Report on Banks

August 2021

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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

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Published on October 28, 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

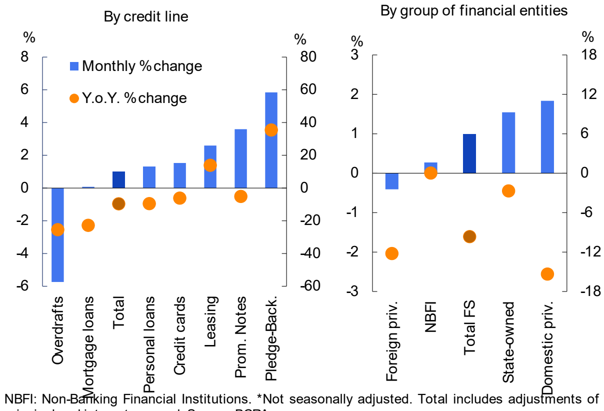
- In August, there was an increase in the financial intermediation activity of the ensemble of institutions with the private sector. The aggregate financial system continued to sustain a high coverage against the various risks taken, while the use of the various electronic payment tools continued to be on the rise in line with measures adopted by the BCRA to such effect.
- Over the month, the stock of loans to private sector in pesos went up 1% in real terms (+3.5% in nominal terms); this evolution was observed in most credit lines and was promoted by both domestic private and state-owned financial institutions. The monthly increase in loans in pesos was especially due to the effect of the Credit Line for Productive Investment (LFIP) for micro, small and medium-sized enterprises (MSMEs). The loans channeled via this tool have resulted into total disbursements for nearly $1.04 trillion from October 2020 to September 2021, benefitting around 160,000 companies.
- In order to invigorate a balanced and sustained economic recovery throughout the country, the BCRA has recently adopted a series of measures mainly focused on the productive sectors hardest hit by the pandemic. In early October, the BCRA re-launched the LFIP Credit Line intended for MSMEs for the period 2021-2022. In this new quota of the LFIP, the benefits provided to productive sectors have been extended even more. Specifically: i) the MSMEs involved in the production of meat and/or milk have been included in the credit line and will be able to access both types of lines; ii) the MSMEs and non-MSMEs producing poultry and/or pork meat will continue to be eligible to receive financing and they will have access to loans for investment in capital goods; iii) additional benefits are provided to companies operating in the sectors of gastronomy, hospitality, cultural and entertainment services, which will be able to access the Working Capital Line and will have a 6-month grace period before paying the first installment of their credit line.
- In August, the non-performing ratio of loans to private sector dropped slightly to 5.3%, due to the combined effect of the increase in the total stock of loans in real terms and the drop of the non-performing stock of loans in real terms. Since last April, the evolution of the indicator has been explained in part by the gradual reduction and the specific focus of the financial relief measures implemented by the BCRA, after the recovery of the economic activity. In turn, total provisions of the ensemble of financial institutions in terms of the non-performing portfolio stood at 108.4% over the month, up 0.6 percentage points (p.p.) against July (-10.4 p.p. year-on-year (y.o.y.)).
- The stock of private sector deposits in pesos went up 1.4% in real terms in August (+4% in nominal terms), with domestic private financial institutions posting a greater relative momentum. The stock of sight accounts grew 1.6% in real terms against July (+4.1% in nominal terms), while time deposits increased 1.1% in real terms (+3.6% in nominal terms). The evolution of time deposits was mainly accounted for by the traditional segment (non-UVA deposits), which went up 2.2% month-on-month (m.o.m.) in real terms.
- In August, broad liquid assets accounted for 68.6% of total deposits at aggregate level (65.4% for the segment in pesos and 83.5% for items in foreign currency), up 1 p.p. and 2.6 p.p. against last July and against the same month of 2020, respectively.
- The solvency ratios of the sector increased over the month. The Regulatory Capital (RC) in terms of the risk-weighted assets (RWAs) went up 0.8 p.p. to 26.4% at systemic level in August (+2.8 p.p. y.o.y.). The capital position (RC minus the regulatory requirement) of the aggregate financial institutions rose by 9 p.p. over the month to 224% of the regulatory requirement. The ratio between the capital surplus position and the loans to private sector net of provisions reached 33.3% in August, up 1.2 p.p. against July and well above the average of the last ten years (13.9%).
- In the first eight months of 2021, the total comprehensive income in homogeneous currency accrued by the financial system was equivalent to 1% annualized (a.) of assets (ROA) and 6.4%a. of equity (ROE). In recent months, there has been some recovery in the sector's profitability indicators, even though they continue to be lower than those observed in 2020.
- In the third quarter of 2021, the electronic means of payment continued to gain ground and grew at an outstanding pace. The amount transacted via online transfers has accumulated a 28% rise in real terms in the last 12 months (September 2021, latest information available). Regarding transactions with checks, the year-on-year increase in clearing was virtually entirely explained by electronic checks (ECHEQs), which accounted for around 45% of the amount cleared in September).

