

---

[Download](#)

Keep in mind

The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. 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

[Javier Guillermo Gómez-Pineda](#) [Andrés Murcia](#) [Wilmar Alexander Cabrera Rodríguez](#) [Hernando Vargas-Herrera](#) [Leonardo Villar Gómez](#)

The series [Borradores de Economía \(Working Papers on Economics\)](#) contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc). The opinions contained in this document are the sole responsibility of the author and do not commit Banco de la República or its Board of Directors.

---

---

Publication Date:  
Tuesday, 6 of June 2023

## **Abstract**

Over the past 30 years, monetary and macroprudential policy in Colombia evolved towards the pursuit of a low and credible inflation target and a stable financial system. The protracted inflation that began in the early seventies was defeated at the turn of the century with the help of the new framework for monetary policy formulation, inflation targeting. In the field of macroprudential policy, the financial crisis of the late nineties led to important institutional developments in the formulation and coordination of macroprudential policy, as well as in the assessment of systemic risk. Along with these developments, important lessons have been learnt. One is that, to preserve macroeconomic stability, the price stability objective must be complemented with the financial stability objective, as well as with macroprudential policy. Another lesson is that the new institutional framework for monetary policy formulation helped Banco de la República overcome 25 years of inflation, then called moderate inflation. The challenges for the future include to continue preserving price and financial stability, strengthening the role of the Banco de la República in macroprudential policy, and to continue strengthening the channels of international coordination and cooperation in macroprudential policy.