Interest rate pass-through in Poland
Evidence from individual bank data

Ewa Stanisławska*
Bureau of Economic Research,
Economic Institute, Narodowy Bank Polski

Summary

The paper, based on individual bank data, analyses interest rate pass-through from money market rates to banks’ deposits and lending rates. In the first step, the speed and completeness of interest rate adjustment is assessed. As the sample covers period prior to and post the outburst of the financial crisis, some comparisons are made. In the second step, the influence of individual banks characteristics, like size, strength of deposit base, quality of credit portfolio, etc., on the features of interest rate transmission is examined. It seems that their impact is not strong, as they affect rather the speed of adjustment than its scale in the long term.

* Ewa.Stanislawska@nbp.pl. Opinions expressed in the paper are those of the author and should not be interpreted as a view of the Narodowy Bank Polski. The author would like to thank to Anna Sznajderska and Tomasz Łyziak for their comments and discussions, and to Norbert Cieśla for explaining issues related to dataset. The author is responsible for all mistakes and omissions.
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Introduction

Interest rate channel of monetary policy operates in two steps. First, monetary policy decisions is transmitted to money market rates and, then, from the money market rates to banks’ retail rates. The first stage is usually efficient, as the adjustment is typically quick and complete. This paper focuses on the second step of this transmission process. The underlying assumption of the analysis is that banks set their interest rates in relation to marginal cost of funding which is approximated by the money market rate. Usually, the relevant market rate is chosen – for a given retail rate – based on highest correlation or on maturity matching.

As documented in the literature, there is a considerable sluggishness in the interest rates adjustment and, in many cases, even in the long run the pass-through is not complete. Moreover, imperfections in the interbank market might result in that some banks transmit monetary policy decisions more efficiently than other. The aim of this paper is twofold. Firstly, I want to assess basic features of the transmission process to deposit and lending rates in the Polish banking system. As the sample covers period of money market disturbances related to the global financial crisis, some conclusions are made about changes in the pass-through after this event. Secondly, I test whether the interest rate pass-through is affected by some individual banks’ features. Namely, these are bank characteristics related to the credit view on monetary policy transmission, like bank’s size, liquidity and capital position, as well as to bank’s refinancing strategy (from non-financial sector deposits or from the money market), to kind of relations with clients (relationship banking) and to quality of credit portfolio.

The analysis is conducted with use of standard panel econometric methods, like cointegrating techniques and error correction models. The novelty of the paper lies in presenting new piece of evidence on this subject in the Polish economy. Most of the research on interest rate pass-through in Poland has been done on aggregated level (e.g. Wróbel, Pawłowska, 2002; Égert, 2004; Demchuk et al. 2012; Sznajderska, 2012). Panel data give a little bit different perspective on interest rate transmission. Rather than delivering estimate of pass-through to (weighted) average deposit and lending rates in the banking sector, it attempts to provide average pass-through across banks. The other advantage of using panel data is that it delivers more accurate estimates of parameters due to larger number of observations and more variability (e.g. Hsiao, 2006). The only study employing individual bank data was conducted in 2003 (see: Chmielewski, 2003). Since then Polish economy underwent several changes, like growing importance of the financial system, introducing constant inflation target by the Monetary Policy Council, accession to the EU, which most likely affected interest rate transmission. Therefore, the need to update these results is well-grounded. Moreover, in the part of the paper devoted to heterogeneity of interest rate pass-through, a larger set of bank indicators is taken under consideration. The second contribution of the paper is to assess changes in the interest transmission from market to deposit and lending rates since the outbreak of the financial crisis. As presented in Demchuk et al. (2012), the crisis strongly disturbed functioning of the money market and some long run relationships between money market rates and banks’ retail rates have become unstable. As now more time has passed since the outburst of the financial crisis, more complex analysis is possible.

1 For synthetic description of structural characteristics of the Polish economy (and their development over time) affecting monetary transmission mechanism see Demchuk et al. (2012).
The structure of the paper is the following. First section contains short review of related literature. It is followed by description of the data applied. The study employs individual bank statistics on interest rates of various deposit and credit products. The third section presents results on long- and short-term pass-through in the full sample period, as well in two sub periods marked out by beginning of the severe phase of the financial crisis after collapse of Lehman Brothers. The completeness of interest rate transmission and the speed of adjustment are assessed. The forth section focuses on heterogeneity of interest rate pass-through across banks. Two approaches are taken: assuming homogeneity in the long run adjustment and allowing for dependency of the long-run multipliers on investigated individual bank features. The last section concludes.
Review of literature

1. Sluggishness of interest rate transmission


Based on this considerable amount of evidence on features of interest pass-through several conclusions might be made. First of all, transmission of interest rate is usually sluggish and sometimes not complete. The speed of adjustment and size of pass-through in the long run is heterogeneous across bank products. Typically, lending rates to firms adjust at the greater pace, while rates on consumer credit and on short term deposits at slower pace (e.g. Mojon 2000; Sørensen, Werner, 2006; de Bondt, 2002). Some studies pointed on weaker transmission to products offered to consumers in comparison to products offered to firms (De Grauve et al., 2007), and to slower adjustment of deposit rates than of lending rates (Hofmann, Mizzen, 2004). As reasons of lagged and/or not complete pass-through there are mentioned menu and switching costs (preventing banks from following every interest rate change and customers from transferring deposits in search for better offer), problems related to asymmetric information (like adverse selection and moral hazard), banks’ market power and not perfectly elastic demand for loans and deposits (related to limited access to alternative financing sources and to existence of close substitutes for deposits) (for discussion see: Mojon, 2000; de Bondt, 2002). Secondly, the features of interest rate pass-through differs on country level, which is usually linked to the structure the financial system and its characteristics, especially the level of bank competition, but also scale of excess liquidity in the banking sector, financial development and credit quality. Moreover, the strength of interest rate transmission depends on macroeconomic variables, like: interest rate variability, inflation level, GDP growth.3 Thirdly, some asymmetries in the interest rate transmission have been identified. It seems that larger interest rate changes are transmitted faster than smaller ones, which is in line with existence of menu costs (e.g. Hofman, Mizzen, 2004; De Grauve et al., 2007). The evidence on asymmetry with regard to direction of interest rate changes is less conclusive (e.g. Mojon, 2000; Hofman, Mizzen, 2004; Greenwood et al., 2012).

When it comes to Poland, the early literature indicated complete long term pass-through of most of deposit rates and for short- and medium-term lending rates to firms, while less than complete for lending rates on consumer credit. The mean adjustment lag amounted to 2.5 – 4.1 months in case of deposit rates, and a little bit shorter, ranging from 1.8 to 3.8 months, in case of lending rates (Wróbel, Pawłowska, 2002). More recent

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3 For discussion of factors affecting cross country heterogeneity in the euro zone countries see: Mojon, 2000; Sander, Kleimeier, 2004; Sørensen, Werner, 2006; while for a wider perspective: Gigineishvili, 2011, Saborowski, Weber 2013.
results (Demchuk et al., 2012) point on comparable scale of transmission to households’ and firms’ deposit rates (which is close to one), and relatively faster speed of adjustment in case of firms than households. When it comes to lending rates, the long term pass-through is complete in case of loans for housing purposes, loans to households and firms’ credit in current account, contrary to very low (about 0.5) pass-through coefficient for loans to sole entrepreneurs. It should be stressed, however, that long run relations between money market rates and banks’ retail rates became distorted after the outbreak of the financial crisis. Chmielewski (2003) tested for asymmetry in interest rate pass-through in respect to the sign of disequilibrium, but did not find it significant. Sznajderska (2012) investigated several types of asymmetries in the interest rate transmission. She has found some evidence in favour of asymmetry, inter alia, with regard to magnitude of disequilibrium (i.e. that larger deviations from the equilibrium are adjusted faster than smaller deviations) and to liquidity level of the banking sector.

Several papers addressed a question on consequences of the financial crisis for interest rate transmission from money market to deposit and lending rates (e.g. Jobst, Kwapil, 2008; Hristov et al., 2012; Harbo Hansen, Weltz, 2011; Illes, Lombardi, 2013; ECB, 2013). The main issue concerns normalizing (or its lack) of elevated spreads between retail and money market rates. Illes and Lombardi (2013) show that in major economies of the euro area decreases in policy rates have been transmitted to lending rates only in to limited extent due to higher risk premium. In Italy and Spain spreads are still staying on elevated levels, while in Germany and France they’ve started to decrease. Aristei and Gallo (2012) based on results obtained from Markov-switching vector autoregressive model concluded that the immediate reaction of retail rates to changes in market rates has become weaker in the euro area, but at the same time the reaction to disequilibrium between these two types of rates has strengthen. Hristov et al. (2012) also analysed interest rate transmission in the euro area and have found that the interest rate pass-through during the financial crisis have become less complete for both deposit and lending rates.

2. Heterogeneity in interest rate transmission across individual banks

Generally speaking, there are three approaches to investigating heterogeneity of interest rate pass-through within the ECM framework. The first one consists in estimating ECM model for two or more groups of banks categorised according to the features of interest, and comparing its parameters (e.g. Weth, 2002). This approach is straightforward and requires only limited information about individual banks (as bank specific means are used to classify individual institutions). The disadvantage is that each bank characteristic is treated separately, so connections between the analysed features are not taken under consideration. In the second approach, instead of creating groups of banks with similar characteristics, individual bank indicators are included in the ECM equation as an interaction term (e.g. Gambacorta, 2008). This allows possibility of including several individual banks’ indicators in one equation. In the most recent approach panel of banks is treated as heterogeneous, so parameters of the ECM equation crucial from the point of view pass-through are allowed to vary from bank to bank. Having obtained estimates of these parameters for individual banks, they are regressed (for various interest rates categories at once) on individual bank characteristics (e.g. De Grauwe, 2007). The use of heterogeneous panel methods is recommended in case of panels with large time and cross section dimension.

In this paper the first approach is employed due to some data constrains. First of all, interest rate statistics includes relatively small number of banks, so heterogeneous panel models are not best suited. Moreover, in
this approach it is assumed that given bank feature affects all types of interest rate in the same way as data on various interest rates is pooled and this might not be true. Secondly, some financial indicators investigated are reported only on quarterly basis, while interest rate statistics are revealed each month. So employing model with interaction terms would restrict number of observations available.

In the literature various individual bank features were taken as a potential source of pass-through heterogeneity. Most of the studies indicate that heterogeneity refers in the first place to the speed of short run adjustment and vanishes in the long run (e.g. Weth, 2002; Gambocorta, 2008), but contrasting evidence is also present (e.g. De Grauve et al. 2007).