I. Financial Intermediation Activity

In August, there has been an increase of the aggregate financial system's intermediation activity with the private sector. Taking into account the main changes in the aggregate balance sheet of the ensemble of financial institutions in pesos —in homogeneous currency—,[1] there has been an increase in the private sector's stock of deposits and, to a lesser extent, there was also a reduction in the financing to the public sector. The impact of these changes was mainly offset by increases in broad liquidity in real terms and in the stock of loans to private sector in real terms. In turn, the main changes in the segment of items in foreign currency —expressed in currency of origin— were an increase in private sector deposits and a rise in liquidity in this denomination.

In August, the stock of loans to the private sector went up 1% in real terms against July (+3.5% in nominal terms).[2] With the exception of overdrafts, all credit lines were on the rise over the period (see Chart 1). This growth was primarily driven by domestic private and state-owned financial institutions. In a year-on-year comparison, the stock of loans to private sector in pesos went down 9.7% in real terms (+36.8% in nominal terms) in August, while a sharper relative drop was observed in domestic and foreign private financial institutions.[3]

Chart 1 | Stock of loans to private sector in pesos
In real terms*



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

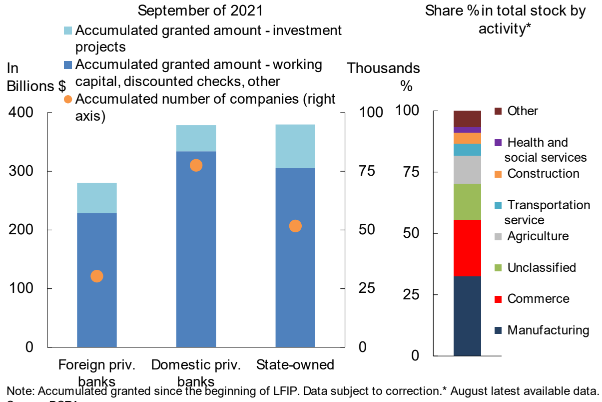
The monthly increase of loans in pesos was driven by the "Credit Line for Productive Investment (LFIP)" of MSMEs.[4] The loans channeled via this tool have resulted in total disbursements for nearly $1.04 trillion from October 2020 to September 2021, benefitting around 160,000 companies. The state-owned and domestic private institutions have accounted for 36.6% and 36.4% of the total amount disbursed, respectively, while foreign private institutions have explained 27% (see Chart 2). It is estimated that nearly 33% of these resources were provided to industry, followed by commerce (23.1%) and agriculture (11.4%).

It is worth mentioning that, in order to invigorate a balanced and sustained economic recovery throughout the country, the BCRA has recently adopted a series of measures mainly focused on the productive sectors hardest hit by the pandemic.[5] In particular, in early October, the BCRA has re-launched the "Credit Line for Productive Investment of MSMEs" mainly intended for the industrial and services sectors for the period 2021-2022. The eligible financial institutions must keep, as from

1 Differences of the balance sheet stock expressed in homogeneous currency. Information taken from the Monthly Accounting Reporting System (August 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".
5 See Communication "A" 7369. Press Release of September 30, 2021 and Press Release of October 2, 2021.

October 2021 and until late March 2022, a stock of financing that must be equivalent to at least 7.5% of their non-financial private sector deposits in pesos corresponding to September 2021.[6] In line with the terms and conditions applicable to the loans provided in the previous two quotas, the BCRA will keep a maximum nominal annual percentage rate of 30% for loans devoted to Investment in Capital Goods (with an average term of 2 years —weighted by maturity date—) and a maximum nominal annual percentage rate of 35% for financing intended for working capital. In this new tranche (quota) of the LFIP, the benefits provided to productive sectors will be broadened. Specifically: i) the MSMEs involved in the production of meat and/or milk have been included in the credit line and will be able to access both types of lines; ii) the MSMEs and non-MSMEs producing poultry and/or pork meat will continue to be eligible to receive financing and they will have access to loans for investment in capital goods; iii) additional benefits are provided to companies operating in the sectors of gastronomy, hospitality, cultural and entertainment services, which will be able to access the Working Capital Line and will have a 6-month grace period before paying the first installment of their credit line.

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



Note: Accumulated granted since the beginning of LFIP. Data subject to correction.* August latest available data.
Source: BCRA

Simultaneously, under the credit line at subsidized interest rates for companies registered with the “Emergency Assistance Program for Work and Production” (ATP),[7] 20,900 loans for a total amount of $14.27 billion have been granted so far.

Among the credit lines granted under favorable conditions, the BCRA implemented in August the “2021 Zero Interest Rate Credit Line” intended for workers under the Simplified Tax Regime for Small Taxpayers (RS). As from its implementation and until mid-October, nearly 135,000 loans for a total amount of $15.87 billion were granted.[8] It is worth mentioning that under the “2020 Zero Interest Rate Credit Line”,[9] around $66.5 billion were disbursed (plus an additional amount of $300 million granted under the “Culture Zero Interest Rate Credit Line”).[10]

As a result, it is estimated that as of July 2021, 19% of total loans in pesos provided to the private sector relied on some sort of stimulus designed by the BCRA in terms of reduced regulatory liquidity requirements for the financial institutions offering these credit lines.

