Report on Banks

November 2021

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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Published on January 26, 2022.
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 November, lending to the private sector went up once again in real terms for the fourth consecutive month, within a context of adequate liquidity margins, capital and provisioning of the financial system. In turn, the use of the various electronic means of payment continued to be on the rise over the period, in line with a higher demand by users and boosted by the measures implemented by the BCRA on the matter.
- The stock of loans in pesos to the private sector increased 4.9% in real terms in November (+7.5% in nominal terms), and this evolution was widespread across the various groups of financial institutions and in most credit lines. Within the framework of the credit stimulus measures implemented by the BCRA throughout the year, over $1.5 trillion were disbursed under the “Credit Line for Productive Investment of Micro, Small and Medium-Sized Enterprises (MSMEs) (LFIP)” to over 209,300 companies.
- In November, the private sector’s non-performing ratio of loans totaled 4.6% for the ensemble of institutions, down 0.3 p.p. against October. The decrease occurred in a context of a drop in the non-performing stock of loans (-1.5% in nominal terms and -4% in real terms) and an increase in the total stock of lending (+5.1% in nominal terms and +2.6% in real terms). The drop of the non-performing ratio included both loans to households and to companies. Total provisions were equivalent to 5.1% of total loans to the private sector and to 112.1% of the non-performing portfolio of loans.
- Payment transactions via electronic channels recorded a positive performance throughout 2021. The amount of instant transfers accumulated a 37.7% year-on-year (y.o.y.) growth in real terms (105.5% y.o.y. in number) as of December 2021. Between ends of year, the monthly clearing amount of electronic checks (ECHEQs) went up 111% in real terms (134% in number), posting an increase in their share in total cleared checks and reaching 47.3% and 22.9% in terms of total amount and number in December, respectively. In turn, interoperable transactions initiated via a QR code, within the framework of the 3.0 Transfer initiative, are giving support to a sustained growth in the use of digital payments by users. Thus, since late November 2021 to mid-January 2022 (latest information available), there were 2.01 million interoperable transactions with QR code for a total amount of $3.51 billion.
- In November, the stock of private sector deposits in pesos went down 0.3% in real terms (+2.2% in nominal terms). The monthly performance was mainly explained by time deposits, which went down 1.4% in real terms (+1.1% in nominal terms). In turn, sight accounts went up 0.5% in real terms over the period (+3% in nominal terms). In year-on-year terms, the private sector stock of deposits in pesos rose 4.3% in real terms (+57.6% in nominal terms), with increases in both time deposits and sight accounts.
- The broad liquidity of the financial system totaled 68.5% of total deposits in November, down 0.8 percentage points (p.p.) against the figure recorded in October (+4.3 p.p. y.o.y.). Regarding the liquidity ratios defined by the Basel Committee (“LCR” and “NSFR”), the group of institutions subject to the regulation (Group A) continued to sizably exceed the minimum values required at domestic level and recommended by the international standards.
- Solvency indicators for the aggregate financial system continued to be relatively high in November, if compared to the average of the last 10 years. The Regulatory Capital (RC) in terms of risk-weighted assets (RWAs) totaled 25.7% at systemic level over the month (-0.5 p.p. month-on-month (m.o.m) and +2.5 p.p. y.o.y.). The capital surplus positions (RC minus the regulatory requirement) accounted for 216% of the minimum requirement over the period (-5.7 p.p. m.o.m. and +38.5 p.p. y.o.y.) at systemic level.
- From January to November 2021, the ensemble of financial institutions accrued a total comprehensive income in homogeneous currency equivalent to 1.1% of assets (ROA) and to 7% of equity (ROE). These levels stand below the levels recorded in the same period of 2020.

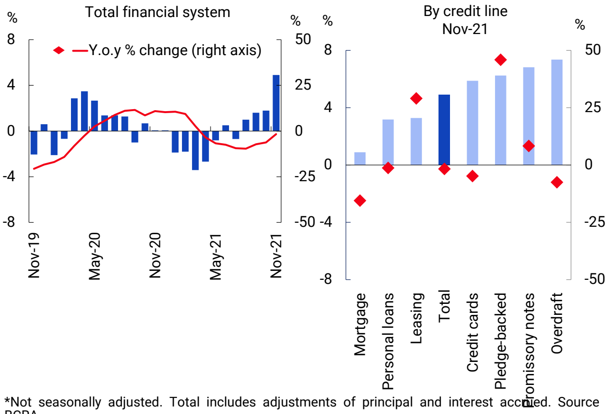
I. Financial Intermediation Activity

Lending in domestic currency to the private sector was on the rise again in November and accumulates four consecutive months of positive monthly changes in real terms. This performance was driven by the credit lines channeled to companies and also by the lines related to households' consumption.

Taking into account the main differences in the balance sheet of the aggregate financial system for the items in domestic currency[1] —expressed in homogeneous currency—, there was an increase in the stock of loans to both the private and the public sectors. This evolution occurred in a context characterized by a drop of broad liquidity in the ensemble of financial institutions. In turn, in the segment of items in foreign currency,[2] there was a decrease in both lending to the private sector and liquidity of the aggregate financial system. These last changes were accompanied by a reduction in the stock of private sector deposits in the same currency denomination.

