

Credit cycles and macroprudential policy (Discussion paper)

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Abstract

This paper analyzes the nature of the economic and financial cycle and the interaction between both of them using quarterly information, corresponding to the period 1960 to 2015. Results suggest a strong relationship between both and show the procyclical character of credit. Based on the results found, a regime was created to determine a capital buffer for the Bolivian financial system following the spirit of Basel III recommendations.

JEL Classification: *E32, E44, E51*

Keywords: *Credit cycles, financial cycle, capital buffers*