

Abstract

Housing market has a considerable impact on the macroeconomic stability. There is an attempt to regulate housing market using a set of macroprudential tools. The first aim of this thesis is to describe and compare macroprudential regulation aiming at the contract between lenders and borrowers in the European Union and Norway. The second aim is to assess the influence of central banks in macroprudential policy-making on the probability that these instruments are implemented. The probability is estimated using a probit model. The comparison shows that there are considerable differences in implemented regulation between individual countries and that countries with high proportion of foreign currency denominated loans use macroprudential measures to mitigate borrowing in foreign currencies. Using the data from the European union and Norway, statistically significant influence of central bank involvement was not identified. The effect of central bank became significant when using larger dataset including non-European countries. In this dataset, the leading role of central bank is associated with lower probability that instruments targeting borrowers are implemented.