

# Input-Output-based measures of systemic influence

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## THE PAPER

Interesting application of Input-Output analysis to interbank liabilities.

Formally precise and yet an enjoyable read.

Six measures of systemic importance, mainly three categories:

- ▶ node-specific shocks,
- ▶ link-specific shocks,
- ▶ node&link-specific shocks.

Numerical example.

Consistency of the measures with data on European interbank exposures.

## MAIN COMMENTS

- ▶ Need to discipline comparison across measures, if these are more than simply descriptive.
  - ▶ 'network A' with 'bank characteristics B' is more systemically important for 'variable of interest C' according to 'measure D'.
- ▶ Interbank liabilities and total lending are not fixed.
  - ▶ They are equilibrium outcomes (or at least the outcome of decisions).
  - ▶ A counterfactual across fundamental shocks would be more informative.

## MINOR COMMENTS

- ▶ Distinction between  $e$  and  $d$  superfluous.
- ▶ Numerical example more informative if comparison across banks done while holding the rest of the details constant.
- ▶ Overlapping with centrality measures from network theory. Why not simply using those?
- ▶ Plenty of application of Leontief-style I-O analysis to financial liabilities: Brioschi et al (1989, JBan&Fin), Fedenia et al (1994, RevFinStud), Elliott et al (2013), Acemoglu et al (2013), Cabrales et al (2013).