Report on Banks

April 2022

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

Table of Contents

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 June 22, 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.

Electronic subscription | Opinion Poll | Previous issues.
For comments and inquiries: analisis.financiero@bcra.gob.ar

Executive Summary

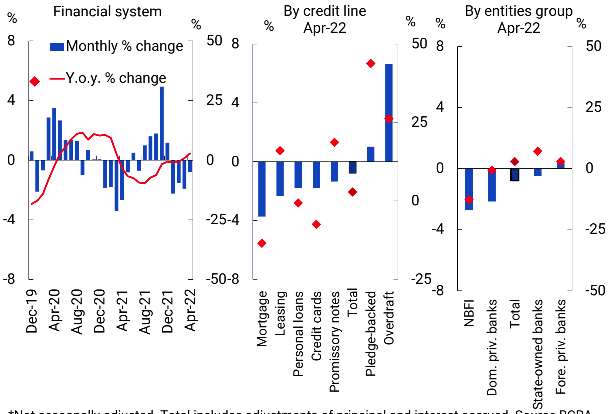
- In April, the financial system continued exhibiting high liquidity and solvency margins. The intermediation activities of the aggregate financial system dropped slightly over the month.
- Electronic means of payment showed a significant momentum: in May (latest information available), instant transfers were on the rise again and recorded a change of 77.8% year on-year (y.o.y.) in number and of 34.4% y.o.y. in amount in real terms. This evolution was driven by transactions between accounts opened at financial institutions via Uniform Banking Codes (CBUs) and by transactions involving accounts with Payment Service Providers (PSPs) from/to Uniform Virtual Codes (CVUs). In this respect, payments by transfer (PCTs) initiated via interoperable QR codes increased significantly against the previous month: 20.3% in number and 21.3% in amount in real terms.
- The stock of loans in pesos to the private sector decreased 0.8% in real terms in April (5.2% increase in nominal terms). In a year-on-year comparison, the stock of loans in pesos to the private sector went up 2.8% in real terms (+62.3% y.o.y. in nominal terms), with pledge-backed loans and commercial credit lines posting the highest relative momentum. The positive performance of commercial credit lines has been especially driven by the "Credit Line for Productive Investment (LFIP)" of Micro, Small and Medium-Sized Enterprises (MSMEs), a tool that has helped provide funds to around 269,300 companies from its launch to May 2022 for an aggregate amount of over $2.2 trillion in nominal terms.
- In a context of recovery of the economic activity in most activity segments, the non-performing ratio of loans to the private sector shrank 0.3 percentage points (p.p.) in April against March and 1.8 p.p. since July 2021 (the month recording the maximum domestic figure in terms of this indicator), and stood at 3.6% for the aggregate financial system. The monthly decline in the non-performing ratio was widespread across all groups of financial institutions and debtors (households and companies). The financial system's total stock of provisions accounted for 4.3% of total lending, standing quite above the stock of loans of the non-performing portfolio.
- Over the month, private sector time deposits denominated in UVA continued to show a remarkable momentum (+14% in real terms), since it is the option offering positive returns in real terms to depositors. So far this year, the total stock of the private sector time deposits in pesos increased 7.9% in real terms, mainly driven by the increases in the minimum borrowing interest rates implemented by the BCRA, which have been properly in line with the rise in the interest rates of 28-day LELIQs (including the latest increase implemented by mid-June). In a year-on-year comparison, the total stock of private sector deposits in pesos went up 3.2% in real terms, with rises in both sight accounts and time deposits.
- In April, the liquidity ratio in a broad sense of the ensemble of financial institutions stood at historically high levels. The financial system's broad liquidity ratio accounted for 67.5% of total deposits (63.5% for the items in pesos and 88.9% for the segment in foreign currency), and stood 0.8 p.p. above the level observed in March and 1.4 p.p. above the level observed one year ago.
- The regular solvency indicators for the financial system have continued to stand at high (and increasing) levels in April, from a domestic historical perspective and in relation with international values. The Regulatory Capital (RC) totaled 27.9% of the risk-weighted assets (RWAs) for the aggregate financial system (+0.9 p.p. month-on-month (m.o.m.) and +2.6 p.p. y.o.y.), resulting in a regulatory capital surplus position equivalent to 248% of the minimum requirement over the period, with an increase of 40.8 p.p. y.o.y. The rise in solvency ratios observed in recent years occurred in a context of reinforcement of the macroprudential policies aimed at preserving systemic soundness. In particular, in 2020 and 2021, the BCRA ordered the suspension of dividend distribution available to financial institutions, a situation that started to go back to normal gradually in 2022, in line with the economic activity recovery process after the COVID-19 pandemic shock.
- Considering the aggregate of the last 12 months up to April, the financial system accrued a total comprehensive income in homogeneous currency equivalent to 1.3% of assets and to 8.2% of equity, down 0.4 p.p. and 3 p.p. if compared to the income accrued in the same period of 2021.

I. Financial Intermediation Activity

Taking into account the main differences in the balance sheet of the aggregate financial system for the items in domestic currency,[1] the stock of loans to both the public and the private sectors shrank in real terms. In turn, there was an increase in broad liquidity, accompanied by a decrease in the total stock of private sector deposits in real terms. Likewise, there was a rise in private sector deposits involving items in foreign currency, which was offset in part by an increase in lending to the public sector.[2] [3]

The total stock of loans in pesos to the private sector went down 0.8% in real terms in April (+5.2% in nominal terms), showing a dissimilar evolution across credit lines.[4] Against March, there were increases in the stock of overdrafts and pledge-backed loans in real terms, accompanied by decreases in the remaining credit lines.

