

Background

- Colombia is one of the few countries in the region that still applies interest rate caps, despite overwhelming evidence against them (Heng, Chea, & Heng (2021); Schmukler, Tessada, Vasquez & Vera (2018); Capera, Murcia, & Estrada (2011)).
- In 2007, the Central Bank added a higher cap only for microcredit.
- The ceiling especially limits microcredit provision, as shown in the works of Cubillos-Rocha et al. (2018), Zetsche & Dewi (2018), and Helms & Reille (2004).
 - Caps are binding for over 2/3 of microcredit loans, compared to less than 1/5 of non-microcredit loans.

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