Report on Banks

February 2021

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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

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

Published on April 29,2021.
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 February, the aggregate financial system kept relatively high liquidity and solvency indicators against the average of the last 10 years, and posted a slight decrease in terms of financial intermediation with the private sector because of the incidence of seasonal factors. In order to keep on improving the access to credit by micro, small and medium-sized enterprises (MSMEs) and natural persons, and promote bancarization and the use of electronic means of payment, the BCRA has recently introduced a series of incentives for financial institutions by means of new franchises on minimum cash requirements.

- During this month, the stock of loans to the private sector in pesos contracted 1.7% in real terms (up 1.8% in nominal terms), even though it accumulated a year-on-year (y.o.y.) increase of 9.4% in real terms. In the context of the pandemic, the BCRA implemented several programs of credit assistance in due time devoted to reinvigorating the credit channel for both households and companies, such as the Credit Line for Productive Investment (LFIP) for MSMEs. Until the end of March 2021, $411.68 billion had been disbursed under this program (out of which $78.43 billion correspond to investment projects), reaching 98,080 companies.

- In February, the non-performing ratio of loans to the private sector for the financial system continued decreasing down to 3.8% (-2.4 percentage points [p.p.] y.o.y.), in a period when the temporary modification of parameters for classification of debtors and the possibility of deferring unpaid installments to the end of the lifetime of the loan continued to be effective. In this context, the ensemble of financial institutions kept high and increasing provisioning levels, standing at a total of 5.9% of total loans to the private sector (+0.5 p.p. y.o.y.) and at 155.6% of the non-performing loans to the private sector (+68.6 p.p. y.o.y.).

- In February, the stock of loans in pesos to the private sector went down 0.8% in real terms (up 2.7% in nominal terms), mainly due to the performance of sight accounts. In turn, private sector time deposits in pesos went up 2.3% in real terms over the month (up 6% in nominal terms), while the performance of the UVA segment stood out. In a year-on-year comparison, private sector deposits in pesos went up 19.3% in real terms, and both sight and time deposits followed a growth path.

- The broad liquidity indicator of the aggregate financial system rose by 0.3 p.p. of total deposits in February to 65%. This indicator has gone up 1.2 p.p. against the figure recorded 12 months ago, mainly due to the performance of the foreign currency segment.

- Regarding the solvency of the sector, the Regulatory Capital (RC) of all groups of financial institutions improved, in February, in terms of risk-weighted assets (RWA). The RC of the aggregate financial system accounted for 24.7% of the RWAs (+0.5 p.p. against January and +3.2 p.p. y.o.y), while their capital position (RC net of the regulatory requirement) stood at 196% of the requirement.

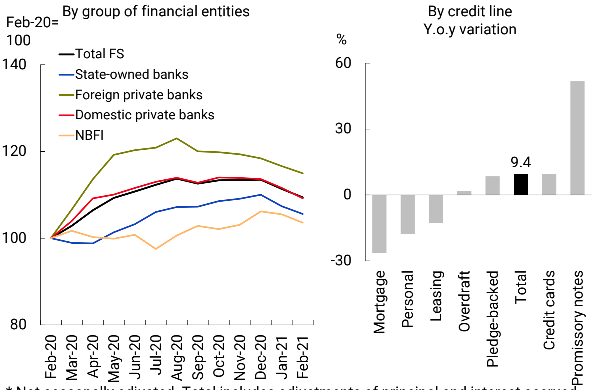
- In the first two months of 2021, the profitability indicators of the ensemble of financial institutions were positive, even though they stood below the figures recorded both by 2020 year-end and in a year-on-year comparison. In the aggregate of the last twelve months up to February, the comprehensive income in homogenous currency of the financial system was equivalent to 1.9% of assets (ROA) and to 12.9% of equity (ROE).

I. Financial Intermediation Activity

The performance of the financial intermediation activity continued to be relatively weak in the second month of the year, in part due to seasonal factors. In February, according to the estimated flow of funds in homogenous currency on the items in pesos,[1] the most relevant funding sources for the ensemble of financial institutions were the reduction of loans to private sector and, to a lesser extent, broad liquidity. In turn, the drop of private and public sectors' deposits were the main uses of funds during the period.[2]

The stock of lending to the private sector in pesos, in real terms, went down 1.7% in February (+1.8% in nominal terms).[3] The monthly performance was widespread among nearly all credit lines (except for loans backed with assets under financial lease) and in all groups of financial institutions. In a year-on-year comparison (y.o.y.), the stock of loans to private sector in pesos accumulated an increase of 9.4% in real terms. The year-on-year rise was mainly driven by promissory notes and, to a lesser extent, by financing via cards (see Chart 1), in a context where credit provided by foreign private financial institutions posted a higher relative momentum.[4]

Chart 1 | Loans to private sector in pesos
In real terms*



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

In the context of the COVID-19 pandemic, the BCRA implemented several credit assistance programs tending to reinvigorate the loans to the private sector. In particular, under the Credit Line for Productive Investment (LFIP) intended for micro, small and medium-sized enterprises (MSMEs)[5], as from its implementation up to late March 2021, $411.68 billion were disbursed (out of which $78.43 billion correspond to investment projects) and granted to a total of 98,080 companies (see Chart 2). So far, a breakdown as per group of financial institutions shows that domestic private banks accounted for 37% of total disbursements, while state-owned banks and foreign private banks accounted for 31% each sector.

