Payment System Report



2022

Banco de Cabo Verde

BANCO DE CABO VERDE
Avenida OUA, nº 02
Cód. P. nº 7954 - 094 | Cx. P. nº 101
Praia - Cabo Verde
Tel: +238 2607000 / Fax: +238 2607197
http://www.bcv.cv

Edition
Department of Issuance, Treasury and Payment System

Design | Layout
Organizational Communication Office

PAYMENT SYSTEM REPORT

Banco de Cabo Verde
Praia City
2023

CONTENTS

List of acronyms **7**

Opening remarks **8**

Executive summary **9**

CHAPTER I – PAYMENT INFRASTRUCTURES **11**

1.1. Banking channels **13**
1.1.1. Agencies and branches 13
1.1.2. Internet and Mobile Banking 17
1.1.3. Other channels 19
1.2. Payment networks **21**
1.2.1. Vinti4 network 21
1.3. Financial Settlement and Interbank Clearing **29**
1.3.1. Financial Settlement 29
1.3.2. Interbank Clearing 34

CHAPTER II – PAYMENT MEANS AND INSTRUMENTS **53**

2.1. Developments **55**
2.1.1. Cash 58
2.1.2. Check 60
2.1.3. Transfers 65
2.1.4. Payment cards 67

CHAPTER III – OVERSIGHT **88**

3.1. Daily payment system monitoring **90**
3.2. Incident Analysis **91**
3.3. Statistical data analysis **92**
3.4. Monitoring of vinti4 network malfunctions **93**
3.5. Assessment of financial market infrastructures **94**

ANNEXES **95**

Payment System Regulation – 2022 ..... **96**
Statistical Data **97**

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Boxes

Box 1- Regulation and Control 20
Box 2 - INNOVATION HUB – A Regulatory Initiative Promoting Innovation.....50

Infographics

Infographic 1- Payment infrastructures - Highlights 2022.....11
Infographic 2 - Interbank Clearing and Settlement Service – 2022.....28
Infographic 3 - Use of Payment Instruments - Highlights 2022.....54
Infographic 4 - Evolution of digital payments in Cabo Verde 2022.....57
Infographic 5 - Check Incident Report Center.....64
Infographic 6 - Evolution of the oversight function at Banco de Cabo Verde.....89

Tables

Table I 1 - Bank Concentration Index.....13
Table I 2 - Banking System Structure.....14
Table I 3 - Online Banking Transactions.....18
Table I 4 - Mobile banking transactions in 2022.....18
Table I 5 - Vinti4 network cards and terminals.....21
Table I 6 - Geographic distribution of Vinti4 network terminals per island.....22
Table I 7 - Transactions per Vinti4 network service channel.....23
Table I 8 – Developments in ATM and POS transactions.....24
Table I 9 - POS service use per island.....26
Table I 10 - Televinti4 - Transactions involving flow of funds.....27
Table I 11 - Transactions settled in the SGDL.....29
Table I 12 - Average daily transactions settled in the SGDL.....32
Table I 13 - Monthly data on checks submitted for clearing.....36
Table I 14 - Checks and returns submitted for clearing (monthly).....37
Table I 15 - Checks and returns submitted for clearing.....37
Table I 16 - Returned checks, per reason for return.....39
Table I 17 - Checks submitted for clearing per value bracket.....41
Table I 18 - Monthly transfers processed through the clearing system.....42
Table I 19 - Transfers and returns submitted for clearing.....43
Table I 20 - Transfers per closing and transaction code.....45
Table I 21 - Transfers submitted for clearing per service code.....46
Table I 22 - Transfers returned for clearing per closing and service code.....46
Table I 23 - Settlement of Vinti4 network transactions.....48

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table II 1- Payment means and instruments 55
Table II 2 - Currency in circulation - indicators.....58
Table II 3 - Returned checks 62
Table II 4 - Total checks submitted and returned.....63
Table II 5 - Use of cards in transactions involving flow of funds.....69
Table II 6 - Transactions made by nationals using international cards, in the country and abroad 77

Graphs

Graph I 1 - Sector distribution of deposit/payment accounts in DC - 2022.....14
Graph I 2 - Banking Penetration Rate 15
Graph I 3 - Developments in average number of people covered per agency/branch 15
Graph I 4 - Geographic distribution of banks - 2022 16
Graph I 5 - Developments in online and mobile banking usage 17
Graph I 6 - Developments in transactions involving flow of funds - Online Banking ...17
Graph I 7 - ATM distribution per municipality.....22
Graph I 8 - Vinti4 network transactions, both involving and not involving flow of funds – 2018/2022.....24
Graph I 9 - Distribution of ATM transactions per island.....25
Graph I 10 - Number of transactions made through the Televinti4 service.....26
Graph I 11 - Developments in transactions settled in the SGDL.....30
Graph I 12 - Overall transactions settled in the SGDL 31
Graph I 13 - Distribution of the weight of gross settlements in the SGDL.....31
Graph I 14 - Transactions settled per settlement time.....33
Graph I 15 - Concentration of liquidity flow per settlement period.....33
Graph I 16 - Integrated Interbank Clearing and Settlement System (SICIL).....34
Graph I 17 - Distribution of average value per transaction in the SICIL.....35
Graph I 18 - Weight of truncated and non-truncated checks 38
Graph I 19 - Checks submitted and returned for clearing per value bracket 40
Graph I 20 - Transfers submitted for clearing per participant.....44
Graph I 21 - Transfers submitted and returned for clearing per closing 44
Graph I 22 - Weight of transfers submitted for clearing per value bracket 47
Graph I 23 - Weight of transfers returned for clearing per value bracket.....48
Graph I 24 - Developments in transactions settled through the Vinti4 network.....49

Graph II 1 - Developments in the weight of payment instrument use 56
Graph II 2 - Developments in payment instruments (volume).....56
Graph II 3 - Developments in monetary aggregates 59
Graph II 4 - Banknotes in circulation per denomination.....59
Graph II 5 - Developments in checks.....60

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Graph II 6 - Cleared checks and checks from CI branches (in value) 61
Graph II 7 - Weight of checks paid per value bracket 62
Graph II 8 - Weight of returned checks per reason for return 63
Graph II 9 - Transfers 65
Graph II 10 - Transfers per channel 66
Graph II 11 - Weight of direct debits per value bracket 66
Graph II 12 - Annual developments in cards produced and in circulation 67
Graph II 13 - Annual developments in cards produced and in circulation 68
Graph II 14 - Developments in the average value carried out on the Vinti4 network 70
Graph II 15 - Developments in ATM cash withdrawals and in POS payments.....71
Graph II 16 - Use of cards in transactions involving flow of funds (value) 72
Graph II 17 - Transactions involving flow of funds made using the vinti4 card 73
Graph II 18 - Service payments per sector 73
Graph II 19 - POS payments using the vinti4 card per field of activity.....74
Graph II 20 - POS payments per card type (value) 75
Graph II 21 - POS payments per card type (value) 76
Graph II 22 - International card use by residents abroad and non-residents in the country77
Graph II 23 - Withdrawals using international cards by residents in the country and abroad 78
Graph II 24 - Payments using ~~an~~ international card by residents in the country and abroad 78
Graph II 25 - Vinti4 network transactions using international cards (volume) 79
Graph II 26 - International card transactions, per issuing country 80
Graph II 27 - International card withdrawals and payments, per issuing country (volume) 80
Graph II 28 - International card use per island.....81
Graph II 29 - Cash advances and international cards (volume) 82
Graph II 30 - Developments in value transacted using cards/GDP.....82
Graph II 31 - Developments in the growth rates of the number of ATM and POS, value transacted using cards, GDP and private consumption 83
Graph II 32 - Monthly developments in online purchases (sites nacionais e internacionais)84
Graph II 33 - Online purchases per card type (national websites) 84
Graph II 34 - Purchases per sector (national websites) 85
Graph II 35 - Purchases per sector (international websites).....86
Graph II 36 - POS and online purchases 86

Graph III 1- SGDL settlement service extension fee - 2022 91
Graph III 2 - Peak day (transactions settled) - 2022 92
Graph III 3 - Peak day (transaction values) - 2022 93
Graph III 4 - ATM unavailable hours per island.....94

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

List of Acronyms

ATM	Automated Teller Machine
BIS	Bank for International Settlements
CCSP	Coordination Committee for Payment System Development
CIC	Check Incident Report Center
CPMI	Committee on Payments and Market Infrastructure
CI	Credit Institutions
INECV	Cabo Verde's National Statistics Institute
IOSCO	International Organization of Securities Commissions
LUR	Risky Users List
BIN	Bank Identification Number
GDP	Gross Domestic Product
PIN	Personal Identifier Number
POS	Point of Sale
PSP	Payment Service Providers
p.p	Percentage points
SGDL	Deposit and Settlement Management System
SICIL	Integrated Interbank Clearing and Settlement System
SWIFT	Society for Worldwide Interbank Financial Telecommunications
EFT	Electronic Funds Transfer System
APT	Automatic Payment Terminal
Vinti4	National interbank network for card payments managed by SISP

Commercial Banks

BAI	Banco BAI Cabo Verde
BCA	Banco Comercial do Atlântico
BCN	Banco Caboverdiano de Negócios
BI	Banco Interatlântico
CECV	Caixa Económica de Cabo Verde
ECV	Ecobank de Cabo Verde
IIB	International Investment Bank

Other Entities

BVC	Cabo Verde Stock Exchange
CCV	Cabo Verde's Postal Service
SISP	Interbank and Payment Systems Company

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197



Opening remarks - Payment System Report, 2022

The Cabo Verdean Payment System Report aims to present an analytical and detailed overview of developments in aggregate statistical information on payment instrument use in Cabo Verde, as well as describe the most relevant facts about transactions in the clearing and settlement systems.

The year 2022, following the complete lifting of the restrictions imposed since 2020 by the Covid-19 pandemic, was marked by a continued recovery in the payment sector in Cabo Verde. This report translates into figures the real-life dynamics of society, and how the habits of payment service consumers have changed, with an increasing preference for digital payment solutions.

Banco de Cabo Verde (Bank) has sought to keep up with the new trends in the payments market and implement reforms to achieve the strategic goals of improving financial inclusion, promoting financial innovation, and national payment system efficiency.

In this context, 2022 saw the consolidation of the Real-Time Payments system, which allows for faster and more efficient interbank transfers (in minutes), as well as the introduction of alternative procedures in the financial system for proving the identity of financial services customers, namely videoconferencing and the digital mobile key.

Also in 2022, the 9th Payment System Meeting of Portuguese-Speaking Countries' Central Banks was held in the city of Praia, which was an important forum for discussing the challenges that the growing and rapid digital evolution poses to regulators and supervisors in the payment sector.

With a view to ensuring stability and security and promoting the efficiency of the Cabo Verdean Payment System, the Bank continued to assess Financial Market Infrastructures (FMI), with this task becoming increasingly important in view of the challenges ahead, particularly in implementing the standards applicable to schemes associated with payment instruments and innovative technology-based services.

Indeed, promoting the proper functioning of payment infrastructures is crucial for economic activities and for the country's financial stability.

Antonia B. Lopes



Director of Banco Cabo Verde

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Executive Summary

In 2022, the dynamics of payments in Cabo Verde, which had been interrupted by the Covid-19 pandemic, returned to normal. Payment infrastructures continued to serve economic activities, once again confirming their vital importance to the country's financial stability.

A total of 37,505,184 transactions were settled through the Deposit and Settlement Management System (SGDL), worth CVE 13.02 trillion, of which 37,489,054 (99.96%), worth CVE 278.69 billion (2.1%) were clearing settlements (SICIL - Integrated Interbank Clearing and Settlement System). Gross settlements, which totaled 16,130 transactions (0.04%), continued to have a residual weight in terms of volume, in contrast to the extraordinary weight of the value settled, i.e. CVE 12.75 trillion (97.9%).

Transactions processed through the SICIL grew by 21.2% in volume and 5.0% in value compared to the previous year, which corresponds to an overall increase in processing (30,927,159 transactions, worth CVE 265.54 billion, in 2021, to 37,489,054 transactions, worth CVE 278.69 billion, in 2022).

In terms of payment infrastructures, in June 2022 the SGDL implemented gross settlement for large amount transfers (worth CVE 10 million or more) processed via the interbank transfer clearing system, with the aim of mitigating the systemic risk present in the SICIL, namely that the lack of or insufficient funds of one participant could result in widespread default by the other participants.

Regarding instruments, in line with previous years, card use continued to grow. Of the total number of transactions made with payment instruments, 86.7% were made with cards, which corresponds to 44,871,174 transactions, worth CVE 144.64 billion. These figures correspond to increases of 20.1% in volume and 33.9% in value, compared to 2021.

In 2022, Banco de Cabo Verde (BCV) continued regulating the laws that make up the Cabo Verdean Payment System's legal framework, having published the following regulations: i) Notice No. 4/2022, dated October 18, which regulates the general conditions for opening, managing and closing payment accounts, used by payment institutions and institutions that issue, distribute and reimburse electronic money and other authorized financial institutions; Notice No. 5/2022, dated October 18, which regulates the conditions for issuing, accepting and using payment cards.

As overseer, BCV continued to assess Financial Market Infrastructures, most notably starting the process of assessing the SGDL, the country's only systemically important payment system, which is managed and operated by Banco de Cabo Verde and ensures gross and real-time settlement of transactions settled in central bank money by the system's participants.

Furthermore, there were two inspections of credit institutions, with the aim of checking compliance with the rules on restricting the use of checks and the deadlines for releasing funds in demand deposit accounts, as well as assessing whether Notices No. 1, 2 and 3, all

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

dated June 17, 2021, and Notice No. 6/2021, published on January 25, 2022, had been properly complied with.

The year 2022 ended on a high note for the Cabo Verdean Payment System, with Banco de Cabo Verde hosting the **9th Payment System Meeting of CPLP's** (Community of Portuguese Speaking Countries) **Central Banks**[1], focused on "Digital innovation as a strategy for transforming the Payment System."