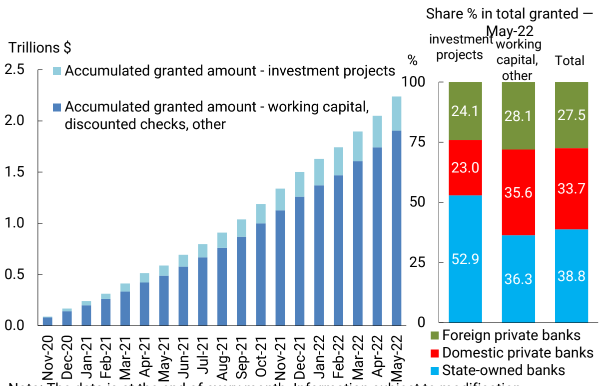
Chart 1 | Stock of loans to the private sector in pesos
In real terms* - Financial System



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

Despite the monthly performance, the stock of loans in pesos to the private sector accumulated a 2.8% increase in real terms (+62.3% y.o.y. in nominal terms) in a year-on-year comparison. The evolution of lending in pesos to the private sector observed in the last 12 months was mainly accounted for by state-owned financial institutions (see Chart 1) and, to a lesser extent, by foreign private banks.

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



Nota: The data is at the end of every month. Information subject to modification.
Source: BCRA

The year-on-year increase in bank lending in pesos was largely evident in pledge-backed loans and commercial lines: overdrafts, promissory notes and leasing. This positive performance of commercial credit lines has been driven in part by the stimulus measures adopted by the BCRA which focused on small and medium-sized enterprises. In particular, the "2022 quota" of the "Credit Line for Productive Investment (LFIP)" of MSMEs started to be effective in April 2022 and has preserved a set of favorable relative conditions

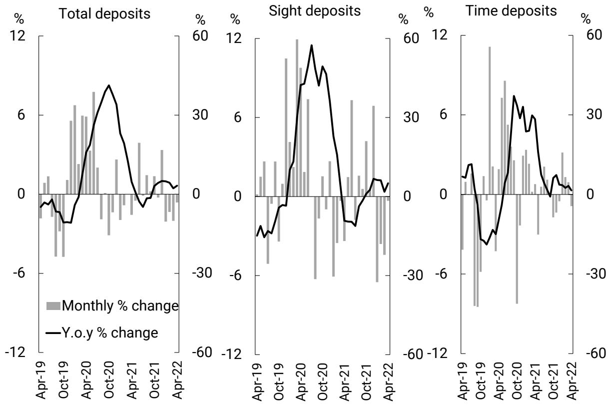
1 Differences of the balance sheet stock expressed in homogeneous currency. Information taken from the Monthly Accounting Reporting System (April 2022, latest information available at the time of publication of this Report).
2 Due in part to the issue of dollar-linked bonds made by the Treasury over the month.
3 Expressed in currency of origin.
4 Including capital adjustments and accrued interest.

for enterprises as well as benefits for participating banks.[5] In the first two months of this "2022 quota" of the credit line (according to information corresponding to late May 2022), a total sum of $341.42 billion was disbursed to around 38,677 companies. It is estimated that the disbursements made in these two months via the LFIP were equivalent to 21.2% of the total amount of loans traded in pesos at a fixed or re-negotiable interest rate by legal persons over the period (15.1% of the amount traded in pesos by the private sector). In line with this positive performance of the LFIP, it is noteworthy that, in the last round of the Survey on Credit Conditions (ECC), the financial institutions invited to participate in the Survey stated that they were expecting an increase in the perceived demand for credit from overall companies and from SMEs in particular during the second quarter of 2022.[6] Going further back in time, over $2.2 trillion in nominal terms have been disbursed from the launch of the LFIP (November 2020) to May 2022 (see Chart 2), which were provided to around 269,300 companies. It is estimated that, even though most of the resources were intended for working capital loans, around 37% of the total stock was devoted so far to financing investment projects (characterized by a longer term).

Regarding the segment in foreign currency, the stock of loans to the private sector also went down in April,[7] as a result of which the total stock of loans (in both domestic and foreign currency) to the private sector dropped 1% in real terms against March (+5% in nominal terms) and 3.7% in year-on-year terms (+52.1% y.o.y. in nominal terms).

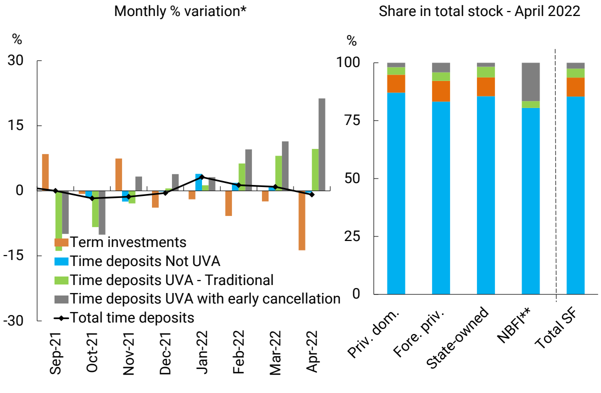
With reference to the financial system's aggregate funding, the stock of private sector deposits in pesos fell 0.6% in real terms (+5.3% in nominal terms) in April (see Chart 3). This performance was evident in both sight accounts and time deposits.