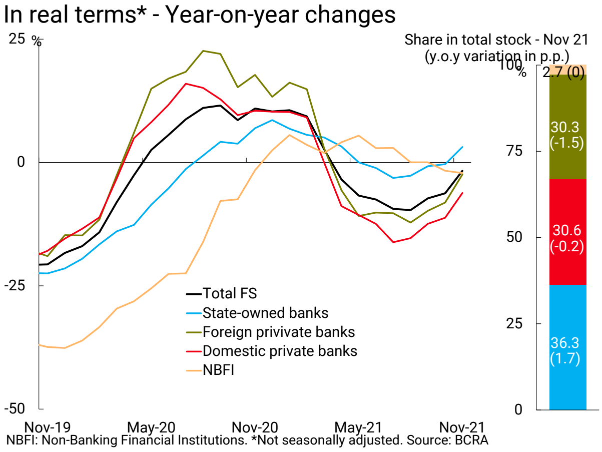
In November, the stock of loans in pesos to the private sector went up 4.9% in real terms against October (+7.5% in nominal terms)[3] (see Chart 1). All credit lines posted an increase in real terms over the period, but the segment related to companies (overdrafts, promissory notes and pledge-backed loans) and the segment of cards exhibited the highest relative momentum. Even though there was a widespread rise in credit across all groups of financial institutions, lending provided by domestic and foreign private institutions posted the highest increases in real terms over the period (5.8% and 5.5% in real terms, respectively). In year-on-year terms, the financial system's stock of loans in pesos to the private sector shrank 1.7% in real terms (+48.5% in nominal terms); in this respect, a recomposition is observed in the pace of the year-on-year change in most groups of financial institutions (see Chart 2).[4]

Chart 1 | Stock of loans to the private sector in pesos
In real terms* - Month-on-month changes



*Not seasonally adjusted. Total includes adjustments of principal and interest accrued. Source BCRA.

Chart 2 | Stock of loans to the private sector in pesos
In real terms* - Year-on-year changes

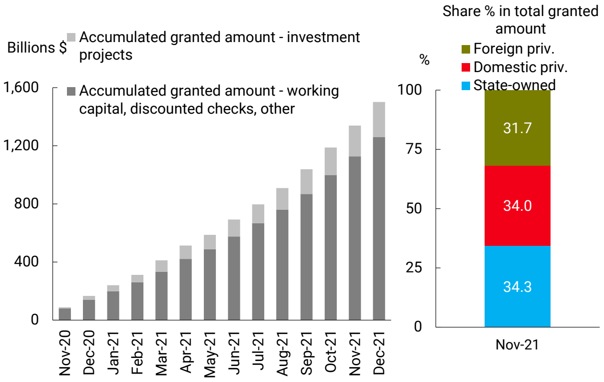


NBFI: Non-Banking Financial Institutions. *Not seasonally adjusted. Source: BCRA

1 Differences of the balance sheet stock expressed in homogeneous currency. Information taken from the Monthly Accounting Reporting System (November 2021, latest information available at the time of publication of this Report).
2 Expressed in currency of origin.
3 Including capital adjustments and accrued interest.
4 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".

Within the framework of the various credit stimulus measures implemented by the BCRA, over $1.5 trillion have been disbursed under the "Credit Line for Productive Investment of Micro, Small and Medium-Sized Enterprises (MSMEs)" [5] (LFIP) (see Chart 3), provided to over 209,300 companies. State-owned financial institutions accounted for 34.3% of the total amount granted, followed by domestic private banks (34%) and foreign private banks (31.7%).

Chart 3 | Credit Line for Productive Investment (LFIP) of MSMEs



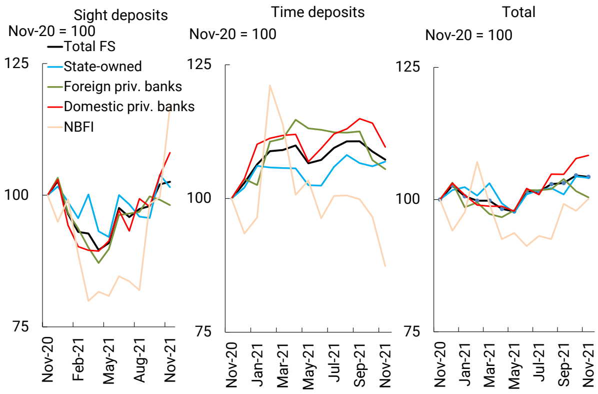
Note: Data up to end of each month. Data subject to correction. Source: BCRA

In addition, by means of the credit line at subsidized interest rates for companies registered with the "Emergency Assistance Program for Work and Production" (ATP),[6] around $14.2 billion were disbursed under 20,900 loans by late 2021.

In turn, under the "2021 Zero Interest Rate Credit Line", over $38.9 billion were disbursed until early January 2022, provided under 333,903 loans.[7] Consequently, the "2020 Zero Interest Rate Credit Line" plus the "2021 Zero Interest Rate Credit Line" have accumulated total disbursements for over $104.2 billion granted in loans as of such date.

Regarding the segment in foreign currency, the stock of loans to the private sector in this denomination contracted 13.6% in November against October —in currency of origin—, and the drop was widespread across all groups of financial institutions. In this context, the total stock of loans (in both domestic and foreign currency) went up 2.7% in real terms over the month (5.2% in nominal terms) and went down 6.2% in real terms in a year-on-year comparison.

