

# Understanding the heterogeneity of interest rate adjustments to monetary policy: Evidence for Colombia

ECONOMIC MODELLING

**DOI:**

<https://doi.org/10.1016/j.econmod.2024.106829>

**Publicado:**

Martes, 3 Septiembre 2024

**Authors:**

Benavides-Franco Julian<sup>e</sup>,

Carabali Jaime<sup>e</sup>,

Luis Meneses<sup>e</sup>,

Alex Pérez<sup>a</sup>

Ver más

<sup>e</sup>Externo

<sup>a</sup>Banco de la República, Colombia

**Clasificación JEL:**

E43, E52, G21, L13

[Descargar documento](#)

## Lo más reciente

[Tasa de interés de política monetaria de Colombia: Sus expectativas y el traspaso a las tasas de CDTs y de créditos](#)

Julián Alonso Cárdenas-Cárdenas, Deicy Johana Cristiano-Botia, Eliana Rocío González-Molano, Carlos Alfonso Huertas-Campos

[Revista Ensayos Sobre Política Económica - Características cuantitativas de los ciclos económicos en Colombia](#)

Luis E. Arango, Juan José Ospina-Tejeiro, Fernando Arias-Rodríguez, Oscar Iván Ávila-Montealegre, Jaime Andrés Collazos-Rodríguez, Diana M. Cortázar Gómez, Juan Pablo Cote-Barón, Julio Escobar-Potes, Aarón Levi Garavito-Acosta, Franky Juliano Galeano-Ramírez, Eliana Rocío González-Molano, María Camila Gomez Cardona, Anderson Grajales, David Camilo López-Valenzuela, Wilmer Martínez-Rivera, Nicolás Martínez-Cortés, Rocío Clara Alexandra Mora-Quiñones, Sara Naranjo-Saldarriaga, Antonio Orozco, Daniel Parra-Amado, Julián Pérez-Amaya, José Pulido, Karen L. Pulido-Mahecha, Carolina Ramírez-Rodríguez, Sergio Restrepo Ángel, José Vicente Romero-Chamorro, Nicol Valeria Rodríguez-Rodríguez, Norberto Rodríguez-Niño, Diego Hernán Rodríguez-Hernández, Carlos D. Rojas-Martínez, Johana Andrea Sanabria-Domínguez, Diego Vásquez-Escobar

[Disparidades regionales en los precios de arrendamiento de vivienda urbana en Colombia: una evaluación empírica](#)

Luis Armando Galvis-Aponte, Adriana Isabel Ortega-Arrieta, Adriana Marcela Rivera-Zárate

[Otras Publicaciones](#)

Understanding the heterogeneity of interest rate adjustments to monetary policy: Evidence for Colombia

## **Understanding the heterogeneity of interest rate adjustments to monetary policy: Evidence for Colombia – Portal de Investigaciones Económicas**

A fundamental problem in macroeconomics is understanding how changes made by a country's central bank to its interest rate affect the rates that people and businesses actually experience. In this study, we used Colombian bank-level interest rate data from loans and deposits between 2010 and 2019 to assemble panel data of 35,000 observations to analyze how banks adjust their rates when the central bank changes its rate. We applied a model based on industrial organization theory to estimate each bank's strategic complementarity, a measure of the bank's market power. We found that banks tend to split their rate adjustments into one that directly responds to the central bank's changes and another that responds to how rival banks react. The rates offered by banks for deposits adjust less steeply than those applied to loans. These rates vary heterogeneously depending on the bank's characteristics, with large domestic banks showing the most significant strategic complementarity and small or foreign banks showing the least. Our results showed that bank margins (profits) increase by 0.2% for every 1% increase in the policy rate.