In this context, it should be taken into account that the recent results of the Survey on Credit Conditions[11] corresponding to the third quarter of 2021 would indicate a moderate easing of the

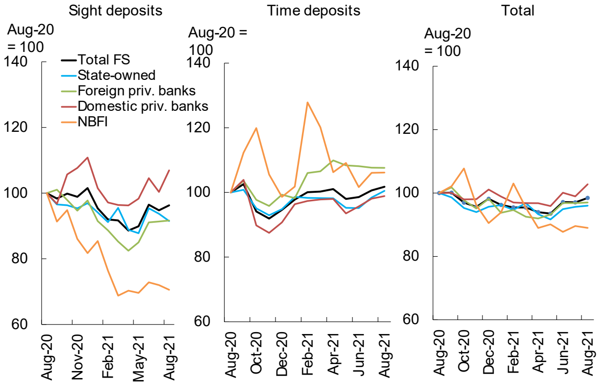
6 For the eligible financial institutions not belonging to Group A, the minimum percentage to be applied will be 25% of the estimated percentage.
7 See Communication “A” 7082 and Communication “A” 7102.
8 See Communication “A” 7342. According to this Communication and to Communication “B” 12.209, nearly $51 million corresponds to the refinanced amount of the “2020 Zero Interest Rate Credit Line”.
9 See Communication “A” 6993.
10 See Communication “A” 7082.
11 See Survey on Credit Conditions corresponding to the third quarter of 2021.

supply (credit standards) of loans to companies against the previous quarter (for all types of companies and financing terms). According to the answers received, the institutions explained that the improvement in the sector to which the companies belong, followed by an improvement in the current economic situation (and/or in the future perspectives) and the decision to expand their market share were the main factors behind this evolution. With reference to the perceived credit demand, the participating institutions reported a moderate drop in the perceived credit demand from large companies and a neutral position in the case of SMEs over the period, even though they expect an increase in credit demand in the next period.

Considering the segment in foreign currency, the stock of loans to private sector increased 0.2% —in currency of origin— in August, mainly due to the performance of domestic private institutions. Thus, the total stock of loans (in both domestic and foreign currency) to the private sector went up 0.7% in real terms over the month (+3.2% in nominal terms), accumulating a drop of 11.5% in real terms against the figure recorded one year ago.

Regarding the aggregate financial system's funding, the stock of private sector deposits in pesos went up 1.4% in real terms (+4% in nominal terms), with domestic private financial institutions posting a greater relative momentum (see Chart 3). Sight accounts grew 1.6% in real terms against July (+4.1% in nominal terms), even though there was a mixed performance across the various groups of institutions. In turn, the stock of time deposits rose by 1.1% in real terms (+3.6% in nominal terms), mainly accounted for by the performance of state-owned institutions. In particular, the segment of traditional deposits (non-UVA deposits) posted an increase of 2.2% in real terms, while UVA time deposits shrank 6.7% in real terms against July.

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



NBFI: Non-Banking financial institutions. Not seasonally adjusted. Source: BCRA

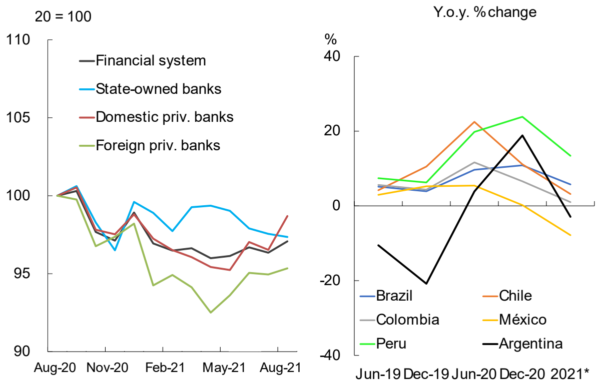
In August, the stock of private sector deposits in foreign currency grew 0.6% —in currency of origin— against July. Thus, the total stock of private sector deposits (including both domestic and foreign currency) posted a 1% increase in real terms over the period (+3.5% in nominal terms).

In year-on-year terms, the stock of private sector deposits in pesos has accumulated a drop of 1.6% in real terms (+49.1% in nominal terms). In turn, sight accounts contracted 3.7% y.o.y. in real terms (+45.8% y.o.y. in nominal terms), while time deposits went up 1.7% y.o.y. in real terms (+54.1% y.o.y. in nominal terms). On the other hand, the stock of public sector deposits in pesos rose by 2.5% y.o.y. in real terms (+55.3% y.o.y. in nominal terms). Consequently, total deposits in pesos (considering both the public and the private sectors) dropped 0.5% y.o.y. in real terms (+50.7% y.o.y. in nominal terms), while total deposits (considering both sectors and all currencies) shrank 3.5% y.o.y. (+46.2% y.o.y. in nominal terms).

