Financial Inclusion Report

April 2020

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

Foreword

One of the objectives of the Central Bank of Argentina (BCRA) is to promote financial inclusion in line with the challenges and opportunities that technological advances bring for regulatory purposes, focusing on the most vulnerable segments of the population and on the gender gap.

The health crisis brought about by the COVID-19 pandemic has turned the spotlight on the importance of having a deeper financial system for making people's everyday life easier and for companies to rise to the challenges of an increasingly complex economy.

The financial inclusion of households and companies is a must to achieve deeper, wide-ranging and fairer financial systems that may promote economic growth and sustainable development.

In Argentina, financial inclusion poses various challenges, for instance, the expansion of the physical infrastructure and access to financial products and services—such as bank accounts, electronic means of payment, medium- and long-term credit and savings instruments—and financial education.

For the purpose of assessing financial inclusion of individuals and companies, the BCRA monitors the variables related to the access to and usage of financial services. These metrics are disaggregated as follows: in the case of individuals, by gender, age and location; and in the case of companies, by size, activity sector, and location. This enables the BCRA to assess the development of financial inclusion in Argentina for policy-oriented decision making.

The outcome is released every six months in the Financial Inclusion Report (IIF) together with the measures adopted in this regard. This report refers to the developments in 2019 and can be construed as a threshold of the financial system in the COVID-19 pandemic as a result of which the National Government established preventive and compulsory social isolation.

The next issue of the Financial Inclusion Report will be published in October 2020.

Autonomous City of Buenos Aires, April 30, 2020.

Contents

Page 1 | Foreword
Page 3 | Executive Summary
Page 5 | Table of Indicators
Page 6 | Local Context
Page 9 | 1. Physical Infrastructure
Page 14 | 2. Deposit Accounts, and Payment and Savings Methods
Page 14 | 2.1. Deposit Accounts
Page 19 | 2.2. Transactions through Electronic Means of Payment and Cash Withdrawals
Page 23 | 2.3. Savings Methods
Page 26 | Box / Regional Comparison of the Regulatory Framework of Basic Accounts
Page 29 | 3. Credit
Page 29 | 3.1. Credit to Natural Persons
Page 37 | 3.2. Credit to Productive Units
Page 42 | 3.3. Credit to Natural Persons Doing Business
Page 46 | Exhibit 1 / Microcredit Market in Argentina
Page 50 | Exhibit 2 / Fintech and Financial Inclusion: An Analysis of their Debtors' Profiles
Page 53 | Note on Methodology
Page 55 | Abbreviations and Acronyms

Financial Inclusion Report | April 2020
ISSN 2683-9210 | Online edition
Contents and edition | Financial Regulations Deputy General Management Office, Financial Development Management Office
Editorial design | Communications and Community Relations Senior Management Office

For questions or comments, please contact: inclusion.financiera@bcra.gob.ar

Executive Summary

- **Total access points rose by 5.8% in 2019** | There were 30,726 access points (PDA) in the financial system as of December 2019; ATMs and self-service terminals (TASs) contributed the largest share (82%). Supplementary agencies of financial services (ACSF) accounted for 0.2% of total access points, with 54 units located across provinces.

- **Access points are unevenly spread among provinces and, in turn, among districts** | As of December 2019, 41.9% of municipalities had at least one access point, reaching 91.3% of the adult population. The adult population figures for each municipality show that coverage decreases as does the number of inhabitants: just 22% of municipalities under 2,000 adults had at least one access point.

- **Non-bank withdrawal points equaled ATMs in number** | The former are roughly distributed as ATMs, 65% being located in the Autonomous City of Buenos Aires (CABA), and the provinces of Buenos Aires, Córdoba and Santa Fe. In particular, they are mainly placed in supermarkets (21%), gas stations (13%), and pharmacies and beauty stores (8%), while bill payment centers account for 13%.

- **In the past decade, an 8% average year-on-year increase has been observed in the number of deposit accounts in pesos per 10,000 adults** | On average, there were 1.4 deposit accounts per adult as of December 2019, 64% of which involved recurring payments, such as *wages, retirement pays, pensions and social security benefits*. On another note, 66% of deposit accounts averaged very low monthly balances (less than ARS 3,000), which would point to a scarce use of deposit accounts for transactional or passive saving purposes.

- **The number of time deposits in pesos per 100 deposit accounts in pesos has remained steady for the past decade** | There were 6 time deposits in pesos per 100 deposit accounts in pesos as of December 2019. This variable has fluctuated around this figure in the past ten years. This shows that only a small portion of peso-denominated deposit account holders use time deposits as a savings instrument.

- **Electronic means of payment continued on the rise** | Purchases on debit, credit and prepaid cards, and electronic transfers increased more than the population in the past few years, despite the lack of growth in the economy. In 2019, for every 100 cash withdrawals per adult nearly twice as many transactions were made by electronic means of payment.

- **The geographical distribution of time deposit balances per adult has been quite heterogeneous in the past decade** | CABA, the area with the highest figures over time, was at least 3 times higher than each of the provinces in the northwestern (NOA) and the northeastern (NEA) regions as of December 2019. On another note, CABA has fallen by

13% in real terms in the past decade, while Formosa (NEA) and Catamarca (NOA) have grown 89% and 67%, respectively.

- **Half the adult population had at least one credit product as of September 2019 |** Specifically, 37% of adults had at least one credit product provided by a financial institution, and this figure rises to 49% when taking into account the broad financial system (BFS), which includes non-bank credit and/or purchase card issuers (ETCNB) and other non-financial credit providers (OPNFC). Credit access is not the same among adult men and women, there being a gender gap to the detriment of women (5.8 percentage points (p.p.) in the BFS).

- **There are regional differences in the level of population having obtained financing** | NEA (40%), NOA (44%) and Cuyo (45%) were, in general, below the national average, whereas Patagonia (52%) and the Center (51%), stood above.

- **The number of individuals with non-performing loans increased** | As of September 2019, 74% of debtors within the BFS had performing loans, that is, they could pay their debts back. It is worth noting that this indicator went down 4 p.p. in the previous 24 months. When disaggregating this indicator by gender, there is a difference in the repayment behavior of men and women: the percentage of performing female debtors is higher than that of male debtors (75.7% vs. 72.4%).

- **Credit access of micro-, small- and medium-sized enterprises (MSMEs) has steadily improved in the past decade** | The share of MSMEs with financing has increased year on year to a greater or lesser extent depending on the industry, size and region involved. Micro enterprises with credit access accounted for a share of 84% in total companies. On a disaggregated basis, credit access by enterprises organized as legal persons rose from 38% in December 2007 to 53% in December 2018, and in the case of natural persons running a business it went up from 61% to 81%.

Table of Indicators | Financial inclusion in Argentina

	Indicator	Latest data	2016	2017	2018	2019
Infraestructure	Access points	Dec-19 (1)	25,306	26,553	29,050	30,726
	Access points per 10,000 adults	Dec-19 (1)	7.7	8.0	8.6	9.0
	Percentage of municipalities with at least one access point	Dec-19 (1)	40%	41%	41%	42%
	Non-bank withdrawal points	Dec-19	-	-	-	17,483
Accounts	Percentage of adults with at least one deposit account	Mar-18	78%	78%	80%	-
	Percentage of adult women with at least one deposit account	Mar-18	78%	78%	81%	-
	Percentage of adults with at least one deposit account (excluding universal child allowance (AUH) beneficiaries)	Mar-18	-	71%	74%	-
	Percentage of adult women with at least one deposit account (excluding AUH female beneficiaries)	Mar-18	-	66%	68%	-
Transactions	Payments made with debit cards per adult	2019 (2)	1.7	1.9	2.2	2.6
	Payments made with credit cards per adult	2019 (2)	2.1	2.2	2.3	2.4
	Electronic transfers per adult	2019 (2)	0.2	0.2	0.3	0.5
	Cash withdrawals through ATMs per adult	2019 (2)	2.3	2.6	2.7	3.0
Savings	Number of time deposits per 10,000 adults (in ARS/units of purchasing power (UVAs))	Dec-19	759	771	925	849
	Number of time deposits per 100 deposit accounts (ARS/UVAs)	Dec-19	6	6	7	6
Credit	Percentage of adults with financing from financial institutions	Sep-19	36%	37%	38%	37%
	Percentage of adult women with financing from financial institutions	Sep-19	34%	35%	36%	35%
	Percentage of adults with financing in the BFS	Sep-19	49%	49%	50%	49%
	Percentage of women with financing in the BFS	Sep-19	45%	46%	47%	46%
	Percentage of MSMEs with financing in the BFS	2018 (3)	59%	60%	60%	-
	Percentage of natural persons running a business and with financing in the BFS	2018 (3)	79%	81%	82%	-
	Percentage of women running a business and with financing in the BFS	2018 (3)	78%	80%	81%	-

Note:
(1) Including financial institutions’ access points (branches, mobile branches, ATMs, self-service terminals and supplementary agencies of financial services) and non-financial institutions’ ATMs.
(2) Monthly average for each year.
(3) Data on companies organized as legal persons with financing at any time in 2018.

Local Context

The financial inclusion of households and companies is a must to achieve a fairer financial system. Therefore, financial inclusion is at the top of the BCRA's agenda, a key aspect to attain social inclusion by letting the most vulnerable segment access and use financial services.

The access to a bank account by an individual or a company is the first step to determine financial inclusion. A bank account gives users access to financial services such as fund transfers, payment of bills, savings instruments, and electronic channels such as online and mobile banking.

The universal free account (CGU)—discontinued in 2016—was reinstated in January 2020 for those who did not hold a bank account. This bank account may be open by producing the national identity document (DNI) only. Banks cannot charge any opening or maintenance fees, and must open an account upon the request of unbanked individuals.

Another key aspect of financial inclusion is the use of savings products by individuals and companies. In general, savings allow people to cover unexpected expenses or emergencies, to plan the purchase of goods and services, and to make investments to increase wealth.

There is a low portion of people who save in the financial system across different segments of the population as revealed by the limited use of instruments such as time deposits. From 2010 onwards, the number of time deposits per 100 deposit accounts—*both in pesos*—had no significant changes: from 5 in 2010 to 6 in December 2019.[1]

In order to encourage savings in domestic currency, UVA-adjusted time deposits were introduced as an alternative to traditional time deposits in January 2020.[2] They earn a rate, at least, 1% higher than the consumer price index. They can be placed at 90 days as a minimum and may be terminated in advance when 30 days have elapsed. A significant share of time deposits from the non-financial private sector is denominated in pesos and UVAs (81% as of December 2019[3]), and does not have the early-termination option.

As for lending, the financial system still faces some challenges of asymmetric bank access by natural persons and MSMEs in terms of their location and size. Four out of 10 adults[4] have, at least, one credit product with financial institutions. This figure rises to 5 out of 10 if non-financial credit providers that report debtors to the BCRA are included.[5] This is mainly due to the number of credit card holders (38% of the adult population), while access to medium- and long-term instruments is extremely low (1.3% for pledge-backed loans and 0.7% for mortgage-backed loans).[6]

---

[1] It comprises all account deposits in pesos, and time deposits in pesos and UVAs.

[2] Consolidated Text on Term Deposits and Investments. Part 2.8.

[3] Own estimation based on the Monthly Accounting Reporting Regime – Balance Sheet.

[4] Adult means a person of 15 years of age or more.

[5] ETCNBs and OPNFCs.

[6] Source: BCRA. Data as of September 2019.

When sorted out by gender, the number of adults with any credit product shows a 5.8 p.p. gap to the detriment of women. At a geographical level, the Center and Patagonia regions stand above the national average in terms of access to financing (49%), while NOA, NEA and Cuyo stand several percentage points below.

Furthermore, adverse macroeconomic conditions, and, in particular, sustained high interest rates in a context of economic contraction were reflected on the share of individuals and companies with non-performing debt. Indeed, based on the total number of natural persons with credit access, the share of non-performing debtors increased by 4 p.p. between September 2017 and September 2019. In turn, the share of all size companies with non-performing debt grew by about 3 p.p. in the last two years.

Against this backdrop, the BCRA relaxed some regulations to encourage lending to households through the AHORA 12[7] Program, which allows them to purchase goods in instalments at a 0% interest rate using a bank credit card. The BCRA also changed the caps on the annual percentage rate charged on bank and non-bank credit cards.[8] Both measures seek to boost the recovery of consumer credit and protect the most vulnerable segments.

Additionally, interbank direct debits for collecting loans were prohibited in order to prevent abusive practices and promote further financial inclusion. They had been designed as a tool for making voluntary and reversible payments.[9] From then on, interbank debits for new loans may be made using the "spot DEBIN (instant debit)" service, which requires the recipient customer's express authorization prior to each debit.

The analysis of financing of productive and business activities channeled to enterprises run by natural persons (NP companies) and to legal persons (LP companies) shows that credit access should be more equitable in terms of productive capacity. As for LP companies, half of micro enterprises obtained financing in 2018, and so did almost all large companies. Financing proves to be more balanced in the case of NP companies, though their weight in financing within the financial system is substantially lower than LP companies (10% vs. 90%). In line with the measures taken to favor natural persons, the BCRA adjusted some regulations with a view to encouraging financing to MSMEs at a fixed annual interest rate below 35%.[10]

As regards the protection of users of financial services, new regulations were implemented for payment service providers (PSP): (1) the funds of PSP clients credited to payment accounts must be deposited in sight accounts denominated in pesos with a financial institution in Argentina, and must be available at all times upon demand; and (2) clients may allocate the balance of payment accounts to money pools, and PSPs must report the funds so invested separately from the rest.

[7] Communication A6857.

[8] Communications A6911 and A6912.

[9] Communication A6909.

[10] Communication A6901.

This type of accounts may contribute towards financial inclusion. However, when combined with investment instruments and little information about related risks, it may result in unexpected outcomes for users, such as loss of return on money pools.

Responses to Challenges of Financial Inclusion during the Health Emergency

Within the framework of the worldwide COVID-19 health emergency, the BCRA issued some regulations to mitigate the impact of the resulting economic crisis. These measures are intended to let the financial system provide further support to companies and households, and to keep the payment chain moving. Below are the most relevant measures in terms of financial inclusion, which are explained in detail in the Regulatory Annex.

In line with the compulsory lockdown established by the Federal Executive, bank branches were closed to the public. Instead, they continued providing services on a remote basis.[11] As an exception, branches were open for the collection of retirement pays, pensions, and social security benefits.[12] Later on, branches were open to the general public subject to certain limits in transactions and prior appointment to avoid crowds.

As regards companies, the measures adopted encouraged financing to MSMEs at low cost (maximum annual interest rate of 24%) for working capital. Afterwards, these credit lines were extended to cover the payment of wages.[13] The National State created the Argentine Guarantee Fund (FoGAr) to provide sureties for working capital credit lines (up to 100%) channeled to micro- and small-sized companies, and self-employed workers under a simplified tax scheme (all categories); and to tranches 1 and 2 medium-sized companies[14] (25%).

As for individuals, more incentives were offered to financial institutions so that they could channel financing to household consumption through the "AHORA 12" Program. Moving on in this direction, charges and fees on transactions through ATMs were suspended.[15] In turn, the following measures were taken regarding credit cards: (1) unpaid balances on credit cards issued by financial institutions falling due between April 1 and June 30 would accrue no late payment charges, and (2) they may be paid once the compulsory lockdown is over, free of late fees, and at a maximum financing rate of 49%.[16] Later on, the maximum annual percentage rate charged by financial institutions on credit cards' financed balances was reduced to 43%. On the other side, financial institutions are required to automatically refinance unpaid balances on credit cards to one year, with a 3-month grace period, and 9 consecutive, monthly and equal instalments at that rate.

The parameters for classifying bank debtors (whether individuals or companies) were temporarily relaxed. The debtors' rating system is based on the number of days in arrears, among other information. Up to September 2020, 60 days will be added to each debtor's category in view of the difficulties caused by the crisis in different sectors of the economy.[17]

[11] Communication A6942.

[12] Communication A6949.

[13] Communications A6937 and A6946.

[14] Executive Order 326/2020.

[15] Communication A6945.

[16] Communication A6949.

[17] Communication A6938.

1. Physical Infrastructure

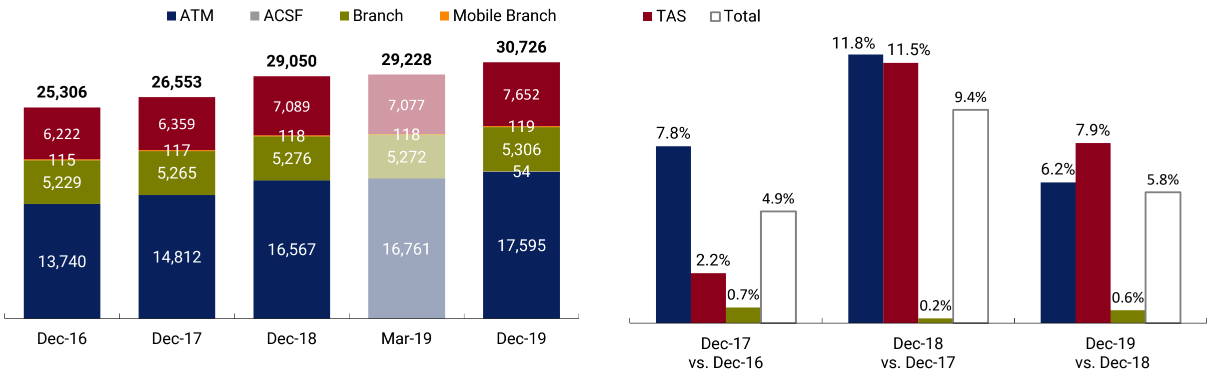
Physical infrastructure is essential for individuals and companies to access the financial system either in person or by electronic channels. Users may conduct several transactions at these access points, such as making payments, withdrawals or transfers, channeling savings through different investment instruments or applying for a loan.

