

# Report on Banks

October 2020



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

## Table of Contents

Page 3		Executive Summary
Page 4		I. Financial Intermediation Activity
Page 7		II. Aggregate Balance Sheet Composition
Page 8		III. Portfolio Quality
Page 9		IV. Liquidity and Solvency
Page 12		V. Payment System

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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 December 30, 2020.*

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 October, loans to private sector in pesos continued to grow in real terms, in a context in which the financial system at aggregate level maintained its strength characterized by high margins of solvency, liquidity and provisions. This scenario is partly driven by those actions implemented by the BCRA in recent months, which have managed to temper the pro-cyclical behavior of credit, providing support to the financial situation of businesses and households.
- The stock of loans to private sector in pesos showed a positive performance in the month under analysis, increasing 0.7% in real terms (+4.5% in nominal terms). This increase was mainly driven by commercial lines (promissory notes and cash advances), credit cards and pledge-backed loans. The stock of loans to private sector in pesos, in real terms, accumulated an 8.7% year-on-year (y.o.y.) growth, distributed among the ensemble of banking institutions, thus registering six consecutive months with positive y.o.y. variation rates.
- To continue promoting the flow of credit to the private sector amidst gradual normalization in economic activity -although still heterogeneous among sectors-, the BCRA approved in October a new credit line for MSMEs' Productive Investment. This scheme is intended for companies affected by the pandemic, which are rebuilding their working capital and payment chain, as well as for MSMEs that wish to expand their production processes. Following this, loans for a total of \$147.9 billion have been disbursed until mid-December, reaching 49,619 companies.
- To continue supporting businesses and households that are beginning to resume their activity -in the context of the pandemic-, the BCRA recently decided to extend until March 31, 2021, the modification of the parameters to classify debtors and the possibility of transferring unpaid installments to the end of loan's life, accruing only compensatory interest. In this context, non-performing loans to private sector stood at 4.3% of the total stock in October, down 0.3 p.p. against last month. The provisioning level recorded by the financial system in October continued to be relatively high. The total stock of provisions in the month represented 5.4% of the total stock of loans to private sector and 132.5% of the non-performing portfolio, above the average of the last 10 years.
- In October, the stock of private sector deposits in pesos fell in real terms against September. However, in October the stock of private sector deposits in national currency increased 40.6% y.o.y. in real terms, with increases in sight and time deposits.
- Maintaining a robust coverage in historical terms, broad liquidity -liquid assets, compliance with minimum cash requirements and BCRA's instruments, in domestic and foreign currency- fell 1.8 p.p. of total deposits in October to 64.2%.
- In October, the BCRA updated its monetary policy guidance. Among other measures, the policy interest rates continued to align: the overnight reverse repo interest rate was increased on successive occasions, 7-day repos were offered, and the LELIQ rate was subsequently adjusted. Besides, to offer positive returns on inflation and strengthen saving instruments in local currency, the minimum interest rate on time deposits in pesos was raised once again in November.
- Starting from high levels compared to the last 10 years, the regulatory capital of the aggregate financial system fell slightly in the month to 23% of risk-weighted assets (RWA). In line with measures implemented by other Central Banks since the beginning of the health emergency, and following the macroprudential policy already adopted, the BCRA recently decided to maintain the suspension of financial institutions' dividend distribution until June 30, 2021.
- The sector's profitability ratios in uniform currency in the first half of 2020 were lower than those for the same period of 2019, a dynamic that has deepened in recent months, with negative returns for the system at an aggregated level in October. Even so, in the first 10 months of 2020, the financial system as a whole accrued comprehensive income in uniform currency equivalent to 2.2% annualized (a.) of assets (ROA) and 15% a. of equity (ROE).

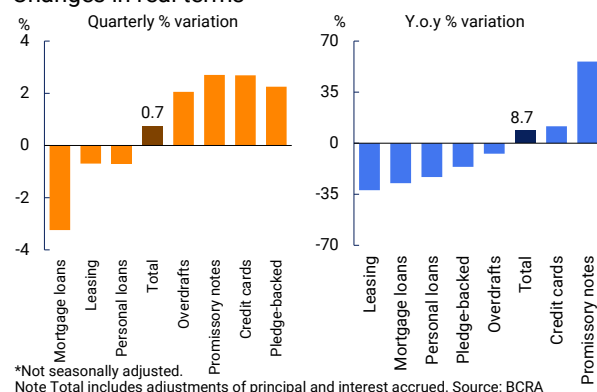
# I. Financial Intermediation Activity

In October, the stock of loans to private sector in domestic currency increased in real terms from September, thus recording six consecutive months of positive y.o.y. growth rates.

Based on estimated flow of funds in domestic currency,<sup>1</sup> the main sources for the ensemble of financial institutions in October came from the fall of broad liquidity, and to a lesser extent, of loans to public sector. On the other hand, the decrease in private sector deposits, as well as the increase in loans to private sector were the main items in the application of funds in the period. These movements were similarly verified in all the ensemble of financial institutions.<sup>2</sup>

In October, the stock of loans to private sector in pesos increased by 0.7% in real terms (+4.5% in nominal terms).<sup>3</sup> In the context of policy measures adopted by the BCRA to boost credit in pesos with subsidized rates, the monthly performance was mainly explained by commercial lines (promissory notes and cash advances), credit cards and pledge-backed loans (see Figure 1). Public financial institutions led the monthly increase in loans to private sector in pesos (with a 1.2% growth in real terms in this period), followed by national private financial institutions.<sup>4</sup>

**Figure 1 | Stock of loans to the private sector in pesos\***  
Changes in real terms



To continue promoting the flow of loans to private sector in pesos amidst the new scenario of economic activity normalization,<sup>5</sup> the BCRA launched in mid-October a new credit line for MSMEs' Productive Investment.<sup>6</sup> This new line is intended for companies affected by the pandemic, which are rebuilding their working capital and payment chain, as well as for MSMEs that wish to expand their production processes. They have maximum interest rates that depend on the destination of the requested financing. Through this new scheme, from its entry into force until mid-December, loans for a total of \$147.9 billion have been disbursed, with 49,619 companies benefited (see Figure 2).<sup>7</sup> National private financial institutions were the main promoters of these lines, followed by public and foreign private ones.

