

## Box 3

Liquidity Supply by *Banco de la República*, 2023-2024

**The monetary policy of *Banco de la República* (*Banrep*) aims to maintain a low and stable inflation rate in coordination with overall economic policy.** To achieve this, *Banrep* follows an inflation targeting framework within a flexible exchange rate regime; in other words, monetary policy actions are aimed to ensure future inflation within the target set in the policy horizon. In Colombia, the inflation target set by the Board of Directors of *Banco de la República* (BDBR) is 3.0%<sup>1</sup>.

**Within this framework, the BDBR's main instrument for controlling inflation is the monetary policy interest rate (MPR).** The MPR is the minimum interest rate charged by the bank to financial institutions for liquidity provided (generally overnight). It also serves as a benchmark to establish the maximum interest rate paid to receive any surplus money. By setting this rate, the BDBR aims to influence the cost of money (interest rate) in the short-term in the economy and, with it, the entry into operation of a series of mechanisms for the transmission of monetary policy, which have effects on the decisions of the agents and, ultimately, lead to a result in terms of economic growth and inflation<sup>2</sup>.

**The operationalization of monetary policy uses various instruments provided by the central bank to supply or contract liquidity within the economy<sup>3</sup>.** In particular, there are instruments for providing or withdrawing liquidity from the economy on a permanent or temporary basis. The temporary instruments available to *Banrep* correspond, as explained below, to repo operations at different maturities and remunerated non-reserve deposits (DRNCE in Spanish), while permanent operations refer to the purchase or sale of securities (mainly debt securities issued by the Colombian Government, such as TES).

**Operationally, the supply or withdrawal of liquidity seeks to minimize the gap between the short-term interest rate, approximated by the benchmark interbank rate (BBI in Spanish)<sup>4</sup> and the MPR established by the BDBR.** Within this framework, no specific targets are set on the amount of money in the economy. Pronounced and persistent deviations of the BBI from the MPR indicate that the cost of short-term money in the economy differs from the level considered compatible by the BDBR for achieving the inflation target. When short-term interest rates are stable and aligned with the MPR, financial institutions better manage their liquidity and their own lending and deposit interest rate scheme. This is because they are confident that changes in the MPR will be maintained in the rates at which they access short-term resources in the market. To achieve this objective, *Banrep* considers internal projections of demand and supply for the monetary base, which, despite being subject to significant uncertainty, allows it to evaluate the appropriateness of different ways of providing or withdrawing liquidity from the economy. A situation in which the BBI exceeds the MPR suggests high liquidity pressures, while the opposite indicates the presence of excess liquidity.

1 Please refer to <https://www.banrep.gov.co/es/noticias/junta-directiva-banco-republica-reitera-meta-inflacion-3>

2 For further details on monetary policy transmission channels, please refer to <https://www.banrep.gov.co/nuestro-banco-central/politica-monetaria>

3 See External Resolution 5/2022, available at <https://www.banrep.gov.co/es/reglamentacion-expansion-y-contraccion-monetaria>

4 For more information on BBI, please refer to <https://www.banrep.gov.co/es/estadisticas/indicador-bancario-referencia-BBI>

**This box provides a brief description of the main instruments used by *Banrep* to implement monetary policy. It also compares the operational framework for monetary policy in other countries, which allows us to appreciate that the local framework aligns with best international practices. It also describes the supply and demand projections for the monetary base, which are essential inputs in assessing the economy's liquidity needs. Finally, the implementation of the policy framework is exemplified, referencing the evolution of the money market in 2023 and 2024.**

### 1. Main Instruments for Contracting or Providing Liquidity to the Economy

**Repo operations at different terms are used to provide temporary liquidity.** In these transactions, financial institutions<sup>5</sup> deliver securities to *Banrep* as collateral and receive cash in exchange. Upon maturity, the transaction is reversed, which implies that *Banrep* receives the cash plus accrued interest and returns the collateral to the financial institution. Under normal conditions, *Banrep* offers one- and seven-day term repos, allocated through auctions, with a total amount announced daily. As these transactions are set with specific terms, they are considered a source of temporary liquidity.

**There may also be scenarios where the economy experiences temporary excess liquidity. In these cases, *Banrep* uses the DRNCE.** Through these operations, allocated through auctions, financial institutions deposit resources with the Issuer for a specific term in exchange for a return. This generates a monetary contraction effect during the term in which the DRNCE is active.