In a vast territory as Argentina's, the geographical reach of financial services represents another challenge. Reasonably, infrastructure is analyzed in terms of population, and at the level of administrative or territorial units. Indeed, access points may be analyzed within a certain province or district, or else other units defined on the basis of specific social and economic features. Following international guidelines, access points are defined as physical entities where a person can make deposits or withdrawals.

In Argentina, access points consist of bank branches (including mobile branches), ATMs,[18] self-service terminals, mobile branches, and ACSFs (commonly referred to as bank agents).

There were 30,726 access points in the financial system as of December 2019, climbing 5.8% vis-à-vis December 2018. Breaking down access points by type, 57.3% were ATMs; 24.9%, self-service terminals; 17.3%, branches; and 0.4%, mobile branches. ACSFs were incorporated into Argentina's regulations in November 2018, and did not represent a significant share—only 54 units (0.2% of the total). The steady growth of access points above the population's growth rate shows an improvement in the availability of these channels within the financial system.

Chart 1.1 | Number of access points by type and year-on-year growth



Source | BCRA and networks.

Electronic devices prevail over those access points that entail more physical infrastructure and human resources, a trend that is also observed globally. Roughly, electronic devices are located inside branches (ATMs, 74%; self-service terminals, 99%), and to a lesser extent in supermarkets, gas stations or shopping malls, just to mention a few. Non-branch devices allow for a

[18] In 2017, the BCRA authorized non-financial institutions to run ATMs. Since then, access points also comprise this type of ATMs. They amounted to 300 at a national level as of December 2019.

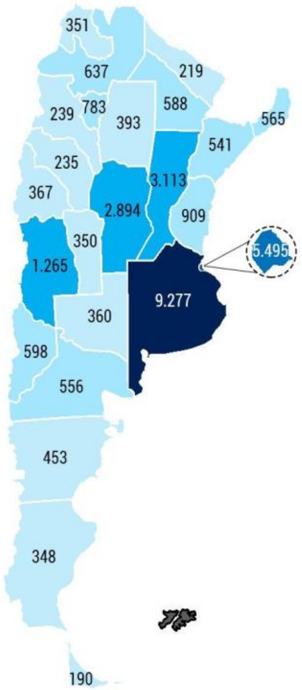
decentralization of access points by extending geographic coverage and improving the population's access to financial services.

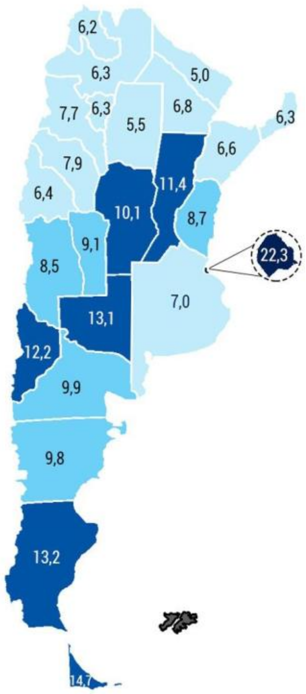
The development of access points shows an upward trend with a year-on-year average growth of 6.7% in the past three years. In particular, ATMs are the kind of access point with the highest increase (8.6% y.o.y. avg.), followed by self-service terminals (7.2% y.o.y. avg.) and, lastly, branches, with minor growth (0.5% y.o.y. avg.). In other countries of the region (and also globally), the low growth in branches can be attributed to various factors, such as the significant increase in bank agents, and the provision of financial services online or on a remote basis.

As mentioned above, the absolute number of ACSFs is still low. Although financial institutions may entirely rely on them for processing their clients' transactions, only a third of these agents are available for making cash withdrawals and payment of bills, among other transactions. Therefore, their potential impact in terms of financial inclusion is yet reduced. On the upside, all ACSFs are located outside CABA and the province of Buenos Aires, which translates into more access points in the interior of the country.

At a provincial level, 48% of access points were concentrated in CABA and the province of Buenos Aires, which evidences substantial differences in geographical distribution. These differences are associated, for example, with the distribution of the population, given that areas with a higher number of adults would tend to have a higher number of access points. A more accurate comparison among jurisdictions calls for data on the number of inhabitants in each of them.

Chart 1.2 | Distribution of access points by province and per 10,000 adults





Note | Data as of December 2019.
Source | BCRA, networks and National Institute of Statistics and Censuses (INDEC).

As of December 2019, Argentina had 9 access points per 10,000 adults, CABA showing the best performance (22.3), followed by Tierra del Fuego (14.7), despite recording the lowest absolute number of access points. Additionally, all the provinces in Patagonia[19] reported figures above the national average, whereas the provinces in the NEA and NOA regions reported figures below such average. Figures improved in all the provinces compared to the previous report (data as of March 2019), Neuquén and La Rioja being the provinces with the highest increase in number of access points per 10,000 adults: 1.3 and 1 access points per 10,000 adults, respectively.

The marked differences found in the distribution of access points among provinces also replicate within each of them (at district level). By way of illustration, the province of Buenos Aires has administrative areas such as San Isidro or Vicente López which have 19.2 and 18.3 access points per 10,000 adults, respectively, which more than double the national figure; while others such as Florencio Varela or José C. Paz have 3 and 2.3 access points per 10,000 adults, respectively, a third or less of the national figure. These differences are found among districts or administrative areas in all Argentine provinces.

As regards coverage through access points, 41.9% of municipalities had at least one of them as of December 2019, which reveals a slight improvement compared to 39.6% in December 2016. Although the percentage of covered municipalities may appear to be low, it is worth considering the number of inhabitants to determine the percentage of the population with one access point in the municipality where they live. Indeed, 91.3% of the adult population was living in a municipality with at least one access point as of December 2019, whereas the rest of the population was living in rural areas (5.8% of the total adult population) or in municipalities with no access point available (2.9%).

Chart 1.3 | Municipalities with at least one access point

Adults	Total number of municipalities	Municipalities with access points		Municipalities with branches		Access point vs. Branch
		% munic. –A–	% Adults	% munic. –B–	% Adults	A - B
Less than 2 K	2,539	22%	43%	8%	22%	13%
From 2 K to 5 K	402	86%	88%	62%	64%	24%
From 5 K to 10 K	224	97%	97%	85%	86%	12%
From 10 K to 50 K	256	98%	99%	95%	96%	4%
From 50 K to 100 K	50	100%	100%	98%	98%	2%
From 100 K to 250 K	43	100%	100%	100%	100%	0%
From 250 K to 500 K	20	100%	100%	100%	100%	0%
More than 500 K	4	100%	100%	100%	100%	0%
NATIONAL TOTAL	**3,538**	**41.9%**	**91.3%**	**28.7%**	**88.4%**	**13.3%**

Note | K = thousand. The national population also includes scattered rural population.
Source | BCRA, networks and INDEC.

In this line of thought, municipalities may be segmented according to the number of adults living there for an in-depth analysis of coverage. This revealed that all adults living in municipalities over 50,000 inhabitants had at least one access point available as of December 2019. As the number

[19] See Note on Methodology for the regionalization criterion used.

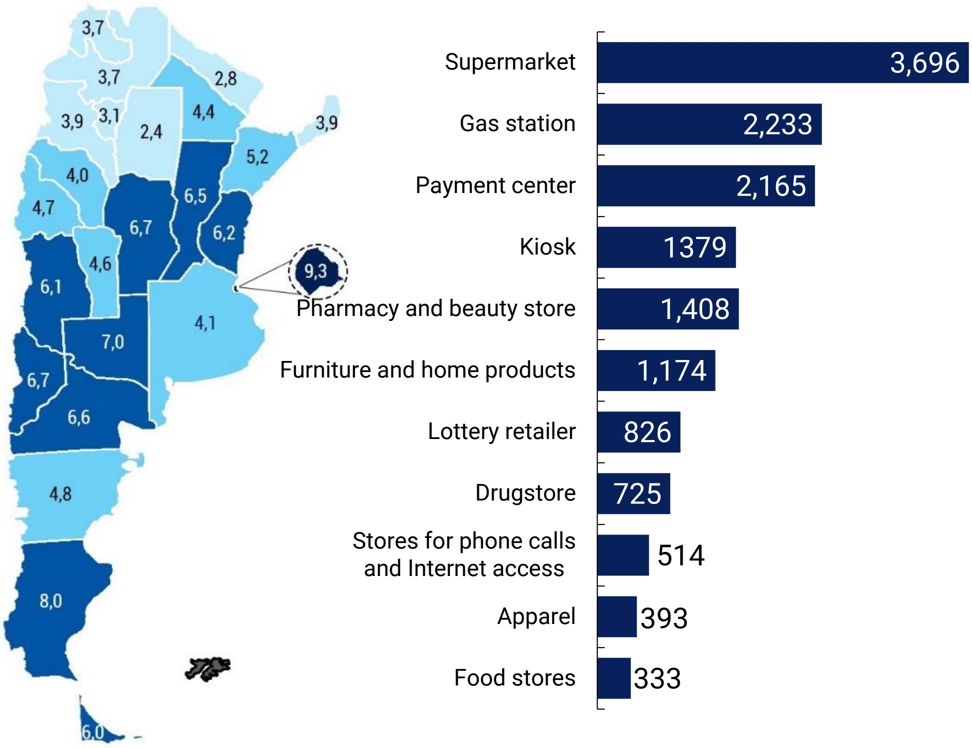
of inhabitants decreases, so does the coverage index. This is even worse in municipalities of less than 2,000 adults: just 22% has at least one access point, and barely 43% of adults living there has at least one access point available.

The same analysis can be applied to identify municipalities with at least one bank branch—the type of access point that offers the broadest range of services. This is particularly useful to assess the quality of coverage. There are some municipalities which only have an ATM, so residents must travel in search of other municipalities that have a bank branch to conduct certain transactions (e.g. apply for a loan).

Coverage through branches is relatively low: 28.7% of municipalities had at least one bank branch as of December 2019; this figure would climb to 41.9% if all types of access points are included. This means that 13.3% of municipalities are covered by an access point other than a bank branch, mainly ATMs located outside bank branches, and, to a lesser extent, mobile branches.

In addition to bank access points, Argentina has another locations from which people may only withdraw cash. These non-bank withdrawal points include supermarkets, pharmacies and gas stations, and non-bank collection networks, which allow users to make cash withdrawals. There, clients may get cash from their debit cards.

Chart 1.4 | Number of non-bank withdrawal points per 10,000 adults and by major types of stores



Note | Data as of December 2019. This breakdown shows the major types of stores identified, not all of them.
Source | BCRA survey based on data provided by Mastercard, Cabal, Visa, Rapipago, Pago Fácil, Plus Pagos, Pago24 and Bica Ágil.

According to a survey made by the BCRA, there were 17,483 non-bank withdrawal points at a national level, a remarkable growth in the past few years. The provincial distribution of non-bank withdrawal points is comparable to that of access points, 44% of them being concentrated in CABA and the province of Buenos Aires, reaching 65% if Córdoba and Santa Fe are included.

The main non-bank withdrawal points are supermarkets (21%), gas stations (13%) and pharmacies and beauty stores (8%). In turn, bill payment centers account for 13% of non-bank withdrawal points.[20] Certainly, non-bank withdrawal points do not offer a broad range of financial services. However, they agree in number with total operative ATMs, thereby improving the population's access to cash and contributing to financial inclusion.

[20] See Note on Methodology for additional information on the classification of non-bank withdrawal points.

2. Deposit Accounts, and Payment and Savings Methods

Bank accounts are a way of keeping money safe and managing expenses and inflows. They are also a channel to pay bills, transfer funds, save and get credit. In Argentina, 80% of the adult population had at least a bank account as of March 2018, no gender gap being observed. This figure falls to 74% when excluding beneficiaries of the AUH, one of the main social aid programs in Argentina. In this case there is a gender gap of 11.5 p.p. to the detriment of women, considering their high share as beneficiaries of the AUH (97%).

Accounts are most frequently used to make payments. Electronic means of payment streamline transactions, and contribute to discouraging the use of cash. Each of the metrics of electronic means of payment in Argentina—purchases on debit, credit and prepaid cards, and electronic transfers—increased in terms of population growth, even when the economic activity has stagnated or fallen in the past five years. Thus, in 2019, for every 100 cash withdrawals per adult, nearly twice as many transactions were made using electronic means of payment.

Accounts are only a way of keeping savings for the future. Savings are that part of income which is not spent for consumption; instead they are meant to cover for unexpected expenses or emergencies, to plan the purchase of goods and services, and to make investments to create more wealth. Based on the Survey to Measure Financial Capability conducted in Argentina in 2017, about 1 out of 3 people had saved in the previous year, more frequently men (32%) than women (26%). As for active saving, the use of time deposits as a savings instrument was low compared to the number of deposit accounts in Argentina (6 time deposits per 100 deposit accounts, both denominated in domestic currency). This ratio remained virtually unchanged in the past decade, which means that only a small portion of deposit account holders uses this savings instrument.

2.1. Deposit Accounts

The BCRA has regulated different types of bank accounts in order to encourage access to financial services. A bank account is an agreement between a client and a bank, whereby the bank undertakes to keep the client's deposits safe, and is entitled to use them for different purposes, at any time. Broadly speaking, bank accounts take the form of checking accounts or deposit accounts, such as savings or salary accounts.

Clients can withdraw funds from their checking accounts if the balance is insufficient. In this case, the account holder must agree on a credit line, called overdraft, with the financial institution. On another note, deposit accounts in pesos involve no opening or maintenance fees, and the holder receives a debit card at no charge. These accounts do not allow overdrafts nor are they expected to include credit cards, unless requested by the client. All transactions made on these accounts, whether remotely (online banking, mobile banking or other channel) or in person at the branch where the account was opened (ATM, self-service terminal or teller window) are free of charge.

Deposit accounts in pesos may only be used by individuals, and include savings accounts, salary accounts, social security accounts and the CGU account recently relaunched. There are other deposit accounts for specific purposes such as savings accounts for the payment of social aid programs.

Chart 2.1 | Basic transactions of deposit accounts

	TRANSACTIONS	SAVINGS ACCOUNT	SALARY/SOCIAL SECURITY ACCOUNT	UNIVERSAL FREE ACCOUNT	SAVINGS ACCOUNT FOR SOCIAL SEC. BENEFITS
INFLOWS	Regular credits	No regular credits	Salary/retirement pays and pensions	No regular credits	Social security benefits such as the universal child allowance (AUH)
	Other deposits and credits	No limit, except for savings account open through SDD	No limit	Up to the amount set by the Financial Information Unit (UIF) for SDD	5 minimum wages
OUTFLOWS	Transfers	Electronic channels + teller window	Electronic channels + teller window	Electronic channels + teller window	Electronic channels + teller window
	Payment of bills	Electronic channels + teller window	Electronic channels + teller window	Electronic channels + teller window	Electronic channels + teller window
	Purchase at stores using a debit card	No limit			
	Cash withdrawals	ATM, teller window and stores			
SAVING	Time deposits	Electronic channels + teller window			

Note | "SDD" means "simplified due diligence". For more details on accounts, see: CGU, salary account, social security accounts.
Source | BCRA.

The CGU[21] account was relaunched to move towards full integration into the banking system, especially among the most vulnerable segments of the population. This account is available to all individuals who hold no bank account. The only requirement is the submission of the DNI. CGU accounts may be credited for whatever purpose, including the proceeds from the sale of goods and services through the "Alimentar" food card under the "Argentina Against Hunger" Plan.

Deposit accounts share most of the basic transactions. However, there are some differences in requirements: identification documents, limits on monthly balances, and fees for ATM and self-service terminal transactions. When a CGU or a savings account is opened through a simplified due diligence procedure, the balance must be below 25 minimum wages (SMVMs), and monthly cash transactions may not exceed 4 minimum wages. Likewise, savings accounts for collecting social security benefits may not exceed a monthly limit of 5 minimum wages on credits other than social aid benefits.

In turn, transactions on salary accounts, social security accounts and accounts for the payment of social security benefits made through ATMs and self-service terminals are free of charge, regardless of the financial institution to which the electronic device belongs, and whether it is

[21] Consolidated Text "Savings Deposits, Salary Accounts, and Special Accounts", Part 3.11, "Universal Free Account".

placed inside or outside a bank branch. CGUs allow for up to 8 transactions free of charge at ATMs of other financial institutions. However, if they are made through devices of a client's financial institution located outside branches (such as at supermarkets) fees may be charged. In contrast, in the case of savings accounts, a fee may be charged on transactions made through devices belonging to other financial institutions, or to the client's financial institution where they are located outside branches.