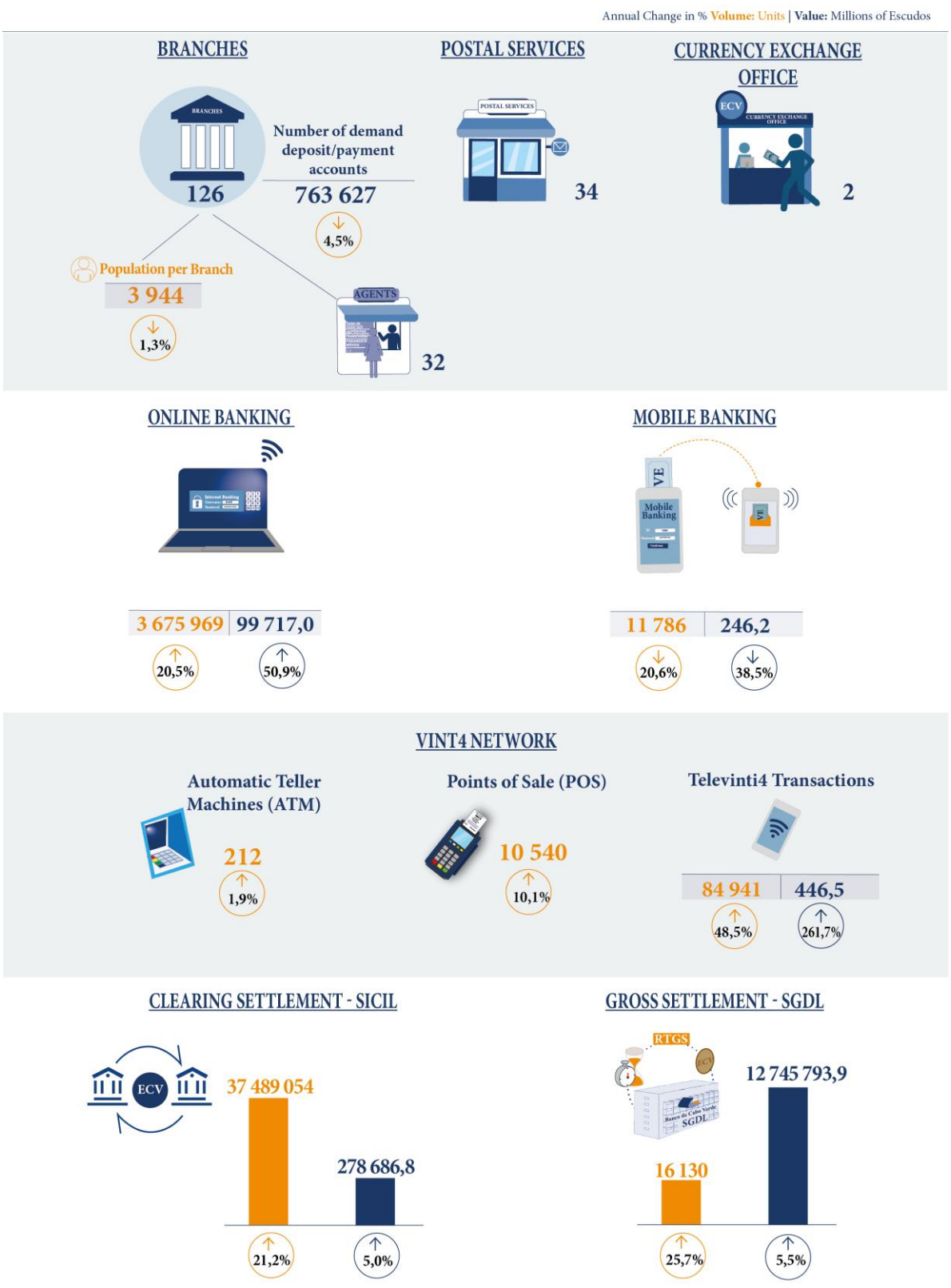
As part of the meeting, BCV hosted the workshop "Challenges of Digital Transformation in the Payments Sector," in a session open to the financial community, players and stakeholders in the payments sector, from service providers, technology facilitators and providers, to regulators and others. The workshop aimed to promote dialogue and interaction between BCV, as supervisor and regulator of payment services, and market players, on the rapid impetus brought by innovation to the sector, analyzing opportunities and challenges.

At the meeting, the Central Banks of Angola, Brazil, Cabo Verde, Mozambique, Portugal and São Tomé and Príncipe shared their experiences on the strategies that each country has followed to take advantage of technological innovation to develop the Payment System.

[1] Check out the annex at the end of the report, which contains an extended report on the **9th Payment System Meeting of CPLP countries' Central Banks** and the Workshop on the **"Challenges of Digital Transformation in the Payments Sector."**

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

CHAPTER I
PAYMENT INFRASTRUCTURES



Payment Infrastructures

Traditional payment infrastructures, namely bank branches and agencies, continue to play an important role in payment services, despite the costs associated with their maintenance and continuity of services.

Meanwhile, since they are faster and more convenient for making payments, the services provided by credit institutions through the online and mobile banking channels have grown, making the economy more dynamic. The development in the provision of these services is increasingly driven by technological advances and changing consumer habits. This impetus has also highlighted the performance of other payment infrastructures, namely the national shared payment network.

On the other hand, other payment infrastructures continue to play an important role in the country's payment system, especially in converting foreign currency and acting as agents for credit institutions.

In addition to the payment infrastructures used by consumers, there are also those that carry out financial settlement and interbank clearing, being managed by the central bank and the processing entity, respectively. Given the volume of transactions processed by these infrastructures, both in number and in value, it is becoming increasingly important to pay attention to the efficiency of their operation.

1.1. Banking channels

1.1.1. Agencies and branches

In 2022, credit institutions operating in the country added three more branches, bringing the total to 126, which translates into an average growth rate of 2.4% over the last five years.

Table I 1 - Bank Concentration Index

	2018	2019	2020	2021	2022
Two Largest Institutions (%)	60,2	58,7	57,7	56,9	57,1
Other institutions (%)	39,8	41,3	42,3	43,1	42,9
Concentration ratio	2 243,6	2 182,2	2 150,2	2 125,1	2 126,5

Source: Credit Institutions.

An analysis of the Cabo Verdean banking sector, based on the Herfindahl-Hirschman concentration index methodology[2], shows a high concentration of the branch network in the two largest credit institutions, which together had a market share of 57.1% in 2022, a slight increase (+0.2 p.p.) compared to the previous year, as shown in table I.1.

[2] The Herfindahl-Hirschman concentration index assesses the level of concentration in a given market. This indicator is interpreted by the magnitude of the index value, where below 1,000 indicates low concentration, between 1,000 and 1,800 moderate concentration and above 1,800 high concentration.

Table I 2 - Banking System Structure

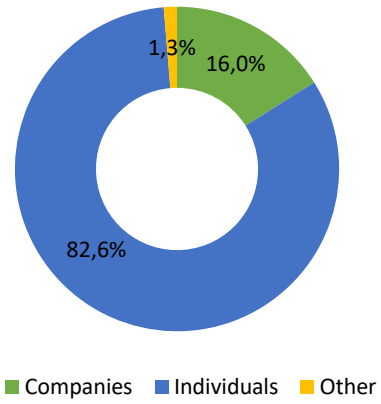
Volume: Units

	Number of branches	No. of demand deposit/payment accounts
2022	126	763 627
2021	123	799 833
2020	123	802 723
2019	121	861 090
2018	118	821 954
Growth rate (%)		
2022	2,4	-4,5
2021	0,0	-0,4
2020	1,7	-6,8
2019	2,5	4,8
2018	5,4	5,1
Average rate	2,4	-0,4
Average rate in 2021	2,3	1,7

Source: Credit Institutions

Of the 126 branches, 12 were dedicated exclusively to serving the business sector, the same as in the last 3 years.

Graph I 1 - Sector distribution of deposit/payment accounts in DC - 2022



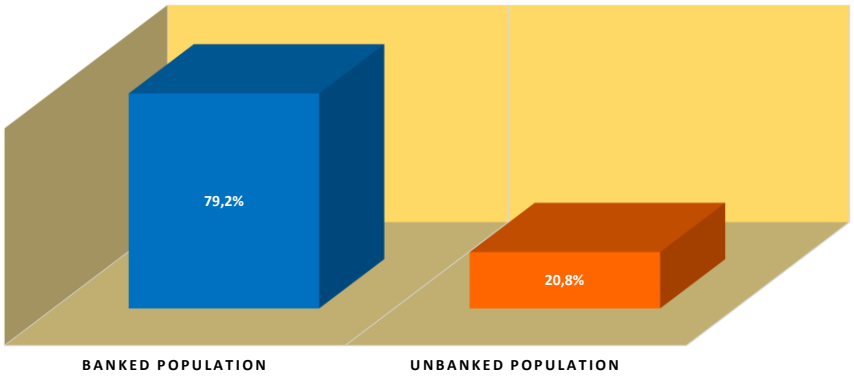
Source: Credit institutions

A total of 42,376 new accounts were opened in 2022 (2021: 40,651). Of these accounts, 82.6% (35,020) represent personal accounts, 16.0% (6,800) represent business accounts and the remaining 1.3% (556) represent other accounts, such as those belonging to the State, Financial Institutions and Private Non-Financial Entities.

Compared to 2021, a total of 1,725 new accounts were opened in 2022, with emphasis on personal accounts, which accounted for 89.0% (1,536 accounts) of the overall increase.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Graph I 2 - Banking Penetration Rate



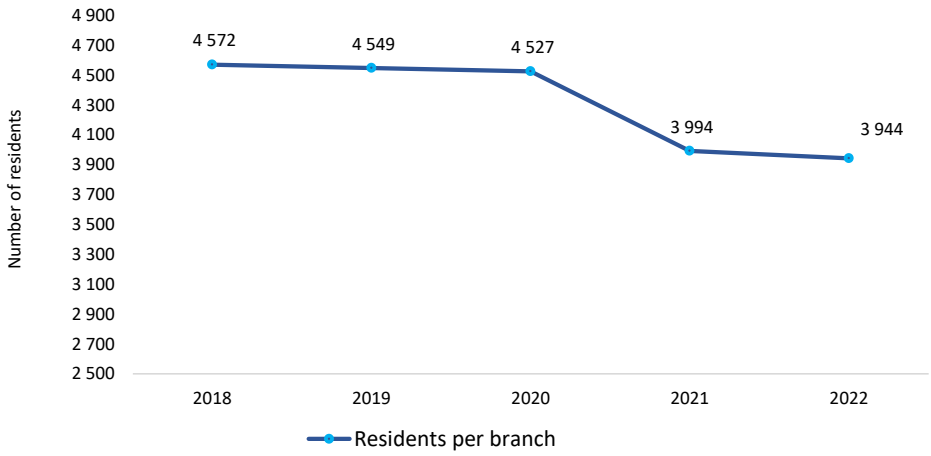
Source: Credit institutions and INE

The Banking Penetration Rate stood at 79.2% in 2022, meaning that, on average, 4 out of every 5 Cabo Verdean residents had a bank deposit account.

The rate was calculated using a new methodology, which consists of eliminating all bias arising from the possibility of a private entity having more than one account with one or more institutions in the banking system. To this end, the Tax Identification Number (TIN) was used as the sole identifier for private entities.

The Banking Penetration Rate is an indicator published annually by BCV. It is calculated by the number of private accounts as a percentage (%) of the resident population. This rate is an important indicator for determining the level of financial inclusion of the Cabo Verdean population, since opening and accessing a payment account are key stages in the financial inclusion process.

Graph I 3 - Developments in average number of people covered per agency/branch

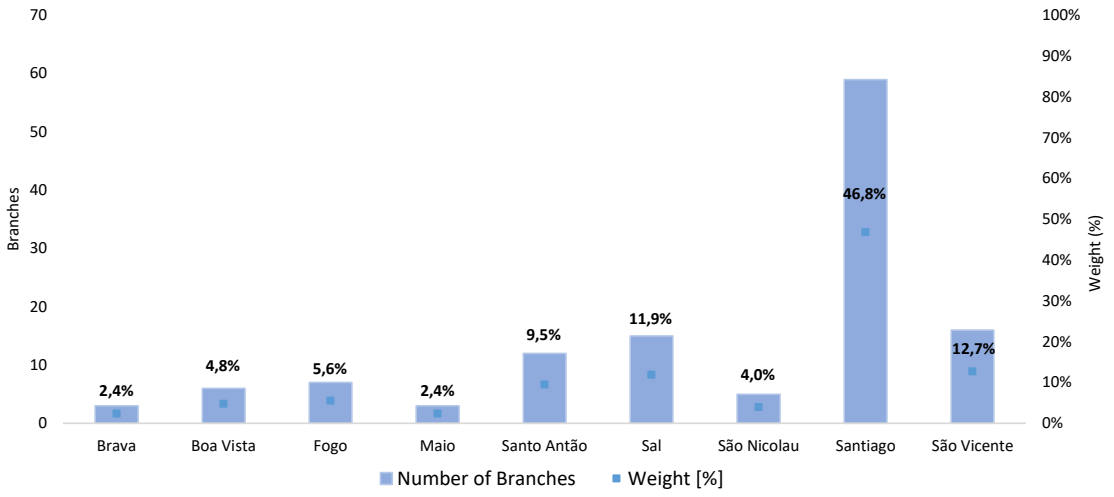


Source: Credit institutions and INE

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

As can be seen in Graph I.3, the average population coverage per branch continues to show a positive trend, i.e. there are fewer and fewer inhabitants per branch (1 branch per 3,944 inhabitants in 2022), despite the difference between municipalities when compared to each other in terms of population density and number of branches.

Graph I 4 - Geographic distribution of banks - 2022



Source: Credit institutions

According to the Pearson correlation coefficient[3] (0.96), the distribution of the branch network is more pronounced on the islands where there is a higher population density. As a result, in 2022, as shown in Graph I.4, Santiago Island, which is home to the largest number of inhabitants, had 46.8% of the branches (59), followed by São Vicente and Sal, with 12.7% (16) and 11.9% (15) of the branches, respectively. The remaining islands accounted for 28.6% of the branches (36).

