

Regulatory Annex¹

This annex covers the most relevant financial system regulation measures adopted since the publication of the previous edition of the IEF and up to closing of this edition (November 2018 – May 2019).

Promotion of competition

In order to increase competition within the financial system and to provide depositors with a wider range of choices for investments, in April 2019, the Central Bank of Argentina (BCRA) authorized the possibility to make time deposits in pesos with any bank through electronic means. Thus, institutions may take deposits of users of the financial system, either clients or non-clients, through website or mobile banking, by means of a debit from a sight account in pesos in another bank. These online time deposits (free of charge for depositors) are non-transferable and, upon maturity, both principal and interest are credited back to the bank account from which the funds have been transferred.²

In 2019, the BCRA established that second-tier state-owned banks may receive deposits in pesos under any of the established modalities, either from clients or non-clients, by starting this process through their website and/or mobile banking, by means of a debit from a sight account in pesos in another financial institution.³

Financial inclusion and bancarization

In November 2018, the BCRA authorized bank transactions through supplementary agencies which are usually denominated agents banking.⁴ Agents banking may be established through agreement between banks and the different store chains (such as gas stations, supermarkets, drugstores and pharmacies, among other), and they are an alternative to bring financial services closer to locations where users develop their everyday activities. Among other transactions, at such agencies, it is possible to open a bank account, to take a time deposit, to make payments and to take a loan. Thus, the access of people to bank services continues to expand, and the quality of such services is improved as well.

In January 2019, it was established that automated agencies may act in relation to the hiring and revocation/termination of products and/or services the steps for which are taken in such agencies with the clients, with no need of intervention by the centralizing branch.⁵

As from January 2019, the limit was increased for deposits in accounts denominated "Savings account for payment of entitlement plans or programs" and the deposit in such accounts of any type of loans was admitted. In addition, the BCRA expanded the scope of the types of loans admitted to be deposited with the "Salary/social security account". In turn, the term for closing a "Salary account" was changed, from 60 calendar days up to 180 calendar days calculated as from the last date of deposit of funds or notice of closing by the employer or worker, as applicable.⁶

In order to reduce the cost faced by stores for using the credit card system and to manage to obtain an increased acceptance of such cards at stores, in April, the BCRA established a maximum term for financial entities to credit in the account of each store the amount of sales made in a lump sum with credit and/or purchase cards. That maximum term was set in 10 business days calculated as from the date when the relevant purchase with a card was made (it was not regulated before).⁷

With the purpose of achieving a greater depth of the financial system, in April, the Central Bank established that banks shall not charge fees on deposits in cash made through bank cashiers in accounts of micro, small and medium sized enterprises (Micro and SMEs), benefit that in the past was only applicable to natural persons.⁸

1 Refer to the Communications for a full interpretation of the regulations mentioned in this annex.

2 Communication "A" [6667](#).

3 Communication "A" [6682](#).

4 Communication "A" [6603](#).

5 Communication "A" [6644](#).

6 Communication "A" [6610](#).

7 Communication "A" [6680](#).

8 Communication "A" [6681](#).

In order to encourage even more the flow of payments among users of financial services by means of electronic means of payment, the limits of instant real-time transfers were increased⁹. The new limits are as follows: through ATMs up to \$ 125,000, US\$ 5,000 or € 5,000; via Internet ("home banking and mobile banking"), up to \$ 250,000, US\$ 12,500 or € 12,500 and through the Mobile Payment Platform (PPM), an accumulated amount not exceeding a sum equivalent to 5 times the minimum wage¹⁰ effective in the immediately preceding month, and such limit may be exceeded as long as supplementary security measures are adopted. All such transfers are free of charge.

In mid-May, improvements were introduced to Immediate Debit Transfers (DEBIN), with a new design of the "Pre-authorized" DEBIN, now called "Recurring".¹¹ The new DEBIN is mainly aimed at companies to facilitate frequent payments. This new tool only requires the client to set up a debit for the recurring payment of a particular product or service. Some of the main changes are as follows: i. simplified operating scheme; ii. incorporation of a maximum interchange rate among banks; recipient institutions may charge up to \$ 4.50 per transaction; iii. removal of amount limits applied by the recipient institution for "recurring" DEBIN; iv. a shorter term to request the reversal of the transaction (i.e., the debit return) from 90 to 30 days; v. changes regarding the information required in authorized channels, for the purpose of improving the experience of clients with institutions and vi. creation of new risk policies to be implemented by the administrator at the request of financial institutions, in order to identify and solve issues related to fraud.

Liquidity management

In order to simplify the structure and encourage the placement of deposits for longer terms, in December 2018, the BCRA modified the structure of minimum reserve requirements.¹² It was established to equal the cash requirements to be satisfied in pesos for all banks belonging to the same group. On the one hand, for Group "A" institutions and for those related to global systemically important banks (G-SIBs), a 45% minimum reserve requirement was established for sight deposits, which may be satisfied up to 5% in Treasury Bonds (BOTEs) due 2020 and up to 10% in Liquidity Bills (LELIQs). For time deposits with residual term up to 29 days, the above-mentioned percentages were established at 35% (up to 5% and 13% to be satisfied in BOTEs due 2020 and LELIQs, respectively), and the longer the residual term of deposits the lesser the requirements. For Group "B" institutions, it was decided to establish a minimum cash requirement to be satisfied in pesos of 20% for sight deposits, of 14% for deposits with a residual term up to 29 days, and in this case also the longer the residual term of time deposits the lesser the requirements.