**When significant and persistent liquidity needs or excess liquidity are foreseen in the economy, purchases or sales of securities are conducted in the secondary market, primarily involving debt securities issued by the Colombian Government (TES).** In this case, *Banrep* participates as another agent in the secondary securities market, seeking to be a price taker<sup>6</sup> and not significantly affect the prices of these financial assets<sup>7</sup>. It provides liquidity to the system by purchasing securities or withdrawing excess liquidity by selling them.

**In addition, *Banrep* has contraction and expansion windows through which it is willing to provide liquidity or receive excess liquidity from the system without a cap limit under these instruments' terms and interest rate conditions.** *Banrep* has established a 100 basis points (bps) rate corridor around the MPR. On the one hand, the contraction window corresponds to overnight DRNCE, which is remunerated at the MPR minus 100 bps without consideration of the total amount of transactions. On the other hand, the expansion window corresponds to an overnight repo operation with a rate of MPR plus 100 bps. At this rate, and subject to the availability of eligible securities for access to repo operations by institutions, *Banrep* is willing to provide the required liquidity to the system without a pre-established limit.

### 2. International Experience on the Operational Framework for Monetary Policy

**The BIS conducts a survey directed at central banks, allowing for a comparison of the objectives and instruments used to implement monetary policy cross different jurisdictions<sup>8</sup>.** Although the implementation framework of monetary policy responds to the

5 The financial institutions with which *Banco de la República* conducts temporary liquidity transactions are called "OMO's placement agents" and are specified in External Resolution 5 of 2022 (<https://www.banrep.gov.co/es/reglamentacion-expansion-y-contraccion-monetaria>).

6 An agent is considered a price taker if they agree to buy or sell a security at the price being traded in the market. In other words, the supply or demand of a price taker cannot influence the market price.

7 The yield curve of the public debt market exhibits the relationship between the interest rates paid by Government bonds (TES) and their respective terms. To avoid affecting this curve, *Banrep* can offer or purchase bonds at different terms, thereby preventing an oversupply or overdemand of a specific security and thus preventing the price of the various securities from being affected.

8 For more details, please refer to <https://www.bis.org/mc/comparison.htm?m=150>

characteristics of each country, the comparison among jurisdictions allows the identification of some common elements.

**The instruments used by some central banks in the region exhibit great similarity to the mechanisms for providing local liquidity (Table B3.1).** It should be noted that the countries in the sample use an overnight interest rate as the operational target, and all employ an interest rate corridor in their framework<sup>9</sup>. Concerning the transactions used, it is found that repos are among the principal transactions carried out by the countries analyzed, as well as the purchase and sale of sovereign securities within the group of other liquidity management measures in Brazil and Mexico. Government flows, or deposits, are identified in all cases as the primary source of volatility in the economy's liquidity projections.

Table B3.1  
Liquidity Management Mechanisms of Different Central Banks in Emerging Economies

Variable	Brasil	Chile	Colombia	Mexico	Peru	Indonesia	South Korea	Thailand
Target rate term	Overnight	Overnight	Overnight	Overnight	Overnight	Overnight	Overnight	1-day repo
Interest rate corridor	(-35 bps; 35bps)	(-25 bps; 25 bps)	(-100 bps; 100 bps)	Variable	250 bps	150 bps	200 bps	100 bps
Main transactions	Repo / reverse repo	Central Bank securities	Repos	Repos and deposits	Repos, central bank securities, and term deposits	Reverse repo	Reverse repo, central bank securities, and monetary stabilization account	Reverse repo, central bank securities, and FX Swap
Main transactions terms	1 to 360 days	1 to 360 days	Usually 7 and 1 day	Up to 30 days	Variable	7 to 360 days	Variable	1,7,14 days and 1 month / 3 months to 2 years / up to 1 year
Frequency	Variable	Daily	Daily	Daily	Variable	Daily (1 week)	Variable	Variable
Structural liquidity position	Surplus	Surplus	Surplus	Surplus	Surplus	Surplus	Surplus	Surplus
Most volatile factor in liquidity projections	Government flows	Government flows	Government deposits	Government flows	Government flows	Use of rupee reserves, government flows, and foreign currency flows	Government flows	Public sector flows
Other liquidity management measures	Purchases and sales of sovereign securities and voluntary deposits	Term deposits, issuance of securities, and conditional loan facilities	Purchases and sales of sovereign securities, interest-bearing deposits, and issuance of securities	Purchases and sales of sovereign securities and voluntary deposits	FX repo, FX certificates of deposit, and certificates and deposits	Purchases and sales of sovereign securities, interest-bearing deposits, and term repos	Monetary stabilization account, Purchases and sales of sovereign securities	Purchases and sales of sovereign securities

Source: Monetary policy frameworks and central bank market operations BIS compendium (2022).

