

Abstract

This diploma thesis focuses on the development of the interbank market liquidity and interest rates in the Czech interbank market with special focus on the period of global crisis. We analyze determinants of the interbank interest rates and their development with respect to the key monetary policy rate. We explain the significant departure of the interbank interest rates from the key monetary policy rate (impairment of monetary policy transmission) during the global crisis by an increase in risk premia on interbank lending. The source of the risk premia is decomposed into the individual components such as liquidity risk, counterparty risk, foreign influence and other factors. Their contribution to the overall risk premia over time during the global crisis is analyzed. We find that the liquidity risk was the key determinant of tensions in the Czech interbank market in the beginning of the global crisis. However, its influence weakened over time while the role of counterparty risk increased.

Keywords: interbank market, liquidity, interest rates, crisis, risk premia, credit risk, liquidity risk, counterparty risk

JEL classification: G190, G210