In February 2019 it was set forth that the daily net position recorded by financial institutions in BCRA's Liquidity Bills (LELIQs) and repo loans in pesos against the BCRA may not exceed their Adjusted Stockholders' Equity (RPC) of the previous month or 65% of the monthly average of daily balances of total deposits in pesos –excluding those from the financial sector– of the previous month, whichever may be higher.¹³ As from late March 2019, it was determined that such position may not exceed the higher of the RPC of the previous month and 100% of the monthly average of daily balances of total deposits in pesos –excluding those of the financial sector– and of the residual value of their Corporate Bonds in pesos –issued until February 8, 2019.¹⁴

Channeling of savings towards productive activities and households

For the purpose of facilitating access to credit, in November 2018, the following options were incorporated as "B" preferred collateral: (i) security interest or collateral assignment (including trust guarantee) of proceeds from bills of sales on future functional units to be built or under construction, with respect of which units possession cannot be enforced since they do not exist at present, and (ii) ship mortgage or first priority security interest on vessels or watercrafts –authorized to operate or under construction.¹⁵

In April 2019, it was decided that in cases of collateral issued by reciprocal guarantee companies (SGRs) and public guarantee funds (FGCPs) with respect to financing to be allocated to housing infrastructure and development projects, a

9 Communication "A" [6679](#).

10 This was established by the National Council of Employment, Productivity and Minimum Wage for full-time workers receiving a monthly wage.

11 Communication "A" [6698](#).

12 Communication "A" [6616](#) and [Press Release](#) of 12/20/2018.

13 Communication "A" [6647](#).

14 Communication "A" [6661](#).

15 Communication "A" [6605](#).

portion of the existing individual limits will not be applicable. The goal is not to hinder the grant of guarantees for such projects, which in general are sizable projects.¹⁶

Transparency and protection of financial services users

In April 2019, the BCRA launched a series of regulatory changes to broaden the protection of financial services' users.¹⁷ On the one hand, the Central Bank determined that financial institutions and non-bank issuers of credit cards that are forced to block the use of any service for security reasons must notify the user. They must also make it possible to have the product or service operative again through any of the electronic means of communication used by the bank with its clients. On the other hand, the response term was reduced from 20 down to 10 business days for financial companies to answer any question or claim made by a client. In addition, it was established that banks and non-bank credit cards have to make available to their clients the last 12 monthly statements through the website, and the deposit account statements as well in the case of banks. It was also determined that refunds to clients for amounts claimed must be made within 10 business days after the claim. Finally, the BCRA established the automatic updating of the user's information: if the client notifies any change in its personal data to be applied to a product, the bank is obliged to apply such change to the other products and services of the client.

As from March 2019, the limit for deposit guarantee was modified, from \$450,000 up to \$1 million.¹⁸

Readjustment of cash held by the public

In order to continue renewing the cash held by the public and promoting higher efficiency and reduction of printing expenses, in December 2018, the BCRA put in circulation a new legal tender banknote of \$100, with the picture of a *taruca* (Andean deer), a coin of \$2 with the picture of a *palo borracho* (silk floss tree) and a coin of \$10 with the picture of a *caldén* (calden tree).¹⁹

Foreign currency exposure of financial institutions

In terms of the limit of the foreign currency positive net global position calculated in daily balances, the BCRA incorporated the increase of the position in US dollar-linked Argentine Treasury bills against the bills held as of May 13, 2019 to the limit of 30% of the RPC or of the own liquid resources (whichever may be lesser).²⁰

Other micro and macro prudential adjustments

As from January 2019, the standard on "Large exposures to credit risk" came into effect, and the standard on "Spreading of credit risk" was repealed, with the exception of provisions related to the non-financial public sector.²¹ This criterion, which supplements the standard on minimum capital to protect financial institutions against the losses that might result from non-performance of a large debtor, was already implemented in the regulations on Spreading of credit risk, but certain aspects related to new international standards were introduced.

In March, the BCRA established that institutions may not record holdings of total loss absorbing capacity instruments (TLAC) issued by foreign banks rated as global systemically important banks (G-SIB) –or their branches or subsidiaries in the country or abroad–, other than those taken into account as RPC.²²

In March 2019, the regulations on "Cash transactions to be settled and forward transactions, repos, securities-guaranteed loans, other derivatives and mutual investment funds" were amended, and the BCRA established the conditions to be met by financial institutions to perform transactions with commodities.²³

In order to facilitate compliance with the standards set forth by the Basel Committee of Banking Supervision (BCBS) on intraday liquidity risk, in April 2019, the BCRA included in the regulations on "Guidelines for risk management of financial institutions", an explicit reference and detail for the calculation of each one of the monitoring tools to identify and

16 Communication "A" [6665](#).

17 Communication "A" [6664](#).

18 Communication "A" [6654](#).

19 Communication "A" [6613](#) and Communication "A" [6614](#).

20 Communication "A" [6699](#).

21 Communication "A" [6599](#). In line with BCBS standard "[Supervisory framework for measuring and controlling large exposures](#)".

22 Communication "A" [6662](#).

23 Communication "A" [6663](#).

monitor intraday liquidity risk, as well as some premises related to application of stress testing scenarios and their effects.²⁴

²⁴ Communication "A" [6685](#). In line with the BCBS standard "[Monitoring Tools for Intraday Liquidity Management](#)".