

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

Hernán Rincón

Humberto Mora

This paper evaluates the effects of capital account controls adopted in the past years by the FLAR's member countries (Bolivia, Colombia, Costa Rica, Ecuador, Perú and Venezuela) on the efficiency of the banking sector, the economic growth and the volatility of output, consumption, and investment. The findings on efficiency show that the degree of the monopoly power in the loans and deposits markets are positively correlated with capital controls. The findings also indicate that, in general, capital controls neither reduce growth nor reduce macroeconomic volatility. On the contrary, and as it is expected, the capital account openness promotes growth.

La serie Borradores de Economía es una publicación de la Subgerencia de Estudios Económicos del Banco de la República. Los trabajos son de carácter provisional, las opiniones y posibles errores son responsabilidad exclusiva del autor y sus contenidos no comprometen al Banco de la República ni a su Junta Directiva.