Similar to the distribution of banks per island, there is a correlation between the indicators of population density and the number of branches in terms of distribution per municipality[4]. Thus, with 29.9% of the country's population, the municipality of Praia has 44 branches, or 34.9% of the national network.

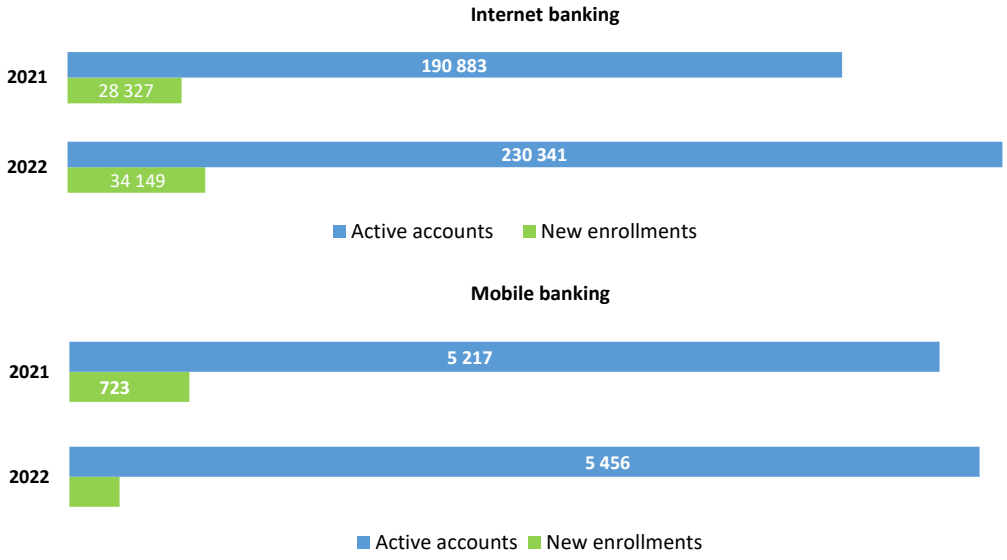
As for the distribution of the banking sector per island, recent years' trends have continued, with three of the credit institutions (Banco Comercial do Atlântico, Caixa Económica de Cabo Verde and Banco Caboverdiano de Negócios) operating on the country's nine inhabited islands.

[3] The Pearson correlation coefficient, which is between 0.90 and 1.00, shows that there is a very strong correlation between the variables considered.
[4] Note that during the year under review, three municipalities (Ribeira Grande de Santiago, São Lourenço dos Órgãos and Santa Catarina do Fogo) started to have banking coverage through Cabo Verde's Postal Services. Thus, only one municipality, São Salvador do Mundo, remained without coverage.

1.1.2. Internet and Mobile Banking

According to Graph I.5, 2022 saw increases in the number of active accounts associated with online (+20.7%) and mobile banking (+4.6%). However, unlike online banking, there was a 57.7% drop in the number of new mobile banking sign-ups.

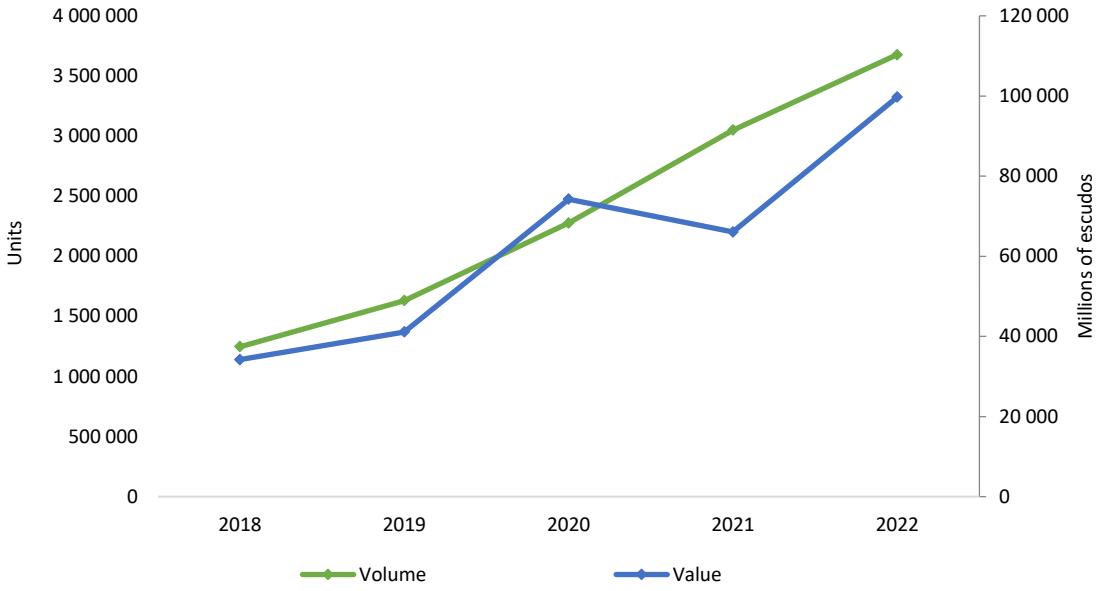
Graph I 5 - Developments in online and mobile banking usage



Source: Credit institutions

Transactions involving the flow of funds in Online Banking saw an increase of 20.5% in volume and a significant 50.9% rise in value.

Graph I 6 - Developments in transactions involving flow of funds - Online Banking



Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Source: Credit institutions

According to Table I.3, transactions not involving the flow of funds maintained their upward trend, with an 8.2% increase in the volume of transactions.

Per type of transaction, intra-bank transfers, services payments and mobile top-ups all saw increases, both in terms of volume and value, with intra-bank transfers standing out.

Note also that, in terms of volume, there were fewer interbank transfers, with a 12.5% drop, despite a 33.7% increase in value. As for other transactions, there was a significant drop (-50.0%) in volume. These transactions also saw a 26.6% drop in value.

Table I 3 - Online Banking Transactions

Volume: Units; Value: millions of Escudos

	2021		2022		Change %	
	Volume	Value	Volume	Value	Volume	Value
Transactions not involving flow of funds	130 724 037	-	141 391 275		8,2	-
Transactions involving flow of funds	3 049 916	66 072,9	3 675 969	99 717	20,5	50,9
Intra-bank Transfers	1 748 417	44 961,3	2 296 269	74 361,7	31,3	65,4
Interbank Transfers	384 677	14 057,9	336 417	18 799,7	-12,5	33,7
Service payments	211 249	2 263,1	260 734	2 893,8	23,4	27,9
Minutes added to mobile phones	568 882	279,1	714 210	350,7	25,5	25,7
Other	136 691	4 511,4	68 339	3 311,5	-50,0	-26,6

Source: Credit Institutions.

Compared to previous reports, in 2019, "Service Payments" and "Minutes added to mobile phones" were removed from "Other" data, in order to better understand developments in this type of transaction via the internet banking channel.

As shown in Table I.4, mobile banking transactions declined between 2021 and 2022, largely due to cash in and cash out transactions, which saw no transactions in 2022. This is different to the previous year, when deposits (cash in) accounted for the most funds. Note also that there were no transactions not involving the flow of funds.

Table I 4 - Mobile banking transactions in 2022

Volume: Units; Value: millions of Escudos

	2021		2022		Change	
	Volume	Value	Volume	Value	Volume	Value
Transactions not involving flow of funds	9 546				-100,0	
Transactions involving flow of funds	14 837	400,5	11 786	246,2	-20,6	-38,5
Intra-bank Transfers	3 294	79,9	3 568	137,2	8,3	71,8
Interbank Transfers	3 899	91,4	3 222	98,8	-17,4	8,1
Payment for purchases	2 524	4,1	1 308	3,7	-48,2	-9,7
Minutes added to mobile phones	427	0,4	2 722	1,2	537,5	185,5
Cash in	2 978	218,8	-	-	-100,0	-100,0
Cash out	99	1,0	-	-	-100,0	-100,0
Other	1 616	4,8	966	5,2	-40,2	8,6

Source: Credit Institutions.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Cash in - consists in crediting a payment account in return for cash being paid in/deposited.
Cash out - consists in debiting a payment account in exchange for cash withdrawal.

1.1.3. Other channels

Also, part of the payment infrastructure in Cabo Verde are the Cabo Verde Postal Services (CCV), which provide payment services through their own payment system. They send and receive money through international remittance platforms (Western Union, Money Gram, and RIA). And they operate as agents for Caixa Económica de Cabo Verde in some parts of the country, providing banking services specific to that institution.

In 2022, CCV's branch network consisted of 34 branches nationwide, with the highest concentration (41.2%) on Santiago Island, followed by Santo Antão (14.7%), São Vicente (11.8%) and Fogo (8.8%). The remaining 23.5% of the network is spread across the country's other five inhabited islands.

Also offering payment services was a currency exchange office, which operated with 2 branches in the country in 2022.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Box 1- Regulation and Control

In 2022, Banco de Cabo Verde (BCV), as the public entity with regulatory powers, published two Notices[5], Notices No. 4/2022 and No. 5/2022, all dated October 18, which are crucial to the proper functioning of the Cabo Verdean Payment System.

In addition to the Notices published, BCV also worked on the proposal to update the legal framework applicable to the provision of payment services and the issuance, distribution, and reimbursement of electronic money, as well as on the proposal to update some Technical Instructions[6].

With regard to assessing and controlling compliance with the rules applicable to the Cabo Verdean Payment System, BCV inspected two banks as payment service providers.

The inspections aimed to:

- Check and assess compliance with legislation on restricting check use (Legislative Decree No. 12/95, dated December 26, as amended and republished by Legislative Decree No. 12/2010, dated November 8, and Banco de Cabo Verde's Technical Instruction dated 2011.11.23), assessing the framework and organization of the process within the institution, as well as the underlying operational procedures;
- Assess compliance with the legislation on the provision of funds (Decree-Law No. 41/2009, dated November 2, in conjunction with Legislative Decree No. 8/2018, dated November 28), in particular compliance with the deadlines established for providing funds to demand deposit accounts;
- Check institutions' compliance with Notice No. 1/2021, dated June 17, which establishes rules on the management, processing of transactions and irregularities in a shared card payment network or similar device, and with Notices No. 2 and 3/2021, dated June 17, which stipulate the security requirements for online and mobile payments, respectively;
- Assess compliance with Notice No. 6/2021, dated January 25, 2022, which establishes the general conditions for opening a bank deposit account with credit institutions, particularly the use of videoconferencing as an alternative procedure for verifying customer identification details when opening an account;
- Identify possible constraints in the processes evaluated and produce recommendations that contribute to improving circuits, rules and procedures, which are then reflected in the institution's compliance with the rules;
- Assess the impact on institutions of the SGDL's new release (Real Time Connection with Participants) and the processing of large-value transactions via clearing (EFT) in terms of measures and adjustments to the organizational, technological, and other procedures adopted.

During 2022, BCV also issued opinions and information related to providing payment services and issuing, distributing, and reimbursing electronic money.

[5] See Annex "Payment System Regulations" - 2022".

[6] Technical Instruction regulating the Deposit and Settlement Management System (SGDL); Technical Instruction updating the SGDL Procedures Manual and publishing the SGDL Specifications Manual; and the Technical Instruction on the limit for large amount transactions.

1.2. Payment networks

1.2.1. Vinti4 network

At the end of 2022, the vinti4 network consisted of 10,752 payment terminals, including 212 automated teller machines (ATMs) and 10,540 points of sale (POS). The volume of POS increased by 10.1% and the number of ATMs distributed across the islands grew by 1.9% compared to 2021.

Table I 5 - Vinti4 network cards and terminals

Volume: Units.

	2018	2019	2020	2021	2022
Number of terminals	**7 312**	**8 284**	**8 887**	**9 777**	**10 752**
ATMs	191	204	199	208	212
POS	7 121	8 080	8 688	9 569	10 540
Cards issued	**121 729**	**132 868**	**126 097**	**133 539**	**149 460**
Vinti4 Cards	106 883	114 370	113 748	117 315	131 077
International cards*	14 846	18 498	12 349	16 224	18 383
Growth (%)					
Number of terminals	**2,4**	**13,3**	**7,3**	**10,0**	**10,0**
ATMs	6,7	6,8	-2,5	4,5	1,9
POS	8,8	13,5	7,5	10,1	10,1
Cards issued	**17,6**	**9,2**	**-5,1**	**5,9**	**11,9**
Vinti4 Cards	-3,3	7,0	-0,5	3,1	11,7
International cards	8,0	24,6	-33,2	31,4	13,3

Source: Credit Institutions and SISP.
*International cards produced by SISP

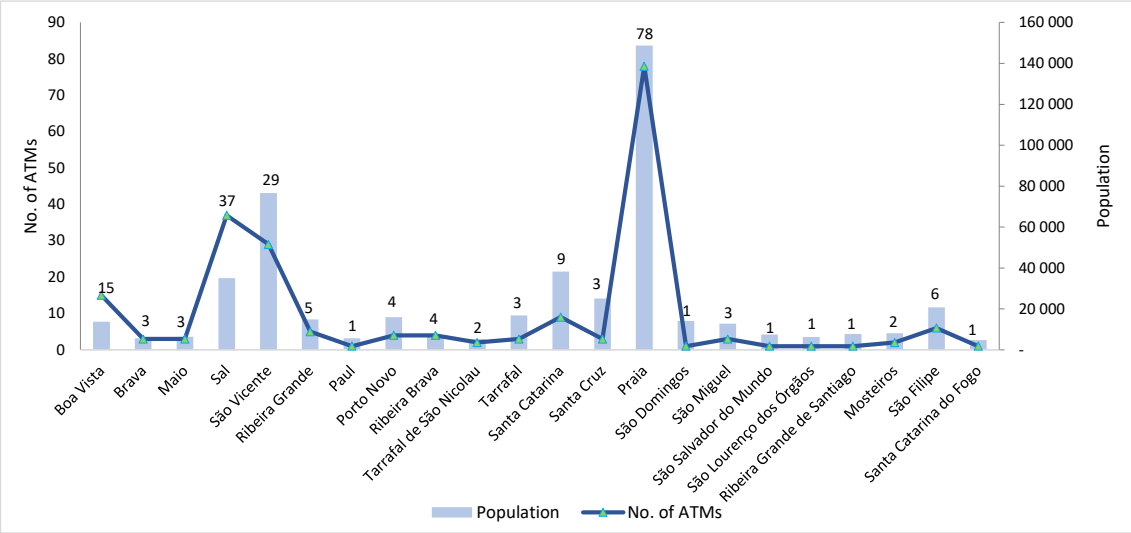
Credit institutions issued a total of 149,460 payment cards[7] in 2022, which corresponds to a YoY growth of 11.9%. Compared to the previous year, international cards grew by 13.3%, while vinti4 cards grew by 11.7%.

