

経済学会第 566 回例会

2017 年 10 月 18 日

Retail bank rates, bank lending and monetary policy in the euro area

Agata Wierzbowska

Abstract

It is widely agreed that European banks played an important role in the build-up to the financial crisis, which, together with the subsequent euro area sovereign debt crisis, extended negative effects on the banking system in the euro area.

The condition of banking system affects the real economy via impact on retail bank rates and bank lending. It also impacts the efficacy of monetary policy. Specifically, the extent to which policy rate is reflected in retail bank interest rates and is able to affect the amount of bank lending is crucial for the efficient transmission of monetary policy measures to real economy. It is especially important in the euro area where a majority of external funds supplied to non-financial corporations comes from the banks. Furthermore, any cross-country dispersions in retail bank rates in the euro area imply a lack of uniformity in the cost of funds for the non-financial sector which in turn might contribute to the widening of the macroeconomic gaps and threaten the price and financial stability goals of the European Central Bank.

The goals of this research are twofold. First, basing on descriptive data analysis, to offer an insight on the impact of the crises on retail bank deposit rates, lending rates and loan growth in euro area as a whole as well as in individual countries. The special attention is given to the cross-country dispersions in the analysed variables and to the relationship between bank financing costs and lending rates as well as bank lending rates and loan growth rates. The second aim is to provide empirical evidence of the pass-through of monetary policy to bank financing costs and lending rates and their role in determining the bank lending in euro area as a whole and its individual countries.