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**THE SENSITIVITY OF HOUSEHOLDS TO INTEREST RATE -  
ANALYSIS OF THE RELATIONSHIP OF INTEREST RATES AND THE  
AMOUNT OF LOANS AND DEPOSITS IN THE CZECH REPUBLIC**

**Abstract:**

This paper deals with the relationship of short-term and long-term interest rates and the amount of deposits and loans of households. The aim is to demonstrate the relationship between interest and Current Discount Index (CDI). CDI expresses the growth rate of the ratio of loans to deposits of households. Author's assumption is: increasing interest rates will reduce loans and increase savings. In the paper are savings considered to be identical with deposits in bank accounts. The results of the analysis show that households do not respond to changes in interest rates relative to the amount of loans and the amount of savings.

**Keywords:**

Interest Rate, Loans, Savings, Households, Current Discount Index

**JEL Classification:** D14, E29, E43