Report on Banks

July 2021

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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About the use of inclusive language in the Spanish version of this report

The Central Bank of Argentina is committed to encouraging the use of a non-discriminatory language that promotes the acceptance of all gender identities. It should be noted that all those who have contributed to this report acknowledge that language influences on ideas, feelings, ways of thinking, as well as principles and core values.

Published on September 23, 2021.
The data reported are provisional and subject to changes. Information corresponds to end-of-month data.
Data of charts and Latest Regulations of this issue. Statistics Annexes for the financial system and the ensemble of financial institutions. Glossary of abbreviations and acronyms.

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Executive Summary

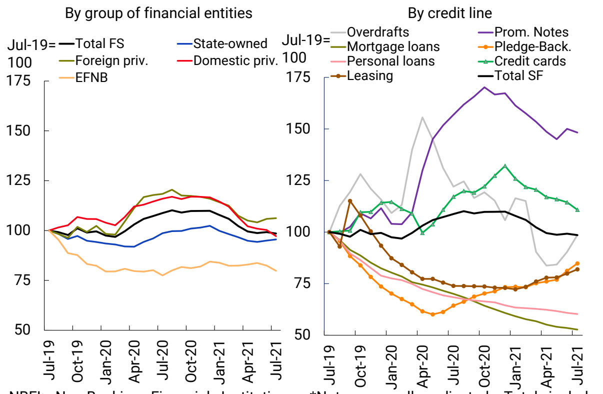
- In July, the financial intermediation activity with the private sector exhibited a moderate performance. In the current macroeconomic context, the BCRA continued promoting measures tending to encourage the momentum of loans, within a framework seeking to safeguard financial stability conditions.
- So far this year, electronic means of payment expanded at a remarkable pace, giving support to an increasing demand by the population and to the measures implemented in due time by the BCRA. In particular, the amount transacted via online transfers accumulated a 29.6% rise in real terms in the last 12 months up to August. In turn, the year-on-year (y.o.y.) increase in cleared checks was almost entirely due to electronic checks (ECHEQs), accounting for nearly 40% of total cleared checks in August.
- The stock of loans to the private sector went down slightly in real terms in July (+2.3% in nominal terms), posting a mixed performance across the various credit lines. The Credit Line for Productive Investment (LFIP) of micro, small and medium-sized enterprises (MSMEs) continued to be one of the most relevant tools used in the segment of enterprises. From its launch up to August 2021, this credit line has disbursed $908.75 billion, which were granted to over 165,000 enterprises.
- In order to underpin the economic recovery process and help persons under the Simplified Tax Regime (*monotributo*) and self-employed workers, the "2021 Zero Interest Rate Credit Line" was launched in August. It is worth mentioning that the "2020 Zero Interest Rate Credit Line" provided aid to over 562,000 persons, with an accumulated amount of loans of around $66.51 billion (plus an additional amount of $300 million provided under the "Culture Zero Interest Rate Credit Line").
- The measure tending to provide financial relief to employers registered with the "Productive Recovery Program II" (REPRO II) still stands, and it allows for deferring to the end of the lifetime of the loan the unpaid installments. In this context, the ratio of non-performing loans to private sector for the aggregate financial system amounted to 5.4% in July, up 0.6 percentage points (p.p.) against the figure recorded in June (+0.4 p.p. y.o.y.). The recent momentum of this ratio is consistent with the gradual lifting of special measures adopted in the context of the COVID-19 pandemic (temporary modification of the parameters for the classification of debtors and the remaining financial aid measures), tending to mitigate the adverse impact of this context on the credit situation of debtors.
- In July, the stock of private sector deposits in pesos did not post significant changes in real terms against the previous figure (+2.9% in nominal terms). Sight accounts went down 1.8% in real terms (+1.2% in nominal terms), while time deposits went up 2.1% in real terms (+5.1% in nominal terms). In turn, private sector UVA time deposits grew 3.3% in real terms over the month (5.1% in real terms for deposits with early cancellation option and 2.4% in real terms for traditional deposits).
- Liquidity of the financial system increased in July. The broad liquidity ratio stood at 67.6% of total deposits at aggregate level (64.1% for the segment in pesos and 83.2% for the items in foreign currency), up 1.3 p.p. against the level recorded in June 2021 as well as in July 2020. The higher levels observed in liquidity ratios relative to the average of the last 15 years are due, in part, to the effect of the sterilization (via the issue of LELIQs and repos to financial institutions) carried out in 2020 after the issue of pesos to assist the National Executive Branch with the programs intended to mitigate the adverse economic effects caused by the pandemic. The ensemble of financial institutions continued to sizably exceed the minimum levels which are required locally and recommended internationally for liquidity requirements as per the Basel Committee ("LCR" and "NSFR"). The local figures of the aggregate liquidity ratios ("LCR" y "NSFR") are standing above the average recorded by the countries of the region.
- Regarding solvency, the Regulatory Capital (RC) went up slightly in July in terms of the risk-weight assets (RWAs), standing at 25.7% at systemic level (+2.6 p.p. y.o.y.). The capital surplus position (RC minus the regulatory requirement) totaled 211% of the capital requirement at systemic level. The consistently high solvency ratios are due, in part, to the macroprudential regulation implemented by the BCRA which has included suspension of dividend distributions in the context of the pandemic. The levels of the aggregate solvency ratios exceed the average value recorded by the remaining Latin American countries.
- In the first seven months of 2021, the total comprehensive income in homogeneous currency accrued by the financial system was equivalent to 0.8% of assets (ROA) and to 5.1% of equity (ROE). Even though there was some recovery of the sector's profitability indicators on the margin, the accumulated profitability is lower than that observed in the same period of 2020.

