# Implementation of Monetary Policy

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The Board of Directors of *Banco de la República* (the Central Bank of Colombia) sets the monetary policy interest rate (MPR), also known as reference interest rate or intervention rate, at a level consistent with achieving its 3.0% inflation target.

The Central Bank supplies or withdraws liquidity from the economy seeking to bring the short-term interest rate between financial institutions close to the MPR by using the overnight Benchmark Banking Indicator (IBR in Spanish) as a measure of such rate. For example, if the demand for liquidity (monetary base) exceeds its supply, *BanRep* provides the necessary liquidity so that the BBI does not move significantly away from the MPR. On the contrary, if the demand for liquidity is lower than its supply, the Bank collects an amount from the monetary base so as to adjust the BBI to levels close to the MPR.

To choose from the available instruments for adjusting primary liquidity, *BanRep* makes projections and monitors the supply and demand factors of the monetary base. These instruments are:

- Expansionary open market operations (OMOs) (Only in Spanish)
- Contractionary open market operations (OMOs) (Only in Spanish)
- Standing lending/deposit facilities (windows)

Standing lending/deposit facilities allow institutions to receive or deposit resources at the end of the day to adequately manage their liquidity.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/monetary-policy/implementation-monetary-policy