

Banking and Finance News

Circular No. 132/23: Guidance on Interest Rates and Financial Transparency

The Central Bank of Paraguay ("BCP") recently issued Circular No. 132/23 on August 14, 2023, with the purpose of providing clarity and transparency in the calculation of interest rates based on the Interest Rate Regulation, which was previously approved by the BCP through Resolution No. 23, Act No. 9, dated February 23, 2023.

The purpose of this regulation is to establish guidelines that financial entities must follow for the calculation of interest rates in a fair and transparent manner, thus promoting greater equity in financial relations between entities and consumers.

One of the highlights of Circular No. 132/23 is the provision of examples for the calculation of interest rates. These examples reflect the current financial practices and are considered general standards. The purpose of these examples is to provide supervised entities with a clear reference framework for determining interest rates in various financial operations. It is important to note that these examples are neither rigid nor exclusive.

Circular No. 132/23 places a strong emphasis on the responsibility of supervised entities to ensure that interest rate calculations and other associated charges are consistent with current regulations. In addition to interest rates, the circular also addresses the charging of fees, expenses and penalties.

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