9 In other jurisdictions, such as the United States or the Eurozone, an interest rate corridor is not employed. Instead, the policy rate operates as a floor for market interest rates. See, for example, <https://www.federalreserve.gov/econres/feds/the-feds-ample-reserves-approach-to-implementing-monetary-policy.htm> or <https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op282-6017392312.en.pdf>

### 3. Projections of Supply and Demand for Monetary Base

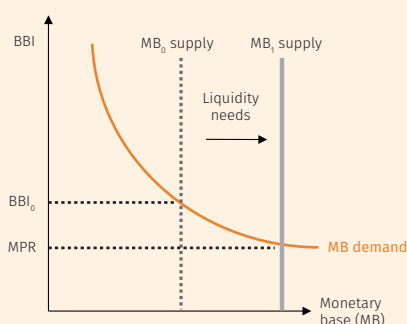
**Money supplied by a central bank is called the monetary base, which is made up of cash and bank reserves<sup>10</sup>.** Cash refers to the banknotes and coins held by the public<sup>11</sup>, while bank reserves refer to the resources held by credit institutions (depository companies) in their vaults or deposit accounts at *Banrep* to meet their reserve requirements and operate in the payment system. The monetary base is also called high-powered money since it underpins the expansion of broader forms of money<sup>12</sup> and credit.

**Under the inflation-targeting framework, given the demand for the monetary base driven by various macroeconomic conditions, *Banrep* adjusts the supply of the monetary base to aim for equilibrium in the money market at an overnight interest rate equal to the MPR.** The demand for the monetary base is affected by several factors, primarily economic activity, the interest rate, levels of uncertainty, and the different technologies available for making payments, among others. This is related to the fact that the public demands cash to carry out transactions (means of exchange function), as a savings instrument, or as a precaution against uncertainties (store of value function). Financial intermediaries demand bank reserves for their transaction needs in the large-value payment system to meet their obligations to clients<sup>13</sup> and comply with the reserve requirements (therefore, it is determined by the balances of liabilities subject to this requirement). The supply of the monetary base, in turn, results from all transactions that have affected the cash held by the public, cash balances, or deposits of credit institutions at the central bank.

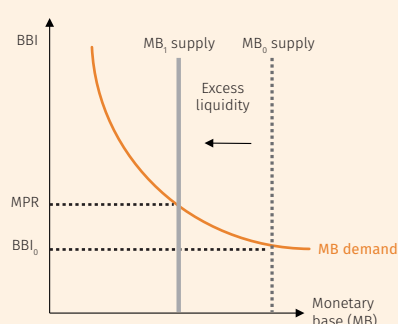
**The negative relationship between the demand for the monetary base and the interest rate, as well as its relationship with *Banrep*'s transactions in scenarios of liquidity needs and excess liquidity, is schematically illustrated in Graph B3.1.** As mentioned, the interest rate that *Banrep* follows as a reference for the overnight cost of term money in the market is the BBI for that horizon. The dotted vertical line indicates the supply for the monetary base if, at a given time, the central bank does not carry out any operation

Graph B3.1  
Supply and Demand of Monetary Base

#### A. Situation with liquidity needs



#### B. Situation with excess liquidity



Note: the MB<sub>0</sub> supply corresponds to the offer without additional liquidity operations from *Banrep*; the MB<sub>1</sub> offer corresponds to the situation with additional liquidity operations from *Banrep*.  
Source: Banco de la República.

