Report on Banks

January 2021

BANCO CENTRAL
DE LA REPÚBLICA ARGENTINA

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

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

Published on March 25, 2021.
The data reported are provisional and subject to changes. Information corresponds to end-of-month data.
Data of charts and Latest Regulations of this issue. Statistics Annexes for the financial system and the ensemble of financial institutions. Glossary of abbreviations and acronyms.

Suscripción electrónica | Encuesta de opinión | Ediciones anteriores.
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Executive Summary

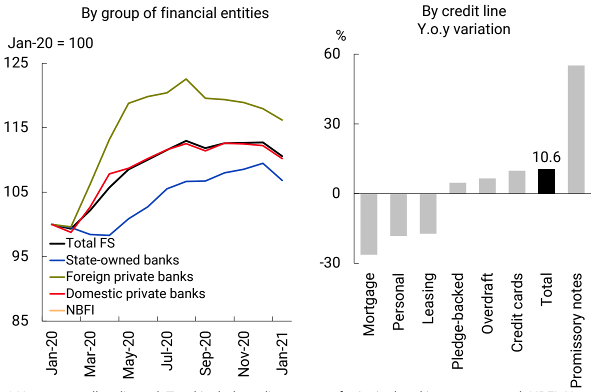
- At the beginning of 2021, the financial system managed to keep high liquidity and solvency indicators in a context where financial intermediation activities with the private sector shrank due, in part, to seasonal factors. Despite the performance observed in January, there was a year-on-year (y.o.y.) increase in the stocks of loans to private sector in domestic currency in real terms and also of the private sector deposits, thus reversing the records observed in the same month of 2020 and 2019.
- As it usually occurs in the first month of the year, financing to private sector in domestic currency contracted in real terms, even though it accumulated a 10.6% increase y.o.y. This performance in year-on-year terms shows a marked contrast with records of the same month of previous years (-17% y.o.y. and -20.6% y.o.y. in 2020 and 2019, respectively). This year-on-year growth of loans in pesos occurred in the context of a set of measures driven by the BCRA and the National Executive Branch aimed at mitigating the adverse economic effects caused by the pandemic. In this respect, by means of the Credit Line for Productive Investment (LFIP) for micro, small and medium-sized enterprises (MSMEs), the financial institutions reached by this credit line disbursed $384.57 billion up to March 22, 2021 (19% meant for investment projects) to a total of 94,329 companies. In order to continue invigorating loans to MSMEs and contributing to productive investment, economic reactivation and job creation, the validity period of this instrument was extended and a new quota was established until September 2021 under similar financial conditions.
- The non-performing ratio of loans to private sector for the aggregate financial system continued to decrease in early 2021 down to 3.8% (-2.2 p.p. y.o.y.), in a context where the temporary modification of the parameters to classify debtors and the possibility of deferring the payment of unpaid installments to the end of the lifetime of the loans were still in place.
- The ensemble of financial institutions continued preserving sizable provisioning levels. The stock of provisions accounted for 5.8% of loans to private sector in January, standing slightly below the figures of December 2020 and up 0.5 p.p. in a year-on-year comparison. Total provisions in terms of the non-performing portfolio stood at 153.2% over the month, accumulating a rise of 65.8 p.p. y.o.y.
- Also following the typical pattern of the beginning of the year, the stock of private sector deposits in pesos contracted in real terms. This evolution was mainly due to the performance of sight accounts, while time deposits in pesos increased in real terms over the period, with a remarkable monthly momentum of the UVA segment. Given the performance of early 2021, the stock of private sector deposits in pesos in real terms expanded 23.1% y.o.y., with rises in both sight deposits and time deposits. The year-on-year evolution of the stock of private sector deposits in pesos in real terms also differs remarkably from the figures recorded at the beginning of the immediately preceding years (-4.1% y.o.y. in January 2020 and -2.1% y.o.y. in January 2019).
- Starting from high levels if compared to what happened in recent years, the broad liquidity of the financial system contracted slightly in January. The broad liquidity indicator totaled 64.7% of total deposits and grew 2.5 p.p. y.o.y.
- The solvency ratios of the financial system went up in January. The Regulatory Capital (RC) of the aggregate of financial institutions stood at 24.4% of risk-weighted assets (RWAs) in January, up 1.2 p.p. against last December and up 3.4 p.p. against January 2020.
- In January, the comprehensive income in homogenous currency of the financial system posted slightly positive figures, standing below the values of 2020 year-end and deepening the trend of gradual reduction observed in the last quarters. The aggregate comprehensive income in homogenous currency of the last twelve months was equivalent to 1.9% of assets (ROA) and 12.6% of equity (ROE).

I. Financial Intermediation Activity

Due, in part, to typical seasonal factors of any beginning of year, the financial intermediation activities of the ensemble of financial institutions with the private sector contracted in January 2021. In relation with the estimated flow of funds in homogenous currency on the items in pesos,[1] the most relevant funding sources for the ensemble of financial institutions were the reduction of broad liquidity and of loans to private sector in January. In turn, the drop of private and public sectors' deposits was the main use of funds during the period.[2]

In January, the stock of loans to private in pesos sector shrank 1.9% in real terms between ends of month (+2.1% in nominal terms).[3] With the exception of overdrafts and pledged-backed loans, the monthly reduction was observed in all credit lines. Despite this performance, the year-on-year change of the stock of loans to private sector in pesos in real terms continued to be positive and increased in early 2021 up to 10.6% by the end of January (standing quite above the year-on-year performances of -17% and -20.6% recorded in the same month of 2020 and 2019, respectively). The year-on-year increase of credit in pesos at the beginning of 2021 was widespread among the various groups of financial institutions (see Chart 1),[4] with a higher relative momentum in foreign private institutions. In terms of credit assistance, promissory notes showed a remarkable year-on-year rise in real terms, boosted by the measures implemented by the BCRA, while credit cards, overdrafts and pledged-backed loans also exhibited positive changes in real terms against January 2020.

