



## 5.4 Financial depth and efficiency

	Domestic credit provided by banking sector		Liquid liabilities		Quasi-liquid liabilities		Ratio of bank liquid reserves to bank assets		Interest rate spread		Spread over LIBOR	
	% of GDP		% of GDP		% of GDP		%		Lending minus deposit rate percentage points		Lending rate minus LIBOR percentage points	
	1990	1998	1990	1998	1990	1998	1990	1998	1990	1998	1990	1998
Albania	..	47.2	..	52.0	..	33.8	..	11.0	2.1	7.2	16.7	18.4
Algeria	74.7	45.8	61.9	46.4	13.2	17.1	1.3	1.4	..	..	..	..
Angola	..	15.2	..	21.2	..	11.9	..	14.9	..	8.1	..	39.4
Argentina	32.4	32.6	11.5	28.7	7.0	21.5	7.4	2.6	..	3.1	..	5.0
Armenia	58.7	10.8	79.9	10.1	42.9	4.6	13.6	10.5	..	23.5	..	42.9
Australia	103.5	89.9	57.5	67.0	45.2	47.1	1.5	1.7	4.5	3.4	9.9	2.5
Austria	123.0	132.1	..	..	..	..	2.1	2.3	..	3.8	..	0.8
Azerbaijan	57.2	13.5	33.5	11.3	11.6	4.2	4.5	7.9	..	..	..	..
Bangladesh	24.1	32.9	23.6	30.8	17.0	22.4	12.8	9.7	4.0	5.6	7.7	8.4
Belarus	..	37.4	..	32.8	..	20.6	..	12.4	..	12.7	..	21.4
Belgium	70.9	147.9	..	..	..	..	0.2	1.0	6.9	4.2	4.7	1.7
Benin	22.4	7.1	26.7	20.9	5.9	7.2	29.3	10.7	9.0	..	7.7	..
Bolivia	30.7	66.9	24.5	47.8	18.0	39.6	18.8	4.8	18.0	26.6	33.5	33.8
Bosnia and Herzegovina	..	..	..	..	..	..	..	..	..	..	..	..
Botswana	-46.4	-78.5	22.1	27.8	13.7	20.4	11.0	7.5	1.8	4.8	-0.4	7.9
Brazil	89.8	54.6	25.3	31.2	17.3	25.1	6.7	8.4	..	..	..	..
Bulgaria	118.5	19.6	71.9	33.6	53.6	16.2	10.2	7.9	8.9	10.3	42.4	7.7
Burkina Faso	13.7	13.4	20.4	23.4	6.6	6.2	12.7	4.7	9.0	..	7.7	..
Burundi	24.5	25.4	18.0	19.9	6.3	5.7	2.8	4.1	..	..	4.0	..
Cambodia	..	7.8	..	11.4	..	6.4	..	29.1	..	10.5	..	12.7
Cameroon	31.2	16.8	22.6	14.2	10.1	5.0	3.4	9.5	11.0	17.0	10.2	16.4
Canada	85.8	102.1	49.0	65.0	34.5	44.2	1.6	0.6	1.3	1.6	5.7	1.0
Central African Republic	12.9	10.6	15.3	15.6	1.8	1.6	2.8	2.0	11.0	17.0	10.2	16.4
Chad	10.1	9.4	14.6	10.5	0.6	0.6	3.6	14.6	11.0	17.0	10.2	16.4
Chile	73.0	66.3	40.0	43.8	32.0	35.8	3.8	4.0	8.6	5.3	40.5	14.6
