Must reads

[Historical Statistical Series for Colombia]


## Monetary policy rate

The monetary policy benchmark interest rate or benchmark rate is the minimum interest rate that *Banco de la República* (the Central Bank of Colombia) charges financial institutions for the liquidity it provides through open market operations (OMO) (only in Spanish). This rate is the main instrument of monetary policy intervention used by the Central Bank to affect the amount of money circulating in the economy.

The Board of Directors of *Banco de la República* (BDBR) defines the monetary policy benchmark interest rate. Its decisions are effective from the business day after the Board's meeting.

The BDBR meets eight times a year to make monetary policy decisions: January, March, April, June, July, September, October, and December. In preparation for these meetings, the technical staff of the Office for Monetary Policy and Economic Information meets with the BDBR to discuss the current economic situation and the technical staff's macroeconomic forecasts. The technical staff presents a summary of the information submitted to the BDBR in the Monetary Policy Report, which is available to the public.

## Lending rates

Lending or placement rates correspond to the interest rates applied by credit institutions for the different types of loans and output granted to their customers. The different types of loans include home purchase loans, consumer loans, commercial loans (ordinary, preferential, and treasury), microcredit, credit cards, overdrafts, and special loans.

The lending rates of credit institutions are calculated so as to know the temporary structure and the evolution of the performance of rates and disbursed amounts of the different types of loans. Additionally, this information is used to assess the transmission of monetary policy rate to the different financial market interest rates, to monitor the operations of credit institutions, and to determine the current conditions of the financial system.

As the monetary, foreign exchange, and credit authority, based on Law 31 of 1992, *Banco de la República* is responsible for studying monetary, credit, and banking measures to regulate monetary circulation and the level of liquidity in the financial market. For this purpose, the Bank has different sources of information available for further analysis to guide its policy decisions.

Through the Financial Superintendency of Colombia (SFC in Spanish), (formerly known as the Banking Superintendency until November 2005), the Bank uses the various formats established to monitor the transactions and recent financial status of credit institutions, including those related to credit activities. This information is used by the Bank to generate the aggregate data on placement interest rates.

In 1993, the SFC created the first formats (form 088 and form 133) to monitor and disclose the daily performance of market deposit interest rates, preferential placement rates for corporate clients, and the interbank rate. Form 133 contained both lending and deposit rate information.

In 1997, institutions began to be consulted for information on rates and disbursements of consumer, ordinary, preferential, and treasury loans, as well as those used for housing construction and purchase, both in pesos and UCPP (Unit of Constant Purchasing Power). Later, in 2000 for information on rates and disbursements for loans originated in Law 550 of 1999, the Economic Intervention Law.

In April 2002, the SFC separated the information on deposit rates in form 133 and lending or placement rates in form 088, the latter becoming weekly. Additionally, the information was disaggregated by terms for all types of portfolios, and information was added on microcredits, credit cards, bank checking account overdrafts, and special credits (Laws 550 of 1999 and 617 of 2000), and those corresponding to deposits and savings accounts, and real value savings certificates.

In 2012, the SFC made two major changes to form 088 for placement rates. As a first measure, the units for capturing deposits and savings accounts and real value savings certificates were eliminated; these were incorporated in form 441 in order to have a higher frequency of data. Secondly, information on loans through housing loans, complementary health and education plans, and others was added.

Finally, in 2021, form 414, "lending rates by type of credit," through which financial sector institutions report the information on lending rates to the Financial Superintendency of Colombia, came into force and replaced form 088 ("weekly report on lending and deposit rates"). This new format contains information on rates and amounts disbursed disaggregated by gender, company size, type of loan, type of guarantee, loan product, and term. Additionally, more terms were added. Institutions record the new loans disbursed denominated in legal tender and granted during the previous week.

Based on the SFC formats, *Banco de la República* has calculated and published the aggregate data of rates and amounts of the different types of loans and has made the appropriate modifications over time. Since March 1998, *Banco de la República* has published weekly and monthly consolidated placement rates, which include: *Banco de la República*'s placement rate [1], total placement interest rate [2], non-cash placement interest rate [3], aggregate commercial loan rates [4] and total lending rate. The latter was discontinued in April 2001.