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



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

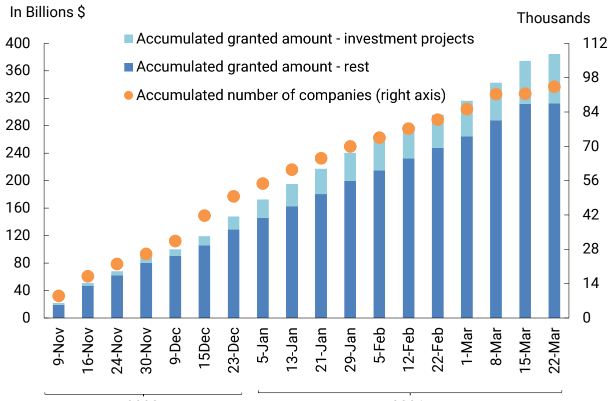
As from the onset of the COVID-19 pandemic, the BCRA promoted and implemented various credit assistance measures to help the hardest-hit sectors of the population meet their financial needs. Regarding the loans intended for smaller companies, the Credit Line for Productive Investment (LFIP) for micro, small and medium-sized enterprises (MSMEs)[5] became the main source of funding for this segment in the context of the emergency. The purpose of this line was to extend the terms of the credit provided and also to adjust the interest rates relative to the rates in force for preceding programs. Via this program, from its implementation to March 22, 2021, a total amount of $384.57 billion was disbursed, out of which 19% corresponded to investment projects (see Chart 2), reaching a total number of 94,329 benefited companies. Domestic private banks accounted for

1 Differences of the balance sheet stock expressed in homogeneous currency.
2 Considering the segment of items in foreign currency —expressed in currency of origin—, in January, the decrease of private sector financing was the most relevant funding source of the ensemble of financial institutions. In turn, the reduction of private sector deposits was the main use of funds over the month.
3 Including capital adjustments and accrued interest.
4 Throughout this Report, whenever reference is made to ensembles of private (domestic and/or foreign) and state-owned financial institutions, such reference is to banks. Non-banking financial institutions shall be referred to as "EFNBs".
5 For further detail, see Communication "A" 7140 as amended.

the highest percentage of disbursements (39% of the total), while the rest corresponded, in practically equal parts, to state-owned banks and foreign private banks.

It is noteworthy that, in order to continue promoting credit to MSMEs to foster economic reactivation and job creation, the BCRA has recently implemented a new quota for the LFIP, keeping conditions similar to those currently in force. In particular, for the 2021 quota, the institutions reached by this regulation[6] must keep a stock of funding equivalent to 7.5% of their non-financial private sector deposits in pesos between April 1 and September 30, 2021.[7] [8]

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



Source: BCRA

In addition, the companies registered with the "Emergency Assistance Program for Work and Production" (ATP)[9] have a credit line available at a subsidized interest rate. Based on data as of March 22, 20,929 loans for an aggregate amount of $14.24 billion were granted under this line. In this respect, 607,789 workers have collected part of their wages with these resources as from the beginning of this lending program.

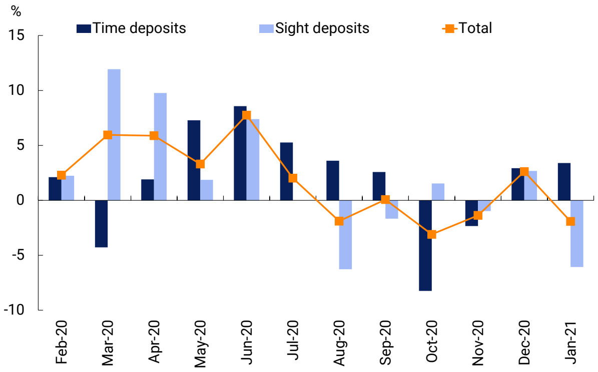
In turn, workers subject to the Simplified Tax Regime and/or self-employed workers have special credit lines at their disposal. On the one hand, under the program called "Zero Interest Rate Credit Line"[10], a total amount of $66.48 billion has been granted from the implementation of the program (in mid-May 2020) to March 22, 2021. Due to this program, 249,325 new credit cards were issued, thus promoting financial inclusion via this mechanism. On the other, by means of the program called "Culture Zero Interest Rate Credit Line"[11], a total of 2,924 loans were granted for an amount of $308 million.

In January, the stock of lending in foreign currency to the private sector contracted 6% —in currency of origin. Consequently, the total stock of loans (in domestic and foreign currency) in real terms to private sector shrank 2.5% against December 2020 (-2.1% y.o.y.).