The evidence on relationship between interest rate pass-through and bank size (measured by assets or loans) is ambiguous. Bernstein and Fuentes (2003) attain slower speed of adjustment of lending rates in bigger banks, Weth (2002), Horovath and Podpiera (2012) – faster adjustment, while Gambocorta (2008) finds no significant size effect on interest rates transmission. Weaker reaction of banks’ interest rates to changes in market rates in bigger banks is expected in connection to the credit channel view on transmission mechanism. Weth (2002) offers explanation of the opposite result referring to different types of client of large and small banks. Larger banks usually cooperate with larger companies, which have better access to other sources of credit. This impose these banks to follow market rates more closely than smaller banks. Bank’s size might also serve as a proxy for efficiency.

Other two bank characteristics related to the credit channel view are liquidity and capital position. Evidence in line with this concept is found in De Grauve et al. (2007) for Belgian banks and Gambocorta (2008) for Italian banks, as the former suggest lower long term pass-through to deposit and lending rates and the latter - lower immediate reaction of short term lending rate. Contrasting results for liquidity are presented by Horovath and Podpiera (2012) for the Czech Republic.

Empirical evidence indicate that interest rate pass-through to retail rates might be affected by the bank’s structure of financing. Two issues might be considered here: how strong is the banks’ deposit base and what is the maturity mismatch between deposits and loans. As argued by Berlin and Mester (1999), banks with high share of core deposits, which are inelastic to changes in interest rates, are able to adjust interest rates more sluggishly to market conditions than other banks. Slower adjustment in banks financing in greater scope with non-financial sector deposits is indicated by Weth (2002) and Gambocorta (2008). Additionally, Weth (2002) pointed out that the term structure of deposits and loans matters for the speed of adjustment: banks which refinance long term loans in smaller degree with long term deposits are more inclined to follow market rates closely than those for which this maturity mismatch is smaller.

Strong deposit base is sometimes considered as a proxy for relationship banking (e.g. De Grauve et al. 2007; Horvath and Podpiera, 2012), however alternative indicators, stressing long term character of relationship between banks and its clients – like ratio of long term loans to total loans (Gambocorta, 2008) and sum of long term loans and deposits to total assets (Weth, 2002) – are also employed. Banks pursuing relationship banking strategy are expected to make implicit risk-sharing agreements with clients and smooth interest

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3 Pooling is used in order to increase number of observations in the second step of estimation.
4 Trade credit, corporate bond market.
rates (see e.g. Berlin and Mester, 1999). De Grauve et al. (2007), in contrast to Weth (2002) and Gambocorta (2008), have found this bank feature insignificant for interest rate transmission process.

Also quality of credit portfolio seems to affect interest rate setting by banks, especially by increasing margins (Gambocorta, 2008; Horovath and Podpiera, 2012). The influence on the speed of adjustment and long run pass-through is less conclusive (see: Horovath and Podpiera, 2012; Berstein and Fuentes, 2003).

Among other sources of heterogeneity of interest rates efficiency and market share are included (De Grauve et al. 2007, Horvath, Podbiera, 2012).

Evidence on heterogeneity of interest pass-through in Poland is scarce. The only study based on individual bank data is Chmielewski (2003). His results indicate that in banks operating in more efficient way (with higher ROA indicator) the long run pass-through in greater and the speed of adjustment is higher, comparing to less efficient banks. Moreover, banks with lower capital adequacy ratio adjust their interest rates faster, which is in line with the credit view, and banks with worse quality of credit portfolio transmit market rates to firms’ lending rates in quicker manner, while to deposit rates – more sluggishly.
Data description

1. Interest rates

The analysis covers period from January 2005 (when new methodology of interest rate statistics was introduced) to July 2013. As the global financial crisis – which took place between these two dates – caused distortions on the Polish interbank market, the whole sample is split into two sub-periods of a similar length: from January 2005 to September 2008 and from January 2009 to July 2013. This allows to draw some conclusions about changes in the interest rate transmission from market rate to retail rates since the financial crisis.

The data about interest rates comes from statistics collected by Narodowy Bank Polski. During the analysed period 19 commercial banks reported their interest rates, however only about half of them participated in the statistics for the whole time (the panel is unbalanced). The final number of banks analysed is different however. Firstly, mergers and takeovers of banks were treated as establishing a new entity. Secondly, banks with the shortest interest rates series were excluded from the sample. As the result, the panel consists of 13 - 17 individual banks, depending on the period analysed.

Despite relatively small number of banks which report their interest rates, their assets cover about 70-75% of the banking sector assets. In the analysis interest rates of various bank products have been taken under consideration. These are deposits of households and firms (total and classified according to maturity) as well as loans granted to households and firms (total and divided by purpose or amount). Only interest rates of new business in PLN are employed.

As rates, in relation to which banks set their deposit and lending rates, money market rates with maturity of 1 month (WIBOR 1M) and 3 months (WIBOR 3M) were chosen. The first one is applied in case of rates on deposits with the shortest maturities, the second one for all other rates. Interbank market rates with longer maturities have not been taken under consideration, because their importance in transactions volume was quite low in first years of the sample and marginal after September 2008. Figure 2 shows development of interbank market rates and Figure 2 development of main categories of retail rates and spread to WIBOR 3M in the analysed period. Several observations might be made. Despite the fact that the analysed period is quite long and covers episodes of monetary policy tightening and easing, interest rate decreases prevail. Assuming that there might be asymmetry in reaction of interest rates depending on direction of market rate changes, this might influence the outcomes.

It is clear from the figures that the financial crisis (vertical line marks its beginning dated on September 2008) affected retail interest rates. Since its’ outbreak, the spreads between retail rates and market rates have narrowed in case of deposit rates and increased in case of lending rates. The size of change depends on retail rate category. The spread between median households’ deposit rate and WIBOR 3M remains close to zero in the second sub-period, and in the months of the highest distortions in the interbank market took even positive values. When it comes to firms’ deposits, median spread seems to

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5 For detailed discussion of disturbances in the interest rate transmission process see e.g. Demchuk et al. 2012.
stay unaffected, but its' 75th quantile moved to region of zero, suggesting that some banks had problems with acquire financing from the market. The spread on households' lending rate remains on much higher level than before the crisis, while spread on firms' lending rate seems to normalize.
Figure 1. Interbank market rates – WIBOR 1M and WIBOR 3M.

Figure 2. Retail interest rates on households’ and firms’ deposits and credits and spreads\(^{(1)}\) to WIBOR 3M.

\[(1)\] Spread = retail rate – WIBOR 3M.

Source: own calculations based on the NBP data.
2. Individual bank characteristics

The second part of the paper addresses the problem of heterogeneity of pass-through process across banks. Several individual bank characteristics were taken under consideration as a potential source of this heterogeneity:

- related to the credit channel view (size, capital adequacy, liquidity),
- related to structure of financing (share of non-financial sector deposits in liabilities),
- proxy for relationship banking (relation of long term businesses to total assets),
- quality of credit portfolio.

Each bank feature was assessed separately. Banks were assigned to one of two groups, with lower and higher value of given characteristic, based on median value of this indicator. The data on individual banks' financial indicators comes from individual banks' statistics reported to the NBP and covers period from June 2007 to June 2013. This period is shorter than one employed in analysis of interest rate pass-through (January 2005 – June 2013). However, as these characteristics are of structural nature and only their mean values over time are needed, it is expected that this difference does not matter.

Credit channel view assigns special role to banks' size, capital and liquidity. Bank size is related also to structure of the banking sector, as bigger banks might exert their market power in setting interest rates, and to efficiency, as bigger banks usually are more effective. Bank's size is measured by total assets. Mean value of assets in banks classified to the first group is equal to about 18 000M PLN, while to the second group – about 74 000M PLN, but the range of individual values within each group is quite wide.

As a measure related to bank capital position, capital adequacy ratio was chosen as it reflects how well bank is equipped in capital in relation to risk it is taking. Average value of this indicator in the “low value” group amounts to 11.7% (which exceeds by large minimum requirement of 8%) and in the “high value” group amounts to 14.3%. Liquidity is measured as ratio of liquid assets (i.e. cash, current account and deposits at the NBP, NBP’s papers, treasury papers) to total assets. In general Polish banking sector is characterized by excess structural liquidity which might depreciate meaning of this feature for interest rate pass-through. Individual banks' liquidity ratios are quite diversified, however.

Next indicator refers to bank’s financing strategy. The greatest role play here deposits from the non-financial sector. In the analysed period share of banks employing this strategy was quite stable and amounted to about 60-65% in terms of sector assets. The importance of financing from foreign capital increased in 2010 and 2011 (from about 6% to 17%), which might be connected to increase in credits in foreign currency, and started to lower since then (to 11% in 2013) (see NBP, 2013). The remaining banks (accounting to about 25-32% total banking sector assets) pursued mixed financing strategy. When it comes to banks included in the analysis, in the group with lower value of indicator the share of non-financial sector deposits in liabilities amounted to about 44%, while in the second group – to about 75%.

As a proxy for relationship banking a ratio of long term receivables from non-financial sector and liabilities to this sector to bank’s total assets was chosen (see Weth, 2002). The greatest value of this indicator suggest closer ties between bank and its clients.

The last indicator describes quality of credit portfolio. Share of non-performing loans to total loans granted to non-financial sector amounts to 5.1% in the first group of banks and 12.9% in the second group of banks.

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6 The indicator is corrected for cross section mean in given month/quarter. This transformation was necessary as some indicators followed a positive trend (e.g. assets) or showed cyclical behaviour (e.g. quality of credit portfolio) and the panel is unbalanced. Its aim was to avoid situations in which banks with the shortest samples are assigned to wrong groups.

7 With maturity above 1 year.
Table 1. Average values of financial indicators in banks divided into two groups.

<table>
<thead>
<tr>
<th>Bank characteristic</th>
<th>Group 1</th>
<th>Group 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets (M PLN)</td>
<td>17 869</td>
<td>73 811</td>
</tr>
<tr>
<td>Capital adequacy ratio</td>
<td>11.7%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Liquidity ratio</td>
<td>16.2%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Share of non-financial sector deposits in liabilities</td>
<td>44.2%</td>
<td>74.8%</td>
</tr>
<tr>
<td>Ratio of long term receivables and liabilities to total assets</td>
<td>32.5%</td>
<td>57.4%</td>
</tr>
<tr>
<td>Non-performing loans to total loans</td>
<td>5.1%</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

Source: own calculation based on NBP data.