II. Aggregate Balance Sheet Evolution and Composition

In August, the stock of the financial system's total assets went up 0.8% in real terms against July, with the domestic private institutions exhibiting a greater momentum (see Chart 4). In year-on-year terms, the sector's assets shrank 2.9% in real terms, with the foreign private institutions exhibiting the sharpest relative drop. This year-on-year performance occurred after the significant increase observed in 2020, mainly due to the growth of loans in pesos and the rise of LELIQs and repos (as a compensation for the monetary sterilization carried out by the BCRA, after the issue of pesos intended in part for the National Executive Branch (PEN) to provide funds for the extraordinary programs required to counteract the effects of the pandemic). In general, in other financial systems of the region, the year-on-year pace of growth of total assets moderated in 2021 (according to the latest information available, see Chart 4) if compared to the figures recorded in 2020 (and in some cases, such as Mexico, there was even a reduction in the year-on-year growth of assets in 2021).

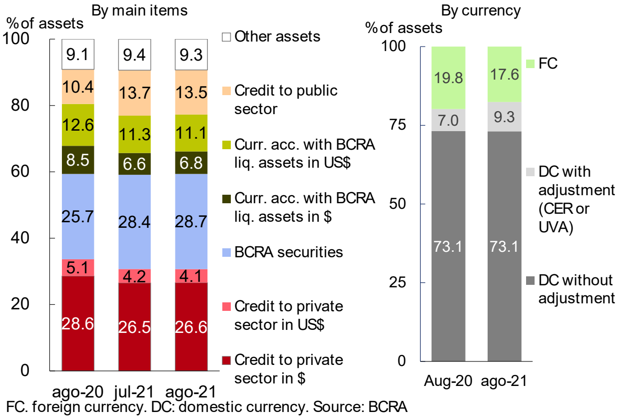
Chart 4 | Financial system's total assets
In real terms



* Latest available information.
Source: BCRA y IMF

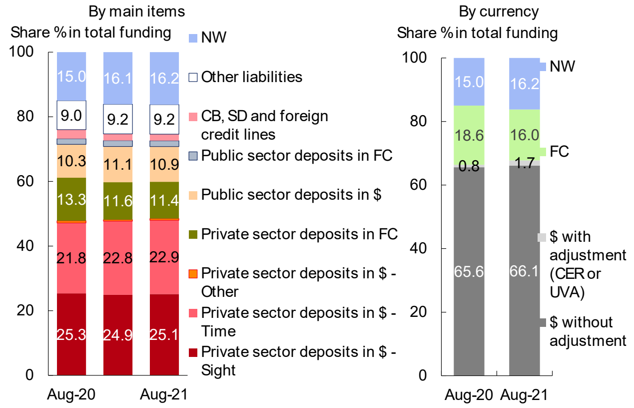
Regarding the components of the total stock of assets of the ensemble of financial institutions, in August there was a slight increase in the share of liquid assets in domestic currency (BCRA's instruments, current accounts held at the BCRA and other cash and cash equivalents). In turn, the relative share of loans to public sector contracted in total assets, while the other items did not exhibit significant changes over the month. Taking into account the composition of the financial system's total funding by currency, there was an increase in the share of CER-adjusted items (including those denominated in UVA), even though starting from low levels, in the last 12 months and accounted for 9.3% in August (see Chart 5). Conversely, the share of items in foreign currency lost ground in total assets over the last year. In turn, assets in pesos (without any adjustment) kept their relative share if compared to August 2020 and explain most of the total figure (73.1%).

Chart 5 | Composition of total assets
Financial System - Share %



FC. foreign currency. DC: domestic currency. Source: BCRA

Chart 6 | Composition of the system's total funding
In % of total funding (liabilities + net worth)

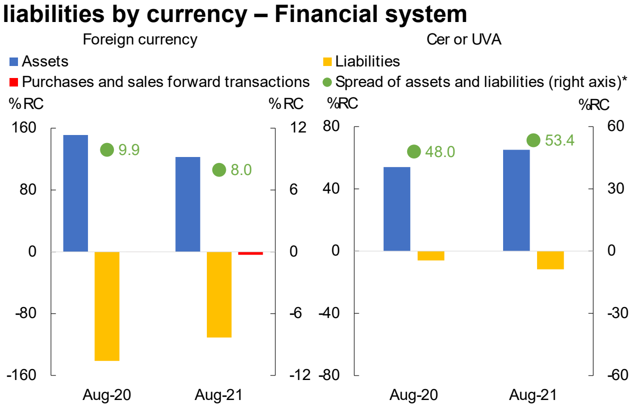


FC: Foreign currency. Source: BCRA

With regard to the items that make up the financial system's funding, there was an increase in the share of the stock of private sector deposits in domestic currency added to a reduction of the share of public sector deposits in the same currency and of the private sector deposits in foreign currency during August. Regarding the financial system's funding by currency, in year-on-year terms, there was a rise in the share of the items in pesos adjusted by CER or denominated in UVA and, to a lesser extent, of the items without any adjustment, in total funding; in turn, a decrease was observed in the share of items denominated in foreign currency (see Chart 6).