I. Financial Intermediation Activity

The financial intermediation activity of the ensemble of financial institutions with the private sector contracted slightly in July. Taking into account the main changes in the aggregate balance sheet of the financial system in pesos —in homogeneous currency—,[1] the stock of loans of both private and public sectors went down over the month. In turn, there was a drop in the stock of public sector deposits, added to an increase of broad liquidity. Meanwhile, in the segment of items in foreign currency —expressed in currency of origin—, the stock of loans to private sector shrank while the deposits of such sector went up. These changes were mainly offset by an increase in liquid assets in the same denomination.

The stock of loans to private sector in domestic currency contracted 0.7% in real terms in July (+2.3% in nominal terms),[2] exhibiting a mixed performance across both the credit lines and the various groups of financial institutions (see Chart 1). In year-on-year terms, the stock of loans to private sector in pesos accumulated a 9.4% drop in real terms (+37.5% in nominal terms), mainly driven by private financial institutions.[3]

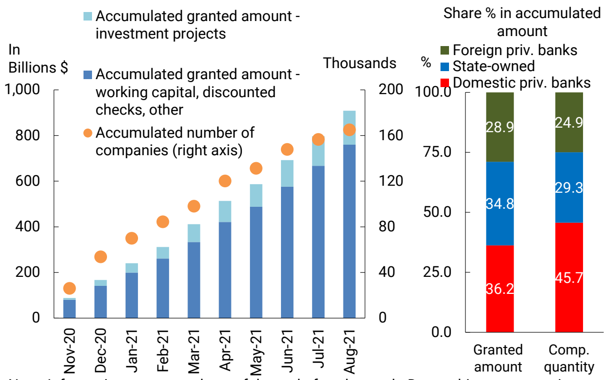
Chart 1 | Stock of loans to private sector in pesos



NBFI: Non-Banking Financial Institutions. *Not seasonally adjusted. Total includes adjustments of principal and interest accrued. Source: BCRA

The "Productive Investment Credit Line" (LFIP) of MSMEs[4] continued to be one of the most relevant tools used in the segment of enterprises, and has contributed to covering the abovementioned demand for credit. Thus, from its launch (in October 2020) to August 2021 (latest information available), $908.75 billion were disbursed under this credit line to over 165,000 companies (see Chart 2). Domestic private financial institutions have been the main driving force of this line (and account for 36.2% of the total amount disbursed and 45.7% of the total benefited enterprises), followed by state-owned institutions (with 34.8% and 29.3%,

Chart 2 | Credit Line for Productive Investment (LFIP) of MSMEs



Note: Information corresponds as of the end of each month. Data subject to correction.
Source: BCRA

1 Differences of the balance sheet stock expressed in homogeneous currency. Information taken from the Monthly Accounting Reporting System (July 2021, latest information available at the time of publication of this Report).
2 Including capital adjustments and accrued interest.
3 Throughout this Report, whenever reference is made to ensembles of private (domestic and/or foreign) and state-owned financial institutions, such reference is to banks. Non-banking financial institutions shall be referred to as "EFNBs".
4 For further detail, see the Consolidated Text on "Credit Line for Productive Investment of MSMEs".

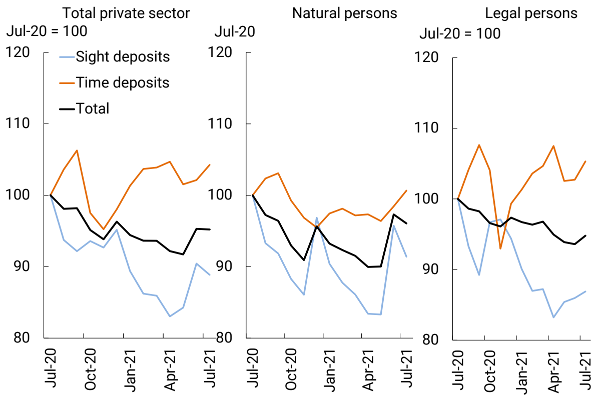
respectively) and by foreign private institutions (with 28.9% and 24.9%). In general, it has been observed that financial institutions have exhibited an adequate performance within the regulatory scheme implemented by the BCRA for this financing line.

Simultaneously, under the credit line at subsidized interest rates for companies registered with the "Emergency Assistance Program for Work and Production" (ATP),[5] 20,900 loans for a total amount of $14.27 billion were granted until late August.

In order to continue underpinning the economic recovery process and helping persons under the Simplified Tax Regime and also self-employed workers, the "2021 Zero Interest Rate Credit Line" was launched in August. Each loan may reach up to $150,000. The total financial cost of these loans has been entirely subsidized and the debtor will have a 6-month grace period as from the disbursement of the loan (after this term, the loan will be paid back in at least 12 interest-free installments).[6] Besides, a reduction of regulatory liquidity requirement is permitted for those financial institutions granting these loans. It is worth mentioning that under the "Zero Interest Rate Credit Line"[7] implemented in 2020, around $66.51 billion were disbursed (plus an additional amount of $300 million granted under the "Culture Zero Interest Rate Credit Line).[8]

In July, the stock of loans in foreign currency to the private sector contracted 4.2% —in currency of origin— against June. In this context, the total stock of loans (in domestic and foreign currency) to the private sector shrank 1.5% in July (+1.5% in nominal terms) and accumulates a year-on-year drop of 12.4% in real terms.