As in estimation each bank characteristic is treated separately and distinction only into two groups is made, it’s important to know how banks’ categories are related to each other to avoid situation in which they are overlapping significantly. Based on Cramer’s V and Spearman rank correlation coefficients it might be said that all banks features are not strongly linked to each other. Bigger banks are more liquid, have larger deposit base and better quality of credit portfolio. Banks with higher capital adequacy ratio tend to have more liquid assets, and banks in which deposits play greater role in financing have usually better credit portfolio. Relationship between other indicators is rather small.
Interest rate transmission in the short- and long-run

1. Long run relationship

Analysis of the long run pass-through is conducted by estimating cointegrating relations between given retail rate and market rate, which is WIBOR 1M for deposits with maturity up to 1 month and WIBOR 3M for all other interest rate categories. Table 4 in the Annex 1 reports results of cointegration tests between these rates. Two versions of Pedroni panel cointegration test were conducted, one assuming common autoregressive process in the auxiliary regression, while the second - allowing for more heterogeneity – assuming individual autoregressive processes. Both tests indicate existence of cointegration at conventional significance level for all retail interest rates under consideration except rate of credit for consumption purposes. It seems that this interest rates type was in the long run relationship with WIBOR 3M before the financial crisis, but this relation has been disrupted since then. This result is consistent with the previous findings (see: Demchuk et al., 2012). Therefore consumer credit interest rate is excluded from the further analysis.

To estimate the long term pass-through dynamic OLS (DOLS) estimator was employed, as suggested by Kao and Chiang (2000). DOLS, contrary to OLS, is an unbiased estimator of the cointegrating relationship in the panel data context, and is preferred over the alternative FMOLS. As the number of cross-sections is relatively small, the pooled version of the DOLS estimator (which assumes homogeneity of the long run pass-through coefficients across sections) was chosen. This assumption is acceptable from the point of view of economic theory as in the long run banks should set their interest rates in the same way.\(^8\)

The long term pass-through estimations are based on the following equation:

\[
i_{n,t} = c_n + \beta m_r + e_{n,t}
\]

where \(i_{n,t}\) denotes retail interest rate in \(n\)-th bank, \(m_r\) – market rate, \(c_n\) – bank individual constant, \(\beta\) – long term pass-through coefficient. Additionally, in case of estimation on the whole sample a dummy variable (equal to 1 after September 2008 and 0 otherwise) is added in order to account for the potential impact of the financial crisis.

The results obtained for the whole sample (Table 2) indicate that market interest rates are fully transmitted to the firms deposit rates (total and for each maturity investigated) and to some rates of household deposits (those with maturity from 1 to 3 months and from 3 to 6 months). The long term pass-through (LTPT) for the remaining household deposit rates, i.e. those with the shortest and the longest

\(^8\) For discussion of pooled and mean group estimators see Pedroni (2001).
maturity, amounts to 0.84 and 0.79, respectively. Turning to credit rates, the complete pass-through is obtained in the case of total household credit and credit to sole entrepreneurs. The test statistics of the hypothesis of full LTPT for the last category of the households credit – i.e. for housing purposes – is on the verge of rejection. Interest rates of firms’ loans, contrary to household loans, adjust to market rates in the long run only in about 80%. This would mean that banks smooth interest rates on firms loans.

If we divide the whole sample into two sub-periods (before and after the financial crisis), two observations might be made. First of all, the transmission to some deposit rates has become stronger. In the first sub-period interest rates of deposits, both households’ and firms’, did not adjust fully to the market interest rates (the LTPT estimates lie between 0.78 to 0.93). In the second sub-period however, LTPT for total households deposits has improved (has become complete), due to higher pass-through of deposits with maturity from 1 to 3 months. The estimates of the LTPT of firms deposit rates have also increased and in most cases exceeded unity. Secondly, the scale of long term adjustment of lending rates has deteriorated. All LTPT coefficients have decreased significantly below 1.9 These changes might be explained with reference to the consequences of the financial crisis for the Polish interbank market. The world financial crisis resulted in distortions on the Polish interbank market and contributed to increased banks’ demand for non-financial sector deposits. As result banks have narrowed margins between retail deposits rates and market rates.10 Given very narrow margins and, in general, falling interest rates after September 2008, banks have been more inclined to follow changes in the interbank market rates more closely than previously when the margins were wider. When it comes to loan rates, the margins have increased after the financial crisis and banks have become more restrictive in granting loans. In the circumstances of falling interest rates this has resulted in smaller scale of the long term adjustment of lending rates.

The changes in the long term pass-through might be related not only to the consequences of the financial crisis but also to possibly asymmetrical reaction of interest rates in periods of falling and rising rates. As far as in the first sub-period there was a balance between positive and negative changes in market interest rates, the second sub-period (and the whole sample) is dominated by interest rates falls (see Figure 2). Weaker adjustment of lending rates than deposit rates might mean that banks take advantage of falling interest rates in order to increase spread between deposits and lending rates. However, previous studies confirm this kind of asymmetric reaction of bank interest rates in limited scope.

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9 The long run multiplier for households’ credit rates is very small in the post crisis sample. It is due to the fact that almost half of total credit to household is attributed to consumer credit, for which the cointegrating relation has been broken after September 2008.

10 Changes in margins might be observed on graphs presented in section 1. Moreover, parameter by dummy variable in the cointegrating regressions estimated for the whole sample is positive and statistically significant for almost all interest rate types considered.
Table 2. Estimates of the long run pass-through of market rates to retail rates.\(^{(1)}\)

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>2005-2008</th>
<th>2009-2013</th>
<th>2005-2013(^{(2)})</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LTPT</td>
<td>LTPT</td>
<td>LTPT</td>
</tr>
<tr>
<td></td>
<td>(H_0: \text{LTPT}=1) (p-value)</td>
<td>(H_0: \text{LTPT}=1) (p-value)</td>
<td>(H_0: \text{LTPT}=1) (p-value)</td>
</tr>
<tr>
<td><strong>Households deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.82 (0.000)</td>
<td>0.97 (0.514)</td>
<td>0.92 (0.048)</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.85 (0.000)</td>
<td>0.82 (0.000)</td>
<td>0.84 (0.000)</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.85 (0.000)</td>
<td>1.03 (0.597)</td>
<td>0.99 (0.848)</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.91 (0.017)</td>
<td>0.89 (0.128)</td>
<td>0.95 (0.369)</td>
</tr>
<tr>
<td>from 6 to 12 months</td>
<td>0.78 (0.000)</td>
<td>0.73 (0.000)</td>
<td>0.79 (0.000)</td>
</tr>
<tr>
<td><strong>Firms deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.88 (0.000)</td>
<td>1.10 (0.046)</td>
<td>0.96 (0.240)</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.93 (0.003)</td>
<td>1.05 (0.149)</td>
<td>0.98 (0.638)</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.84 (0.000)</td>
<td>1.18 (0.000)</td>
<td>1.01 (0.698)</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.79 (0.000)</td>
<td>1.11 (0.003)</td>
<td>0.95 (0.315)</td>
</tr>
<tr>
<td><strong>Credit to households</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>1.39 (0.000)</td>
<td>0.48 (0.009)</td>
<td>0.99 (0.949)</td>
</tr>
<tr>
<td>for consumption</td>
<td>1.16 (0.175)</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>for housing purposes</td>
<td>1.00 (0.925)</td>
<td>0.74 (0.001)</td>
<td>0.87 (0.051)</td>
</tr>
<tr>
<td>to sole entrepreneurs</td>
<td>1.08 (0.357)</td>
<td>0.76 (0.024)</td>
<td>1.02 (0.817)</td>
</tr>
<tr>
<td><strong>Credit to firms</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.93 (0.065)</td>
<td>0.67 (0.000)</td>
<td>0.77 (0.000)</td>
</tr>
<tr>
<td>up to 4M PLN</td>
<td>0.96 (0.307)</td>
<td>0.70 (0.000)</td>
<td>0.81 (0.000)</td>
</tr>
<tr>
<td>above 4M PLN</td>
<td>0.95 (0.281)</td>
<td>0.76 (0.000)</td>
<td>0.81 (0.000)</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Pooled DOLS estimator with two lags and one lead.
\(^{(2)}\) With dummy variable to account for the effect of financial crisis.

1. Short run adjustment

Following the literature, the short term adjustment of deposit and lending rates to the market rate is assessed based on estimation of an ECM model employing the residual terms from the cointegrating equation \((e_{n,t})\):

\[
\Delta l_{n,t} = \mu_n + \sum_{i=1}^{3} y_i \Delta l_{n,t-1} + \sum_{k=0}^{3} a_k \Delta mr_{t-k} + \beta e_{n,t-1} + \varepsilon_{n,t} \tag{2}
\]

The number of lags in the above equation is determined by BIC criterion (maximum 3 of each variable are considered). Due to quite long time dimension of the panel, the potential bias from estimating the dynamic panel regression by FE estimator is expected to be insignificant, so this problem is disregarded. In order to eliminate influence of distortions related to financial crisis, outliers have been removed from the sample.
prior to the estimation. The immediate reaction of the retail interest rate is described by parameter $\alpha$. The loading coefficient $\beta$ determines the speed of adjustment toward the long run. Additionally, graphs showing reaction of banks’ interest rates to rise of the market rate are presented.

Table 3 presents estimates of equation (2) in three periods under consideration. Let’s first focus on the longest period (2005-2013). Short term reaction of interest rates on households’ total deposits and firms’ total deposits is almost the same. In the first month about 52% of market rate change is transmitted to deposit rates and in each next month about 12% of disequilibrium is cleared. If more detailed deposit categories are taken under consideration however, the results suggest that immediate reaction of rates on households’ deposits is a little bit lower than those of firms and amounts to 33-41% comparing to 50-59% in case of firms. The loading coefficients are of similar magnitude for both groups. Turning to the rate on households’ total credit, the adjustment process is very slow (the slowest of all analysed rates), as the parameter of immediate reaction is statistically insignificant and the loading coefficient is very low (-0.06). Also interest rate on credit to sole entrepreneurs reacts very slowly to changes in WIBOR 3M. Within a set of rates on households’ credit, the fastest adjustment is noticed in case of credit for housing purposes: about 39% of market rate change is passed in the first month and the loading coefficient amounts to -0.07. Summing up, households’ lending rates adjust slower toward the equilibrium rates than households’ deposit rates. Contrary to households’ credit rate, rate on firms’ loans react strongly and quickly to changes in the market rate. About 66-74% of WIBOR 3M change is transmitted in the first month and the loading coefficient ranges from -0.20 to -0.29 depending on loan category. This result is not surprising as firms, especially large, have access to other sources of financing and banks’ offer must be competitive.

The analysis of results for the two separate sub-periods, pre and post crisis, shows that reaction of rate on total deposits of both, households and firms, has become slightly faster (Table 3, Figure 3). This is also true for some detailed categories of firms deposits (mainly due to stronger immediate reaction), while not for detailed categories of households deposits. When it comes to lending rates, the impulse response functions show that the rate on credit to sole entrepreneurs reacts a little bit slower than previously. The same observation is made for lending rates on firms’ total credit. Differences in loading coefficients, determining speed of adjustment in further periods, are even smaller. Taking all this under consideration, the changes in sluggishness of adjustment are rather not significant.

