



## External Relations Department

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February 24, 2015

### **Press Release**

#### **SBP plans to revisit its Interest Rate Corridor**

In order to further strengthen the transmission of monetary policy and have the desired effect on term structure of Interest Rate, the State Bank of Pakistan is reviewing its interest rate corridor framework. According to the SBP, a main feature of this planned improvement is the introduction of 'SBP Target Rate' for the money market overnight repo rate. 'This rate will be in addition to SBP Reverse Repo Rate (ceiling rate) and the SBP Repo Rate (floor rate) of the corridor,' says the SBP. Moreover, this rate will be specified within the corridor – lower than ceiling rate and higher than floor rate. In this context a proposal will be submitted to the Advisory Committee on Monetary Policy (ACMP) in its March 2015 meeting, for review and its recommendations to the SBP Board. Later on, the SBP Board of Directors will make a final decision about needed improvements in interest rate corridor in its March 2015 meeting. More details of the proposed plan are available on SBP website at the following link: <http://www.sbp.org.pk/dmmd/interestRateCorridor.pdf>