Chart 3 | Stock of private sector deposits in pesos
In real terms*

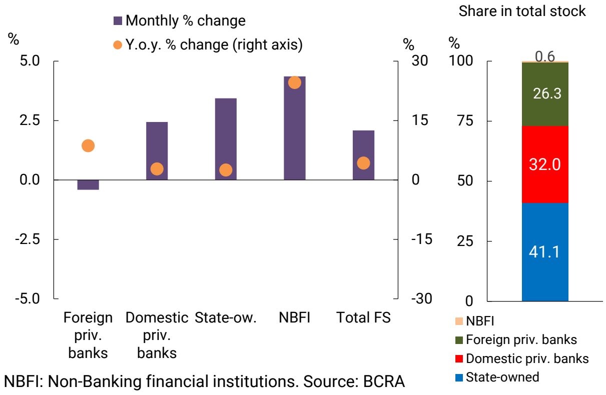


*Not seasonally adjusted. Source: BCRA

Regarding the aggregate financial system's funding, the stock of private sector deposits in domestic currency remained virtually unchanged in July against June (-0.1% in real terms or +2.9% in nominal terms) (see Chart 3). Sight accounts shrank 1.8% in real terms (+1.2% in nominal terms), with similar changes across the various groups of financial institutions and mainly explained by the performance of natural persons. In turn, time deposits went up 2.1% in real terms (+5.1% in nominal terms) in July against the previous month. The monthly performance was mainly due to the higher relative momentum observed in non-banking financial institutions and in state-owned financial institutions (see Chart 4) and involved both natural and legal persons. With reference to time deposits, UVA deposits increased 3.3% in real terms against June

5 See Communication "A" 7082 and Communication "A" 7102.
6 See Communication "A" 7342 and Executive Order No. 512/2021.
7 See Communication "A" 6993.
8 See Communication "A" 7082.

Chart 4 | Stock of private sector time deposits in pesos – July 2021 - *In real terms



NBFI: Non-Banking financial institutions. Source: BCRA

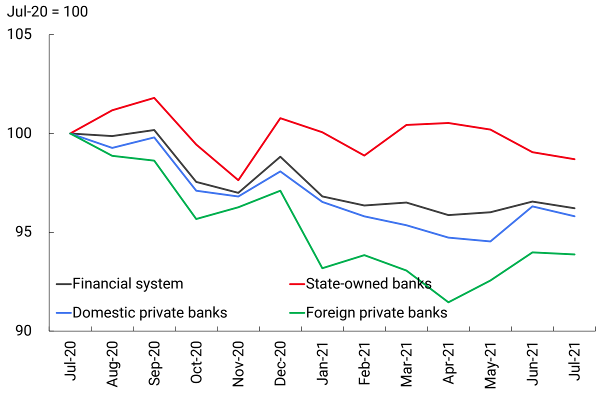
(5.1% in real terms for deposits with early cancellation option and 2.4% in real terms in the case of traditional deposits).

In a year-on-year comparison, private sector deposits in pesos contracted 4.8% in real terms (+44.5% in nominal terms) over the month. A breakdown analysis by segment shows that the stock of sight accounts accumulated a drop of 11.2% y.o.y. in real terms (+34.8% y.o.y. in nominal terms), while time deposits went up 4.2% y.o.y. in real terms (+58.2% y.o.y. in nominal terms). In turn, the stock of public sector deposits in pesos increased 9.3% y.o.y. in real terms (+65.9% y.o.y. in nominal terms). Thus, total deposits in pesos (including both sectors) fell by 2.1% y.o.y. in real terms (+48.7% y.o.y. in nominal terms). Considering both the public and the private sectors and all currencies, the stock of deposits accumulated a drop of 4.4% y.o.y. in real terms (+45.2% y.o.y. in nominal terms).

II. Aggregate Balance Sheet Composition

In July, the total stock of assets of the ensemble of financial institutions shrank 0.4% against June, and the drop was widespread across all groups of financial institutions (see Chart 5). In year-on-year terms, the financial system's total assets accumulated a 3.8% drop in real terms.

Chart 5 | Stock of total assets
In real terms

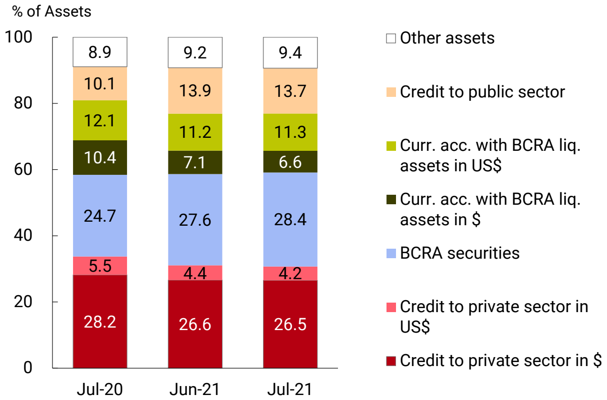


Source: BCRA

Regarding the components of the sector's total assets, the holding of BCRA instruments gained share over the month (see Chart 6). In turn, liquid resources in pesos deposited in current account at the BCRA, credit in foreign currency to the private sector and financing to the public sector were the items that lost relative share in the assets against June.