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11 They have been identified based on distance from mean expressed in interquartile range. The total number of outliers amounted to about 2-4% of the sample for each interest rate.
Table 3. Short term adjustment of retail interest rates to market rates\(^{(1)}\)

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>2005-2008</th>
<th>2009-2013</th>
<th>2005-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>immediate reaction</td>
<td>loading coefficient</td>
<td>immediate reaction</td>
</tr>
<tr>
<td><strong>Households deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.36***</td>
<td>-0.15**</td>
<td>0.58***</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.38***</td>
<td>-0.14**</td>
<td>0.64***</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.43***</td>
<td>-0.20**</td>
<td>0.54***</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.53***</td>
<td>-0.19**</td>
<td>0.40***</td>
</tr>
<tr>
<td>from 6 to 12 months</td>
<td>0.24**</td>
<td>-0.17***</td>
<td>0.43***</td>
</tr>
<tr>
<td><strong>Firms deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.37***</td>
<td>-0.26***</td>
<td>0.81***</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.39***</td>
<td>-0.23***</td>
<td>0.83***</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.65***</td>
<td>-0.13*</td>
<td>0.77***</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.44***</td>
<td>-0.27***</td>
<td>0.90***</td>
</tr>
<tr>
<td><strong>Credit to households</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.57</td>
<td>-0.20***</td>
<td>0.46***</td>
</tr>
<tr>
<td>for consumption</td>
<td>-0.10</td>
<td>-0.17***</td>
<td>x</td>
</tr>
<tr>
<td>for housing purposes</td>
<td>0.52***</td>
<td>-0.18**</td>
<td>0.56***</td>
</tr>
<tr>
<td>to sole entrepreneurs</td>
<td>0.64**</td>
<td>-0.29**</td>
<td>0.16</td>
</tr>
<tr>
<td><strong>Credit to firms</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>1.19***</td>
<td>-0.42***</td>
<td>0.57***</td>
</tr>
<tr>
<td>up to 4M PLN</td>
<td>0.81***</td>
<td>-0.53***</td>
<td>0.83***</td>
</tr>
<tr>
<td>above 4M PLN</td>
<td>1.24***</td>
<td>-0.47**</td>
<td>0.75***</td>
</tr>
</tbody>
</table>

\(^{(1)}\) FE (within) estimator with robust standard errors; number of lags is determined by BIC criterion.

\(^{(2)}\) Remark: * p<.1; ** p<.05; *** p<.01
Figure 3. Impulse response functions of interest rates before and after outburst of the financial crisis.

A. Interest rates on households deposits

[Graphs showing impulse response functions for different types of deposits: Households' deposits (total), Households' deposits up to 1 month, Households' deposits from 1 to 3 months, Households' deposits from 3 to 6 months, Households deposits from 6 to 12 months, comparing 2005-2008 and 2009-2013 periods.]
B. Interest rates on firms deposits

C. Interest rates on households credit
D. Interest rates on firms credit

![Graphs showing interest rates on firms credit](image-url)
Individual bank characteristics and interest rate pass-through

In order to assess the scope to which individual bank characteristics influence the process of adjustment of retail interest rates to the market rates, two approaches are taken. In both, all banks under consideration are divided into two groups of similar number according to a given ratio: one group brings together all banks with low value of the ratio, and the second – with high value. It is assumed that the pass-through process progresses in the same manner in all banks within a given group (except from a bank individual effect), but is different than in the other group. For each individual bank characteristics a separate equation is estimated. In the first approach it is assumed that interest rates in all banks converge to the same long run level, but possibly with different speed. This assumption seems plausible from theoretical and empirical point of view and allows straightforward comparison of the speed of adjustment between both groups of banks. As a robustness check, the second more general approach is employed, in which both groups are allowed to differ in the scale of the long run pass-through and in the short run adjustment dynamics.

All estimations are conducted on the longest sample only, i.e. from January 2005 to July 2013.

1. Results from two-step procedure

In the first approach we make use of residuals from the cointegrating regression (1) and estimate short run dynamics with ECM equation similar to (2), but for two separate groups:

\[ \Delta l_{n,t} = \mu_n + \sum_{g=1}^{2} D_g (a_{og} \Delta m_{r1} + \beta_g e_{n,t-1} + \gamma_g \Delta l_{n,t-1} + a_{1g} \Delta m_{r1-1}) + \epsilon_{n,t} \]  

In this specification correction of the potential impact of the financial crisis on the transmission mechanism is done on the level of the cointegrating equation and not included in the ECM model directly. The above model includes maximally one lag of interest rate changes (comparing to 3 in specification (2)), because otherwise, due to the greater total number of parameters, robust standard errors could not be calculated.

The estimation results for each individual bank characteristic are presented in Appendix 2. In tables estimates of the immediate reaction coefficients \((a_{o1} \text{ and } a_{o2})\) and of loading coefficients \((\beta_1 \text{ and } \beta_2)\) for both groups of banks are presented and tests on statistical significance of differences between them are conducted.

Size

The results suggest that size of a bank do not influence adjustment process of interest rates in short run. Differences between immediate reactions and in loading coefficients in both groups of banks is not statistically significant for all interest rate groups except total firms deposits. Interest rate on total firms’ deposits

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12 For example, Weth (2002) and Gambocorta (2008) present evidence on lack or on only limited heterogeneity in the long run adjustment. The opposite conclusion was reached by De Grauwe et al. (2007).
react stronger in the first month of WIBOR 3M rate in bigger banks than in smaller banks. However, the loading coefficient suggests faster adjustment in smaller than in bigger banks. Evidence from other countries is also inconclusive for size.

**Liquidity ratio**

It seems that more liquid banks adjust deposits interest rates faster than less liquid banks. Estimates of immediate reaction coefficients are higher for banks with larger share of liquid assets for almost all bank interest rates, but the difference is statistically significant only for some deposit rates. When it comes to loading coefficients, they also suggest in most cases faster adjustment of rates in more liquid banks, but the differences is almost never statistically significant.

The observation that more liquid banks follow market interest rate changes more closely than less liquid banks is inconsistent with theoretical prediction. A version of credit view to monetary transmission mechanism says that during monetary policy tightening bigger, more liquid and more capitalized banks might slower adjust interest rates to market conditions than smaller, less liquid and less capitalized banks, because they are able to finance their activity from the market at lower costs. However, three points should be made here. First of all, in the period under analysis monetary policy easing prevailed. So faster adjustment of deposit rates means that more liquid banks have been able to lower their financing costs faster than less liquid banks. Secondly, empirical evidence is not so unequivocal. A positive relationship between banks' liquidity and speed of adjustment was found in the Czech Republic (Horvath, Podpiera, 2012) and Italy\(^\text{13}\) (Gambacorta, 2004). Finally, among banks in the sample, bigger ones are also more liquid, so this relation might be artificial.

**Capital adequacy ratio**

When it comes to the capital adequacy ratio, the results suggest faster adjustment of interest rates in banks with higher capitals than in those with lower. The difference is statistically significant, for either immediate reaction coefficient or loading coefficient, in case of rates on households’ deposits with maturity from 3 to 6 months and from 6 to 12 months, for firms’ deposits with maturity from 1 to 3 months and from 3 to 6 months, for rate on credit to sole entrepreneurs and on total firms credit. Similarly as in the case of liquidity ratio, this result is opposite to expected, predicted by the credit channel view. Moreover this conclusion is opposite to the one drawn in the previous study for Poland (Chmielewski, 2003).

**Share of deposits from non-financial sector in liabilities**

The next individual bank characteristics under investigation refers to the dominant source of banks’ financing. It is expected that banks which rely more on deposits from non-financial sector are able to adjust their interest rates to market conditions in a slower manner than banks which rely more on financing from the interbank market. This prediction is confirmed to some extent by the results of the ECM estimation. The immediate reaction of retail interest rates is greater in banks with smaller share of deposits in liabilities, but

---

\(^{13}\) Gambacorta’s (2004) results suggested faster adjustment in bigger, more liquid and better capitalised banks if influence of each characteristic was investigated separately, as in this paper. However, if all characteristics were considered jointly, more liquid and better capitalized banks turned out to react less to market conditions and bank size became insignificant.
the difference is statistically significant only in case of households’ deposits with longer maturities (from 3 to 6 months and from 6 to 12 months) and for firms deposits with maturity from 1 to 3 months. When it comes to the loading coefficients, they suggest slower adjustment process in banks with higher ratio in case of credit to sole entrepreneurs.

Relationship banking

Establishing close relationship between banks and their customers seems not to influence the process of interest rate transmission to deposit rates in the short run, as differences between relevant parameters in both groups of banks are not statistically significant. The results on lending rates are a little bit puzzling. It seems that rate on credit to sole entrepreneurs adjust slower in banks with higher proxy for relationship banking, whereas rate on credit to firms (total and above 4M PLN) adjusts faster.

Quality of credit portfolio

Quality of credit portfolio seems to not influence the speed of interest rate adjustment. The only exceptions are interest rates on firms’ deposits with maturity from 1 to 3 months and on credit to sole entrepreneurs. For them the speed of adjustment is faster in banks with more non-performing loans.

2. Results from one-step procedure

The second ECM specification refers to the one employed by Weth (2002) and is as follows:

\[
\Delta i_{n,t} = \mu_n + \sum_{g=1}^{2} D_g \left[ a_g \Delta m_r + \beta_g (i_{n,t-1} - mr_{t-1}) + \delta_g i_{n,t-1} + \alpha_g \Delta m_r + \gamma_g \Delta i_{n,t-1} \right] + K + \varepsilon_{n,t} \quad (4),
\]

where \(D_1\) and \(D_2\) denote dummy variables determining to which group given bank belongs, \(K\) is a dummy variable (taking 1 from September 2008 on and 0 otherwise) taking into account possible impact of the financial crisis. Similarly as in (3) maximally one lag of interest rate changes was included. The above specification is quite general as it does not impose full long-run pass-through. The hypothesis of completeness of the long run adjustment might be tested instead: if parameter \(\delta\) is statistically significant, than the hypothesis of long term pass-through equal to one is rejected.\(^{14}\) Therefore this specification allows to estimate both, long-run and short-run dynamics of interest rate adjustment in one step.

The results of estimation of equation (4) are presented in the Appendix 3. The tables show immediate reaction of interest rates, loading coefficients and long term pass-through in both groups. The statistical significance of differences in parameters between these groups is tested, as well as completeness of long term adjustment.

Estimated long run pass-through coefficients are larger than those estimated in the cointegrating equations. In this section we focus only on differences in the LTPT in two groups of banks. The results suggest that these differences for the most cases are statistically insignificant.

\(^{14}\) The long term pass-through is calculated as \(\frac{\delta_g}{\delta_g - \gamma_g}\).
Size

The size of a bank seems to affect long term pass-through only in case of a few interest rate types and in various directions. Bigger banks smooth interest rates on households’ deposits with maturity up to 1 month and on firms’ total deposits and deposits with maturity up to 1 month, but the long run reaction of interest rates on households’ deposits with maturity from 3 to 6 months and on total credit to households is greater than in smaller banks.