Considering the financial system's assets and funding by currencies and their differentials, the sector shows limited levels of exposure to the items in pesos with adjustment clauses and to items denominated in foreign currency (see Chart 7), in this last case within the framework of the prudential regulations in force. As part of their transactions, the ensemble of financial institutions may have currency differentials (between assets and liabilities that may be positive or negative). In this case, the sector is exposed to the fact that changes in the exchange rate and/or in the adjustment coefficients (CER) may impact on the results. In terms of differentials (assets – liabilities), it is estimated that, in August, the ensemble of financial institutions recorded a positive level of 53.4% of the regulatory capital for the items with capital adjustment by CER/UVA (+5.4 p.p. y.o.y.) and of 8% of the regulatory capital when considering assets and liabilities in foreign currency[12] (-1.9 p.p. y.o.y.).

Chart 7 | Estimate of differentials between assets and liabilities by currency – Financial system



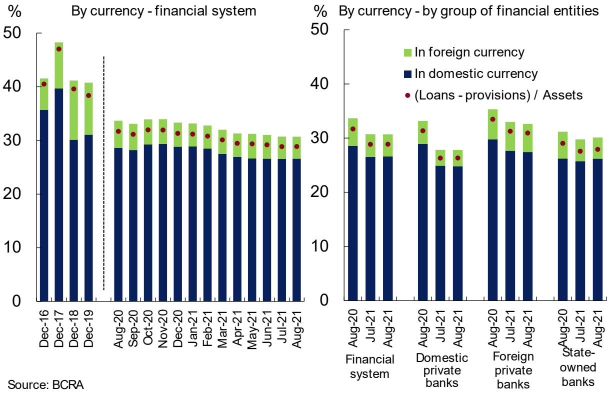
*In the case of the spread between assets and liabilities in foreign currency, purchase and sale forward transactions in such denomination are netted (classified off-balance sheet). Source: BCRA

12 Including purchase and sale forward transactions in foreign currency, classified as off-balance.

III. Portfolio Quality

In August, the gross exposure of the financial system to private sector (in both domestic and foreign currency) stood at 30.7% of total assets,[13] in line with the figure recorded in July (-3 p.p. y.o.y.). Just as it happened in previous months, this ratio increased in state-owned financial institutions and decreased in private institutions during August. When considering lending in pesos only, this indicator stood at 26.6%, slightly above the figure of July, and did not exhibit significant changes in a year-on-year comparison (-0.1 p.p. y.o.y.) (see Chart 8). Over the month, there was a slight decrease in the share of loans to private sector in foreign currency in total assets, down to 4.1% (-1.4 p.p. y.o.y.).

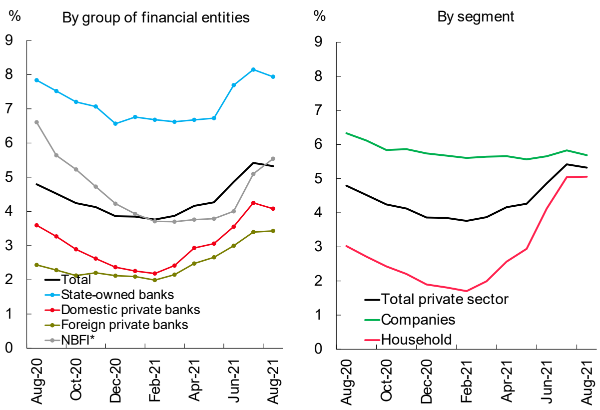
Chart 8 | Stock of loans to the private sector / Assets



Source: BCRA

After five months of growth, the non-performing ratio of loans to private sector decreased slightly in August (-0.1 p.p. against July), down to 5.3%, due to the combined effect of the rise of the total lending stock in real terms and the drop of the non-performing stock in real terms. This monthly drop was especially evident in state-owned and domestic private institutions (see Chart 9). It must be considered that the evolution of this ratio as from last April was due in part to the gradual reduction and specific focus of the BCRA's financial relief measures. So far, in terms of the deferral of debtors' unpaid installments to the end of the lifetime of the loans, it is worth mentioning that the measure related to the assistance granted to employers registered with the Productive Recovery Program II (REPRO II[14]) is still effective.

Chart 9 | Non-performing loans to the private sector
Non-performing financing / Total financing (%)



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

In August, the non-performing ratio of loans to households stood at 5.1% of such portfolio (see Chart 10), in line with the figure recorded in July (+2 p.p. y.o.y.), without significant changes across the various credit assistance lines. In turn, the non-performing ratio of loans to companies stood at 5.7% over the period, slightly below (-0.1 p.p.) the figure recorded in July (-0.6 p.p. y.o.y.).

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13 This ratio reached 28.9% if credit to the private sector is netted from the stock of accounting provisions.
14 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)".