Chart 4 | Stock of private sector deposits in pesos
In real terms*



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

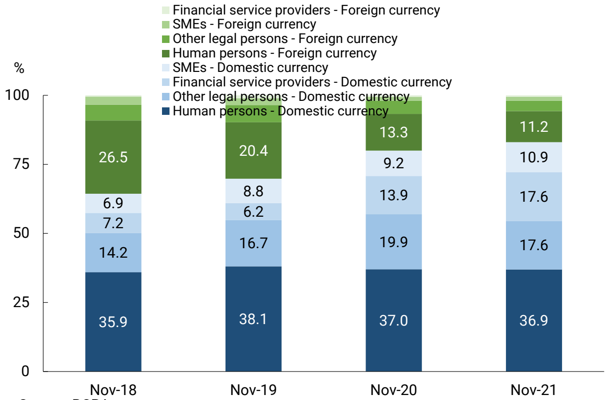
In terms of the funding of the aggregate financial system, the stock of private sector deposits in pesos shrank 0.3% in real terms (+2.2% in nominal terms) in November, posting a mixed performance across the various groups of financial institutions (see Chart 4). This evolution was mainly driven by time deposits, which went down 1.4% in real terms (+1.1% in nominal terms).[8] In turn, sight accounts rose

5 For further detail, see the Consolidated Text on the "Credit Line for Productive Investment of MSMEs".
6 See Communication "A" 7082 and Communication "A" 7102.
7 See Communication "A" 7342.
8 Traditional time deposits (without adjustment clause) dropped 2.5% in real terms over the month, while time deposits denominated in UVA dropped 1.1% in real terms (3.3% increase in real terms in the case of deposits with early cancellation option and 3.3% drop in the case of traditional deposits).

0.5% in real terms over the period (+3% in nominal terms).

On the other hand, the private sector stock of deposits in foreign currency contracted 4.7% —in currency of origin— in November. Thus, total private sector deposits (in domestic and foreign currency) dropped 1.3% in real terms against October (+1.2% in nominal terms).

Chart 5 | Stock of private sector deposits by type of depositor – Financial System – Share %



Source: BCRA

When breaking down private sector deposits by currency and type of client, it is observed that there has been an increase in the share of deposits in domestic currency during the last four years (see Chart 5). In particular, time deposits of the financial service providers have exhibited the highest relative rise over such period (to 17.6%).[9] Conversely, the share of deposits in foreign currency has lost ground in total deposits, and this performance has been mainly driven by lower deposits from natural persons in such denomination (to 11.2%). In turn, without posting significant changes in recent years, deposits in domestic currency from natural persons have continued to account for most private sector deposits (reaching 36.9%).

In order to continue reinforcing the conditions of monetary, exchange and financial stability, the BCRA has recently reshaped its monetary policy instruments. Consequently, it has decided to raise the interest rate of 28-day LELIQs from 38% to 40% nominal annual percentage rate (nominal APR). Simultaneously, it has also expanded the maximum limit on 28-day LELIQ holdings up to an amount pro rata the stock of private sector time deposits of each financial institution corresponding to the previous month. In turn, it has also created a new LELIQ for a 180-day term, at a fixed nominal annual percentage rate of 44%, while 7-day reverse repos have been gradually eliminated. Lastly, in order to pass-through the rise in the monetary policy interest rate to the return offered by time deposits in pesos, the BCRA has increased the interest rate minimum limits on time deposits: 39% nominal annual percentage rate for 30-day deposits by natural persons, and 37% nominal annual percentage rate for the rest of depositors.[10]

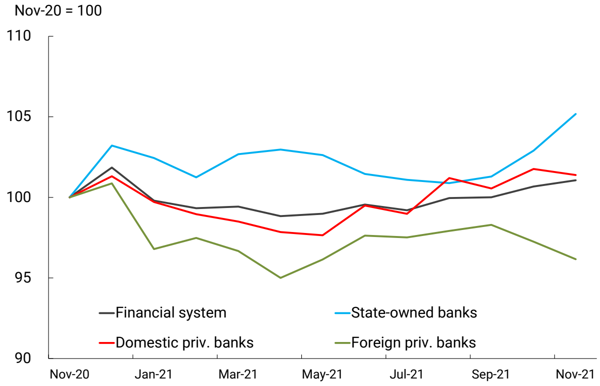
In a year-on-year comparison, the stock of private sector deposits in pesos increased 4.3% in real terms (+57.6% in nominal terms), with rises in both time deposits (+7.3% in real terms or +62.1% in nominal terms) and sight accounts (+2.5% in real terms or +54.9% in nominal terms). The stock of public sector deposits in domestic currency grew 9.3% y.o.y. in real terms (+65.2% y.o.y. in nominal terms). Thus, total deposits of the private and public sectors accumulated an increase of 5.6% y.o.y. (+59.6% y.o.y. in nominal terms). Consequently, the total stock of deposits in real terms (all currencies and both sectors) of the aggregate financial system went up 2.3% y.o.y. in real terms (+54.5% y.o.y. in nominal terms).

9 For further detail about this analysis, see Section 3.2 of the Financial Stability Report of December 2021.
10 See Communication "A" 7432 and Press Release of January 6, 2022.

II. Aggregate Balance Sheet Evolution and Composition

In November, the financial system's total assets grew 0.4% in real terms, posting an increase in state-owned financial institutions and drops in the remaining groups of banks (see Chart 6). In the last twelve months, the financial sector's assets went up 1.1% in real terms.

