

[Working Paper No. 545](#)

Tenga en cuenta

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.

Autores y/o editores

[Gómez-González, José Eduardo](#)

[Paola Morales Acevedo](#)

In this paper we find empirical evidence of bank lending channel for Colombia, using a balanced panel data of about four thousand non-financial firms. We find that increases in the interest rate, proxying for the monetary policy instrument, lead to a reduction in the proportion of bank loans, out of total debt, of the firms. This bank lending channel amplifies the effect of the traditional interest rate channel, which leads to a reduction in total debt and spending when monetary policy tightens. Our result agrees with, and complements, those obtained by Gómez González and Grosz (2007), who provide evidence of the existence of a bank lending channel in Colombia using bank-specific financial variables.