In order to gauge the penetration of the different kinds of deposit accounts, the percentage of adults with at least one deposit account is analyzed. The opening of accounts for social security benefits, for retirement pays or pensions, and for salaries exerts a positive effect on this indicator. The number of beneficiaries for each kind of account was calculated to assess the impact of each account on the aggregate indicator.[22] It should be noted that, for the sake of this exercise, it was assumed that there was no overlapping in account ownership either among the three categories or any other whatsoever.

The number of individuals with savings accounts for collecting social security benefits was calculated based on beneficiaries of the AUH only once. The AUH is one of the most outstanding social aid programs in Argentina, with more than 2 million beneficiaries.[23] Although it has the lowest share in the aggregate indicator, its impact is nonetheless significant. If this group is excluded from the calculation, the percentage of adults with at least one account drops to 73.8%.

A little more than half this figure is explained by the ensemble of salary and social security accounts, and the remaining part is associated with different savings accounts held by self-employed workers and beneficiaries of social security benefits other than the AUH (for instance, unemployment insurance), among others.

Then, the indicator of ownership of at least one deposit account minus that of social security accounts and accounts for social security benefits hit 54% as of January 2017, a figure that is close to the 48% reported by the Global Findex survey[24] on the adult population's bank accounts. As it was pointed out in the first Financial Inclusion Report, this figure might flag people's unawareness of ownership of an account in the financial system—another survey revealed that 39% of the respondents claimed having no financial product. The result of 54% is just an estimation in the absence of sufficient data available. Therefore, unawareness could largely be attributed to beneficiaries of retirement pays and/or pensions, and social security plans as well.

Breaking down account holders by gender as of March 2018, there is no gap, which may be roughly explained by the share of women in the AUH (97%).[25] If savings accounts for social

[22] There is no information available on holders of at least one account for the payment of social security benefits, retirement pays and/or pensions.

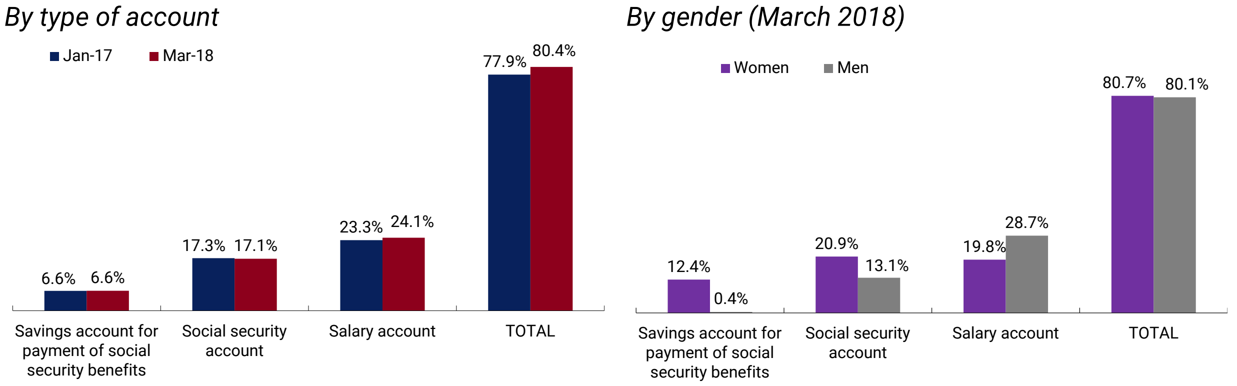
[23] Source: ANSES. H.2.1 - Total País. Titulares de la AUH. Hijo e Hijo con Discapacidad (Country Total. AUH Beneficiaries. Child and Child with Disability).

[24] It should be noted that, while the BCRA's statistics are based on supply-side data, Global Findex figures are based on self-reported data—personal surveys to a sample of individuals.

[25] Source: ANSES - H.2.2 - Total País. Titulares de la AUH, por sexo y grupo de edad (Country Total. AUH Beneficiaries, by Sex and Age Group). Based on data corresponding to June 2018 in the absence of information updated as of March 2018.

security benefits are subtracted, the gender gap in deposit account ownership is 11.5 p.p. to the detriment of women.

Chart 2.2 | Percentage of adult population with at least one bank account in pesos



Note | TOTAL column: The percentage of the total adult population and of each gender corresponds to single taxpayer identification numbers (*clave única de identificación tributaria*, CUIT) of people with at least one bank account.
Source | BCRA, COELSA, Argentine Social Security Administration (ANSES) and INDEC.

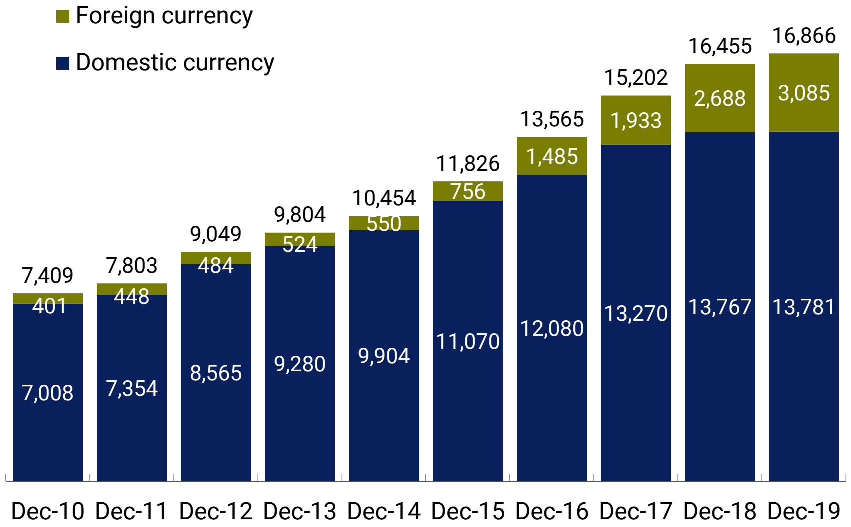
In turn, 3.6 million social security accounts were held by women and 2.1 million by men.[26] If social security accounts are subtracted, 8.2 million women had an account (47.4% of the female adult population) compared to 10.8 million men (66.7% of the male adult population), which results in a 19.4 p.p. gap.

On another note, there is a 9 p.p. gender gap in salary account ownership to the detriment of women in line with their lower share in the formal labor market. As stated in the section on credit to natural persons, women's rate of activity in the labor market is lower—*49% vs. 70% of men*—, like the rate of employment—*44% vs. 64% of men.*[27]

The number of deposit accounts per 10,000 adults is a supplementary indicator, which is used as a proxy variable in countries with no data on deposit account ownerships. As of December 2019, 16,866 deposit accounts were reported per 10,000 adults, 1.6 deposit accounts per adult, with a 9.6% y.o.y. growth on average over the last decade. As regards deposit accounts in domestic currency (82% of the total), about 1.4 deposit accounts per adult are recorded.

[26] Source: P.2.4 - Total País. Titulares únicos con al menos una jubilación o pensión contributiva por grupo de edad y sexo (Beneficiaries of At Least One Retirement Pay or Pension by Age Group and Sex). Based on data corresponding to June 2018 in the absence of information updated as of March 2018.
[27] Data on the labor market for the third quarter of 2019 (Source: INDEC).

Chart 2.3 | Deposit accounts per 10,000 adults



Source | BCRA and INDEC.

On the basis of the information provided by financial institutions, deposit accounts in domestic currency may be classified according to their balances (monthly average),[28] while calculating the average balance per group.

The first range of information groups accounts with an average monthly balance of up to ARS 2,999. This range embraced more than 30 million deposit accounts (out of 46.8 million) for a total amount of nearly ARS 15 billion until December 2019. That is, the low range, which recorded an ARS 480 balance on average, concentrated 66% of deposit accounts in pesos. A similar distribution was observed in December 2017 and December 2018; however, the share was slightly higher in the first range probably due to the effect of the nominal value of account balances in each range.

Outstanding balances on deposit accounts might be considered passive saving. Only 1 out of 3 individuals reported they had left balances in their deposit or current accounts as a way of saving,[29] which is in line with the information under analysis.

[28] The monthly average is calculated on the daily average of each deposit account, i.e., the funds deposited in each account on each day of the month.
[29] According to the results obtained in the Survey to Measure Financial Capability.

Chart 2.4 | Relative share of deposit accounts by balance tranche

Balance tranche	Dec-17	Dec-18	Dec-19
Up to 2,999	71%	69%	66%
From 3 K to 4,999	6%	6%	6%
From 5 K to 7,499	5%	5%	5%
From 7.5 K to 9,999	3%	3%	3%
From 10 K to 14,999	4%	4%	5%
From 15 K to 19,999	2%	3%	3%
From 20 K to 29,999	3%	3%	4%
From 30 K to 49,999	3%	3%	3%
From 50 K to 74,999	1%	2%	2%
From 75 K and over	2%	2%	3%

Note | K = thousand. It takes into account the average monthly balance of each deposit account in domestic currency.
Source | BCRA.

Deposit accounts for different payments such as *salaries, retirement and pension, and social security benefits* concentrated 64% of all deposit accounts in domestic currency as of December 2019, social security accounts showing the highest share (28%) in the total. This behavior has remained constant for the last 6 years. A 35% share of savings accounts in the total might be showing that a great part of the population has an additional savings account other than the one held for the items described above. This is probably related to the metrics aforementioned which indicates that in Argentina there are 1.4 deposit accounts per adult.

2.2. Transactions through Electronic Means of Payment and Cash Withdrawals

In line with the BCRA targets, electronic means of payment make transactions easier for the population and also contribute to discouraging the use of cash. They enable to overcome geographical barriers, send and receive money, streamline transactions that involve the trade of goods and services, and result in a better administration of available resources.

Within this framework, the report analyzes the individuals' transactions on credit, debit and prepaid cards, and through electronic transfers.[30] In particular, the analysis considers purchases on debit, credit and prepaid cards, fund transfers originated in bank accounts through electronic channels, and cash withdrawals at ATMs through cards or alternative means. Both the number of transactions and the amounts involved are measured in terms of the adult population.

Each of the metrics of electronic means of payment increased in terms of population, both in the number of transactions and in the amount operated[31] in real terms, even though the economic activity became stagnant or shrank for the last five years. The existence of a regulatory framework oriented towards the expansion of these means of payment can explain, in part, its continual growth. A growth of electronic means of payment may be explained on the following grounds: shopkeepers' obligation to accept payments with debit cards; a progressive reduction

[30] It refers to interbank transfers.

[31] Except for credit card amounts.

of interchange rates for transactions on debit and credit cards;[32] and regulatory innovations such as payments through quick response codes (QR codes)[33]—including payments with different cards channeled by this means.

On the other hand, the expansion of the electronic transfer system through different methods and types of accounts (bank accounts and accounts provided by PSPs) as well as the simplification adopted to identify transferees (Alias-CBU[34]), among other decisions, have contributed to increasing the offer as well as the population's demand.

2.2.i. Payments with debit, credit and prepaid cards. Electronic payments, which ease transactions and help to reduce the use of cash, can be made from different technological environments such as cards, computers and mobile phones. In 2019, electronic payments with cards grew by 12% on average in terms of transactions per adult, thus consolidating several years of growth.

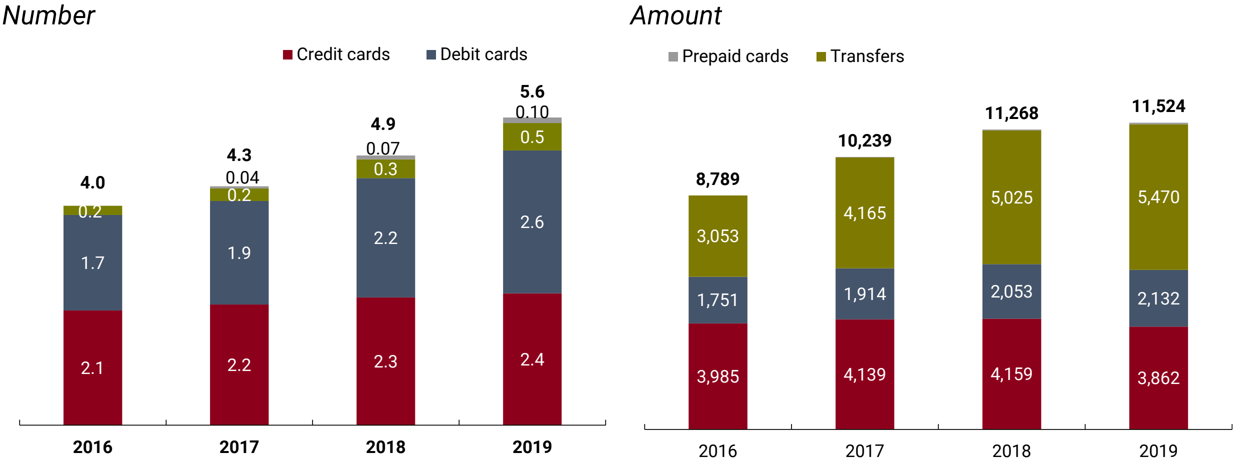
In Argentina, the debit card was the mostly used electronic means of payment during 2019, slightly exceeding the use of the credit card by 7%. In previous years, the credit card was the mostly used as a payment instrument, taking into account that it entails a source of financing.

Both means of payment kept growing during 2019, while the use of debit cards clearly accelerated. Taking into account the average number of monthly transactions per adult, it is observed that, in the last months, payments with debit cards increased their usual annual growing trend from 8% to 12%. At lower levels, the use of prepaid cards grew steadily and, just like debit cards, accelerated in the last few months. As mentioned in the previous Financial Inclusion Report, prepaid cards, promoted by PSPs, enable to make the same transactions as debit cards. In addition, such cards are linked to a payment account—through the single virtual code (CVU) launched by the BCRA—and streamline the interoperability between PSPs and bank accounts.

In order to strengthen financial service users' protection, in 2020 new regulations were adopted for PSPs. The clients' funds in payment accounts must be credited in sight deposits in pesos in domestic financial institutions and must be immediately available at any time, when so requested.[35] Also, all PSPs are required to be registered in the "Registry of Payment Service Providers that provide payment accounts" and to report[36] to the BCRA.

[32] Communication A6212.
[33] Communication A6425.
[34] Communication A6425.
[35] Communication A6859.
[36] Communication A6885.

Chart 2.5 | Transactions through electronic means of payment per adult



Note | Average monthly amount and number for the term (price index calculated on the value of January 2019).
Source | BCRA and INDEC.

As regards the amounts operated in terms of the adult population, all the electronic means of payment evidenced—in real terms—positive variations throughout the term, except for credit cards which posted a slight fall. This could be explained by the adverse macroeconomic conditions of the Argentine economy, especially the continuous high interest rates in a context of economic activity contraction. As observed in relation to figures, the amount on prepaid cards reported the highest relative increase from the lowest levels (monthly average per adult ARS 21, ARS 31, and ARS 60 for 2017, 2018, and 2019, respectively).

2.2.ii. Fund transfers originated in bank accounts through electronic means. Electronic transfers have been consolidating their growth over the last few years, with an increase in the number of transactions (close to 47%) in the last two years, and virtually doubling the average monthly amount operated from 2016 to 2019. In addition, such amount exceeded by 40% that paid on credit cards, and twice and a half that paid on debit cards in 2019. During the last few years, several regulations have been adopted to improve the user's experience; for instance, the creation of a pseudonym (called "Alias-CBU") to make accounts' identification easier, and the chance to increase withdrawal limits at the request of clients.[37]

As for both numbers of transfers and amounts transferred, most channels used by adults in the last years have been online banking, then ATMs and, in the third place, mobile banking. In 2019, transfers through online banking, which posted significant increases, doubled transfers through ATMs, and exceeded five times mobile banking transfers.

Regarding amounts, they were 6 and 11 times higher than those channeled through ATMs and mobile banking, respectively. Despite the fact that mobile banking values were originally lower, they led the growing trend during that term, both in quantities (500% growth) and in volumes (over

[37] Communication A6235.

300%). This is in line with a trend in favor of the use of mobile phones to make financial transactions, provided they offer a practical and agile alternative to operate through an account.

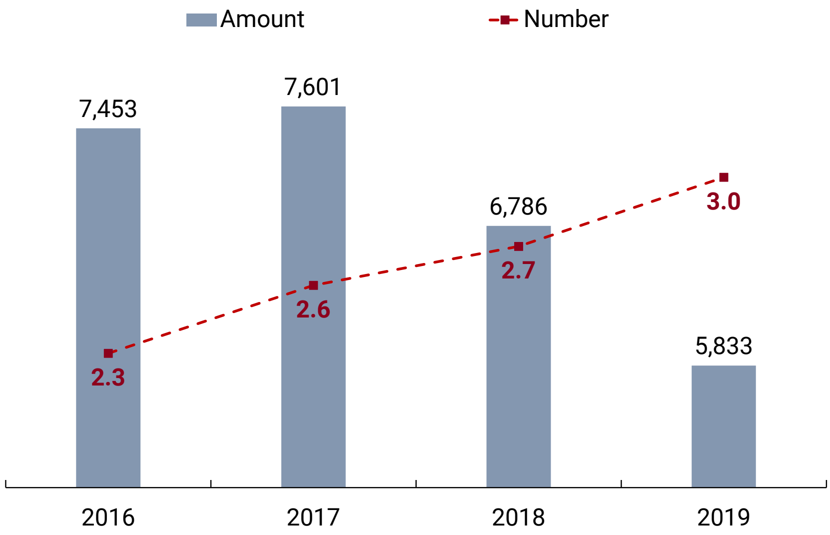
Chart 2.6 | Numbers and amounts of electronic transfers by channel per adult

Channel / Year	OB		ATM		MB		TOTAL	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2016	*0.12*	2,500	*0.04*	464	*0.01*	89	*0.17*	3,053
2017	*0.16*	3,413	*0.05*	575	*0.02*	176	*0.23*	4,165
2018	*0.22*	4,084	*0.09*	667	*0.03*	274	*0.34*	5,025
2019	*0.28*	4,296	*0.16*	777	*0.06*	397	*0.50*	5,470

Note | Average monthly amount and number for the term (price index calculated on the value of January 2019). Only transactions by natural persons are included.
Source | BCRA and INDEC.

