

Abstract

The thesis studies the impact of European banking regulatory reforms on the stability of Central and Eastern European countries after the financial crisis with the annual data from Hungary, Poland, Slovakia, and Slovenia from 2009 to 2019. The thesis reaches several conclusions. Firstly, increasing minimum Tier 1 capital adequacy ratio through CRR/CRD IV did not significantly promote the bank stability in sample countries. However, total capital adequacy ratio is found to have positive and significant association with overall insolvency risk. Secondly, relaxing restrictions would have negative impact on bank stability measured by bank z-score. Thirdly, countries that are more open on the regulation may have more stable banks, while tighter entry restrictions boost bank fragility. Fourthly, when only taking deposit insurance variables as explanatory variables, increasing the level of deposit insurance coverage may dampen the bank stability. However, when controlling other regulation and supervision indexes, the results do not show any significant effect of deposit insurance scheme on bank z-score. Lastly, the supervisory variables are not significantly associated with bank stability in sample countries.