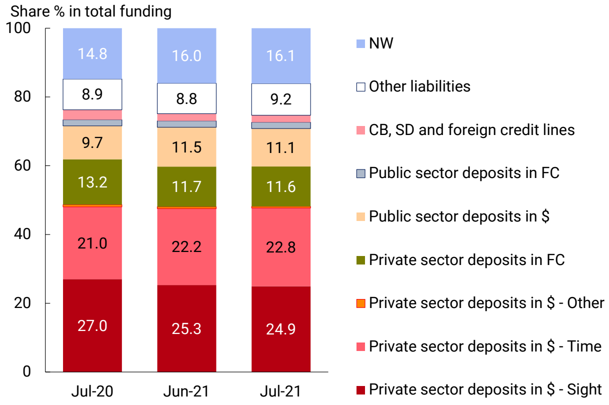
In relation to the composition of the system's total funding, the most outstanding events at systemic level were, on the one hand, an increase in the share of private sector time deposits in domestic currency and, on the other, a drop in the relative share of private sector sight accounts in pesos and of public sector deposits in domestic currency (see Chart 7).

Chart 6 | Composition of total assets
Financial System - Share %



Source: BCRA

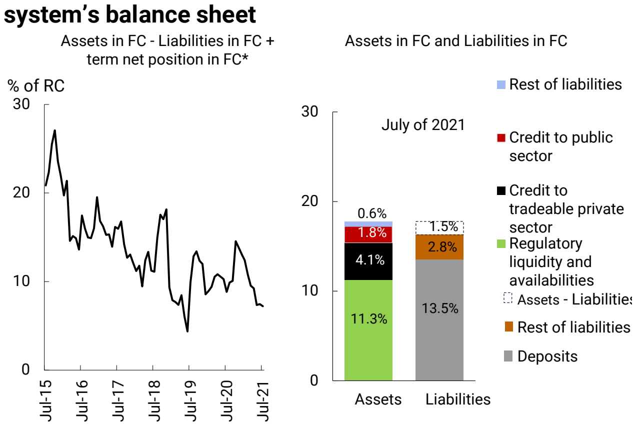
Chart 7 | Composition of the system total funding
In % of total funding (liabilities + net worth)



FC: Foreign currency. Source: BCRA

The assets in foreign currency of the ensemble of financial institutions accounted for 17.8% of total assets in July, down 0.2 p.p. against June and 2 p.p. in a year-on-year comparison. In turn, liabilities in the same currency recorded a similar performance (-0.2 p.p. month-on-month and -2.3 p.p. year-on-year), accounting for 16.3% of total funding (liabilities plus net worth) over the period (see Chart 8). Also taking into consideration the purchase and sale forward transactions in foreign currency —classified as off-balance—, the spread of the financial system's assets and liabilities in foreign currency accounted for 7.2% of the regulatory capital in July, shrinking in both month-on-month and year-on-year terms (-0.2 p.p. and -1.6 p.p. respectively).

Chart 8 | Items in foreign currency of the financial system's balance sheet



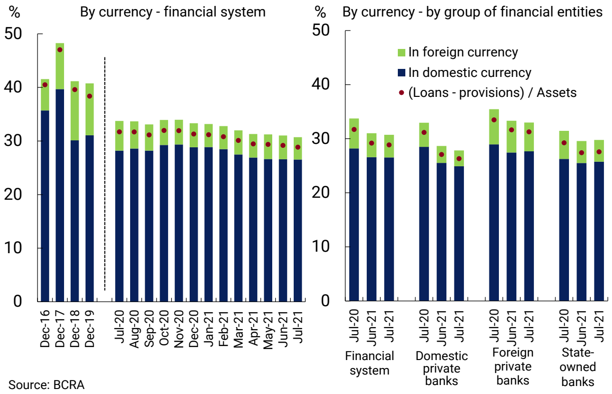
*Off-balance sheet. Source: BCRA

III. Portfolio Quality

In July, the gross exposure of the financial system to private sector (in both domestic and foreign currency) stood at 30.7% of total assets[9], down 0.4 p.p. against June (-3 p.p. y.o.y.). There was a mixed performance month-on-month as evidenced by each group of financial institutions (an increase in state-owned institutions and a decrease in private and non-banking financial institutions —ENFBs). The level of exposure to the private sector stood at 26.5% when considering lending in pesos only, slightly below the figure recorded in June (-1.6 p.p. y.o.y.) (see Chart 9). The share of loans to private sector in foreign currency in total assets went down 0.3 p.p. over the month to 4.2%, and stood 1.4 p.p. below the figure recorded in July 2020.

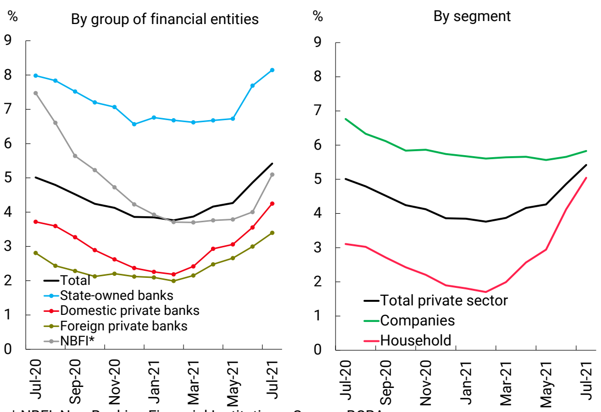
9 This ratio reached 29.2% if credit to the private sector is netted from the stock of accounting provisions.