Chart 6 | Financial system's total assets
In real terms

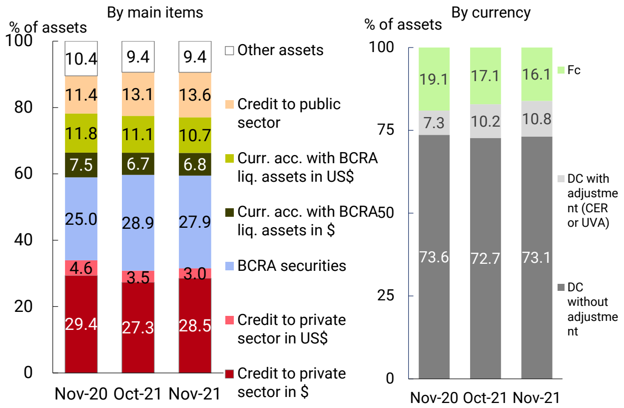


Source: BCRA

Regarding the components of the ensemble of financial institutions' total assets, there was an increase in the relative share of the stock of loans in pesos to the private sector in November, and, to a lesser extent, in the share of lending to the public sector. Conversely, the share of the remaining items related to assets contracted in the total (see Chart 7). A breakdown by currency shows an increase in the share of assets in domestic currency (with and without adjustment by CER), while the share of assets in foreign currency continued to drop.

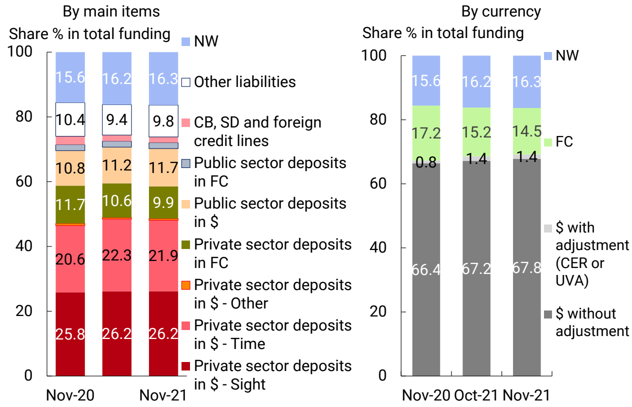
Regarding the weight of the main items making up the aggregate financial system's funding, public sector deposits in pesos went up in November, while private sector time deposits in pesos

Chart 7 | Composition of total assets
Financial System – Share %



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

Chart 8 | Composition of the system's total funding
In % of total funding (liabilities + net worth)



FC: Foreign currency. Source: BCRA

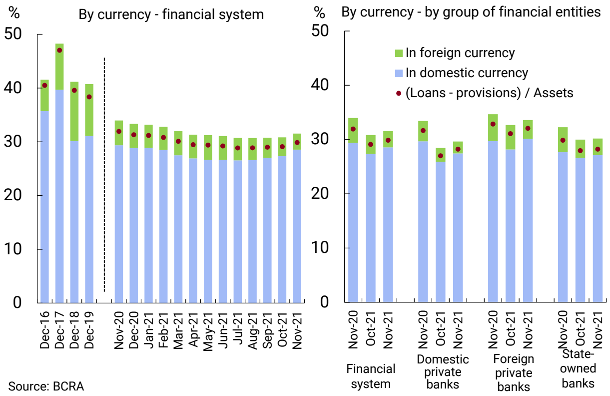
and total deposits in foreign currency of the private sector posted a contraction (see Chart 8). In this context, there was an increase in the relative share of the items in pesos without adjustment clause, accompanied by a decrease in the share of the foreign currency segment.

In November, the differential between assets and liabilities in foreign currency [11] of the financial system went down 0.5 p.p. of the regulatory capital, to 12.9% (-1 p.p. y.o.y.). In turn, it is estimated that the differential of items adjusted by CER (and/or denominated in UVA) accounted for 65.7% of the regulatory capital at systemic level, going up in both month-on-month and year-on-year terms (+3.9 p.p. and +16.8 p.p., respectively).

III. Portfolio Quality

In November, there was an increase in the financial system's exposure to the private sector. Loans to households and companies stood at 31.5% of assets (see Chart 9), up 0.7 p.p. against last October (reaching its top monthly increase in the last 12 months), and at -2.4 p.p. against the same period of 2020. This monthly evolution was largely evident among private banking financial institutions and was mainly explained by the performance of the domestic currency segment, which posted a share increase of 1.2 p.p. in total assets at systemic level to 28.5% (the relative share of lending in foreign currency went down 0.5 p.p. of assets over the month, to 3%).

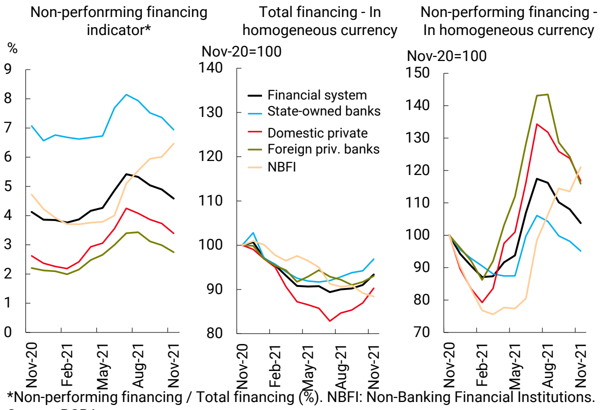
Chart 9 | Stock of loans to the private sector / Assets