In order to continue widening the funding access for MSMEs under favorable conditions, by mid-March, the BCRA established a new quota for the LFIP: financial institutions[6] must keep a stock of

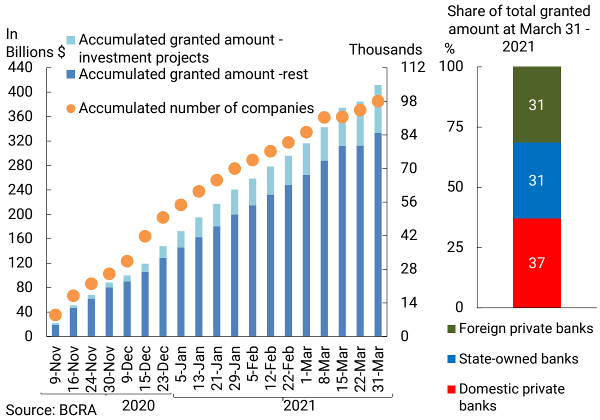
1 Differences of the balance sheet stock expressed in homogeneous currency.
2 Considering the segment of items in foreign currency —expressed in currency of origin—, in February, the increase of private sector deposits was the most relevant funding source for the financial system. In turn, the increase of liquidity was the main use of funds over the month.
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".
5 For further detail, see Communication "A" 7140 , as amended.
6 The institutions that have to reached this quota are those belonging go Group "A" as of April 1, 2021 and also the institutions that, even though they do not belong to such Group, are operating as financial agents of the national and provincial governments, the government of the Autonomous City of Buenos Aires and/or municipal governments.

this credit line until the end of September that has to be, at least, equivalent to 7.5% of their non-financial private sector deposits in pesos[7 8].

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),[9] $14.24 billion were granted, covering nearly 607,800 workers, until the end of March.

In turn, regarding the credit lines intended for workers subject to the Simplified Tax Regime and for self-employed workers, $66.48 billion had been granted until late March via the Zero Interest Rate Credit Line[10] and $309 million via the Culture Zero Interest Rate Credit Line.[11]

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



Source: BCRA

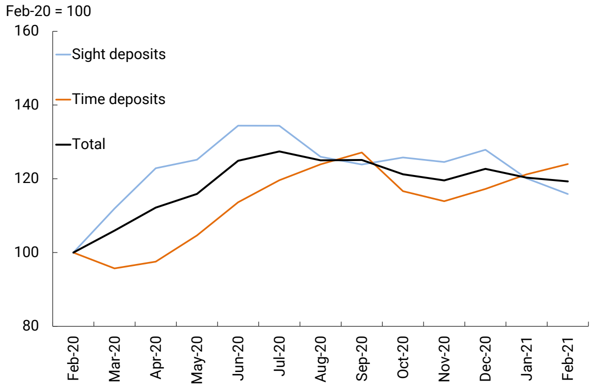
Recently, the BCRA designed a series of measures intended to: (i) improve credit access for MSMEs and natural persons not served yet by financial institutions, (ii) promote the bancarization of the population, (iii) foster the use of electronic means of payment, and (iv) improve the operation and efficiency of ATMs. In particular, the BCRA created a series of incentives for financial institutions and implemented new exemptions from the regulatory liquidity requirements, provided the actions of the institutions are in line with the objectives stated.[12] In terms of regulatory liquidity requirements, the incentives will be available to financial institutions that may prove that they granted loans to clients (either natural persons or SMEs) not registered as debtors by the financial institutions in December 2020 at a maximum interest rate of 43% nominal APR (annual percentage rate), and/or they recorded an increase in transactions by electronic means (considering debits in sight accounts in pesos for natural persons, and the issue of ECHEQs and MSMEs electronic credit invoices for legal persons) and/or recorded a high number of operations at their ATMs, considering the failures due to shortage of bank notes. This means that the financial institutions could be benefited from this exemptions provided they include natural or legal persons that only have loans originated outside the financial system and promote their restructuring as bank loans at lower interest rates. It is worth pointing out that the exemptions will only apply if the financial institution has implemented the remote and onsite opening of the "Universal Free Bank Account", a channel that facilitates access to the banking system and promotes the bancarization of the population — re-launched by the BCRA in January 2020[13]— precisely because it is free of charge and has minimum requirements for access.

7 If they were not institutions included in Group A, the minimum percentage to be applied is 25% of the estimated percentage.
8 See Communication "A" 7240.
9 See Communication "A" 7082 and Communication "A" 7102.
10 See Communication "A" 6993.
11 See Communication "A" 7082.
12 See Communication "A" 7254 and Press Release of March 31, 2021.
13 See Communication "A" 6876.

It is worth underlining that, according to the results of the Survey on Credit Conditions (ECC) corresponding to the first quarter of 2021 (published on April 15, 2021),[14] the aggregate of participating institutions shows, in the second quarter of the year, a bias tending to a slight increase in credit demand for overall companies (after a first quarter without significant changes in demand), a situation that would also be evident in large companies and would extend more intensely to SMEs. Simultaneously, it would also be likely to expect an increase of demand in nearly all credit lines of the households' segment (after a first segment with a slight rise in some of the lines for consumption purposes).