As regards funding of the ensemble of financial institutions, the stock of private sector deposits in domestic currency decreased 1.9% in real terms (+2.1% in nominal terms), a change that was mainly due to typical seasonal factors of this period. This evolution was mainly due to the performance of sight accounts, which went down 6.1% in real terms over the month (-2.3% in nominal terms). In turn, time deposits in pesos grew 3.4% in real terms in January (7.6% in

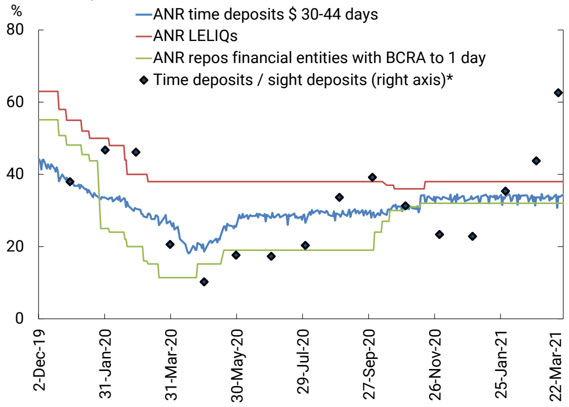
6 The institutions reached are those belonging to Group "A" as of April 1, 2021 and also the institutions that, even though they do not belong to such Group, are operating as financial agents of the national and provincial governments, the government of the Autonomous City of Buenos Aires and/or municipal governments.
7 This percentage goes down by 25% for the financial institutions not belonging to Group A.
8 See Communication "A" 7240.
9 For further detail, see Communication "A" 7082 and Communication "A" 7102.
10 For further detail, see Communication "A" 6993.
11 For further detail, see Communication "A" 7082.

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



* Not seasonally adjusted. Source: BCRA

Chart 4 | Interest rates and deposits in pesos*



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

nominal terms) (see Chart 3), with a remarkable momentum of the UVA segment (+17.4% in real terms for deposits with early cancellation option and 12.7% in real terms for traditional deposits).[12]

As a result of this monthly performance, there was an increase in the stock of time deposits/stock of sight accounts ratio of the private sector in domestic currency (see Chart 4) at the beginning of the year in a context where the monetary policy interest rates and the nominal borrowing interest rates remained stable.

In turn, private sector deposits in foreign currency went down 1.9% —in currency of origin— in January. Therefore, the total stock of private sector deposits (in domestic and foreign currency) fell 2% in real terms against December 2020, even though it accumulated a rise of 13.6% y.o.y.

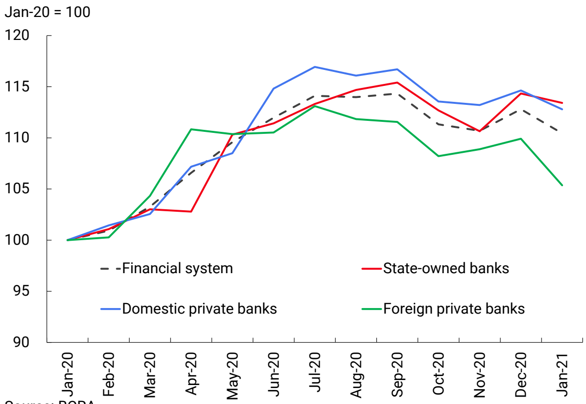
In a year-on-year comparison, the stock of private sector deposits in pesos expanded 23.1% in real terms (+70.5% y.o.y. in nominal terms), while the stock of public sector deposits in pesos increased 40.8% y.o.y. in real terms (+95.1% y.o.y. in nominal terms). Consequently, total deposits in pesos (including the public and the private sectors) grew 25.1% y.o.y. in real terms (+73.4% y.o.y. in nominal terms). Lastly, the stock of total deposits of the financial system in real terms (all sectors and currencies) went up 16.3% y.o.y. in January.

II. Aggregate Balance Sheet Composition

In January, total assets of the financial system shrank 2.1% in real terms (+1.9% in nominal terms), and the various groups of institutions exhibited a similar performance (see Chart 5). In a year-on-year comparison, the financial sector's assets went up 10.4%, in a context where state-owned banks and domestic private institutions posted a relatively more dynamic performance.

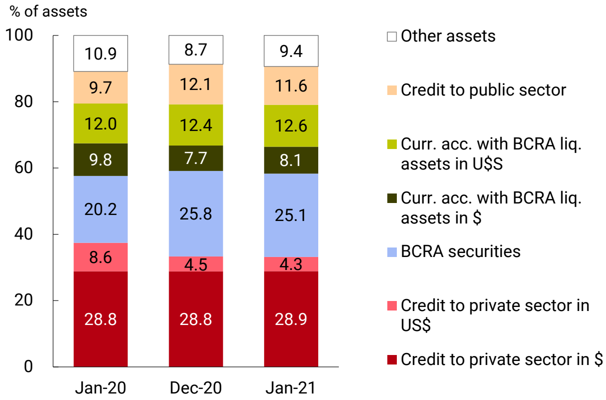
12 It is worth noting that, despite their evolution, the stock of the private sector UVA time deposits continues to be scarcely relevant at aggregate level, accounting for only 1.5% of the total stock of private sector deposits in domestic currency.