China	90.0	120.2	79.2	133.0	41.4	78.5	15.7	15.0	0.7	2.6	1.0	0.8
Hong Kong, China	156.3	146.7	181.7	196.6	166.8	184.2	0.1	0.2	3.3	2.4	1.7	3.4
Colombia	30.8	41.1	16.6	23.4	7.6	16.1	26.3	4.9	8.8	9.7	36.9	36.7
Congo, Dem. Rep.	25.3	..	12.9	..	2.1	..	..	..	..	..	..	..
Congo, Rep.	29.1	21.8	22.0	15.2	6.1	2.8	2.0	8.0	11.0	17.0	10.2	16.4
Costa Rica	29.9	44.6	42.6	43.9	29.9	28.5	68.5	30.5	11.4	9.7	24.2	16.9
Côte d'Ivoire	44.5	28.2	28.8	26.5	10.9	7.5	2.1	3.8	9.0	..	7.7	..
Croatia	..	48.4	..	41.4	..	31.5	..	6.8	499.3	11.1	1,153.9	10.2
Cuba	..	..	..	..	..	..	..	..	..	..	..	..
Czech Republic	..	64.2	..	66.7	..	44.5	..	18.0	..	4.7	..	7.2
Denmark	63.0	61.0	59.0	58.6	29.4	27.8	1.1	4.6	6.2	4.8	5.8	2.3
Dominican Republic	31.5	33.1	25.6	30.1	10.4	17.9	31.1	26.3	15.2	8.0	29.3	20.1
Ecuador	17.2	49.7	21.8	38.7	11.3	29.4	23.1	7.7	-6.0	10.2	29.2	44.0
Egypt, Arab Rep.	106.8	94.9	85.8	79.0	58.6	58.1	17.1	13.3	7.0	3.7	10.7	7.4
El Salvador	32.0	41.8	30.6	46.5	19.6	36.8	33.4	26.9	3.2	4.7	12.9	9.4
Eritrea	..	..	..	..	..	..	..	..	..	..	..	..
Estonia	65.0	32.3	136.2	28.4	93.5	11.0	43.1	17.2	..	8.6	26.6	11.1
Ethiopia	50.4	44.3	40.3	39.5	10.6	18.8	23.3	12.6	3.6	4.5	-2.3	4.9
Finland	84.3	58.4	..	..	..	..	4.1	4.1	4.1	3.3	3.3	-0.2
France	106.1	103.1	..	..	..	..	1.0	0.4	6.0	3.3	2.2	1.0
Gabon	20.0	22.5	17.8	16.4	6.6	6.3	2.0	5.7	11.0	17.0	10.2	16.4
Gambia, The	3.4	11.0	20.7	29.6	8.8	15.5	8.8	16.5	15.2	12.9	18.2	19.8
Georgia	..	11.0	..	5.1	..	1.6	..	14.1	..	29.0	..	40.4
Germany	108.5	146.4	..	..	..	..	3.2	1.3	4.5	6.1	3.3	3.4
Ghana	13.2	27.7	14.1	19.1	3.4	7.1	20.2	8.0	..	..	..	..
Greece	73.3	57.2	53.8	46.7	39.8	31.1	22.4	31.4	8.1	7.9	19.3	13.0
Guatemala	17.4	16.3	21.3	22.9	11.8	11.6	31.8	18.2	5.1	11.1	15.0	11.0
Guinea	5.4	6.8	0.8	9.7	0.8	1.9	6.2	14.7	0.2	..	12.9	..
Guinea-Bissau	42.1	7.4	16.5	15.7	4.4	5.8	10.8	13.2	13.1	4.5	37.4	46.2
Haiti	32.9	24.1	31.4	29.5	15.9	20.4	74.9	30.4	..	10.6	..	18.0
Honduras	40.9	28.8	31.7	39.0	16.9	26.0	6.6	22.0	8.3	12.1	8.7	25.1