In February, the stock of lending in foreign currency to the private sector did not post significant changes against the figures of January (-0.1% in currency of origin). Consequently, the total stock of loans (in domestic and foreign currency) to this sector shrank by 1.6% in real terms over the month and 2.6% in real terms against February 2020.

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



* Not seasonally adjusted. Source: BCRA

As regards funding of the ensemble of financial institutions, the stock of private sector deposits in domestic currency decreased 0.8% in real terms (+2.7% in nominal terms) in February, mainly driven by sight accounts (-3.5% in real terms or -0.1% in nominal terms) (see Chart 3). In turn, the stock of private sector time deposits in pesos in real terms went up 2.3% against January (6% in nominal terms), mainly boosted by the performance of foreign private financial institutions and the non-banking financial institutions (EFNB). In particular, UVA time deposits continued to grow at a fast pace: 36.9% in real terms for deposits with early cancellation option and 20.4% in real terms for traditional deposits.[15]

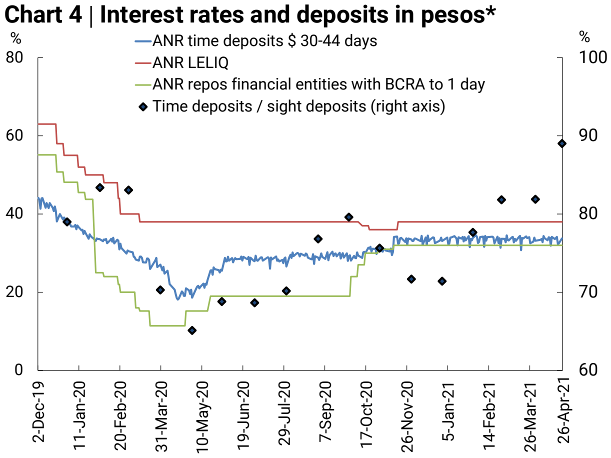
It is worth underlining that the BCRA has recently published a communication whereby it states the rights and options available to the users of the financial services.[16] They include, among other, the different modalities in place for time deposits: (i) traditional time deposits for a minimum term of 30 days; (ii) UVA time deposits with early cancellation option after a period of 30 days; (iii) traditional UVA time deposits, with a minimum 90-day term. The time deposits can be made —without caps as to amounts— via the web page of the bank or via mobile banking of the financial institutions, without paying any commission or charges arising from the use of this modality.

In February, the monetary policy interest rates and the nominal borrowing interest rates did not experience any significant changes if compared to their values of January (see Chart 4). In this

14 To see the last release of these results, corresponding to the first quarter of 2021, click here.
15 The stock of the private sector UVA deposits continues to be scarcely relevant at aggregate level, accounting for only 1.5% of the total stock of private sector deposits in domestic currency.
16 Press Release of April 11, 2021.

context, there has been an increase in the stock of time deposits/stock of sight deposits ratio of the private sector in domestic currency during this period.

Chart 4 | Interest rates and deposits in pesos*



*Balance sheet stock in pesos (private sector). Last 2 figures are estimated .
Source: BCRA

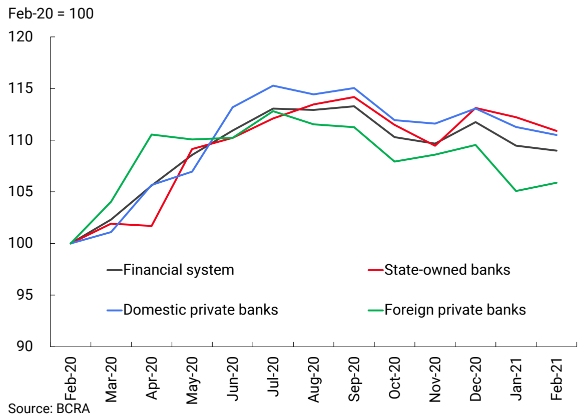
The stock of private sector deposits in foreign currency increased 0.3% in February —in currency of origin. Therefore, total private sector deposits (in domestic and foreign currency) dropped 0.7% in real terms during this period and accumulate a year-on-year rise of 10.7% in real terms.

On a year-on-year comparison, private sector deposits in pesos increased 19.3% in real terms (+67.8% y.o.y. in nominal terms), while public sector deposits went up 34% in real terms (+88.5% y.o.y. in nominal terms) in February. Thus, the total stock of deposits in pesos (including both sectors) rose by 21.3% in real terms if compared to the same period of the 2020 (+70.6% y.o.y. in nominal terms). In turn, considering the private and public sectors and all currencies, the stock of deposits in real terms accumulated an increase of 13.4% y.o.y. in real terms (+59.6% y.o.y. in nominal terms).

II. Aggregate Balance Sheet Composition

In February, total assets of the aggregate financial system shrank 0.4% in real terms (+3.1% in nominal terms), accumulating a 9% y.o.y. increase in real terms. A breakdown by group of financial institutions shows that, over the month, the stock of assets increased in the foreign private financial institutions and shrank in state-owned and domestic private institutions (see Chart 5).

