

Abstract

This thesis describes the history and present situation of dollarization process and analyzes the situation in three new EU member states. It describes the development of the official and unofficial dollarization of credits and deposits, and concludes the results of previous studies. Furthermore, it provides a detailed analysis of situation concerning borrowing denominated in foreign currencies in the Czech, Hungarian and Polish household sector, for the period of last eleven years.

The empirical analysis investigates the determinants of foreign currency loans in a household sector. Using three different panel data regressions, we found that share of foreign currency denominated loans in examined countries are positively influenced by dollarization of deposits, banks' net foreign assets and loan to deposit ratio. Other tested variables, such as EU membership, interest rate differential or exchange rate volatility, changes their significance and impact according to the model or the method used. Their impact on a dependent variable is insignificant and not stable.

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Author's e-mail	Nikola.Buresova@seznam.cz
Supervisor's e-mail	Roman.Horvath@gmail.com

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