1 Differences of the balance sheet stock in uniform currency.

2 Considering the segment in foreign currency -in currency of origin-, the reduction in liquid assets and, to a lesser extent, in loans to private sector were the most relevant sources of funds for the system in October. In turn, the decrease in private sector deposits was the main application of funds in October for the aggregate of financial institutions, followed by the increase in dollar-linked government bond holdings.

3 Including adjustments of principal and interest accrued.

4 Throughout the Report, the reference to ensembles of private (national and/or foreign) and public financial institutions, corresponds to banks. Non-banking institutions will be referred to as "NBF".

5 For further details, see Exhibit 2 of the Financial Stability Report of December 2020 ([IEF 2H-20](#)).

6 See Communication "A" [7140](#) and amendments.

7 Under this new line, following Communication "A" [7161](#): a) the BCRA expanded financing options and b) incorporated an additional regulatory benefit in terms of Minimum Cash for investment project loans (with maximum 30% ANR).

Additionally, within the framework of credit lines at subsidized interest rates for companies registered in the “Emergency Assistance to Work and Production” program (ATP),<sup>8</sup> \$10.3 billion have been granted, reaching 455,503 workers.

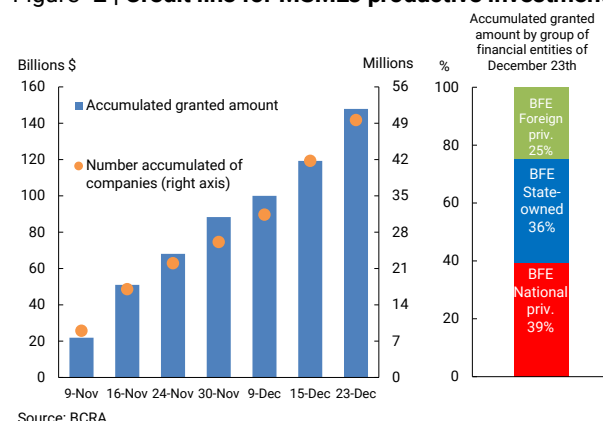
In turn, credit lines for workers registered under the simplified tax regime (*monotributistas*) and for self-employed continued to gradually expand during the period. In particular, 561,929 loans have been granted for a total of \$66.5 billion until mid-December (99% already disbursed) through the Zero Rate Credit line<sup>9</sup>. So far, 249,200 new credit cards have been issued and 777 sight accounts have been opened following the implementation of this credit line. In parallel,<sup>10</sup> 2,843 loans have been granted through the Zero Rate Culture Credit Line for a total of \$300 million (87% already credited).

The stock of loans to private sector in pesos accumulated an 8.7% y.o.y. increase in real terms in October, mainly explained by private financial institutions, and to a lesser extent, by public ones (see Figure 3).

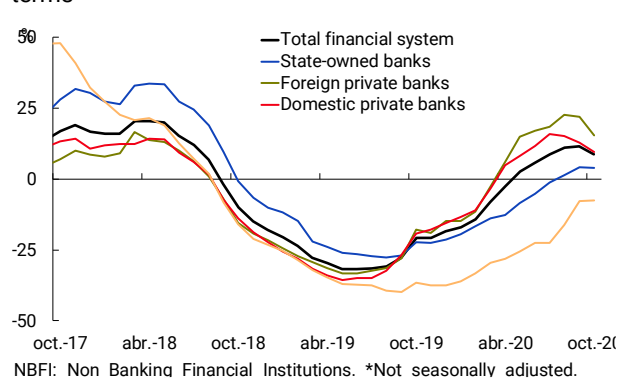
In October, the stock of loans to private sector in foreign currency fell 6.1% -in currency of origin- against the previous month. As a result, total loans to private sector (in domestic and foreign currency) accumulated a 0.4% drop in real terms against September and 8.5% y.o.y. in real terms.

As to the financial system’s funding, the stock of private sector deposits in pesos in October fell 3.5% in real terms against September (+0.1% in nominal terms) (see Figure 4). The monthly performance was explained by time deposits in pesos, which recorded an 8.1% decrease in real terms in the month (-4.7% in nominal terms). The performance of private sector time deposits in pesos was partly explained by the transfer of funds to dollar-linked Treasury Bonds auctioned during the month by the National Government. Furthermore, there was a change in composition of money market mutual funds (FCI) portfolio (increasing remunerated sight deposits and reducing early payment time deposits).<sup>11</sup> Meanwhile, sight deposits climbed 0.6% in real terms in October (+4.4% in nominal terms).