Chart 5 | Stock of total assets
In real terms

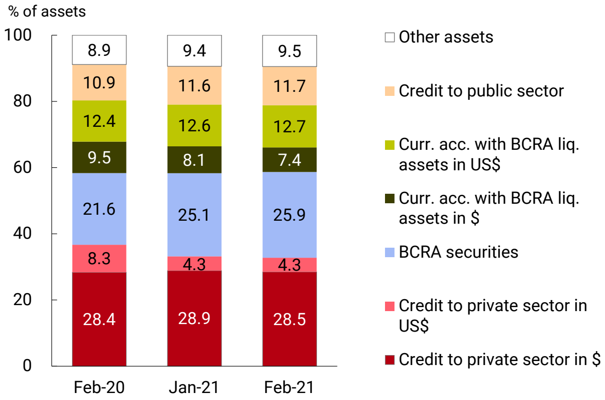


Source: BCRA

In February, in relation with the composition of the financial system's total assets, the relative share of monetary regulation instruments went up slightly, while there was a decrease in the relative weight of the balance of current accounts with the BCRA in pesos and, to a lesser extent, of the stock of credit to the private sector in the same currency (see Chart 6). Regarding the relative weight of items in foreign currency, there were no significant changes during the month under analysis.

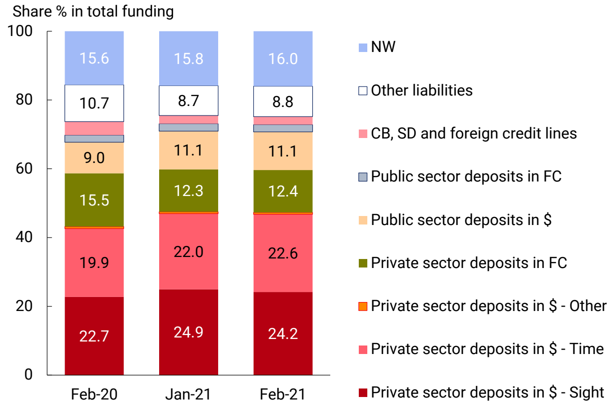
With reference to the composition of funding of the ensemble of financial institutions, the weight of private sector time deposits in pesos rose in the total stock (see Chart 7), while the relative weight of sight accounts in pesos of this sector shrank. The remaining items of total funding remained virtually unchanged over the month.

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



Source: BCRA

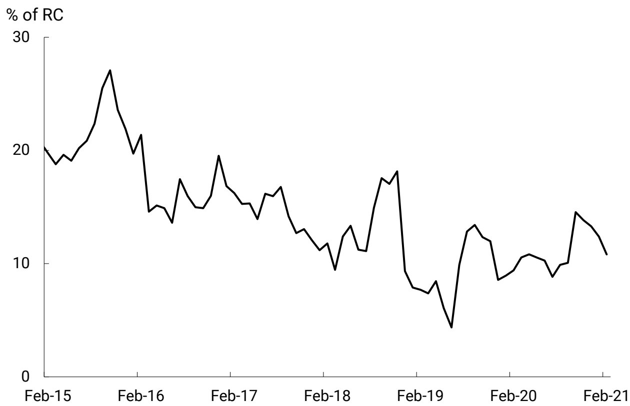
Chart 7 | Composition of the system's total funding
In % of total funding (liabilities + net worth)



FC: Foreign currency. Source: BCRA

Foreign currency assets of the aggregate financial system totaled 19.7% of assets in February, without posting any significant changes against January (+0.1% over the month; -3.8 p.p. y.o.y.). In turn, liabilities in foreign currency accounted for 17.7% of total funding (liabilities plus net worth), also without significant changes against January (- 4.4 p.p. y.o.y.). Also taking into consideration the purchase and sale forward transactions in foreign currency —classified as off-balance—, the spread of the financial system's assets and liabilities in foreign currency stood at 10.8% of the regulatory capital, down 1.6 p.p. against January and up 1.4 p.p. against the level recorded one year ago (see Chart 8).

Chart 8 | Foreign currency assets – Foreign currency liabilities + Foreign currency forward position (Financial System)



Source: BCRA

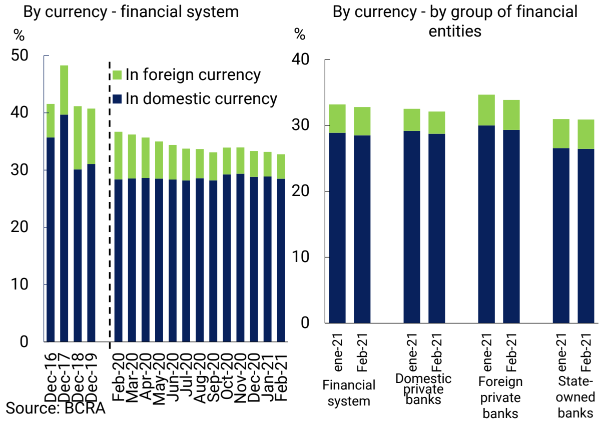
III. Portfolio Quality

In February, the gross exposure of the financial system to the private sector (both in domestic and foreign currency) stood at 32.8% of total assets, down 0.4 p.p. against the figure recorded in January. The ratio stood at 28.5% if considering only lending in pesos, down 0.4 p.p. against January, and without significant changes against the same month of 2020 (see Chart 9). In turn, loans to private sector in foreign currency continued to stand at levels similar to those of January.

