Latin America Business Intelligence Update

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LATAM - World
LATAM - World Overall Sent & Received Traffic Evolution
Traffic of MT 103s and MT 202s in 2014 and Oct YTD 2015, Live, International Traffic

2015 Monthly Average & % of Global Traffic
Transactions Sent:
1.7M / 3.2% of Global Traffic

Transactions Received:
1.5M / 2.8% of Global Traffic

Growth
Transactions Sent
2015YTD vs. 2014YTD
+0.12%

Transactions Received 2015YTD
vs. 2014YTD
+2.72%
LATAM - World Top 10 Payments Sent Corridors
Traffic of MT 103s and MT 202s in 2014 and YTD 2015,
Live, International Traffic
LATAM - World Top 10 Payments Received Corridors
Traffic of MT 103s and MT 202s in 2014 and YTD 2015,
Live, International Traffic

<table>
<thead>
<tr>
<th>Corridor</th>
<th>Transactions Received in Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico-United States</td>
<td>6</td>
</tr>
<tr>
<td>Brazil-United States</td>
<td>2.4</td>
</tr>
<tr>
<td>Panama-United States</td>
<td>2.1</td>
</tr>
<tr>
<td>Mexico-United Kingdom</td>
<td>1.2</td>
</tr>
<tr>
<td>Colombia-United States</td>
<td>1.1</td>
</tr>
<tr>
<td>Peru-United States</td>
<td>0.9</td>
</tr>
<tr>
<td>Chile-United States</td>
<td>0.8</td>
</tr>
<tr>
<td>Uruguay-United States</td>
<td>0.6</td>
</tr>
<tr>
<td>Guatemala-United States</td>
<td>0.5</td>
</tr>
<tr>
<td>Ecuador-United States</td>
<td>0.4</td>
</tr>
</tbody>
</table>
LATAM - Regions
LATAM - US Overall Sent & Received Traffic Evolution
Traffic of MT 103s and MT 202s in 2014 and YTD 2015

Growth
Transactions Sent
2015YTD vs. 2014YTD
-1.51%

Transactions Received
2015YTD vs. 2014YTD
+3.16%
LATAM - Europe Overall Sent & Received Traffic Evolution
Traffic of MT 103s and MT 202s in 2014 and YTD 2015

Growth
Transactions Sent
2015YTD vs. 2014YTD
+7.20%

Transactions Received
2015YTD vs. 2014YTD
+1.35%
LATAM - Asia Pacific Overall Sent & Received Traffic Evolution
Traffic of MT 103s and MT 202s in 2014 and YTD 2015

Growth
Transactions Sent
2015YTD vs. 2014YTD
+12.64%

Transactions Received
2015YTD vs. 2014YTD
-7.94%
Intra-LATAM
Intra-LATAM Overall Traffic Evolution
Traffic of MT 103s and MT 202s sent and received in 2014 and YTD 2015,
*Live, International traffic*

**Growth**
Transactions
2015YTD vs. 2014YTD
+6.71%
Intra-LATAM Top Payments Received Corridors
Traffic of MT 103s and MT 202s in 2014 and YTD 2015,
Live, Cross-Border Traffic

- Colombia-Panama
- Panama-Colombia
- Ecuador-Panama
- Ecuador-Colombia
- Panama-Peru
- Sint Marteen-Curacao
- Colombia-Ecuador
- Bonaire, Saint Eustatius and Saba-Curacao
- St Lucia-Saint Kitts and Nevis
- Panama-Ecuador

Transactions Received in Thousands
LATAM - End Beneficiaries
LATAM Top 3 counterparty countries
MT 103s and MT 202s Payments Sent from LATAM (Jan-Oct, 2015)

- United States: 13 Million msgs (-2%)
- Germany: 1.6 Million msgs (+12%)
- United Kingdom: 0.4 Million msgs (-3%)

Counterparty BIC8 countries (CPC)
Growth: 2014YTD vs 2015 YTD
Top 10 End Beneficiary Countries from Counterparty US MT 103s and MT 202s Payments sent from LATAM (Jan-Oct, 2015)

