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WP/94/39

INTERNATIONAL MONETARY FUND

Monetary and Exchange Affairs Department

Financial Structure, Bank Lending Rates, and the  
Transmission Mechanism of Monetary Policy

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March 1994

### Abstract

The stickiness of bank lending rates with respect to money market rates is often regarded as an obstacle to the smooth transmission of monetary policy impulses. Yet, no systematic measure of the different degree of lending rate stickiness across countries has been attempted. This paper provides such a measure. It also relates the different degree of lending rate stickiness to structural features of the financial system, such as the existence of barriers to competition, the degree of development of financial markets, and the ownership structure of the banking system. Thus, the paper provides further evidence on the relationship between structural financial policies and monetary policy, as well as on the relevance of credit markets for the monetary policy transmission mechanism. The role of administered discount rates in speeding up the adjustment of lending rates is also discussed.

### JEL Classification Numbers:

E43 E44 E52 E58

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1/ This paper benefited from discussions with Leonardo Bartolini and Seyed Hossein Samiei and from comments from William E. Alexander, Ernesto Feldman, Sunil Sharma, and from the participants in a seminar held at the Monetary and Exchange Affairs Department.

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