**Figure 2 | Credit line for MSMEs productive investment**



**Figure 3 | Stock of loans to the private sector in pesos\***  
By group of financial institutions - y.o.y. % var. in real terms\*



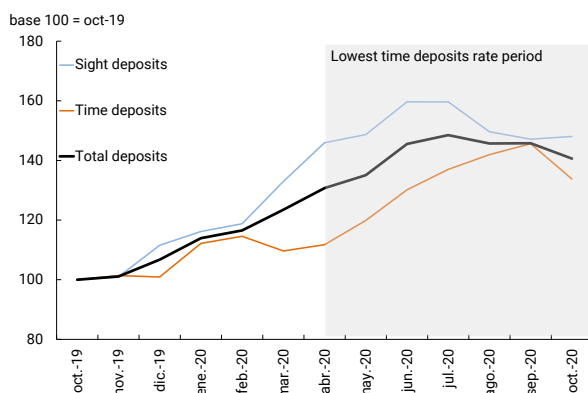
8 See Communication "A" [7082](#) and Communication "A" [7102](#)

9 See Communication "A" [6993](#).

10 See Communication "A" [7082](#).

11 For further information, see the October 2020 [Monthly Monetary Report](#).

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

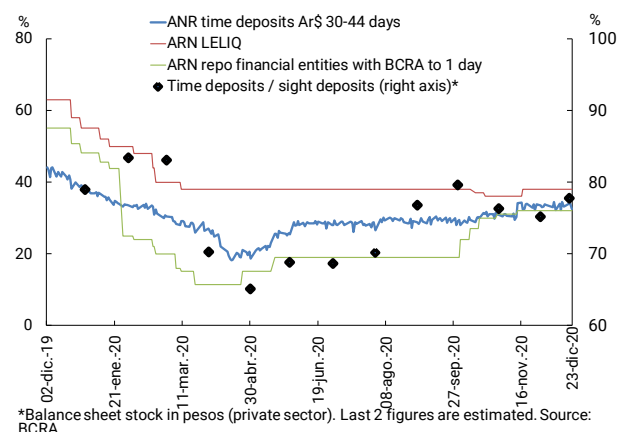


On the other hand, private sector deposits in foreign currency fell 9% in October -in currency of origin-, later stabilizing their stock in November. In this context, the ensemble of financial institutions continued to comfortably cover deposits with liquid assets in foreign currency. Given the performance of both the domestic and foreign currency segments, the stock of total private sector deposits in real terms decreased 4.9% in October, accumulating a year-on-year increase of 19.4% in real terms.

The stock of public sector deposits in pesos fell 1.3% in real terms in October (2.5% in nominal terms). Thus, total (both public and private sector) deposits dropped 3.2% in real terms against the previous month (0.5% in nominal terms).

Given the prevailing economic and financial conditions, the BCRA updated its monetary policy guidelines<sup>12</sup> in early October. In particular, measures were adopted to progressively harmonize monetary policy interest rates: successively increasing the interest rate on overnight repos, offering seven-day repos and, later in November, increasing the LELIQ rate (see Figure 5). Also, to offer positive returns on inflation and to promote saving instruments in domestic currency, the minimum interest rate on time deposits in pesos was raised in November.<sup>13</sup>

**Figure 5 | Interest rates and deposits in pesos**



In October, the stock of private sector deposits in national currency increased 40.6% y.o.y. in real terms (93% y.o.y. in nominal terms); public sector deposits in national currency grew similarly. Thus, the stock of total deposits in pesos climbed 39.4 y.o.y. in real terms in the period (91.3% y.o.y. in nominal terms).

12 See October 2020 "[Guidelines for Monetary Policy in a Macroeconomic Transition Period](#)".

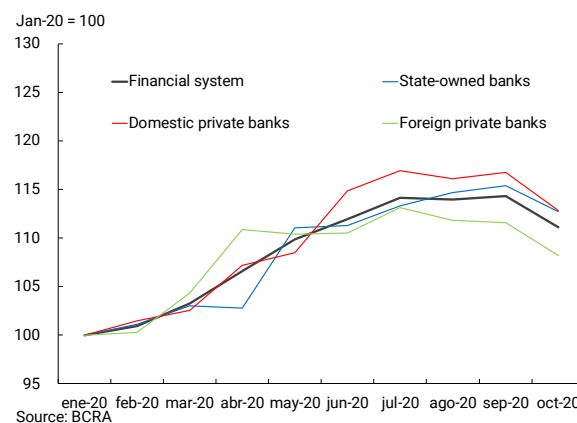
13 Established at 37% ANR for natural persons' deposits up to \$1millón and 34% ANR for the rest. See Communication "A" [7160](#).

## II. Aggregate Balance Sheet Composition

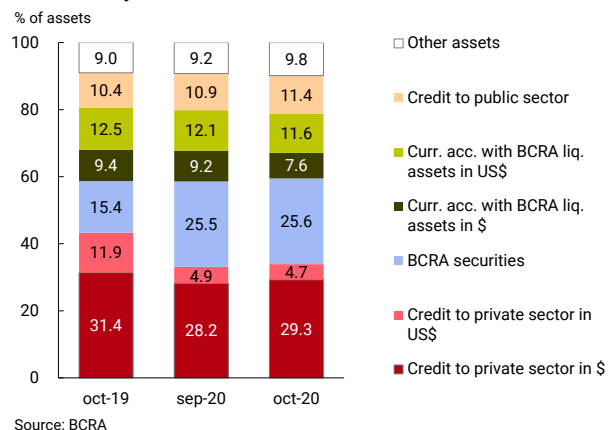
In October, total assets of the financial system fell 2.8% in real terms (+0.8% in nominal terms). It should be noted that as of July total assets of the ensemble of institutions stopped growing at relatively high rates in real terms (see Figure 6), as had been observed in the first half of 2020. In particular, following the worst of the economic shock from the pandemic and the health measures implemented to address it -especially in the second quarter of 2020- the need to cover through monetary emission the extraordinary measures applied by the National Government to assist households and businesses began to

gradually unwind.<sup>14</sup> Consequently, and gradually, the need to sterilize said monetary issue through LELIQ and repos was also reduced. It should be noted that, to a large extent, the other side of the monetary sterilization carried out by the BCRA via LELIQ and repos in the first half of the year, was reflected in the expansion of financial system's assets.