<table>
<thead>
<tr>
<th>End Beneficiary Countries</th>
<th>Transactions Sent</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>2,964,847</td>
<td>6.70%</td>
</tr>
<tr>
<td>China</td>
<td>914,944</td>
<td>1.40%</td>
</tr>
<tr>
<td>Mexico</td>
<td>628,646</td>
<td>32.59%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>439,482</td>
<td>0.25%</td>
</tr>
<tr>
<td>Brazil</td>
<td>372,050</td>
<td>40.80%</td>
</tr>
<tr>
<td>Panama</td>
<td>269,953</td>
<td>-0.35%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>319,430</td>
<td>58.36%</td>
</tr>
<tr>
<td>Chile</td>
<td>276,757</td>
<td>67.16%</td>
</tr>
<tr>
<td>Spain</td>
<td>199,435</td>
<td>13.59%</td>
</tr>
<tr>
<td>Canada</td>
<td>183,027</td>
<td>15.97%</td>
</tr>
</tbody>
</table>
LATAM as End Beneficiary Countries from Counterparty US
MT 103s and MT 202s Payments sent from LATAM (Jan-Oct, 2015)

LATAM
2.7 Million msgs (+29%)

Stay in United States
3 Million msgs (+7%)

Mexico
0.6 Million msgs (+33%)

China
0.9 Million msgs (+1%)

End Beneficiary Countries (EBC)
Growth: YTD 2014 vs YTD 2015
RTGS-SSP-Case Studies
Role of High Value Payment Systems

**HVP systems play a central role in payments settlement**

HVP / RTGS Characteristics

- Funds transfer systems that settle payments between banks
- Transactions are settled continuously, in real-time transaction-by-transaction, without netting
- Transactions are settled irrevocably and unconditionally, to eliminate the credit risk of payment default
- Typically used for high-value ($0.5 to $5M) transactions that require immediate clearing
- Aside from payment transaction processing, RTGS provides liquidity management and reporting

LVP systems, such as retail ACHs, will net large volumes of low value payments before initiating a single high value payment at the RTGS

Central Securities Depositories use RTGS systems to settle DVP securities transactions by debiting / crediting the central bank cash accounts of their custodian banks

Typically operated by a country’s central bank, or bankers associations, as it is regarded as critical infrastructure
Regionalisation

*Single shared platform Supporting multi currency*

If systems share common:
- Standards
- Connectivity
- Rules
...
Then integration becomes possible and bring great opportunities
Regionalisation

*Interlinking of RTGS Supporting cross borders using one currency*

The deployment of a **Single Shared Platform** allows for further integration of systems and rationalisation of the infrastructure.
Case Study 1: SADC – Southern Africa Development Community

Key strategic aspects

- Each country maintain its own currency for the foreseeable future
- Each country maintain its own financial infrastructures
- Intra-SADC will be settled over a central settlement system – SIRESS
- All banks and subsidiaries of bank will, over time, be required to main settlement accounts at SIRESS
- Intra-regional settlement currency adopted is the South African Rand
Case Study 1: SADC

- 22 July 2013: SIRESS first customer payment
- September 2014: ZAR 500 billion settled
- December 2014: Peak Volume of 22,201 settled in the month
- March 2015: ZAR 1 Trillion settled
- April 2015: Peak value of ZAR 877.7 billion

ZAR 500 billion settled

Peak Volume of 22,201 settled in the month

ZAR 1 Trillion settled

Peak value of ZAR 877.7 billion
Case Study 2: ASEAN – Association of Southeast Asian Nations

Few figures

- 600m Consumers
- S$3 trillion GDP in 2013
- 5% GDP annual rate projected
- 10 Countries
Case Study 2: ASEAN – Association of Southeast Asian Nations

Few figures

Brunei

Cambodia

Indonesia

Lao PDR

Malaysia

Myanmar

Philippines

Singapore

Thailand
Case Study 3 : TARGET2

Few figures

• RTGS owned and operated by the Eurosystem in SSP model live since November 2007

• 1,007 direct participants ; 837 indirect participants; 5,037 correspondent ; 83 Ancillary Systems

• Daily average of 354,263 payments, representing a daily average value of €1.9 trillion

• Competitor being EURO1 and STEP1 operated by EBA
Case Study 3: TARGET2

Few figures

- “Single platform” system
- Concentration of domestic euro RTGSs
- Direct & indirect participants
- Large set of SWIFTNet messaging services: FIN, FIN Copy, InterAct, FileAct, Browse
- Automated (A2A) or manual (U2A) access
Regionalisation

Needs to Facilitate Economic Activity