## Financial depth and efficiency 5.4

	Domestic credit provided by banking sector		Liquid liabilities		Quasi-liquid liabilities		Ratio of bank liquid reserves to bank assets		Interest rate spread		Spread over LIBOR	
	% of GDP		% of GDP		% of GDP		%		Lending minus deposit rate percentage points		Lending rate minus LIBOR percentage points	
	1990	1998	1990	1998	1990	1998	1990	1998	1990	1998	1990	1998
Hungary	82.6	..	43.8	..	19.0	..	28.5	..	4.1	3.2	20.5	16.0
India	50.6	45.1	42.0	48.0	27.2	33.0	14.8	12.2	..	..	8.2	8.0
Indonesia	45.5	59.2	40.1	60.3	28.8	51.1	4.5	5.3	3.3	-6.9	12.5	26.6
Iran, Islamic Rep.	62.1	46.0	55.6	43.0	29.1	22.6	66.0	54.8	..	..	..	..
Iraq	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	57.3	98.7	..	..	..	..	4.8	1.8	5.0	5.8	3.0	0.6
Israel	106.2	81.9	70.2	88.1	63.6	88.1	11.9	13.0	12.0	5.2	18.1	10.6
Italy	90.1	93.5	..	..	..	..	12.0	1.2	7.3	4.7	5.8	2.3
Jamaica	34.8	43.9	42.2	50.4	29.1	34.6	37.4	25.9	6.6	19.1	22.2	29.1
Japan	266.8	139.4	115.1	121.6	87.3	78.4	1.5	1.3	3.4	2.1	-1.4	-3.3
Jordan	110.0	91.2	131.4	103.6	78.0	72.9	20.5	29.8	2.2	3.2	2.0	6.5
Kazakhstan	..	8.9	..	8.6	..	1.7	..	7.7	..	..	..	..
Kenya	52.9	49.5	29.7	40.8	15.6	27.3	9.9	10.8	5.1	11.1	10.4	23.9
Korea, Dem. Rep.	..	..	..	..	..	..	..	..	..	..	..	..
Korea, Rep.	57.2	78.1	38.4	57.5	29.5	49.6	6.3	1.8	0.0	2.0	1.7	9.7
Kuwait	217.6	116.8	192.2	98.5	153.9	83.6	1.2	0.9	0.4	2.6	4.1	3.3
Kyrgyz Republic	..	19.1	..	14.0	..	4.9	..	16.7	..	37.7	..	67.9
Lao PDR	5.1	16.9	7.2	20.8	3.1	16.8	3.4	20.0	2.5	11.5	20.0	23.7
Latvia	..	17.2	..	25.4	..	9.5	..	8.9	..	9.0	..	8.7
Lebanon	132.6	134.9	193.7	153.7	170.9	145.8	3.9	14.0	23.1	6.9	31.6	14.5
Lesotho	27.5	-22.4	37.4	39.9	21.0	17.7	24.1	38.3	7.4	9.3	12.1	14.5
Libya	..	..	..	..	..	..	40.8	56.8	1.5	..	-1.3	..
Lithuania	..	13.1	..	19.4	..	6.4	..	17.2	..	6.2	..	6.6
Macedonia, FYR	..	19.0	..	14.8	..	7.0	..	4.4	..	9.4	..	15.4
Madagascar	26.2	15.8	16.2	19.1	3.7	4.7	8.5	22.5	5.3	19.0	17.5	21.4
