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PBC Decides to Cut Benchmark Deposit and Loan Interest Rates and Lower Reserve Requirement Ratio

To further reduce social financing costs, the PBC has decided to cut RMB benchmark loan and deposit interest rates for financial institutions, effective from October 24, 2015. The one-year benchmark loan interest rate and deposit interest rate will both be lowered by 0.25 percentage points, to 4.35 percent and 1.5 percent, respectively. Adjustments are made correspondingly to benchmark interest rates on deposits and loans of other maturities, and to interest rates on PBC loans to financial institutions. Loan interest rates on personal housing provident fund will remain unchanged. At the same time, the deposit interest rate floating ceiling will be removed for commercial banks and rural cooperative financial institutions. Efforts will be stepped up to improve market-oriented interest rate formation and regulation mechanisms, strengthen the central bank's regulation, supervision and guidance of the interest rate system, and increase the efficiency of monetary policy transmission.

As of the same day, the RMB reserve requirement ratio (RRR) for financial institutions will be lowered by 0.5 percentage points, in an effort to maintain reasonable and abundant liquidity in the banking system and to guide the stable and proper growth of money and credit. At the same time, to enhance positive motivation for extending financial support to the agricultural sector, rural areas, farmers and micro and small enterprises, the PBC will carry out an additional RRR

cut of 0.5 percentage points for financial institutions that have met the criteria of targeted RRR reduction.

Adjustments to RMB Benchmark Deposit and

Loan Interest Rates

	Interest rate (after adjustment, pe
Household and corporate deposits	
Demand deposits	0.35
Time deposits of lump-sum deposit and withdrawal	
3 months	1.10
6 months	1.30
1 year	1.50
2 years	2.10
3 years	2.75
Loans	
1 year or less	4.35

Over 1 year and up to 5 years	4.75
Over 5 years	4.90
Personal housing provident fund loans	
5 years or less	2.75
Over 5 years	3.25

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