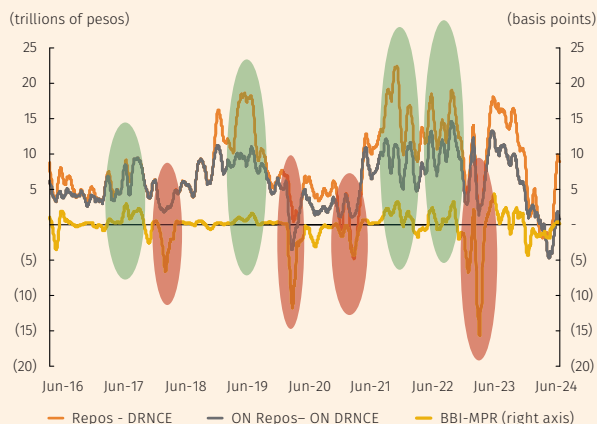
- 10 Another way to categorize the monetary base is by dividing it into circulating banknotes and coins and the balances in deposits at the central bank.
- 11 The monetary base also includes the balances of deposits from individuals at Banco de la República, which consist of balances in deposit accounts held by non-financial entities participating in the large-value payment system (CUD Deposit Accounts System), which have a low share. For simplicity, they are included as part of cash.
- 12 Broader definitions of money include instruments issued by the financial system, such as checking accounts or savings accounts, among others.
- 13 In this regard, customers of financial institutions need to be able to make transfers to other intermediaries, and also be able to withdraw cash resources.

Table B3.2  
Diagram of the Balance Sheet of Banco de la República

Assets	Liabilities
<ul style="list-style-type: none"> <li>Foreign reserves</li> <li>TES</li> <li>Repos</li> <li>Other net assets</li> </ul>	<ul style="list-style-type: none"> <li>Monetary base                             <ul style="list-style-type: none"> <li>- Cash</li> <li>- Reserves</li> </ul> </li> <li>Government deposits in pesos</li> <li>Contraction deposits (DRNCE<sup>a/</sup>)</li> </ul>
	Equity
	<ul style="list-style-type: none"> <li>Capital</li> <li>Profits</li> </ul>

a/ remunerated non-reserve deposits.  
Source: Banco de la República.

Graph B3.2  
Banrep Position and Difference of Overnight BBI Vs. MPR (20-Day Moving Average)



Note: *Banrep* position corresponds to the difference between the repo balance and the balance of remunerated non-reserve deposits (DRNCE in Spanish). The total position and the overnight (ON) position are presented.  
Source: Banco de la República.

that affects it. In Panel A, in the absence of transactions with *Banrep*, the market would equilibrate at an interest rate ( $BBI_0$ ) higher than the MPR. If this situation persists, that is, if the short-term interest rate in the economy is higher than the one considered compatible with the inflation target, *Banrep* would, *de facto*, have a more restrictive stance than announced. In the case where the supply of the monetary base is insufficient to equilibrate the market at a rate close to the MPR, the economy experiences liquidity needs, and *Banrep* is required to conduct operations to expand the monetary base. In the opposite case, as illustrated in Panel B, the economy has excess liquidity, which would lead to a market interest rate that is lower than the central bank's announced MPR (i.e., *de facto*, the stance would be more relaxed), thus requiring the collection of such excess. In this scenario, the economy is said to have contraction needs.

**To determine the type of transactions required by the economy and to prevent situations in which significant liquidity needs or excess liquidity persist, which may divert the BBI, *Banrep* needs to make projections of the supply and demand of the monetary base.** For the supply of the monetary base, projections are made for different items of *Banrep*'s balance sheet. Table B3.2 exhibits a simplified scheme of the Central Bank's balance sheet. The monetary base constitutes the primary liability of the monetary authority and serves as a counterpart to flows in other accounts. For example, when the Central Bank acquires foreign currency<sup>14</sup>, it pays pesos to the accounts at *Banrep* of financial intermediaries involved in the transactions and, therefore, increases the bank reserves and the monetary base. On the contrary, when the government increases its account balance at the central bank due to public debt issuance or tax collection, the monetary base declines. Within the inflation-targeting framework, many movements in *Banrep*'s balance sheet do not result from liquidity supply considerations. For example, in the case of deposits from the General Directorate of Public Credit and the National Treasury (DGCPTN in Spanish), these movements are driven by the Central Government's inflows and outflows, which are external decisions to *Banrep*. To project the government's peso-denominated cash flows at *Banrep*, there are coordination mechanisms with the Ministry of Finance that allow for detailed monitoring. In turn, the demand for the monetary base is estimated using time series techniques incorporating both its recent behavior and expectations for various macroeconomic factors.