Chart 9 | Stock of loans to the private sector / Assets



Source: BCRA

Chart 10 | Non-performing loans to the private sector

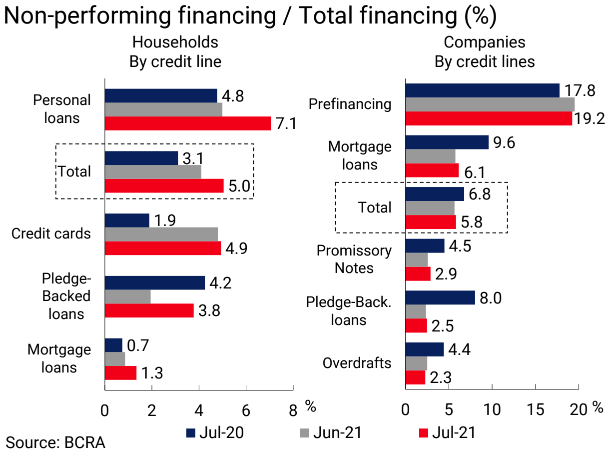


* NBFI: Non-Banking Financial Institutions. Source: BCRA

The financial relief for employers registered with the REPRO II program still stands and allows for deferring to the end of the lifetime of the loan the unpaid installments. In this context, the non-performing ratio of loans to private sector for the aggregate financial system stood at 5.4% in July, up 0.6 p.p. against June (+0.4 p.p. y.o.y.), and this performance was widespread across all groups of institutions (see Chart 10). The recent momentum of this ratio is consistent with the gradual lifting of the special measures adopted in the context of the COVID-19 pandemic (temporary modification of the parameters for the classification of debtors[10] and the remaining financial aid measures), tending to mitigate the adverse impact of this context on the credit situation of debtors.

In July, the non-performing ratio of loans to households stood at 5% of such portfolio (see Chart 11), up 0.9 p.p. against the level recorded in June (+1.9 p.p. y.o.y.). This monthly performance was mainly driven by personal loans and loans with collaterals. In turn, the delinquency ratio of lending to companies stood at 5.8% over the period, up 0.2 p.p. against the figure recorded in June (-0.9 p.p. y.o.y.).

Non-performing financing / Total financing (%)



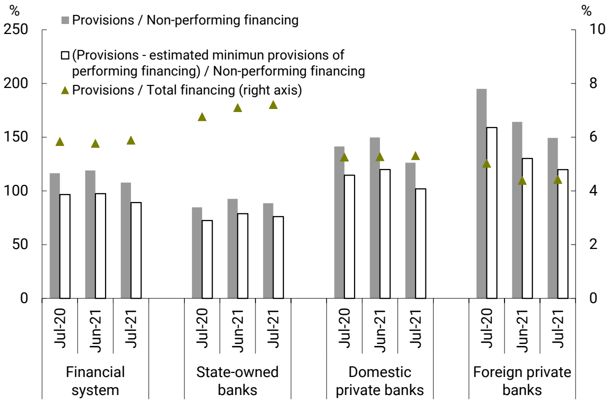
Source: BCRA

At aggregate level, total provisions accounted for 5.8 % of total lending to the private sector in July, up 0.2 p.p. against June and in line with the figure recorded in July 2020 (see Chart 12). Total provisions relative to the non-performing portfolio of loans stood at 107.7% over the month (-11.5 p.p. m.o.m and -8.7 p.p. y.o.y.). In turn, the stock of regulatory provisions attributable to the non-performing portfolio (according to the

10 See Communication "A" 6938, Communication "A" 7107, Communication "A" 7181, Communication "A" 7245 and Item 2.1.1. of the Consolidated Text on "Financial Services in the framework of the Health Emergency provided for by Executive Order No. 260/2020 CORONAVIRUS (COVID-19)".

criteria set by the rules on regulatory minimum provisions for loan loss exposure) accounted for 89.2% of such portfolio for the ensemble of financial institutions in July.

Chart 12 | Loans to private sector and provisions
By group of institutions

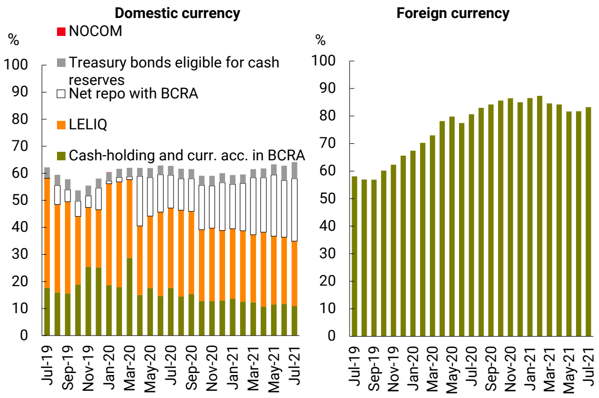


Source: BCRA

IV. Liquidity and Solvency

The liquidity indicators of the financial system went up in July. Over the month, the broad liquidity ratio[11] totaled 67.6% of deposits (64.1% for the segment in pesos and 83.2% for the items in foreign currency, see Chart 13), up 1.3 p.p. against the level recorded in June (+1.3 p.p. considering the items in pesos and +1.5 p.p. for the segment in foreign currency). In terms of components of broad liquidity, between ends of months, there was an increase in the share of net repos with the BCRA and of domestic sovereign bonds admitted regulatory liquidity requirement,[12] accompanied by a decrease in the share of the current accounts held by the institutions at the BCRA and of the stocks of LELIQs.[13] Against July 2020, broad liquid assets increased 1.3 p.p. of total deposits at systemic level.

