

# ***Metadata – Bank and penalty interest rates.***

## ***1. General information***

### ***Name***

Bank, penalty and general interest rates of monetary claims.

### ***Purpose***

Statistics on deposit and lending rates of deposit money banks to monitor the development of interest rates by credit institutions in Iceland. Determination of the general interest rates of the monetary claims in accordance with the provisions of article 4 of [the act on interest rates and indexation no. 38/2001](#), and according article 6 on penalty rates in the same law. These are published monthly in the Icelandic Official Gazette (Lögbirtingarblaðið) according to article 10 in the above mentioned act.

### ***Sources***

Reports on interest rates received from banks and savings banks to the Central Bank in three months.

### ***Foundation in law***

Data collection are on the basis of article 32 in section IX of the [act of Central Bank of Iceland, no. 92/2019](#) and article 10 in section V of the act on [interest rates and indexation, no. 38/2001](#).

The decision on the general interest rate on monetary claims is in accordance with the provisions of article 4 the act [on interest rates and indexation no. 38/2001 and penalty rates](#) according to article 6 the same law which is published monthly in the Legal Gazette, cf. article 10 of the act.

## **2. Terms and definitions**

**General interest rates** are interest rates that are generally available to the public borrower and businesses on the general financial market by credit institutions such as commercial banks. Monetary claims are funds lent by the lender and the borrower must repay with interest from the date a claim to maturity.

**Penalty rates** are rates on unpaid claims calculated from the due date until the date of payment if the request has not been paid before the deadline. Penalty rates are calculated on a daily basis unless otherwise specifically provided by law. If there is no agreed maturity, penalty rates may be calculated on a claim when one month has passed since the claim was truly due and debtor's rightful payment.

**Interest on damage claims** are interests on liability incident. These interest rates are two thirds of the rate of the general monetary claims. The Central Bank shall determine and publish interest rates on damage claims every month according to the first sentence of article 4 in [act no. 38/2001](#).

## **3. Integrity of data**

Banks and savings banks reports their interest rates to the Central Bank three times every month. The interest data are reviewed regularly and additional information or clarifications may be requested if any variations are found in the data submitted, or if any other discrepancies are revealed by the passage of the data. Analysis of the interest rates data takes place in the data collection and information processing department within Central Bank of Iceland. Data from the interest rate reports collected from the respective deposit money banks, are analyzed once a month in order to find out the highest and lowest interest rates levels on selected types of loans.

Before the end of each month, the Central Bank determines the interest rates of money claims regarding the lowest interest rates of nominal and indexed loans. This is done according to article 4 in the Icelandic general law on [interest rates and indexation no. 38/2001](#), which are in effect from the first day of the next month. Interest rates on damage

claims are calculated as two-thirds of the lowest rate of money claims according to the provisions of article 8 in the law on [interest rates and indexation no. 38/2001](#).

Penalty rates determined by the Central Bank shall apply as terms of agreement in loan contracts unless otherwise agreed upon. Base for penalty rates are the policy rate on 7 day collateralized lending rate plus a premium of 7% according to article 6 in chapter III [in the act no. 38/2001 on interest rates and indexation](#).

#### ***4. Review of data***

The interest rate data are regularly reviewed in order to see if that some data are missing or are somehow incorrect and thereby corrected. In addition to this, data are corrected if the reporting banks and savings banks send in corrections and comments regarding reported interests rate data.

#### ***5. Publication***

Publication of interest rates data is once a month in the [Central Bank of Iceland website](#).

Interest rates data from banks and savings banks are reported to the Central Bank three times every month. From this pool of data, the average monthly interest rates calculated and published in time series ranging from the year 2003. The general interest rates, are published in a chronological time series ranging from July 2001, whereas the penalty rates are published in a time series ranging from April 1988. All these time series are published on the Central Bank website.

#### ***6. Other info***

Deposit money banks that report interest rates statistics data to Central Bank of Iceland are:

- Arion bank hf.
- Íslandsbanki hf.
- Landsbanki Íslands hf.
- Kvika Banki hf.
- Icelandic Savings Banks (SÍSP) on behalf of all savings banks in Iceland (except Sparisjóður Austurlands hf.)
- Sparisjóður Austurlands hf