**Figure 6 | Stock of total assets**  
In real terms



**Figure 7 | Composition of total assets**  
Financial system - % share



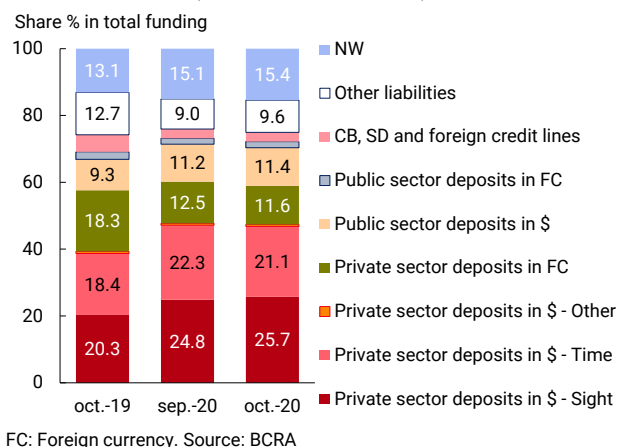
Regarding the composition of total assets of the financial system, the share of loans to private sector in domestic currency climbed in October (+1.1 p.p. to 29.3% of the total, see Figure 7) as well as to the public sector (+0.5 p.p.<sup>15</sup> to 11.4% of the total). On the other hand, the relative share of the most liquid assets - both in pesos and foreign currency- decreased from September. During the month, loans to private sector in foreign currency continued to slightly reduce their share in total assets.

<sup>14</sup> For further details, see the latest issue of the [Monetary Policy Report \(IPOM\)](#).

<sup>15</sup> In the context of the progress made in rebuilding the local debt market, the National Government issued instruments in October that were partly acquired by the ensemble of institutions, namely dollar-linked bonds.

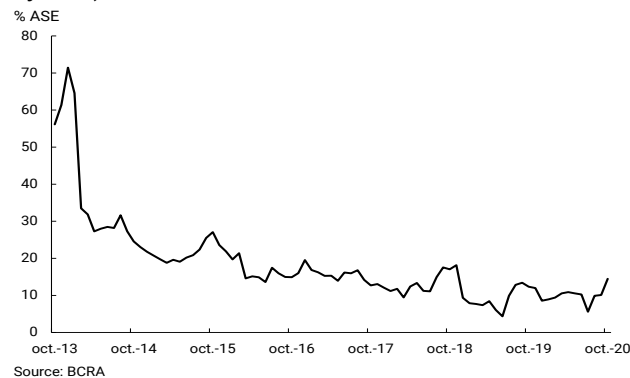
Within the composition of total funding (liabilities plus net worth) of the financial system, and in line with the performance of deposits (see Section I of the Report), private sector sight deposits in national currency increased their weighting in October (+0.9 p.p. to 25.7%, see Figure 8). In turn, private sector time deposits reduced their share in total funding in the month (-1.2 p.p. to 21.1%). In October, private sector deposits in foreign currency continued to lose relative weight in total funding.

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



Assets in foreign currency accounted for 19.1% of the sector's total assets in the month, without significant changes against September (-9 p.p., y.o.y.). Liabilities in this denomination reached 17.1% of total funding, falling 0.8 p.p. in the month (-9.4 p.p., y.o.y.). The lower share of liabilities in foreign currency was mainly explained by the decrease in private sector deposits in this denomination. In return, liquid assets and loans to private sector in foreign currency decreased. However, aggregated items in foreign currency did not lose weight in total assets of the financial system, mainly due to the incorporation of dollar-linked National Treasury bonds offered in the last auctions of the National Executive Branch. As a result, from moderate levels, the difference between assets and liabilities in foreign currency for the financial system as an aggregate - including off-balance sheet foreign currency forward purchases and sales- stood at 14.5% of regulatory capital in October, up 4.4 p.p. against September and 2.1 p.p., y.o.y. (see Figure 9).

**Figure 9 | Foreign currency assets - Foreign currency liabilities + Foreign currency forward position (Financial System)**



### III. Portfolio Quality

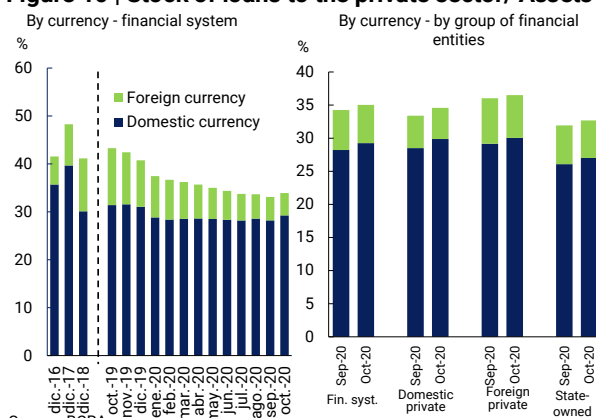
As presented in the previous section, the financial system's exposure to private sector credit in pesos increased compared to the previous month, while the segment of credit in foreign currency continued to lose share. Thus, the stock of total loans to private sector (including domestic and foreign currency) in terms of assets was 33.9% in October,<sup>16</sup> up 0.8 p.p. against last month (see Figure 10). There was a widespread monthly performance among the ensemble of financial institutions.