With reference to the stock of loans net of provisions, the exposure of the ensemble of financial institutions to the private sector totaled 30.8% of total assets in February, going down 3.9 p.p. y.o.y.

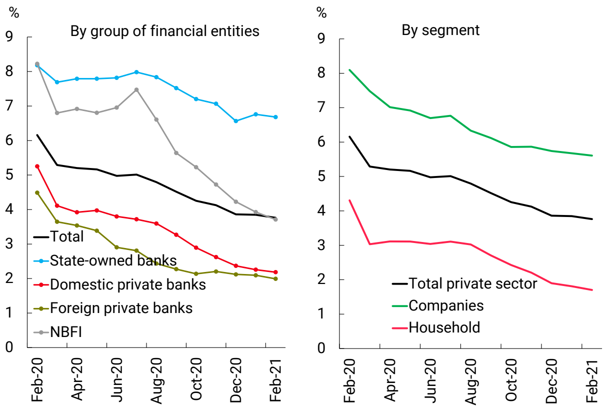
In February, the temporary regulatory change introduced to the parameters to classify debtors and the possibility of deferring unpaid installments to the end of the lifetime of the loans —accruing compensatory interest only[17]— was still in place in order to mitigate the financial burden of debtors in view of the pandemic context. Against this backdrop, the non-performing ratio of loans to private sector for the aggregate financial system continued going down slightly over the month to 3.8% (-2.4 p.p. y.o.y.) (see Chart 10). There was a widespread drop in the various groups of financial institutions.

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



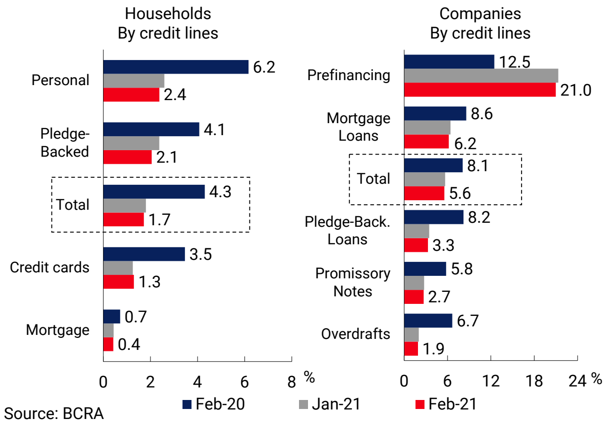
Source: BCRA

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



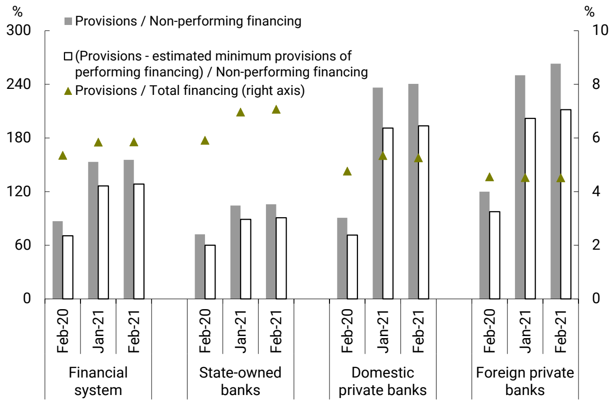
NBFI: Non-Banking Financial Institutions. Source : BCRA

Chart 11 | Non-performing loans to the private sector
Non-performing financing / Total financing (%)



Source: BCRA

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



Source: BCRA

The non-performing ratio of loans to households reached 1.7%, standing slightly below the figure of the previous month (-2.4 p.p. y.o.y.), mainly due to the performance of personal and pledged-backed loans (see Chart 11). Regarding loans to companies, the delinquency ratio stood at 5.6% of the segment's total financing, posting a decrease similar to that of loans to households (-2.5 p.p. y.o.y.). This drop in the delinquency ratio was widespread among all credit lines.

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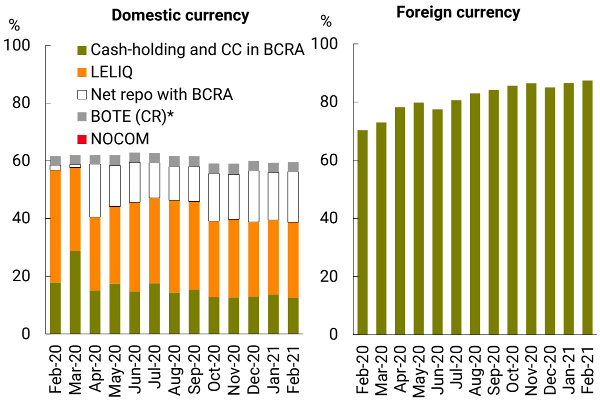
17 Communication "A" 6938, Communication "A" 7107, Communication "A" 7181, and item 2.1.1. of the Consolidated Text of the "Financial Services in the framework of the Health Emergency Provided For by Decree No. 260/2020 CORONAVIRUS (COVID-19)".