Turning to the short run reaction, there is some evidence that bigger banks faster adjust interest rates on households’ and firms’ deposits\textsuperscript{15} and rates on firms’ credit. The speed of adjustment of interest rate on households’ credit is the same for small and big banks.

The outcome that bigger banks adjust their rates faster than smaller banks stays in conflict with prediction of the credit channel view, similarly as discussed in the previous section for liquidity and capital adequacy ratio, but again is acceptable if one takes under consideration prevalence of interest rate cuts in the analysed period. Additionally, the result on firms’ credit is in line with interpretation offered by Weth (2002) who stated that there is a difference in customers between bigger and smaller banks. The former usually grant credits to bigger companies which have easier access to other sources of financing, so interest rates offered by bigger banks have to follow market conditions more closely than smaller.

Liquidity ratio

The results for liquidity ratio are similar as for size. They suggest differences in the long term pass-through only for a few rates of households’ and firms’ deposits (it is smaller in more liquid banks) and faster short run transmission in more liquid banks. Negative relationship between long term multipliers and banks’ liquidity was found also by De Grauve et al. (2007) for Belgian banks. The difference in parameters describing the short run adjustment is statistically significant for almost all deposit rates, for rate on credit to sole entrepreneurs and on total credit to firms. This result confirms the one obtained from two step procedure.

Capital adequacy ratio

The difference in the long run pass-through between banks differing with capital adequacy ratio is statistically insignificant. The results for the short run adjustment confirm the previous observation that banks with higher capital react faster to changing market conditions.

Share of deposits from non-financial sector in liabilities

The evidence on differences in the scale of the long run adjustment of interest rates in banks financing in greater degree from non-financial sector deposits and from market is mixed. It seems that banks relying more on deposits, to greater degree smooth interest rates on some households’ deposits and on credit for\textsuperscript{15} The exception is an interest rate on firms’ deposit with maturity from 1 to 3 month, but for this maturity there is a difference in long run level, so comparisons not so straightforward.
housing purposes. On the other hand, the LTPT is greater for these banks in case of firms’ deposits and on credit to sole entrepreneurs.

The results on the sort run dynamics confirms those obtained for the two-step procedure.

Proxy for relationship banking

The estimated long term pass-through is the same for banks with higher and lower value of indicator approximating having a stable relationship by a bank with customers. The only exception is rate on firms’ credit above 4M PLN: banks with higher value of this proxy do not fully adjust interest rates in the long run, while in banks with lower value of this proxy adjustment in complete.

Turning to the short run, the results, as expected, suggest slower adjustment of interest rates in banks having close relationships with their customers. It refers to majority of deposit rates and rate on big credits to firms. Rates on credits to households seems to be unaffected.

Quality of credit portfolio

Similarly as for the equation (3), there is only minor evidence on differences in interest rate transmission process in banks classified according to the quality of portfolio.
Conclusions

The aim of the paper was to assess interest rate pass-through in Poland from market rates to banks deposit and lending rates based on individual bank data. Special interest was in exploring the influence of individual bank characteristics on this process, like the speed of adjustment and its completeness in the long run. As the sample covered also period prior to beginning of the financial crisis, some attention was devoted to changes in this process, as well.

The results suggest that the long run pass-through of market interest rates is complete for firms deposits (all maturities) and some categories of households’ deposits. Also rates on consumer credit are characterized by complete long run transmission. The exception are lending rates in case of firms, which adjust in the long run only in about 80%. It must be noted however, that these adjustment coefficients were obtained with inclusion of a shift in spread in the post-crisis sample. So it is assumed that after September 2008 there was a change in the equilibrium rate to which retail rates converge. When it comes to the speed of adjustment, the quickest reaction characterizes firms’ lending rates, and the slowest – consumer lending rates.

Estimates on two sub-samples suggest that comparing to the pre-crisis period, in recent years the scale of adjustment of deposit rates have increased in case of deposits, and decreased when it comes to the lending rates. However, it must be kept in mind that the level of spread is different in both sub periods, and that this effect might be related to potential asymmetries in the interest rate adjustments as sample characteristics are different in both periods.

As far as influence of individual bank characteristics on the pass-through process is concerned, it seem that they affect long run multipliers only in limited scope, as the differences are statistically significant only for interest rates on few bank products categories. Having in mind that differences are observed only for interest rates on few banking product categories, the following conclusions might be drawn. Firstly, the scale of long run pass-through is positively associated with:

- in case of deposit rates – lower assets, lower liquidity ratio, weaker deposit base;
- in case of lending rates – lower proxy for relationship banking (only for large credit to firms) and better quality of credit portfolio (only for credit to sole entrepreneurs); stronger deposit base seems to lower scale of adjustment of rate on credit for housing purposes, but increase rate on credit to sole entrepreneurs.

Secondly, faster adjustment of interest rates in the short run, reflected in higher immediate reaction or/and stronger reaction to disequilibrium, is supported by:

- in case of deposit rates – larger assets, larger liquidity ratio, larger capital adequacy ratio, smaller deposit base, lower proxy for relationship banking and worse quality of credit portfolio;
- in case of lending rates – larger assets (firms credit), larger liquidity ratio and lower proxy for relationship banking.
Identification of sources of heterogeneity in interest rate pass-through across banks might be impaired by distortions in the interbank market due to the financial crisis. Therefore, it would be interesting to repeat this study in few years on shorter sample to see whether the same (possibly clearer) patterns emerge.

In this study, influence of each individual bank characteristic was treated separately, so it cannot be ruled out that identified relationships result in certain degree from correlations between banks indicators (like size and liquidity). Analysing joint impact of several bank features on interest rate transmission process would constitute a cross-check of the obtained results. As another possible extension, it would be interesting to incorporate asymmetries with regard to direction of interest rate change to analysis of importance of individual bank characteristics.
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### Appendix 1. Results of cointegration tests.

Table 4. Results of Pedroni cointegration test (p-value for ADF statistics).

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>Common AR coefficient$^{(1)}$</th>
<th>Individual AR coefficient$^{(2)}$</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.0012</td>
<td>0.0000</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.0969</td>
<td>0.0000</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.0003</td>
<td>0.0000</td>
</tr>
<tr>
<td>from 6 to 12 months</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>Firms deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.0198</td>
<td>0.0005</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>Credit to households</td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>for consumption</td>
<td>0.0000</td>
<td>0.2724</td>
</tr>
<tr>
<td>for housing purposes</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>to sole entrepreneurs</td>
<td>0.0030</td>
<td>0.0000</td>
</tr>
<tr>
<td>Credit to firms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>up to 4M PLN</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>above 4M PLN</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

$^{(1)}$ Ho: all individuals in panel are not cointegrated; H$_1$: all individuals in panel are cointegrated;

$^{(2)}$ Ho: all individuals in panel are not cointegrated; H$_1$: a significant portion of individuals are cointegrated;
Appendix 2. Result of estimation of the ECM equation (3) – two step procedure.

Table 5. Estimates of the equation (3) for small (group 1) and big (group 2) banks (measured by assets).

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>Immediate reaction ($\alpha$)</th>
<th>Loading coefficient ($\beta$)</th>
<th>H$_0$: $\beta_2$-$\beta_1$=0 (p-val)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\alpha_{01}$</td>
<td>$\alpha_{02}$</td>
<td>($\alpha_2$-$\alpha_1$)</td>
</tr>
<tr>
<td><strong>Households deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.41***</td>
<td>0.54***</td>
<td>0.13</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.36***</td>
<td>0.48***</td>
<td>0.12</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.28**</td>
<td>0.40***</td>
<td>0.12</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.36***</td>
<td>0.26***</td>
<td>-0.11</td>
</tr>
<tr>
<td>from 6 to 12 months</td>
<td>0.28***</td>
<td>0.29***</td>
<td>0.01</td>
</tr>
<tr>
<td><strong>Firms deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.43***</td>
<td>0.60***</td>
<td>0.17*</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.54***</td>
<td>0.57***</td>
<td>0.03</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.63***</td>
<td>0.60***</td>
<td>-0.03</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.57***</td>
<td>0.53***</td>
<td>-0.03</td>
</tr>
<tr>
<td><strong>Credit to households</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.57***</td>
<td>0.58***</td>
<td>0.01</td>
</tr>
<tr>
<td>for housing purposes</td>
<td>0.41**</td>
<td>0.39***</td>
<td>-0.02</td>
</tr>
<tr>
<td>to sole entrepreneurs</td>
<td>-0.09</td>
<td>0.28</td>
<td>0.37</td>
</tr>
<tr>
<td><strong>Credit to firms</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.76***</td>
<td>0.89***</td>
<td>0.13</td>
</tr>
<tr>
<td>up to 4M PLN</td>
<td>0.78***</td>
<td>0.77***</td>
<td>-0.01</td>
</tr>
<tr>
<td>above 4M PLN</td>
<td>1.13***</td>
<td>0.92***</td>
<td>-0.21</td>
</tr>
</tbody>
</table>

Remarks: FE (within) estimator with robust standard errors; number of lags is determined by BIC criterion; sample: 2005-2013; * p<.1; ** p<0.05; *** p<0.01
Table 6. Estimates of the equation (3) for banks with low (group 1) and high (group 2) liquidity ratio.