Chart 13 | Financial system liquidity



Source: BCRA

The higher levels of the liquidity indicators compared to the average of the last 15 years are due, in part, to the effect of the sterilization (via the issue of LELIQs and repos to financial institutions) carried out in 2020 after the issue of pesos required to assist the National Executive Branch with

11 Liquid assets, regulatory liquidity requirements, and BCRA instruments, in domestic currency and in foreign currency.
12 It is worth noting that a new regulation effective as from last June allows financial institutions to satisfy with domestic sovereign bonds in pesos —provided some conditions are complied with— the portion of regulatory liquidity requirement that can be complied with LELIQs. For further detail, see Communication "A" 7290.
13 The BCRA ordered that, as from July, the obligations with stores for the sales made with debit and pre-paid cards are excluded from the regulatory liquidity requirement (see Communication "A" 7318). In addition, effective as from September, an increase was established in the maximum deduction for financing granted within the framework of the "Ahora 12" Program, from 6% to 8% of the obligations in domestic currency (see Communication "A" 7334).

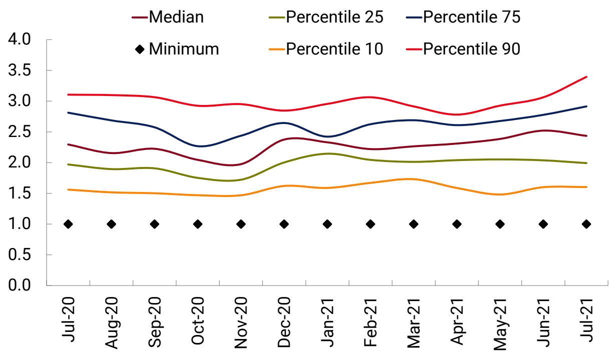
the programs intended to mitigate the adverse economic effects caused by the COVID-19 pandemic.

14

reached 2.4 (median of the institutions subject to compliance with such requirement[15], see Chart 14), against a minimum required value of 1 (in line with Basel standards). In turn, in June (latest information available), the Net Stable Funding Ratio (NSFR)[16] totaled 1.9 in the case of the institutions subject to compliance with such requirement. All institutions surpassed the required minimum of 1 (in line with the international recommendations). The domestic figures for the aggregate liquidity indicators ("LCR" and "NSFR") are standing above the average of other countries of the region (see Chart 15).

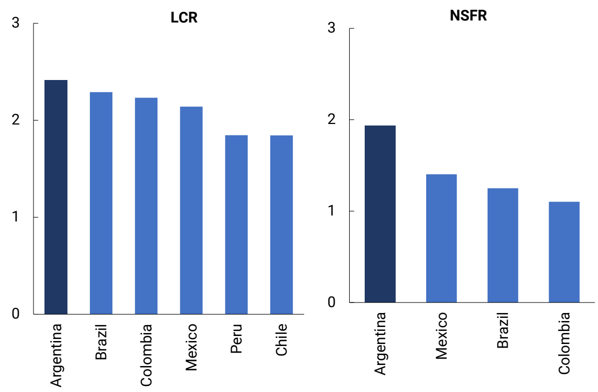
In July, respecting the sector's solvency, there was an increase in the Regulatory Capital (RC) in terms of the risk-weighted assets (RWAs) in all groups of financial institutions (see Chart 16). At aggregate level, the RC increased 0.2 p.p. of RWAs up to 25.7% (+2.6 p.p. y.o.y.). Over 90% of the total regulatory capital is made up by Tier 1 Capital —with more capacity to absorb potential losses. In turn, the capital surplus position (RC minus the regulatory capital requirement) for the ensemble of financial institutions stood at 211% of the regulatory requirement over the month.

Chart 14 | Liquidity Coverage Ratio (LCR)
FALAC / SENT*



* HQLA=High Quality Liquid Assets Fund. TNCO= Total net Cash Outflow estimated for a 30-day period under a stress scenario.**The regulated entities belong to group A (Communication"A" 6538) and represented 88.2% of assets in Jul-21. Source: BCRA

LATAM Comparison – Latest information available



Source: Own elaboration according to information from Central Banks in the region.

The levels of these aggregate solvency ratios exceed the average values of Latin American countries (see Chart 17).

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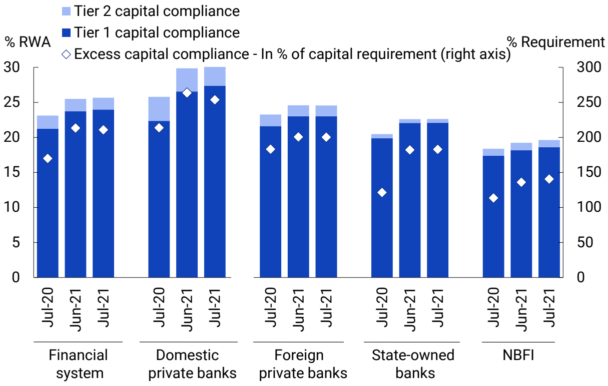
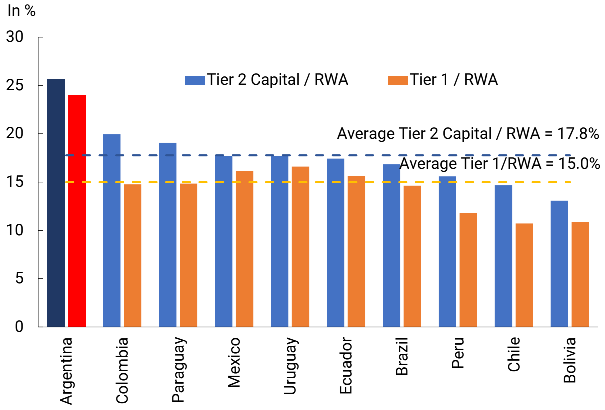
14 The purpose of the Liquidity Coverage Ratio (LCR) is to ensure that financial institutions may have an adequate availability of top quality assets that may be converted into cash with little or no loss of value in the market in order to meet their needs of liquidity in the face of a liquidity stress scenario within 30 days. See Consolidated Text on "Liquidity Coverage Ratio".
15 Institutions belonging to Group "A", according to Communication "A" 6835.
16 The NSFR seeks that institutions may have a stable funding structure in line with the terms of businesses to which it is applied. See Consolidated Text on "Net Stable Funding Ratio".