Considering the difference between the islands and municipalities (Graph I.7), when compared to each other in terms of population density and number of terminals, we see that the ideal average number of ATMs per island and per municipality is 21 and 10 machines, respectively. In fact, the two most densely populated municipalities (Praia and São Vicente) and the two most tourist-oriented islands (Sal and Boa Vista) have the highest concentration of ATMs in the country.

[7] Includes card replacements/renewals and new card issues (1st time).

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Graph I 7 - ATM distribution per municipality



Source: INE and SISP

At the end of the year, the municipality of Praia had an average coverage of 1 (one) ATM per 1,907 inhabitants. In Cabo Verde's second largest population center, São Vicente Island (Mindelo city), there is an average of 1 (one) ATM per 2,641 inhabitants.

On the islands of Sal and Boa Vista, due to their lower population density and stronger tourist focus[8], there was an average of 1 ATM per 947 and 915 inhabitants, respectively (Graph I.7).

Of all ATMs connected to the vinti4 network in 2022, 6 (six) out of 7 (seven) belonged to four credit institutions. Banco de Cabo Verde continues to provide vinti4 network services through 1 (one) ATM located at its head office.

Table I 6 - Geographic distribution of Vinti4 network terminals per island

Volume: Units.

	No. of ATMs	No. of POS	ATM weight (%)	POS weight (%)
Santiago	100	4 867	47,2	46,2
Sal	37	1 594	17,5	15,1
São Vicente	29	1 928	13,7	18,3
Boa Vista	15	675	7,1	6,4
Santo Antão	10	623	4,7	5,9
Fogo	9	397	4,2	3,8
São Nicolau	6	212	2,8	2,0
Maio	3	172	1,4	1,6
Brava	3	72	1,4	0,7
	212	**10 540**	**100**	**100**

Source: SISP.

[8] On these islands, it is normal to find ATMs at hotels, apart from those at CI/PSP branches.

Santiago Island has the highest concentration of installed vinti4 network terminals, with 47.2% of ATMs and 46.2% of POS associated with this network. São Vicente continues to be the second most important island in terms of POS (1,928), as does Sal in terms of ATMs (37).

Boa Vista Island, for its part, continues to show growth in the number of terminals, with a 9.5% annual increase. By the end of 2022, the island had 15 ATMs and 675 POS terminals installed on the vinti4 network.

The vinti4 network's presence on the other islands, in terms of physical infrastructure, remains insignificant and, as a whole, these islands account for 14.6% of ATMs (31) and 14.0% of POS (1,476).

In Santiago, Praia continues to stand out from the rest, with 78.0% of ATMs (78) and 80.9% of POS (3,939).

Table I 7 - Transactions per Vinti4 network service channel

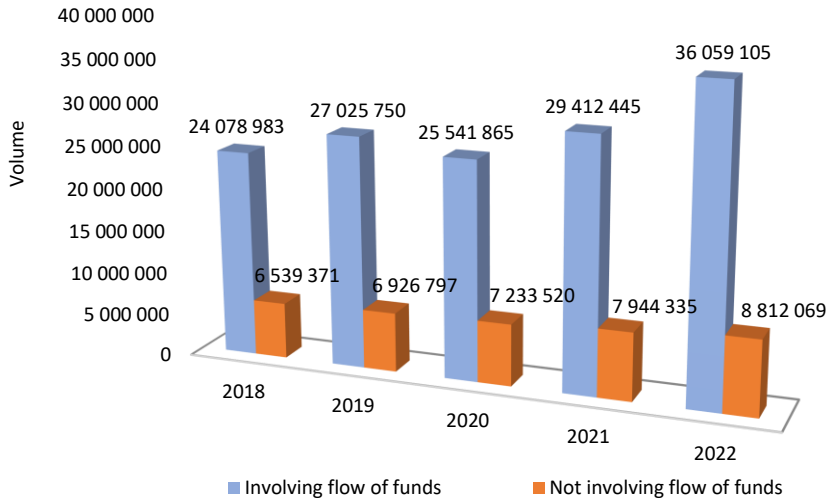
Volume: Units; Value: millions of Escudos.

	Volume	Value
ATM	**16 542 820**	**61 511,7**
Transactions involving flow of funds	9 216 072	61 511,7
Transactions not involving flow of funds	7 326 748	-
POS	**27 958 392**	**82 681,9**
Transactions involving flow of funds	26 761 929	82 681,9
Transactions not involving flow of funds	1 196 463	-
TELEVINTI4	**373 799**	**446,5**
Transactions involving flow of funds	84 941	446,5
Transactions not involving flow of funds	288 858	-
Total transactions involving flow of funds	**36 062 942**	**144 640,1**
Total transactions not involving flow of funds	**8 812 069**	**-**

Source: SISP

In 2022, vinti4 network users made 44,875,011 transactions, up 20.1% on the previous year (37,356,780). Of the total number of transactions made, 36,062,942 (80.4%) generated CVE 144.64 billion (a 33.9% growth rate).

Graph I 8 - Vinti4 network transactions, both involving and not involving flow of funds – 2018/2022



Source: SISP

POS continue to account for the majority of transactions involving the flow of funds (74.2%). With 25.6% of transactions involving the flow of funds, ATMs continue to account for a significant number of transactions not involving the flow of funds (83.1%), namely balance and transaction inquiries.

The Televinti4 channel continues to do well, having processed 84,941 transactions, worth CVE 446.5 million (annual growth of 261.8%).

Table I 8 – Developments in ATM and POS transactions

Volume: Units; Value: millions of Escudos

	2018	2019	2020	2021	2022
ATM					
Volume	13 104 827	14 114 997	13 534 169	14 872 905	16 542 820
Value	45 014,0	48 326,8	43 099,1	49 303,4	61 511,7
POS					
Volume	17 402 846	19 750 099	19 155 158	22 356 628	27 958 392
Value	47 822,4	55 268,4	48 088,7	58 564,2	82 681,9
Growth (%)					
ATM					
Volume	8,6	7,7	-4,1	9,9	11,2
Value	9,6	7,4	-10,8	14,4	24,8
POS					
Volume	17,4	13,5	-3,0	16,7	25,1
Value	17,7	15,6	-13,0	21,8	41,2

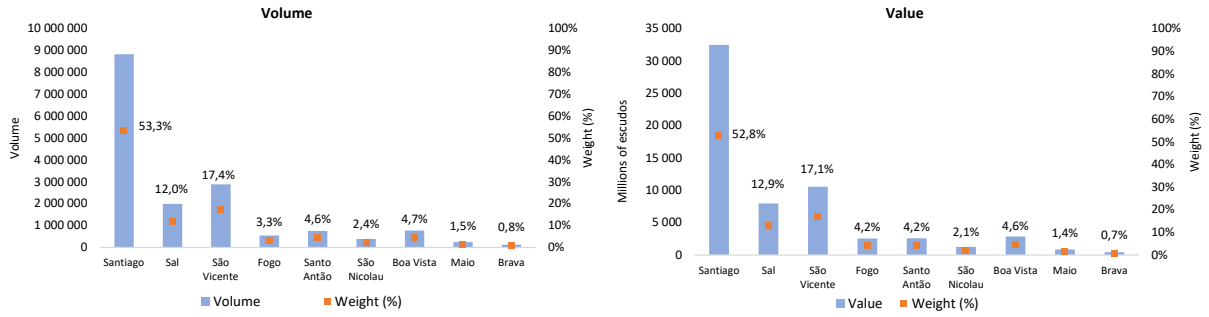
Source: SISP.

(*)The volume includes transactions involving and not involving flow of funds.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

There was a marked upswing, both in terms of volume and value, in the main vinti4 network channels, which in 2022 saw the highest growth rate in the last five years. This performance reflects a full economic recovery, which was hampered by the pandemic in the previous two years.

Graph I 9 - Distribution of ATM transactions per island



Source: SISP

The geographic areas with the largest populations, which are also the most economically and financially significant, have the highest weight in terms of ATM transactions per island, both in volume and value.

In Santiago, there were 8,819,645 transactions, worth CVE 32.46 billion, which translates into annual increases of 9.1% in volume and 20.9% in value.

São Vicente saw 2,880,088 transactions (17.4% of the total), worth CVE 10.53 billion (17.1% of the total), while Sal recorded CVE 7.95 billion from 1,991,307 transactions.

Together, the other islands accounted for 2,851,780 ATM transactions (17.2% of the total), worth CVE 10.57 billion (17.2% of the total).

Active POS accounted for 27,958,392 transactions, of which 26,761,929 generated CVE 82.68 billion. Compared to the previous year, there were increases of 25.0% in volume and 41.2% in value, thus re-establishing the growth trend in both volume and value that was interrupted in 2020.

In 2022, there was a daily average of 76,598 POS transactions, worth CVE 226.5 million. Each transaction involving the flow of funds was worth an average of CVE 3,090, reflecting a 12.2% increase compared to the previous period.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table I 9 - POS service use per island

Volume: Units; Value: millions of Escudos.

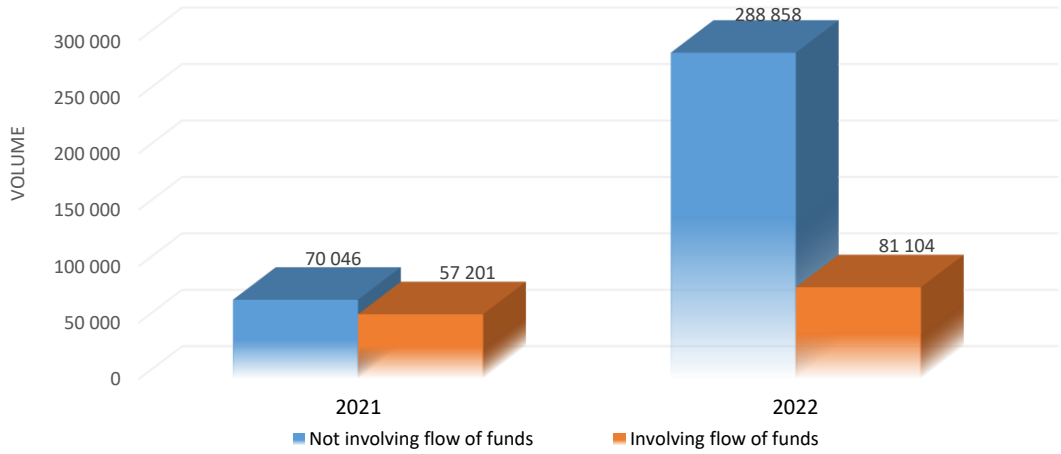
	2022		Weight (%)	
	Volume	Value	Volume	Value
Santiago	13 879 081	46 920,5	49,6	56,7
Sal	4 071 614	12 769,3	14,6	15,4
São Vicente	6 350 500	13 112,8	22,7	15,9
Fogo	480 577	1 779,4	1,7	2,2
Santo Antão	1 063 082	1 987,8	3,8	2,4
São Nicolau	345 830	632,1	1,2	0,8
Boa Vista	1 395 017	4 778,3	5,0	5,8
Maio	265 118	484,7	0,9	0,6
Brava	107 573	217,0	0,4	0,3
Total	**27 958 392**	**82 681,9**	**100**	**100**

Source: SISP.

The islands of Santiago and São Vicente accounted for 72.4% of POS transactions, worth a total of CVE 60.03 billion (72.6% of the total). In Santiago, Praia stood out, with 12,082,175 POS purchases, worth CVE 42.43 billion in 2022.

The islands of Sal and Boa Vista, two unique cases in the tourism sector, contributed with 5,466,631 transactions, worth CVE 17.55 billion.

Graph I 10 - Number of transactions made through the Televinti4 service



Source: SISP

The volume of transactions made on the Televinti4 channel (Graph I.10) continues to grow. Thus, transactions involving and not involving the flow of funds saw an annual increase of 48.5% and 312.4%, respectively.

According to the vinti4 network operator, an updated version of the Televinti4 application was released in July 2022. User uptake has been very positive, being the channel with the highest recorded growth. The number of active users rose from 2,178 in January 2022 to 6,000 in December 2022.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

The value of the transactions made on this channel (Table I.10) also saw a significant increase (+261.7%). This performance shows that users are increasingly opting for digital payment instruments.