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



*Non-seasonally adjusted. Source: BCRA

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



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

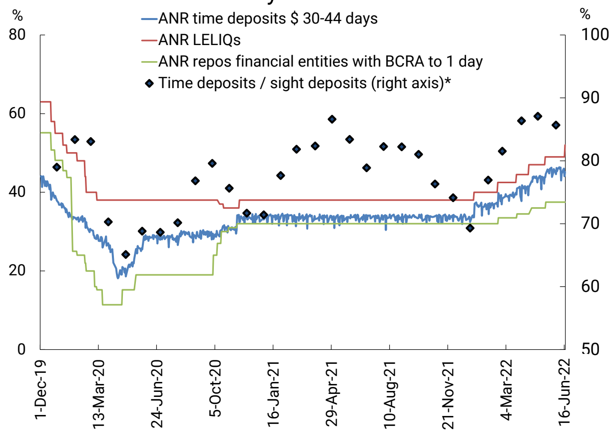
Despite the evolution of deposits over the month, time deposits denominated in UVA continued to post a remarkable momentum and they became an option to protect the real value of depositors' savings in the face of an increasing inflation caused by the international context: deposits with early

5 For further detail, see the Consolidated Text on "Credit Line for Productive Investment of MSMEs".
6 For further detail, see the Survey on Credit Conditions (ECC) corresponding to the first quarter of 2022.
7 Change in currency of origin impacted by the migration of non-performing (fully provisioned) loans to off-balance items made by a financial institution (see further details in the Portfolio Quality section).

cancelation option went up 21.3% in real terms over the month, while traditional deposits grew 9.7% in real terms (see Chart 4). Thus, private sector UVA time deposits in pesos accounted for 6.4% of the total stock of time deposits in pesos in April, up 1.5 p.p. in a year-on-year comparison.

Against late 2021, private sector total time deposits in pesos recorded a rise of 7.9% in real terms.[8] This improvement was mainly driven by the rises in the minimum nominal interest rates established by the BCRA in order to continue invigorating saving in domestic currency (see Chart 5).[9]

Chart 5 | Stock of private sector deposits in pesos
In real terms * - Financial System



*Balance sheet stock in pesos (private sector). Last value is estimated . Source: BCRA

In turn, the private sector stock of deposits in foreign currency went up slightly over the month (+0.5% in currency of origin). Thus, private sector total deposits —in domestic and foreign currency— shrank slightly against March (-0.8% in real terms or +5.2% in nominal terms).

In a year-on-year comparison, the stock of private sector deposits in pesos has accumulated a rise of 3.2% in real terms (+62.9% in nominal terms), due to both saving accounts and time deposits (see Chart 3). In turn, public sector deposits in domestic currency dropped over the month. Consequently, the total stock of deposits in domestic currency (from both the public and private sectors) posted no significant changes in a year-on-year comparison. When considering total deposits (currencies and sectors), the total stock in real terms dropped 4.4% y.o.y. in real terms (+50.8% y.o.y. in nominal terms).

II. Aggregate Balance Sheet Evolution and Composition

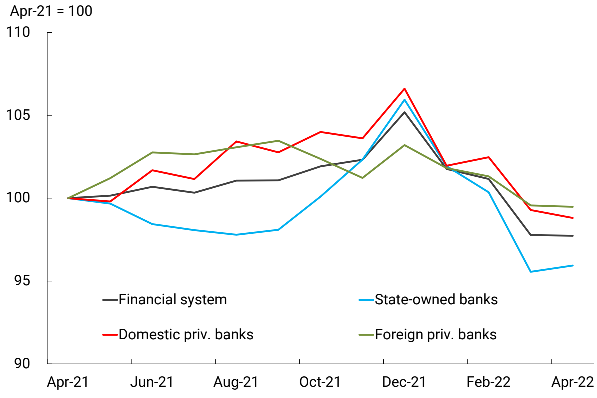
The balance sheet size (total assets) of the aggregate financial system did not post significant changes in April 2022 (see Chart 6), but it dropped in year-on year terms (-2.3% in real terms; +54.2% y.o.y. in nominal terms). This performance was widespread across all groups of financial institutions.

As regards the components of the aggregate financial system's total assets, there was an increase in the relative share of BCRA's instrument holdings in April (see Chart 7). Conversely,

8 So far this year, the increase was evident in both the UVA segment (+36.4% in real terms) and in deposits arranged in pesos at a traditional fixed rate (+6.2% in real terms).
9 For 30-day deposits made by natural persons, the minimum guaranteed interest rate was set at a nominal annual percentage rate of 53% (effective annual percentage rate of 68%) as from mid-June. For the remaining private sector time deposits, the floor was set a nominal annual percentage rate of 50% (effective annual percentage rate of 63.2%). This rise in the minimum interest rates applicable to time deposits was in line with the rise in the interest rates on 28-day LELIQs on six occasions, going from a nominal annual percentage rate of 38% (effective annual percentage rate of 45.4%) in December 2021 to a nominal annual percentage rate of 52% (effective annual percentage rate of 66.4%) by mid-June.

there was a decrease in the share of the remaining items in total assets. In terms of the composition of total funding at aggregate level, in general terms, there were no significant changes over the month (see Chart 7). Private sector deposits in pesos have continued to account for half the total funding of the ensemble of financial institutions.