Malawi	17.8	6.4	19.5	18.0	9.7	8.5	32.8	29.0	8.9	18.6	12.7	32.1
Malaysia	77.9	159.8	66.3	95.3	44.3	74.7	5.9	8.7	1.3	2.1	-1.1	5.0
Mali	13.7	14.4	20.5	22.6	5.5	5.8	50.8	4.9	9.0	..	7.7	..
Mauritania	49.2	2.3	25.6	14.8	6.3	4.9	6.1	4.9	5.0	..	1.7	..
Mauritius	45.1	78.6	62.6	78.8	48.4	66.7	8.8	4.9	5.4	10.6	9.7	14.3
Mexico	36.6	36.1	21.7	28.3	15.3	20.2	4.2	6.4	..	14.9	..	23.1
Moldova	62.8	34.0	70.3	20.0	35.4	7.9	8.3	10.4	..	9.2	..	25.2
Mongolia	68.5	13.3	52.4	19.1	13.8	9.7	2.0	11.8	..	15.7	..	34.4
Morocco	43.0	83.8	53.9	71.7	11.3	19.1	11.3	5.1	0.5	5.7	0.7	..
Mozambique	15.6	2.5	26.5	21.2	5.2	9.0	61.5	14.3	..	..	..	..
Myanmar	32.8	29.1	27.9	27.8	7.8	9.7	271.8	25.1	2.1	4.0	-0.3	10.9
Namibia	19.5	53.9	23.4	41.9	13.7	20.4	4.4	3.1	10.6	7.8	17.4	15.1
Nepal	28.9	39.7	32.2	45.6	18.5	30.3	12.7	15.2	2.5	5.1	6.1	8.4
Netherlands	107.4	131.5	..	..	..	..	0.3	0.2	8.4	3.4	3.4	0.9
New Zealand	79.9	112.4	77.9	92.3	64.8	79.8	0.8	0.4	4.4	4.4	7.7	5.6
Nicaragua	..	149.4	28.6	66.8	11.7	55.5	20.2	23.1	12.5	10.9	13.7	16.0
Niger	16.2	9.3	19.8	6.6	8.3	1.7	42.9	9.2	9.0	..	7.7	..
Nigeria	23.7	14.2	22.1	14.4	8.8	5.5	11.6	13.5	5.5	13.1	17.0	14.6
Norway	67.4	62.4	59.9	54.3	27.0	14.1	0.5	1.3	4.6	0.7	5.9	2.3
Oman	16.6	44.7	28.9	37.0	19.3	28.3	6.9	4.1	1.4	1.6	1.4	4.5
Pakistan	50.9	49.3	39.1	46.1	9.4	19.4	8.9	10.5	..	..	..	..
Panama	52.7	93.6	41.1	78.8	33.0	66.5	..	..	3.6	4.1	3.7	5.2
Papua New Guinea	35.8	36.0	35.2	35.4	24.0	21.0	3.2	3.6	6.9	4.0	7.2	12.1
Paraguay	14.9	28.2	19.8	29.6	11.2	21.1	31.0	25.3	8.1	14.0	22.7	24.4
Peru	16.2	22.2	19.4	28.6	9.0	18.1	22.0	20.8	2,335.0	15.7	4,766.2	25.2
Philippines	23.2	69.8	34.1	60.8	25.4	50.1	11.7	4.4	4.6	4.7	15.8	11.2
Poland	18.8	36.4	32.8	40.1	16.6	27.1	20.6	10.7	462.5	6.3	495.9	18.9
Portugal	71.8	107.9	..	..	..	..	29.0	5.1	7.8	3.9	13.5	1.7
Puerto Rico	..	..	..	..	..	..	..	..	..	..	..	..
Romania	79.7	24.0	60.4	27.3	32.7	21.1	1.2	14.3	..	..	..	..
Russian Federation	..	41.3	..	23.4	..	10.6	..	7.8	..	24.7	..	36.2



