Abstract

After the dissolution of the Soviet Union, a number of post-soviet countries are facing a high level of financial dollarisation. This thesis aims to estimate the determinants of both deposit and loan de-dollarisation using panel vector autoregression model. The study covers five countries of Caucasus and Central Asia region within the time frame of 2006:1 to 2017:1. Our findings suggest that deposit de-dollarisation is driven by exchange rate depreciation. On the other hand, a decrease in deposit dollarisation contributes to loan de-dollarisation. We also find out that effective policies toward macroeconomic stability with the development of the financial system can help to a decrease financial dollarisation level.

Keywords

CCA region, Financial dollarisation, Panel Vector Autoregression.

Author’s e-mail

azviadadze@gmail.com

Supervisor’s e-mail

jaromir.baxa@fsv.cuni.cz