The aggregate financial system continues showing high provisioning levels. In February, provisions accounted for 5.9% of total loans to private sector, in line with the figure recorded in January (+0.5 p.p. y.o.y.). The total loan loss provisions in terms of the non-performing portfolio stood at 155.6%, up 2.4 p.p. against January (and +68.6 p.p. y.o.y.) (see Chart 12). In turn, in February, 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) totaled 128.5% of such portfolio.

IV. Liquidity and Solvency

The liquidity of the aggregate financial system continued to stand at high levels in February, exceeding the average of the last 10 years. Over the month, the broad liquidity ratio[18] increased 0.3 p.p. of total deposits, up to 65% (+0.2 p.p. up to 59.5% and +0.9 p.p. up to 87.4% for the segments in domestic currency and in foreign currency, respectively) (see Chart 13). Taking into account the items in pesos against January, there was an increase in the share of the BCRA remunerated instruments —net repos and LELIQs—, while there was a decrease in the share of balances of current accounts held by the financial institutions with the BCRA. In year-on-year terms, broad liquid assets rose by 1.2 p.p. of deposits (+17.1 p.p. y.o.y. in the foreign currency segment and -2.1 p.p. y.o.y. in the domestic currency segment).

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



*CR: Cash reserves. Source: BCRA

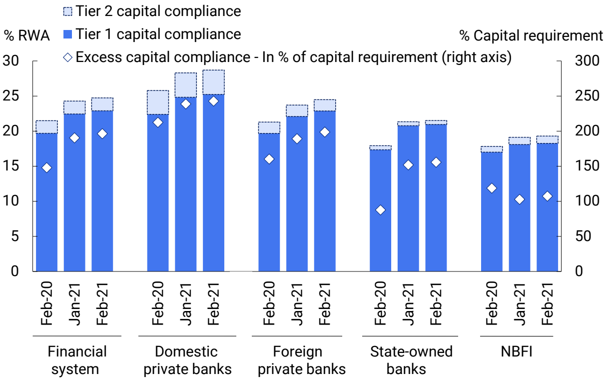
The ensemble of financial institutions continued exceeding sizably the minimum values required locally for the ratios recommended by the Basel Committee with reference to liquidity. The Liquidity Coverage Ratio (LCR, according to information as of February 2021) and the Net Stable Funding Ratio (NSFR, according to data as of December 2020)[19,20] stood at 2.2 and 1.9 (median of the institutions subject to the regulation —belonging to Group A—) respectively, exhibiting levels that have nearly doubled the required minimum values.

Regarding the solvency of the sector, all the groups of financial institutions increased the levels of their Regulatory Capital (RC) in terms of risk-weighted assets (RWA) (see Chart 14). This ratio amounted to 24.7% for the entire financial system over the month, standing 0.5 p.p. above the

18 It considers liquid assets, regulatory liquidity requirements, and BCRA instruments, in domestic currency and in foreign currency.
19 The LCR considers the liquidity available to face any potential outflow of funds within a stress scenario in the short term. See Consolidated Text on "Liquidity Coverage Ratio".
20 The NSFR considers the availability of institutions' stable funding in line with the terms of businesses to which it is applied. See Consolidated Text on "Net Stable Funding Ratio".

level observed in January. Likewise, the capital position (RC net of the regulatory requirement) of the ensemble of institutions rose by 6 p.p. of the regulatory requirement in February up to 196%. In the last 12 months, the regulatory capital requirement and the capital position of the sector, at aggregate level, increased 3.2 p.p. of RWAs and 48.4 p.p. of the regulatory capital requirement, respectively.

Chart 14 | Compliance with regulatory capital
By group of financial institutions

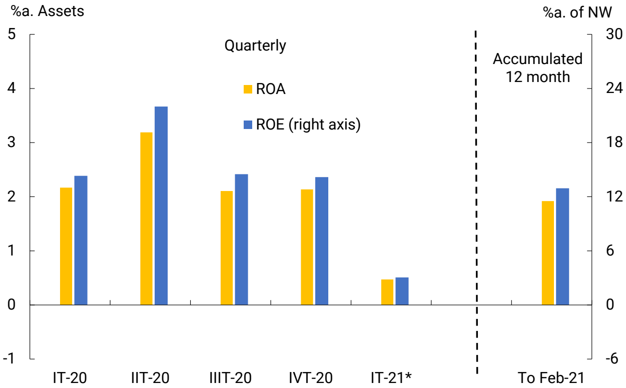


NBFI: Non-Banking Financial Institutions. Source : BCRA

The ratio of minimum capital requirement to loans to the private sector, net of provisions, makes it possible to acquire a general and additional notion about the level of resilience of the sector if any eventual scenario of counterparty risk held true. In February, the ratio between regulatory capital and loans to private sector, net of provisions, stood at 44.5% at aggregate level, up 0.9 p.p. against January (+8.3 p.p. y.o.y.).

Regarding the profitability of the ensemble of financial institutions, the total comprehensive income in homogenous currency was equivalent to 0.9% annualized (a.) of assets (ROA) and to 6.1%a. of equity (ROE) in February. Thus, even though these profitability indicators were slightly higher than those recorded in January, in early 2021 they are still standing at lower levels than in 2020 (see Chart 15). In the aggregate of the last 12 months up to February, the ROA of the financial system reached 1.9% and the ROE totaled 12.9%.

