

The European Journal of Finance >

Volume 22, 2016 - [Issue 3](#)

1,843 48

Views | CrossRef citations to date | Altmetric | 0

Original Articles

# A macroprudential approach to address liquidity risk with the loan-to-deposit ratio

Jan Willem Van den End 

Pages 237-253 | Received 12 Mar 2013, Accepted 29 Oct 2014, Published online: 03 Dec 2014

 Cite this article

 <https://doi.org/10.1080/1351847X.2014.983137>



Sample our  
Area Studies  
Journals

>> [Sign in here](#) to start your access  
to the latest two volumes for 14 days



 Full Article

 Figures & data

 References

 Citations

 Metrics

 Reprints & Permissions

Read this article

Share

## Abstract

This paper maps the empirical features of the loan-to-deposit (LTD) ratio with an eye on using it in macroprudential policy to mitigate liquidity risk. We examine the LTD trends and cycles of 11 euro area countries by filtering methods and analyse the interaction between loans and deposits. We propose macroprudential policy to prevent an unsustainable level of the LTD ratio and policy measures to counter destabilizing cyclical developments.

Keywords:

financial stability

banks

liquidity

regulation

JEL Codes:

---

## Acknowledgements

The author thanks Clemens Bonner, Leo de Haan, Miguel Mendonca Boucinha, Peter van Els, Maarten Gelderman, Jan Kakes and Jan Willem Slingenberg and participants of the seminar at the Bank of England (March 2013) and participants of the Midwest Finance Association conference (Orlando, March 2014) for valuable comments on earlier versions.

---

## Disclosure statement

No potential conflict of interest was reported by the author(s).

---

## Notes

1. This outcome is based on F-tests for seasonality (X-12 seasonality adjustment method) and simple regression analysis with end-year dummies.
2. Adjustments for sales and securitization are not available for loans to non-financial companies and households in our time sample. The ECB Statistical Data Warehouse publishes growth rates of total loans to non-financial institutions excluding governments, adjusted for sales and securitization. We apply this correction factor (based on growth rates) to loans of companies and households.
3. The deposit ratio is defined as deposit holdings at banks over total financial assets (source: ECB).
4. For more details we refer to Love and Zicchino (2006), whose Stata code we gratefully used for the estimation.
5. The relative strength of the response of loans to a shock in deposits is underlined by simulations which include loans as the first variable in the panel VAR. Then the

interaction effect running from deposits to loans remains significant, which is not the case anymore for the response of deposits to a shock in loans.

## Related research

People also read

Recommended articles

Cited by  
48

### Information for

Authors

R&D professionals

Editors

Librarians

Societies

### Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

### Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

### Help and information

Help and contact

Newsroom

All journals

Books

### Keep up to date

Register to receive personalised research and resources by email




Sign me up



Copyright © 2026 Informa UK Limited [Privacy policy](#)

[Cookies](#) [Terms & conditions](#) [Accessibility](#)

 Taylor and Francis  
Group

Registered in England & Wales No. 01072954  
5 Howick Place | London | SW1P 1WG