Accepted Manuscript

The Transmission of Monetary Policy through Bank Lending: The Floating Rate Channel

Filippo Ippolito, Ali K. Ozdagli, Ander Perez-Orive

PII: S0304-3932(18)30052-7
DOI: 10.1016/j.jmoneco.2018.02.001
Reference: MONEC 2976

To appear in: *Journal of Monetary Economics*

Received date: 1 July 2015
Revised date: 31 January 2018
Accepted date: 5 February 2018

Please cite this article as: Filippo Ippolito, Ali K. Ozdagli, Ander Perez-Orive, The Transmission of Monetary Policy through Bank Lending: The Floating Rate Channel, *Journal of Monetary Economics* (2018), doi: 10.1016/j.jmoneco.2018.02.001

Highlights

- Most bank loans feature floating rates mechanically tied to monetary policy rates.
- Monetary policy affects the balance sheet strength of firms that use unhedged floating rate loans.
- Constrained firms with more unhedged bank debt respond more to monetary policy.
- This mechanism operates through outstanding bank loans instead of new loans.
- The significant effects of this mechanism disappear at the zero lower bound.