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>Immediate reaction ($\alpha$)</th>
<th>Loading coefficient ($\beta$)</th>
<th>$H_0: \alpha_2 - \alpha_1 = 0$ (p-val)</th>
<th>$H_0: \beta_2 - \beta_1 = 0$ (p-val)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\alpha_{01}$</td>
<td>$\alpha_{02}$</td>
<td>($\alpha_2 - \alpha_1$)</td>
<td>$\beta_1$</td>
</tr>
<tr>
<td>Households deposits</td>
<td>total</td>
<td>0.28***</td>
<td>0.49***</td>
<td>0.21*</td>
</tr>
<tr>
<td></td>
<td>up to 1 month</td>
<td>0.35***</td>
<td>0.51***</td>
<td>0.16</td>
</tr>
<tr>
<td></td>
<td>from 1 to 3 months</td>
<td>0.23*</td>
<td>0.47***</td>
<td>0.24*</td>
</tr>
<tr>
<td></td>
<td>from 3 to 6 months</td>
<td>0.20***</td>
<td>0.40***</td>
<td>0.20*</td>
</tr>
<tr>
<td></td>
<td>from 6 to 12 months</td>
<td>0.22***</td>
<td>0.36***</td>
<td>0.14</td>
</tr>
<tr>
<td>Firms deposits</td>
<td>total</td>
<td>0.42***</td>
<td>0.59***</td>
<td>0.17*</td>
</tr>
<tr>
<td></td>
<td>up to 1 month</td>
<td>0.50***</td>
<td>0.59***</td>
<td>0.09</td>
</tr>
<tr>
<td></td>
<td>from 1 to 3 months</td>
<td>0.56***</td>
<td>0.67***</td>
<td>0.11</td>
</tr>
<tr>
<td></td>
<td>from 3 to 6 months</td>
<td>0.47***</td>
<td>0.60***</td>
<td>0.13</td>
</tr>
<tr>
<td>Credit to households</td>
<td>total</td>
<td>0.62**</td>
<td>0.53***</td>
<td>-0.09</td>
</tr>
<tr>
<td></td>
<td>for housing purposes</td>
<td>0.33**</td>
<td>0.50***</td>
<td>0.16</td>
</tr>
<tr>
<td></td>
<td>to sole entrepreneurs</td>
<td>0.03</td>
<td>0.23</td>
<td>0.20</td>
</tr>
<tr>
<td>Credit to firms</td>
<td>total</td>
<td>0.42***</td>
<td>0.80***</td>
<td>0.38</td>
</tr>
<tr>
<td></td>
<td>up to 4M PLN</td>
<td>0.70***</td>
<td>0.83***</td>
<td>0.13</td>
</tr>
<tr>
<td></td>
<td>above 4M PLN</td>
<td>0.96***</td>
<td>10.02***</td>
<td>0.07</td>
</tr>
</tbody>
</table>

Remarks: FE (within) estimator with robust standard errors; number of lags is determined by BIC criterion; sample: 2005-2013; * p<.1; ** <.05; *** pp<.01
Table 7. Estimates of the equation (3) for banks with lower (group 1) and higher (group 2) capital adequacy ratio.\(^{(1)}\)

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>Immediate reaction ((\alpha_i))</th>
<th>Loading coefficient ((\beta))</th>
<th>(H_0: \alpha_2=\alpha_1=0) (p-val)</th>
<th>(H_0: \beta_2=\beta_1=0) (p-val)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(\alpha_{01})</td>
<td>(\alpha_{02})</td>
<td>((\alpha_2-\alpha_1))</td>
<td>(\beta_1)</td>
</tr>
<tr>
<td><strong>Households deposits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.43***</td>
<td>0.56***</td>
<td>0.13 (0.210)</td>
<td>-0.12***</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.45***</td>
<td>0.41***</td>
<td>-0.04 (0.693)</td>
<td>-0.06***</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.27**</td>
<td>0.45***</td>
<td>0.18 (0.190)</td>
<td>-0.11***</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.16***</td>
<td>0.51***</td>
<td>0.35*** (0.006)</td>
<td>-0.12***</td>
</tr>
<tr>
<td>from 6 to 12 months</td>
<td>0.26***</td>
<td>0.29***</td>
<td>0.03 (0.810)</td>
<td>-0.16***</td>
</tr>
<tr>
<td><strong>Firms deposits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.45***</td>
<td>0.57***</td>
<td>0.12 (0.172)</td>
<td>-0.11***</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.55***</td>
<td>0.52***</td>
<td>-0.03 (0.775)</td>
<td>-0.11***</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.55***</td>
<td>0.70***</td>
<td>0.15 (0.158)</td>
<td>-0.05</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.41***</td>
<td>0.68***</td>
<td>0.27** (0.041)</td>
<td>-0.07**</td>
</tr>
<tr>
<td><strong>Credit to households</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.64***</td>
<td>0.49**</td>
<td>-0.15 (0.599)</td>
<td>-0.05*</td>
</tr>
<tr>
<td>for housing purposes</td>
<td>0.34***</td>
<td>0.55***</td>
<td>0.20 (0.133)</td>
<td>-0.04</td>
</tr>
<tr>
<td>to sole entrepreneurs</td>
<td>0.14</td>
<td>0.20</td>
<td>0.06 (0.851)</td>
<td>-0.09**</td>
</tr>
<tr>
<td><strong>Credit to firms</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.60***</td>
<td>0.63**</td>
<td>0.02 (0.926)</td>
<td>-0.18***</td>
</tr>
<tr>
<td>up to 4M PLN</td>
<td>0.77***</td>
<td>0.78***</td>
<td>0.01 (0.955)</td>
<td>-0.22***</td>
</tr>
<tr>
<td>above 4M PLN</td>
<td>1.00***</td>
<td>1.00***</td>
<td>0.00 (0.973)</td>
<td>-0.39***</td>
</tr>
</tbody>
</table>

\(^{(1)}\) FE estimator (within); number of lags is determined by BIC criterion; sample: 2005-2013; * p<.1; ** p<.05; *** p<.01
Table 8. Estimates of the equation (3) for banks with lower (group 1) and higher (group 2) share of deposits from non-financial sector in liabilities.

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>Immediate reaction ($\alpha$)</th>
<th>Loading coefficient ($\beta$)</th>
<th>$H_0: \alpha_2 - \alpha_1 = 0$ (p-val)</th>
<th>$H_0: \beta_2 - \beta_1 = 0$ (p-val)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\alpha_{01}$</td>
<td>$\alpha_{02}$</td>
<td>$(\alpha_{2} - \alpha_{1})$</td>
<td>$\beta_1$</td>
</tr>
<tr>
<td>Households deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.57***</td>
<td>0.42***</td>
<td>-.14 (0.218)</td>
<td>-0.12***</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.52***</td>
<td>0.35***</td>
<td>-.17 (0.106)</td>
<td>-0.09***</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.39**</td>
<td>0.32***</td>
<td>-.07 (0.656)</td>
<td>-0.12***</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.50***</td>
<td>0.19***</td>
<td>-.30** (0.026)</td>
<td>-0.09**</td>
</tr>
<tr>
<td>from 6 to 12 months</td>
<td>0.38***</td>
<td>0.20***</td>
<td>-.18* (0.091)</td>
<td>-0.09***</td>
</tr>
<tr>
<td>Firms deposits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.54***</td>
<td>0.46***</td>
<td>-.08 (0.411)</td>
<td>-0.14***</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.61***</td>
<td>0.46***</td>
<td>-.16 (0.144)</td>
<td>-0.16***</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.72***</td>
<td>0.52***</td>
<td>-.19* (0.063)</td>
<td>-0.14***</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.64***</td>
<td>0.45***</td>
<td>-.19 (0.205)</td>
<td>-0.16***</td>
</tr>
<tr>
<td>Credit to households</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.66**</td>
<td>0.48***</td>
<td>-.18 (0.513)</td>
<td>-0.07***</td>
</tr>
<tr>
<td>for housing purposes</td>
<td>0.48***</td>
<td>0.34***</td>
<td>-.14 (0.430)</td>
<td>-0.04</td>
</tr>
<tr>
<td>to sole entrepreneurs</td>
<td>-.12</td>
<td>0.36</td>
<td>.47 (0.129)</td>
<td>-0.27</td>
</tr>
<tr>
<td>Credit to firms</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.62***</td>
<td>0.62***</td>
<td>.00 (0.996)</td>
<td>-0.23**</td>
</tr>
<tr>
<td>up to 4M PLN</td>
<td>0.85***</td>
<td>0.72***</td>
<td>-.13 (0.544)</td>
<td>-0.28***</td>
</tr>
<tr>
<td>above 4M PLN</td>
<td>1.01***</td>
<td>0.96***</td>
<td>-.06 (0.677)</td>
<td>-0.41***</td>
</tr>
</tbody>
</table>

(1) FE estimator (within); number of lags is determined by BIC criterion; sample: 2005-2013; * p<.1; ** p<.05; *** p<.01
Table 9. Estimates of the equation (3) for banks with lower (group 1) and higher (group 2) relationship banking indicator.\(^{(1)}\)

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>Immediate reaction ((\alpha_0))</th>
<th>Loading coefficient ((\beta))</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(\alpha_{01})</td>
<td>(\alpha_{02})</td>
<td>((\alpha_2 - \alpha_1))</td>
</tr>
<tr>
<td><strong>Households deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.51***</td>
<td>0.45***</td>
<td>-0.06 (0.602)</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.41***</td>
<td>0.44**</td>
<td>0.02 (0.838)</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.36***</td>
<td>0.30**</td>
<td>-0.06 (0.684)</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.36***</td>
<td>0.23***</td>
<td>-0.13 (0.288)</td>
</tr>
<tr>
<td>from 6 to 12 months</td>
<td>0.33***</td>
<td>0.22***</td>
<td>-0.10 (0.310)</td>
</tr>
<tr>
<td><strong>Firms deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.45***</td>
<td>0.54***</td>
<td>0.09 (0.379)</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.56***</td>
<td>0.53***</td>
<td>-0.02 (0.824)</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.69***</td>
<td>0.53***</td>
<td>-0.15 (0.133)</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.65***</td>
<td>0.43***</td>
<td>-0.22 (0.106)</td>
</tr>
<tr>
<td><strong>Credit to households</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.42**</td>
<td>0.77***</td>
<td>0.35 (0.221)</td>
</tr>
<tr>
<td>for housing purposes</td>
<td>0.42**</td>
<td>0.39**</td>
<td>-0.03 (0.847)</td>
</tr>
<tr>
<td>to sole entrepreneurs</td>
<td>0.40</td>
<td>-0.04</td>
<td>-0.43 (0.159)</td>
</tr>
<tr>
<td><strong>Credit to firms</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.76***</td>
<td>0.45**</td>
<td>-0.30 (0.214)</td>
</tr>
<tr>
<td>up to 4M PLN</td>
<td>0.81***</td>
<td>0.75***</td>
<td>-0.06 (0.799)</td>
</tr>
<tr>
<td>above 4M PLN</td>
<td>1.06***</td>
<td>0.94***</td>
<td>-0.13 (0.304)</td>
</tr>
</tbody>
</table>

\(^{(1)}\) FE estimator (within); number of lags is determined by BIC criterion; sample: 2005-2013; * p<.1; ** p<.05; *** p<.01
Table 10. Estimates of the equation (3) for banks with better (group 1) and worse (group 2) quality of credit portfolio.\(^{(1)}\)

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>Immediate reaction ($\alpha$)</th>
<th>Loading coefficient ($\beta$)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\alpha_1$</td>
<td>$\alpha_2$</td>
</tr>
<tr>
<td><strong>Households deposits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.45***</td>
<td>0.51***</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.40***</td>
<td>0.46***</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.34***</td>
<td>0.35***</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.23***</td>
<td>0.42***</td>
</tr>
<tr>
<td>from 6 to 12 months</td>
<td>0.26***</td>
<td>0.30***</td>
</tr>
<tr>
<td><strong>Firms deposits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.56***</td>
<td>0.44***</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.55***</td>
<td>0.55***</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.52***</td>
<td>0.76***</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.44***</td>
<td>0.68***</td>
</tr>
<tr>
<td><strong>Credit to households</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.62***</td>
<td>0.52**</td>
</tr>
<tr>
<td>for housing purposes</td>
<td>0.44***</td>
<td>0.33**</td>
</tr>
<tr>
<td>to sole entrepreneurs</td>
<td>0.32</td>
<td>-0.22</td>
</tr>
<tr>
<td><strong>Credit to firms</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.67***</td>
<td>0.54**</td>
</tr>
<tr>
<td>up to 4M PLN</td>
<td>0.83***</td>
<td>0.70***</td>
</tr>
<tr>
<td>above 4M PLN</td>
<td>0.99***</td>
<td>1.01***</td>
</tr>
</tbody>
</table>

\(^{(1)}\) FE estimator (within); number of lags is determined by BIC criterion; sample: 2005-2013; * p<.1; ** p<.05; *** p<.01
Appendix 3. Result of estimation of the ECM equation (4) – one step procedure.

