

# Abstract

The aim of this thesis is to investigate the behavior of the interest rate transmission from money market rates to bank retail rates on the Czech banking market during the period from January 2004 to November 2010, and to detect potential changes occurred as a result of the current financial crisis. Using Ordinary Least Squares, Recursive Coefficients estimates and Impulse Response analysis we explore that bank retail rates reflect Pribor rate changes more strongly than changes in Euribor rates. We reveal that interest rate pass-through is rather incomplete and sluggish in the majority of cases and the adjustment level decreases noticeably during the period influenced by the financial crises.