Chart 10 | Non-performing loans to the private sector
Non-performing financing / Total financing (%)

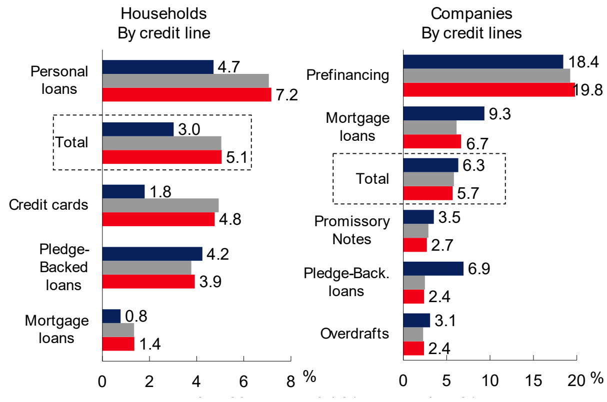
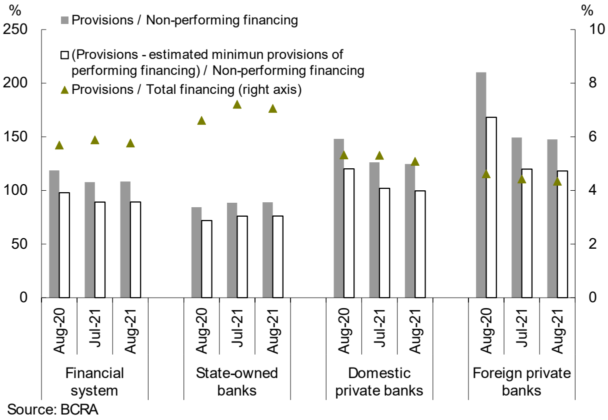


Chart 11 | Loans to the private sector and provisions
By group of institutions

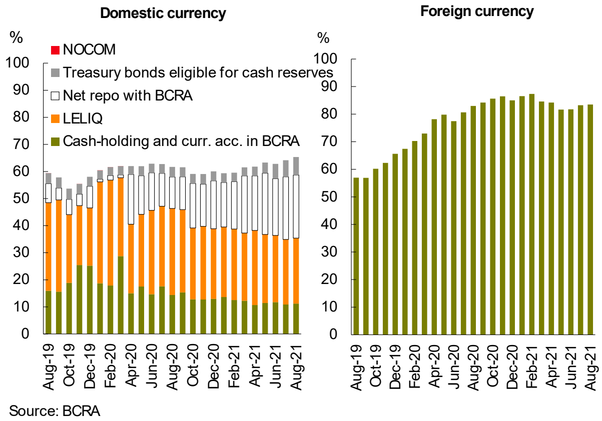


At aggregate level, total provisions of the financial system accounted for 5.8% of total lending to private sector in August, without significant changes against July (-0.1 p.p.) and in year-on-year terms (+0.1 p.p. y.o.y.) (see Chart 11). Total provisions relative to the non-performing portfolio of loans stood at 108.4% over the month at systemic level, up 0.6 p.p. against July (-10.4 p.p. y.o.y.). In turn, the stock of regulatory provisions attributable to the non-performing portfolio (according to the criteria set by the rules on regulatory minimum provisions for loan loss exposure) accounted for 89.3% of such portfolio for the ensemble of financial institutions in August.

IV. Liquidity and Solvency

In August, the broad liquidity ratio[15] of the ensemble of financial institutions accounted for 68.6% of total deposits (65.4% considering the segment in pesos and 83.5% for the items in foreign currency, see Chart 12), up 1 p.p. against the level recorded in July (+1.2 p.p. for the segment in pesos and +0.2 p.p. for the items in foreign currency). There was an increase in the share of all the components of the broad liquidity in pesos in terms of total deposits between ends of month. In the last 12 months, the broad liquidity ratio went up 2.6 p.p. at aggregate level, a change that was mainly driven by the performance of the segment in pesos and which was largely evident in domestic private financial institutions.

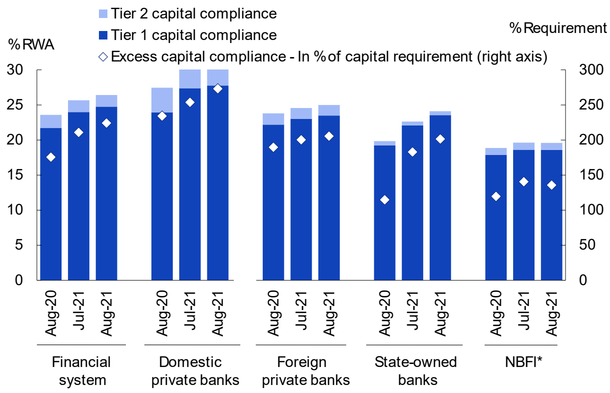
Chart 12 | Financial system liquidity
In % of deposits



[15] Liquid assets, regulatory liquidity requirements, and BCRA instruments, in domestic currency and in foreign currency.

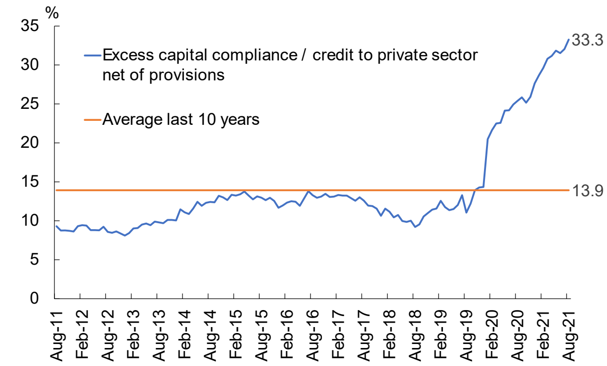
Regarding the sector's solvency indicators, the Regulatory Capital (RC) of the financial system increased 0.8 p.p. in terms of the risk-weighted assets (RWAs), up to 26.4% (+2.8 p.p. y.o.y.) (see Chart 13) over the month, marking a momentum that was widespread across all groups of financial banking institutions. The monthly increase of this ratio was explained by a 3.3% rise of RC in real terms, while the RWAs went up 0.2% in real terms over the period. Compliance with Tier 1 capital requirement —with more capacity to absorb potential losses— continued to account for over 90% of total regulatory capital of the ensemble of financial institutions. The capital surplus position (RC minus the minimum regulatory capital requirement in terms of regulatory compliance) for the aggregate of the sector totaled 224% over the month, up 9.2 p.p. against July (within a framework of a higher relative growth of the regulatory capital over the minimum capital