Chart 5 | Stock of total assets
In real terms



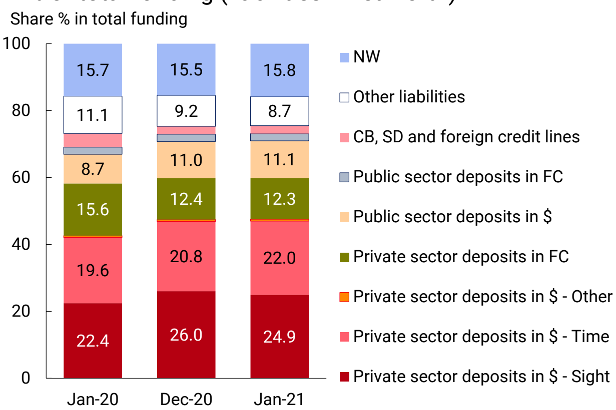
Source: BCRA

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



Source: BCRA

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

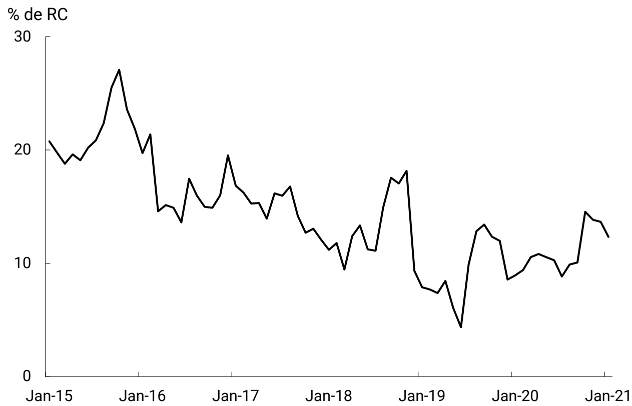


FC: Foreign currency. Source: BCRA

In terms of the components of the financial system's total assets, the increase in the share of current account balances held by the institutions with the BCRA, in both domestic and foreign currency (see Chart 6), was the most relevant factor in January. Conversely, against 2020 year-end, the relative share of BCRA instrument holding and of the stock of loans to the public sector shrank in total assets. Regarding the sector's funding, there was an increase in the weight of private sector time deposits in pesos and net worth in the total stock (see Chart 7), while the relative share of the private sector sight accounts contracted.

In the first month of 2021, assets in foreign currency of the financial system accounted for 19.6% of total assets, without posting significant changes against 2020 year-end but standing 4 p.p. below the figures of January 2020. In turn, liabilities in foreign currency stood at 17.7% of total funding (liabilities and net worth), without significant changes against the level recorded in December 2020 and accumulating a drop of 4.6 p.p. y.o.y. Also taking into consideration the purchase and sale forward transactions in foreign currency —

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



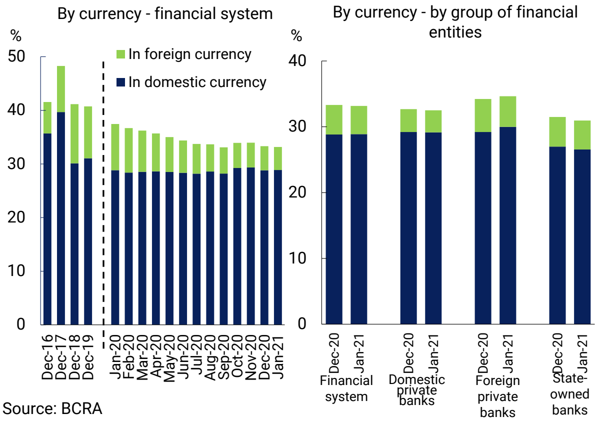
Source: BCRA

classified as off-balance— made by the ensemble of financial institutions, the spread of the financial system's assets and liabilities in foreign currency stood at 12.3% of the regulatory capital in January, narrowing 1.3 p.p. against the level recorded in December 2020. Therefore, within the macroprudential regulations in place, such spread continues to be standing below the average of recent years (see Chart 8).

III. Portfolio Quality

In January, the gross exposure of the financial system to the private sector (in domestic and foreign currency) stood at 33.2% of total assets, slightly below the value of December 2020.[13] The ratio reached 28.9% if considering only lending in pesos, standing slightly above the value of December and posting no significant changes in year-on-year terms (see Chart 9). In turn, the weight of lending in foreign currency to the private sector continued to shrink in total assets, in line with the performance observed in recent years.

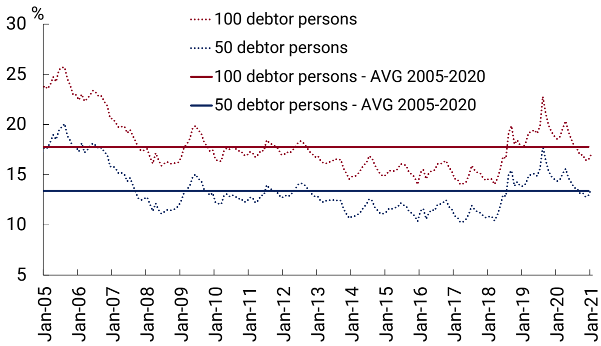
Chart 9 | Stock of loans to the private sector / Assets



Source: BCRA

The concentration of private sector debtors in the financial system has continued to be moderate since the beginning of 2021.[14] The share of main debtors (natural persons and legal persons) in the total portfolio has been decreasing gradually,[15] after the peak reached in August 2019. Specifically, the 100 and 50 main debtors of the private sector in the aggregate financial system accounted for 17% and 13.6% of the total stock of loans as of January (see Chart 10), standing 1.5 p.p. and 0.8 p.p. below the figures of January 2020, respectively.

