Readme: Replication Materials for "Transmission of Income Variations to Consumption Variations: The Role of the Firm"

Miao Jin, Yu-Jane Liu, Juanjuan Meng, and Yu Zhang

Data Access:

We use a dataset on income, consumption, and financials from a leading commercial bank in Asia (henceforth "Bank"). Due to a confidentiality agreement with the Bank, we cannot publicly distribute the data. Upon permission from the Bank, we will provide contact information to anyone who would like to contact it for access to use the data for replication.

Data Construction:

Our sample contains income, consumption, and financial transactions data of the Bank's customers in a 24-month period between July 2013 and June 2015. The Bank is the largest commercial bank in a high-income Asian economy. It provides direct deposit services for many firms. The data contains anonymized identifiers of the paying firms. For our purpose, we aggregate the data at the individual-year level.

We restrict the baseline sample to the "main credit card" sample. The "main credit card" sample includes only employees who continuously receive paychecks via the bank during the 24-month sample period, have a credit card account at the bank and actively use it every month, and use the bank as their main credit-card bank. A main credit-card bank is defined as the bank with which an employee has the highest average credit-card balance. This sample contains 25,996 employees. Second, we further restrict our sample to employees who stay at the same firm throughout the sample period (95.04% remained). Third, we restrict our sample to full-time employees from 18 to 65 years of age (94.58% remained). Furthermore, we only consider employees in firms with ≥20 employees (88.57% remained), to ensure the within-firm measure is meaningful. This selection procedure yields a main credit-card sample comprising 23,025 employees in 784 firms.

For robustness, we also carry out estimations on a larger, less restricted "all direct depositor" sample, which is a superset of the "main credit-card" sample. The "all direct depositor" sample contains all employees who continuously receive paychecks via direct deposit at the bank and who have a credit card account at the bank and actively spend on it every month, but whose highest credit-card balance may or may not be the bank. After applying the same restrictions on employees and firms, the all direct depositor sample contains 101,493 employees in 861 firms.

Data files:

The replication codes take as given the following data files for producing the results in this paper (and the Online Appendix):

(1) *data_monthly.dta*: The initial dataset of consumption, income, savings and debt without sample restrictions at a monthly frequency from the Bank.

(2) *reg_yr_main.dta*: The main credit card sample, aggregated to the annual frequency, constructed with ConstructData.do. This is the baseline sample for the analysis.

(3) *reg_yr_all.dta*: The all direct depositor sample, aggregated to the annual frequency, constructed with ConstructData.do.

(4) *reg_mon_main_peereffect.dta*: The main credit card sample at the monthly frequency with peer consumption variables, constructed with ConstructData.do.

(5) *firmsizeCensus.dta*: The distribution of firm size in the official business census.

(6) *reg_crsection_main.dta*: The main credit card sample, aggregated to the cross sectional level, constructed with ConstructData.do.

(7) *reg_semiannual_main.dta*: The main credit card sample, aggregated to the semi-annual frequency, constructed with ConstructData.do.

(8) *reg_mon_main.dta*: The main credit card sample at the monthly frequency, constructed with ConstructData.do.

Program code:

The Stata codes provided here are used to generate all of the results in the paper.

(1) *Main.do* produces all the tables and figures reported in the paper. The name of the table or figure is noted immediately above each section of code.

Output: Figure 1
Figure 2
Table 1
Table 2
Table 3
Table 4
Table 5
Table 6
Table 7
Table 8

(2) *Appendix.do* produces the tables and figures in the Online Appendix. The name of the table or figure is noted immediately above each section of code.

Output: Figure A1
Figure A2
Table A1
Table A2
Table A3
Table A4
Table A5
Table A6
Table A7
Table A8
Table A9
Table A10
Table A11
Table A12
Table A13
Table A14
Table A15

Software Version: Stata 14

Operating System: Windows 7