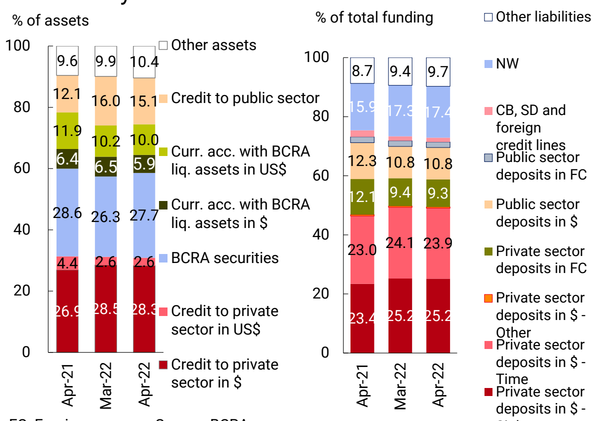
Chart 6 | Financial system's total assets
In real terms



Source: BCRA

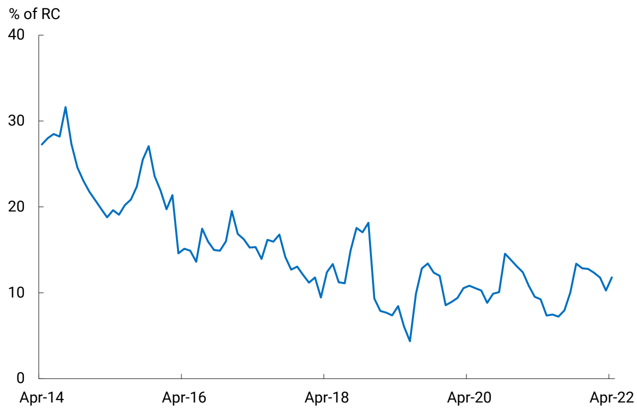
So far this year, the exposure of the aggregate financial system's balance sheet to items in foreign currency has stood at limited levels, within the framework of the macroprudential regulations in force. The differential between assets and liabilities of the ensemble of financial institutions in foreign currency[10] accounted for only 11.8% of the regulatory capital in April, posting a slight increase against March and against the level recorded one year ago (+1.5 p.p. and +2.6 p.p., respectively; see Chart 8). This level has stood below the domestic average recorded in the last eight years (14.9%).

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



FC: Foreign currency. Source: BCRA

Chart 8 | Foreign currency assets – Foreign currency liabilities + Foreign currency forward position



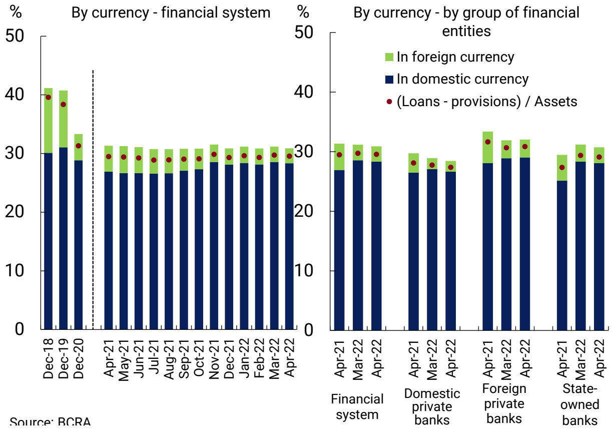
Source: BCRA

III. Portfolio Quality

The gross exposure of the financial system to the private sector (including both domestic and foreign currency) stood at historically low and declining levels in April 2022 (see Chart 9), for the items in pesos and in foreign currency. In this context, the total stock of loans to the private sector net of provisions accounted for 29.6% of assets for the ensemble of financial institutions in April.

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

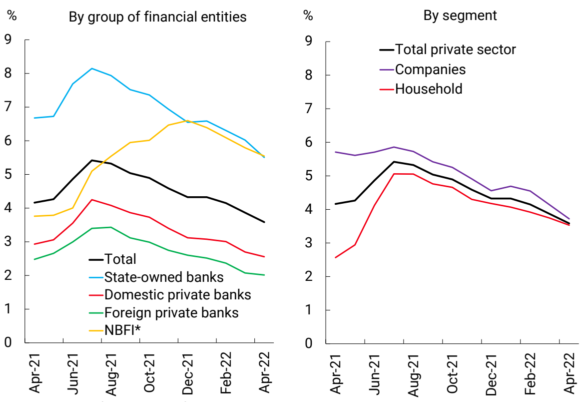
Chart 9 | Stock of loans to the private sector/Assets



Source: BCRA

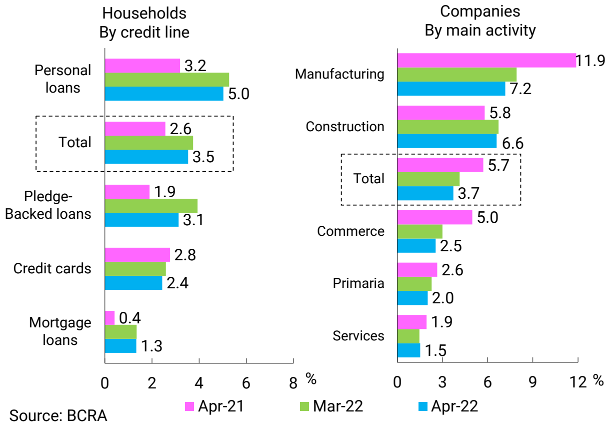
In a context of economic recovery in most activity segments, the non-performing ratio of lending to the private sector dropped 0.3 p.p. against March to 3.6% for the aggregate financial system.[11] The monthly decline in the non-performing ratio was widespread across all groups of financial institutions and debtors (see Chart 10). In particular, the non-performing ratio of loans to companies went down 0.4 p.p. m.o.m in April to 3.7%, and this evolution was widespread across all economic sectors (see Chart 11). Likewise, the non-performing ratio of loans to households decreased 0.2 p.p. over the month to 3.5%, and this performance was widespread across all credit lines (see Chart 11).

