



## THE IMPACT OF RISING HOUSEHOLD DEBT ON SYSTEMIC RISK IN CENTRAL AND EASTERN EUROPE



**CANDIDATE: SAJIRA  
AJANOVIĆ**

In the recent decades we have witnessed a significant rise in household debt across both advanced and emerging economies. Studies dealing with business cycle frequencies as well as the experience we gained from the recent financial crisis have shown that rise in private sector credit which includes household debt may increase the likelihood of financial crisis and lead to lower growth. The aim of this research is to analyze the impact of rising household debt on systemic risk in emerging banking markets using a sample of banks from Central and Eastern Europe for a period from 2000 to 2018. This timeframe includes two major vulnerability periods for CEE banking markets, the 2007-2008 global financial crisis and the 2010-2011 European sovereign debt crisis. The geographic area is of a great interest as it comprises developing and emerging countries that experienced in the last decade significant improvements with respect to regulatory framework and property rights, but at the same time high increase in household debt. The study analyses systemic risk in the emerging banking markets by applying delta conditional value at risk approach ( $\Delta\text{CoVar}$ ). We want to look at the level of systemic risk contribution in relation to household debt and specific idiosyncratic bank variables and market variables by using a panel regression model. The data will include banks operating in CEE countries that are listed on stock exchanges as calculation of  $\Delta\text{CoVar}$  is conditional on high frequency data.

**MENTOR: PROF.  
DR. IAN JACKSON**