

The thesis focuses on the interaction between macroprudential and monetary policies in the presence of bank runs. In particular, it is examined whether the two policies should be conducted separately or jointly, and whether the occurrence of a bank run affects the result. Furthermore, it is studied how a bank run impacts the efficiency of the two policies. \

The baseline results suggest that cooperation between the two policies is less efficient than when they are determined separately. The reason might be a coordination issue that arises because the same objective is being assigned to both policies in the cooperative case. On the other hand, when facing a bank run the cooperative regime achieves a higher degree of financial stability by reducing the probability of a next run. This is caused by the fact that cooperating authorities choose more aggressive macroprudential policy when a bank run occurs. A bank run itself does not change the ranking of the two policy regimes. However, an occurrence of a bank run induces higher efficiency of both policies, irrespective of the regime in place. In addition, the policies are more effective when they face financial shocks, as opposed to a productivity shock.