Chart 16 | Compliance with regulatory capital
By group of financial institutions



Source: BCRA

Chart 17 | Compliance with regulatory capital
LATAM Comparison – Latest information available



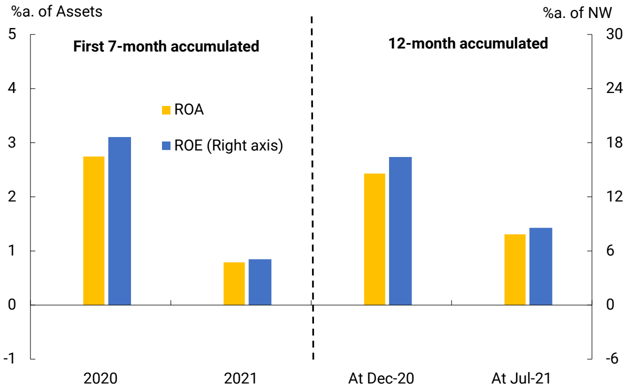
Source: IMF (FSI) and BCRA

The consistently high solvency ratios are due, in part, to the macroprudential regulation implemented by the BCRA in the context of the pandemic, which has included the suspension of dividend distributions.

In addition, at aggregate level, the ratio between the capital surplus position and the credit to the private sector, net of provisions[17] stood at 31.9% in July, up 7 p.p. against the figure recorded one year ago (sizably exceeding the average of the last 10 years —13.7%).

In July, the financial system accrued a positive total comprehensive income in homogeneous currency and has accumulated income equivalent to 0.8% annualized (a.) of assets and to 5.1%a. of net worth in the first seven months of 2021 (see Chart 18). Even though there was a slight recovery of the sector's profitability indicators on the margin, the accumulated figure for 2021 was lower than the figure recorded during the same period of 2020 (-2 p.p. and -13.5 p.p. in terms of assets and net worth, respectively).

Chart 18 | Total comprehensive income in homogeneous currency of the financial system



Source: BCRA.

The year-on-year drop of the ROA (or ROE) in the first seven months of the year was mainly due to the effect of the higher monetary losses, the rise in the cost of funding for deposits in pesos, lower income from securities,[18] lower income from interest in pesos and a higher weight of tax burdens, among other factors. These effects were partially offset by a higher income from

17 This ratio shows the soundness of the financial system in view of an eventual materialization of a very unlikely and extreme credit risk event.
18 Including those posted in Other Comprehensive Income (ORI).

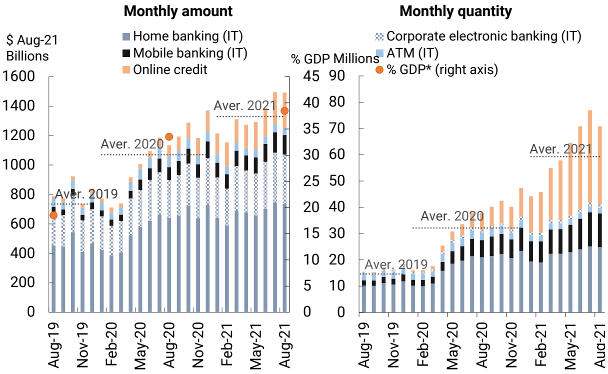
premiums for repo transactions, as well as by a lower income tax accrued, a reduction of loan loss provisions and lower administrative expenses, among other factors.

V. Payment System

So far in 2021, the electronic means of payment have grown at a fast pace, in line with the increasing demand by the population —a process that was more marked during the pandemic— added to the measures implemented in due time by the BCRA.

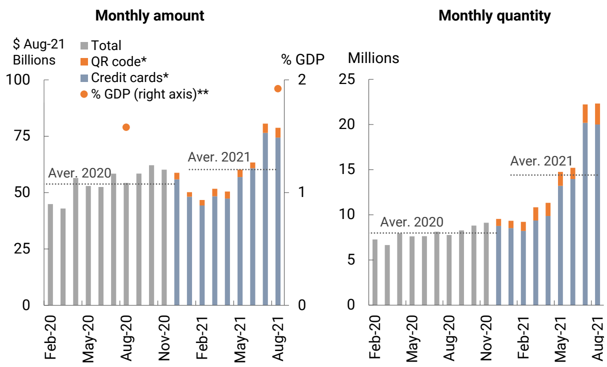
During August, and in part due to seasonal factors, online transfers (which include both instant transfers and online crediting transfers) went down against July, in terms of both numbers and amounts in real terms. In year-on-year terms, the number of online transfers in pesos increased 86.8% and the amounts in real terms went up 29.6% (see Chart 19). This year-on-year momentum was evident in both online crediting transactions (365.1% y.o.y. in number and 137.2% y.o.y. in amount in real terms) and instant transfers (30.5% y.o.y in number and 18.9% y.o.y. in amount in real terms) and, within instant transfers, the performance of the Mobile Banking has been especially remarkable (97% y.o.y. in number and 51.1% in amount in real terms).[19]

Chart 19 | Online transfers: instant transfers and online crediting transfers



Source: BCRA. IT: immediate transfers. Note: IT are made through Link and Banelco. The online transfers of credit associated to transfers with a CVU (Clave virtual Uniforme) are made through COELSA. *Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally adjusted.

