Credit Policy

Last modified Tuesday the 17th of June, 2025
In accordance with the Colombian Constitution, the Board of Directors of *Banco de la República* (BDBR) is the credit authority of the Colombian economy. Law 31 of 1992 constitutes the general framework of reference for the exercise of the functions attributed to the Board as credit authority. This Law stipulates that the use of policy instruments authorized to the Board as credit authority must have as its purpose the regulation of monetary circulation, the liquidity of the financial system, and the correct functioning of internal and external payments of the economy within the general framework of Banco de la República's primary objective of ensuring the stability of the value of the local currency.

The list of instruments assigned to the Board of Directors as credit authority by the Law includes the following:

- To determine the reserve requirements for the different categories of deposits for credit institutions and stablish their remuneration.
- To indicate the financial conditions to which public entities must adhere when acquiring or placing securities so that these operations are carried out under market conditions. In addition, the law has assigned it functions related to financing the agricultural sector. In this regard, it is authorized to define the amount for mandatory investments in Agricultural Development Bonds (*Títulos de Desarrollo Agropecuario* - TDA in Spanish) to be subscribed by financial institutions and determine the characteristics of such securities (terms and interest rates). Likewise, the BDBR is empowered to set general limits on interest rates for the agricultural loan portfolio.
- To intervene administratively in interest rates, a function that includes the setting of maximum limits on interest rates on loans and deposits of credit institutions. These limits should not induce the presence of negative real interest rates. The Board has exercised this power on a few occasions (1992 and 1995) and for very limited periods, exclusively on lending operations.
- To temporarily establish controls on the growth of credit operations and, in general, of the lending operations of credit institutions. This power was implemented only between March and August 1994.
- To establish limits to the cap interest rates (tasas máximas de interés remuneratorio - TMR in Spanish) for loans destined to housing financing in real value units (UVR in Spanish) and in Colombian pesos.

In order to make decisions as a credit authority, *Banco de la República* monitors the financial system to identify episodes in which these objectives may be compromised.

Finally, regarding the TMR, the Board of Directors strictly adheres to the guidelines of the Constitutional Court in this regard, seeking to ensure that the established limit does not affect the allocation of housing loans in the economy.

Fuente: https://www.banrep.gov.co/en/financial-stability/credit-policy