

THE IMPACT OF MACROECONOMIC FACTORS ON CREDIT RISK IN THE ALBANIAN BANKING SYSTEM

DORINA OLLDASHI

Elbasan, Albania

ABSTRACT

The main purpose of this study is, the analysis of the impact of several macroeconomic factors, on the level of credit risk, measured by non performing loans. In this study, we take such factors as GDP growth rate, unemployment rate, inflation rate, Eur / All exchange rate and interest rates (REPO). The relationship between credit risk and these macroeconomic factors is tested, using a multiple linear regression model as a small squares method (OLS). The analysis is based on data obtained for a five year period (2012 - 2016) with quarterly frequency. After analyzing the data using the econometric model, it is noted that the macroeconomic factors that affect the credit risk level are: Unemployment rate, basic interest rates (REPO) and rates in euro / all exchange rate changes. Where the growth rate of unemployment and the change rate of euro / all exchange rates have a positive relationship with the possibility that the Albanian banking system will have an increase in credit risk. While, the basic interest rates (REPOs) have a negative relationship to credit risk.

KEYWORDS: *Credit Risk, Macroeconomic Factors, GDP Rate, Unemployment Rate, Inflation Rate, Exchange Rate, REPO and Regression*

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