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## Financial institutions' business models and the global transmission of monetary policy<sup>\*</sup>

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### Abstract

Global financial institutions play an important role in channeling funds across countries and, therefore, transmitting monetary policy from one country to another. In this paper, we study whether such international transmission depends on financial institutions' business models. In particular, we use Dutch, Spanish, and U.S. confidential supervisory data to test whether the transmission operates differently through banks, insurance companies, and pension funds. We find marked heterogeneity in the transmission of monetary policy across the three types of institutions, across the three banking systems, and across banks within each banking system. While insurance companies and pension funds do not transmit home-country monetary policy internationally, banks do, with the direction and strength of the transmission determined by their business models and balance sheet characteristics.

JEL classification: E5, F3, F4, G2.

Keywords: monetary policy transmission, global financial institutions, bank lending channel,

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