Table I 10 - Televinti4 - Transactions involving flow of funds

Volume: Units; Value: millions of Escudos

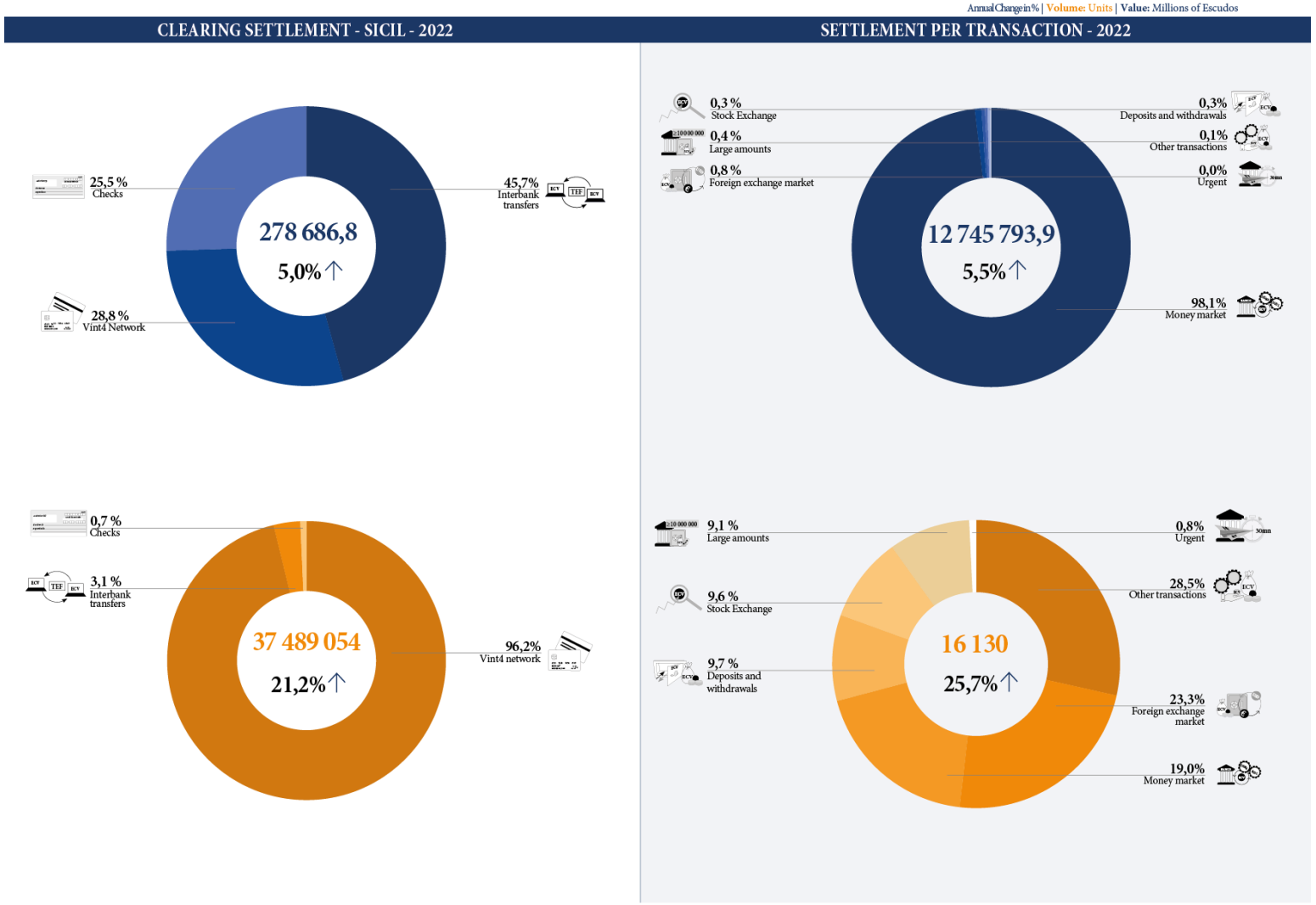
	2021		2022		Change %	
	Volume	Value	Volume	Value	Volume	Value
Televinti4 transactions	57 201	123,4	84 941	446,5	48,5	261,7
Daily average	156,7	0,3	232,7	1,2	*48,5*	*261,7*
Average value in escudos		2 158		5 256		

Source: SISP.

Considering the transactions that resulted in the flow of funds, in 2022 a total of 84,941 transactions were made on Televinti4, worth CVE 446.5 million. Each transaction was worth an average of CVE 5,256, which reflects a 143.6% increase on the previous year. In terms of daily average, the Televinti4 channel processed 233 transactions, worth CVE 1.2 million.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Infographic 2 - Interbank Clearing and Settlement Service – 2022



Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

1.3. Financial Settlement and Interbank Clearing

1.3.1. Financial Settlement

Deposit and Settlement Management System (SGDL)

A total of 37,505,184 transactions were processed through the SGDL in 2022, worth CVE 13.02 trillion. This value is equivalent to 63.1 times the nominal GDP (at current prices) generated in the year.

Table I 11 - Transactions settled in the SGDL

Volume: Units.

Value: millions of Escudos.

	2021		2022		Change (%)	
	Volume	Value	Volume	Value	Volume	Value
Settlement by Clearing - SICIL	***30 927 159***	***265 537,4***	***37 489 054,0***	***278 686,8***	**21,2**	**5,0**
Checks	266 152	63 647,3	267 937	71 125,9	0,7	11,8
Interbank Transfers	1 248 590	146 809,2	1 158 897	127 330,2	-7,2	-13,3
Vinti4 network	29 412 417	55 080,9	36 062 220	80 230,6	22,6	45,7
Settlement per transaction	**12 830**	**12 086 637,6**	**16 130**	**12 745 793,9**	**25,7**	**5,5**
Foreign Exchange Market	3 139	74 871,4	3 762	95 751,9	19,8	27,9
Money Market	2 771	11 904 231,9	3 072	12 505 814,4	10,9	5,1
Large amount/urgent	-	-	1 597	53 162,5		
Stock Exchange	1 453	41 508,2	1 543	40 269,2	6,2	-3,0
Deposits and withdrawals	1 670	37 636,1	1 558	35 838,0	-6,7	-4,8
Other transactions	3 797	28 390,0	4 598	14 957,9	21,1	-47,3
Total	**30 939 989**	**12 352 175,0**	**37 505 184**	**13 024 480,7**	**21,2**	**5,4**

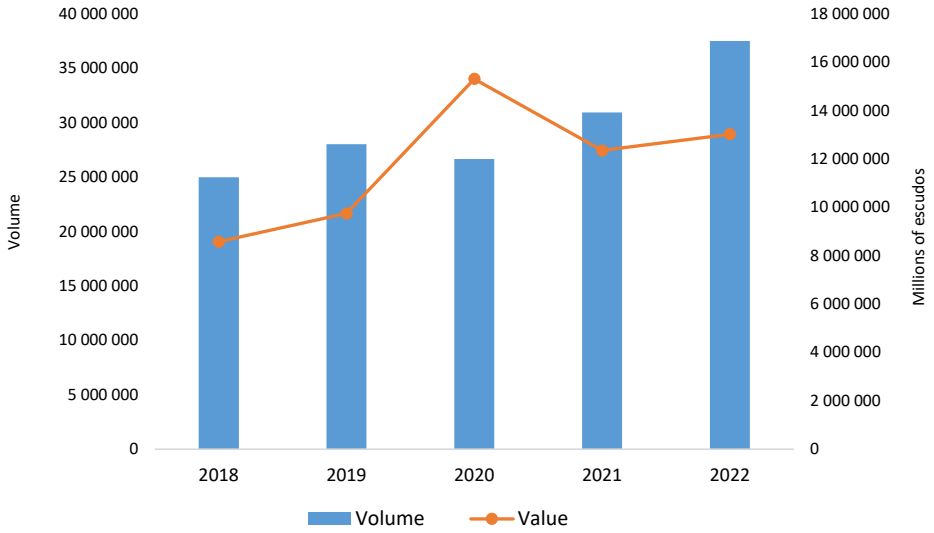
Source: Banco de Cabo Verde.

The volume of transactions processed in the SGDL saw an annual increase of 21.2% on the previous year. In terms of value, there was also an annual increase of 5.4%, bucking the previous year's trend.

With an increase of CVE 601.58 billion compared to the previous year (annual increase: 10.9%), the money market was the main driver of the SGDL's growth in 2022, in terms of value.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Graph I 11 - Developments in transactions settled in the SGDL



Source: Banco de Cabo Verde

With regard to the settlement of clearing balances, the vinti4 network recorded a 22.6% increase in the volume of transactions settled in 2022. The value of the transactions made rose significantly (+45.7%) compared to the previous year, which had a positive influence on total transactions settled in the SGDL.

Of all interbank transfers sent to the electronic funds transfer (EFT) system, 1,597 transactions, worth CVE 53.16 billion, were settled gross and 1,158,897 transactions, worth CVE 127.33 billion, were settled by clearing balances in the SGDL, which explains the annual decline.

In June 2022, continuing with the development of the SGDL Real-Time Connection project, the feature for processing large-value transactions via EFT became operational, with a view to mitigating systemic risk in clearing.

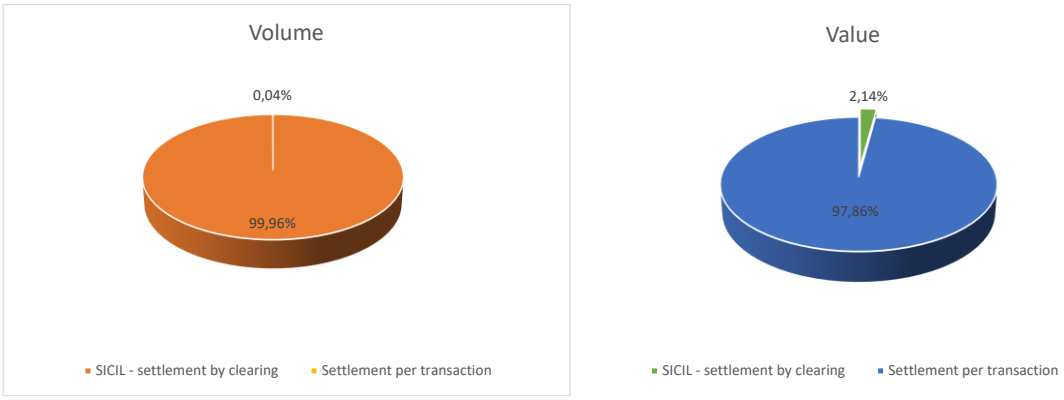
As in 2021, the volume of checks processed in clearing in 2022 showed an annual increase (0.7%), albeit residual. In terms of value, there was also an 11.8% increase.

In 2022, the Cabo Verdean Payment System maintained the (international) trend of retail systems processing the bulk of the payments made, with the systems that make up SICIL accounting for 99.96% of the total volume of transactions settled.

The SGDL is of systemic importance in the Cabo Verdean financial system, as can be seen by the weight (97.9%) of the value of settlement per gross transaction (CVE 12.75 trillion) in the total value settled in this system.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Graph I 12 - Overall transactions settled in the SGDL



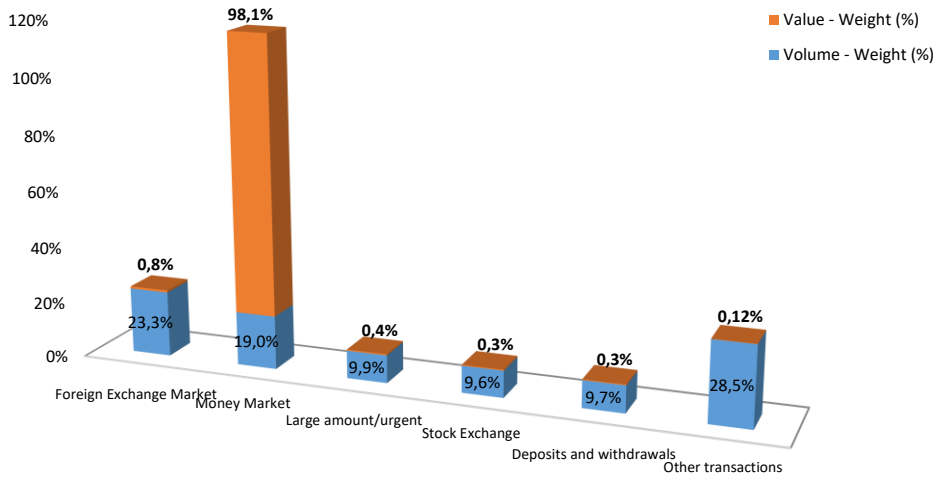
Source: Banco de Cabo Verde

Settlement per transaction increased by 25.7% in volume (3,300 more transactions) and 5.5% in value (CVE 659.16 billion more).

As can be seen from the distribution of the weight of gross settlements (Graph I.12), the high concentration of liquidity risk continues to be evident in Money Market transactions, which account for 98.1% (CVE 12.51 trillion) of the total value settled and 19% of the total volume of transactions processed in settlement by transaction.

Foreign exchange market transactions and cash deposits and withdrawals made by banks, together, accounted for 1.0% of the gross value settled, although they accounted for 23.3% (3,762 transactions) and 9.7% (1,558 transactions) in terms of volume. Foreign exchange market transactions saw annual growth rates both in volume (19.8%) and value (27.9%). The same was not true for cash deposits and withdrawals made by banks, which experienced declines in both volume (6.7%) and value (4.8%).

Graph I 13 - Distribution of the weight of gross settlements in the SGDL



Source: Banco de Cabo Verde

The Cabo Verde Stock Exchange (BVC) accounted for 1,543 gross settlements, worth CVE 40.27 billion, which represents 9.6% and 0.3%, respectively, of the total volume of transactions processed and the total value settled. Of this amount, CVE 38.77 billion (96.3%) corresponds to government bonds.

Other transactions, which include transfers made directly in the SGDL, account for the remaining 28.5% of the volume of gross settlements per transaction.

Table I 12 - Average daily transactions settled in the SGDL

Volume: Units.

Value: millions of Escudos.