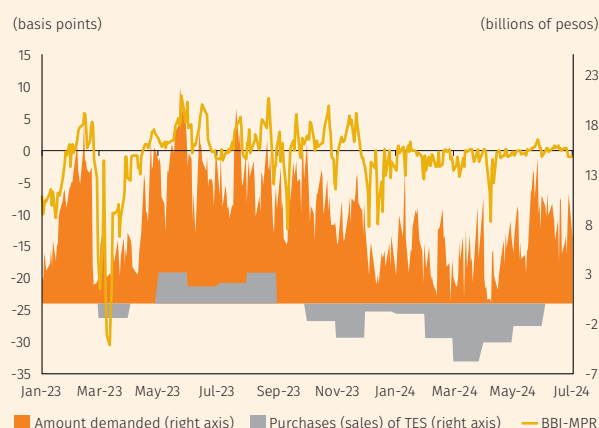
***Banrep* selects the different instruments to regulate the economy's liquidity, seeking a structural creditor position without reaching excessive levels.** The Central Bank chooses its instruments to maintain a situation in which there are certain levels of liquidity needs. As shown in Graph B3.2, during periods when there has been excess liquidity and even low liquidity needs, the overnight BBI has exhibited more significant and persistent deviations than when the economy experiences not-so-low liquidity needs. However, if these needs exceed a certain level, upward pressures on the overnight BBI are often evident.

14 This has been the case throughout 2024 following the start of the USD 1,500 million international reserve accumulation program announced in December 2023. See <https://www.banrep.gov.co/es/noticias/jdbr-decidio-iniciar-programa-acumulacion-reservas-internacionales>.

**Thus, when broad and persistent differences between the supply and demand for the monetary base are expected, the use of permanent instruments, i.e., the purchase or sale of securities, is evaluated.** When the differences between the supply and demand of the monetary base are not significant, liquidity requirements (excess) can be met (withdrawn) through temporary instruments. In this regard, projections of supply and demand of the monetary base, the expected temporality of liquidity needs or excess liquidity, and the objective of avoiding significant deviations from the overnight BBI to the MPR largely guide the use of temporary and permanent instruments to provide or withdraw liquidity from the system. It should be noted that the evaluation of the possibility of intervening through purchasing or selling securities considers the market environment at the time of the transactions and the fact that these projections are subject to uncertainty, both on the supply and demand sides.

**The Monetary and Foreign Exchange Intervention Committee (CIMC in Spanish) is responsible for establishing the conditions to carry out transactions aimed at regulating the economy's liquidity, subject to the guidelines set by the BDBR.** This committee is made up of the Governor, the other board members of *Banrep*, and a delegate from the Minister of Finance. It bases its decisions on projections and analyses carried out by the Central Bank's Office of the Deputy Technical Governor. The Committee meets periodically, while the Office of the Deputy Technical Governor updates short-term projections daily and monitors market conditions. This allows for an agile and efficient adjustment of the quotas and terms of the expansionary repo and contraction deposit auctions (when the latter are conducted). Daily monitoring also keeps the Committee members informed between ordinary meetings and enables them to convene extraordinary meetings if necessary.

**Graph B3.3**  
Evolution of the Difference between the BBI-MPR, Purchase and Sale of TES from Banrep, and Amount Awarded in Repo Operations



Purchases – Sales of TES (trillions of pesos)					
Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
-	-	-1.5	-	3.1	1.7
Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
2.1	3.1	-	-1.8	-3.4	-0.8
Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
-1.0	-3.5	-6.0	-4.0	-2.3	-

Source: Banco de la República.

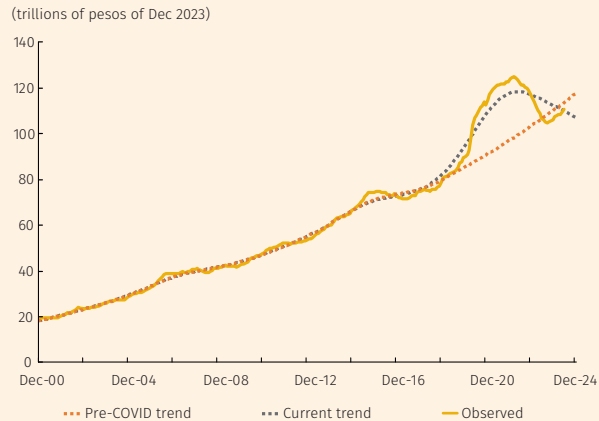
#### 4. Liquidity Supply for 2023–2024

**In compliance with its operational objective, *Banrep* has employed instruments to provide or withdraw liquidity from the economy, allowing the overnight BBI to be very close to the MPR throughout 2023 and so far in 2024 (Graph B3.3).** In 2023, the BBI was, on average, 0.4 bps below the MPR (minimum -30.6 bps and maximum 8.5 bps), while in the first half of 2024, it was 0.8 bps below (minimum -11.7 bps and maximum 1.7 bps). In line with this, during 2023 and so far in 2024, negative deviations have been more pronounced.