Chart 13 | Compliance with regulatory capital
By group of financial institutions



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

Chart 14 | Capital surplus position in terms of loans to the private sector net of provisions
Financial system

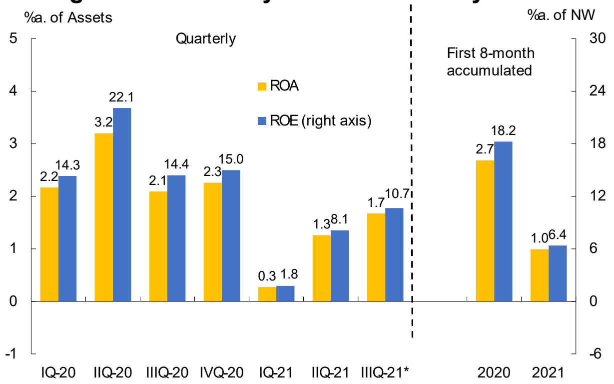


Source: BCRA

requirement recorded) and up 48.6 p.p. against the same period of 2020.

The ratio between capital surplus position and loans to private sector net of provisions stood at 33.3% for the aggregate of the financial system in August, up 7.9 p.p. in a year-on-year comparison and quite above the average of the last 10 years —13.9%— (see Chart 14). The year-on-year evolution of this ratio shows the combined effect of an increase in the capital surplus position (15.7% y.o.y. in real terms) and a drop of loans net of provisions (-11.6% y.o.y. in real terms).

Chart 15 | Total comprehensive income in homogeneous currency of the financial system



Source: BCRA. *up to August of 2021.

With regard to the sector's profitability indicators, there has been a moderate increase in monthly indicators in recent months, even though the accumulated figure for 2021 still stands at levels below those observed in 2020 (see Chart 15). In the first eight months of 2021, the total comprehensive income in homogeneous currency was equivalent to

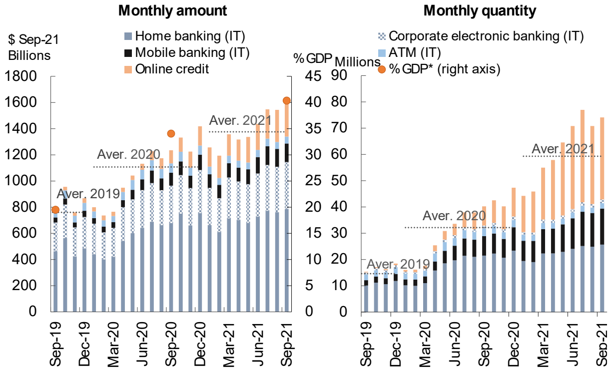
1%a. of assets (ROA) and to 6.4%a. of equity (ROE). These levels were lower than those recorded one year ago: -1.7 p.p. for ROA and -11.9 p.p. for ROE.

V. Payment System

The electronic means of payment have continued to grow at a remarkable pace during the first nine months of the year, mainly due to both an increasing demand by persons and an increasing offering of channels and instruments available. This dynamics is consistent with the incentives driven by the BCRA on the matter.

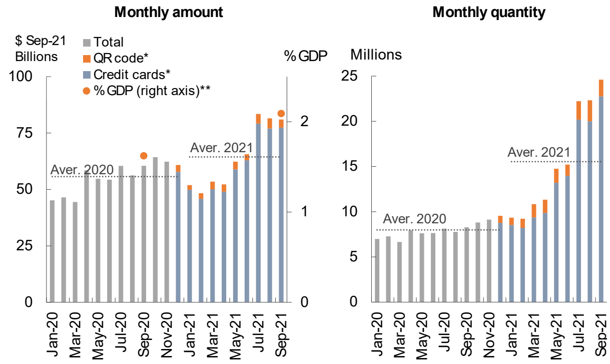
In September, online transfers (which include both instant transfers and online crediting transfers) posted a rise against August, in terms of both numbers (+4.6%) and amounts in real terms (+3.2%). This performance was observed in both online crediting transactions and instant transfers.[16] In year-on-year terms, the number of online transfers expanded 84%, while amounts grew 28% in real terms. Consequently, it is estimated that online transfers accounted for 40.4% of GDP when considering annualized amounts of the last three months (up 2.7 p.p. against the same month of 2020, see Chart 16). Within the segment of instant transfers, the year-on-year performance of Mobile Banking has been especially remarkable (with increases of 85% in number and 44% in amount in real terms). Thus, these transactions have continued to gain share in the segment of instant transfers and accounted for 32% of the number of transactions made in September (up 9.5 p.p. against the same month of 2020) and for 11% in terms of amount (+2 p.p. against the same month of 2020).[17]

Chart 16 | 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 17 | 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.