Source: BCRA

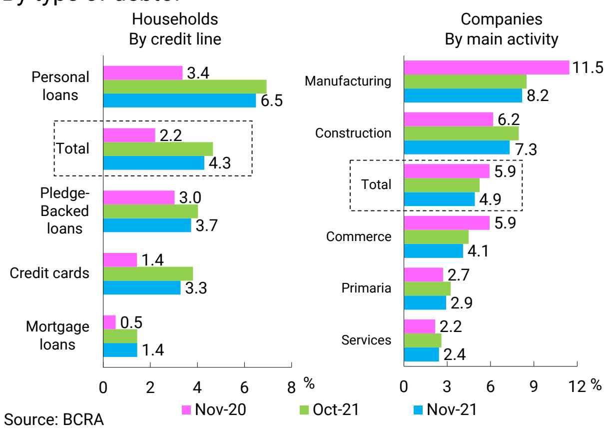
In November, the non-performing ratio of loans to the private sector totaled 4.6% for the ensemble of financial institutions, down 0.3 p.p. against October. The monthly performance of this ratio was due to the combined effect of a decrease in the non-performing stock of loans (-1.5% in nominal terms and -4% in real terms) and an increase in the total stock of lending to the private sector

Chart 10 | Non-performing loans to the private sector
By group of institutions



*Non-performing financing / Total financing (%). NBFI: Non-Banking Financial Institutions.
Source: BCRA

Chart 11 | Non-performing loans to the private sector
By type of debtor



Source: BCRA

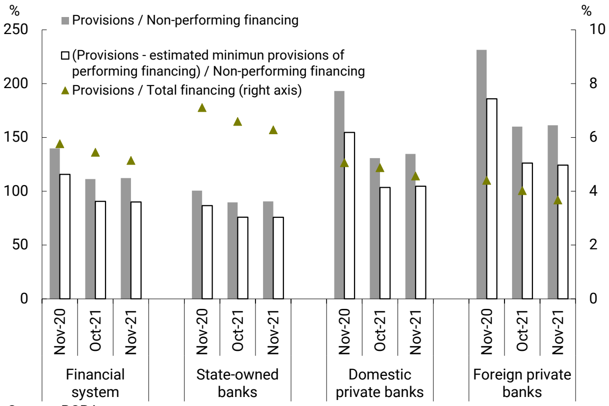
11 Including purchase and sale forward transactions in foreign currency, classified as off-balance.

(+5.1% in nominal terms and +2.6% in real terms, see Chart 10). The evolution of the credit portfolio quality has occurred in the current context of a targeted focus of the financial relief measures.[12] Except for Non-Banking Financial Institutions (EFNBs), during November, there was a contraction in the share of the non-performing ratio of all groups of financial institutions.

The non-performing ratio of loans to households contracted 0.4 p.p. m.o.m. to 4.3% at systemic level (+2.1 p.p. y.o.y.), and this performance was widespread across the various credit lines (see Chart 11). In turn, the non-performing ratio of loans to companies also contracted over the month: -0.3 p.p., to 4.9% for the ensemble of financial institutions (-1 p.p. y.o.y.). The portfolio quality of companies showed a monthly improvement in all economic sectors (see Chart 11).

Total provisions of the aggregate financial system continued to stand at high levels (see Chart 12). In November, total provisions accounted for 5.1% of total loans to the private sector (-0.3 p.p. m.o.m. and -0.6 p.p. y.o.y.) and for 112.1% of the non-performing portfolio of such sector and for the ensemble of financial institutions (+0.9 p.p. m.o.m. and -27.6 p.p. y.o.y.). In turn, the stock of regulatory provisions attributable to the private sector non-performing portfolio (according to the criteria set by the rules on regulatory minimum provisions for loan loss exposure) accounted for 90% of such portfolio over the month at systemic level.

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



Source: BCRA

IV. Liquidity and Solvency

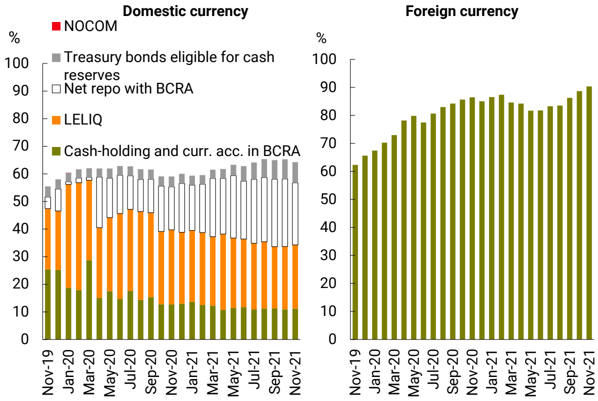
In November, liquid assets in a broad sense[13] of the financial system accounted for 68.5% of total deposits (64.3% for the items in pesos and 90.3% for the segment in foreign currency, see Chart 13), down 0.8 p.p. against October (-1 p.p. and +1.7 p.p. for the items in domestic currency and in foreign currency, respectively). Considering the composition of liquidity for the segment in domestic currency, the share of LELIQ holdings, of balances of current accounts held by the institutions at the BCRA and of national sovereign bonds admissible for compliance with the Minimum Cash Requirements increased slightly, while the share of net repo transactions with the

12 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)". As of today, the only measure effective for debtors is the deferral, to the end of the lifetime of the loan, of the unpaid installments of the loans granted to employers registered with REPRO II (which is out of the reclassification process).
13 It considers liquid assets, compliance with minimum cash requirements, and BCRA instruments, in domestic currency and in foreign currency.

BCRA dropped.[14] In a year-on-year comparison, the broad liquidity ratio (for total items in domestic and foreign currency) increased 4.3 p.p. at aggregate level.

