission: For us as central bankers it is paramount that we understand the mechanism through which our monetary policy decisions affect the economy in general and the price level in particular.

Research shows that the rise in intangible assets – ideas, intellectual property, software, and brand equity – is altering the functioning of the transmission mechanism. Let me give you one example:

Döttling and Ratnovski (2023) show that, after an interest rate hike of 25 basis points, firms' physical investment falls by 5% to 6% after three years, whilst intangible investment falls by less than 1%.

The main mechanism is collateral: Intangible assets are hard to pledge as collateral for securing a loan, because they are difficult to value and also to recover in the event of default of the borrower.

As shown by the research, this, in turn, weakens the credit channel through which monetary policy reaches firms. The effect is more pronounced among younger, smaller, cash-poorer companies, for which this weakening is twice as large as it is on average.

In other words, the same policy impulse – a hike in interest rates – now delivers a smaller real-economy response than it did a decade ago.

As central bankers, we must adapt to this new reality. In practical terms, this may require somewhat larger changes in the policy rates (than in the past) to achieve the desired effect. Exactly how much larger is subject to further study.

To sum up: The rise of intangible assets is weakening the effectiveness of the credit channel because firms' intangible investments respond to interest rate hikes to a much lesser degree than physical investments.

This brings me to my second question: What is the impact on financial stability.

3 Intangible assets and financial stability

Dell'Ariccia and colleagues (2021) find in their analysis of US banks' balance sheets over three decades that the portfolio share of commercial lending has fallen by about one third. At the same time, the portfolio share of real-estate lending has more than doubled.

The researchers attribute roughly 30% of the decline in commercial lending to the rise in intangibles. Mortgages as an asset class tend to be more risky than commercial lending.

They explain this as follows: Intangible assets are difficult to pledge as collateral. As a consequence, intangible-intensive firms find it hard to secure loans from banks and instead hold more cash. Banks, facing weaker demand for collateralized commercial credit, reallocate toward other asset classes, in this case real estate.

To sum up, the limited suitability of intangible assets as collateral may have implications for banks' balance sheets, as banks shift their lending towards asset classes that have historically been associated with episodes of financial instability. This means that the rise of intangible assets is reshaping financial stability through the bank lending channel.

Central banks are monitoring this development. If this shift proves persistent and has implications for the broader risk environment, it may warrant further consideration from a macroprudential perspective. The countercyclical capital buffer, for example, is designed to help banks build resilience as system-wide risks increase.

Nevertheless, policymakers can only respond to risks that they can observe. This underscores the importance of improving how we identify and measure intangible assets.

This brings me to the third question on how public institutions can deal with these challenges.

4 Better data for better governance

I find the number of 62% of intangible investments that goes unrecorded in official statistics as published in today's report remarkable.

I have pointed out two areas, where intangibles may impact a central bank's decisions – monetary policy transmission and financial stability. Of course, a calibration of policy tools requires reliable measures of underlying investments.

And the shift is of a notable size: Take for example Germany: Intangible investment has grown by around 4% per year over the past decade, while physical investment has fallen since peaking in 2019. So, the gap is widening.

In combination with the research I mentioned before, this indicates that the sensitivity of overall investment to monetary policy transmission may be declining as the share of physical investments is declining. These shifts are taking place across Eurozone countries as described in the report. This is highly relevant for calibrating monetary policy instruments.

Another way of addressing these challenges is the improvement of the valuation and financing of Intellectual Property, as for example Singapore or South Korea are attempting. These countries have expanded policy frameworks to support the use of intellectual property as collateral.

To sum up: The World Intangible Investment Highlights 2026 contributes to closing the measurement gap. Public institutions including central banks need to adjust their policy instruments and some governments have already taken steps to make intangibles more investible.

5 Closing remarks

Let me conclude by returning to the frescos from the 14th century: While good government has different dimensions today than 700 years ago, good measurement and thereby data is the fundament on which good decisions are based on.

Therefore, today's report is very relevant. Ultimately, this can contribute to better government and hence better prospects for the economy society.