PAFI and Fintech Developments
Regional Payments Week 2019

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Payment and Securities Settlement System of the Dominican Republic

SIPARD development:

- Strengthening and expanding the use of the LBTR System.
- Adaptation of the regulations with the aim of promoting a more modern legal framework, guaranteeing the security and legal certainty of payments.
- Regulation of private payment systems, including their settlement in accounts within the Central Bank.
- Implementation of banking subagents regulations and subsequent expansion of the figure.
- Use and promotion of the virtual prepaid card instrument as a simplified first access account.
### Result of Progress in the Dominican Republic

<table>
<thead>
<tr>
<th>Number of ATMs / 1,000 inhabitants</th>
<th>Number of POS / 1,000 inhabitants</th>
<th>Number of Cards / 1,000 inhabitants</th>
<th>Number of IB users / 1,000 inhabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2011</td>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>192</td>
<td>6</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>307</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>60%</strong></td>
<td><strong>82%</strong></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Tipo</th>
<th>2008</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crédit</td>
<td>174</td>
<td>254</td>
</tr>
<tr>
<td>Débit</td>
<td>242</td>
<td>512</td>
</tr>
<tr>
<td><strong>46% TC</strong></td>
<td><strong>112% TD</strong></td>
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</table>

<table>
<thead>
<tr>
<th>2014</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>141</td>
<td>429</td>
</tr>
<tr>
<td><strong>204%</strong></td>
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<thead>
<tr>
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<tbody>
<tr>
<td>1,390</td>
<td>5,093</td>
</tr>
<tr>
<td><strong>266%</strong></td>
<td></td>
</tr>
</tbody>
</table>
Volume of Interbank Transfers
2008-2019 (Projection)

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume of Interbank Transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>111.7</td>
</tr>
<tr>
<td>2009</td>
<td>160.8</td>
</tr>
<tr>
<td>2010</td>
<td>221.5</td>
</tr>
<tr>
<td>2011</td>
<td>282.1</td>
</tr>
<tr>
<td>2012</td>
<td>355.2</td>
</tr>
<tr>
<td>2013</td>
<td>456.0</td>
</tr>
<tr>
<td>2014</td>
<td>529.3</td>
</tr>
<tr>
<td>2015</td>
<td>740.3</td>
</tr>
<tr>
<td>2016</td>
<td>1,096.7</td>
</tr>
<tr>
<td>2017</td>
<td>1,563.3</td>
</tr>
<tr>
<td>2018</td>
<td>2,033.2</td>
</tr>
<tr>
<td>2019</td>
<td>2,439.3</td>
</tr>
</tbody>
</table>

* Instant Payment Operations correspond to DOP and USD
GCS System Case
Fintech of Mobile Payments
Mobile Payments – Banked

- GCS System through its mobile payment system called “tPago” offers bank users the possibility of linking a payment instrument, such as bank cards, or directly their account number in a financial intermediation entity, to their mobile phone (whether smart or not) in order to make payments with this device.
Mobile Payments Participants

11 Financial Intermediation Entities (direct participants)

27 Service Providers (indirect participants)
Mobile Payments
Number of users – Vol. of Transactions
2011-2019 (Proyección)

*Projection to 2019*
Prepaid Cards for Unbanked Customers

REGULATORY ASPECTS

- Issued by authorized financial intermediation entities.
- Store a certain amount previously paid
- Physical or virtual cards
- Maximum amount of RD$ 49,400.00 every 30 days

- Considered "Occasional Customer" - Simplified Due Diligence
  - Name and Surname
  - Identification number
  - Address and telephone

Regulation
SIPARD

Due Diligence Instructions (SIB)
Virtual Prepaid Card

Prepaid Card associated with the phone number for bank and unbanked customers

Deposits - Withdrawals • Minutes recharge • Bill Payments • Transfers • ATM withdrawals
Institutional Strategic Plan
2018-2021

Purpose 2
Seek stability and strengthening of the Financial System and the efficiency and security of the Payment System.

2.9 Strategy
Evaluate and propose regulations that allow to regulate Financial Technology Companies (Fintechs).
Actions executed

1. Expression of interest to be part of the BID BPR Fintech LAC initiative
2. BID diagnosis
3. Elaboration the schedule of activities
4. Sending a survey to Fintech and gathering information
5. Fintech interviews
6. Presentation of results
Payment and remittance solutions

Personal finance

Business financial management

Alternative financing

Wallets and prepaid cards

Finance management

Factoring/confirming

Financial assets and stock markets

Buyers

Lending

Technology for financial institutions

Payment services

RegTech

Incubators

Alternative financing

Crowdfunding

Technology for financial institutions

Incubators

FUENTE: AdoFinTech
Next steps: Boosting the Fintech sector

01 Create a permanent dialogue channel

02 Promote international cooperation of regulators

03 Evaluate possible tax rule

04 Adapt regulations for payments and digital bank

Promote education to the users

Promote Fintech training
Regulatory adequacy

Proposal of Modification the Payment Systems Regulation

Financial Technology Companies

• Approve FINTECH companies to provide payment solutions.

• Enable the possibility of these being constituted as electronic payment institutions and in this way being able to manage electronic payment accounts as an instrument.

Electronic Payment Account

• Payment accounts for the use of natural or legal persons accessible through technological solutions, whereby the following can be done:

  • Cash withdrawal
  • Direct credits
  • Direct debits

  • Consumption in POS terminals
  • ATM withdrawals
  • Bill payment