Chart 15 | Total comprehensive income in homogeneous currency – Financial System



*As of February 2021. Source: BCRA

Considering the aggregate of the last 12 months up to February, the financial margin of the ensemble of institutions accounted for 11.5% of assets. The most remarkable sources of financial income include income from securities (8.7% of assets[21]) and interest on loans (8.1% of assets). Other profitability sources of lesser volume were premiums for repo transactions, exchange rate differences and CER-adjusted items. As regards expenses, interest paid for deposits continued to stand at 9% of assets.

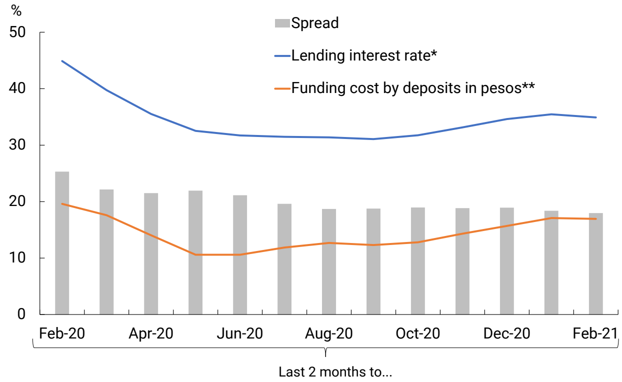
Among non-financial items of the income statement, from March 2020 to February 2021, income from services (1.8% of assets) stood out as source of net income. Taking into consideration non-

21 In addition to this record, the ensemble of financial institutions recorded income from securities within "other comprehensive income". The latter are estimated to be around 2% of assets for the last 12 months

financial expenses, administrative expenses (6.5% of assets) and loan loss provisions (1.5% of assets) were the most relevant.

It is worth noting that the pattern of comprehensive income gradual reduction in homogeneous currency of the financial system that has been observed so far is consistent with a gradual decrease of the estimated spread of nominal implicit interest rates.[22] [23] In particular, it is estimated that, during the first two months of 2021, the reduction of the nominal implicit interest rate relatively exceeded the reduction of the cost of funding via deposits, resulting in a new drop in the spread between both concepts (see Chart 16). It is noteworthy that, in real terms, the spread between implicit rates also contracted if compared to the prior two months and also in year-on-year terms.

Chart 16 | Estimated implicit nominal interest rates (annualized) – Financial System



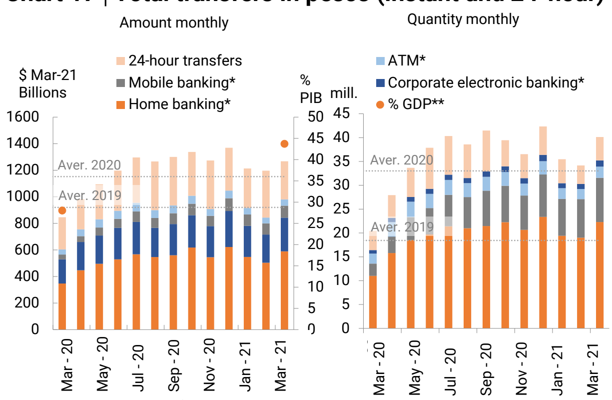
*For loans in pesos (non-financial), LELIQs not used to comply with Minimum Cash requirements, and Net Repos with BCRA. ** Considering the Minimum Cash requirement. Source: BCRA

V. Payment System

In the first quarter of 2021, electronic means of payment continued to exhibit a positive performance. Recently, the BCRA has implemented new measures to deepen this momentum. In particular, the financial institutions that may prove that there has been an increase in the use of electronic means of payment by their clients will have a reduction in their level of compliance with the minimum reserve requirements.[24]

In March (latest information available), total transfers in pesos (both instant and 24-hour transfers) went up against January in both number and amount in real terms, standing at values higher than the monthly average of 2020. Over the month, there were increases in all transfer channels, even though transfers via corporate electronic banking were the most dynamic. Relative to the same month of 2020, total transfers in pesos went up 96.5% in number and 50.1% in amount in real terms (see Chart 17), with rises in both instant and 24-hour transfers. On the basis of this

Chart 17 | Total transfers in pesos (instant and 24-hour)



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

22 Nominal implicit interest rates stem from the main assets and liabilities in domestic currency. Concepts such as administrative expenses, tax expenditures, cost of capital or other components associated with hedging for risks inherent in financial intermediation activities are not taken into account for the calculation of implicit interest rates

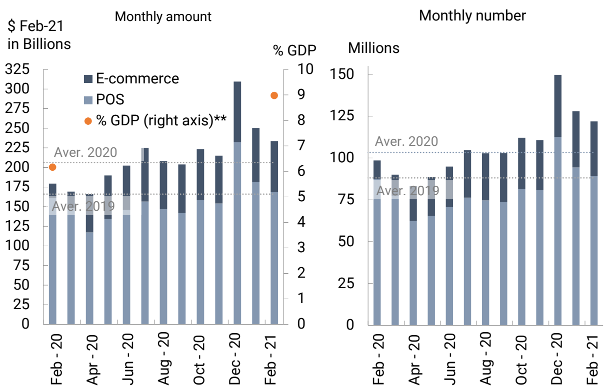
23 In this estimate, implicit interest rates are built by accumulating the flows for the last two months annualized. For further detail as to the method of calculation, see previous issues of the Report on Banks.