2.2.iii. Cash withdrawals through ATMs per adult. From 2016 to 2019, cash withdrawals through ATMs increased 29%, while the average amounts withdrawn decreased 22% in constant currency. That might be the result of the development of financial infrastructure and the increase—already mentioned—in the use of electronic means of payment. Greater availability of physical points—both access points and alternate points for cash withdrawal—makes it easier to conduct these transactions, without the need to withdraw large amounts of money each time.

Chart 2.7 | Cash withdrawals through ATMs per adult



Note | Average monthly amount and number for the term (calculated on the value of January 2019).
Source | BCRA and INDEC.

On the other hand, as the use of electronic means of payment is encouraged, the population is quickly acquainted with the new payment channel. Thus, in 2019, for every 100 withdrawals per adult almost twice those transactions were conducted through electronic means of payment (191), out of which 89 entailed debit cards; 82, the use of credit cards; 3, prepaid cards; and 17 transfers.

2.3. Savings Methods

The population channel their active and passive savings through different instruments of the financial system. As regards active saving, which implies choosing a specific savings product, time deposits are one of the main tools to channel domestic savings and obtain a return.

Time deposits are sums of money deposited in financial institutions for a given maturity, in exchange for a future return agreed between the parties. Time deposits can be opened in pesos, UVA or foreign currency (*mainly US dollars or euros*). They can offer a fixed or variable return and can be arranged in person or online (*electronic channels*). The minimum deposit term is 30 calendar days and some deposits can be settled before their maturity (*early termination option*). They can also be arranged, though not usually, without having a bank account.

Time deposits in pesos and in foreign currency have similar characteristics, except for the denomination of the deposit and settlement currencies. However, time deposits in UVA hold the UVA as account unit, which is updated according to the Reference Stabilization Coefficient (CER) based on the evolution of the Consumer Price Index. This instrument is a savings alternative in pesos adjusted by the evolution of prices, maintaining the purchasing power of the saved principal.

Chart 2.8 | Main features of time deposits

ATTRIBUTES	TIME DEPOSITS in pesos	TIME DEPOSITS in foreign currency	UVA TIME DEPOSITS	
			-without early termination option-	-with early termination option-
Minimum period	30 days	30 days	90 days	90 days
Early termination option	With no option	With no option	With no option	Yes, as from 30 days
Currency	Pesos	Foreign currency	UVA	UVA
Deposit and settlement	Pesos	Foreign currency	Pesos	Pesos
Return	Interest rate in pesos	Interest rate in foreign currency	UVA + interest rate	UVA + 1% interest rate (minimum)
	Fixed or variable interest rate			
Channels to make time deposits	Over the counter or through electronic means -online banking, mobile banking, ATM, self-service terminal, phone.			

Source | BCRA.

Time deposits in UVA require a minimum term of 90 calendar days, but they offer the early termination option as from 30 days after the date they are made.[38] The interest rate of the early

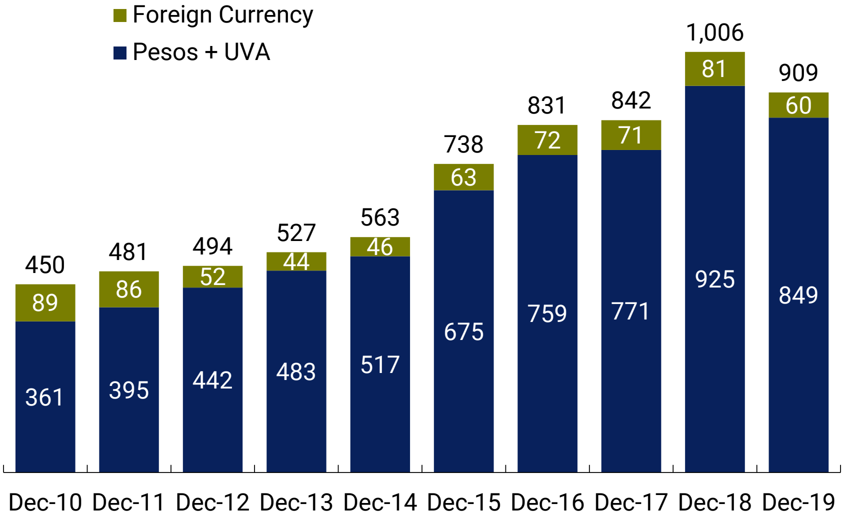
[38] Consolidated Text "Term Investments and Deposits", Part 2.8. Deposits with an early termination option in UVA adjusted by CER, Law No. 25,827 ("UVA") and news on the launch of the Early Termination Time Deposit.

termination option will be fixed for time deposits at a 90-day term, and will yield a return plus 1% APR, ensuring a positive real interest rate. (*Explanatory video*).

One of the basic indicators to evaluate the use of this savings instrument is the number of time deposits made by natural persons[39] in terms of the adult population in Argentina. As of December 2019, there were 909 time deposits per 10,000 adults, falling 10% vis-à-vis the previous year. A deeper interpretation of such value indicates that, on average, 1 out of 10 adults had a time deposit as of December 2019. Between December 2010 and December 2019, the number of time deposits in pesos per 10,000 adults more than doubled, 10% y.o.y. average increase.

During the period under analysis, time deposits in domestic currency recorded a slight but sustained increase, standing at 93% as of December 2019. The different regulatory changes streamlined time deposits in domestic currency—through electronic channels for either clients or non-clients of financial institutions—and responded to the real needs of users, i.e., to keep their purchasing power. Also, the conditions that governed the forex market may have influenced the population's choice of savings products.

Chart 2.9 | Number of time deposits per 10,000 adults

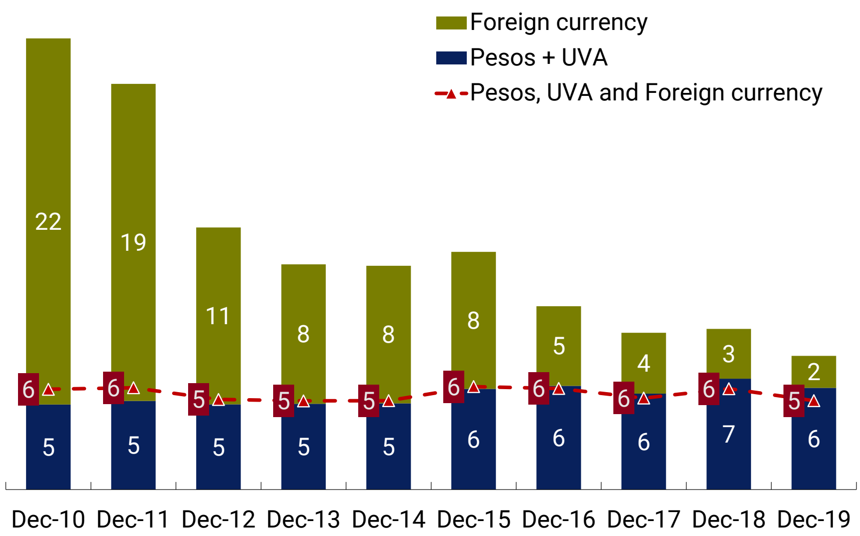


Source | BCRA and INDEC.

Another indicator that allows us to assess the use of time deposits is the relationship between the number of time deposits and deposit accounts. Over the last decade, the number of time deposits per 100 deposit accounts in foreign currency was substantially reduced due to the hefty openings of deposit accounts in such currency. On the contrary, the metrics in domestic currency averaged 6 time deposits per 100 deposit accounts.

[39] "Number of time deposits" makes reference to the number of time deposits made as of the last business day of each quarter.

Chart 2.10 | Number of time deposits per 100 deposit accounts



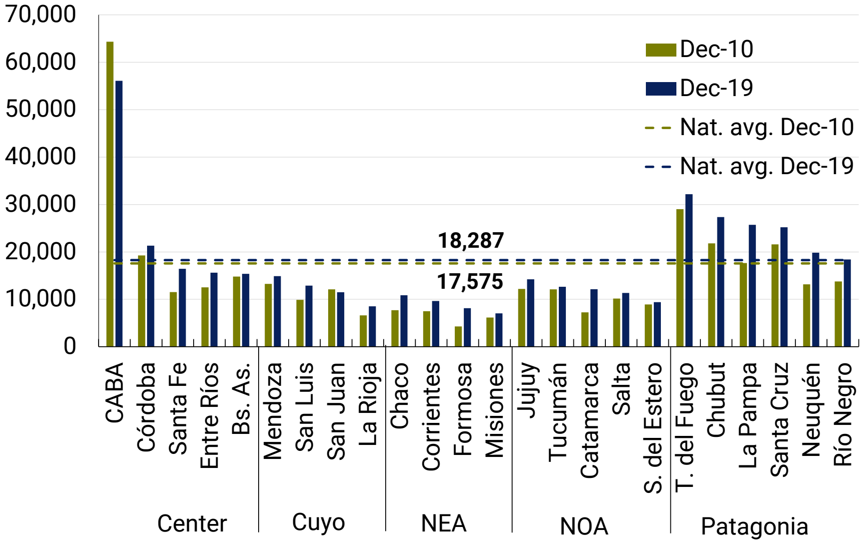
Source | BCRA.

This indicator shows that only a reduced part of deposit account holders would draw on this savings instrument, which is in line with a low number of time deposits in terms of the adult population and with the results of the survey mentioned at the beginning of this section. The average balance per adult barely grew by 4% in real terms between December 2010 and December 2019. Considering the minimum wage as of December 2019, the average balance per adult to that date stood at 1.6 times the minimum wage.

The geographical distribution of time deposits' real balances per adult was heterogeneous among provinces. The trend shows that the Center and Patagonia regions had the highest amounts of time deposits per adult, while NOA and NEA exhibited the lowest.

As of December 2019, CABA led the ranking, exceeding 1.7 times Tierra del Fuego, which was in the second place, and 8 times Misiones, which was in the last place. However, CABA showed a significant fall in time deposit balances in real terms (13%) against December 2010. On the contrary, Formosa and Catamarca are to be highlighted for being the provinces with the highest growth between December 2010 and December 2019 with 89% and 67%, respectively. This implies a reduction in the differences of time deposit balances per adult at a provincial level.

Chart 2.11. | Time deposits real balances of natural persons. Distribution by province per adult



Note | Time deposits in pesos, UVA and foreign currency are included. Price index (calculated on the value of January 2019).
Source | BCRA and INDEC.

In order to encourage the use of savings products such as time deposits, it is important to make the most to streamline their establishment. Electronic channels such as online banking *and* mobile banking have many advantages compared to in-person services. From the information on the balances of the non-financial private sector time deposits, clearly natural and legal persons have widely chosen the electronic channel for the last 10 years, ranging from 92% to 97% of the total balance.

Box / Regional Comparison of the Regulatory Framework of Basic Accounts

Basic accounts seek to promote financial inclusion as well as protect the integrity of the financial system.[40] A non-restrictive admission policy—aimed to avoid financial exclusion—for new users to the financial system is of particular importance for individuals in a position of vulnerability.[41] Likewise, individuals with no access to the formal financial system use cash and resort to non-regulated channels, which hinders transparency and raises the risk of money laundering, among others, thus threatening financial integrity.[42]

[40] It refers to avoiding transactions that involve the risk of money laundering and terrorist financing.

[41] "Sound management of risks related to money laundering and financing of terrorism" Basel Committee on Banking Supervision. June 2017.

[42] "FATF Guidance on AML/CFT measures and financial inclusion, with a supplement on customer due diligence". November 2017.

Basic or simplified accounts are those which opening is subject to specific regulatory provisions in line with the Know Your Customer policy (submission of information and documentation by clients). A great part of the vulnerable population is not expected to submit the documentation usually required to open standard bank accounts, such as proof of address and/or source of income.

In general, the regulation on basic accounts establishes that basic or simplified accounts may be opened through non-traditional channels, such as bank agents or remote agents through electronic means (computer, mobile phone), with the aim of including into the financial system individuals who have historically been excluded. These channels contribute to reducing transaction costs related to formal financial service provisions in faraway populations, in particular rural areas, and in those municipalities where the provision of services is not sustainable with traditional infrastructure, such as branches and ATMs.

In line with fewer requirements and more simple opening processes, there are transaction and balance limits on this type of accounts in order to reduce the potential use of illegal resources and/or terrorist financing.

Several countries of the region have regulatory frameworks that define simplified deposit accounts, focused on improving financial inclusion conditions for the population in need. That is the case of such countries as Mexico, Colombia, Peru and Paraguay, where this type of account has a particular name that allows telling them apart from the rest of deposit accounts implemented in 2012, 2009, 2011, and 2013, respectively.

Chart R1 | Comparison of the regulatory framework of basic accounts at regional level[43]

Features	Universal free account –Argentina–	Simplified application accounts *-Mexico-*	Simplified application savings accounts -Colombia-	Basic accounts *-Perú-*	Basic savings accounts *-Paraguay-*
Remote opening or through bank agents	Yes, both	-Remote: only Level II. -Bank agents: all levels	Yes, both	Yes, both	Yes, both
Transaction and balance limits	Yes	Yes	Yes	Yes	Yes
Account limitations at a system level	Yes, having no other bank account in the financial system	No	One account per institution	No	One account per client in each institution and up to 2 accounts in the financial system
Charge of fees	No charges for: -Opening, maintenance and transfer of funds. -Transactions at ATMs of an institution's branch. -Up to 8 free transactions in other ATMs.	The bank where an account is held cannot charge fees for transactions made through their ATMs	No restrictions on fees	No restrictions on fees	At least 2 enquiries and 4 withdrawals for free per month – ATMs of the institution and bank agents

Except for Mexico, the rest of the countries only allow the opening of these accounts by natural persons. They also have other factors in common, namely: the chance of opening accounts

[43] Source | Argentina: Consolidated Text on "Savings Deposits, Salary Accounts, and Special Accounts" (as of February 19, 2020).
Mexico: Circular 03/2012, Banxico 2012, which amends Circular 2019/95 \Law on Credit Institutions (LIC) section 115 \General provisions on section 115 of LIC.
Colombia: External circular 053/2009 \ External circular 013/2013 \Chapter IV-Title II of the Legal Basic Circular.
Peru: Resolution SBS No. 2,108/2011. Resolution SBS No. 2,891/2018.

through bank agents and electronic means as well as the limits on transactions. On the contrary, regulatory frameworks differ as regards the policy on fees and the restrictions on bank account ownerships within the financial system.

In Argentina, the Universal Free Account was reinstated in January 2020 (it had been discontinued in 2016). This bank account is for unbanked individuals. It can be opened just by submitting a DNI free of opening or maintenance charge. All banks must offer and open it, if required. As from June 2020, banks are required to offer Universal Free Accounts, which can be opened on a remote basis, thus overcoming geographical barriers for financial service access.

In this sense, it is worth mentioning that although the rate of the population living in municipalities with no bank branches is fairly low (11.6%), in most cases access points are in city centers, which means that a major part of the population has to travel long distances to reach them. Moreover, the number of branches in each municipality is well below the number required to assist the local population—34% of municipalities have fewer than one branch per 10,000 adults.

Basic accounts are a key instrument for financial inclusion, since they are a vehicle for the vulnerable sectors of the population to have access to the benefits of the financial system. In this sense, a bank account ownership allows individuals to make transactions without using cash, for instance, to make purchases in shops and electronic payments of services; send cash online; make transfers; and channel savings, among others.

3. Credit

3.1. Credit to Natural Persons

One of the key aspects in assessing financial inclusion in a country is the analysis of credit access, since it allows learning the extent to which individuals and companies have access to financing within the financial system. In Argentina, there are several institutions that grant credit to individuals and companies.

The main difference among such institutions is the origin of the funds they use for that purpose. Financial institutions are those institutions that take funds from the public and lend them to third parties (financial intermediation). They are regulated by the BCRA in accordance with the Law on Financial Institutions. As of September 2019, 37% of Argentine adults had been granted at least one credit product by these institutions.

Contrariwise, the institutions that provide financing with their own funds or principal fall outside the scope of that regulatory framework. Among them, there are ETCNBs as well as OPNFCs.[44] As of September 2019, ETCNBs provided financing to 16% of adults in Argentina and OPNFCs to 9%. The non-financial credit providers (PNFC) group includes both groups, while the Broad Financial System (BFS) comprises financial institutions and PNFCs.

In this context, all financial institutions and PNFCs registered report to the BCRA on the financing they provide their clients. The information so gathered is included in the credit information system called Debtors' Database of the Financial System (CENDEU) and is available to the public in the BCRA website by entering a CUIT, CUIL or CDI.

