

Roadmap for the Payment System in Uruguay

Solid, innovative and accessible

Lines of action until 2022

New Policy Approach

One of the main purposes of financial activity is to provide people and companies with efficient ways to make and receive payments.

A payment system that is solid, secure and with high efficiency standards, facilitates economic activity and is an essential pillar of long-term growth.

Its primary purpose, as stated in the organic charter of the Central Bank of Uruguay (CBU), is the regulation and supervision of the payment and financial systems, promoting robustness, solvency, efficiency and development.

The way local and global payment transactions are carried out is constantly and rapidly changing; including new modalities and innovative technologies.

In this context, the Central Bank of Uruguay will foster the conditions necessary for people and companies to have modern and efficient means of payment that meet high security standards, and in line with international best practices on prudential regulation and innovation.

It is the Central Bank of Uruguay's vocation to give clear signals of the new approaches to policy that will govern for all the players involved: current players and those likely to be included.

The Central Bank of Uruguay is working to create the conditions for the players in the financial system to have incentives for innovation, best practices and develop new operations. It will foster the conditions that facilitate the entry processes that comply with pre-established standard operating procedures. The policy is aimed at avoiding barriers to competition that cause the system as a whole to be inefficient and too expensive.

Pillars of Development of the Payment System

Built on the premise of security and soundness of the National Payment System in Uruguay, the Central Bank assures all users that it will continue to strengthen its work by considering the following characteristics as essential elements:

Safe and reliable

Efficient, innovative and competitive

Accessible to all (individuals and companies) offering freedom of choice

Principles

The Central Bank, in its role as promoter and catalyst of the Payment System in Uruguay, will foster its development based on the following principles:

- 1 Maintain financial stability
- 2 Respect for the legal system
- 3 Accessibility
- 4 Promote competition
- 5 Consumer protection
- 6 Prevention of money laundering and financing of terrorism
- 7 Technological neutrality
- 8 Promote innovation

CBU Strategy

Promote an efficient, modern and secure development of the payment system, working with players within the industry, taking a leadership role in the process, and promoting the adoption and use of best practices.

Modernize the payment system with a spirit of promoting competition, opening and including new instruments and players, allowing the development of new ventures and fostering innovation.

Lines of work towards the market

The Central Bank of Uruguay takes the leadership role of working with all the players to create suitable conditions for the introduction of new products or technologies that contribute to the innovative development of the National Payment System, improving its efficiency, accessibility and ensuring operational continuity.

1 Promote market DEVELOPMENT and COMPETITION

The Central Bank will promote the development of an efficient, integrated and accessible payment system, encouraging market competition. Within this framework, it must: 1.1 Advance in compliance with international standards by promoting the adoption of best practices for the payment system in Uruguay. 1.2 Advance in coordination with the industry in the efficient development of the payment system, promoting competition and access for all market players. 1.3 Analyze and monitor operational costs in order to improve the efficiency of the system and accessibility for all users.

2 Promote INNOVATION and the INTRODUCTION OF NEW PRODUCTS/TECHNOLOGIES

The Central Bank will promote innovation and the introduction of new products and technologies to consolidate a modern and efficient payment system. Within this framework, it must: 2.1 Create the

conditions for the development and introduction of new products or technologies, monitoring how the market evolves in terms of innovation. 2.2 Expedite the regulation process to ensure the introduction of new products and instruments in a comprehensive, coordinated and efficient manner. 2.3 Review the authorization process in order to reduce time, keep pace with the market, and achieve greater efficiency and competition in the system.

3 Promote the SECURITY AND INTEGRITY of the System

The Central Bank will continue to ensure the security and integrity of the payment system. Within this framework, it undertakes to: 3.1 Continuously adapt the centralized settlement systems in order to guarantee the security and integrity of the payment system. 3.2 Monitor compliance with the standards established for the system in terms of prevention of money laundering and financing of terrorism. 3.3 Keep up with cybersecurity and data protection with the aim of reinforcing the security and integrity of the payment system.

2020 – 2022 Agenda

Move towards integrated clearing systems with access to the entire regulated industry, operating 24 hours a day, 365 days a year, and with high security standards that provide the basis for new product development.

Complete the implementation of automatic debit and credit instructions (instant transfers).

Together with market players, promote the appropriate regulatory framework for an Open Banking system. This allows the exchange of data between financial institutions, with high security standards, guarantees for participants, and fair distribution of operating costs.

Promote the legal and regulatory amendments necessary for transactions using e-checks and the digitization of checks.

Complete the implementation of the multi-acquisition process, improving the credit and debit card services currently offered by the financial sector to improve the efficiency of the commerce sector, through cost reduction.

Create an environment conducive to innovation with clear rules for the introduction of technology in the financial and payment systems (authorization processes, access, data processing, etc.).

Continue analyzing the issuance of a Central Bank digital currency.

Carry out a comprehensive study of operating costs and conditions for system access.

Promote best practices on cybersecurity across the payment system.

Foster continuous improvements in the supervision of risks related to money laundering and financing of terrorism

Annual work plan

The CBU will announce with due notice its annual work plan to users and economic players involved in the Payment System.

In each period, the specific measures and products to be achieved and their corresponding Development schedules will be specified.