



# SBI links savings account, short term loan rates to repo rate

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## **Move aimed at quick transmission of changes in repo rate**

- In a first of its kind, State Bank of India has decided to link the interest rate paid on savings bank balance of over Rs.1 lakh to the repo rate — the key policy rate set by Reserve Bank of India.
- Also, the bank will link cash credit accounts and overdrafts, with limits above Rs.1 lakh, to the repo rate.
- The new system will come into effect from May 1, SBI said in a statement.
- The move comes ahead of the April 1 deadline for banks to link the lending rate to the external benchmark which is aimed at increasing the effectiveness of monetary transmission.
- Most banks are likely to link their lending rates to the repo rate.
- With the interest rates starting to move downwards, and RBI being expected to lower the interest rate once again in April, the savings bank interest rate is expected to come down further.

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