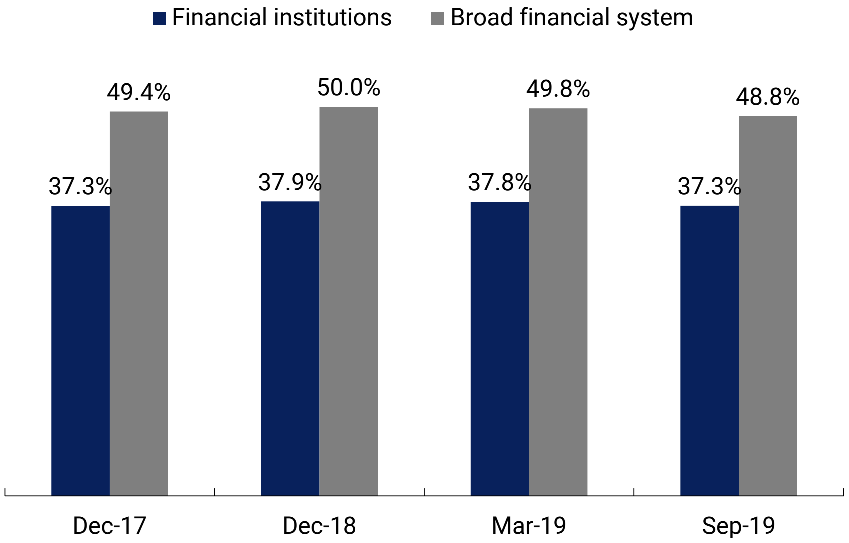
3.1.i. Adults with at least one credit product per provider and province. According to the data reported to the CENDEU, 37% of adults in our country had at least one credit product granted by financial institutions as of September 2019, rising to 49% in the BFS.

The time evolution of this indicator, both for financial institutions and the BFS, shows a fairly steady behavior, recording a moderate increase in 2018 and a contraction in 2019, according to the information available. The analyzed percentages remained virtually unchanged in the last few years, exhibiting certain limits for the inclusion of new individuals to credit products.

---

[44] All non-bank credit and/or purchase card issuing companies must be recorded in the "Registry of Non-Financial Credit and/or Purchase Card Issuing Companies", while other non-financial credit providers must be recorded in the "Registry of Other Non-Financial Credit Providers" if they are linked to financial institutions and/or are credit providers to financial institutions, for over ARS 20 million. Consolidated Text on "Credit Assistance to Non-Financial Credit Providers".

Chart 3.1 | Percentage of adults with at least one credit product



Source | BCRA and INDEC.

Distribution per province,[45] both for financing by financial institutions and the BFS, shows that CABA was the province with the highest rate of adult debtors, while Corrientes was just the opposite. Across the provinces, PNFCs report a significant percentage of debtors, with La Rioja having the highest share (17.3% of the adult population), followed by Catamarca (16.7%), and La Pampa with the lowest (6.6%).

In regional terms, as it is the case with access point indicators and natural persons' credit with a business activity, credit percentages of debtors in the BFS are higher in the Center and Patagonia regions (51% and 52%), while in the regions of NEA, NOA, and Cuyo they are lower (40%, 44%, and 45%, respectively).

In order to explain access to financing, the relationship between the formal labor market and access to financing is analyzed on the basis of salary account ownerships as an indicator.[46] At a national level, 25% of adults had this type of account as of September 2019. Within this group, 79% had been granted at least one credit product by the BFS.

A significant improvement is observed in the indicator of access to financing for individuals with a salary account, provided there is a 30 p.p. difference in the access to financing between the total adult population and adults with a salary account. In addition, great disparities are observed at a provincial level; the population with salary accounts in the province of Corrientes has the least access to financing (56%), and in Santa Cruz, the highest access (84%).

[45] The geographical distribution of debtors is based on the address reported to the AFIP. Consequently, debtors are likely to move jurisdictions to obtain financing (for instance, residents of the Buenos Aires province may obtain credit in CABA).

[46] It is worth mentioning that an individual may be formally employed and not necessarily hold a salary account for they may be paid in cash.

Chart 3.2 | Debtors by province and income credit in a bank account

Province	% of adults with		% of adults with a salary account	
	Financing from FI	Financing from BFS	With BFS financing	Without BFS financing
CABA	69.6%	79.8%	82%	18%
T. del Fuego	53.0%	62.8%	78%	22%
Neuquén	43.9%	54.3%	79%	21%
Santa Cruz	42.9%	53.3%	84%	16%
Córdoba	36.7%	50.7%	83%	17%
Chubut	40.2%	50.0%	81%	19%
Río Negro	38.5%	49.4%	82%	18%
La Pampa	42.5%	49.1%	82%	18%
Santa Fe	38.8%	48.8%	81%	19%
San Luis	33.4%	48.6%	63%	37%
Catamarca	30.0%	46.7%	81%	19%
Buenos Aires	36.0%	46.5%	80%	20%
Mendoza	32.2%	45.8%	79%	21%
Tucumán	31.3%	45.6%	82%	18%
La Rioja	28.2%	45.6%	73%	27%
Entre Ríos	32.7%	43.7%	76%	24%
S. del Estero	34.0%	43.3%	82%	18%
Salta	30.2%	42.4%	81%	19%
Chaco	27.2%	41.5%	76%	24%
San Juan	26.8%	41.1%	73%	27%
Misiones	29.4%	40.6%	75%	25%
Jujuy	28.5%	40.3%	77%	23%
Formosa	28.6%	39.3%	78%	22%
Corrientes	26.0%	39.2%	56%	44%
NATIONAL TOTAL	**37.3%**	**48.8%**	79%	21%

Note | FI: Financial Institutions. Data available as of September 2019.
Source: BCRA and INDEC.

3.1.ii. Adults with at least one credit product sorted out by type of provider, by type of financing and by age group. Financial institutions can be classified into different groups: on the one hand, *private banks (50 institutions), public banks (13), and finance companies (15)*. On the other hand, ETCNBs and OPNFCs among the PNFCs that report to the CENDEU.[47] Based on this classification, 30% of the adult population had at least one credit product granted by a private bank as of September 2019. In turn, public banks provided financing to 11% of adults, while ETCNBs and OPNFCs to 16% and 9%, respectively.[48]

Both at national and regional levels, private banks are the institutional group that have financed a higher percentage of the population, followed by ETCNBs, except for the region of NEA where OPNFCs have been more meaningful.

Although at a national level public banks prove to cover a larger scope than OPNFCs, this performance is not homogenous throughout the territory, exhibiting significant differences

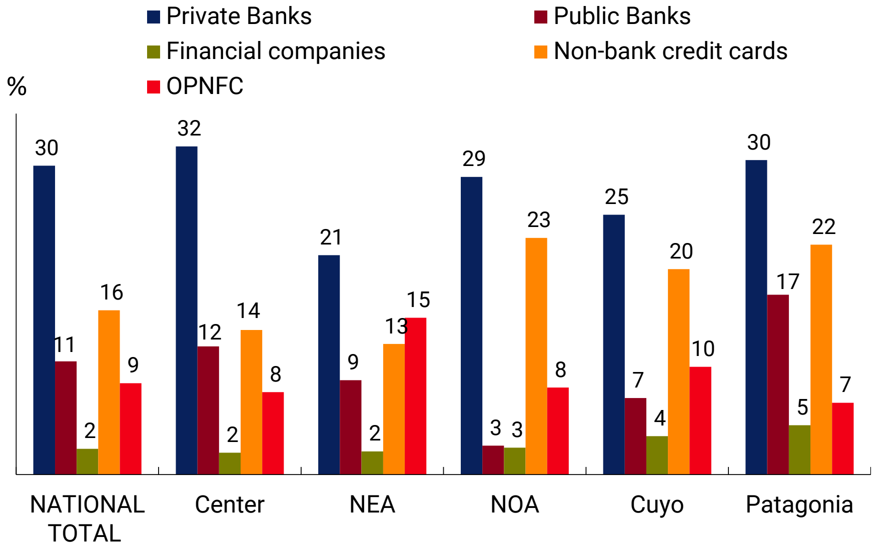
[47] At the beginning of April 2020, there were 122 ETCNBs and 272 OPNFCs.

[48] Adults with at least one credit product classified by type of provider must be analyzed according to the number of entities or institutions of each group, as well as their geographical scope and clients' profile. These variables influence the indicator's result.

among regions. In the Center and Patagonia regions, public banks grant financing to a higher percentage of adults than OPNFCs, while in Cuyo, NEA, and NOA that trend is reversed.

Financial institutions, on the one hand, and OPNFCs and ETCNBs, on the other, provide the basis for aggregate comparison. While in the Center region financial institutions had a higher relative share (from 32% to 42%), the share of OPNFCs and ETCNBs in the total was low (between 14% and 22%). On the contrary, OPNFCs and ETCNBs became more noticeable in the regions of NEA, NOA and Cuyo, where banks' relative share is low. In the Patagonia, the percentage of adults with financing is high compared to all institutional groups in the rest of the regions. It should be highlighted that public banks cover the highest scope in the Patagonia.

Chart 3.3 | Adults with at least one credit product by institutional group



Note | Data available as of September 2019.
Source: BCRA and INDEC.

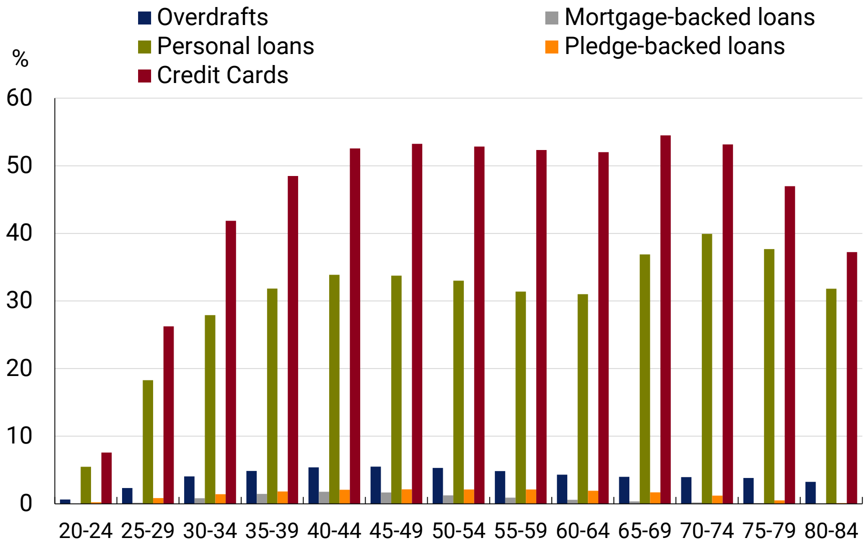
As for the type of financing, until September 2019, 38% of the adult population had at least one credit product through both bank and non-bank credit cards. In that term, financial institutions and ETCNBs reported that there was a total of 28 million credit cards in use.[49] Considering this number in relation to the adult population with financing on credit cards, it is concluded that each debtor had two credit cards on average.

In the second place, 25% of the adult population had access to personal loans. For both types of financing, a slight reduction is observed in the percentage of adults between December 2018 and September 2019. On the other hand, longer-term collateralized loans had a much lower percentage in the adult population. Only 1.3 % of adults held a pledge-backed loan, while only 0.7% had a mortgage-backed loan.

[49] As of September 2019, financial institutions and ETCNBs reported 39.5 million credit card holders, out of which 71% made at least one transaction in the 7 previous months (Source: BCRA).

As regards the age groups of debtors, the credit card was the mostly used type of financing across all age groups. From the age of 65, the percentage of the population with access to personal loans increases significantly. This behavior might be associated with the fact that financial institutions offer credit lines to the clients who collect their retirement and pension payments through bank accounts.

Chart 3.4 | Adults with at least one credit product in the BFS by type of credit assistance and age group



Note | Data available as of September 2019.
Source: BCRA and INDEC.

Mortgage-backed loans prevailed in the 35-54-year-old group, which could be linked with higher and more regular income and the idea that young adults tend to move out of their parents' homes, and consequently acquire their own houses. In turn, pledge-backed loans reached a fairly wider scope of individuals up to the age of 64.

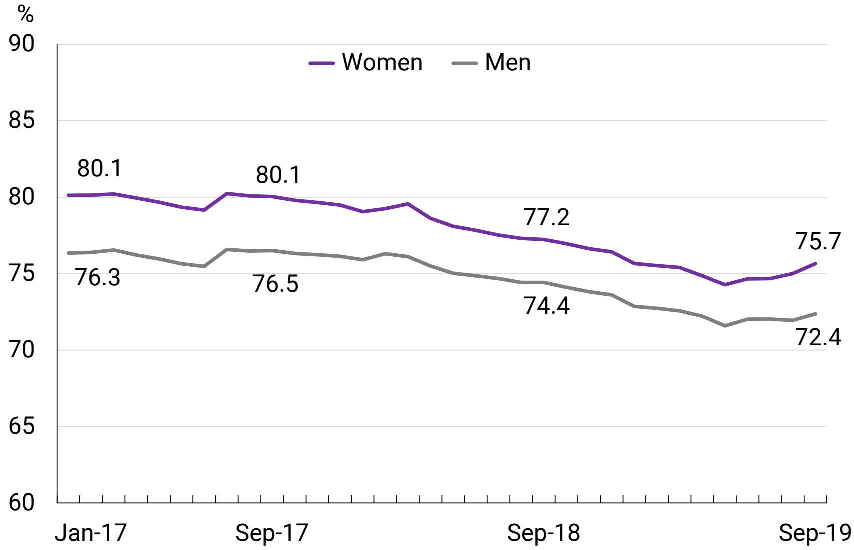
3.1.iii. Debtors' financing situation. Financial institutions and PNFCs classify debtors according to debt and payment capacity. The regulation groups debtors into levels (called "situations") in decreasing quality order, being Situation 1 the level in which debtors are capable of meeting their financial commitments properly (even when reporting payment delays), and Situations 5 and 6 in which debts are considered uncollectible.[50]

The debtors under Situations 1 and 2 are grouped into a regular situation, i.e., they can meet all their financial commitments; however, all the other debtors are under an irregular situation. As of September 2019, 74% of BFS debtors were in a regular situation. The time evolution of this indicator shows a reduction in the percentage of debtors that can meet their commitments

[50] According to the Consolidated Text on Debtor Classification, financial institutions and PNFCs classify their debtors into one of the said 6 situations, taking into account all the financing they have been provided. This way, each debtor will be classified by each of the institutions from which they have obtained financing.

properly, which went down by 4 p.p. and 2 p.p. in comparison with the same month in 2017 and 2018, respectively.

Chart 3.5 | BFS debtors in a regular situation by gender



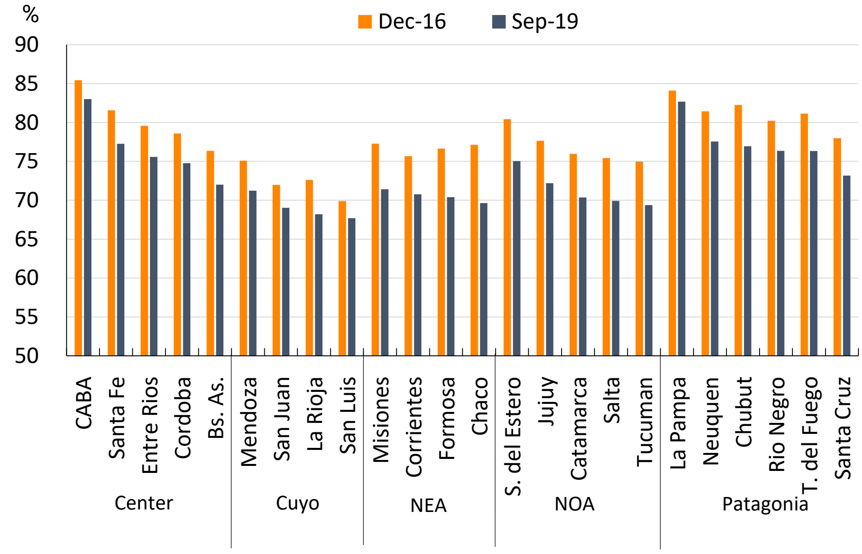
Note | It includes debtors whose financing has been granted to financial trusts.
Source | BCRA.

Disaggregated by debtors' gender, this indicator denotes a difference in the repayment behavior of men and women: 75.7% of women with at least one credit product in BFS met their commitments adequately, while in the case of men, 72.4% did. A similar difference is observed along time indicating that women, as defined group, tend to keep up with their debt payments more adequately than men. The failure to pay debts evidences a different behavior between both genders, reporting a deeper fall for women than for men: 4.4 p.p. and 4.1 p.p. in the last 24 months, respectively.

In terms of age, the percentage of debtors in a regular situation is lower in the youth than in adults, showing a positive relationship between debtors' age and repayment behavior. As of September 2019, 69% of debtors between 20 and 40 years of age were in a regular situation, 74% were between 40 and 65 years of age, and 82% were over 65. Likewise, the highest number of debtors that fail to meet their repayment financial commitments properly are between 30 and 45 years of age.