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

Consequently, the decrease in the pattern of the non-performing ratio of loans to the private sector that has been observed since August 2021 has consolidated with the figures recorded in April 2022 (1.8 p.p. drop). This evolution has occurred in a context of economic activity recovery in most productive sectors, and this has allowed the BCRA first to adopt a target focus on, and then to phase out, the financial relief measures that had been implemented in the context of the COVID-19 pandemic.[12]

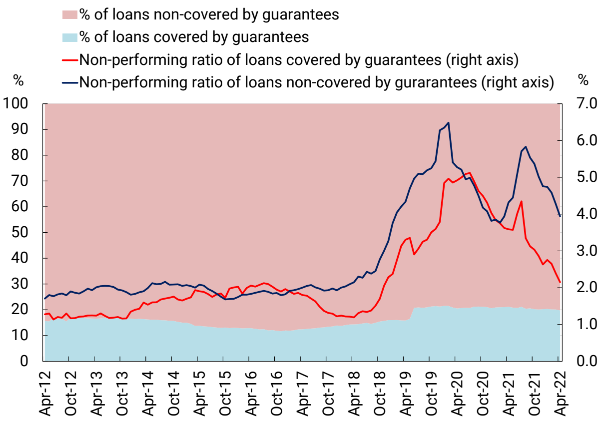
At systemic level, the ratio of lending to the private sector covered with some types of guarantee or collateral[13] accounted for 19.8% of total loans (16.4%, average value of the last 10 years), down 0.4

---

11 The same as in March, part of the contraction of the non-performing ratio of loans would have been impacted by the migration of companies' debt in foreign currency under Category 5 (bad loans) to off-balance items. It is worth pointing out that these movements do not impact on the balance sheet or the income statement of the financial system since they are fully provisioned assets.
12 For further detail, see Communication "A" 6938, Communication "A" 7107, Communication "A" 7181, Communication "A" 7245, Communication "A" 7497 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)".
12 For further detail, see Communication "A" 6938, Communication "A" 7107, Communication "A" 7181, Communication "A" 7245, Communication "A" 7497 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)".

p.p. and 1.4 p.p. against the value recorded in March and against the same period of 2021, respectively. The ratio of the non-performing loans with such guarantees at aggregate level reached 2.1% over the month (-0.2 p.p. m.o.m. and -1.4 p.p. y.o.y., see Chart 12), while the non-performance of the remaining portfolio of the private sector (without preferred guarantees) stood at 3.9% over the period (-0.3 p.p. m.o.m. and -0.4 p.p. y.o.y.).

Chart 12 | Lending to the private sector covered with guarantees/collaterals
Financial system



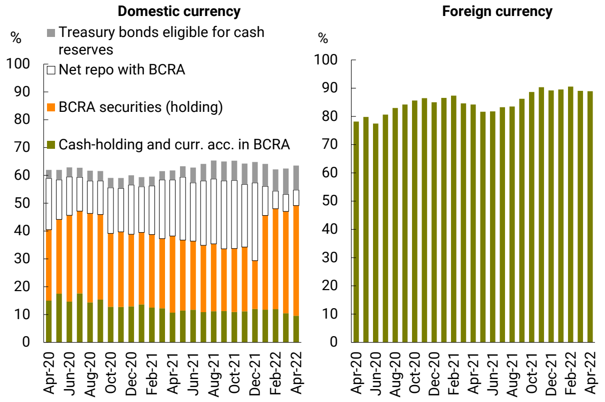
Source: BCRA

The financial system's provisioning continued to stand at sizable levels at the beginning of the second quarter. In April, the provisions of the ensemble of financial institutions accounted for 4.3% of the total portfolio of loans to the private sector (-0.3 p.p. m.o.m. and -1.5 p.p. y.o.y.) and for 118.9% of the non-performing portfolio (+3.3 p.p. m.o.m. and -19.9 p.p. y.o.y.).[14] Over the period, the stock of regulatory provisions attributable to the non-performing portfolio (according to the criteria set by the rules on regulatory minimum provisions for loan loss exposure) accounted for 90.2% of such portfolio at systemic level.

IV. Liquidity and Solvency

The financial system's liquidity ratios continued to stand at historically high levels at the beginning of the second quarter. In April, broad liquidity[15] stood at 67.5% of total deposits, up 0.8 p.p. against March. A breakdown by currency shows that the broad liquidity ratio stood at 63.5% for the items in pesos and at 88.9% for the items in foreign currency (+1 p.p. and -0.2 p.p. against the figures recorded in March, respectively, see Chart 13). Regarding the composition of liquidity in pesos, there was an increase in the relative share of BCRA's instruments in April.[16, 17] In the last 12 months

