

Abstract

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“Interlinkages between Macroprudential Policy and Resilience to the Global Financial Crisis in South East Asian Emerging Economies”

This dissertation investigates interlinkages between macroprudential policy and crisis resilience. We choose Southeast Asian EMEs because this region has extensively used macroprudential tools and performed relatively better than both other EMEs and advanced economies during the global financial crisis (GFC) of 2007-2008. The main research question is to establish whether the macroprudential policy has an impact on mitigating financial vulnerability and preserving financial stability, which, in the end, contributes to financial crisis resilience. The main research objective is twofold. First, we aim to describe macroprudential policies pursued by Southeast Asian EMEs and identify their impact on resilience to the GFC. Second, the thesis seeks to establish the macroeconomic effects of macroprudential policy and the importance of macroeconomic factors in driving this policy in Southeast Asian EMEs. Regarding the method, we use the comparative analysis to assess the ability of the Southeast Asian economies to accommodate the negative impact of shocks and to recover from the crisis. Moreover, examining the impact of macroprudential policy on financial resilience, we employ cross-sectional regressions. The macroeconomic effects of macroprudential policy and policy responses to macro variables are investigated within the SVAR framework. The main result of this empirical research is that Southeast Asian EMEs performed best in terms of resilience to the GFC. The second finding is that macroprudential policy has a significant impact on crisis resilience, which is asymmetrical: during financial crises, the loosening has a bigger impact, while during non-financial crises, the tightening has a stronger impact. Moreover, the policy effectiveness depends on the stage of economic development. The last finding is that macroprudential policy is able to preserve financial stability, as shown by its ability to control credit growth.