At a geographical level, the provinces in the Patagonia evidenced a larger rate of debtors in a regular situation than the rest of the provinces, but those in the Cuyo region presented the lowest rate of regularity. CABA and La Pampa were the Argentine jurisdictions with the highest percentage of debtors in a regular situation, while La Rioja and San Luis reported the lowest.

Chart 3.6 | BFS debtors in a regular situation by province



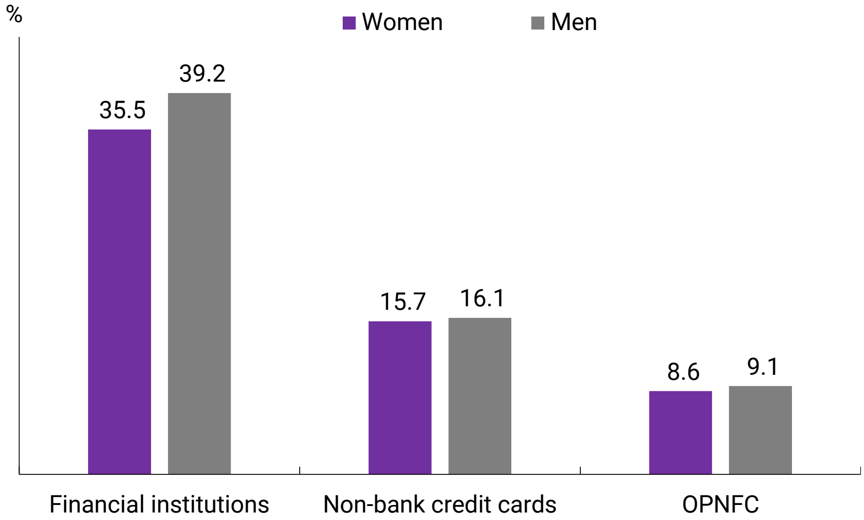
Note | It includes debtors whose financing has been granted to financial trusts.
Source: BCRA and INDEC.

The evolution of this indicator along the last few years evidences that the number of debtors under a regular situation is lower across Argentine provinces, and even steeper in the provinces that make up the NEA and NOA regions. In particular, in Chaco and Formosa there are sharp falls (7.5 p.p. and 6.2 p.p.) which, compared to those in CABA and La Pampa (2.4 and 1.4 p.p.), show that the decline of this indicator has been heterogeneous across the territory.

3.1.iv. Gender gaps by institutional group, type of financing and age group. As of September 2019, 46.0% of women and 51.8% of men had at least one credit product in the BFS. These values show a 5.8 p.p. gender gap in the access to financing. By disaggregating this indicator, the gender gap is mainly explained by the financing provided by financial institutions, reaching a 3.7 p.p. gap for this subset. Within the PNFC subset, the gap is significantly more reduced, 0.4 p.p. for ETCNBs, and 0.5 p.p. for OPNFCs.

According to the evolution of the percentage of debtors by gender, in 2018, the percentage of women with at least one credit product in the BFS increased by 0.8 p.p., while the rise was 0.4 p.p. in the men’s case. However, in 2019, there was a decrease in the percentage of adults with access to financing, which was 1 p.p. for women, and 1.2 p.p. for men. These changes slightly bridge the gender gap in relation to credit access, a trend that was also observed in previous years.

Chart 3.7 | Adults with at least one credit product by gender and group of credit providers



Note | Data available as of September 2019.
Source: BCRA and INDEC.

The percentage of men with access to all types of financing in the BFS was higher than that of women. Even though the gender gap was larger for credit cards and personal loans (4.1 p.p. and 3.1 p.p., respectively), it was even more significant for those types of loans that require greater collateral and longer repayment terms (pledge-backed loans and mortgage-backed loans) because the number of men with access to such financing almost doubled that of women. However, provided that pledge-backed and mortgage-backed loans comprise significantly lower percentages of the population, the impact on gender gap is fairly more limited. At this point it is worth mentioning that the CENDEU registers loans on behalf of a sole debtor, so when a loan is granted to more than one person (for instance, a married couple who obtains a mortgage-backed loan), the financing is registered at the CENDEU just on behalf of one of them.

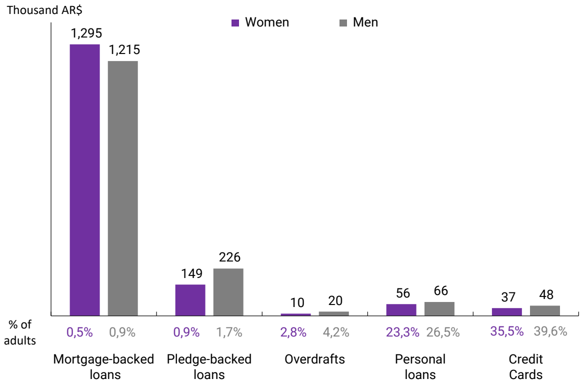
The gender gap is not only observed in the number of men and women with credit access but also in their stock of financing. In all types of financing, except for mortgage-backed loans, there is a difference in stocks to the detriment of women. As regards credit cards, men proved to use this financing instrument 30% more than women. For every ARS 1,000 of stock of financing granted to men, women registered ARS 769.

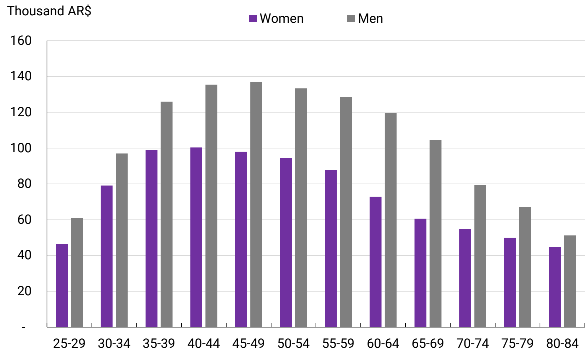
On the other hand, in terms of age, as of September 2019, the highest average of stocks of debt for both genders was between the ages of 35 and 49. As from the age of 20, the stocks are higher for men than for women in all age groups. Participation in the labor market is one of the factors that could explain the gender gap in credit access. According to the INDEC's data,[51] in the third

[51] EPH, INDEC.

quarter of 2019, women registered a rate of activity[52] of 49.2% and a rate of employment[53] of 43.9%, while the rates in relation to men reached 70.2% and 64%, respectively.

Chart 3.8 | Average stock by type of credit assistance, gender and age group





Note | Data available as of September 2019. BFS stocks and debtors.
Source | BCRA.

Taking salary account ownerships as an indicator of formal work, as of September 2019, 21% of women had at least one salary account while 28% of men did. Among this group, 78% of women had at least one credit product in the BFS vis-à-vis 80% of men. Thus, among the adults in the formal labor market, the gender gap in credit access—though reduced—still persists. This would reveal that there are other factors that exert influence on men and women's credit access, besides their participation in the formal labor market.

3.2. Credit to Productive Units

The first Financial Inclusion Report focused on the use of financing by companies in Argentina. On that occasion, it gave a static analysis at a given time. This report adds to the metrics then presented the time dimension, which traces the evolution of around 600,000 productive units between 2007 and 2018 based on historical series.

Time analyses include both the financing of companies organized as legal persons (LP companies) as well as natural persons (NP companies) carrying out production and/or commercial activities, though being neither a corporation nor a legal person. It is worth noting that the result of NP companies' analyses may be affected because it is impossible to distinguish between financing for productive purposes and credit lines for consumption. Therefore, in some sections, NP companies are excluded from the analysis. Moreover, large and tranche 2 medium-sized companies are also excluded in order to focus on MSMEs,[54] an issue of major concern for financial inclusion.

[52] Calculated as a percentage between the economically active population and the total reference population.
[53] Calculated as a percentage between the employed population and the total reference population.
[54] In this document, MSMEs means micro, small and tranche 1 medium-sized companies (tranche 2 medium-sized companies are excluded).

Chart 3.9 | Evolution of the percentage of companies with at least one credit product in the BFS, disaggregated by size and by type of person

Year	Legal Persons					Natural Persons				
	Micro	Small	TR1 medium	TR2 medium	Large	Micro	Small	TR1 medium	TR2 medium	Large
2007	38%	61%	69%	86%	94%	61%	72%	72%	78%	89%
2008	42%	64%	71%	88%	96%	64%	73%	71%	76%	77%
2009	45%	66%	72%	87%	96%	65%	74%	71%	75%	100%
2010	44%	65%	72%	87%	95%	66%	75%	73%	75%	50%
2011	43%	65%	71%	87%	94%	67%	75%	71%	76%	100%
2012	47%	70%	74%	89%	96%	70%	79%	78%	81%	83%
2013	48%	71%	75%	89%	96%	72%	80%	77%	84%	100%
2014	46%	70%	74%	88%	95%	72%	80%	77%	75%	88%
2015	49%	72%	75%	89%	96%	77%	83%	80%	82%	100%
2016	52%	74%	77%	90%	96%	79%	86%	83%	86%	87%
2017	53%	74%	77%	89%	96%	80%	87%	84%	87%	92%
2018	53%	75%	77%	89%	96%	81%	87%	84%	92%	92%

Note | Companies with some type of financing during any given month of the year under analysis.
Source | BCRA and the Ministry of Productive Development.

The first credit indicator introduced in the previous Financial Inclusion Report was the percentage of companies with at least one type of credit product in the BFS.[55] This report analyzes disparities in size among companies. In the case of LP companies, barely 53% of micro companies had at least one credit product during 2018, while large companies accounted for 96%. Historically, these gaps tended to narrow, specially until 2016.

The analysis of the evolution of this indicator by activity sector reveals, in the case of LP companies (particularly the small ones) that there is a trend towards increased financing, irrespective of activity levels or sectors, with few changes in amounts. In absolute terms, the performance of this indicator shows that the gaps between sectors have reduced, as financing to the sectors with less access to credit products has significantly increased.

A clear example is the services sector, which has expanded the coverage rate between 2007 and 2018 from 24% to 41% for micro companies and from 47% to 64% for small companies. As regards the number of excluded companies, however, the agricultural and the industrial and mining sectors, which started off from higher values, were the best performers between 2007 and 2018. In the agricultural sector, the indicator of micro companies with financing increased by 16 p.p., and in the case of small companies, by 15 p.p., a share of 31% and 46% in the total of companies without financing as of 2007.

In the industry and mining sector, a similar trend was observed, with an increase of 15 p.p. in the case of micro companies and 11 p.p. for small companies, a share of 29% and 44% in the total of companies without financing as of 2007. The services sector showed a higher increase in absolute terms (17 p.p. for micro and small companies). However, it evidenced the worst final performance in relative terms due to its initial low level—a share of 22% and 32% in the total of micro and small companies without financing as of 2007.[56]

[55] This section and the next one exclude any financing assigned to financial trusts.

[56] To calculate relative performance, the rate of change in the percentage of companies without financing (or excluded from financing) is measured between the end time (2018) and the start time (2007). For example, in the case of agricultural NP micro companies, the

Chart 3.10 | Evolution of the percentage of LP companies with some type of financing in the BFS, disaggregated by size and by economic sector

Año	Agricultural					Commerce					Construction					Industry and Mining					Services				
	Micro	Small	TR1-M	TR2-M	Large	Micro	Small	TR1-M	TR2-M	Large	Micro	Small	TR1-M	TR2-M	Large	Micro	Small	TR1-M	TR2-M	Large	Micro	Small	TR1-M	TR2-M	Large
2007	49	65	72	84	88	43	67	87	91	99	42	63	81	92	100	48	75	88	95	98	24	47	53	79	95
2008	53	68	74	88	93	46	69	88	94	99	47	67	84	93	100	51	77	89	96	97	27	51	55	80	96
2010	54	69	76	87	96	49	70	87	96	99	50	69	86	93	100	55	79	90	95	96	29	52	55	78	96
2012	58	72	79	89	96	53	75	90	98	99	52	71	87	94	100	59	83	91	96	97	32	56	59	80	96
2014	59	75	80	87	86	51	75	91	98	99	49	71	85	93	96	57	84	92	96	99	31	56	58	80	96
2016	65	80	84	90	90	57	79	92	98	99	56	77	88	97	96	62	86	93	96	99	40	62	61	82	96
2018	65	80	84	89	91	59	80	92	98	98	57	78	89	96	98	63	86	93	96	99	41	64	61	82	95

Note | Companies with some type of financing during any given month of the year under analysis. TR1-M and TR2-M mean tranche 1 and tranche 2 medium sized companies, respectively.
Source | BCRA and the Ministry of Productive Development.

At a regional level, there are slight differences in the percentages of companies with financing. In the case of MSMEs, the greatest increases in absolute terms were observed in the NOA region, and for NP MSMEs, in the NEA region—25 p.p. and 24 p.p., from 2007 to 2018, respectively—thus, bridging the gap between regions with higher percentage of funding, such as the Center region and Patagonia. In the case of LP MSMEs, the rise in this indicator was more moderate, and the gaps between regions tended to go up, with a higher share of companies from the Center region and Cuyo, and slight differences at regional level (a 4 p.p. difference between the regions with the highest and the lowest percentages).

Chart 3.11 | Evolution of the percentage of MSMEs with some type of financing in the BFS, disaggregated by type of person and by geographical region

Year	Legal Persons					Natural Persons				
	NEA	NOA	Cuyo	Patagonia	Center	NEA	NOA	Cuyo	Patagonia	Center
2007	45%	47%	48%	46%	46%	52%	57%	57%	64%	63%
2008	50%	52%	53%	52%	52%	55%	60%	61%	69%	67%
2009	50%	52%	53%	52%	52%	55%	60%	61%	69%	67%
2010	50%	51%	52%	52%	52%	58%	61%	62%	69%	68%
2011	49%	50%	53%	49%	50%	58%	63%	63%	70%	69%
2012	52%	53%	56%	53%	55%	62%	66%	66%	73%	72%
2013	52%	54%	57%	54%	56%	65%	68%	68%	74%	73%
2014	51%	52%	55%	51%	54%	65%	68%	68%	74%	74%
2015	53%	54%	58%	54%	56%	69%	76%	75%	79%	78%
2016	57%	56%	61%	57%	60%	73%	78%	77%	81%	80%
2017	58%	57%	61%	59%	60%	75%	80%	79%	83%	81%
2018	58%	58%	62%	59%	61%	77%	81%	80%	84%	82%

Note | Companies with some type of financing during any given month of the year under analysis.
Source | BCRA and the Ministry of Productive Development.

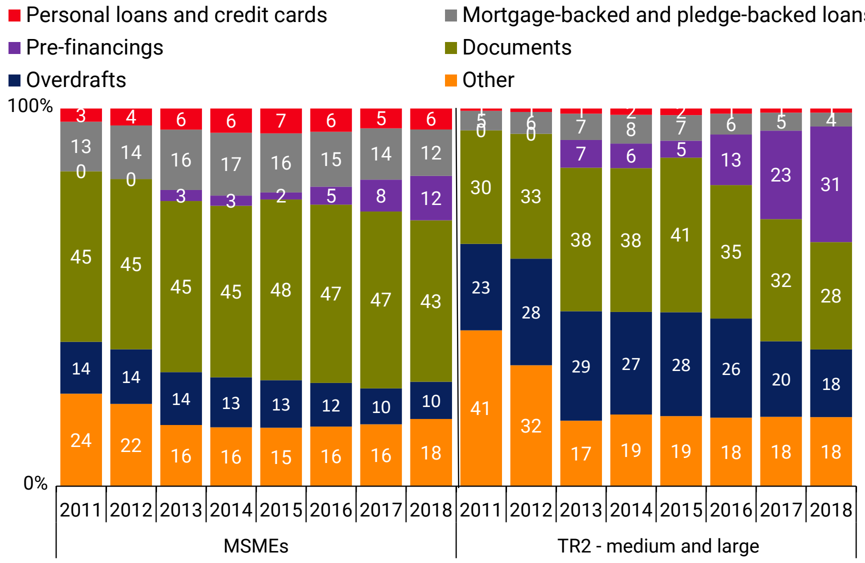
Within the universe of companies that obtained financing in the period under study, not all of them used the same type of financing. LP MSMEs relied heavily on secured loans, such as mortgage-backed and pledge-backed loans. Reasonably, it may be deduced that providers of funds impose more stringent collateral requirements on these types of companies compared to larger ones.

---

percentage of companies without financing at start time was 51%, going down to 35% by the end of the time period analyzed. In other words, this percentage was reduced by 16 p.p. which implies a 31% decrease in relative terms (35 - 51= -16; -16/51= -31%).

On the other hand, LP MSMEs mainly resorted to discounting documents, whereas tranche 2 medium-sized companies and large companies relied relatively more on overdrafts. While both types of financing are usually short-term and working capital oriented, again, it can be inferred that LP MSMEs require some additional guarantees to obtain funds (a discounting document, such as a check).

Chart 3.12 | Distribution of the stock of debt from LP companies, disaggregated by size and by type of credit assistance



Note | Based on the sum of monthly stocks of debt in real terms.
Source | BCRA and the Ministry of Productive Development.

In terms of evolution, the pre-financing of exports has grown significantly since 2016, becoming the main type of financing chosen by larger companies. This growth was in line with the increase in foreign currency deposits in financial institutions,[57] which allowed to expand credit to exporting companies. Even though larger companies made the most out of this context, the impact on LP MSMEs was also significant, reaching 12% of financings in 2018.

