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Testing the Law of One Price in Retail Banking: An Analysis for Colombia Using a Pair-wise Approach

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AUTHOR OR EDITOR Ana María Iregui, Jesús Otero AUTHORS AND/OR EDITORS Otero-Cardona, Jesús Gilberto
We apply a pair-wise approach to test the law of one price for deposit (lending) rates in Colombia. We find that when banks are of different size deposit rates adjust quickly, suggesting a competitive environment. By contrast, lending rates adjust rapidly when banks are of similar size, supporting market segmentation.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/borrador-733