

## **REPORT OF THE ACTIVITIES RELATED TO THE MODERNIZATION OF THE PAYMENT SYSTEM CORRESPONDING TO MAY, 2007**

Guatemala, June 18, 2007

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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 May of the current year.

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

As was reported in April of this year, the first version of the project of regulation for the operation of the Automated Clearing House was sent to the Juridical Advisory of the *Banco de Guatemala* for its corresponding revision. In the month reported, the Juridical Advisory of the Institution transferred the observations to the referred regulation project, which was issued by the Guatemalan Banking Association –ABG (for its acronym in Spanish) for its analysis, prior to when said association remitted it to the Central Bank to begin the process of approval.

### **2. Revision of the administrative procedures of the LBTR (for its acronym in Spanish).**

Regarding the revision and updating of the administrative procedures of the Gross Settlement System in Real Time –LBTR (for its acronym in Spanish), during the month reported, the Accounting Department continued reviewing these, therefore to date 12 have been transferred to the Organizational Analysis Section and 8 to Internal Auditing for the corresponding observations, prior to presenting them to the General Management of the Institution.

### **3. Updating of the Resolutions of the General Management numbers GG-01-2006 and GG-02-2006 regarding the LBTR system.**

The Payment System Committee, in April and May of this year, prior to the transfer to the General Management of the institution, made the evaluation of the proposal to the accounting department regarding the modification to resolutions from General Management GG-01-2006 and GG-02-2006, both dated January 13, 2006, through which a schedule was fixed and the commission for service of the LBTR system. The above due to the incorporation of the negotiation systems administered by the *Bolsa de Valores Nacional, S.A.* (National Stock Exchange, Stock Company) and the *Asociación Bancaria de Guatemala* (Guatemalan Banking Association), as well as the application of article 9 of the Regulation system of the LBTR. Additionally, the Committee evaluated the proposal of

review of the rate charged in the institution to the State entities, via message sent by the SWIFT network. On the other hand, the Committee considered it proceeding to modify Agreement 6-2002 of the General Management, through which the Payment System Committee was created, in order to update the integration and definition of its functions, the attributions of the Coordinator and of the Secretary, as well as establish the periodicity of the reunions and the presentation of the corresponding reports. It is worth indicating that these documents are found as projects pending approval by the Payment System Committee.

#### **4. Operations settled in the LBTR system.**

To May 31, 2007, 24 system banks, 3 financial stock companies, the *Bolsa de Valores Nacional*, S.A. (National Stock Exchange, Stock Company) are participating; the latter through a special settlement account, as well as the Foreign Currency Electronic Negotiation System – SINEDI (for its acronym in Spanish), the Electronic Settlement System -SEL (for its acronym in Spanish)- and the Electronic Money Banking Table – MEBD (for its acronym in Spanish), in which during May of this year made operations that were settled through the LBTR system as follows:

##### **Amounts of Operations Settled in the LBTR System**

**MAY 2007**

**(In millions of quetzales)**

0.0

5,000.0

10,000.0

15,000.0

20,000.0

Amount 12,649.7 18,197.1 10,521.0

PARTICIPANTS (Banks and Financial Stock Companies)

BANCO DE GUATEMALA NEGOTIATION SYSTEMS

Total settled: Q 41,367.8 millions.

##### **AMOUNT OF OPERATIONS MADE IN THE LBTR SYSTEM**

**MAY 2007**

**(In millions of US dollars)**

0.0

50.0

100.0

150.0

200.0

AMOUNT 168.8 125.3 0.0

PARTICIPANTS

(Banks and Financial Stock Companies)

BANCO DE GUATEMALA

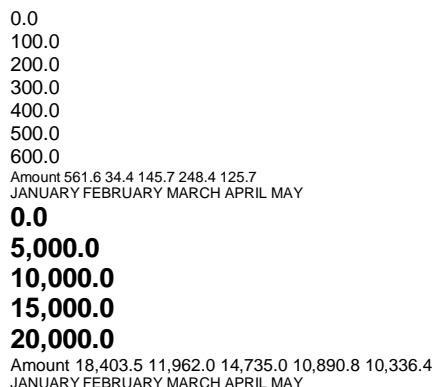
NEGOTIATION SYSTEM

Total settled: US\$294.1 million

#### **5. Information of the negotiation systems that settled operations in the LBTR system.**

During May 2007 4 operations were settled that correspond to an equal number of biddings in the *Bolsa de Valores Nacional*, S.A. (National Stock Exchange, Stock Company) for Q125.7 million, amount lower to the settled in April of this year (Q248.4 million). On the other hand the Electronic Money Banking Table –MEBD (for its acronym in Spanish) settled a total of 162 operations for an amount of Q10,336.4 million, amount similar to the settled during April of this year. The behavior of the operations observed in the negotiation systems indicated, is mainly due to the preference of investors of other