Table 11. Estimates of the equation (4) for small (group 1) and big (group 2) banks (measured by assets).

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>Immediate reaction ($\alpha$)</th>
<th>Loading coefficient ($\beta$)</th>
<th>Long term pass-through (LTPT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\alpha_1$</td>
<td>$\alpha_2$</td>
<td>$\alpha_2-\alpha_1$</td>
</tr>
<tr>
<td>Households deposits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.245***</td>
<td>0.528***</td>
<td><strong>0.283</strong>*</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.303***</td>
<td>0.548***</td>
<td><strong>0.245</strong></td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.276*</td>
<td>0.563***</td>
<td><strong>0.287</strong></td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.375***</td>
<td>0.560***</td>
<td><strong>0.185</strong></td>
</tr>
<tr>
<td>from 6 to 12 months</td>
<td>0.381***</td>
<td>0.518***</td>
<td><strong>0.137</strong></td>
</tr>
<tr>
<td>Firms deposits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.378***</td>
<td>0.578***</td>
<td><strong>0.200</strong></td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.547***</td>
<td>0.605***</td>
<td><strong>0.058</strong></td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.610***</td>
<td>0.676***</td>
<td><strong>0.065</strong></td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.613***</td>
<td>0.628***</td>
<td><strong>0.015</strong></td>
</tr>
<tr>
<td>Credit to households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.479*</td>
<td>0.588***</td>
<td><strong>0.110</strong></td>
</tr>
<tr>
<td>for housing purposes</td>
<td>0.480**</td>
<td>0.606***</td>
<td><strong>0.146</strong></td>
</tr>
<tr>
<td>to sole entrepreneurs</td>
<td>0.525***</td>
<td>0.737***</td>
<td><strong>0.212</strong></td>
</tr>
<tr>
<td>Credit to firms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.530**</td>
<td>0.893***</td>
<td><strong>0.363</strong></td>
</tr>
<tr>
<td>up to 4M PLN</td>
<td>0.468***</td>
<td>0.810***</td>
<td><strong>0.343</strong></td>
</tr>
<tr>
<td>above 4M PLN</td>
<td>1.156***</td>
<td>0.857***</td>
<td><strong>-0.300</strong></td>
</tr>
</tbody>
</table>

(1) p-values in parentheses.
Table 12. Estimates of the equation (4) for banks with low (group 1) and high (group 2) liquidity ratio.\(^{(1)}\)

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>Immediate reaction ((\alpha_0))</th>
<th>Loading coefficient ((\beta))</th>
<th>Long term pass-through (LTPT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(\alpha_{01}) &amp; (\alpha_{02}) &amp; (\alpha_{02} - \alpha_{01}) &amp; (\beta_1) &amp; (\beta_2) &amp; (\beta_2 - \beta_1) &amp; LTPT, ([\alpha \neq 1 ?]) &amp; LTPT, ([\alpha = 1 ?]) &amp; (LTPT, - LTPT)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households deposits</td>
<td>total</td>
<td>0.307*** &amp; 0.558*** &amp; 0.251** &amp; -0.135*** &amp; -0.169*** &amp; -0.034 &amp; 1.44 &amp; 1.18 &amp; -0.25</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.010) &amp; (0.296) &amp; [0.009] &amp; [0.018] &amp; (0.189)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>up to 1 month</td>
<td>0.365*** &amp; 0.540*** &amp; 0.175** &amp; -0.081*** &amp; -0.148*** &amp; -0.066* &amp; 1.51 &amp; 1.04 &amp; -0.46</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.035) &amp; (0.056) &amp; [0.142] &amp; [0.341] &amp; (0.221)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>from 1 to 3 months</td>
<td>0.377*** &amp; 0.605*** &amp; 0.228** &amp; -0.159*** &amp; -0.195*** &amp; -0.037 &amp; 1.47 &amp; 1.22 &amp; -0.25*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.028) &amp; (0.337) &amp; [0.001] &amp; [0.002] &amp; (0.084)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>from 3 to 6 months</td>
<td>0.334*** &amp; 0.663*** &amp; 0.328*** &amp; -0.151*** &amp; -0.189*** &amp; -0.038 &amp; 1.34 &amp; 1.44 &amp; 0.10</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.002) &amp; (0.168) &amp; [0.006] &amp; [0.001] &amp; (0.580)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>from 6 to 12 months</td>
<td>0.319*** &amp; 0.415*** &amp; 0.096 &amp; -0.119*** &amp; -0.146*** &amp; -0.028 &amp; 0.88 &amp; 1.16 &amp; 0.29</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.424) &amp; (0.213) &amp; [0.235] &amp; [0.112] &amp; (0.122)</td>
<td></td>
</tr>
<tr>
<td>Firms deposits</td>
<td>total</td>
<td>0.430*** &amp; 0.558*** &amp; 0.128 &amp; -0.141*** &amp; -0.093*** &amp; 0.048 &amp; 1.35 &amp; 0.94 &amp; -0.41**</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.165) &amp; (0.228) &amp; [0.038] &amp; [0.272] &amp; (0.024)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>up to 1 month</td>
<td>0.516*** &amp; 0.615*** &amp; 0.099 &amp; -0.118*** &amp; -0.142*** &amp; -0.024 &amp; 1.28 &amp; 0.97 &amp; -0.31</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.307) &amp; (0.554) &amp; [0.175] &amp; [0.155] &amp; (0.140)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>from 1 to 3 months</td>
<td>0.620*** &amp; 0.668*** &amp; 0.048 &amp; -0.103*** &amp; -0.203*** &amp; -0.099** &amp; 1.46 &amp; 1.12 &amp; -0.34*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.611) &amp; (0.045) &amp; [0.001] &amp; [0.007] &amp; (0.052)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>from 3 to 6 months</td>
<td>0.536*** &amp; 0.687*** &amp; 0.151 &amp; -0.121*** &amp; -0.241*** &amp; -0.120*** &amp; 1.50 &amp; 1.17 &amp; -0.33</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.304) &amp; (0.009) &amp; [0.083] &amp; [0.036] &amp; (0.268)</td>
<td></td>
</tr>
<tr>
<td>Credit to households</td>
<td>total</td>
<td>0.508** &amp; 0.634*** &amp; 0.126 &amp; -0.171*** &amp; -0.144*** &amp; 0.027 &amp; 2.13 &amp; 2.13 &amp; 0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.647) &amp; (0.530) &amp; [0.027] &amp; [0.018] &amp; (0.998)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>for housing purposes</td>
<td>0.438*** &amp; 0.662*** &amp; 0.224 &amp; -0.107*** &amp; -0.088*** &amp; 0.019 &amp; 1.68 &amp; 1.58 &amp; -0.10</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.138) &amp; (0.490) &amp; [0.000] &amp; [0.117] &amp; (0.853)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>to sole entrepreneurs</td>
<td>0.636*** &amp; 0.683*** &amp; 0.047 &amp; -0.167*** &amp; -0.315*** &amp; -0.148** &amp; 1.30 &amp; 1.20 &amp; -0.10</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.770) &amp; (0.018) &amp; [0.274] &amp; [0.119] &amp; (0.768)</td>
<td></td>
</tr>
<tr>
<td>Credit to firms</td>
<td>total</td>
<td>0.720*** &amp; 0.792*** &amp; 0.073 &amp; -0.209*** &amp; -0.349*** &amp; -0.140** &amp; 1.01 &amp; 0.89 &amp; -0.12</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.749) &amp; (0.033) &amp; [0.889] &amp; [0.201] &amp; (0.314)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>up to 4M PLN</td>
<td>0.646*** &amp; 0.718*** &amp; 0.073 &amp; -0.183*** &amp; -0.241*** &amp; -0.058 &amp; 0.89 &amp; 0.97 &amp; 0.08</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.743) &amp; (0.234) &amp; [0.274] &amp; [0.715] &amp; (0.506)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>above 4M PLN</td>
<td>0.928*** &amp; 1.001*** &amp; 0.073 &amp; -0.270*** &amp; -0.367*** &amp; -0.096 &amp; 0.87 &amp; 0.93 &amp; 0.07</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.739) &amp; (0.105) &amp; [0.090] &amp; [0.478] &amp; (0.533)</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(1)}\) FE estimator (within); number of lags is determined by BIC criterion; sample: 2005-2013; * p<.1; ** p<.05; *** p<.01
Table 13. Estimates of the equation (4) for banks with low (group 1) and high (group 2) capital adequacy ratio.(1)

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>Immediate reaction ($\alpha_0$)</th>
<th>Loading coefficient ($\beta$)</th>
<th>Long term pass-through (LTPT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\alpha_{01}$</td>
<td>$\alpha_{02}$</td>
<td>$\alpha_{02} - \alpha_{01}$</td>
</tr>
<tr>
<td><strong>Households deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.395*** 0.414***</td>
<td>0.019</td>
<td>-0.123*** -0.165***</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.551*** 0.484***</td>
<td>-0.067</td>
<td>-0.087*** -0.097***</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.406*** 0.527***</td>
<td>0.120</td>
<td>-0.136*** -0.215***</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.359*** 0.643***</td>
<td>0.284**</td>
<td>-0.156*** -0.191***</td>
</tr>
<tr>
<td>from 6 to 12 months</td>
<td>0.385*** 0.528***</td>
<td>0.142</td>
<td>-0.128*** -0.163***</td>
</tr>
<tr>
<td><strong>Firms deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.547*** 0.455***</td>
<td>-0.092</td>
<td>-0.116*** -0.115***</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.603*** 0.556***</td>
<td>-0.047</td>
<td>-0.137*** -0.099***</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.583*** 0.702***</td>
<td>0.118</td>
<td>-0.086*** -0.197***</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.603*** 0.636***</td>
<td>0.034</td>
<td>-0.107*** -0.237***</td>
</tr>
<tr>
<td><strong>Credit to households</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.694*** 0.375**</td>
<td>-0.319</td>
<td>-0.140*** -0.135***</td>
</tr>
<tr>
<td>for housing purposes</td>
<td>0.649*** 0.469***</td>
<td>-0.180</td>
<td>-0.104*** -0.115***</td>
</tr>
<tr>
<td>to sole entrepreneurs</td>
<td>0.673*** 0.686***</td>
<td>0.012</td>
<td>-0.193*** -0.265***</td>
</tr>
<tr>
<td><strong>Credit to firms</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.833*** 0.710***</td>
<td>-0.122</td>
<td>-0.267*** -0.245***</td>
</tr>
<tr>
<td>up to 4M PLN</td>
<td>0.727*** 0.669***</td>
<td>-0.058</td>
<td>-0.231*** -0.184***</td>
</tr>
<tr>
<td>above 4M PLN</td>
<td>1.027*** 0.906***</td>
<td>-0.121</td>
<td>-0.292*** -0.363***</td>
</tr>
</tbody>
</table>

