

A. Introduction

The World Bank Group is conducting a study on interest rate controls (IRCs) in lending and deposit markets around the world. The project aims to identify the different types of formal (or *de jure*) controls, the countries that apply them, how they implement them, and the reasons for doing so. The objective is to advance knowledge on this topic by providing an evidence base for investigating the impact of IRCs on economic outcomes.

Scope. The survey investigates present IRCs in your country, the reasons why they have been applied, the framework and resources associated with their application and details as to their level and functioning. The focus is on legal forms of control (i.e. codified into law) as opposed to *de facto* controls.

Structure. The survey is structured in five parts, each placed in a different excel sheet.

Part A: Introduction. Countries with no IRCs in place should only answer this sheet and leave the rest blank.

Part B: Presents the definitions of controls, institutions, products and additional aspects that will be covered in the survey.

Part C: Introduces a set of qualitative questions to describe the IRCs in place.

Part D: Displays a set of tables to quantitatively describe the IRCs in place.

Part E: Lays out the final set of questions, covering sanctions and control mechanisms that support the IRCs' enforcement.

Depending on the complexity of policies in your country and readiness of information, the survey can take between 20 to 40 minutes to finish.

Contact. For questions, please contact Federico Diaz Kalan (fdiazkalan@worldbank.org) or Guillermo Rodriguez Ruiz (gjrui@worldbank.org), Finance, Competitiveness and Innovation Global Practice (FCI).

Country or jurisdiction

A.1. Contact Information

Full Name (Last, First)

Title

Department

Organization

Address

Telephone

Email

A.2. Do any form of de jure IRCs exist in your country?

Please proceed to section B.

A.3. If not, what policy concerns have contributed to the decision not to introduce (or reinstate) controls on interest rates? Please select all that apply.

Financial stability ☐

Consumer protection ☐

Potential allocative distortions ☐

Competition ☐

Other reasons ☐

Please provide us with some additional details regarding the rationale in your country context



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B. Definitions

An IRC may apply broadly or target specific institutions and products. This survey distinguishes types of IRC by the following characteristics. Please review this section carefully, as survey questions elicit information by the features specified below.

B.1. Controls

An IRC may, by statute or court rulings, affect the level and variability of various financial and nonfinancial charges.

B.1.1. Controls on financial charges

Ceilings and floors for contractual interest rates. These controls may be *absolute/fixed*, or *relative/floating* against a benchmark (such as the policy rate or a market rate), and may depend on the amount and duration of the underlying transaction. They are typically applied on:

Contractual interest rate: the borrowing or deposit rate, expressed as fixed or variable percentage applied on an annual basis to the amount of a loan or deposit. The annual percentage rate of charge, or APR, can be considered as a special case where the total cost of the credit is expressed as an annual percentage of the total credit amount.

Default interest rate: the rate charged to borrowers who fail to remain current on their loans. It may include charges for non-compliance, late payment or interest charged on overdue payment.

Variability of interest rates: the extent of changes in floating (variable) interest rates.

B.1.2. Controls on nonfinancial charges

Caps on fees and commissions associated with loan and deposit contracts, relating to:

Administrative fees: costs associated with account setup and maintenance.

Servicing fees: fees linked to payment transactions, drawdowns, or sureties and ancillary services (e.g. insurance).

Penalty fees: fees related to early terminations, late payments, or overreach of credit limits.

B.2. Institutions

An IRC may be associated with services provided by the types of institutions below.

Commercial banks: banks that provide services such as accepting deposits, providing loans, and offering basic investment products.

Cooperative banks: banks that operate on a cooperative and retail basis, such as credit unions, credit cooperatives, and building societies.

Savings banks: banks with the primary purpose of accepting savings deposits.

Finance companies: nonbank financial institutions including mortgage companies, leasing companies, factoring companies, moneylenders, and pawn brokers.

Microfinance institutions: nonbank financial institutions that offer affordable financial services to low income or marginalized populations.

B.3. Products

According to the basic structure and functioning of credit and deposit markets, for the purpose of this survey, products are defined broadly as below.

Business loans

Working capital loan: loan that has the purpose of financing the everyday operations of a company, typically a revolving facility.

Term loan: loan that is repaid in regular payments over a set period of time, typically used to finance investment.

Commercial real estate loan: mortgage loan secured by a lien on commercial property.

Agriculture loan: any form of credit used to finance agricultural transactions.

Business capital lease: any form of credit whereas the lessor (owner) buys an investment asset for the lessee (user) and rents it to them for an agreed period.

Other business loan: any other form of credit for business purposes.

Retail loans

Consumer loan: installment credit that a person contracts with the objective to purchase goods and/or services.

Credit card loan: revolving credit that a person contracts with the objective to purchase goods and/or services.

Residential real estate loan: mortgage loan secured by a lien on residential property.

Capital lease: any form of credit whereas the lessor (owner) buys a consumption asset for the lessee (user) and rents it to them for an agreed period.

Small business loan: any form of credit borrowed by a small business person to start, run, or expand a small business.

Microcredit: small loan extended to a low-income person to become self-employed.

Other retail loan: any other form of credit for personal consumption or small business.

Deposits

Checking account: funds held in an account that may pay interest from which deposited funds can be withdrawn at any time from the depository financial institution.

Savings account: funds held in an account that pays interest from which deposited funds can be withdrawn at any time from the

Savings account: funds held in an account that pays interest from which deposited funds can be withdrawn at any time from the depository financial institution.