	2021		2022		Change (%)	
	Volume	Value	Volume	Value	Volume	Value
Settlement by Clearing - SICIL	***123 709***	***1 062,1***	***149 956***	***1 114,7***	**21,2**	**5,0**
Checks	1 065	254,6	1 072	284,5	0,7	11,8
Interbank Transfers	4 994	587,2	4 636	509,3	-7,2	-13,3
Vinti4 network	117 650	220,3	144 249	320,9	22,6	45,7
Settlement per transaction	**51**	**48 346,6**	**65**	**50 983,2**	**25,8**	**5,5**
Foreign Exchange Market	13	299,5	15	383,0	19,8	27,9
Money Market	11	47 616,9	12	50 023,3	10,9	5,1
Large amount/urgent	-	-	6	212,7		
Stock Exchange	6	166,0	6	161,1	6,2	-3,0
Deposits and withdrawals	7	150,5	6	143,4	-6,3	-4,8
Other transactions	15	113,6	18	59,8	21,1	-47,3
Total	**123 760**	**49 408,7**	**150 021**	**52 097,9**	**21,2**	**5,4**

Source: Banco de Cabo Verde.
(*)The check clearing, vinti4 network and electronic funds transfer systems, as well as the other systems that settle gross in the SGDL, operated 250 days in 2021 and 2022. With regard to Table I.12, slight differences in the rate of change are due to the differences in terms of business days between the years.

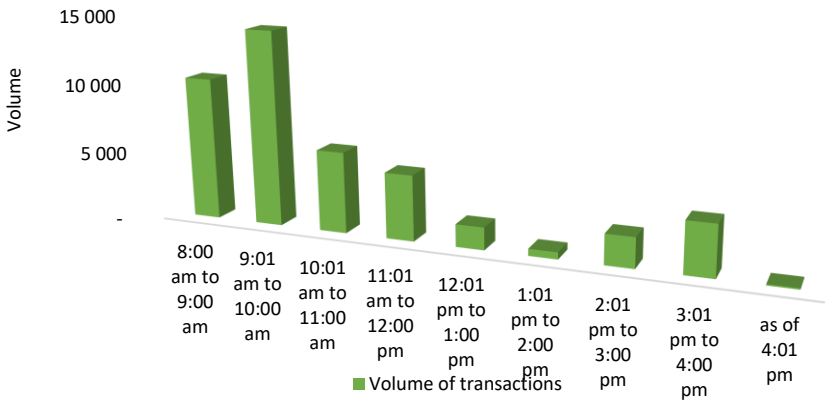
On average, 150,021 transactions were settled daily, worth CVE 52.09 billion, which translates into increases of 21.2% in volume and 5.4% in value compared to the same period in the previous year. Transactions settled on the Money Market accounted for 97.9% (CVE 50.02 billion) of the average daily value settled.

Settlement (by clearing) in the SICIL averaged 149,956 transactions, worth CVE 1.11 billion, per day. In other words, compared to the previous year, 26,248 more transactions, worth CVE 52.6 million, were settled daily.

The vinti4 network maintained its top position in terms of volume settled, with daily settlement of 144,249 transactions (96.2%). The interbank transfer clearing system continues to stand out in terms of the value settled, processing CVE 509.3 million daily (45.7% of the total value), even though large value transactions are excluded.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Graph I 14 - Transactions settled per settlement time

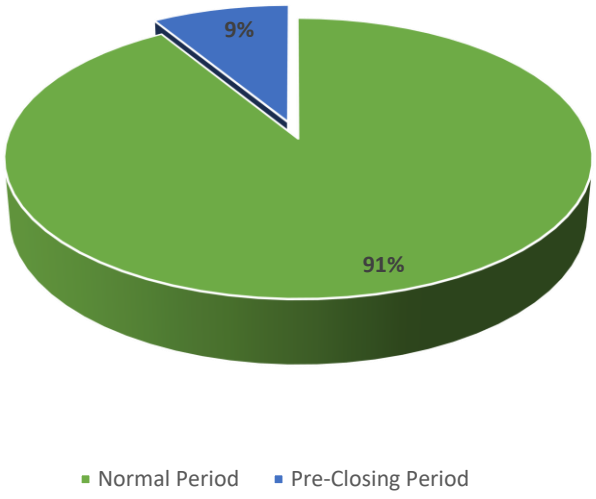


Source: Banco de Cabo Verde

In the daily settlement sessions, transactions continue to be concentrated in the normal period (from 9 a.m. to 10 a.m.), which is the time interval established for settling clearing balances (vinti4 network, checks and transfers), foreign Treasury transactions, credit institutions' foreign currency purchases and sales and repayments of open market transactions.

In 2022, there were no " disruptions" or constraints affecting the functioning of the settlement system.

Graph I 15 - Concentration of liquidity flow per settlement period



Source: Banco de Cabo Verde

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

The system continued to have a denser concentration of liquidity flows in the normal period, where 91% of the total volume of transactions was recorded (39,427).

1.3.2. Interbank Clearing

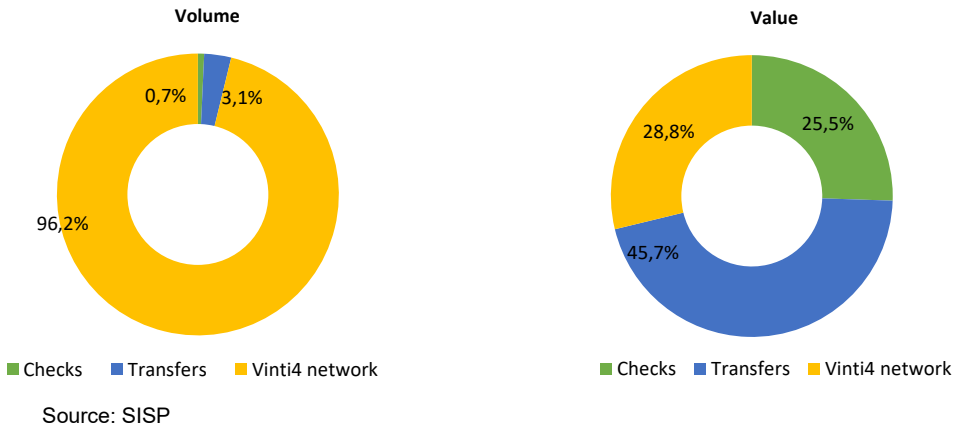
Integrated Interbank Clearing and Settlement System (SICIL)

In 2022, the SICIL underwent a structural change in the way transfers are processed through the Electronic Funds Transfer System. As a result of this change, transfers worth CVE 10 million or more are now excluded before the multilateral clearing balances are calculated and sent for settlement on a transaction-by-transaction basis in the SGDL. This measure is essentially designed to mitigate the systemic risk present in the SICIL, whereby a participant's lack of or insufficient funds could result in widespread default by participants.

In fact, of all the systems that make up the SICIL (checks, interbank transfers and the vinti4 network), the Electronic Funds Transfer System was the only one to record annual decreases in both volume (-7.2%) and value (-13.3%). Compared to 2021, the vinti4 network grew by 22.6% in volume and 45.7% in value, and the system that processes checks expanded by 0.7% in volume and 11.8% in value.

In terms of clearing settlement, the SGDL processed and settled balances relating to 37,489,054 retail payments, resulting in CVE 278.69 billion being processed in the financial system.

Graph I 16 - Integrated Interbank Clearing and Settlement System (SICIL)



Source: SISP

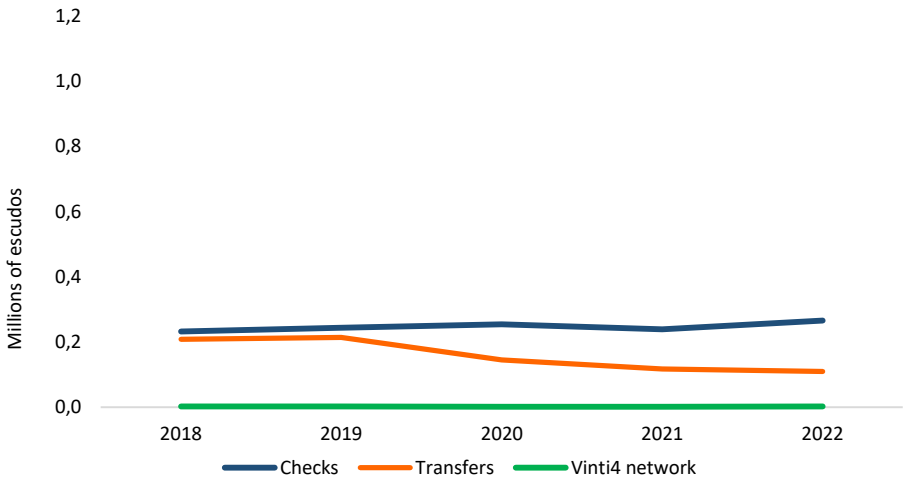
The vinti4 network continues to be the system that forwards the largest number of transactions for processing in clearing (96.2%). Note also that the total volume of transactions processed in this system continues to grow strongly since the suspension of the restrictive measures in force during the Covid-19 pandemic. Thus, in the 2020-2022 period, the vinti4 network showed an average growth of 18.9% in the volume processed in clearing.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

With CVE 127.33 billion, the Electronic Funds Transfer System accounted for 45.7% of the total value processed via interbank clearing. This is the first time since 2014 that this system has accounted for less than half of the value processed in the SICIL, which is due to the fact that transfers worth CVE 10 million or more submitted by participants in the system have, since June 2022, been forwarded for gross settlement in the SGDL.

As a result, the check and vinti4 network systems showed growths in value of 25.5% and 28.8%, respectively.

Graph I 17 - Distribution of average value per transaction in the SICIL



Source: SISP

The distribution of the average value settled in the vinti4 network system remained unchanged at around CVE 0.002 million, in the 2018-2022 period. The average value of each check sent to the SICIL is once again showing an upward trend, standing at CVE 0.27 million, after the slight decrease recorded in 2021. Transfers continued the downward trend that has been seen since 2020 in terms of their average value (2022: CVE 0.11 million).

Checks and Related Documents

Since 2021, the Checks and Related Documents clearing system has been recording increases in the number of transactions processed, although, in 2022, the growth reported was residual (0.7%). Compared to the previous year, in 2022, an additional 1,785 checks were processed, with the monthly average of checks cleared standing at 22,328 in the year under review (Table I.14).

In terms of value, checks processed through clearing totaled CVE 71.13 billion, resulting in annual growth of 11.8%. Each check processed had an average value of CVE 265,458, up 11.0% on the previous year.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table I 13 - Monthly data on checks submitted for clearing

Volume: Units.

Value: millions of Escudos.

	2021		2022		Change %	
	Volume	Value	Volume	Value	Volume	Value
January	19 375	5 597,0	19 931	5 113,9	2,9	-8,6
February	20 275	4 731,7	20 881	5 004,3	3,0	5,8
March	24 033	5 937,0	24 435	5 889,0	1,7	-0,8
April	20 954	4 264,2	20 257	5 059,2	-3,3	18,6
May	21 884	4 759,9	23 242	5 748,5	6,2	20,8
June	22 021	4 857,6	22 242	5 809,1	1,0	19,6
July	22 303	5 584,5	21 254	5 846,2	-4,7	4,7
August	21 935	5 375,5	23 068	6 327,8	5,2	17,7
September	21 943	5 001,0	21 286	5 718,1	-3,0	14,3
October	21 819	5 075,1	21 669	5 882,6	-0,7	15,9
November	22 325	5 330,2	22 876	6 563,9	2,5	23,1
December	24 588	6 105,3	23 738	6 529,6	-3,5	6,9
Total	**263 455**	**62 618,9**	**264 879**	**69 492,3**	**0,5**	**11,0**
Daily average	**1 054**	**250,5**	**1 060**	**278,0**	**0,5**	**11,0**
Monthly average	*21 955*	*5 218,2*	*22 073*	*5 791,0*	*0,5*	*11,0*

Source: SISP.

In 2022, an average of 22,073 checks were submitted for clearing each month, with March seeing the highest number (24,435 checks) and January the lowest (19,931 checks). Compared to the previous year, May and July saw the biggest increase (+6.2%) and the most significant decrease (-4.7%), respectively, in the volume of checks submitted for clearing.

On the other hand, the average value of checks submitted for clearing per month was CVE 5.79 billion, with February showing the lowest (CVE 5.00 billion) and November the highest (CVE 6.56 billion). In terms of YoY change, January saw the lowest reduction (-8.6%) while November saw the highest increase (+23.1%) in 2022.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table I 14 - Checks and returns submitted for clearing (monthly)

Volume: Units.

Value: millions of Escudos.

	Checks		Returns	
	2021		2022	
	Volume	Value	Volume	Value
January	19 931	5 113,9	400	377,3
February	20 881	5 004,3	223	86,0
March	24 435	5 889,0	260	96,2
April	20 257	5 059,2	177	59,5
May	23 242	5 748,5	189	78,8
June	22 242	5 809,1	257	243,1
July	21 254	5 846,2	452	298,1
August	23 068	6 327,8	271	87,8
September	21 286	5 718,1	169	52,7
October	21 669	5 882,6	199	62,6
November	22 876	6 563,9	234	82,2
December	23 738	6 529,6	227	109,3
Total	**264 879**	**69 492,3**	**3 058**	**1 633,7**
Monthly average	*22 073*	*5 791,0*	*255*	*136,1*
Total 2021	**263 455**	**62 618,9**	**2 697**	**1 028,4**
Monthly average 2021	*21 955*	*5 218,2*	*225*	*85,7*

Source: SISP.

A total of 3,058 checks, worth CVE 1.63 billion, were returned. These figures represent 1.2% of the total number of checks submitted for clearing (264,879) and 2.4% of the value (CVE 69.49 billion), which attests to the residual nature of returns in check clearing (Table I.15).

Looking at the monthly averages and compared to the previous year, we see that 119 more checks were submitted for clearing, worth CVE 572.8 million, and 30 more checks were returned, worth CVE 50.4 million. January was the month with the highest value of returns (CVE 377.3 million), while July saw the highest number of returns (452).

Table I 15 - Checks and returns submitted for clearing

Volume: Units.

