

## *NATIONAL PAYMENT SYSTEM*

### **ELECTRONIC PAYMENT MEANS (MEP)**

The Electronic Payment Means (MEP) was developed and is run by the BCRA, financial institutions and automated clearinghouses (ACH), and began operating in 1997.

It enables authorized institutions to execute real-time transfers (**Real-time Gross Settlement Systems**) through the current accounts held with the BCRA over a long operational cycle and to access real-time information on funds available in each of their accounts.

Security of transactions is achieved by means of the strict procedures that banks must follow to send payments through this means. Different operation levels are thus defined:

- ü Operation logging in
- ü Authorization
- ü Consultant

The logging operator logs the transactions that the authorizer checks and authorizes. This authorization confirms the debit in the originating bank's account and the credit in the beneficiary bank's account; the transaction thus becomes IRREVOCABLE.

The transactions that can be executed by financial institutions and automated clearinghouses include:

- ∇ Interbank transactions: cash leg of securities, money market, etc.;
- ∇ Transactions initiated by customers: transfers by the same or different holder; payroll transfers;
- ∇ Cross-border transfers: mainly transfers between the MEP accounts and the US dollar-denominated accounts that are held by financial institutions and the BCRA in New York;
- ∇ Settlement of operations related to the Reciprocal Credit and Payment Agreements signed by the BCRA;
- ∇ Settlement of the net balances of the clearing process;
- ∇ Settlement of repos against domestic Government securities denominated in foreign currencies in the BCRA;
- ∇ Operations with guarantee accounts;

v Court payments.

Institutions executing MEP transfers on behalf of their customers **must report payment information** (CBU –uniform banking key–, account type, CUIL-CUIT or CDI number – optional for taxable operations and mandatory for tax-free operations and when no CBU is available–, creditor institution branch, account type and number) **in order for funds to be rightly allocated.**

An alternative system called “Contingency Plan” is used when communications between the BCRA and member institutions fail, thus avoiding disruptions in the transaction.

At present the BCRA does not charge any fee to member institutions for the services provided through the MEP so as to promote the use of the system, which grew consistently in time together with the “bancarization” of operations.

The BCRA is implementing a new transaction system that updates its technology making it user-friendlier, though it keeps the current system’s security features.