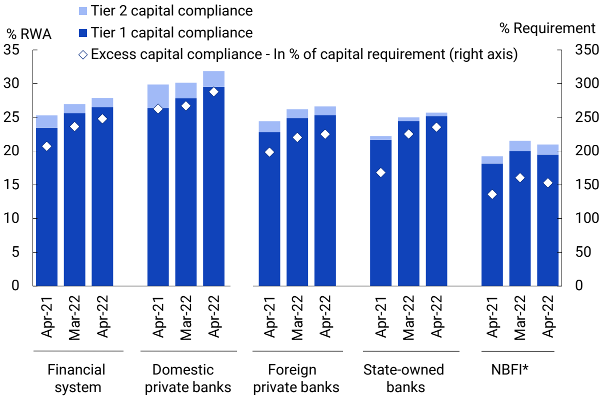
Chart 13 | Financial system liquidity
In % of deposits



Source: BCRA

13 Guarantees (collateral) consist in the assignment of rights or surety bonds on securities or documents (Preferred "A") or in real property rights on assets or commitments by third parties (Preferred "B") that serve to secure that the institution will have the funds available for cancellation of the obligation assumed on behalf of the client. For further detail, see the Consolidated Text on Guarantees
14 The monthly evolution of these ratios shows the effect of the accounting movements detailed in footnote No. 11.
15 It considers liquid assets, assets admitted for compliance with minimum cash requirements, and BCRA instruments, in domestic currency and in foreign currency, all of them in terms of total deposits.
16 The growth of NOTALIQ holdings has been especially remarkable over the month, within BCRA's instruments, even though their share in terms of deposits in pesos is still limited (standing slightly above 5% as of April).

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



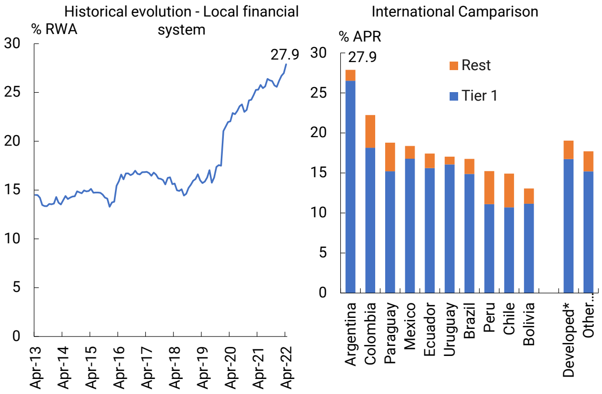
*NBFI: Non-Banking Financial Institutions. Source: BCRA

up to April, liquidity in a broad sense (in pesos and in foreign currency) of the financial system went up 1.4 p.p. of total deposits.

In terms of the sector's solvency, the Regulatory Capital (RC) of the ensemble of financial institutions accounted for 27.9% of risk-weighted assets (RWAs), up 0.9 p.p. against March (+2.6 p.p. y.o.y., see Chart 14). Regarding the composition of RC, over 95% of the total regulatory capital of the financial system consisted mainly in Tier 1 Capital, with a greatest capacity to absorb potential losses. In turn, the capital position —excess capital compliance relative to the regulatory requirement— totaled 248% of the regulatory requirement at aggregate level in April, up 11.4 p.p. against March (+40.8 p.p. y.o.y.). On the other hand, the excess regulatory capital accounted for 35.7% of the stock of loans to the private sector net of provisions[18] at systemic level, standing quite above the average of the last 10 years (15.5%).

These are high solvency levels if we consider both a historical perspective and the values recorded by other economies in the world. For example, Argentina's capital compliance ratio relative to the domestic financial system's risk-weighted assets (RWAs) is one of the highest in the region, even exceeding the average of a sample including other emerging countries and also developed countries (see Chart 15).[19] Part of the increase observed in solvency ratios in recent years was driven by the accrual of positive income as well as by the macroprudential policies adopted in due time by the BCRA to preserve the systemic soundness. In particular, in 2020 and 2021, the BCRA ordered the suspension of dividend distribution available to financial institutions. Then, in early 2022, the monetary authority contributed to a gradual return to normal, in line with the economic activity recovery process after the COVID-19 pandemic shock.[20]

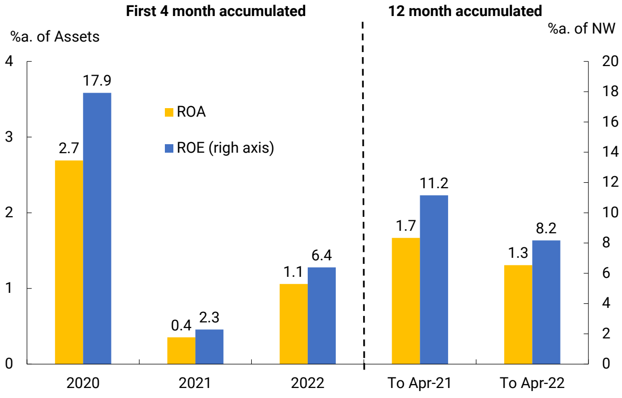
Chart 15 | Compliance with regulatory capital



*Sample mean is considered. Source: IMF y BCRA

17 In April, there were some regulatory changes in terms of the minimum cash requirement. Particularly in April, the BCRA established that the reduction in the minimum cash requirement in pesos must be equivalent now to 34% (before: 30%) of the stock of lending intended for investment projects within the framework of the "Credit Line for Productive Investment (LFIP)" of MSMEs (see Communication A "7491").
18 This ratio shows that the sector as a whole has a remarkable capital hedging in the face of any eventual materialization of the credit risk (extreme and highly unlikely).
19 If the Tier 1 capital compliance ratio is considered as percentage of the risk-weighted assets (RWAs), we arrive at the same conclusions.
20 In 2022, the institutions may distribute up to 20% of the earnings accumulated until December 31, 2021, in twelve monthly and consecutive installments (see Communication "A" 7421).