## 5.4 Financial depth and efficiency

	Domestic credit provided by banking sector		Liquid liabilities		Quasi-liquid liabilities		Ratio of bank liquid reserves to bank assets		Interest rate spread		Spread over LIBOR	
	% of GDP		% of GDP		% of GDP		%		Lending minus deposit rate percentage points		Lending rate minus LIBOR percentage points	
	1990	1998	1990	1998	1990	1998	1990	1998	1990	1998	1990	1998
Rwanda	17.1	12.5	14.9	14.5	7.0	5.7	4.3	13.9	6.3	..	4.9	..
Saudi Arabia	14.4	34.5	47.9	58.5	21.9	29.4	5.6	3.5	..	..	..	..
Senegal	33.8	22.5	22.6	22.8	9.5	8.4	14.1	4.0	9.0	..	7.7	..
Sierra Leone	26.3	52.1	13.1	13.6	2.6	5.0	64.1	8.2	12.0	16.7	44.2	18.2
Singapore	62.2	86.4	93.1	113.9	70.1	94.6	3.7	2.5	2.7	2.8	-1.0	1.9
Slovak Republic	..	67.5	..	65.2	..	44.7	..	6.5	..	4.9	..	15.6
Slovenia	36.8	40.1	34.2	45.5	25.8	36.6	2.7	4.1	142.0	5.5	818.6	10.5
South Africa	97.8	140.0	53.8	56.9	36.4	27.9	3.3	2.6	2.1	5.3	12.7	16.2
Spain	110.8	114.6	..	..	..	..	8.7	2.6	5.4	2.1	7.7	-0.6
Sri Lanka	43.1	31.9	28.5	31.2	16.2	21.7	9.9	11.5	-6.4	-7.0	4.7	0.4
Sudan	20.4	6.8	20.1	9.6	2.9	3.5	79.5	28.1	..	..	..	..
Sweden	145.5	80.3	..	..	..	..	1.9	0.6	6.8	4.0	8.4	0.4
Switzerland	179.0	177.7	116.0	147.3	89.5	108.3	1.1	0.9	-0.9	3.4	-0.9	-1.5
Syrian Arab Republic	56.6	28.9	54.7	47.0	10.5	13.0	46.0	7.0	..	..	..	..
Tajikistan	..	..	..	..	..	..	..	..	..	..	..	..
Tanzania	39.2	13.3	22.6	20.1	7.1	9.4	5.3	13.8	..	18.9	..	21.1
Thailand	91.1	164.9	70.0	103.4	61.1	93.6	3.1	2.4	2.2	3.8	6.1	8.8
Togo	21.3	24.9	36.1	22.2	19.1	7.3	59.0	3.6	9.0	..	7.7	..
Trinidad and Tobago	58.5	53.2	44.9	50.4	32.9	38.6	13.5	16.2	6.9	9.4	4.6	11.7
Tunisia	62.5	53.2	51.5	47.8	26.7	25.8	1.6	2.8	..	..	..	..
Turkey	25.9	36.6	23.9	39.7	16.2	34.9	16.3	10.2	..	..	..	..
Turkmenistan	..	..	..	..	..	..	..	35.7	..	..	..	..
Uganda	17.8	7.1	7.6	12.5	1.4	4.3	17.9	15.0	7.4	9.5	30.4	15.3
Ukraine	83.2	24.3	50.1	14.8	9.0	4.8	49.0	10.4	..	32.2	..	48.9
United Arab Emirates	34.7	58.9	46.3	56.9	37.7	40.9	4.4	6.1	..	..	..	..
United Kingdom	123.0	129.5	..	..	..	..	0.5	0.4	2.2	2.7	6.4	1.6
United States	114.6	162.2	67.8	64.2	51.2	48.1	2.3	1.4	..	..	1.7	2.8
Uruguay	60.1	40.0	64.5	44.3	57.2	38.9	31.1	12.1	76.6	42.8	166.1	52.3
Uzbekistan	..	..	..	..	..	..	..	..	..	..	..	..
Venezuela, RB	37.4	18.1	32.3	19.0	20.6	9.1	21.9	32.4	7.7	11.5	27.2	40.8
Vietnam	15.9	21.3	22.7	22.6	9.3	9.8	13.3	12.1	..	5.3	..	9.4
West Bank and Gaza	..	..	..	..	..	..	..	..	..	..	..	..
Yemen, Rep.	62.0	35.7	56.3	44.9	10.7	20.4	121.2	24.2	..	..	..	..
Yugoslavia, FR (Serb./Mont.)	..	..	..	..	..	..	..	..	..	..	..	..
Zambia	67.8	63.5	21.8	17.5	10.6	10.9	33.7	12.0	9.5	18.7	26.8	26.2
Zimbabwe	41.7	64.6	23.1	25.5	11.7	6.1	12.2	11.5	2.9	13.0	3.4	36.5
<b>World</b>	<b>125.1 w</b>	<b>123.2 w</b>	<b>71.0 w</b>	<b>75.2 w</b>	<b>51.9 w</b>	<b>52.5 w</b>	<b>9.9 m</b>	<b>9.2 m</b>				
<b>Low income</b>	59.8	83.5	50.8	90.8	28.1	55.1	12.8	12.4				
Excl. China & India	37.7	36.9	30.5	35.8	15.8	22.6	12.7	12.3				
<b>Middle income</b>	57.6	56.1	36.5	41.4	23.1	29.8	12.6	8.5				
Lower middle income	..	63.8	..	44.0	..	27.9	19.7	9.7				
Upper middle income	54.1	52.1	29.8	40.1	19.9	30.8	8.1	7.9				
<b>Low &amp; middle income</b>	58.2	64.7	40.8	56.4	24.6	37.5	12.8	10.8				
East Asia & Pacific	71.0	110.5	58.8	106.7	37.6	70.6	5.9	8.7				
Europe & Central Asia	..	37.6	..	33.0	..	22.1	..	10.4				
Latin America & Carib.	58.6	43.7	23.6	30.5	15.9	23.0	22.5	19.5				
Middle East & N. Africa	54.2	65.2	58.6	60.9	27.3	35.1	14.2	10.1				
South Asia	48.3	44.2	40.0	46.0	24.4	30.3	12.7	11.5				
Sub-Saharan Africa	56.4	70.9	34.8	36.7	19.7	17.8	11.6	10.1				
<b>High income</b>	140.0	140.2	81.1	..	61.0	..	1.9	1.4				
Europe EMU	98.9	117.9	..	..	..	..	3.7	2.2				



## Financial depth and efficiency 5.4

### About the data

Households and institutions save and invest independently. The financial system's role is to intermediate between them and to cycle available funds to where they are needed. Savers accumulate claims on financial institutions, which pass these funds to their final users. As an economy develops, this indirect lending by savers to investors becomes more efficient and gradually increases financial assets relative to GDP. This wealth allows increased saving and investment, facilitating and enhancing economic growth. As more specialized savings and financial institutions emerge, more financing instruments become available, spreading risks and reducing costs to liability holders. As securities markets mature, savers can invest their resources directly in financial assets issued by firms.

