

## Countercyclical Capital Buffer in the Polish Banking System

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**Abstract :** The aim of this paper is the identification of periods of excessive credit growth in the Polish banking sector in years 2007-2014 using different methodologies. Due to the lack of precise guidance in CRD IV regarding methods of calculating the credit gap and related deviations from the long-term trends, a few filtering methods are applied, e.g. Hodrick-Prescott and Baxter-King. The solutions based on the switching model are also proposed. The next step represent computations of both the credit gap, and the counter cyclical capital buffer (CCB) rates on a quarterly basis. The calculations are carried out for the entire banking sector in Poland, as well as for its components (commercial and co-operative banks), and different types of loans. The calculations show vividly that in the analysed period there were the times of excessive credit growth. However, the results are different for the above mentioned sub-sectors. Of paramount importance here are mortgage loans, where the outcomes are distorted by high exchange rate fluctuations. The research on the CCB is now going to gain popularity as the buffer will soon become one of the tools of the macro prudential policy under CRD IV. Although the presented method is focused on the Polish banking sector, it can also be applied to other member states. Especially to the Central and Eastern European countries, that are usually characterized by smaller banking sectors compared to EU-15.

**Keywords :** countercyclical capital buffer, CRD IV, filtering methods, mortgage loans

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