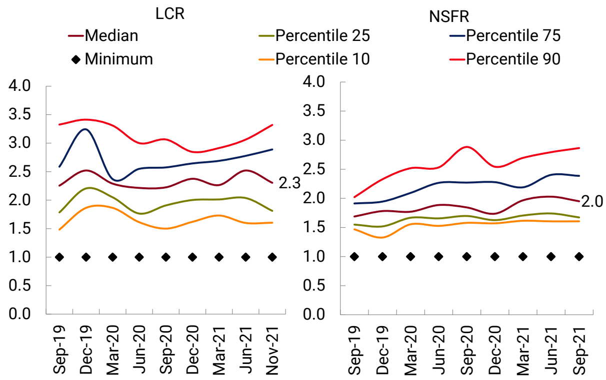
Regarding the liquidity ratios that follow the Basel Committee's recommendations, it was observed, during the month, that the group of institutions subject to compliance with these requirements (Group A) continued to post levels that are quite above the minimum values required at domestic level. As of November, the median of the Liquidity Coverage Ratio (LCR) stood at 2.3 (see Chart 14), while the median of the Net Stable Funding Ratio (NSFR) stood at 2 in September (latest information available) against a minimum required value of 1 for both ratios.[15]

Chart 13 | Financial system liquidity
In % of deposits



Source: BCRA

Chart 14 |Basel liquidity ratios

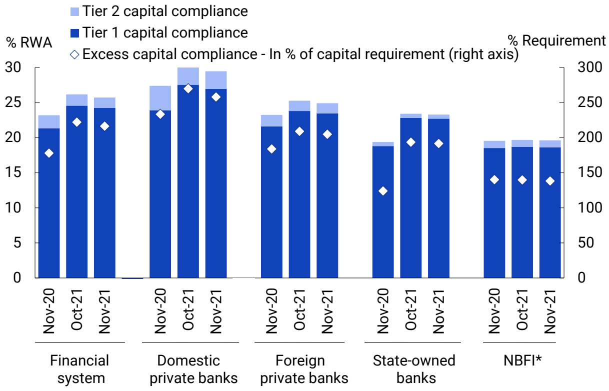


**The regulated entities belong to group A (Communication"A" 6538) and represented 88.1% of assets in Nov-21. Source: BCRA

Solvency ratios continued to stand at high levels in November, even though at a slightly lower level than in October. The Regulatory Capital (RC) dropped 0.5 p.p. in terms of risk-weighted assets (RWAs) for the aggregate financial system, and stood at 25.7% (+2.5 p.p. y.o.y., see Chart 15), within a context where lending went up significantly against the previous month. It is worth mentioning that over 94% of the regulatory capital is made up by Tier 1 Capital, with a greatest capacity to absorb potential losses. In turn, the capital surplus position (difference between RC and the regulatory minimum capital requirement) totaled 216% of the regulatory requirement for the ensemble of financial institutions over the month, down 5.7 p.p. against October (+38.5 p.p. y.o.y.).

14 Regarding the regulatory changes with a potential impact on liquidity, it is worth noting that in order to reorder the interest rates scheme and simplify the organization of systemic liquidity, the BCRA has recently reshaped the monetary policy instruments. In the first place, it decided to raise by 2 percentage points the nominal interest rate on 28-day LELIQs and also to expand the maximum limit on the holdings of these Bills up to an amount pro rata the stock of private sector time deposits of each financial institution. At the same time, the monetary authority made progress in the creation of a new LELIQ with a 180-day term. Regarding the instruments with shorter terms, 7-day reverse repos will be progressively eliminated, while overnight repos will continue to be effective. For further detail, see Press Release of January 6, 2022.
15 The Liquidity Coverage Ratio (LCR) assesses the availability of sufficiently liquid assets to face a potential outflow of funds in a severe short-term stress scenario. See the Consolidated Text on "Liquidity Coverage Ratio". The Net Stable Funding Ratio (NSFR) assesses the availability of financial institutions' stable funding structure, in line with the terms of their line of business. See the Consolidated Text on "Net Stable Funding Ratio".

Chart 15 | Compliance with regulatory capital
By group of financial institutions

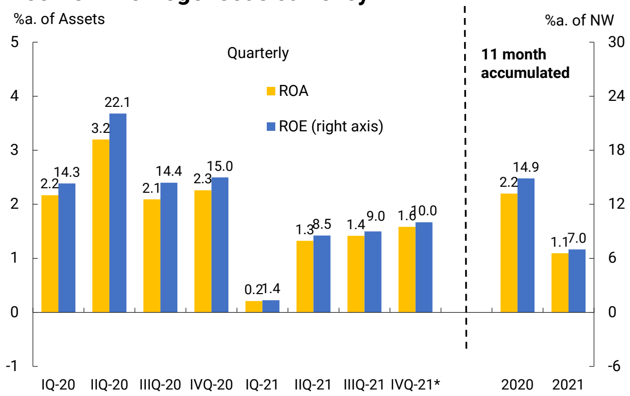


*NBFI: Non-Banking Financial Institutions. Source: BCRA

In this context, the ratio between the surplus position of the regulatory capital and lending to the private sector net of provisions[16] stood at 31.7% at systemic level in November, down 1 p.p. against the value of October and up 5.8 p.p. against the figure recorded in November 2020. At aggregate level, the current value of this ratio is standing quite above the average of the last 10 years (14.5%).

With respect to profitability indicators, the financial system accrued a positive total comprehensive income in homogeneous currency in November; thus, from January to November 2021, the sector has shown income equivalent to 1.1% annualized (a.) of assets (ROA) and to 7%a. of equity (ROE) (see Chart 16). These levels stood below the levels recorded in the same period of 2020 (-1.1 p.p. and -7.9 p.p. in terms of assets and equity, respectively).

Chart 16 | Financial system's total comprehensive income in homogeneous currency



Source: BCRA. *Up to November 2021.

