

The IER Seminar in Empirical Economics

We would like to invite you to the **Empirical Seminar** series organized by the Institute of Economic Research, Slovak Academy of Sciences, Šancová 56 that will be held online. The seminar will take place on **November 24th, 2021 at 15:00**.

The speaker will be **Ngoc Anh Ngo** (Czech National Bank & Technical University Ostrava, Czech Republic).

The topic of the seminar is: ***Does Macprudential Policy Leak? Evidence from Non-bank Credit Intermediation in EU Countries***

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Abstract

We examine whether macroprudential policy actions impact shadow bank lending. We utilize a large dataset covering 23 European Union countries and synthesize a narrow measure of shadow banking focused on capturing credit intermediation by non-banks. To address the endogeneity bias inherent to modelling of the effects of macroprudential policy to the financial sector, we consider novel index of macroprudential authority strength to pursue its goals and use it to instrument for macroprudential policy variable in an IV estimation framework. We robustly demonstrate that following a macroprudential policy tightening, shadow bank lending increases. We take advantage of the nature of our data which lies in harnessing its cross-sectional dimension and show that the effect applies especially to low capitalized banking sectors where the macroprudential policy is expected to be more binding, leading to credit reallocation from banks to non-banks.

The seminar will be co-chaired by Mária Širaňová.

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