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Today, the Ministry of Finance and Public Credit (SHCP) and the Bank of Mexico (Banxico) announced eight actions to strengthen the financial sector. The main objectives of these actions are to increase the coverage of the financial sector and promote liquidity in the stock market, introduce a more efficient payment system for the population, and overall, facilitate and promote savings mobilization, channeling them into productive investments. All these objectives are a pre-requisite for a more dynamic, inclusive and equitable economic growth.

The Governor of the Bank of Mexico announced the following measures:

- a. **New Payment Platform through mobile devices**, using the Inter-bank Electronic Payment System (SPEI in Spanish). In collaboration with commercial banks, this measure will enable sellers and buyers to execute transactions through mobile phone devices or by using internet at no cost and within seconds. This platform will give consumers an electronic means of payment that is fast, safe and efficient. Businesses will benefit from having access to a payment and settlement system that is safe, fast and has no cost. The new platform aims to reduce the use of cash. This measure aims to incentivize businesses to use the new payment tool and give them access to other financial products according to their needs.
- b. **Getting payroll loans with any bank**. This measure will allow workers to use their payroll bank accounts as a source of payment for all types of loans and with any financial institution, under an open marketplace. This measure will give workers more choices, increasing their bargaining power and thus contributing to lowering the costs of this type of loans. In addition, the right to collect credits will be made “transferable” among banks regardless of the bank that manages the worker’s payroll account. Thus, workers will gain access to loans in better conditions.
- c. **Regulation for repurchase and securities lending transactions** will be revised so that a larger number of financial entities can execute repurchase transactions or securities lending operations. At the same time, the range of securities that banks and brokerage firms will be able to use for repurchase operations will be broaden, thereby promoting more liquidity in the fixed income and capital markets, while maintaining a strict risk control all the time.

The Ministry of Finance and Public Credit (SHCP) announced the following actions to enhance the securities stock market:

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- a. **Strengthening incentives for companies to list their equity and debt in the stock market and removing factors that discriminate among investors.** On one hand, for Initial Public Offerings, a rate equivalent to 10% of income tax (ISR in Spanish) will be applied on the gain on the sale of stocks. On the other hand, for the Purchase of Corporate Bonds, a 100% credit of ISR withholding is given for foreign residents with corporate debt investments.
 - b. **Greater flexibility for financial intermediaries in their repurchase and securities lending operations.** The SHCP, Banxico and other financial authorities will strengthen financing mechanisms for companies. Authorization will be given to financial institutions, including the Retirement Funds Administrators (Afores in Spanish), to conduct repo and lending with securities issued by these companies. This will increase financing and the development of these companies.
 - c. **Greater flexibility to the investment regime of Pension Funds Managers (Afores).** This measure aims to help Afores to better diversify their investments and, at the same time, encourage them to invest more in long term projects (e.g., infrastructure). These measures will allow Afores to manage more efficient portfolios and thus provide a better risk/return balance in favor of affiliated workers, promoting voluntary savings, and thus strengthening the country's financial market.

The aforementioned tax, legal and regulatory measures will increase the liquidity and depth of the secondary securities market, making it easier for companies to issue equity and debt, enabling institutional investors to diversify their portfolios.

At the same time, the SHCP issued other measures to deepen financial inclusion:

- d. **Eliminate barriers to financial inclusion by allowing young people between 15 and 17 years of age to open their first bank account.** This will benefit around 7 million young people and bring into the banking system the beneficiaries of government scholarships.
- e. **Strengthen national development banks to benefit 15 million new clients** in rural areas, vulnerable municipalities and semi-urban areas where there is no presence of commercial banking. To this end, the National Savings and Financial Services Bank (BANSEFI in Spanish) will be renamed and transformed into the Welfare Bank and a new financial group will be created to integrally cater the needs of the agricultural sector. The new financial group will be integrated by the Farming, Forestry, Rural and Fishing National Development Bank (FND), the Capitalization and Investment Fund for the Rural Sector (FOCIR), the Shared Risk Trust (FIRCO) and the national insurance entity for the rural sector, Agroasemex.

The aforementioned measures will complement the ongoing work in other areas such as **new financial technologies** for massive usage of financial services; client authentication and risk

mitigation derived from identity theft; **and the continuous advancement to increase financial services consumer protection** through the standardization of costs information and product terms and elimination of the barriers for client mobility.

With these actions, the Government seeks to increase access to basic financial services such as savings, credit, and insurance and provide the infrastructure needed for investment. Furthermore, these activities aim to reduce the costs of financial services through the elimination of regulatory barriers.

The Ministry of Finance and Public Credit and the Bank of Mexico are committed to promoting a deeper and more inclusive financial system that delivers better services for the population.