The main factors behind the year-on-year drop of ROA (or ROE) in the last 11 months include higher monetary losses (adjusted by inflation), an increase in the cost of funding for deposits in pesos and the reduction of income from interest in pesos. In turn, this evolution was offset in part by higher income from premiums for repo transactions and securities, [17] a reduction of loan loss provisions and a lower income tax accrued, among other.

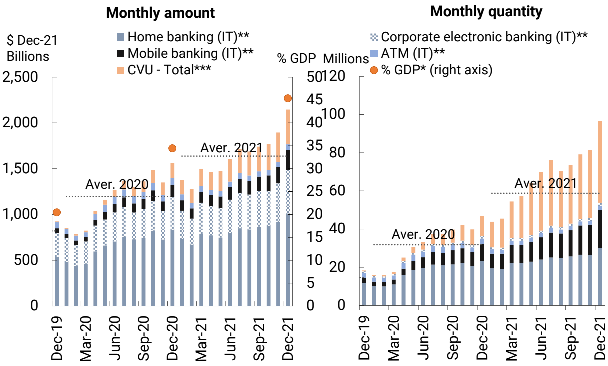
V. Payment System

In December, there was an increase in instant transfers against November, in both number (+18.7%) and amount in real terms (+13.3%), driven in part by the seasonal factors typical of all year ends. This performance resulted from the rises in transactions between accounts opened at financial institutions (via CBUs -Uniform Banking Codes) and in transactions involving accounts with Payment Service Providers (PSPs, from and/or to CVUs – Uniform Virtual Codes). In year-on-year terms, instant transfers grew 105.5% in number and 37.7% in amount in real terms. It is

16 Additional ratio used to assess the degree of coverage of the financial system against the credit risk taken.
17 Including those posted in Other Comprehensive Income (ORI).

estimated that, as of December 2021, instant transfers accounted for 45.4% of GDP[18] (+10.9 p.p. against the same month of the previous year, see Chart 17).[19]

Chart 17 | Instant Transfers

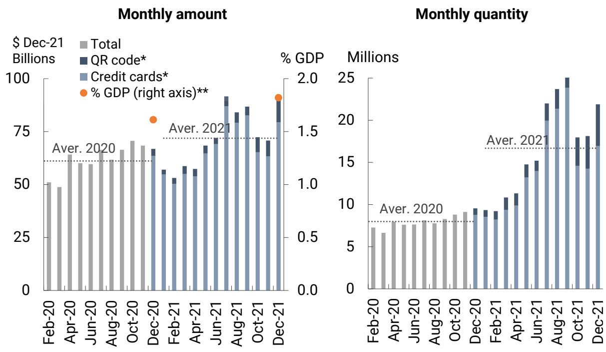


Source: BCRA. *Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally adjusted. **IT between accounts open at financial entities (from and to a CBU) ***Transfers where accounts are opened at PSP (from and/or to CVU). Note: high value transfers and batch transfers are not included.

In December, payments by transfer[20] increased significantly (see Chart 18) in both number (+20.8%) and amount (+27% in real terms), and this performance was evident in the two payment modalities: cards and QR codes. Against the same month of 2020, total payments by transfer went up 128.4% in terms of the number of transactions and 34.5% in real terms as regards transacted amounts. It is estimated that, as of December 2021, payments by transfer accounted for 1.8% of GDP (+0.2 p.p. against the same month of 2020). Specifically, payments initiated via QR code, within the context of the 3.0 Transfer initiative, have been growing steadily in recent months. The full interoperability between wallets and acceptors is consistently driving the use of digital payments by users. Thus, from late November 2021 to mid-January 2022 (latest information available), there were 2.01 million interoperable transactions via QR codes (for a total amount of $3.51 billion).[21]

Chart 18 | Payments by transfer

Initiation methods

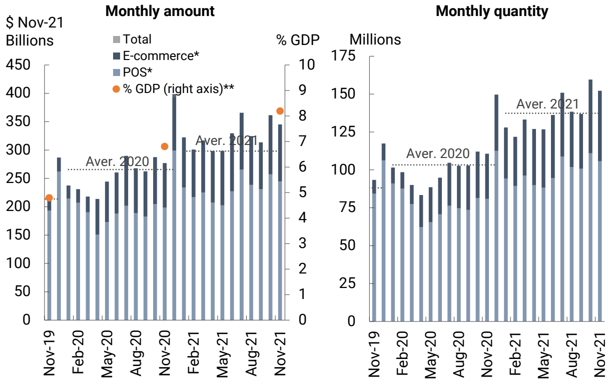


Source: BCRA. Note: operations of payment started with debit cards and qr code (Information available since Apr-20). Information consolidation with PEI program. *Include total QR code operations. ** Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally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

Due in part to seasonal factors, debit card transactions —both onsite and electronic— went down in November[22] against October (latest information available): -4.6% in number and -4.5% in amount in real terms (see Chart 19). Despite this monthly performance, these transactions expanded significantly in year-on-year terms (+37.5% in number and +24.6% in amount in real terms), showing a better momentum than digital transactions. Thus, the relative share of electronic transactions continued to grow and accounted for 30.6% in number and 29.1%

18 When considering annualized amounts of the last three months.
19 Within the framework of instant transfers' positive performance, where there is an increasing share of the segment involving accounts of Payment Service Providers (PSPs) (from and/or to CVUs), the BCRA has recently introduced some changes to the regulations in force. In particular, as from 2022, the financial institutions must satisfy a 100% minimum reserve requirement of the funds deposited by payment service providers offering payment accounts (PSPOCP), known as electronic wallets, in order to preserve them against contingencies and ensure that the funds will always be available to their holders. It is worth stating that, according to BCRA regulations, the funds of transactional accounts managed by PSPOCPs are to be deposited at all times in sight accounts in pesos at financial institutions in Argentina. With these new regulations, as from January 1, 2022, these funds must also be immobilized at the BCRA. (Communication "A" 7429 and Press Release of Dec 30-2021).
20 Payments by transfer represent a group of transactions other than instant 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).
21 For further detail, see Press Release of January 22, 2022.
22 The average monthly change of November for the previous five years stands at -0.5 in number and -1.5 in amount in real terms.