<sup>16</sup> The ratio totals 32% net of loan stock provisions.



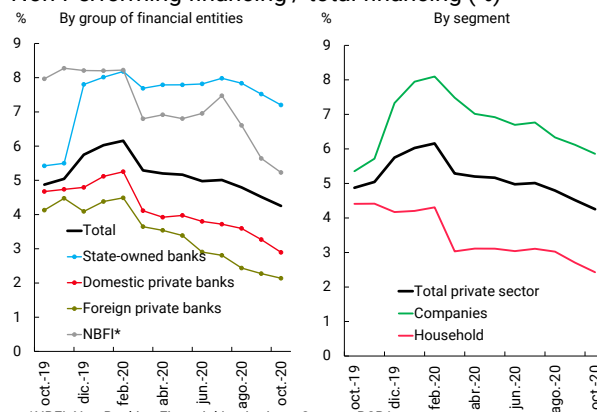
To continue supporting businesses and households that are beginning to resume their activity -in the context of the pandemic-, the BCRA recently decided to extend until March 31, 2021, the modification of the parameters to classify debtors and the possibility of transferring unpaid installments to the end of the loan's life, accruing only compensatory interest.<sup>17</sup> In this context, non-performing loans to private sector stood at 4.3% of the total stock in October, 0.3 p.p. less than last month (see Figure 11). This decrease was verified in the ensemble of financial institutions and reached both businesses and households.

**Figure 10 | Stock of loans to the private sector/ Assets**



Source: BCRA

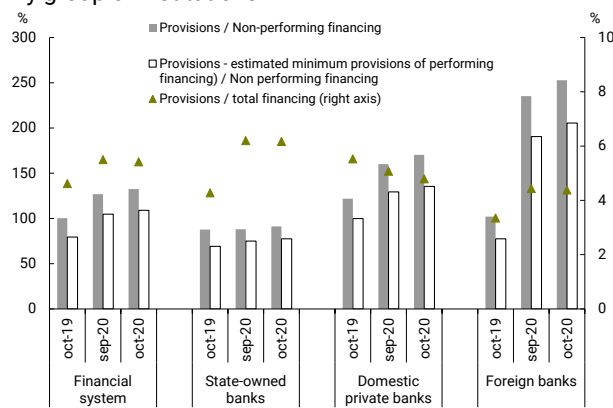
**Figure 11 | Non-Performing loans to the private sector Non-Performing financing / total financing (%)**



\*NBF: Non Banking Financial Institutions. Source: BCRA

The provisioning level recorded by the financial system in October continued to be relatively high. The total stock of provisions represented 5.4% of loans to private sector in the month, without significant changes from September and up 0.8 p.p. against last year (see Figure 12). Total provisions for private sector non-performing portfolio stood at 132.5% at the aggregate level in October, up 5.6 p.p. against last month and 32.2 p.p., y.o.y. The estimated stock of regulatory provisions for non-performing portfolio (following the criteria of minimum loan loss provisions standards, without using IFRS criteria for Group "A" institutions) stood at 109% of said loans in October.

**Figure 12 | Loans to the private sector and provisions by group of institutions**



Source: BCRA

An indicator that shows the level of financial system resilience to credit risk consists of measuring regulatory capital in terms of the total stock of loans to private sector net of provisions. This indicator helps to clarify some features of the ensemble of institutions, such as the relatively low gross exposure to private sector and high coverage in terms of provisioning and

17 Communication "A" [6938](#), Communication "A" [7107](#) and Point 2.1.1. of the Amended Text ["Financial Services in the context of the Health Emergency Pursuant to Executive Order No. 260/2020 CORONAVIRUS \(COVID-19\)"](#). For further details on the recent extension of part of these measures, see Communication "A" [7181](#).

capital. This ratio was around 39.9% in October, slightly lower than last month, though up 12.4 pp against October 2019.<sup>18</sup>

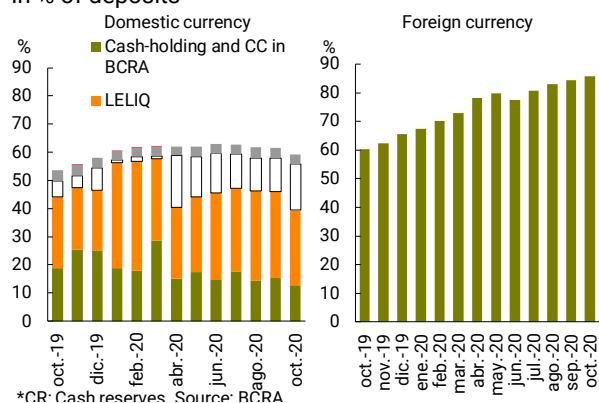
## IV. Liquidity and Solvency

In October, the ensemble of institutions continued to develop its activity within a context of high liquidity and solvency margins, exceeding internationally recommended regulatory standards.<sup>19</sup>

The liquidity ratios arising under the Basel Committee recommendations - Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) - remained at levels that practically double the minimum threshold required locally for the aggregate of covered entities (Group A).<sup>20, 21</sup>

In October, the broad liquidity indicator<sup>22</sup> for the ensemble of institutions stood at 64.2% of total deposits (59.3% for items in pesos and 85.7% for the segment in foreign currency), down 1.8 p.p. against September (-2.3 p.p. and +1.5 p.p. for items in local currency and foreign currency, respectively) (see Figure 13). During the month, the composition of broad liquidity in pesos turned towards a greater share of net repos against the BCRA, and a reduction in LELIQ holdings and the balance in current accounts held by entities in this Institution.<sup>23, 24</sup> In the last 12 months to October, broad liquidity climbed 8.6 p.p. of deposits, mainly explained by liquid assets in foreign currency.