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



Source: BCRA

As to the internally-generated funds of the sector, profitability indicators of the aggregate financial system have stood at positive levels so far in 2022 (see Chart 16). In the first four months of the year, the ensemble of financial institutions accrued a total comprehensive income in homogeneous currency of 1.1% annualized (a.) of assets (ROA) and 6.4%a. of equity (ROE), exceeding the figures recorded in the same period of 2021 and standing below the values recorded at the beginning of 2020.

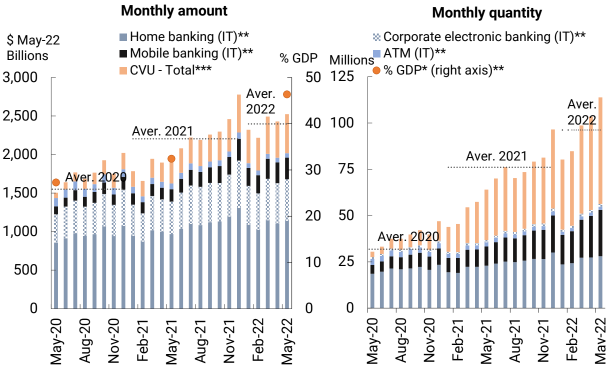
In the aggregate of the last 12 months up to April, the financial system recorded a ROA of 1.3% and a ROE of 8.2%, down 0.4 p.p. and 3 p.p. in a year-on-year comparison, respectively (see Chart 16). This decline was mainly due to increases in the cost of funding for deposits and higher monetary losses (because of the impact of inflation on the balance sheets), even though these factors were offset in part by higher income from premiums for repo transactions and for securities,[21] among other.

V. Payment System

In May, instant transfers were on the rise against April: 10.1% in number and 3.9% in amount in real terms. In year-on-year terms, these transactions have continued to exhibit a remarkable momentum: an increase of 77.8% y.o.y. in number and of 31.9% y.o.y. in amount in real terms. This year-on-year evolution was driven by transactions between accounts opened at financial institutions via Uniform Banking Codes (CBUs) (53.1% y.o.y. in number and +24.2% y.o.y. in amount in real terms)[22] and by transactions involving accounts with Payment Service Providers —PSPs— from/to Uniform Virtual Codes (CVUs) (+111% y.o.y. in number and +75.3% y.o.y. in amount in real terms).[23] In turn, there was an increase in the relative share of transactions involving CVUs in total instant transfers to 50.6% in number (+8 p.p. y.o.y.) and 20% in amount (+5 p.p. y.o.y.). It is estimated that instant transfers accounted for an amount equivalent to 46.3% of GDP[24] (+13.9 p.p. against the same month of 2021, see Chart 17).

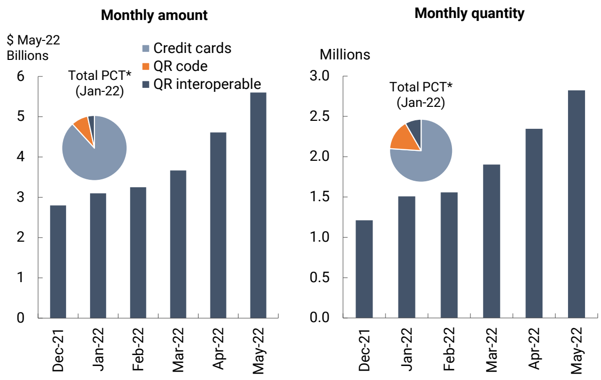
21 Including those posted in Other Comprehensive Income (ORI).
22 The relative increase in transactions made through Mobile Banking (+139.5% y.o.y. in number and +73.9% y.o.y. in amount in real terms) was especially remarkable in transfers between accounts opened at financial institutions via CBU in the last twelve months. In particular, in these transfers, the performance observed in the transactions made via digital wallets related to public banks stood out remarkably. In April (latest information available), in a year-on-year comparison, transactions via BNA+ went up 486.8% y.o.y. in number and 372.3% in amount in real terms, while transactions via "Cuenta DNI" went up 215.8% y.o.y. in number and 145.3% y.o.y. in amount in real terms. In this context, the BCRA continued promoting the development of digital wallets, which will allow clients to record accounts provided by other financial institutions (for further information, see Press Release of May 19, 2022).
23 Considering all channels, the average amount of each transaction stood at nearly $370,343 in the Corporate Electronic Banking, $40,706 in Online Banking, $33,187 in ATMs, $11,211 in the Mobile Banking and $8,786 in CVUs.
24 When considering annualized amounts of the last three months.

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: CBU to CVU, CVU to CBU and CVU to CVU). Note: high value transfers and batch transfers are not included.

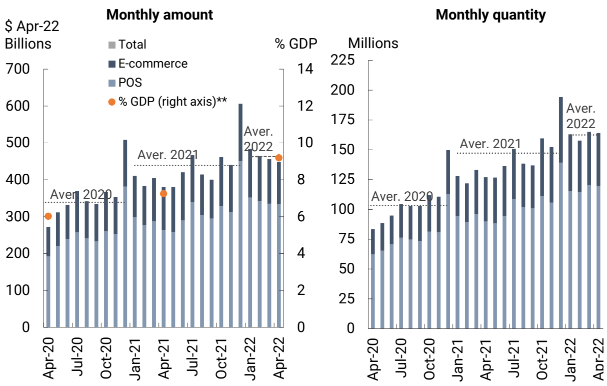
Chart 18 | Payments by transfer (PCTs)



Source: BCRA. * Total payments with transfers (PCT) totales. Last data available Jan-22.