Certificate of deposits (or equivalent time deposit account): fixed term time deposit account that pays interest held at a depository financial institution where the funds can only be withdrawn after the term has ended or by giving a predetermined number of days' notice.

Other deposits: any other form of deposit that pays interest.

B.4. Additional Aspects

Currency Denominations

An IRC may be targeted at credits or deposits denominated in specific currencies. Where applicable, please indicate whether the IRCs apply to:

Domestic currency, U.S. Dollar, Euro, or Other foreign currencies.

Maturity

Lastly, an IRC may apply to products of specific maturities.

Short-term: maturity is less than 1 year.

Medium-term: maturity is no less than 1 year and less than 3 years.

Long-term: maturity is 3 years or more.

C.1. - In which years were IRCs introduced? Please leave a cell empty if such controls do not exist. You may also reply "In effect" if interest rate controls are in place, but you do not know the year of their introduction.

	Contractual lending rates		Contractual deposit rates		Default rates	Floating rate variability	Nonfinancial charges		
	Ceiling	Floor	Ceiling	Floor			Adm. fees	Servicing fees	Penalty fees
					Ceiling	Limit	Ceiling	Ceiling	Ceiling
Commercial banks									
Cooperative banks									
Savings banks									
Financing companies									
Microfinance institutions									
Citation to law/regulation									

C.2. Characterizing interest rate controls

	Contractual lending rates		Contractual deposit rates		Default rates	Floating rate variability	Nonfinancial charges		
	Ceiling	Floor	Ceiling	Floor			Adm. fees	Servicing fees	Penalty fees
					Ceiling	Limit	Ceiling	Ceiling	Ceiling
Type of rate restriction									
If relative: reference rate									
Currency denomination									
Maturity									
Basis of regulation									
How are these IRCs set?									
Which institution sets the IRCs?									

C.2.1. What types of products are affected by IRCs? Please select all that apply.

- All business loans
- All retail loans
- All deposits
- Business: working capital loans
- Business: term loans
- Business: commercial real estate loans
- Business: agricultural loans
- Business: capital leases
- Business: other loans
- Retail: consumer loans
- Retail: credit card loans
- Retail: residential real estate loans
- Retail: capital leases
- Retail: small business loans
- Retail: microcredit
- Deposit: checking accounts
- Deposit: savings accounts
- Deposit: certificates of deposits
- (or equivalent time deposit account)
- Deposit: other accounts

C.2.2. Are there additional features of the IRCs (e.g. minimum or maximum transaction amounts)?

Contractual lending rates	
Contractual deposit rates	
Default rates	
Floating rate variability	
Nonfinancial charges	

C.3. What were the reasons for introducing the IRCs? Please select all that apply.

- Financial Stability
- Consumer protection
- Resource allocation
- Competition
- Other reasons

Regarding the reason(s) chosen above, please briefly explain the background for the IRC introduction.

C.4. What were the reasons for choosing the specific forms of IRC? Please select all that apply.

- Ease of implementation
- Effectiveness
- Political consensus
- Industry consensus
- Other reasons

Please provide us with some additional details regarding the rationale in your country context.

D.1. What are the actual interest rate ceilings and floors? Please respond in percentage points (i.e. without % sign). In addition, please leave a cell empty if the specific IRC does not exist.

	Contractual lending rates*		Contractual deposit rates*		Default rates*	Floating rate variability**	Nonfinancial charges		
							Adm. fees	Servicing fees	Penalty fees
	Ceiling	Floor	Ceiling	Floor	Ceiling	Limit	Ceiling	Ceiling	Ceiling
Commercial banks									
Cooperative banks									
Savings banks									
Financing companies									
Microfinance institutions									

* If regulation is based on relative (floating) rates, please specify the reference rate

** Please specify unit
(1; 1,000; 1,000,000)

D.2. For those cases in which there are controls, we would like to know if those are binding constraints. What are the actual market rates for that particular market segment?

	Contractual lending rates	Contractual deposit rates	Default rates	Floating rate variability	Nonfinancial charges		
					Adm. fees	Servicing fees	Penalty fees
Commercial banks							
Cooperative banks							
Savings banks							
Financing companies							
Microfinance institutions							



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E. Sanctions and Control Mechanisms

E.1. What is the agency for control enforcement? Please select all that apply.

- Civil court ☐
- Consumer court ☐
- Ombudsman ☐
- Central bank ☐
- Banking authority or supervisor ☐
- Fair trading office ☐
- Competition authority ☐
- Attorney general ☐
- Other agencies – please specify ☐

E.2. How is the breach of IRCs sanctioned? Please select all that apply.

- Voidance/invalidity of contracts ☐
- Administrative sanctions ☐
- Criminal sanctions ☐
- Automatic substitution of contractual provisions ☐

E.3. Regarding the effectiveness of IRCs, are there direct control mechanisms on lenders by public authorities? Please select all that apply.

- Access to courts ☐
- Arbitration ☐
- Other mechanisms – please specify ☐

E.4. Regarding the effectiveness of IRCs, are there indirect control mechanisms by consumers, consumer associations, or other lenders? Please select all that apply.

- Competition/antitrust law ☐
- Class action ☐
- Assignment of claims ☐
- Other mechanisms – please specify ☐

This concludes the World Bank Survey on Interest Rate Controls. Thank you for your participation.

Please send this file to Federico Diaz Kalan (fdiazkalan@worldbank.org) and Guillermo Rodriguez Ruiz (gjuiz@worldbank.org), Finance, Competitiveness and Innovation Global Practice (FCI).