Chart 10 | Share of main debtors in the total stock of loans to the private sector



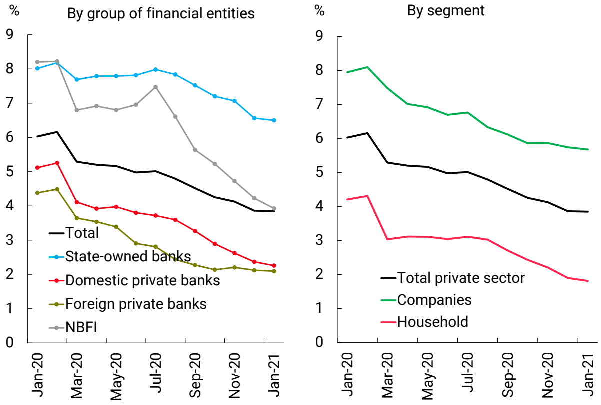
Source: BCRA

In a context where the temporary change introduced to the parameters to classify debtors and the possibility of deferring the unpaid installments to the end of the lifetime of the loan —accruing compensatory interest only[16]— are

13 The ratio is lower by 2 p.p. when total provisions are netted from the stock of loans to the private sector.
14 It must be taken into account that the Argentine regulatory framework has a set of regulations seeking to foster the diversification of the financial institutions' portfolio of debtors. Therefore, the purpose is to prevent situations of excessive exposure of a bank to individual clients that may considerably increase the levels of credit risk assumed and potentially impact adversely on its capital. See Consolidated Text on "Large Exposures to Credit Risk" and Exhibit 5 of "IEF" corresponding to the second half of 2019.
15 Considering the total stock of debtors' loans in the entire financial system.
16 Communication "A" 6938, Communication "A" 7107, Communication "A" 7181, and item 2.1.1. of the Consolidated Text on the "Financial Services in the framework of the Health Emergency Provided For by Decree No. 260/2020 CORONAVIRUS (COVID-19)".

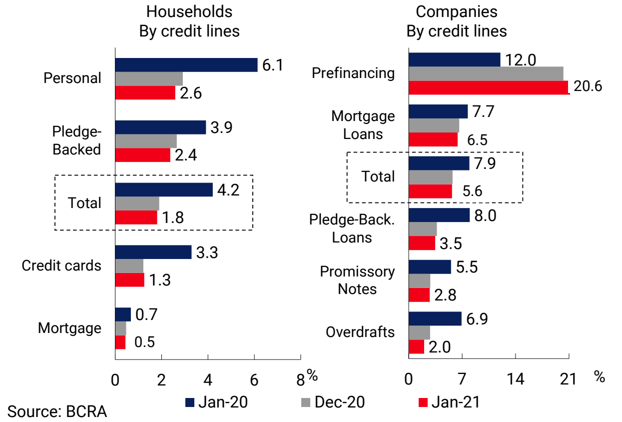
still in force in order to mitigate the financial burden of debtors in view of the pandemic, the non-performing ratio of loans to private sector for the aggregate

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



Source: BCRA

Chart 12 | Non-performing loans to the private sector
Non-performing financing / Total financing (%)



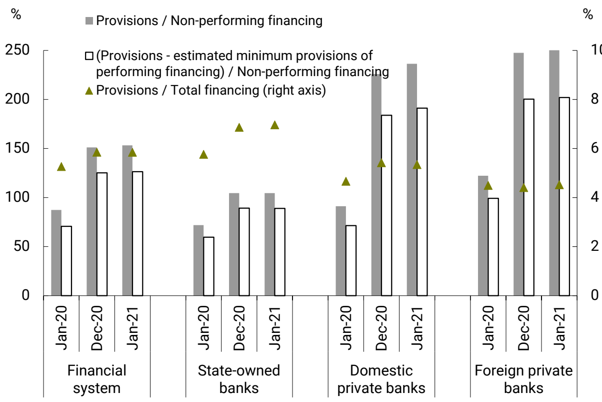
Source: BCRA

financial system continued decreasing down to 3.8% over the month, down 0.1 p.p. against 2020

year-end (-2.2 p.p. y.o.y.) (see Chart 11). This drop continues to be widespread among the various groups of financial institutions.

The delinquency rate of loans to households stood at 1.8%, slightly below the figure recorded in December 2020 (-2.4 p.p. y.o.y.), and the non-performing ratio of all credit assistance lines went down except for credit cards (see Chart 12). Regarding loans to companies, the non-performing ratio stood at 5.6% of the segment's total financing, posting a monthly decrease similar to that of the segment of loans to households (-2.3 p.p. y.o.y.). As it has occurred in recent months, this drop in the delinquency ratio was widespread among all credit lines, except for prefinancing to exports.