types of financial instruments available in the market, such as the Treasury Bonds of the Republic which were settled through checks. The amounts of the operations of the *Bolsa de Valores Nacional, S.A.* (National Stock Exchange, Stock Company) and the Electronic Money Banking Table –MEBD (for its acronym in Spanish) that have settled this year in the LBTR system, can be observed in the following graphs:



## 6. Operations made by the *Banco de Guatemala* in the LBTR system.

The *Banco de Guatemala* settles the LBTR system monthly for those operations considered priority, among which we can highlight the settlement of the first and second compensation of the Banking Clearing House, the registry of the remunerated reserve and the contributions to the Savings Protection Fund. It is worth indicating that these operations are made in national currency as well as US dollars.

### AMOUNT OF OPERATIONS SETTLED DURING 2007 IN THE LBTR SYSTEM THROUGH INVESTMENTS IN TERM DEPOSITS THROUGH THE ELECTRONIC MONEY BANKING TABLE -In millions of quetzales- AMOUNT OF OPERATIONS SETTLED DURING 2007 IN THE LBTR SYSTEM THROUGH THE BOLSA DE VALORES NACIONAL, S.A. -In millions of quetzales

The Central Bank also made and settled their operations through the referred system, among which we find: the payment of salaries and bonuses of the personnel of the *Banco de Guatemala*, fixed and under contract, that have accounts in the banks within the system; payment of providers that render services to the *Banco de Guatemala*; return of fiscal credit to exporters; charge of the service rate of the LBTR system; rent of the buildings of the Banco de Guatemala; and fines placed by the Superintendence of Banks.

At the request of the central government entities and the decentralized entities, are made in the LBTR system whose debit operations, like the transfer of funds to accounts that are constituted in the Central Bank for final accreditation to accounts kept in the banks of the system. It is worth adding that the transfer of funds through the LBTR system has been of great benefit for the referred entities, in lieu of the fact that the availability of resources is made on line and in real time. The amount of the operations settled in national currency during May 2007, was greater in April of the same year. Regarding the operations in US dollars, a decrease was observed in the amount of operations, because

during May the economic agents preferred the use of the check as a payment instrument in said currency.

The amount s of the operations settled in quetzales as well as in US dollars, can be observed in the following graphs:

**AMOUNT OF OPERATIONS SETTLED IN THE LBTR SYSTEM  
BY THE BANCO DE GUATEMALA  
APRIL AND MAY 2007**

**(In millions of quetzales)**

|          | April 2007 | May 2007 |
|----------|------------|----------|
| 0.0      |            |          |
| 3,000.0  |            |          |
| 6,000.0  |            |          |
| 9,000.0  |            |          |
| 12,000.0 |            |          |
| 15,000.0 |            |          |
| 18,000.0 |            |          |
| 21,000.0 |            |          |
| DEBITS   | 691.0      | 800.3    |
| CREDITS  | 16,124.5   | 18,197.1 |
| TOTAL    | 16,815.5   | 18,997.4 |

**AMOUNT OF OPERATIONS SETTLED IN THE LBTR SYSTEM  
BY THE BANCO DE GUATEMALA  
APRIL AND MAY 2007**

**(In millions of US dollars)**

|         | April 2007 | May 2007 |
|---------|------------|----------|
| 115.0   |            |          |
| 118.0   |            |          |
| 121.0   |            |          |
| 124.0   |            |          |
| 127.0   |            |          |
| 130.0   |            |          |
| 133.0   |            |          |
| DEBITS  | 0.7        | 6.9      |
| CREDITS | 131.4      | 125.3    |
| TOTAL   | 132.1      | 132.2    |