

**Abstract**

In this paper, we use panel cointegration estimation to analyze the determinants of heterogeneous monetary dynamics in ten euro area member countries over the period 1999-2013. In particular, we investigate the role of real house prices, real equity prices and cross border bank credit. For the period up till 2008 we find a significantly positive income effect, a significantly negative interest rate effect, a significantly negative effect of net foreign credit and a significantly positive housing price effect. Inclusion of the financial crisis shows evidence of a structural break in money demand and some sign reversals, most significantly so for the interest rate effect. Finally, we find evidence of a divide in the long-term money demand relation between the Northern and Southern parts of the euro area, potentially complicating monetary policy.