Chart 13 | Loans to the private sector and provisioning
By group of institutions



Source: BCRA

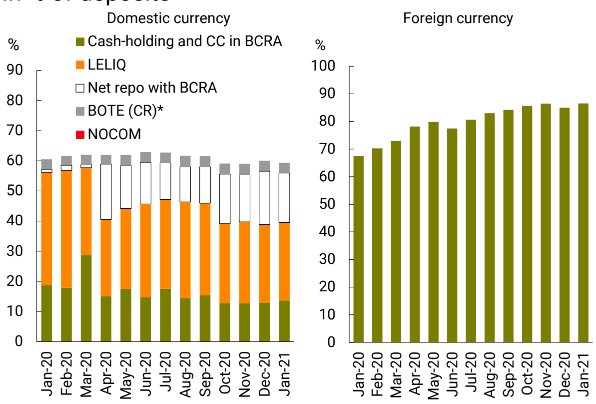
The ensemble of financial institutions has continued posting sizable provisioning levels. Provisions accounted for 5.8% of total loans to private sector in January, standing slightly below the figure of December 2020 (+0.5 p.p. y.o.y). The total loan loss provisions in terms of the non-performing portfolio stood at 153.2% over the month, up 2.1, p.p. against December 2020 (and +65.8 p.p. y.o.y.) (see Chart 13). In turn, the stock of regulatory provisions attributable to the non-performing portfolio (according to the criteria set by the rules on regulatory minimum provisions for loan loss exposure) totaled 126.4% of such portfolio in January.

The ratio of minimum capital requirement/loans to private sector, net of provisions, makes it possible to acquire a general notion about the level of resilience of the sector if any eventual scenario of counterparty risk held true. This ratio stood at 43.4% at systemic level in January (up 3.1 p.p. against December 2020 and up 8.2 p.p. y.o.y.); this is a high ratio if compared to the average of the last 10 years (25.5%).

IV. Liquidity and Solvency

Starting from relatively high levels compared to those of the last 15 years, the broad liquidity of the ensemble of financial institutions shrank slightly in January. The broad liquidity ratio[17] stood at 64.7% of total deposits (59.4% for the segment in pesos and 86.5% for the items in foreign currency), down 0.3 p.p. against 2020 year-end (-0.7 p.p. and +1.5 p.p. for the items in domestic currency and in foreign currency, respectively) (see Chart 14). In the segment in pesos, there was a decrease in the share of net repos with the BCRA, while there was an increase in the share of balances of current accounts held by the institutions with the BCRA. In the last 12 months up to January, the broad liquidity indicator rose by 2.5 p.p. of deposits, but the performance of the currencies was dissimilar: increase of 19.1 p.p. y.o.y. for the segment in foreign currency and decrease of 1.1 p.p. y.o.y. for the segment in pesos.

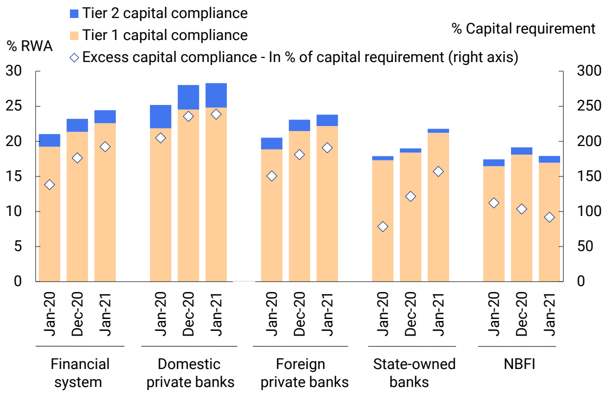
Chart 14 | **Financial system liquidity**
In % of deposits



*CR: Cash reserves. Source: BCRA

At aggregate level, the financial system continued exceeding sizably the international standards related to liquidity at the beginning of the year. The Liquidity Coverage Ratio (LCR, with information as of January 2021) and the Net Stable Funding Ratio (NSFR, with data as of September 2020)—[18,19] stood at levels that have virtually doubled the minimum values required to the group of domestic institutions that are subject to this regulation (Group A).

Chart 15 | **Compliance with regulatory capital**
By group of financial institutions



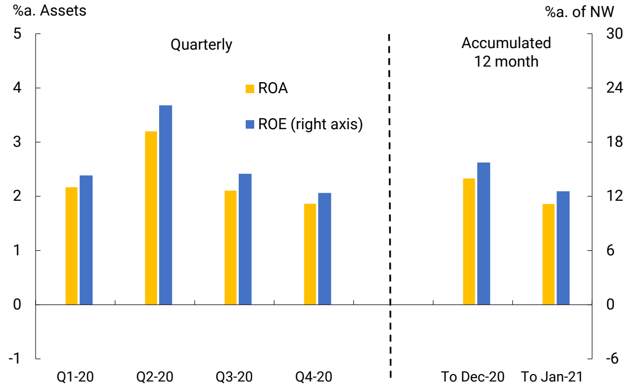
NBFI: Non-Banking Financial Institutions. Source : BCRA

Regarding the solvency of the sector, all the

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

groups of financial institutions increased the levels of their Regulatory Capital (RC) in terms of risk-weighted assets (RWAs) (see Chart 15). Except for non-banking financial institutions (EFNBs), the ratio of all groups of institutions has increased over the month, amounting to 24.4% for the entire system (+1.2 p.p. on a monthly basis). The capital position (RC net of the regulatory requirement) of the sector rose by 16 p.p. of the requirement over the month up to 192%. In year-on-year terms, the regulatory capital requirement and the capital position of the sector, at aggregate level, increased 3.4 p.p. of RWAs and 54 p.p. of the regulatory requirement, respectively.