The ratio of domestic credit provided by the banking sector to GDP is used to measure the growth of the banking system because it reflects the extent to which savings are financial. Liquid liabilities include bank deposits of generally less than one year plus currency. Their ratio to GDP indicates the relative size of these readily available forms of money that the owners can use to buy goods and services without incurring any cost. Quasi-liquid liabilities are long-term deposits and assets—such as certificates of deposit, commercial paper, and bonds—that can be converted into currency or demand deposits, but at a cost. The ratio of bank liquid reserves to bank assets captures the banking system's liquidity. In countries whose banking system is liquid, adverse macroeconomic conditions should be less likely to lead to banking and financial crises. Data on domestic credit and liquid and quasi-liquid liabilities are cited on an end-of-year basis.

No less important than the size and structure of the financial sector is its efficiency, as indicated by the margin between the cost of mobilizing liabilities and the earnings on assets—or the interest spread. Narrowing of the interest spread reduces transactions costs, which lowers the overall cost of investment and is therefore crucial to economic growth. Interest rates reflect the responsiveness of financial institutions to competition and price incentives. The interest rate spread, also known as the intermediation margin, is a summary measure of a banking system's efficiency. To the extent that information about interest rates is inaccurate, banks do not monitor all bank managers, or the government sets deposit and lending rates, the interest rate spread may not be a reliable measure of efficiency. The spread over LIBOR reflects the differential between a country's lending rate and the London interbank offered rate (ignoring

expected changes in the exchange rate). Interest rates are expressed as annual averages.

In some countries financial markets are distorted by restrictions on foreign investment, selective credit controls, and controls on deposit and lending rates. Interest rates may reflect the diversion of resources to finance the public sector deficit through statutory reserve requirements and direct borrowing from the banking system. And where state-owned banks dominate the financial sector, noncommercial considerations may unduly influence credit allocation. The indicators in the table provide quantitative assessments of each country's financial sector, but qualitative assessments of policies, laws, and regulations are needed to analyze overall financial conditions. Recent events in East Asia highlight the risks of weak financial intermediation, poor corporate governance, and deficient government policies, including procyclical macroeconomic policy responses to large capital inflows.

The accuracy of financial data depends on the quality of accounting systems, which are weak in some developing economies. Some of the indicators in the table are highly correlated, particularly the ratios of domestic credit, liquid liabilities, and quasi-liquid liabilities to GDP, because changes in liquid and quasi-liquid liabilities flow directly from changes in domestic credit. Moreover, the precise definition of the financial aggregates presented varies by country.

The indicators reported here do not capture the activities of the informal sector, which remains an important source of finance in developing economies. Personal credit or credit extended through community-based pooling of assets may be the only source of credit available to small farmers, small businesses, or home-based producers. And in financially repressed economies the rationing of formal credit forces many borrowers and lenders to turn to the informal market, which is very expensive, or to self-financing and family savings.

### Definitions

- **Domestic credit provided by banking sector** includes all credit to various sectors on a gross basis, with the exception of credit to the central government, which is net. The banking sector includes monetary authorities, deposit money banks, and other banking institutions for which data are available (including institutions that do not accept transferable deposits but do incur such liabilities as time and savings deposits). Examples of other banking institutions include savings and mortgage loan institutions and building and loan associations.
- **Liquid liabilities** are also known as broad money, or M3. They are the sum of currency and deposits in the central bank (M0), plus transferable deposits and electronic currency (M1), plus time and savings deposits, foreign currency transferable deposits, certificates of deposit, and securities repurchase agreements (M2), plus travelers checks, foreign currency time deposits, commercial paper, and shares of mutual funds or market funds held by residents.
- **Quasi-liquid liabilities** are the M3 money supply less M1.
- **Ratio of bank liquid reserves to bank assets** is the ratio of domestic currency holdings and deposits with the monetary authorities to claims on other governments, nonfinancial public enterprises, the private sector, and other banking institutions.
- **Interest rate spread** is the interest rate charged by banks on loans to prime customers minus the interest rate paid by commercial or similar banks for demand, time, or savings deposits.
- **Spread over LIBOR** (London interbank offered rate) is the interest rate charged by banks on short-term loans in local currency to prime customers minus LIBOR. LIBOR is the most commonly recognized international interest rate and is quoted in several currencies. The average three-month LIBOR on U.S. dollar deposits is used here.

### Data sources

The data on credit, liabilities, bank reserves, and interest rates are collected from central banks and finance ministries and reported in the print and electronic versions of the International Monetary Fund's *International Financial Statistics*.