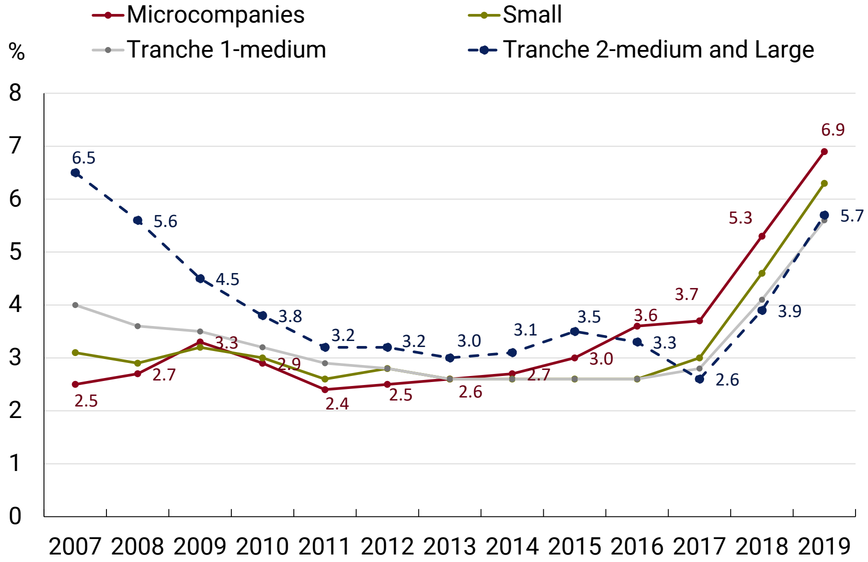
Companies' financial inclusion can be measured by assessing the extent to which they can cope with credit repayment and how many of them may actually access financing. In this case, the indicator used is the percentage of companies—both NP and LP companies—that had some kind of non-performing financing[58] (in terms of the total number of companies with financing). According to this indicator, evolution varied distinctly by company size.

On the one hand, micro companies had the smallest concentration of non-performing financing in 2007 (2.5%), while larger companies (tranche 2 medium-sized companies and large

[57] Private sector deposits in dollars in financial institutions amounted to about USD 9,300 million as of December 2015, reaching USD 21,500 million a year later, and USD 28,500 million as of December 2018 (Daily Monetary Report).
[58] Non-performing loans are those rated 3 or higher, according to the Consolidated Text on Debtor Classification.

companies) had the highest share, outperforming micro companies by 4 p.p. Up to 2013, the larger the company, the higher the non-performing rate, a trend that reversed the following year.

Chart 3.13 | Percentage of companies with non-performing financing, disaggregated by size



Note | It is calculated as the average of the monthly indicator. It includes all (LP and NP) companies with non-performing financing as reported by financial institutions or PNFCs each month.
Source | BCRA and the Ministry of Productive Development.

Since 2016, micro companies' performance deteriorated sharply, the indicator reaching[59] a peak of 6.9% out of the total stock of non-performing debt in 2019. As from 2018, there has been a marked increase in this indicator across companies of all sizes—the gap widening, however, to the detriment of small companies—and the non-performing financing profile existing at the beginning of the period proved to reverse.

The above analyses add a dynamic dimension to the static outlook introduced in the first Financial Inclusion Report regarding financial inclusion of MSMEs in the country. The indicators of credit coverage improved (to a greater or lesser extent, depending on the sector, size or region), although at a slightly slower pace in the last 2 years of study.

This process together with the increase in the amount of MSMEs with non-performing financing show that the situation posed important challenges for their financial inclusion. Not only does this mean to keep on giving access to financing to more MSMEs, but also to ensure that financing does not become too burdensome. The macroeconomic context plays a key role in the

[59] Data for 2019 is included here for updating this indicator. It should be highlighted that it involves preliminary figures based on information obtained from companies as of 2017. It can be estimated from historical data that the ensemble of companies used correlates, at least 90%, with that existing as of 2019. In turn, it is worth noting that the evolution for this indicator (increase in the percentage of companies with non-performing financing) is consistent across companies regardless of their size, and that larger companies have a more stable base, which supports the results shown.

development of these processes and its improvement is essential for deepening financial inclusion. No less important are regulatory actions aimed at overcoming the barriers to financing for MSMEs.

3.3. Credit to Natural Persons Doing Business

As for productive units (*or companies*), a deeper analysis is performed on the subset of natural persons carrying out production and/or commercial activities, despite they are neither corporations nor legal persons (NP companies).[60] Access to financing for this subset of companies facilitates the development of business activities and their potential transformation into larger productive units.

Since the productive unit is directly managed by a natural person, this subgroup may be analyzed by geographical location, and by gender and age group of owners in addition to the size of the unit and its relation to financing. Again, it is worth noting that the analyses below may be affected by the impossibility to easily distinguish between financing for productive purposes and credit lines for consumption.

In 2017, this subset of NP companies embraced more than 326,000 productive units, representing 59% of the total company base used as reference.[61] Out of this amount, 94% were micro companies[62] against 68% of LP companies.[63]

In line with the smaller relative size of NP companies, their stock of debt represented only 10% of the average stock for companies registered with the CENDEU during 2018, including financing granted both by financial institutions and PNFCs. In terms of credit access, 82% of NP companies had financing during 2018 (base period for the sake of debts), the average stock of debt being around ARS 400.000. In the case of LP companies, the percentage of credit access amounted to 61%, while the average stock of debt was 20 times higher than that recorded by NP companies.

The analysis of NP companies' owners by gender shows that 68% were men (220,454) and 32% women (105,693).[64] Although the scale tips in favor of men, there is a slight difference in access to financing by NP companies with financing at some time in 2018 (82% for male owners and 81% for female owners). Both low disparities and high levels of access to financing persist across all company sizes. As it was already mentioned, this could be explained by the fact that it is impossible to distinguish between financing for productive purposes and credit lines for consumption, such as occurs with financing on credit cards.

---

[60] This means that they register employees with the AFIP directly under their own name. These types of undertakings can range from an independent professional hiring an assistant or secretary to a larger company, such as an agricultural production business or a manufacturing company.

[61] It involves all non-financial private sector companies with, at least, one employee registered during a given month of 2017.

[62] Micro companies, according to the legal definition, may have 5 to 15 employees as a maximum, depending on the industry sector (on average, up to 9 employees). See Resolution 220/2019.

[63] The universe of active NP companies in 2017 is taken into account, and financing data for 2018 are shown.

[64] Large NP companies are excluded from the analysis.

However, there is a significant gap in the stock of debt, since NP companies belonging to male owners more than double the stock of debt of NP companies belonging to female owners. While NP companies of male owners are, on average, larger, it is by no means an explanation of these differences, because if we analyze only micro companies, the stock of debt of NP companies belonging to male owners more than doubles that of female owners. Actually, NP companies may be sorted out by activity sector, or by billing, among other subgroups, to find out whether gap gender may be explained otherwise.

Chart 3.14 | NP companies' financing, disaggregated by size and by owner's gender

Owner's gender	Size	Number of companies	Distribution	Companies with at least one credit product	Average debt (thousand ARS, 2018)
Men	Microcompany	207,436	94.1%	82%	379
	Small	11,020	5.0%	87%	1,326
	Tranche 1 - Medium	1,898	0.9%	84%	4,640
	Tranche 2 - Medium	100	0.05%	93%	5,938
	SUBTOTAL	**220,454**	**100%**	**82%**	**487**
Women	Microempresa	101,090	95.6%	81%	181
	Pequeña	3,988	3.8%	87%	594
	Mediana tramo 1	589	0.6%	82%	1,185
	Mediana tramo 2	26	0.02%	85%	8,383
	SUBTOTAL	**105,693**	**100%**	**81%**	**206**
	TOTAL	**326,147**		**82%**	**396**

Note | Companies with some type of financing during any given month of 2018. The "average debt" is calculated on the basis of the average of the stock of debt of 2018.
Source | BCRA and the Ministry of Productive Development.

At a regional level, these types of companies and their stock of debt are markedly concentrated—regardless of the owner's gender—in the Center region. Similarly, this concentration is strongly linked to the adult population, something that replicates in Patagonia.

In spite of these differences, the percentage of NP companies owned by men with financing in 2018 exceeded the 75% threshold in all geographical regions, while the companies owned by women had a floor of 80%, which shows that there would be no significant geographical bias at the level of access. However, the same cannot be said for intensity of business activity and its financing.

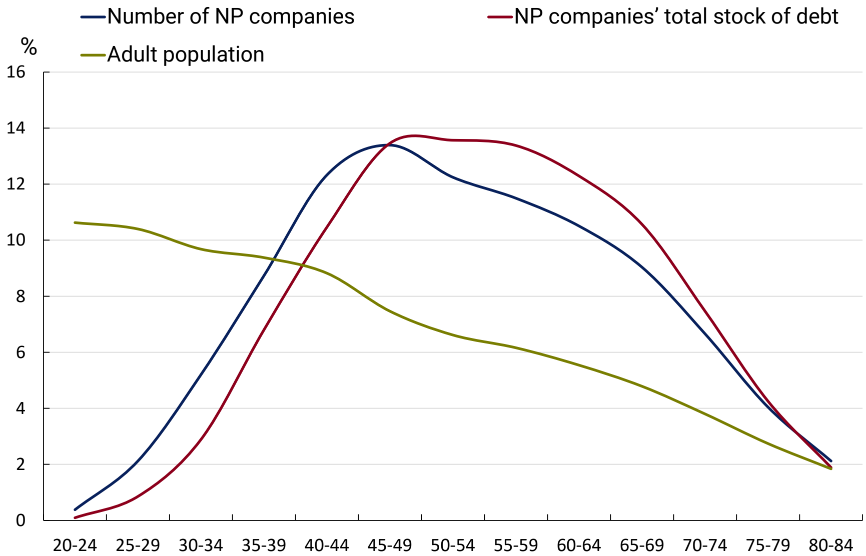
Chart 3.15 | NP companies' financing, disaggregated by geographical region and by owner's gender

Owner's gender	Geographical region	Distribution			Companies with at least one credit product
		Number of companies	Stock of debt (2018)	Adult population	
Men	Center	72%	74%	64%	82%
	NEA	6%	8%	9%	75%
	NOA	7%	7%	12%	81%
	Cuyo	7%	4%	8%	79%
	Patagonia	8%	7%	7%	84%
Women	Center	71%	68%	65%	80%
	NEA	6%	8%	9%	80%
	NOA	8%	7%	11%	82%
	Cuyo	7%	5%	8%	80%
	Patagonia	9%	12%	6%	84%
TOTAL	Center	71%	73%	66%	82%
	NEA	6%	8%	9%	76%
	NOA	7%	7%	11%	81%
	Cuyo	7%	4%	8%	80%
	Patagonia	8%	8%	6%	84%

Note | The "Stock of debt" is calculated on the basis of the average of the monthly stock of debt of 2018.
Source | BCRA and the Ministry of Productive Development.

Based on NP company owners sorted out by age, a greater concentration is observed in the 40-69 group, i.e., those undergoing a mature stage of adulthood. Although this group only accounted for 39% of the country's total adult population, it comprised 69% of NP companies which, in turn, had a 74% share in the total financing for NP companies registered with the CENDEU in 2018.

Chart 3.16 | Distribution by age group of NP companies, by stock of debt and by adult population



Note | The "Total debt of NP companies" is calculated on the basis of the average of the monthly stock of debt of 2018.
Source | BCRA, the Ministry of Productive Development and INDEC.

The age group that weighs the least in terms of ownership of NP companies in the total share of adult population are young people up to 34 years old. By contrast, the number of NP companies whose owners are older has largely concentrated financing in 2018, their share in the stock of debt being more than proportional to their weight in total NP companies.

This distribution of financing could be associated with the fact that such economic activities are developed by mature companies. This would also reveal that the youngster’s segment from 20 to 39 years old—which concentrates 40% of the adult population—has only contributed 16% to the number of productive units and concentrated 11% of the stock of debt, raising the question as to whether access to financing would be a limiting factor in the creation of NP companies in younger age groups.

A first analysis suggests that these metrics pose certain challenges in the geographic and age expansion of financing granted to this subset of productive units and, in particular, to micro companies that concentrate the largest number of units. This business format could become relevant for the development and growth of the country's economic activity.

Exhibit 1 / Microcredit Market in Argentina

The small market of bank lending in Argentina compared to other countries in Latin America and the Caribbean is linked to different factors.[65] In this context, access to financing by the most vulnerable sectors of the population is key to the promotion of economic and social development.[66] *Microcredit* contributes to the fulfillment of this objective by bringing financing closer to small entrepreneurs with low resources, usually excluded from the financial system (hereinafter *microentrepreneurs*[67]). This allows them to maintain (and eventually increase) their productive and/or commercial activities that are the basis of their economic support (self-employment) and a tool for fighting against poverty.[68]

The process of managing and granting *microcredits* has characteristics of its own that differ from those of regular credits. The most traditional model of microcredit involves small amounts of money, with repayment periods in line with borrowers' productive activity and lenient requirements—unlike the usual requirements, such as guarantees or collateral. Moreover, microcredits are mainly offered by microcredit institutions, whose working method differs considerably from that of financial institutions; in general, they carry out credit assessment and financing monitoring based on field visits and meetings held between credit consultants and microentrepreneurs. In many cases, these institutions offer technical assistance to microentrepreneurs so that they may improve the financial management of their business.

In this exhibit, the sector's statistics are analyzed with a special focus on four aspects:

1. Financing offered by financial institutions to microcredit institutions (*instituciones de microcréditos*, IMCs).
2. Interest held in the capital stock of IMCs.
3. Granting of financing by the IMCs.
4. Granting of microcredits directly by financial institutions.

In Argentina, the Ministry of Social Development is working with the Argentine Network of Microcredit Institutions (*Red Argentina de Instituciones de Microcrédito*, RADIM) and the Equity Trust Fund (*Fondo Fiduciario de Capital Social*, FONCAP) in a survey of institutions offering microcredits. It aims to make their activity and main performance indicators known, as well as to provide updated information for the sector's statistics and reports.[69] Based on the latest survey information as of September 2019, there were 51 IMCs in the country,[70] out of which 70% were in CABA, Buenos Aires and Santa Fe.[71]

[65] Exhibit 3 / The Challenge of Promoting Credit, Monetary Policy Report (IPOM) February 2020, BCRA.

[66] Microfinance and the Challenge of Financial Inclusion for Development, Ensayos Económicos Journal No. 67, Dec-2012, BCRA.

[67] Part 1.1.3.4. Consolidated Text on Credit Management.

[68] Idem footnote 2.

[69] Mapping, September 2019.

[70] Annex 1, Mapping. For the purposes of this paragraph, the social inclusion microcredit programs of the National Microcredit Commission (Comisión Nacional de Microcrédito, CONAMI) are excluded.

[71] Provinces were classified according to the institution's domicile for tax-related purposes or the information gathered from the institution's own website.

The analysis of the scope and size of microcredit is pivotal to financial inclusion, given that its target population is commonly excluded from the financial system. By combining the information available in the survey with data from the CENDEU, microcredit market may be analyzed in depth by geographical dimension and debtors' gender, among others.

BCRA's regulatory framework allows financial institutions to offer financing to microcredit institutions through channels[72] specifically designed for this sector. However, according to data available at CENDEU, financial institutions did not register having granted financing to IMCs through such channels during 2019. This does not imply that microcredit institutions did not have access to financing; actually they did, but through the normal channels laid down by the regulations.

In this regard, it is worth noting that almost one third (*16 out of 51*) of the institutions having participated in the survey had at least one credit product from the financial system last year, the total stock of debt amounting to ARS 30 million as of September 2019. This amount shrank, in real terms,[73] by 57% and 76% in relation to the stock as of December 2017 and December 2018, respectively. Moreover, the stock of loans granted by these institutions as of September 2019 reveals that clients obtained 1% of financing from the financial system. Thus, it can be said that the use of the financial system as a funding source was extremely low; instead, other sources came to the fore, such as financing from foreign government bodies, own funds or donations.

As to financing characteristics, 90% was short-term credit mainly associated with working capital and was likely to be channeled to microcredit. Another important aspect is the concentration of credit in a few institutions, given that only 3 institutions accounted for 90% of the stock. In turn, the institutions based in Buenos Aires and CABA had an 83% share in the total stock of financing.

In addition, BCRA's regulatory framework allows financial institutions—as part of their supplementary activities—to hold equity in institutions that grant financing to microentrepreneurs. In the mapping conducted, the survey shows that two of the IMCs are financial institutions.

With regard to the identification of microcredit demand, some of the IMCs report their debtors to the CENDEU.[74] As of September 2019, the financing granted to microentrepreneurs by reporting IMCs totaled ARS 3,000 million, reaching 56,113 debtors. Upon comparing these values with the client base of 51 institutions as reported in the above survey, the stock of debt represented 88% of the total portfolio and the number of debtors stood at 69% of the total debtors reported in the mapping.

---

[72] Consolidated Text on Credit Management. Part 1.1.3.4.b.

[73] Calculated using the Consumer Price Index (CPI). Baseline 100=January 2019.

[74] It is worth noting that the IMCs are not required to report their debtors to the BCRA, except for those that have been classified as "other non-financial credit providers". Four IMCs are currently reporting their debtors to the CENDEU.