Chart 16 | Total comprehensive income in homogeneous currency – Financial System

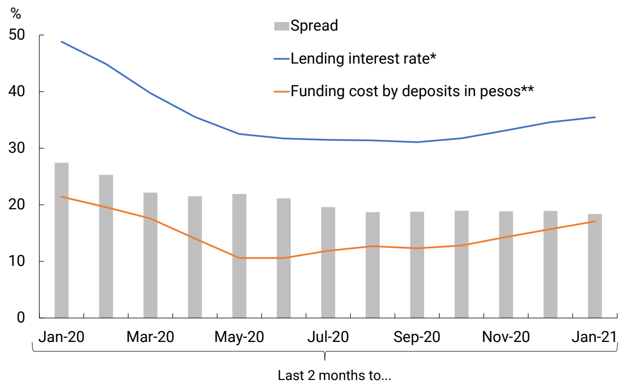


Source: BCRA

Regarding the profitability ratios of the financial system, the total comprehensive income in homogenous currency was slightly positive in January and lower than that recorded by 2020 year-end, thus deepening the gradual decreasing trend that has been observed in the last quarters (see Chart 16). In turn, in the aggregate of the last 12 months up to January, the total comprehensive income in homogenous currency was equivalent to 1.9% of assets (ROA) and 12.6% of equity (ROE).

Considering the aggregate of the last 12 months from February 2020 to January 2021, the financial margin of the ensemble of institutions accounted for 11% of assets. As it has been happening in recent months, the income from interest on loans and the income from securities were the most relevant sources of the financial margin (8.3% and 8.2% of assets, respectively). In turn, the interest paid on deposits continued to be the main financial expense of the sector over the period (9% of assets). On the other hand, among non-financial items of the income statement, the income from services stood out as a source of income (1.8% of assets), while administrative expenses (6.6% of assets) and loan loss provisions (1.6% of assets) were the main expenditures in the aggregate of the last 12 months.

Chart 17 | Estimated implicit nominal interest rates (annualized) – Financial System



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

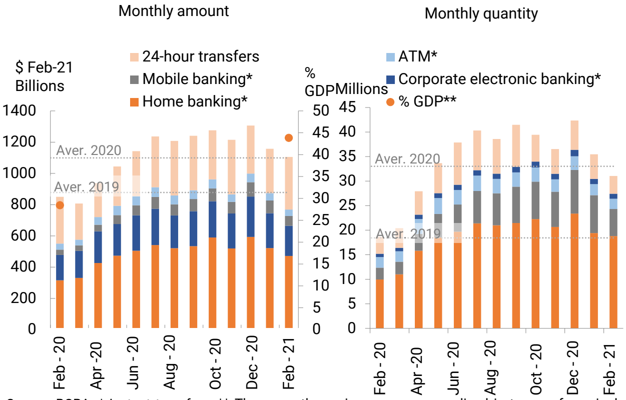
According to the estimate of the nominal implicit interest rates resulting from the main assets and liabilities in domestic currency,[20] [21] in the last two-month period (from December 2020 to

20 For the calculation of the nominal implicit interest rates, concepts such as administrative expenses, tax expenditures, cost of capital or other components associated with hedging for risks inherent in financial intermediation activities are not taken into account.

January 2021), the increase in the cost of funding via deposits was slightly higher than the increase of the lending interest rate (see Chart 17). Consequently, the spread between both concepts narrowed slightly over the period. In a year-on-year comparison, a narrowed implicit spread of the nominal interest rates in domestic currency is expected. The path followed by implicit interest rates occurred in dissimilar inflation contexts. When decoupling the estimated effect of headline inflation, the spread between the lending interest rate and the cost of funding also exhibited a narrowing pattern.

V. Payment System

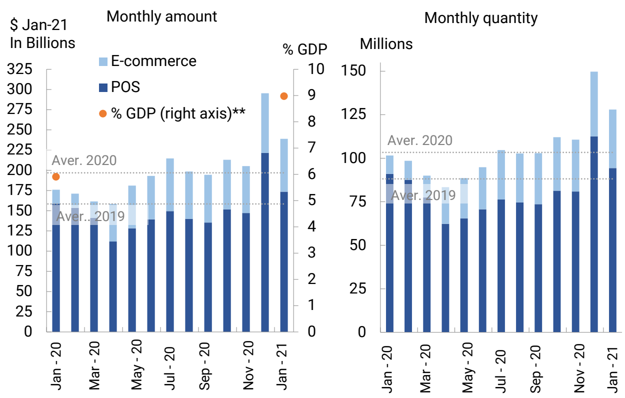
Chart 18 | Total transfers in pesos (instant and 24-hour)



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

At the beginning of 2021, the electronic means of payment continued to gain ground in the regular transactions of both companies and households. In particular, total transfers in pesos (instant and 24-hour transfers) made during February 2021 (latest information available) continued to post a considerable increase in year-on-year terms (66.6% in number and 31.9% in amount in real terms), even though they went down against December 2020 due to seasonal factors (see Chart 18). This evolution of total transfers was evident in the higher weight they showed in regular economic transactions: it is estimated that the amount traded via total transfers was equivalent to nearly 44% of GDP in February 2021, growing 15.4 p.p. in year-on-year terms. It is worth mentioning that, in February, 88% of the number of transactions and 76% of their value in amount in real terms, for total transfers in pesos, were explained by the instant transfers segment.