24 For further detail, see Communication "A" 7254.

performance, it is estimated that the volume transacted via total transfers grew 15.7 p.p. of GDP in a year-on-year comparison, up to nearly 44% in March 2021.[25]

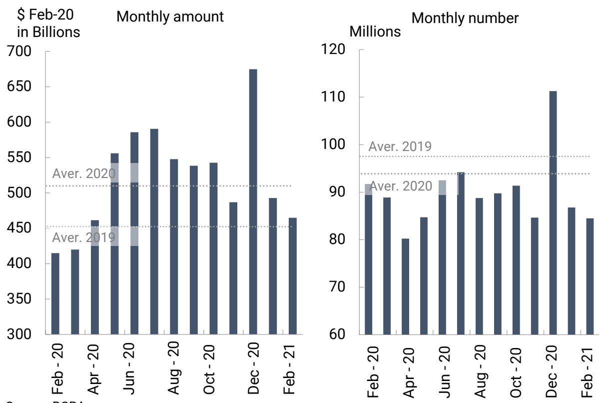
During February, transactions with debit cards went down against January in both number and amount in real terms, even though they stood above the monthly average recorded throughout 2020, with a relatively higher contraction in the onsite channel if compared to e-commerce transactions. Consequently, the share of electronic transactions increased in terms of number (up to 26.6% of the total) and of amount in real terms (up to 27.8% of the total). If compared to the same month of 2020, transactions with debit cards increased in number (23.7%) and in amounts in real terms (30.2%) (see Chart 18).

Chart 18 | Credit card transactions



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

Chart 19 | Cash withdrawals

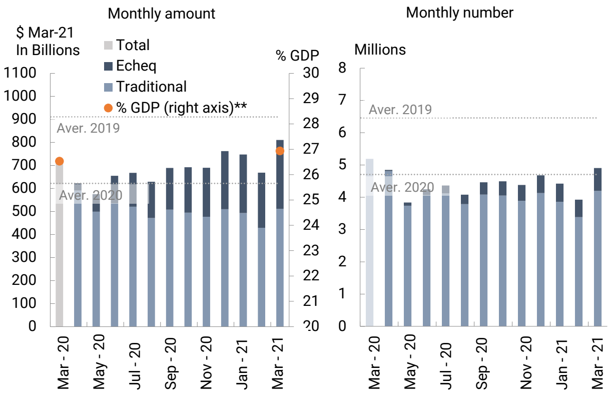


Source: BCRA

In February, cash withdrawals via ATMs went down against January, both in number and amount in real terms. If compared to February 2020, cash withdrawals went down in number (-7.9%) and went up in amount in real terms (12.1%) (see Chart 19). In this respect, it is worth underlining that cash withdrawals through ATMs have no charges in the case of salary accounts and accounts for collection of pension benefits and social welfare plans.[26]

In March, the total clearing of checks increased against the value recorded in February, both in number and amount in real terms (see Chart 20), keeping levels above the monthly average of 2020. This monthly increase of clearing transactions was observed in both physical documents and ECHEQs. It is estimated that the amount cleared during March stood at a level equivalent to 26.7% of GDP, similar to the level recorded one year ago (+0.4 p.p. y.o.y.). As

Chart 20 | Cleared checks



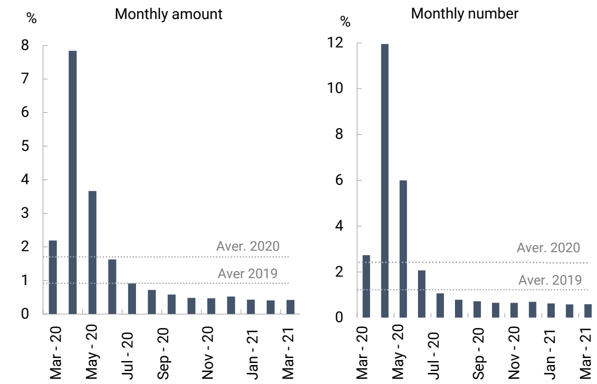
Source: BCRA. * Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally adjusted.

25 It is noteworthy that the BCRA recently issued a Press Release stating the main rights of users of financial services. Regarding the amounts available to users in the case of instant transfers, there is a maximum sum of $125,000 via ATM and $250,000 via online banking.
26 See abovementioned footnote on the Press Release.

from their implementation, ECHEQS gained share and accounted for 37% of the total amount cleared during March.

In turn, in March, the ratio of the bouncing of checks for insufficient funds in terms of total cleared checks slightly rose against the previous month. However, this ratio stood below the average recorded throughout 2020. Even more, relative to the same month of the previous year, this ratio fell in number (-2.14 p.p.) and in amount (-1.77 p.p., see Chart 21).

Chart 21 | Bounced checks for insufficient funds



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