**Figure 13 | Financial system liquidity**  
In % of deposits



18 For further details, see Section 3.1 of the [IEF IJH-20](#).

19 For further details on the main strengths of the local financial system, see [IEF IJH-20](#).

20 The LCR considers the liquidity available to face potential outflows in the event of a possible stress scenario in the short term. See Amended Text –AT– "[Liquidity Coverage Ratio](#)".

21 The NSFR takes into account institutions' availability of stable funding, in line with the terms of the businesses to which it applies. See AT "[Net Stable Funding Ratio](#)".

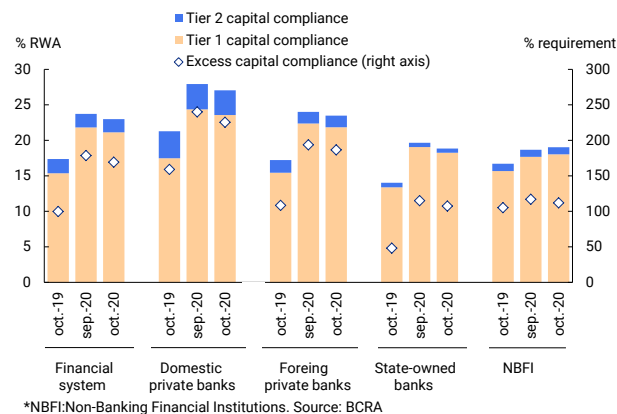
22 Considering liquid assets, compliance with minimum cash requirements and BCRA's instruments, both in domestic and foreign currency.

23 In October a number of measures with an impact on the composition of liquidity came into effect. On the one hand, the effect of the gradual increase in interest rates on overnight reverse repos and the possibility of 7-day reverse repos, added to the reduction in LELIQ interest rate. On the other hand, the BCRA ordered from the beginning of October a 20 p.p. cut in the LELIQ net surplus position of financial institutions against September (see Communication "[A\\* 7122](#)").

24 Some changes were also introduced in the month in the minimum cash regime. For further details see [Regulatory annex](#) and Communications "[A\\* 7132](#)" and "[A\\* 7140](#)".

Starting from high levels compared to the last 10 years, the adjusted stakeholders' equity (ASE) of the ensemble of institutions fell 0.7 p.p. of risk-weighted assets (RWA) in October to 23% (25.2% for private institutions and 18.8% for public ones, see Figure 14). Meanwhile, the capital position (difference between ASE and regulatory requirement) of the ensemble of institutions represented 169% of the regulatory capital requirement in the month (206% for private institutions and 107% for public ones), down 9.4 p.p. against September. The sector continued to show additional capital margins on an aggregate basis (2.5% of RWA for all institutions and an additional 1 p.p. for systemically important ones).

**Figure 14 | Compliance with regulatory capital**  
By group of financial institutions



In line with measures implemented by other Central Banks since the beginning of the health emergency, this Institution adopted different micro and macroprudential policies that contributed in part to maintaining the aforementioned solvency levels. Among others, the BCRA recently decided to maintain the suspension of financial institutions' dividend distribution until June 30, 2021.<sup>25</sup>

As to the endogenous generation of sector solvency, in the first 10 months of 2020 the financial system accrued total comprehensive income in uniform currency equivalent to 2.2% annualized (a.) of assets (ROA) and 15% a. of equity (ROE). In this sense, the recent performance of the system's monthly gains has been reflected in a gradual decrease in the sectoral profitability indicators accumulated for 2020. On the other hand, according to the available information, the profitability ratios of the sector in the first half of 2020 were lower than those in the same period of 2019<sup>26</sup>, a dynamic that deepens when considering the August-October period, reaching negative levels in the last month. In particular, the financial system accrued a ROA of -0.3% a. (ROE was -1.8% a.) in October.

The evolution of the implicit (lending and borrowing) interest rates and their difference reflect, to a certain extent, how an important share of the sources of income and expenditure of the sector develops for each peso channeled into financial intermediation.<sup>27</sup> In this sense, it is estimated that the nominal implicit lending rate in national currency has increased slightly in the last two months, while the cost of nominal funding for deposits in the same denomination saw a slight reduction.<sup>28</sup> As a consequence, the difference between both nominal concepts climbed 0.6 p.p. in the period (see Figure 15). However, it should be noted that inflation in the last two months was higher than in the previous two months. Taking this effect into account and making an estimate

25 See Communication "A" [7181](#).

26 For further details, see Box "Financial system's y.o.y. profitability performance in uniform currency" in the [IEF IJH-20](#).