Chart 19 | Credit card transactions



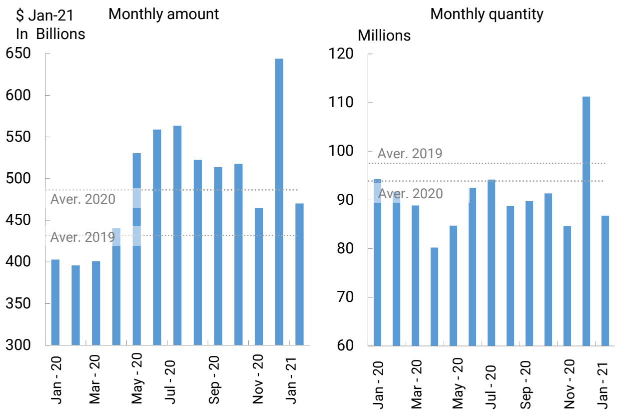
Source: BCRA. ** Three-month moving average annualized in terms of nominal GDP estimated for the same period, Not-seasonally adjusted.

Transactions with debit cards as of January (latest information available) went down against December 2020, also affected by some seasonal factors. If compared to the same month of 2020, debit card transactions rose by 26% in number and 35.8% in amount in real terms (see Chart 19), when performed both onsite or via the electronic channel. The momentum observed in the electronic format is noteworthy: +219% y.o.y, in number, up to 26.3% of total transactions, and +280% y.o.y. in amount in real terms, up

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

to 27.4% of the total amount. Thus, it is estimated that the amount of transactions made with debit cards accounted for 9% of GDP at the beginning of the year, up 3.1 p.p. against the same month of 2020.

Chart 20 | Cash withdrawals

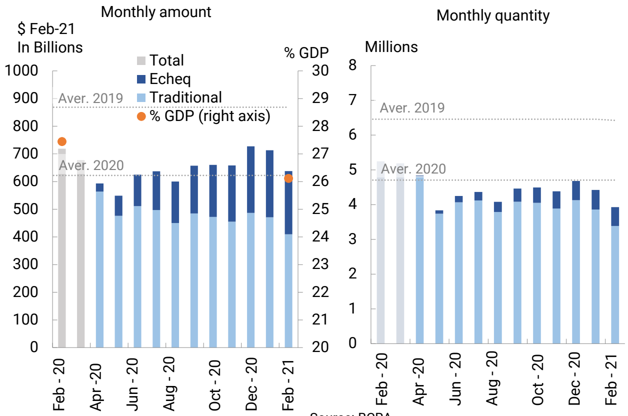


Source: BCRA

Regarding cash withdrawals via ATMs, the volume of transactions dropped in January (latest information available) against December 2020 (-22% in number and -27% in amount in real terms), in line with the typical seasonal factors of year-ends (see Chart 20). It is worth noting that the BCRA established in due time that the use of ATMs would be free of charge upon the beginning of the Mandatory and Preventive Social Isolation (ASPO). In addition, at that time, it also required to increase the availability of cash in the ATMs, and established that they had to admit daily cumulative withdrawals up to, at least, $15,000 by user. These measures were in line with a set of actions intended to reduce, at that time, the circulation of people by limiting the distance and the number of times people had to use an ATM to get cash. The possibility to use ATM networks free of any charges will be kept until March 31 for all users of the financial system. As from such date, only the holders of debit cards associated with salary accounts, payment of pension benefits or social welfare plans will continue to use ATMs at no cost, regardless of the bank or the network they belong to. In terms of the average of the last 12 months, cash withdrawals via ATMs stood below such record in January (-4% in number and -6.3% in amount in real terms). In year-on-year terms, withdrawals dropped in number (-8%) and increased in amount in real terms (16.7%), resulting in a rise of the average amount of each withdrawal measured at constant currency (+$1,145, up to $5,418 per withdrawal at January 2021 prices).

Regarding transactions using checks, total clearing went down in February (latest information available) against the previous month. If compared to the same month of 2020, the clearing of checks also decreased in number (-25.2%) and in amount in real terms (-11.2%). Consequently, the share of the use of checks as payment method continued to go down. It is estimated that the amount cleared during February stood at a level equivalent to 26.1% of GDP, down 1.3 p.p. in year-on-year terms (see Chart 21). Within this segment,

Chart 21 | Cleared checks

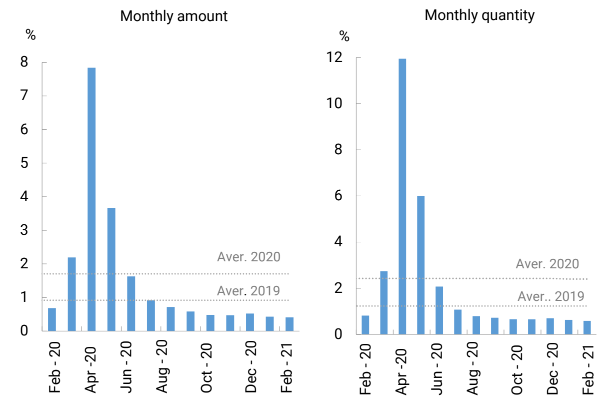


Source: BCRA

ECHEQs have gained share gradually and accounted for around 36% of the total amount cleared in February.

In turn, in February, the ratio of the bouncing of checks for insufficient funds in terms of total cleared checks dropped against the previous month in number (-0.04 p.p., standing at 0.59%) and amount (-0.02 p.p., standing at 0.41%), standing below the levels corresponding to the same month of the year before (with a drop of 0.23 p.p. and 0.27 p.p. in number and amount, respectively, see Chart 22).

Chart 22 | Bounced checks for insufficient funds



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