Subsequently, in response to the modification of form 088 in 2002, as of May 3 of that year, the data on rates and amounts of the aggregated and disaggregated accounts by term of the different types of loans have been produced: housing, consumer, microcredit, commercial (ordinary, preferential, or corporate and treasury), credit card, bank checking account overdrafts, special credits agreed under Laws 550 of 1999 and 617 of 2000, and credits granted through housing loans, complementary health and education plans, and others.

The methodology for calculating aggregate placement rates consists of weighted average interest rates by amount and aggregation of disbursed amounts, which allows information to be aggregated by loan categories, institutions, and periods of time.

Finally, for further information on the calculation methodology, please refer to *Banco de la República*'s website on Lending or Placement rates (only in Spanish)??.

# Deposit interest rates

## CDT and DTF

The DTF (Fixed-Term Deposit) is a reference interest rate of what financial institutions pay on average to savers for the collection of certificates of deposit (CDT) with a term of 90 days.

### History

The 90-day CDT deposit interest rate was created through External Circular DC-078 of 1983 (10 November), with the purpose of obtaining a periodic indicator of the cost of collection from financial corporations. The Banking Superintendency (currently the Financial Superintendency of Colombia, SFC in Spanish) created the first daily capture format for amounts collected and weighted average interest rate, which had to be sent on the first business day of the week with the information of all the days belonging to the period from Monday to Friday.

Subsequently, the DTF was created in 1984 (16 January 1984) as a benchmark rate for the financial system, and its applications include defining variable rates of credit placement and indexing derivative financial products. Since this resolution took effect, the DTF variable rate has been calculated weekly by *Banco de la República* based on the figures obtained by the Financial Superintendency from the periodic reports of banking establishments, financial corporations, and commercial finance companies (form 133, proforma F1000-55). The DTF is calculated as the average of the 90-day deposit interest rates weighted by the amount collected at that term. It is effective from Monday to Sunday of the following week, and it is calculated using the rates and amounts collected between the previous Friday and the Thursday of the calculation week. As of 02 July 1993, *Banco de la República*, in addition to publishing the weighted average of 90-day deposits, also began to publish the weighted average rate for 180-day and 360-day CDT deposits, as well as the deposit interest rate for savings and housing corporations (TCC in Spanish).

Since the SFC's External Circular 065 of 2007, the Daily Report on Deposit Interest Rates for Money Market Transactions was created, Form 441 proforma F-1000-117, currently in effect. From the creation of this format, all annual effective interest rates must be calculated on a 365-day basis, and all new fundraising operations, including renewals, must be included.

For further information, please refer to the methodological documentation of the deposit interest rates (only in Spanish).

## Interbank rate (TIB)

The Interbank Interest Rate (TIB in Spanish) is the average interest rate of uncollateralized loans carried out by financial institutions between them with an effective term of 1 day.

**History**

In 1995, *Banco de la República* acted as a spectator in the inter-financial market, allowing the market to set daily rates. This led banks to set rates that were too high for the productive sectors.

In 1996, *Banco de la República* intervened in the inter-financial (interbank) market, implementing a system of interest rate bands to bring order to the market.

Since 31 March 1995, *Banco de la República* has calculated the TIB as the weighted average by amount of interbank loans, which are reported to the Financial Superintendency form 133, proforma F1000-55.

The TIB refers to an interest rate at which financial intermediaries lend funds to each other for one day (overnight) loans. The effective term of the loans is one day, but it may vary if the loan is made on weekends or if there are holidays. Loans between institutions are uncollateralized, so the rate reflects the credit risk associated with the counterparties involved in the transactions. Additionally, the rate level reflects liquidity conditions in the local money market.

Subsequently, through External Circular 065 of 2007, proforma F1000-55, the Daily Interest Rate Report Form 133 was eliminated and replaced by proforma F1000-117 Form 441, Daily report of deposit interest rates and money market transactions. For interbank loans, it was determined that interest-bearing deposits not constituting banking reserve should not be included.

For further information, please refer to the methodological documentation of the interbank rate (only in Spanish).

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[1] Calculated as the weighted average amount of credit rates: consumer, preferential, ordinary, and treasury. Due to the high turnover of the latter type of loan, its weighting was established as one-fifth of its weekly disbursement.

[2] Calculated as the weighted average amount of credit rates: consumer, preferential, ordinary, and treasury.

[3] Calculated as the weighted average amount of credit rates: consumer, preferential, and ordinary.

[4] It corresponds to the rates of ordinary, preferential, and treasury loans.