**During 2023, there was a marked slowdown in the demand for the monetary base, reversing the increase recorded during the pandemic.** In nominal terms, between the end of 2022 and the end of 2023, the balance of the monetary base remained stable (increasing by COP 34 billion, 0.02%). The demand for cash, its main component, had significantly increased during the pandemic, reflecting a preference for liquid assets amid high uncertainty. However, in 2023, it consolidated its return to the trend level calculated using data from before the onset of the pandemic (which had begun in 2022), showing the lowest annual changes so far this century (in nominal and real terms)<sup>15</sup>. As illustrated in

15 In 2023, with weekly information (as of Friday), cash showed an average annual variation of -0.08%, corresponding to -11.3% in real terms (using the CPI as a deflator).

**Graph B3.4**  
Cash Held by the Public  
(seasonally adjusted real balance)



Note: The total CPI was used as the deflator. Seasonally adjusted series using X13-ARIMA-SEATS. The Hodrick-Prescott filter was used to calculate the pre-COVID trend using data up to February 2020, and the full sample for the current trend.  
Source: Banco de la República.

Graph B3.4, the reversal of the shock was more pronounced than the shock itself. This occurred in an environment of lower dynamism of economic activity compared to previous periods, with interest and inflation rates remaining elevated. It is important to note that interest and inflation rates represent opportunity costs for cash holders (as well as for holders of other liquid assets, such as checking and savings accounts). As for the bank reserves, the lower growth of reserve requirements and the shift from demand deposits (such as checking and savings accounts) to term liabilities (such as CDTs), which have lower reserve requirement ratio<sup>16</sup>, also implied a significant deceleration in the required reserves<sup>17</sup> (Graph B3.5).

**In the first half of 2024, nominal growth in the demand for the monetary base continues to be low, although higher than in 2023.**

At the end of June, the balance of the monetary base decreased by COP 6.0 trillion (3.8%) compared to the end of December 2023, mainly due to the seasonal decline in cash, which tends to peak at the end of each year. However, its balance has shown some increases in the margin. Similarly, the balances of checking and savings accounts have risen again, increasing their share within the total liabilities subject to reserve requirements, resulting in a higher balance of the required reserves and, therefore, bank reserves.

**During the period under analysis, Banrep carried out the necessary operations to ensure an adequate supply of primary liquidity, aiming to prevent significant pressures in the money market from arising due to differences between supply and demand.** This involved alternating periods of sales and purchases of TES, conducting contraction deposit auctions and those of expansionary repos at maturities longer than the usual seven days and overnight. In particular:

- **In the early months of 2023, Banrep combined DRNCE auctions (from late February to mid-April) together with TES sales in March<sup>18</sup>, which sought to offset the strong expansion generated by the maturity of TES UVR on 23 February, as well as the payments and maturities of short-term TES, and coupons in early March.**
- **In the second and third quarters of 2023, liquidity needs increased significantly, which was expected to persist for some months. Therefore, Banrep started purchasing TES<sup>19</sup> in May. Additionally, the Central Bank supported the provision of liquidity through longer-term repo operations to its seven-day and overnight standard<sup>20</sup>.** This, given the significant level

**Graph B3.5**  
Reserve Requirement  
(real balance)



Note: The total CPI was used as the deflator.  
Source: Banco de la República.

16 The share of demand deposits (with a reserve ratio of 8.0%), such as checking and savings accounts, decreased from 63.9% on average in 2022 to 54.3% in 2023. In turn, liabilities subject to reserve requirements for terms of eighteen months or less, which mainly correspond to CDTs and have a reserve ratio of 3.5%, had an average participation of 26.2% (vs. 18.4% in 2022). Finally, those with a term of more than eighteen months, corresponding mainly to CDTs and bonds (with a reserve ratio of 0.0%), increased from 17.7% on average in 2022 to 19.5% in 2023.

