

The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHOR OR EDITOR

Carlos León

Clara Machado

Miguel Sarmiento

Evidence suggests that the Colombian interbank funds market is an inhomogeneous and hierarchical network in which a few financial institutions fulfill the role of “super-spreaders” of central bank liquidity among market participants. Results concur with evidence from other interbank markets and other financial networks regarding the flaws of traditional direct financial contagion models based on homogeneous and non-hierarchical networks, and provide further evidence about financial networks’ self-organization emerging from complex adaptive financial systems. Our research work contributes to central bank’s efforts by (i) examining and characterizing the actual connective structure of interbank funds networks; (ii) identifying those financial institutions that may be considered as the most important conduits for monetary policy transmission, and the main drivers of contagion risk within the interbank funds market; (iii) providing new elements for the implementation of monetary policy and for safeguarding financial stability.

The views expressed in the paper are those of the authors and do not represent those of the Banco de la República or its Board of Directors.