

REPORT OF THE ACTIVITIES RELATED TO THE MODERNIZATION OF THE PAYMENT SYSTEM CORRESPONDING TO August, 2007

Guatemala, September 23, 2007

According to the established by the third point of the Agreement of the General Management number 1-2005 dated January 21, 2005, the Committee of the Payment System must report monthly to the General Management, the advances and results obtained in the exercise of their functions. Due to the above, the following presents a summary of the main activities developed during August of the current year.

1. Regulation of the Automated Clearing House (ACH).

The Monetary Board in resolution JM-140-2007 dated August 1, 2007, approved the Automated Banking Clearing House, through which the administration will regulate the administration and its operation. In said house electronic transactions received will be compensated for each bank or financial institution in charge of other banks of financial entities, in national as well as foreign currency, offering the automated mechanisms that, through transparent, efficient and safe processes, will allow the participants to make operations electronically, through net and deferred settlement.

It is worth adding that, in document number GG-189-2007, dated August 14, 2007, the Guatemalan Banking Association –ABG (for its acronym in Spanish)- congruent with the established in articles 4 and 5 of the mentioned regulation, requested that the *Banco de Guatemala* be designated the Administrator of the Automated Clearing House.

Due to the above, currently the *Banco de Guatemala*, the ABG and the entity *Imágenes Computarizadas de Guatemala, S.A. -ICG-*, jointly, through the technical departments make the necessary technical activities toward the implementation of the referred clearing house. On the other hand, the Accounting Department of the *Banco de Guatemala* made and transferred a resolution project for the General Management through which the ABG will be assigned as the administrator of the mentioned clearing house for consideration before the Juridical Advisory. It is worth indicating that it is

foreseen that the referred clearing house will begin operations in the first semester of 2008.

2. Hiring of maintenance services for the LBTR system.

As was reported in July of the same year, the *Banco de Guatemala* concluded the process for determining the only provider and selection of a company to provide maintenance service for the Gross Settlement System in Real Time, LBTR (for its acronym in Spanish) – to GBM Guatemala, S.A., according to the established in numeral 1.10 of article 44 of the State Hiring Law and in article 20 of its regulation. Due to the above, the merit contract was subscribed by the legal representatives of both entities on August 20, 2007.

3. Incorporation of the *Ministerio de Finanzas Públicas* [Roughly equivalent to the US Department of the Treasury.] as a participant in the LBTR system.

During the month reported, officials of the *Banco de Guatemala* and of the *Ministerio de Finanzas Públicas* [Roughly equivalent to the US Department of the Treasury.] held technical and operational activities toward designing and implementing the mechanism that will allow settling the operations instructed by the National Treasury through an interface between the SICOINWEB information system and the LBTR system on line and in real time. Said interface is to be financed by the resources coming from BIRF-7129/GU loan, granted by the International Bank of Reconstruction and Development to finance the Technical Assistance of the Financial Sector.

It is opportune to comment that during August of this year, officials from both institutions met in the *Banco de Guatemala* installations, to talk over technical details of the systems mentioned in the previous paragraph, in such a way that on August 7, 2007, the technical personnel of the Central Bank transferred a technical specifications project for the development of the SICOINWEB–LBTR interface to officials of the *Ministerio de Finanzas Públicas* [Roughly equivalent to the US Department of the Treasury.], in order that the technical personnel of the National Treasury make the analysis and the observations. In that sense, for September of this year they programmed that the

Ministerio de Finanzas Públicas [Roughly equivalent to the US Department of the Treasury.], through the National Treasury, would transfer the observations that correspond to the referred technical specifications.

4. Seminar-Workshop of the Payment System and Values Settlement.

From August 27-30, 2007, with the presence of Doctor Francis Stenning, president of the Values Till from Lima, Peru -CAVALI- and Omar Rodriguez, consultant and ex Superintendent of Values from the Republic of El Salvador took place in the *Banco de Guatemala* building and was hosted by the Executive Secretary of the Central American Monetary Council, the seminar-workshop named "Payment System and Values Settlement", whose objective was centered in developing conceptual aspects of principles, norms, operations and experiences between the high value payment systems and the compensation mechanisms and values settlement. To the referred seminar-workshop officials and personnel of the Accounting departments, Information and Technology and Monetary Stabilization Operations; of Internal Auditing and Juridical Advisory attended.

It is worth commenting that the referred seminar was covered with funds from the Multilateral Investments Fund -FOMIN- of the Inter-American Development Bank, for the ATN/MT-8544-RG project "Program for the Strengthening and Harmonization of the Payment Systems of Central America and the Dominican Republic", coordinated by the Executive Secretariat of the Central American Monetary Council.