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PBC Decides to Cut Benchmark Lending Rates and Reserve Requirement Ratio

In order to implement the instructions of the CPC Central Committee and the State Council on economic work in the latter half of the year, the PBC has decided to cut RMB benchmark lending rates for financial institutions and the reserve requirement ratio for small and medium-sized financial institutions. The decision also aims to solve prominent problems in current economic operation, carry out the principle of differentiated treatment and structural optimization, and maintain stable, sustained and relatively fast growth of the national economy.

As of September 16, 2008, the one-year RMB benchmark lending rate is to be lowered by 0.27 percentage points. Other benchmark lending rates are to be lowered by margins in reverse proportion to maturities. Benchmark deposit rates remain unchanged.

As of September 25, 2008, the RMB reserve requirement ratio is to be lowered by 1 percentage point for depository financial institutions, with the temporary exception of the Industrial and Commercial Bank of China, the Agricultural Bank of China, the Bank of China, the China Construction Bank, the Bank of Communications and the Postal Savings Bank of China. In particular, the reserve requirement ratio for financial institutions incorporated in areas worst hit by the Wenchuan earthquake will be cut by 2 percentage points.

Table

Adjustment of RMB Benchmark Lending Rates

Unit: %

1.Loans	Rate(before adjustment)	Rate(after adjustment)	Adjustment
6-month	6.57	6.21	-0.36
1-year	7.47	7.20	-0.27
1 to 3-year	7.56	7.29	-0.27
3 to 5-year	7.74	7.56	-0.18
Over 5-year	7.83	7.74	-0.09
2. Individual housing provident fund loans			
Below 5-year (inclusive)	4.77	4.59	-0.18
Above 5-year	5.22	5.13	-0.09

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