

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

Guatemala, October 16, 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 September of the current year.

**1. Review of the norms of the Payment System Committee, of the Gross Settlement System in Real Time and the SWIFT system.**

During the month reported on, the Payment System Committee, with the purpose of updating the related norms with the Gross Settlement System in Real Time –LBTR- reviewed resolution GG-01-2006 from the General Management through which they fixed the LBTR system schedule; Resolution GG-02-2006 through which the services commission that the *Banco de Guatemala* will apply to the participants in the referred system was fixed; General Management Agreement 6-2002 through which they created the Payment System Committee; and, the commission fee for messages sent through the SWIFT network. In that sense, after the review merited, the Committee wrote up the documents through which they will inform the General Management of the institution on the revision made and on what was considered convenient to propose, which was: a) modify resolution GG-01-2006 in order to incorporate the schedule in which the negotiation system currently settles in the LBTR system, such as the National Stock Exchange, Stock Company, through a special settlement account, the Foreign Currency Electronic Negotiation System and the Electronic Money Banking Table, as well as the fees for transferring title ownership for Term Deposits from the *Banco de Guatemala*, according to the established by the Monetary Board in Resolution JM-154-2007; b) that the commission for LBTR transfers fixed in resolution GG-02-2006 be maintained, considering that the commissions that the *Banco de Guatemala* will perceive during the current year, will allow the reimbursement of costs incurred for the maintenance of the system; c) modify General Management Agreement 6-2002, through which the Payment System Committee was

created, with the purpose of updating the integration of the same, based on the administrative structural change of the *Banco de Guatemala*, approved by the Monetary Board in resolution JM-156-2006, and incorporate the attributions that the Coordinator and the Secretary of the Committee must perform, which is necessary for the operation of the same; and, d) to continue applying the US\$10.00 commission per message sent through the SWIFT network, which would allow the *Banco de Guatemala* the recovery of costs incurred by the administration of the abovementioned network.

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

As was indicated in the report corresponding to the month of August of this year, the Monetary Board in resolution JM-140-2007 dated August 1, 2007, approved the Automated Banking Clearing House Regulation, through which the administration will regulate the administration and its operation. In that sense, according to the established in article 4 of the mentioned regulation, the Guatemalan Banking Association –ABG (for its acronym in Spanish)- in document GG-189-2007 dated August 14, 2007, requested that the *Banco de Guatemala* be designated Administrator of the Automated Clearing House. Due to the above, the General Management of the Institution, in resolution GG-06-2007 dated September 19, 2007, resolved to designate the ABG so that according to the terms of the subscribed agreement between said entity and the *Banco de Guatemala*, administer the Automated Clearing House. To date, the terms that will define the agreement made reference to in the General Management resolution are pending.

It is worth adding that, in the present report the *Banco de Guatemala*, the ABG and *Imágenes Computarizadas de Guatemala, Sociedad Anónima*, -ICG-, jointly, held administrative, operative and technical activities, necessary for the implementation of the referred clearing house. For the effect, the 3, 20 and 21 of September of this year, meetings were held in which the aspects related to the follow up to the implementation of the Clearing House were dealt with. The ABG estimates that the clearing house will begin operations in the first semester of 2008, after said association as well as the operator of the clearing house concludes the operative and technical activities mentioned.

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

As was commented in the August 2007 report, officials from 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. In that sense, on September 11, 2007, the *Ministerio de Finanzas Públicas* [Roughly equivalent to the US Department of the Treasury.] through the National Treasury, transferred its observations to the *Banco de Guatemala* on technical specifications to develop the SICOINWEB–LBTR interface, which were analyzed on behalf of the officials of the Information Technology and Accounting Departments, prior to being transferred to the executing unit of BIRF-7129-GU loan.

#### **4. Evaluation of the final report on the Market Investigation on Cross Border payments within the Central American Region and the Dominican Republic.**

On September 6, 2007, the Executive Secretary of the Central American Monetary Council -SECMCA [For its acronym in Spanish.]- transferred to each of the members Payment System Technical Committee –CTSP [For its acronym in Spanish.] – coordinators, the first version of the final reports of the Cross Border Payments Market for Central America and the Dominican Republic, when signed by the Costa Rican Central American Academy, so that it would be analyzed and observations and comments were made that were considered pertinent. It is worth indicating that the objective of the referred investigation is to analyze the situation of the Central American region and the Dominican Republic in matters of cross border payments with the purpose of supporting the development and implementation of the Interconnection Payments System –SIP [For its acronym in Spanish.]-.

On September 11 of this year the observations and comments made by the Accounting Department of the *Banco de Guatemala* of the first version of the referred report on the investigation were remitted to SECMCA. Derived from the observations and comments made by the members of the CTSP, on September 25, 2007, the SECMCA proceeded to send the final version of the final report of the market investigation, which was presented and discussed by the officials of the Central American Academy and the

CTSP members, in meetings programmed for the 1 and 2 of October, 2007, in the city of San Jose, Costa Rica.

**5. Visit of the consultant of the IDB, Mister Jesse W. Wright, regarding the follow up that that organism is making on the Program for the Strengthening and Harmonization of the Payment Systems of Central America and the Dominican Republic, through the ATN/MT-8544-RG (SECMCA-BID (IDB)) loan.**

On September 24 of this year, the IDB consultant, Jesse Wright, visited the *Banco de Guatemala* and transferred a questionnaire regarding the relevance, effectiveness, efficiency, innovation, sustainability, ability to add and evaluation on the Strengthening and Harmonization of the payment systems program of the region. In that sense, the Accounting Department proceeded to answer each one of the questions and offer some comments and observations regarding the mentioned project.

Mr. Wright indicated that the same questionnaire will be made in all central banks in the Central American countries, prior to passing his report on the follow up of the referred IDB project.