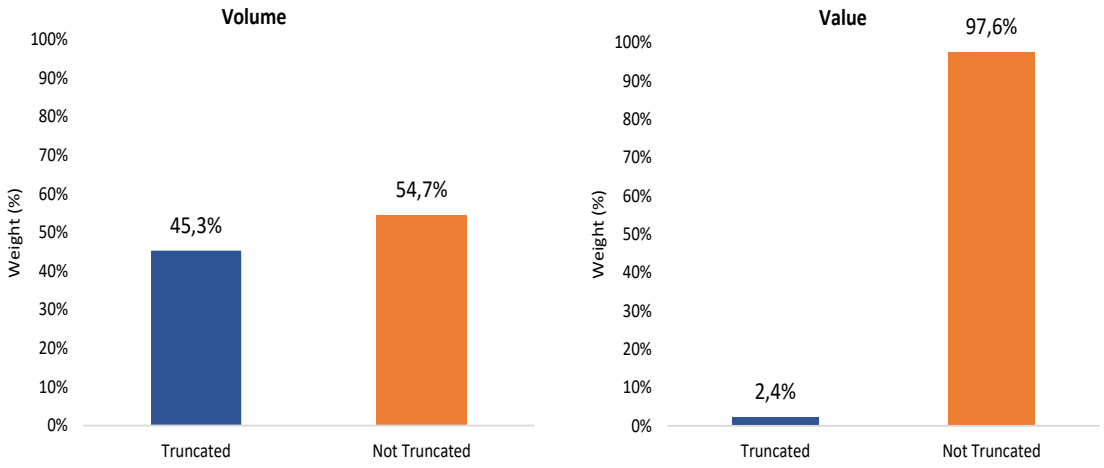
Value: millions of Escudos.

	2021		2022		Change %	
	Volume	Value	Volume	Value	Volume	Value
Checks	263 455	62 618,9	264 879	69 492,3	0,5	11,0
Returns	2 697	1 028,4	3 058	1 633,7	13,4	58,9
Total	**266 152**	**63 647,3**	**267 937**	**71 125,9**	**0,7**	**11,8**
Daily average	*1 065*	*254,6*	*1 072*	*284,5*	*0,7*	*11,8*

Source: SISP.

In terms of daily average, cleared checks (submitted and returned) showed a slight increase in volume (+0.7%), but a more significant increase in value (+11.8%) compared to the previous year. Per working day, the system cleared an average of 1,072 checks, worth CVE 284.5 million.

Graph I 18 - Weight of truncated and non-truncated checks



Source: SISP

The documents submitted for clearing in 2022 were broken down into 144,842 non-truncated checks (54.7%) and 120,037 truncated checks (45.3%). The value of non-truncated checks (CVE 67.86 billion) represents 97.6% of the total amount of checks submitted for clearing, a trend that has remained virtually unchanged in recent years.[9]

In the year under review, truncated checks had a monthly average of 10,003 documents submitted for clearing, worth CVE 136.2 million, which translates into annual declines of 6.1% in volume and 3.2% in value. On the other hand, non-truncated checks had a monthly average of 12,070 documents, worth CVE 5.65 billion, which, compared to the previous year, represents increases of 6.8% in volume and 11.4% in value.

It is therefore clear that in the year under review, checks were used essentially in transactions for amounts above the truncation limit.

[9] The truncation limit (CVE 30,000) represents the value up to which (inclusive) logical records relating to submitted checks do not need to be supplemented by the respective images. The purpose of truncation is to improve efficiency in processing the images of clearable checks.

Table I 16 - Returned checks, per reason for return

Volume: Units

Value: millions of Escudos.

Reasons for return	2021		2022	
	Volume	Value	Volume	Value
By Drawee institution				
Non-clearable	168	31,9	72	44,3
Lack of key Requirement	360	132,6	316	152,9
Lack of or insufficient funds	966	308,1	887	292,8
Irregular Withdrawal	305	170,6	291	154,0
Irregular Endorsement	12	2,5	3	1,9
Check with revoked funds - for just cause	3	1,0	-	-
Check without revoked funds - for just cause	1	0,7	2	0,0
Check with revoked funds - submitted after the deadline	-	-	-	-
Check without revoked funds - submitted after the deadline	-	-	1	0,3
Blocked account	25	8,7	50	14,7
Suspended account	2	0,1	-	-
Closed Account	-	-	7	1,2
Poor Forwarding	80	46,0	148	78,1
Account Number does not exist	5	0,6	3	1,9
Check Number does not exist	14	2,7	19	1,5
Error in data	20	2,7	29	4,3
Incorrectly Indicated Amount	345	134,4	369	166,8
Check not Submitted	-	-		
Duplicate record	13	0,7	22	125,4
No stamp/submission reference/ no endorsement	-	-	19	41,2
Counterfeit check with funds	-	-	-	-
Counterfeit check without funds	-	-	1	0,0
Return at the request of borrowing institution	35	26,4	28	10,4
Image not received or unreadable	272	142,9	749	530,5
Borrowing Institution's Failure to Clear	-	-	-	-
By Borrowing Institution				
Invalid reason for return	14	5,1	17	0,3
Poor Forwarding	5	0,1	-	-
Duplicate record	-	-	2	0,1
Return after Deadline	52	10,5	23	11,0
Total	**2 697**	**1 028,4**	**3 058**	**1 633,7**

Source: SISP.

"Lack of or insufficient funds" continues to stand out among the various reasons why a check is returned for clearing. In 2022, this reason led to 887 returned checks, which represents 29.0% of the returns in the system. However, in the 2019-2022 period, the number of checks returned for this reason shows a downward trend, which may indicate better compliance with the legislation and respective regulations applied to restricting the use of checks.

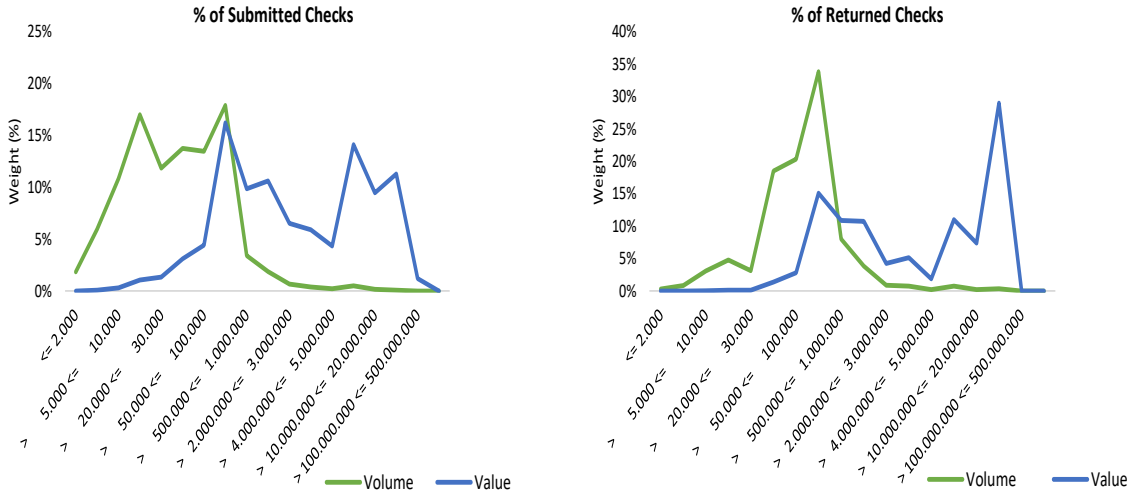
"Image not received or illegible image" was second, with 749 returned checks, worth CVE 530.5 million, representing 24.5% of the number of returned checks in the year under review.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Compared to the previous year, this reason saw increases of 275.4% in volume and 371.2% in value.

Also noteworthy, with a weight of 12.1% in volume, was "Incorrectly indicated amount," a reason used by participants to justify the return of 369 checks in clearing, worth CVE 166.8 million, in 2022. This reason saw annual growths of 7.0% in volume and 24.1% in value.

Graph I 19 - Checks submitted and returned for clearing per value bracket



Source: SISP

Looking at the checks submitted for clearing by value bracket (Graph I.19 and Table I.18), we see a greater concentration (18.7%) of documents in the CVE 1,000 to CVE 10,000 bracket, with 49,407 checks, worth CVE 285.3 million. The CVE 100,001 to CVE 500,000 bracket ranked second in terms of the volume of checks submitted for clearing (17.9%), while accounting for the largest share (16.2%) of the value (CVE 11.27 billion).

On the other hand, checks worth up to CVE 500,000 accounted for 92.7% (245,453) of the volume of documents submitted for clearing, while those worth more than that amount accounted for 73.4% (CVE 51.01 billion) of the value submitted for clearing in 2022.

The highest number of returns was in the CVE 100,000 to CVE 500,000 bracket (inclusive), with 1,036 checks, worth CVE 246.7 million. These figures represent 33.9% of the volume and 15.1% of the value of all checks returned during the year. The second-to-last bracket (CVE 20,000,0001 to CVE 100,000,000), with 11 returned checks, worth CVE 474.3 million, accounted for the largest share (29.0%) of returns in terms of value.

While the majority of returns (2,597 checks) tended to be concentrated in checks worth up to CVE 500,000, with a weight of 84.9%, checks worth more than CVE 500,000, with an aggregate value of CVE 1.31 billion, accounted for 80.4% of the total value returned in the clearing system in 2022.

Table I 17 - Checks submitted for clearing per value bracket

Volume: Units.

Value: millions of Escudos.

		2022									
		Submitted		Returned		Weight of Checks Submitted (%)		Annual Change (%)			
								Submitted		Returned	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
1	10 000	49 407	285,3	131	0,8	18,7	0,4	-11,3	-9,9	-3,7	8,1
10 001	20 000	45 042	746,8	146	2,2	17,0	1,1	-3,0	-2,2	-26,6	-27,0
20 001	30 000	31 386	928,9	96	2,4	11,8	1,3	-0,7	-0,8	-55,3	-61,2
30 001	50 000	36 439	2 167,9	566	22,4	13,8	3,1	4,0	2,8	8,8	1,3
50 001	100 000	35 702	3 077,7	622	45,7	13,5	4,4	5,6	6,7	16,7	-1,2
100 001	500 000	47 477	11 274,6	1036	246,7	17,9	16,2	8,3	9,1	39,8	41,2
500 001	1 000 000	9 047	6 852,6	245	178,0	3,4	9,9	11,7	12,0	36,9	34,4
1 000 001	2 000 000	4 996	7 382,0	118	175,6	1,9	10,6	18,8	19,1	31,1	30,6
2 000 001	3 000 000	1 789	4 543,3	27	69,7	0,7	6,5	17,7	14,4	-20,6	-24,3
3 000 001	4 000 000	1 030	4 116,5	23	84,0	0,4	5,9	23,8	24,2	43,8	28,0
4 000 001	5 000 000	591	3 009,8	7	30,6	0,2	4,3	3,5	-0,4	-53,3	-68,9
5 000 001	10 000 000	1 303	9 824,2	23	180,3	0,5	14,1	6,2	5,6	64,3	15,2
10 000 001	20 000 000	460	6 582,2	7	120,9	0,2	9,5	8,5	12,6	133,3	208,3
20 000 001	100 000 000	204	7 855,9	11	474,3	0,1	11,3	9,7	6,4	450,0	737,3
> 100.000.000		6	844,6	0	0,0	0,0	1,2	500,0	603,8		
Total		**264 879**	**69 492,3**	**3 058**	**1 633,7**	**100**	**100**	**0,5**	**11,0**	**13,4**	**58,9**

Source: SISP.

In terms of submissions, the highest annual growth rate was seen in the checks worth more than CVE 100 million, both in volume (+500.0%) and value (+603.8%). In contrast, the bracket covering checks worth up to CVE 10,000 (inclusive) saw the highest decline in both volume (-11.3%) and value (-9.9%) compared to 2021.

As for returns during the year, the CVE 20,000,001 to CVE 100,000,000 value bracket saw the biggest increase compared to the previous year, both in terms of volume (+450.0%) and value (+737.3%). The highest annual decrease in volume (-55.3%) occurred in the [CVE 20,001 – CVE 30,000] bracket, while the [CVE 4,000,001- CVE 5,000,000] bracket saw the highest decrease in value (-64.3%).

Electronic Funds Transfers

In the year under review, 1,158,897 transfers were processed through the Electronic Funds Transfer System, worth CVE 127.33 billion, which, compared to the previous year, translates into decreases of 7.2% in volume and 13.3% in value (Table I.18).

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table I 18 - Monthly transfers processed through the clearing system

Volume: Units.

Value: millions of Escudos.

	2021		2022		Change %	
	Volume	Value	Volume	Value	Volume	Value
January	65 532	8 435,9	79 846	11 832,1	21,8	40,3
February	83 867	10 052,0	93 537	12 402,4	11,5	23,4
March	104 348	12 871,5	102 518	15 097,5	-1,8	17,3
April	103 795	12 189,3	87 306	13 954,0	-15,9	14,5
May	118 782	12 416,8	94 945	14 752,3	-20,1	18,8
June	111 801	12 082,7	87 250	12 526,7	-22,0	3,7
July	117 442	12 610,8	93 619	7 209,9	-20,3	-42,8
August	114 190	11 501,1	94 369	7 635,0	-17,4	-33,6
September	99 512	12 381,8	95 926	7 300,4	-3,6	-41,0
October	91 015	12 048,4	98 937	7 470,3	8,7	-38,0
November	108 194	12 567,1	106 977	8 117,1	-1,1	-35,4
December	130 112	17 651,8	123 667	9 032,4	-5,0	-48,8
Total	**1 248 590**	**146 809,2**	**1 158 897**	**127 330,2**	**-7,2**	**-13,3**
Daily average	4 994	587,2	4 636	509,3	-7,2	-13,3
Monthly average	104 049	12 234,1	96 575	10 610,9	-7,2	-13,3

Source: SISP

The impact on the monthly value of cleared interbank transfers is confirmed, as a result of the late June introduction of the feature that allows the gross settlement, in the SGDL, of large-value transfers routed through the system.

As a result, there was a drop in the volume and value of cleared transfers in the second half of the year, resulting in 46,970 fewer transactions, worth CVE 31.99 billion, compared to the same period in the previous year.

