

15 January 2002

CIRCULAR BM 927

**To: All Licensed Banks/
Non-Bank Financial Institutions/
Money Changers
operating in the Sultanate of Oman**

After Compliments,

Re: Payment of Interest on Capital Deposits

1. Article 61 of the Banking Law requires all banks to maintain Capital deposit with the Central Bank of Oman determined on specified basis.
2. Article 61(g) of the Banking Law stipulates specifically that
“all capital deposits required pursuant to this Article shall bear interest at a rate determined by the Board of Governors, provided, however, that such rate shall be in line with the prevailing rate within the Sultanate on time deposits of one year”.
3. The Board of Governors of the Central Bank of Oman at their recent meeting reviewed the matter and decided that in view of the recent downward movements in interest rates, the rate of interest payable on Capital deposits shall stand reduced to **3.5% per annum** from 5% p.a. hitherto paid. The above revision takes effect from **1 January 2002**.

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4. All Licensed Banks, Non-Bank Financial Institutions and Money Changers are advised to note the above change and also that all other provisions/regulations/instructions in this regard continue to be in force.

Best regards,

Hamood Sangour Al Zadjali
The Executive President

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