17 The excess reserve is usually close to 3.0% of the total reserve requirement.

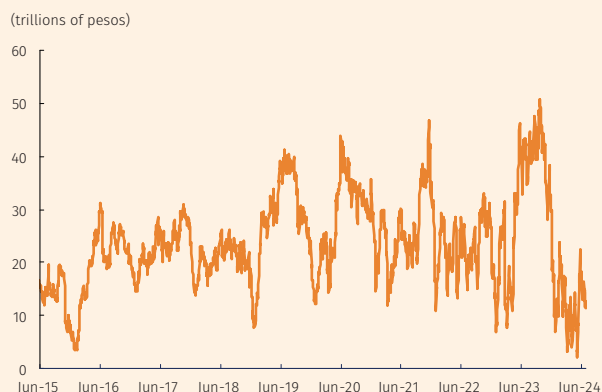
18 In that month, Banrep made sales of TES in the secondary market for COP 1.5 trillion.

19 Between May and August, Banrep made purchases of TES for about COP 10 trillion.

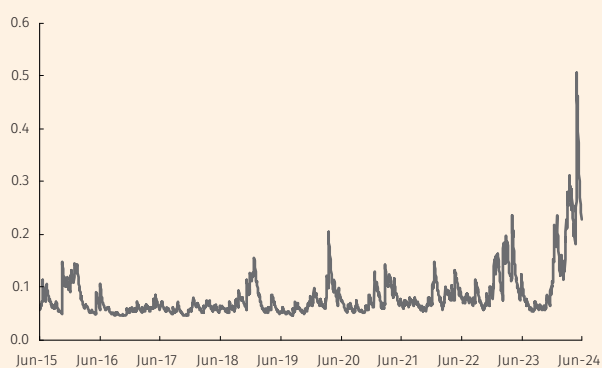
20 From May, thirty- and fourteen-day term repos were offered, in addition to the usual seven-day and overnight repos. In August and September, 90- and 180-day repos were also offered.

Graph B3.6  
Balance and Volatility of Deposits of the General Directorate of Public Credit and the National Treasury (DGCPTN in Spanish)<sup>a/</sup> in Banco de la República

#### A. Daily balances<sup>b/</sup>



#### B. Volatility of DGCPTN balances<sup>c/</sup>



a/ General Directorate of Public Credit and the National Treasury.

b/ Includes interest-bearing and non-interest-bearing balances. It does not include the balance of monetary control deposits.

c/ A GARCH model (1,1) was used, which includes the modeling of the mean with an ARMA model of order  $ar = 5$  and  $ma = 3$ .

Source: Banco de la República.

of deposits from the National Treasury at *Banrep*, which reached highs between August and September (Graph B3.6), and the accumulation of CDT maturities, among other factors<sup>21</sup>.

- **From October 2023 to May 2024, *Banrep* made sales of TES<sup>22</sup>.** In the first months, sales were made in anticipation of the expansionary effect on the monetary base due to the seasonal reduction of the Government's deposits at *Banrep* at the end of each year, given that most of its payments are concentrated at this time. In 2024, sales sought to offset the low levels of government deposits at the Central Bank<sup>23</sup>, which also exhibited greater-than-usual volatility (Graph B3.6). During this period, DRNCE auctions were only conducted at certain times, depending on observed demand in the contraction window<sup>24</sup>.

***Banrep* remains committed to maintaining an adequate balance of liquidity in the economy.** *Banrep* has a robust monetary policy implementation framework that has proven effective and adaptable at various junctures. The combination of temporary and permanent liquidity instruments has allowed the Central Bank to achieve its operational objectives, contributing to the adequate transmission of monetary policy decisions, reinforcing credibility in monetary policy, and enabling effective liquidity management within the financial system.

21 For more details on the different factors that affected the system's liquidity needs in the second and third quarters of 2023, see the box "Recent Liquidity Situation and the Role of *Banrep*," published in the *Financial Markets Report of Banco de la República* in the third quarter of 2023 ([banrep.gov.co](http://banrep.gov.co)).

22 Between October and December 2023, *Banrep* made sales of TES for COP 6 trillion, and between January and May 2024, for an additional COP 16.5 t.

23 Government deposits at *Banrep* usually recover after reaching a low at the end of each year. However, in 2024, they have remained at low levels.

24 At the counter, contraction deposits are constituted overnight term, and their remuneration is 100 bps below the MPR. Unlike repo and DRNCE transactions, which have an assigned quota, over the counter operations do not.