Chart A.1.1 | Microcredits. Number of debtors and stock of debt

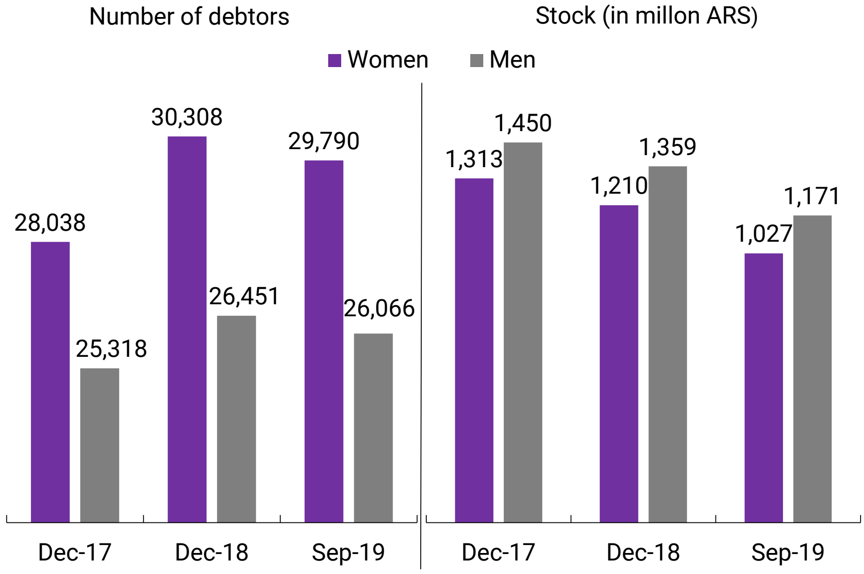
Variables	Dec-17	Dec-18	Sep-19
Number of debtors	53,704	57,044	56,113
Total stock	1,832,768	2,506,754	2,937,869
Average stock by debtor	34,012	43,944	52,356
Unemployment insurance / minimum wage	3.9	3.1	3.1

Note | Total stock in thousand ARS.
Source | BCRA.

These values vis-a-vis the whole financial system show that microcredits are not widely used, standing for 0.2% of the total stock of debt, and 0.3% of the universe of natural persons who are debtors of the financial system (0.7% if only personal loans are considered). In addition, the average stock per debtor was ARS 52,000, i.e., 3.1 times the minimum wage in the same period.

Disaggregation by gender shows sustained growth in the stock of debt and the number of debtors of both genders, but a gradual decline in both indicators was recorded as of December 2018. However, in all the months analyzed, there was a greater number of female debtors (54%) than men (46%), unlike other credit products in the financial system, in which women's participation was lower. But the stock of debt remained higher for men in line with the rest of credit products.

Chart A.1.2 | Microcredits. Number of debtors and stock of debt by gender



Note | The sum of amounts by gender does not match the total amount of Chart A.1.1 since some of the records were not classified by gender.
Source | BCRA.

Geographically wise, the largest number of debtors was recorded in the province of Buenos Aires, followed by CABA and Salta. In this sense, there is no spatial overlap of IMCs, since each microcredit institution is limited to grant loans in a given area. The largest concentration of debtors in Buenos Aires and CABA agrees with the information presented in the credit chapter of this Financial Inclusion Report, which reveals that the largest share of debtors was recorded in the Center region (which includes CABA).

Financial institutions can also grant loans to microentrepreneurs directly, with less requirements—compared to traditional loans— and terms according to their business.[75] Last year, only two financial institutions granted loans under this regulation, reaching a total of 450 debtors with a stock of debt of $16.4 million as of September 2019.

As a financing instrument, most of microcredit stock and amounts are concentrated in a few institutions, and in just a few provinces. Microcredit, as part of the financial system, is mostly associated to financial institutions' equity holdings in IMCs, and to a lesser extent, to its use as a source of financing. In terms of financial inclusion, microcredit is a credit instrument that supplements the traditional financial system, but with *prima facie* similar challenges, such as including more credit holders, improving geographical coverage, and reducing the gender gap in resource allocation.

[75] Communication A 5998: This type of financing has a limit of 50 minimum wages, which, as of December 2019, amounted to ARS 844,000.

Exhibit 2 / Fintech and Financial Inclusion: An Analysis of their Debtors' Profiles

With the advent of technological applications in the world of financial services, a variety of new products and related companies have emerged in recent years commonly known as *fintech*. One of these innovative financial services consists in granting loans remotely (i.e., *online*), either through a mobile phone or computer. Its distinctive feature is the use of technology to avoid face-to-face exchange.

In general, the contract's signature is replaced by an electronic signature, using biometrics for remote validation of identity and alternative credit scoring mechanisms to assess the client's profile. Collections and disbursements are made through the banking infrastructure and the non-banking collection networks.[76] In Argentina, this scheme grew significantly in recent years, with a total of 46 active online loan companies as of December 2019, based on our own data.

In order to better assess the impact of this new method and its relation to financial inclusion of the population, below there is a detailed analysis of the credit portfolio of a set of fintech companies. To this end, we consulted the databases of the CENDEU, to which some of these companies are required to report their debtors on a monthly basis because they are registered as other PNFCs. It is important to note that not all companies carrying out this type of activity are bound by registration.[77]

In August 2019,[78] 141,725 individuals had outstanding debts with one of these companies, totaling ARS 2,809 million, i.e., an average debt of ARS 19,820. Out of that universe of debtors, almost 23% were individuals who did not collect their wages through a salary account in the previous 12 months.[79] In other words, more than *three quarters* of fintech debtors were formal workers who already operated in the financial system through bank accounts on which they collected their wages. This subset of debtors shares 82% of the stock of debt, with an average per debtor of almost ARS 21,000—33% higher than the average debt of debtors without a salary account (ARS 15,783).

As regards the payment status of these credits, non-performing debt[80] amounted to 37% of the total stock—a figure much higher than that recorded in the financial system (5.4%)[81] mainly explained by the non-performing portfolio of debtors with a salary account (40%). The lowest level was observed in the group that did not collect their wages through a bank account, and in the absence of any additional information on their economic activity, it is really hard to draw any

[76] For more information on the legal aspects of fintech credits, click here: link.

[77] See footnote 44 for PNFC enrollment guidelines.

[78] This month is used on grounds of available information.

[79] Data submitted by financial institutions to the BCRA, including the payroll of employees who collect their wages through a salary account are used.

[80] Loans overdue for 90 days or more are considered non-performing loans.

[81] Non-performance data of the household consumption portfolio as at August 2019 (Source).

conclusion. They could well be informal workers, microentrepreneurs or self-employed professionals with a significant disparity in income levels.

Chart A.2.1 | Number and stock by salary account ownership

Variable	Without a salary account	With a salary account	Sample total
Number of debtors	31,996	109,729	141,725
Distribution	*23%*	*77%*	*100%*
Stock of debt *-in million ARS-*	505	2,304	2,809
Distribution	*18%*	*82%*	*100%*
Average debt	**15,783**	**20,997**	**19,820**
Non-performing debt	**22%**	**40%**	**37%**

Source | BCRA.

To further analyze the behavior of fintech debtors, their credit situation was assessed and contrasted to that of the rest of the BFS.[82] On the one hand, only 7.5% of fintech debtors had no outstanding debt recorded with the BFS. Out of the remaining debtors who did hold other debts in the system, 71% accumulated an average debt of more than ARS 50,000, while 31% averaged ARS 200,000. As reference, debts to financial institutions averaged ARS 100,000 (August 2019), while only 10% of debtors exceeded ARS 200.000.

By assessing the sample of debtors provided by fintech companies recorded as PNFC (hereinafter, historical debtors), it was observed that non-performing debt with other providers and financial institutions reporting to the CENDEU remained high throughout the period under analysis.[83] In addition, the number of debtors with at least one non-performing credit line showed an upward trend since 2017, gaining momentum as from June 2018 (from 50% to 64% between that month and August 2019).

In demographic terms, it is worth to highlight that historical debtors[84] are spread across the 24 provinces of the national territory. They were mainly located in the province of Buenos Aires (44%), CABA (10%), Córdoba (9%) and Santa Fe (7%), in line with the number observed for the adult population.[85] This shows that the electronic channel allowed fintechs to spread across a wider geographical range without the need to make physical infrastructure available where their debtors were located.

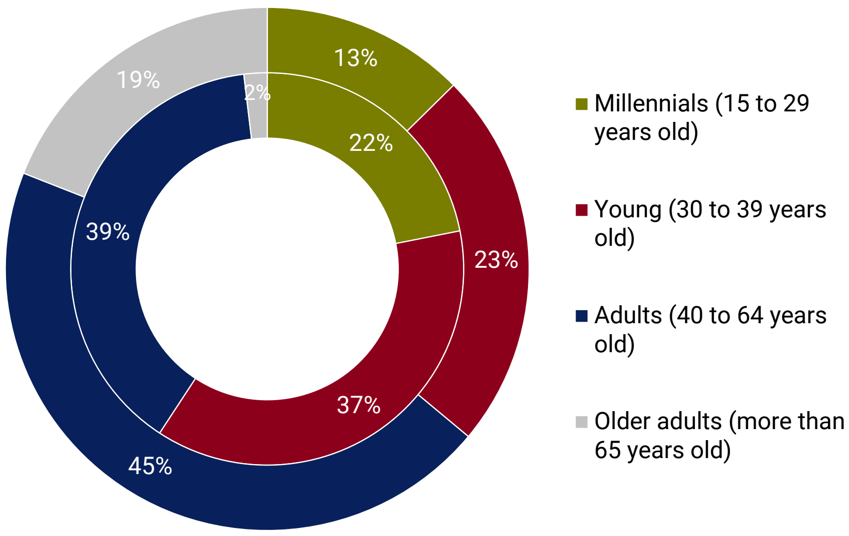
[82] This report deals with a “broad” financial system (including non-bank card issuers and other non-financial credit providers covered by the CENDEU) for this analysis.

[83] January 2015 to August 2019.

[84] The data used was that recorded in the Federal Administration of Public Revenue (AFIP), i.e., year of birth, gender and the province of the domicile for tax-related purposes.

[85] According to INDEC data, the adult population (15 years of age or older) was similarly distributed: 39% in the province of Buenos Aires, 8% both in Córdoba and Santa Fe, and 7% in CABA.

Chart A.2.2 | Age distribution of fintech debtors against the BFS



Note | Outer ring: total debtors / inner ring: fintech debtors.
Source | BCRA.

In terms of age, younger people had a heavier weight on total debtors. Older adults[86] barely accounted for 2% of debtors, while *millennials*[87] stood at 22% of the total, and young adults[88] 37%. These figures are significantly higher than those arising from the total credits registered at the CENDEU.

The study of this sample of fintech debtors reveals that a small portion was outside the financial system—23% held no salary account, and 7.5% had no financing from financial institutions or other credit providers. This shows a narrow expansion of access by traditionally excluded sectors to financing; and, therefore, a low impact on the financial inclusion of the population.

These figures raise the question about the reasons lying behind the decision of these debtors (in many cases with salary accounts and credit extended by financial institutions) to draw on fintech companies to gain, in many cases once again, access to financing. Competing hypotheses can be formulated on more flexible requirements, more dynamic and agile operation through new technologies and/or the inability to obtain credit again from the traditional financial system, among other factors.

[86] Individuals over 65 years are considered older adults.
[87] Individuals under 30 years are considered *millennials*.
[88] Individuals between 30 and 39 years are considered young adults.

Note on Methodology

Data on Population
This Financial Inclusion Report presents indicators that are disaggregated by demographic and geographic variables. These indicators were calculated on population projection data handled by the INDEC of Argentina. Given that the INDEC does not release a series that simultaneously contains all the disaggregations used in this Report of Financial Inclusion (gender, age group, and geographical location for each province, district and municipality), different series were used according to the definition of each indicator.

In the case of national and provincial indicators, the series known as "Population by Sex and 5-Year Age Groups across the Country and Provinces. Years 2010-2040" was used. District-level indicators were based on the series known as "Population Estimated as of July 1 of each Calendar Year by Sex". Finally, as the INDEC does not publish a projection on the number of inhabitants of each municipality over time, it was necessary to build the series for the indicator based on the results of the 2010 National Census.

In this Financial Inclusion Report, an "adult" is any person aged 15 and over, following the standard used by the World Bank for its financial inclusion indicators.

Regionalization
This Financial Inclusion Report follows the regionalization criterion proposed by the Ministry of Economy and Public Finance (today Ministry of the Treasury) that sets out five regions, namely:

- NOA region: Salta, Jujuy, Tucumán, Catamarca and Santiago del Estero.
- NEA region: Formosa, Chaco, Misiones and Corrientes.
- New Cuyo: Mendoza, San Juan, San Luis and La Rioja.
- Patagonia: La Pampa, Neuquén, Río Negro, Chubut, Santa Cruz and Tierra del Fuego.
- Center and Buenos Aires: Córdoba, Santa Fe, Entre Ríos, Buenos Aires and the Autonomous City of Buenos Aires.

In this Report, New Cuyo is referred to as Cuyo, and Center and Buenos Aires as Center.

Non-Bank Withdrawal Points
A survey was conducted on shops that render cash withdrawal services in order to analyze their behavior. Once data was collected and consolidated, the address reported by each withdrawal point was used to identify the shops operating through more than one brand of debit card simultaneously, and to make a list of shops, thus avoiding duplications.

Where possible to identify, withdrawal points of non-bank collection companies were grouped according to their main activities (e.g., a grocery store), while the rest were classified as "payment centers". This classification by store may differ from the previous survey carried out in March 2019.

Credit to Productive Units

The study is based on the productive units of the non-financial private sector that recorded at least one employee in each of the years under analysis. This information was provided by the Ministry of Productive Development, and includes data up to 2017. The analysis of 2018 and 2019 was made on 2017 data, which includes companies that may have ceased to exist, but excludes those that have been created afterwards. For this reason, the indicators for those years should be regarded as preliminary estimates.

The classification by size was carried out based on the legal limits set out by the Ministry of Productive Development, though considering only the number of employees, and disregarding turnover for lack of information at company level. Finally, the classification by sector is based on the core business of each company as registered with the AFIP. The province where they are domiciled for tax-related purposes is also obtained from this record.

As for the size and composition of the companies used, it is worth noting that no significant changes have been recorded in the period under analysis. The total number of companies was around 567,000 at the beginning (2007), reaching 600,000 three years later and then revolving around that figure, reaching a peak of 612,000 in 2013. The composition by type of person changed slightly in favor of the LPs, which increased their participation year by year since 2008, from 36.5% to 40.7% in 2017. According to size, distribution remained virtually unchanged over the period, around 84% were micro companies, 11.5% small companies, 3.8% tranche 1 medium-sized companies, 0.5% tranche 2 medium-sized companies, and 0.2% large companies.

Abbreviations and Acronyms

ACSF	*Agencia Complementaria de Servicios Financieros* (Supplementary Agency of Financial Services)
AFIP	*Administración Federal de Ingresos Públicos* (Federal Administration of Public Revenue)
ANSES	*Administración Nacional de la Seguridad Social* (Argentine Social Security Administration)
ATM	Automated teller machine
AUH	*Asignación Universal por Hijo* (Universal Child Allowance)
BCRA	*Banco Central de la República Argentina* (Central Bank of Argentina)
CABA	*Ciudad Autónoma de Buenos Aires* (Autonomous City of Buenos Aires)
CENDEU	*Central de Deudores del Sistema Financiero* (Debtors' Database of the Financial System)
CBU	*Clave Bancaria Uniforme* (single banking code)
COELSA	Compensadora Electrónica S.A.
CGU	*Cuenta Gratuita Universal* (universal free account)
CVU	*Clave Virtual Uniforme* (single virtual code)
DEBIN	*Débito Inmediato* (instant debit)
DNI	*Documento Nacional de Identidad* (national identity document)
FI	Financial institution
EPH	*Encuesta Permanente de Hogares* (Permanent Household Survey)
ETCNB	*Emisora de Tarjetas de Crédito No Bancarias* (non-bank credit card issuer)
FAS	Financial Access Survey
FOGAR	*Fondo de Garantías Argentino* (Argentine Guarantee Fund)
OB	Online banking
IIF	*Informe de Inclusión Financiera* (Financial Inclusion Report)
IMC	*Institución de Microcréditos* (microcredit institution)
INDEC	*Instituto Nacional de Estadística y Censos* (National Institute of Statistics and Censuses)
MB	Mobile banking
MSME	Micro-, small- and medium-sized enterprise
NOA	*Noroeste Argentino* (northwestern region)
NEA	*Noreste Argentino* (northeastern region)
PDA	*Punto de acceso* (access point)
NP	Natural person
Y.O.Y. AVG.	Year-on-year average
LP	Legal person
PNFC	*Proveedor no financiero de crédito* (non-financial credit provider)
P.P.	Percentage points
NAT. AVG.	National average
PSP	Payment service provider
OPNFC	*Otro proveedor no financiero de crédito* (other non-financial credit provider)
QR	Quick response
BFS	Broad Financial System
SMVM	*Salario Mínimo Vital y Móvil* (minimum wage)
TAS	*Terminal de autoservicio* (self-service terminal)
TO	*Texto Ordenado* (consolidated text)
UVA	*Unidad de Valor Adquisitivo* (Unit of purchasing power)