The Role of the RTGS System in the New Payments Overview

Challenge: A payment system with an inclusive approach
Presentation Agenda:

1. El Salvador: Our Economy and populations
3. Mandates of Central Bank authorities regarding payments and administration of the RTGS.
4. Current Overview of Retail Payment.
5. Legal Framework.
6. The Role of the RTGS in this scenario.
7. Lessons Learned and Challenges Anticipated.
Surveys of National Demand for Financial Services

**Objective**

Obtain data related to the access and use of financial services in the last 12 months by the Salvadoran population and thus obtain inputs that allow the development of initiatives that benefit the population.

**Methodology**

Quantitative study - pre-structured questionnaire. Face-to-face survey.

**Sample**

n = 5211 (margin of error ± 1.36% with 95% confidence level)
Informants: men and women over 18 years of age.

**Date of field work**

From April 22 to May 15, 2016.

**Geographic coverage**

El Salvador, 14 departments.

Population: 6.9 MILLONES
Territorial expansion: 20,742 KM2
GDP 2016: $26,800 millones
SURVEY NATIONAL DEMAND FOR FINANCIAL SERVICES

Do you have a savings account?

Yes: 23%

n=5211

Gender:

- Yes: 27%
- No: 18%

Age:

- 18-24: 17%
- 25-39: 26%
- 40+: 23%

Why not?

- I do not have enough income: 76%
- I do not trust financial institutions: 77%
- I do not care / I do not need it: 19%
- Other: 3%
What about remittance?
Do you receive family remittances from abroad?

YES

25

How often do you receive these money transfers?

- Once a month: 43
- Every 3 months: 23
- Once a year: 5

What is the average monthly amount?

- + US$1,000.00: 1
- US$750.01 – 1,000.00: 1
- US$600.01 – US$750.00: 1
- US$500.01 – US$600.00: 1
- US$350.01 – US$500.00: 5
- US$250.01 – US$350.00: 7
- US$150.01 – US$250.00: 14
- US$100.01 – US$150.00: 16
- US$25.01 – US$100.00: 45
- US$0.00 – US$25.00: 8

28% California.
¿Do you have a cell phone?
n=5211

| Gender | | | |
|--------|--------|
| YES    | 79     |
| n=     | 2605   |
|        | 2606   |

<table>
<thead>
<tr>
<th>Gender</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>82</td>
<td>18-24</td>
</tr>
<tr>
<td>75</td>
<td>25-39</td>
</tr>
<tr>
<td></td>
<td>40+</td>
</tr>
</tbody>
</table>

What operations do you do with your cell phone?

- Transfer money: 32
- International money reception: 11
- Cellphone recharges: 9
- Salary: 2
- Other: 3
Where do we start?

- There was an institution: Tigo Money that already provided these services and was not regulated.
- Providing Retail Payment Financial Services.
- A plan is needed to ensure these services.
- Through the Board of Directors and Standards Committee of the Central Reserve Bank, the regulation was approved.
Overview of Retail Payments in El Salvador
Legal and Regulatory Framework
The Law opens the space for: The existence of electronic money providers, and

Two financial products:
- The Electronic Money Register and
- Savings Accounts with Simplified Requirements

The Law empowers financial institutions authorized to raise, to provide electronic money, without the need to establish a partnership. It also allows the BC to grant an authorization for providers to be a Mobile Payments System Administrator.

¿What is electronic money? According to Art.5, the electronic money is: "Monetary value protected in a platform and that makes use of electronic devices".

- Capital Requirement: US $ 500,000.00
- Supervised by the Superintendence of the Financial System.
- 100% Reserve in the Central Reserve Bank
2 Innovative Products

Electronic Money

Characteristics (EM):

- To be provided by Electronic Money Suppliers, Banks, Cooperative Banks, and Savings and Credit Societies.
- One Wallet per client.
- It does not earn interest in favor of the Client.
- 100% backing at the Central Bank (Guarantee).
- Pre-funding at the Central Bank.

Savings Account with Simplified Requirements

Characteristics (SASR):

- Offered by Banks, Cooperative Banks, and Savings and Credit Societies.
- A Savings Account per Institution.
- Gain Customer Interests.
- 20% Reserve of Liquidity in the Central Bank and Guarantee of the IGD.
- Post-anchoring.

• Opening Requirements: DUI and Income Statement Form Limits. Balance: US $ 1,200.00 (4 SM), Limit per Transaction: $ 300 (1 SM) and Monthly Transactions: $ 1,200.00 (4 SM),
Provide a secure and efficient payment system for the benefit of users of financial services

Sistema de pagos minoristas

Sistema de Pagos Masivos (SPM)

Pagos móviles

CODE (PDE)

Sistema Compensación Cheques (CCECH)

Sistema Interconexión Regional (SIPA)

Operaciones Locales, Interbancarias, internacionales de Bancos y Gobierno.

Liquidación de Valores

Cámara de Compensación Automatizada (ACH)
• Solicitud de Disminuir el Dinero Electrónico y Cuenta de deposito.

• Solicitud de Incremento del DE

➢ Instructivo para la administración y Funcionamiento del Sistema de Pagos Masivos

➢ Reglamento del sistema de Liquidación Bruta en Tiempo Real (LBTR)

➢ Instrucciones para el Sistema de Liquidación Bruta en Tiempo Real (LBTR)

CODE: Control de Dinero Electrónico
PDE: Proveedor de dinero Electrónico
Lessons Learned and Challenges
Lessons Learned and Challenges

- Interoperability
- Financial education
- Informal sector
- Strategy for modernizing the national payment system
- Securities Payment and Settlement Systems Law
- Oversight: Payment Instruments and Services
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FACILITANDO EL ACCESO A LOS SERVICIOS FINANCIEROS
para todos

Ahora tu dinero electrónico está disponible a través de tu celular
✓ Podrás recibir remesas y salarios
✓ Hacer pagos en tiendas y mercados
✓ Transferencias de dinero

ENTÉRATE DE LA NUEVA LEY EN:
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