Abstract

The aim of this thesis is to estimate the effectiveness of the ECB’s measures, namely of the Long-term refinancing operations (LTROs), on the liquidity and credit risk components. These components are estimated according De Socio (2011) methodology, which derives them from the Euribor-Eonia swap spread. The author’s hypothesis, that the LTROs have a higher impact on liquidity risk and very small impact on the credit risk, has been confirmed based on impulse response functions from a VAR model. Other parts of the thesis introduce the development on the financial markets during the period 2002 – mid 2007; the liquidity (market, funding and central bank liquidity) and liquidity risks connected to them; development of secured and unsecured money market rates and more importantly the ECB’s unconventional monetary policy measures, which were conducted since the crises started.