(1) FE estimator (within); number of lags is determined by BIC criterion; sample: 2005-2013; * p<.1; ** p<.05; *** p<.01
Table 14. Estimates of the equation (4) for banks with lower (group 1) and higher (group 2) share of deposits from non-financial sector in liabilities.\(^{(1)}\)

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>Immediat reaction ($\alpha_0$)</th>
<th>Loading coefficient ($\beta$)</th>
<th>Long term pass-through (LTPT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\alpha_{01}$</td>
<td>$\alpha_{02}$</td>
<td>$\alpha_{02}=\alpha_{01}$</td>
</tr>
<tr>
<td>Households deposits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.472***</td>
<td>0.408***</td>
<td>-0.063</td>
</tr>
<tr>
<td>(0.622)</td>
<td>(0.264)</td>
<td>[0.037]</td>
<td>[0.006]</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.514***</td>
<td>0.406***</td>
<td>-0.108</td>
</tr>
<tr>
<td>(0.213)</td>
<td>(0.355)</td>
<td>[0.438]</td>
<td>[0.151]</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.538***</td>
<td>0.441***</td>
<td>-0.097</td>
</tr>
<tr>
<td>(0.467)</td>
<td>(0.135)</td>
<td>[0.438]</td>
<td>[0.000]</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.655***</td>
<td>0.417***</td>
<td>-0.238*</td>
</tr>
<tr>
<td>(0.081)</td>
<td>(0.133)</td>
<td>[0.000]</td>
<td>[0.000]</td>
</tr>
<tr>
<td>from 6 to 12 months</td>
<td>0.566***</td>
<td>0.259***</td>
<td>-0.307***</td>
</tr>
<tr>
<td>(0.000)</td>
<td>(0.142)</td>
<td>[0.000]</td>
<td>[0.227]</td>
</tr>
<tr>
<td>Firms deposits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.517***</td>
<td>0.474***</td>
<td>-0.043</td>
</tr>
<tr>
<td>(0.638)</td>
<td>(0.975)</td>
<td>[0.356]</td>
<td>[0.133]</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.650***</td>
<td>0.497***</td>
<td>-0.152</td>
</tr>
<tr>
<td>(0.149)</td>
<td>(0.594)</td>
<td>[0.559]</td>
<td>[0.270]</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.770***</td>
<td>0.580***</td>
<td>-0.190**</td>
</tr>
<tr>
<td>(0.035)</td>
<td>(0.052)</td>
<td>[0.100]</td>
<td>[0.000]</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.647***</td>
<td>0.600***</td>
<td>-0.047</td>
</tr>
<tr>
<td>(0.776)</td>
<td>(0.026)</td>
<td>[0.031]</td>
<td>[0.009]</td>
</tr>
<tr>
<td>Credit to households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.550**</td>
<td>0.594***</td>
<td>0.044</td>
</tr>
<tr>
<td>(0.867)</td>
<td>(0.146)</td>
<td>[0.095]</td>
<td>[0.004]</td>
</tr>
<tr>
<td>for housing purposes</td>
<td>0.721***</td>
<td>0.437***</td>
<td>-0.284</td>
</tr>
<tr>
<td>(0.130)</td>
<td>(0.302)</td>
<td>[0.000]</td>
<td>[0.104]</td>
</tr>
<tr>
<td>to sole entrepreneurs</td>
<td>0.621***</td>
<td>0.704***</td>
<td>0.083</td>
</tr>
<tr>
<td>(0.528)</td>
<td>(0.522)</td>
<td>[0.612]</td>
<td>[0.001]</td>
</tr>
<tr>
<td>Credit to firms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.925***</td>
<td>0.637***</td>
<td>-0.288</td>
</tr>
<tr>
<td>(0.161)</td>
<td>(0.428)</td>
<td>[0.696]</td>
<td>[0.293]</td>
</tr>
<tr>
<td>up to 4M PLN</td>
<td>0.824***</td>
<td>0.610***</td>
<td>-0.214</td>
</tr>
<tr>
<td>(0.343)</td>
<td>(0.914)</td>
<td>[0.343]</td>
<td>[0.823]</td>
</tr>
<tr>
<td>above 4M PLN</td>
<td>1.011***</td>
<td>0.937***</td>
<td>-0.074</td>
</tr>
<tr>
<td>(0.758)</td>
<td>(0.885)</td>
<td>[0.594]</td>
<td>[0.220]</td>
</tr>
</tbody>
</table>

\(^{(1)}\) FE estimator (within); number of lags is determined by BIC criterion; sample: 2005-2013; * p<.1; ** p<.05; *** p<.01
Table 15. Estimates of the equation (4) for banks with lower (group 1) and higher (group 2) relationship banking indicator\(^{(1)}\)

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>Immediate reaction ((\alpha_0))</th>
<th>Loading coefficient ((\beta))</th>
<th>Long term pass-through (LTPT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(\alpha_{01})</td>
<td>(\alpha_{02})</td>
<td>(\alpha_{02} - \alpha_{01})</td>
</tr>
<tr>
<td><strong>Households deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.437***</td>
<td>0.397***</td>
<td>-0.040</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.458***</td>
<td>0.445***</td>
<td>-0.014</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.556***</td>
<td>0.364***</td>
<td>-0.192*</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.594***</td>
<td>0.382***</td>
<td>-0.212*</td>
</tr>
<tr>
<td>from 6 to 12 months</td>
<td>0.414***</td>
<td>0.341***</td>
<td>-0.073</td>
</tr>
<tr>
<td><strong>Firms deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.467***</td>
<td>0.533***</td>
<td>0.066</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.577***</td>
<td>0.571***</td>
<td>-0.006</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.734***</td>
<td>0.542***</td>
<td>-0.192**</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.779***</td>
<td>0.690***</td>
<td>-0.089</td>
</tr>
<tr>
<td><strong>Credit to households</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.421**</td>
<td>0.741***</td>
<td>0.320</td>
</tr>
<tr>
<td>for housing purposes</td>
<td>0.492***</td>
<td>0.600***</td>
<td>0.107</td>
</tr>
<tr>
<td>to sole entrepreneurs</td>
<td>0.661***</td>
<td>0.667***</td>
<td>0.006</td>
</tr>
<tr>
<td><strong>Credit to firms</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.786***</td>
<td>0.755***</td>
<td>-0.031</td>
</tr>
<tr>
<td>up to 4M PLN</td>
<td>0.673***</td>
<td>0.723***</td>
<td>0.050</td>
</tr>
<tr>
<td>above 4M PLN</td>
<td>0.885***</td>
<td>1.067***</td>
<td>0.182</td>
</tr>
</tbody>
</table>

\(^{(1)}\) FE estimator (within); number of lags is determined by BIC criterion; sample: 2005-2013; * p<.1; ** p<.05; *** p<.01
Table 16. Estimates of the equation (4) for banks with better (group 1) and worse (group 2) quality of credit portfolio.\(^{(1)}\)

<table>
<thead>
<tr>
<th>Interest rate type</th>
<th>Immediate reaction ((\alpha_0))</th>
<th>Loading coefficient ((\beta))</th>
<th>Long term pass-through (LTPT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(\alpha_{01}) (\alpha_{02})</td>
<td>(\alpha_{02}-\alpha_{01})</td>
<td>(\beta_1) (\beta_2) (\beta_2-\beta_1)</td>
</tr>
<tr>
<td><strong>Households deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.441*** 0.404***</td>
<td>-0.037</td>
<td>-0.130*** -0.168***</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.527*** 0.527***</td>
<td>0.001</td>
<td>-0.099*** -0.088***</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.447*** 0.538***</td>
<td>0.091</td>
<td>-0.153*** -0.193***</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.456*** 0.594***</td>
<td>0.138</td>
<td>-0.165*** -0.190***</td>
</tr>
<tr>
<td>from 6 to 12 months</td>
<td>0.344*** 0.437***</td>
<td>0.093</td>
<td>-0.131*** -0.149***</td>
</tr>
<tr>
<td><strong>Firms deposits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.554*** 0.410***</td>
<td>-0.144</td>
<td>-0.106*** -0.132***</td>
</tr>
<tr>
<td>up to 1 month</td>
<td>0.587*** 0.569***</td>
<td>-0.018</td>
<td>-0.135*** -0.105***</td>
</tr>
<tr>
<td>from 1 to 3 months</td>
<td>0.570*** 0.799***</td>
<td>0.229**</td>
<td>-0.101** -0.171***</td>
</tr>
<tr>
<td>from 3 to 6 months</td>
<td>0.657*** 0.572***</td>
<td>-0.084</td>
<td>-0.118*** -0.240***</td>
</tr>
<tr>
<td><strong>Credit to households</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.721*** 0.344**</td>
<td>-0.377</td>
<td>-0.160*** -0.141***</td>
</tr>
<tr>
<td>for housing purposes</td>
<td>0.578*** 0.485*</td>
<td>-0.092</td>
<td>-0.096*** -0.100***</td>
</tr>
<tr>
<td>to sole entrepreneurs</td>
<td>0.712*** 0.513***</td>
<td>-0.198</td>
<td>-0.194*** -0.287***</td>
</tr>
<tr>
<td><strong>Credit to firms</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>0.746*** 0.813***</td>
<td>0.067</td>
<td>-0.270*** -0.241***</td>
</tr>
<tr>
<td>up to 4M PLN</td>
<td>0.689*** 0.705***</td>
<td>0.016</td>
<td>-0.218*** -0.191***</td>
</tr>
<tr>
<td>above 4M PLN</td>
<td>0.981*** 0.937***</td>
<td>-0.044</td>
<td>-0.301*** -0.393***</td>
</tr>
</tbody>
</table>

\(^{(1)}\) FE estimator (within); number of lags is determined by BIC criterion; sample: 2005-2013; * \(p<.1\); ** \(p<.05\); *** \(p<.01\)