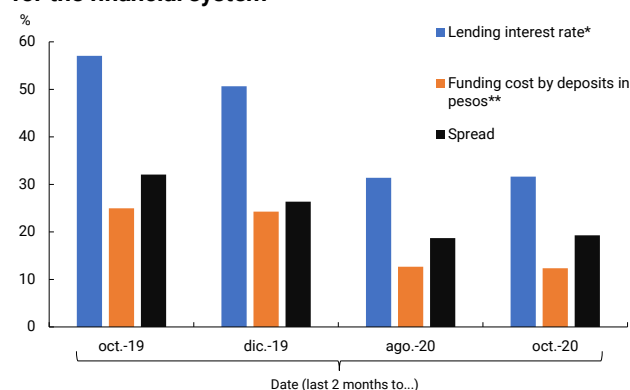
27 These calculations do not include concepts such as administrative expenses, tax expenditures, cost of capital or other components associated with risks assumed by institutions.

28 Aggregate of 2 months and annualized.

of the implicit interest rates in real terms, the difference between the lending interest rate and the implicit cost of funding drops 1.1 p.p. against the previous two months, as a sign of lower profitability in real terms.

So far this year, the financial margin represented 11.2% a. of assets. During the first 10 months of this year, the main positive concepts of the financial margin were income from interests (8.6% a. of assets) and securities (8.3% a. of assets)<sup>29</sup>, while interest expenses (8.7% a. of assets) were the main financial expenses of the system in the same period. On the other hand, among the non-financial items of the income statement, net income from services (1.9% a. of assets) was the most relevant source of income, while administrative expenses (6.6% a. of assets) and loss loan provisions (1.5% a. of assets) represented the main non-financial expenses in the period.<sup>30</sup>

**Figure 15 | Estimated implicit interest rates (annualized) for the financial system**



\* For loans in pesos (non-financial), LELIQ not used for integration of minimum cash requirements and not rate with BCRA. \*\* It is considered minimum cash requirements. Source: BCRA

## V. Payment System

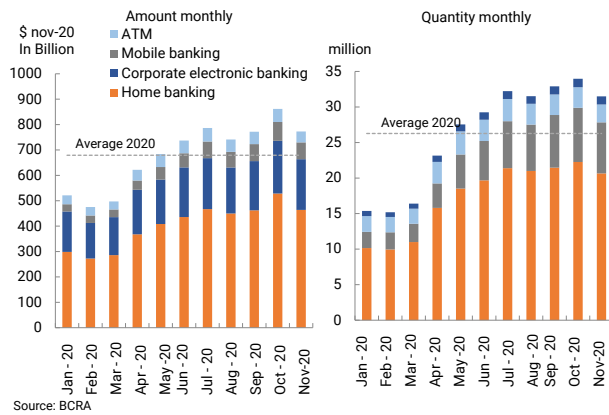
Payment system transactions continued to develop in a scenario in which health restrictions are being gradually eased in different regions of the country. In this context, the BCRA is promoting measures to minimize risks, while seeking to stimulate transactions through the use of digital payment channels.

Total instant transfers made during November (latest available information) were lower than those recorded in October, both in number and amount in real terms, although they remain at values that exceed the monthly average for 2020 (see Figure 16). In year-on-year terms, total instant transfers almost doubled in number, growing 49.4% in amount in real terms. This performance was observed throughout all instant transfer channels, highlighting mobile banking dynamics (+220% y.o.y. in number and 148% y.o.y. in amount in real terms). In this context, from still low levels, the relative share of mobile banking instant transfers increased significantly in the last year (+8.7 p.p. to 22.8% in number and +3.4 p.p. to 8.6% in amount in real terms) (see Figure 16).

<sup>29</sup> This value is estimated to account for approximately 10.3% a. of assets when considering both cumulative flows in the income statement, as well as in other comprehensive income.

<sup>30</sup> Regarding income from services, it should be noted that within the context of the health situation that the country is going through and to continue guaranteeing efficient use of the ATM network, this Institution also ordered a new extension for the suspension of fees or commissions charged for transactions carried out through ATMs, which will remain cost-free until 3/31/2021. Until March 31, 2021, financial institutions cannot charge fees or commissions for transactions carried out through all ATMs, without distinction between clients and non-clients, the type of sight account on which the corresponding transaction is made and the financial institution and/or ATM network to which it belongs. For further details, see [Press Release](#) of December 17 and Communication "A" [7181](#).

**Figure 16 | Instant transfers in pesos**



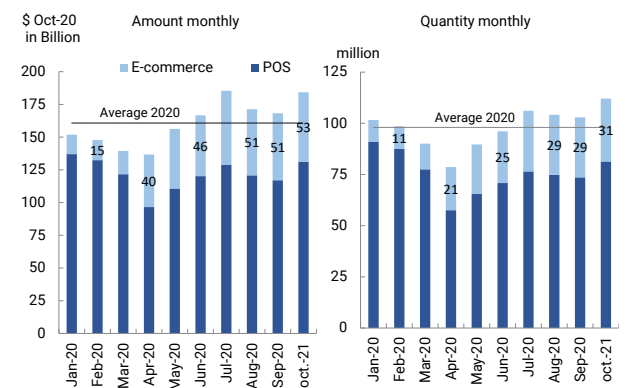
Source: BCRA

Since early December, the BCRA enabled the 3.0 Transfers program to boost digital payments and further financial inclusion. Within this framework, Payment by Transfer was created to expand the scope of instant transfers. The Payment by Transfer scheme has several characteristics. First, interoperability: The Standardized Payment Interface (IEP) is created with an open architecture that will allow the interoperability of all accounts (bank accounts and virtual wallets). Second, instant crediting: Shops will receive transfers of funds instantly (24/7).

Third, low cost, with no hidden costs. Fourth, competitiveness, as businesses considered MSMEs that join the system will pay no fees during the first three months of use for the first 50,000 pesos they bill in each month. Finally, flexibility: Cards, QR codes, National Identity Documents, payment requests, and biometrics (such as digital fingerprints) are accepted.

