

## **MACROPRUDENTIAL TOOLS, CREDIT GROWTH, AND FINANCIAL STABILITY: LESSONS FROM CENTRAL AND EASTERN EUROPEAN COUNTRIES**

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### **Abstract**

The turbulences that banking systems confronted over the past decades emphasized the importance of a sound macroprudential policy. Therefore, our study analyses the use and the types of macroprudential tools adopted by the authorities, in Central and Eastern European countries, from 2000 to 2018. Our findings reveal a degree of asymmetry within the regulatory framework. More exactly, the frequency, but also the nature of prudential instruments were not symmetrical in the Central and Eastern European countries. The heterogeneity also stands out from a time-varying perspective. We attribute this pattern to the different levels of financial stress that banking systems have been subjected to. Generally, we notice that the macroprudential tools aimed at taming the financial cycle.

### **Keywords**

Prudential framework, macroprudential tools, credit growth, Central and Eastern Europe, financial crisis

### **JEL Classification**

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