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Bank Loans and the Business Cycle: The Case of the Czech Republic

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Abstract : This article aims to evaluate the impact of loans provided within the Czech banking sector on the growth of the Czech economy. The article is based on research of current scientific findings in respect to bank loans and economic development. The paper is based on data taken from the Czech Statistical Office on the development of the gross domestic product and data from the Czech National Bank on the development of loans from the period 2004-2015. Links between selected variables are tested using Granger causality tests. The results calculated confirm the hypothesis of the impact of the loans on economic growth, with a six-month delay. The results thus correspond to the standard economic findings and results of most previous studies.

Keywords: bank, business cycle, economic growth, loans

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