In October (latest available information), debit card transactions grew significantly (8.9% in number and 9.5% in amount in real terms) against the previous month, recording one of the highest levels in the year (see Figure 17). Transactions increased both in-person (POS) (up 10.6% in number and 12% in amount in real terms) and through electronic commerce (the number of transactions grew 4.8% in number, +3.9% in amount in real terms). Debit card transactions went up against the same month of last year in number (20,7%) and amount in real terms (33.6%).

**Figure 17 | Debit card transactions**



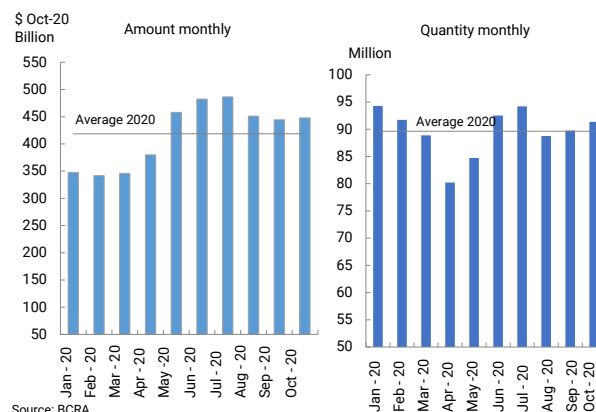
Source: BCRA

Cash withdrawals through ATMs climbed during October (latest available information) (see Figure 18). Compared with the annual average, the number of withdrawals in October was similar, while the withdrawal amount was 6.9% higher in real terms. In year-on-year terms, ATM withdrawals decreased in number (8%) and increased in amount in real terms (24.4%), thus augmenting the average amount of each withdrawal, measured in constant currency (+\$1,275, up to almost \$5,000 per withdrawal). It should be noted that, given the current health situation, to continue ensuring efficient use of the system's ATM network, the BCRA recently decided to extend ATM transactions at no charge until the end of March 2021 (regardless of the bank and the network) and the possibility of withdrawing at least \$15,000 in a single transaction.<sup>31</sup>

<sup>31</sup>For further details see Communication "A" [7181](#).

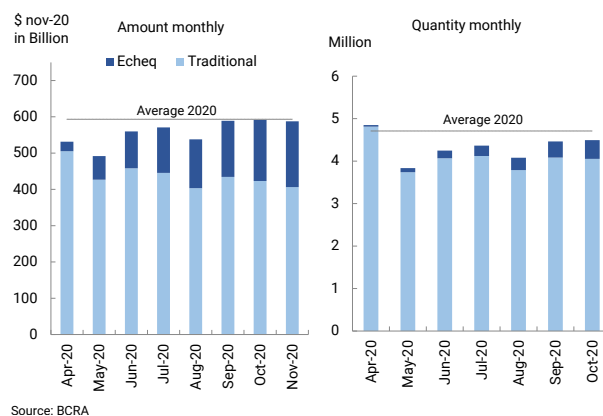
During November (latest available information), there was a monthly decrease in the number of cleared checks (-2.5%) and their amount in real terms (-0.7%) against October, standing, thus, below the 2020 annual average. Cleared electronic checks (ECHEQS) increased m.o.m. once again, with a drop of physical checks both in number and in amount in real terms (see Figure 19). Therefore, the relative share of ECHEQ transactions has increased significantly since April (+8.7 p.p., weighing 11.3% in number, and +17.6 p.p., reaching 31% in amount in real terms). In year-on-year terms, total cleared checks fell in number (-28.3%) and amount in real terms (-18.1%).

**Figure 18 | ATM cash withdrawals**

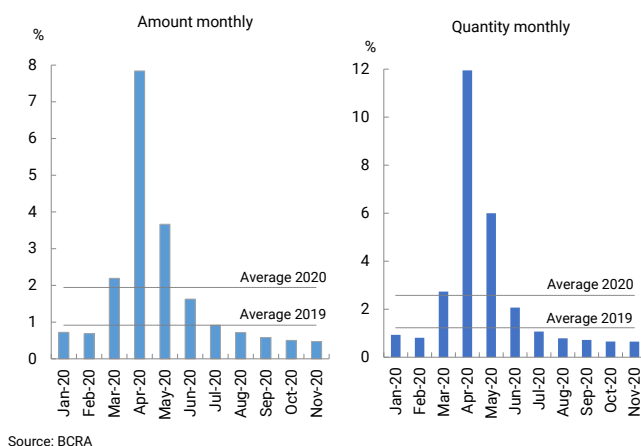


On the other hand, the ratio of bounced checks for insufficient funds over total cleared checks decreased slightly in November (-0.01 p.p. to 0.65% in number and -0.01 p.p. to 0.5% in amount), standing thus below the average observed during the year (see Figure 20). This ratio also decreased y.o.y. (-0.4 p.p. in number and -0.3 p.p. in amount), lower, in turn, than the monthly average recorded throughout 2019. Considering exclusively the subset of ECHEQs, the bounced ratio over total cleared checks also fell in November (-0.1 p.p. to 0.7% in number and -0.3 p.p. to 0.4% in amount).<sup>32</sup>

**Figure 19 | Cleared checks**



**Figure 20 | Bounced Checks for insufficient funds**  
Bounced / Total cleared



<sup>32</sup> According to the available information, the ratio of bounced electronic checks (ECHEQs) covers all the reasons for bouncing.