Chart 19 | Debit card transactions

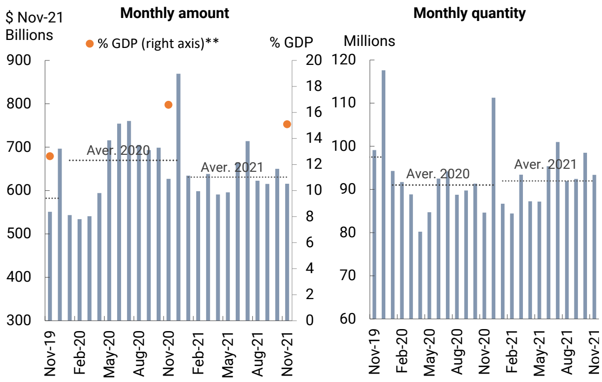


Source: BCRA. *Information available since Nov-19. ** Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally adjusted.

in amount over the month. It is estimated that, as of November, the total volume of transactions via debit cards accounted for 8.2% of GDP (up 1.4 p.p. against the same month of 2020).

Mainly due to seasonal factors, ATM withdrawals went down in November (latest information available) against October in both number (+5.2%) and amount in real terms (+5.3%). In year-on-year terms, ATM withdrawals expanded 10.3% in number and contracted 1.8% in amount in real terms.[23] It is estimated that, as of November, cash withdrawals via ATMs accounted for 15.1% of GDP[24] (-1.5 p.p. against the same month of the previous year, see Chart 20).

Chart 20 | ATM cash withdrawals

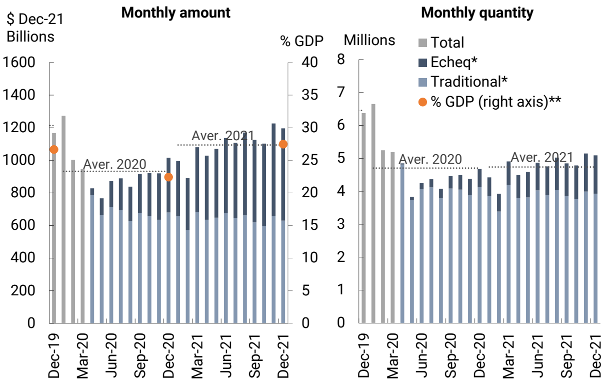


Source: BCRA. Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally adjusted.

The clearing of checks went down in December against November (-1.1% in number and -2.4% in amount in real terms). This performance was mainly due to the decrease in transactions with physical instruments. However, against the same period of 2020, the clearing of checks accumulated an increase of 8.8% in number and 17.7% in amount in real terms; this rise was entirely accounted for by electronic checks (+111% in number and +68.4% in amount in real terms). As a result, in December, the share of ECHEQs in total clearing continued to be on the rise, and amounted to 22.9% in number (+11.1 p.p. y.o.y.) and 47.3% in amount in real terms (+14.2 p.p. y.o.y., see Chart 21). It is estimated that the amount of cleared checks in GDP terms has totaled 27.5% as of December (+ 5.1 p.p. y.o.y.), thus posting a reversal of the performance observed in recent years.[25]

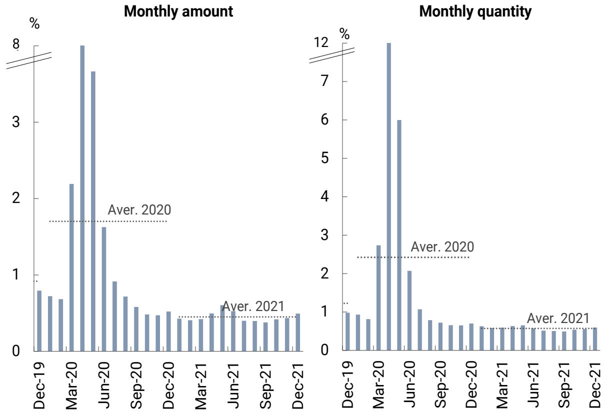
23 This increase in number and decrease in amount in real terms is explained, in part, by the increasing opening of the economy after the implementation of first stages of restrictions to circulation due to the pandemic.
24 When considering annualized amounts of the last three months.
25 In the last decade, the clearing of checks went down 2.8 p.p. of GDP each year, on average. During 2021, as from the introduction of the electronic format (ECHEQs), there was a reversal in the declining trend.

Chart 21 | 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 22 | Bounced checks for insufficient funds



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

In December, the ratio measuring bounced checks for insufficient funds in terms of total cleared checks[26] continued to stand at limited levels, slightly above the values observed in November (+0.04 p.p. to 0,6% in number and +0.06 p.p. to 0.5% in amount, see Chart 22). Against the same month of 2020, the ratio of bounced checks went down in number (-0.1 p.p.) and in amount (-0.03 p.p.).

26 It considers both physical instruments and electronic checks.