In May, payments by transfer (PCTs) initiated via an interoperable QR code[25] went up significantly against April: 20.3% in number and 21.3% in amount in real terms (see Chart 18). As from the beginning of the QR codes' full interoperability scheme (late November 2021), 12.5 million transactions were made under this modality up to May 2022, equivalent to $25.41 billion at May 2022 prices (resulting in an average amount of $2,023 per transaction).

Chart 19 | Debit card transactions



Source: BCRA. *Desegregation available from Nov-19. ** Three-month moving average annualized in

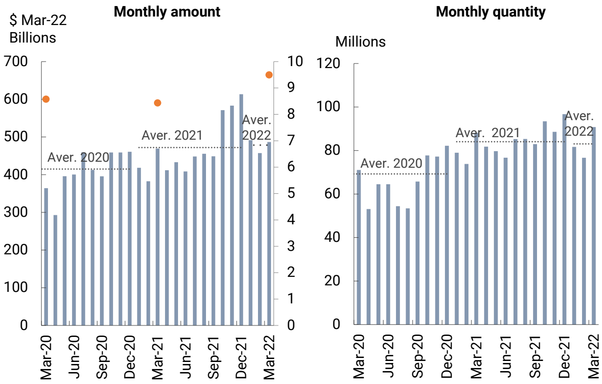
During April (latest information available), there was a decrease in the number of transactions made with debit cards against March, in part due to seasonal factors. However, in year-on-year terms, debit card transactions grew significantly (+29.2% in number and +17.9% in amount in real terms, see Chart 19). This evolution was observed in both onsite and electronic transactions.[26] Consequently, it is estimated that debit card transactions accounted for 9.2% of GDP (up 2 p.p. against the same month of 2021).

In turn, transactions with credit cards exhibited a remarkable increase in March (latest information available), related in part to seasonal factors. In year-on-year terms, transactions made via credit cards went up 3% y.o.y. in number and 3.7% y.o.y. in amount in real terms (see Chart 20). Thus, it is estimated that credit card transactions accounted for nearly 9.6% of GDP (up 2 p.p. against the same month of 2021).

25 Within the framework of the 3.0 Transfer initiative, the BCRA established the creation of a registry of interoperable digital wallets (for further information, see [BCRA Communication "B" 12333](#)).
26 A greater opening of the economy due to the flexibilization of the measures adopted during the COVID-19 pandemic is consistent with a relatively higher momentum in onsite transactions.

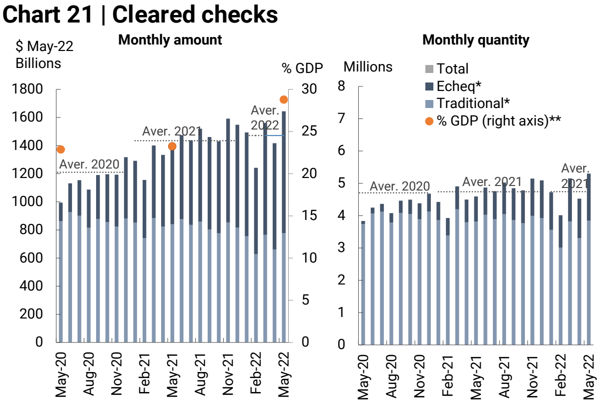
In May, the clearing of checks increased against April (+17.1% in number and 16% in amount in real terms), giving rise to a year-on-year change of 15.4% in number and 18.4% in amount in real terms. The year-on-year increase is entirely accounted for by the electronic format (ECHEQs) (+86.7% in number and +57.9% in amount in real terms). Thus, the share of ECHEQs continued to grow and, in May, they accounted for 27.5% in number and 52.7% in amount in real terms of total check clearing (see Chart 21). The amount of cleared checks is estimated to have been equivalent to 28.8% of GDP (+5.5 p.p. y.o.y.) over the period.

Chart 20 | Credit card transactions



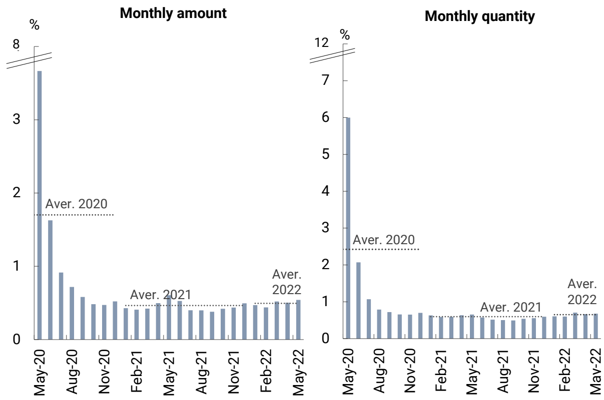
Source: BCRA. ** Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally adjusted.

Chart 21 | Cleared checks



Source: BCRA ** 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 May, the ratio of bounced checks for insufficient funds in terms of total cleared checks [27] increased slightly against April (to 0.7% in number and 0.5% in amount, see Chart 22), standing within a limited range of values, similar to the average of 2021 and of early 2022.

27 It considers both physical instruments and electronic checks (ECHEQ).