Chart 20 | Payments by transfer
Initiation methods



Source: BCRA. Note: operations of payment started with debit cards and qr code. Information consolidation with PEI program. *Information available since Dec-20. ** Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally adjusted.

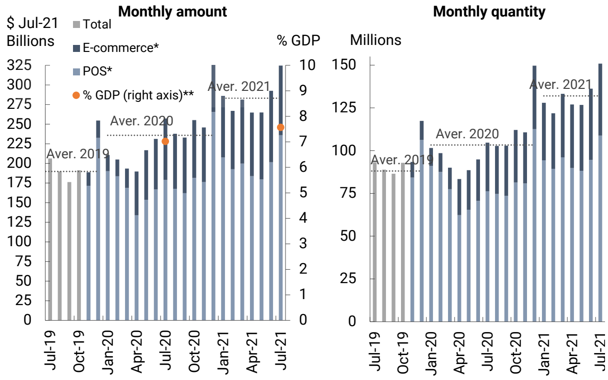
In August, the number of payments by transfer[20] increased slightly, even though the amounts in real terms dropped if compared to the figures recorded in July. Over the months, the payments made via QR code exhibited a relatively higher momentum than payments made via cards, even though QR payments still account for a limited portion of total payments via transfer (10.4% in

19 The "online crediting transfers" include transactions with immediate crediting associated with transactions having uniform virtual codes (CVU), which are managed by the Electronic Clearing House (COELSA). In turn, instant transfers are transactions with immediate crediting which are managed by Link and Banelco networks.
20 Payments by transfer represent a group of transactions other than online transfers. They refer to payments made with debit card credentials and with open QR codes, and at the same time they consolidate information previously submitted as Immediate Electronic Payment (PEI).

number of transactions and 5.5% in amount).[21] Against the same period of 2020, total payments by transfer went up in number (187.4%) and in amount in real terms (45%, see Chart 20).

In July (latest information available), transactions with debit cards increased against June in both number and amount in real terms, within a context characterized by seasonal factors. Onsite transactions showed a better relative performance over the period, in part due to the process of removal of the restrictions implemented due to the pandemic context (see Chart 21). In a year-on-year comparison, the transactions made with debit cards went up both in number (44.2%) and in amount in real terms (26.2%), and this momentum was mainly driven by electronic transactions (+48.4% in number and +13.4% in amount in real terms).

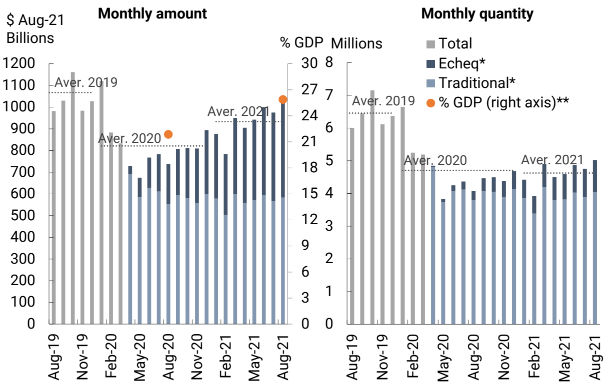
Chart 21 | Debit card transactions



Source: BCRA. *Desegregation available from Nov-19. ** Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally adjusted.

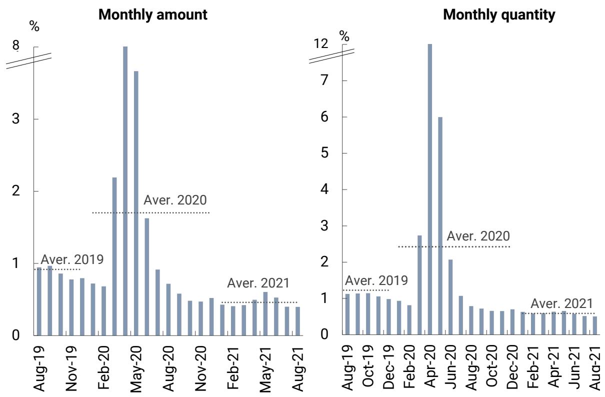
In August, the total clearing of checks rose on a monthly basis, in terms of both number and amount in real terms, standing at levels above the average of 2021. Over the month, the relative growth of electronic checks (ECHEQs) was higher than the growth recorded by physical instruments. Against the same month of 2020, the total clearing of checks went up in number

Chart 22 | Cleared checks



Source: BCRA. *Desegregation available from Apr-20. **Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally adjusted.

Chart 23 | Bounced checks for insufficient funds



Source: BCRA. Note: Including bouncing of traditional checks and Echeqs

(23.1%) and in amount in real terms (39,7%), with a remarkable contribution by ECHEQs that, in August, accounted for 19.5% in number and 43.4% in amounts (see Chart 22).

21 With reference to payments started via QR code, the BCRA has recently ordered that, for the current accounts established in the rules about "Regulation on bank current accounts" of natural or legal persons, and all Payment Service Providers Offering Payment Accounts (PSPOCP) for the payment accounts the holders of which are legal persons, all financial institutions must authorize QR codes regulated according to the standards defined by the BCRA that allow them to receive payments by transfers. For further detail, see Communication "A" 7362.

The bouncing of checks for insufficient funds relative to total cleared checks continues to stand at limited levels (see Chart 23). Specifically, in August, there was a slight drop in this indicator in terms of the number of checks transacted (-0.01 p.p. of total cleared checks to 0.5%), while there were no significant changes in terms of amount (standing at a level of 0.4%). Consequently, the current levels stood below the annual average and also below the average observed in the same month of 2020.