

The Reserve Bank of Malawi (RBM) has reduced the policy rate from 16 to 14.5 percent and has also set commercial banks base lending rate at 14.9 percent.

Policy rate is a determinant of calculating base lending rate by commercial banks.

The development is expected to make credit available and cheaper to borrowers.

With this development, Commercial banks are expected to price their loans around 19 to just above 20 percent depending on customers risk profile.

Reacting to the development, MCCCCI Chief Executive Chancellor Kaferapanjira said the private sector is hopeful that the cuts would be passed on to borrowers and that in the medium-term translate into increased lending to the real sector for productive purposes for the benefit of all economic participants in the economy, consumers and producers.

“We, thus, expect commercial banks to respond immediately to these measures in order to benefit the real sector.