

Comparing macroprudential measures to curb consumer credit growth: risk-weight mark-ups vs. direct quantitative limits

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Abstract

The consumer loans demonstrated high growth rates both before pandemics and after its start. The Bank of Russia for around seven years utilized macroprudential measures in the form of risk-weight mark-ups to curb such growth. However, these measures occurred to have limited impact. That is why the Bank of Russia plans to introduce direct quantitative limits since 2022. Our objective is to use the stylized agent-based model of the Russian banking system developed in (Ermolova, et al., 2021), (Nechitaylo & Penikas, 2021) to compare the efficiency of two types of measures. We focus on risk-weight mark-ups and direct quantitative limits. We wish to present findings that might be of value in day-to-day supervisory activity of the Bank of Russia.

References

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