

Monetary policy transmission and credit cards: evidence from Indonesia

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Abstrak

ABSTRAK

This paper empirically tests the dynamics of credit cards and monetary policy in the context of Indonesia. Using monthly data from 2006 to 2018 and a structural vector autoregressive model, our findings indicate that credit card usage is mainly driven by Indonesia's fast economic growth over the last decade, which indeed reflects the role of credit cards in consumption smoothing. The study also finds that monetary policy transmission through the lending channel is weak, with a more prevalent role for exchange rates and global oil prices in the transmission process.