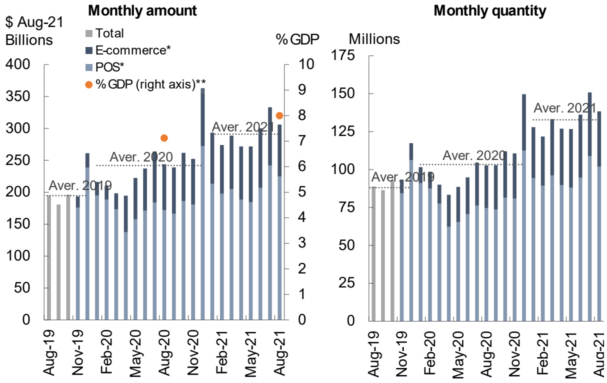
In September, payments by transfer increased in number (+10.2%) and slightly decreased in amount in real terms (-0.6%).[18] Over the month, payments made with cards exhibited a relatively

16 “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.
17 Mobile Banking transactions include transactions via electronic wallets. In September, there was an increase in the relative share of wallets corresponding to state-owned banks.
18 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).

greater momentum than payments made with QR code. Against the same month of 2020, (total) payments by transfer went up in number (197.2%) and in amount in real terms (33.9%, see Chart 17).

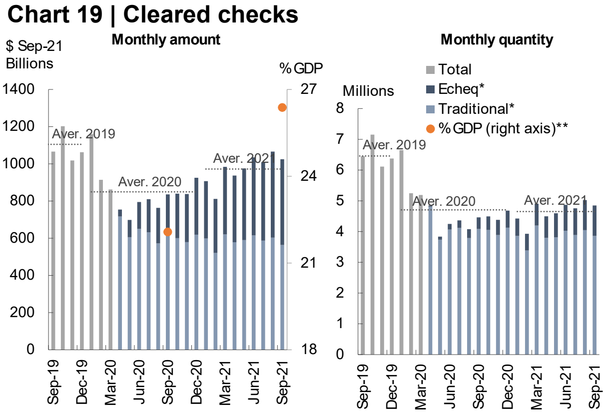
After the peaks that are usually seen in July, there was a decrease in the transactions made with debit cards in August (latest information available). In year-on-year terms, transactions via debit cards grew in number (34.7%, see Chart 18) and in amount in real terms (21.2%). This evolution was due to both onsite and electronic transactions. Therefore, it is estimated that transactions using debit cards accounted for 8% of GDP (up 1 p.p. against the same month of 2020).

Chart 18 | 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.

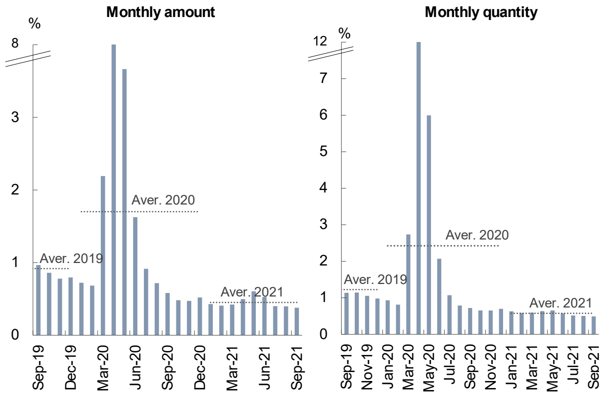
Chart 19 | Cleared checks



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.

In September, total clearing of checks in terms of both number and amount contracted against the previous month, even though they stand above the average figures of 2021 (see Chart 19). The monthly reduction in the clearing of checks was mainly due to the performance of physical instruments. Relative to the same month of 2020, total clearing of checks increased in number (8.7%) and in amount in real terms (22.6%), an evolution that was entirely explained by electronic checks (ECHEQs) (162% y.o.y. in number and 110% in amount in real terms). Consequently, in September, ECHEQs accounted for 20.4% of the total number of cleared checks (+12 p.p. against the same month of 2020) and 45% of the total cleared amounts (+18.8 p.p. against the same month of 2020). In this respect, as a consequence of the performance of ECHEQs, it is estimated that there was an increase in the share of check clearing in terms of GDP in recent months (up to 26.4%, + 4.3 p.p. y.o.y.).

Chart 20 | Bounced checks for insufficient funds



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

In September, the ratio between the bouncing of checks for insufficient funds and total cleared checks continued to stand at limited levels.[19] This ratio contracted slightly against August (-0.01 p.p. to 0.49% in number and -0.02 p.p. to 0.38% in amount, see Chart 20), thus standing at levels lower than the average of 2021. Against the same month of 2020, the ratio related to the bouncing of checks went down in number (-0.23 p.p.) and in amount (-0.2 p.p.).

[19] It considers both physical instruments and electronic checks.