

The credit channel as transmission mechanism of monetary policy in Bolivia

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RESUMEN

The purpose of this paper is to examine the credit channel as transmission mechanism of monetary policy in Bolivia. The data used include monthly information from banks and other macroeconomic variables for the period 2001-2009. We used panel data using the Generalized Method of Moments (GMM) considering two monetary policy variables. For the period 2001-2009, the results show that there is empirical evidence of the existence of the banking credit channel in Bolivia when the monetary policy indicator is the Treasury bill rate in foreign currency (ME) or the Treasury bill rate in housing promotion units (UFV), which is reinforced through interactions of capitalization and liquidity of banks, in the first case, and through size and capitalization in the second case. Of another part, for the period 2005-2009, the results show that sude to changes in monetary policy, the size of the institutions ceases to be a significant variable when granting credit, while liquidity becomes important.

By contrast, when using the effective rate of legal reserve as monetary policy indicator, there is no direct credit channel in any of the analyzed periods, although there is evidence of the existence of an indirect channel given by the interaction of the effective rate of legal reserve and liquidity.

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