In terms of volume, large-amount transfers processed in the SGDL did not impact the system in the same way when comparing the two halves of 2022 with the previous year's periods. The month of June, which saw the biggest year-over-year reduction (-22.0%), had only 45 large-amount transfers forwarded to the SGDL, which represents 0.2% of the year-over-year reduction recorded. With a year-over-year increase of 8.7%, October also bucked the negative trend in terms of value caused by the exclusion of large-amount transfers from EFT clearing.

The month of December, which in the previous year recorded the highest volume (130,112) of transfers processed and the highest value (CVE 17.65 billion) cleared monthly in EFT, saw year-over-year decreases of 5.0% in volume and 48.8% in value. If large-amount transactions were also included (261 transactions, worth CVE 9.84 billion), December would have seen a year-over-year increase of 6.9%. So, it can be concluded that the performance in value is due to the exclusion of the clearing of large-amount transactions.

With 79,846 transactions, worth CVE 11.83 billion, January showed year-over-year growth in both volume (+21.8%) and value (+40.3%). Note that at that time, large-amount transactions were still included in the calculation of transfer clearing balances.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

The average value per transaction processed fell by 6.6% YoY, to CVE 0.11 million.

Table I 19 - Transfers and returns submitted for clearing

Volume: Units.
Value: millions of Escudos.

	Transfers		Returns	
	Volume	Value	Volume	Value
January	79 818	11 830,9	28	1,2
February	93 421	12 379,7	116	22,7
March	102 424	15 090,8	94	6,8
April	87 284	13 952,4	22	1,6
May	94 913	14 692,1	32	60,2
June	87 193	12 521,7	57	5,0
July	93 471	7 195,1	148	14,9
August	94 303	7 625,2	66	9,8
September	95 842	7 292,8	84	7,6
October	98 876	7 467,7	61	2,7
November	106 915	8 111,2	62	5,9
December	123 577	9 026,5	90	5,9
Total	**1 158 037**	**127 185,9**	**860**	**144,3**
Monthly average	*96 503*	*10 598,8*	*72*	*12,0*
Total 2021	**1 248 060**	**146 722,8**	**530**	**86,4**
Monthly average 2021	*104 005*	*12 226,9*	*44*	*7,2*

Source: SISP.

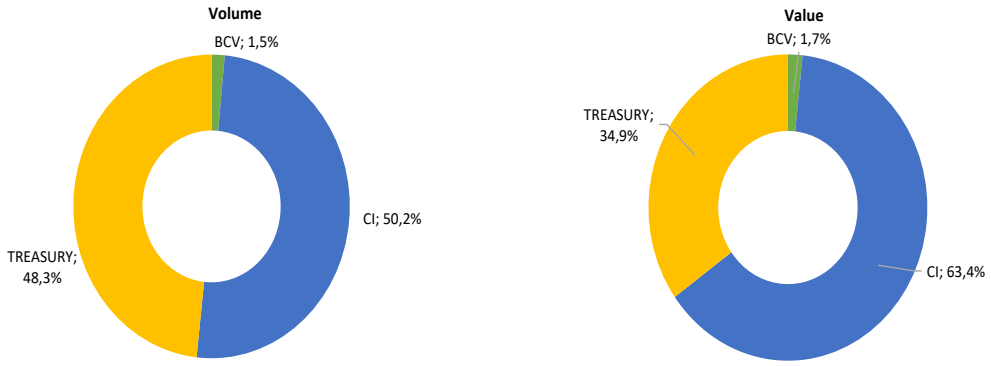
Compared to the previous year, transfer returns grew in both volume (62.3%) and value (67.0%), unlike transfers. On average, 72 transfers were returned each month, worth CVE 12.0 million. Furthermore, each transfer returned in 2022 had an average value of CVE 167,819 which is 2.9% higher than the previous year (CVE 163,040).

On average, there was one return per 1,347 transfers submitted for clearing, which shows the residual weight of returns in the system.

Most returns were recorded in July, with a total of 148 transfers returned (17.2% of all transfers returned), worth CVE 14.9 million. On the other hand, with CVE 60.2 million (41.7%), May accounted for the largest value of returns in 2022.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Graph I 20 - Transfers submitted for clearing per participant



Source: SISP

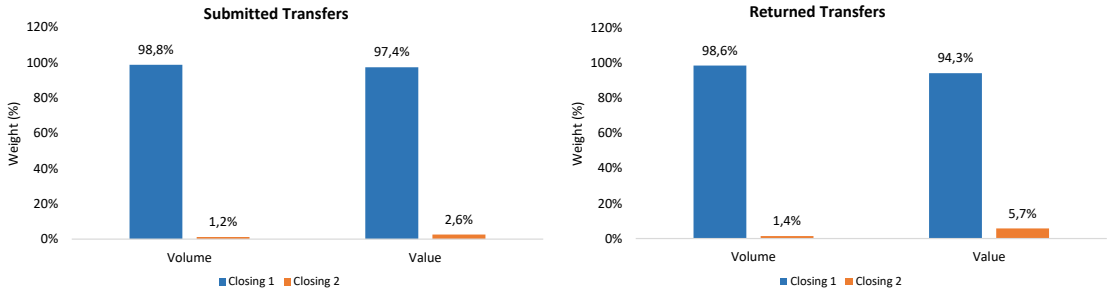
Credit Institutions (CI) transactions as a whole accounted for the bulk of the total volume of transfers processed (50.2%) and the value transacted (63.4%) in the interbank transfer clearing system in 2022.

From the Treasury, 559,027 transactions (48.3%), worth CVE 44.42 billion (34.9%), were cleared, which continues to highlight the significant weight that this participant has in the transfers processed in this system, after CI.

The average value of transactions submitted by CI (CVE 138,712) is 1.7 times the average value of transfers sent by the Treasury (CVE 79,461). Compared to the previous year, while the Treasury's average value grew by 7.8%, that of CI showed a 13.5% decrease.

As a participant in the transfer clearing system, Banco de Cabo Verde (BCV) submitted 17,699 interbank transfers for payment, worth CVE 2.13 billion, which translates into a residual weight in terms of both volume (1.5%) and value (1.7%). The average value of this participant continued the downward trend of recent years, standing at CVE 120,361.

Graph I 21 - Transfers submitted and returned for clearing per closing



Source: SISP

In the two daily clearing cycles, almost all transfers continue to be channeled to closing 1, which accounted for 98.8% of the volume and 97.5% of the value of transfers submitted for clearing, and 98.6% of the volume and 94.3% of the value of returns processed in the system.

Table I 20 - Transfers per closing and transaction code

Volume: Units.
Value: millions of Escudos.

Transaction code	Submitted		Returned	
	Volume	Value	Volume	Value
Closing 1				
Rent/ Lease	33 164	1 354,7	14	0,6
Fees	406 500	22 206,9	185	13,6
Other Transfers	681 099	94 471,3	593	117,3
Other	23 328	5 868,2	56	4,6
Total 1	**1 144 091**	**123 901,2**	**848**	**136,1**
Closing 2				
Rent/ Lease	154	5,2		
Fees	2 879	158,0	0	0,0
Other Transfers	10 651	3 105,5	11	8,2
Other	262	16,0	1	0,0
Total 2	**13 946**	**3 284,7**	**12,0**	**8,2**
Grand total	**1 158 037**	**127 185,9**	**860**	**144,3**

Source: SISP.

With 13,946 transfers submitted, worth CVE 3.28 billion, closing 2 saw a YoY decrease in volume (-3.4%) and a YoY increase in value (+8.5%). In terms of returns, 12 transactions, worth CVE 8.2 million, were made in this cycle, which translates into annual growth of 20.0% in volume and 823.9% in value.

Per type of transfer submitted, with 691,750 transactions, worth CVE 97.58 billion, "Other Transfers" continue to be the most common transaction code, both in terms of volume (59.7%) and value (76.7%).

Also noteworthy are the 409,379 transactions, worth CVE 22.36 billion, related to "Fees," that were submitted for clearing in 2022. Each transaction catalogued with this code had an average value of CVE 54,631, which, compared to the previous period (CVE 52,416), shows a 4.2% increase.

Contrary to expectations, most returns in the system continue to take place at closing 1 (98.6%). Note that the SICIL regulations reserve closing 2 for processing returns and making urgent transfers.

In closing 1, "Other Transfers" accounted for 69.9% of the total volume and 86.2% of the total value processed through returned transfers.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table I 21 - Transfers submitted for clearing per service code

Volume: Units.

Value: millions of Escudos.

Service code	2021		2022		Change %	
	Volume	Value	Volume	Value	Volume	Value
Closing 1						
Transfer orders with BIN	1 233 618	143 695,6	1 144 091	123 901,2	-7,3	-13,8
Total 1	**1 233 618**	**143 695,6**	**1 144 091**	**123 901,2**	**-7,3**	**-13,8**
Closing 2						
Transfer orders with BIN	14 442	3 027,2	13 946	3 284,7	**-3,4**	8,5
Total 2	**14 442**	**3 027,2**	**13 946**	**3 285**	**-3,4**	**8,5**
Grand total	**1 248 060**	**146 722,8**	**1 158 037**	**127 185,9**	**-7,2**	**-13,3**

Source: SISP.

Also, regarding service codes, "transfer orders with BIN" processed in closing 1 saw decreases in volume (-7.3%) and value (-13.8%) compared to the previous year. On the other hand, those processed in closing 2 grew by 8.5% in value compared to 2021, despite the 3.4% annual drop in volume.

Table I 22 - Transfers returned for clearing per closing and service code

Volume: Units; Value: millions of Escudos.

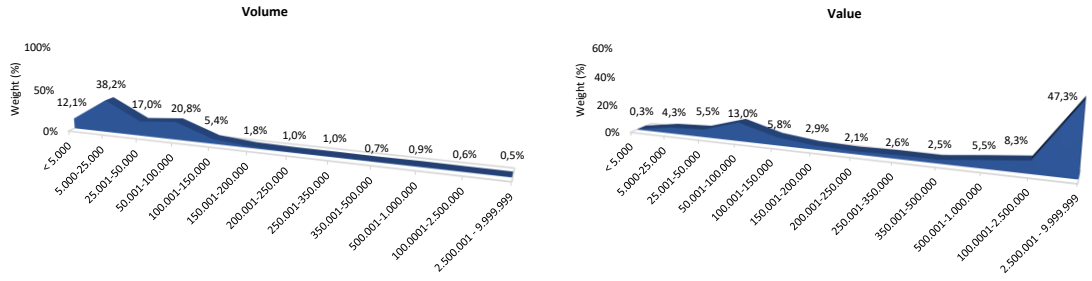
Service code	2021		2022		Change %	
	Volume	Value	Volume	Value	Volume	Value
Involving flow of funds						
Closing 1						
Return of transfers with BIN	295	48,4	534	43,7	81,0	-9,5
Response to request for transfer return from paying participant with accounting value	225	37,2	314	92,4	39,6	148,5
Total 1	**520**	**85,5**	**848**	**136,1**	**63,1**	**59,2**
Closing 2						
Return of transfers with BIN	10	0,9	12	8,2	20,0	823,9
Response to request for transfer return from paying participant with accounting value	0	0,0	0	0,0	0,0	0,0
Total 2	**10**	**0,9**	**12**	**8,2**	**20,0**	**823,9**
Grand total	**530**	**86,4**	**860**	**144,3**	**62,3**	**67,0**
Closing 1						
Request for transfer return by paying participant	342	63,1	533	92,8	55,8	47,0
Response to request for transfer return from paying participant without accounting value	102	27,9	196	18,1	92,2	-35,4
Total 1	**444**	**91,1**	**729**	**110,9**	**64,2**	**21,7**
Closing 2						
Request for transfer return by paying participant	5	3,3	0	0,0	-100,0	-100,0
Response to request for transfer return from paying participant without accounting value	0	0,0	0	0,0	0,0	0,0
Total 2	**5**	**3,3**	**0**	**0,0**	-100,0	-100,0
Grand total	**449**	**94,4**	**729**	**110,9**	**62,4**	**17,5**

Source: SISP.

In 2022, there were 533 return requests (all in closing 1), worth CVE 92.8 million, which resulted in 314 returned transfers, worth CVE 92.4 million. Furthermore, of these requests, 196 were answered with no accounting value and 23 generated no response to the sending participant, which is only 3 more requests than in 2021.

Given that only 4.3% of all requests made by sending participants were not answered, it can be concluded that the mechanism for returning transfers continues to be highly efficient.

Graph I 22 - Weight of transfers submitted for clearing per value bracket



Source: SISP

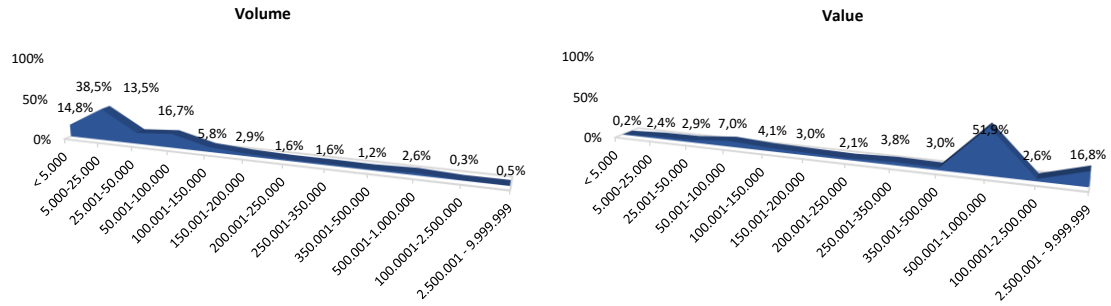
The value brackets comprising the lowest value transactions continue to account for the majority of transfers submitted for clearing. Thus, the brackets up to CVE 100,000, with an aggregate of 1,019,125 transfers processed, accounted for 88.0% of the total submitted. However, this bracket accounted for only 23.1% of the value forwarded to the clearing system. The average value of each transaction in this bracket was CVE 28,795.

Individually, the CVE 5,000 to CVE 25,000 bracket contained the largest volume of transfers (442,159 transactions) submitted for clearing, accounting for 38.2% of the total. In terms of value, the CVE 5.44 billion transacted in this bracket represented 4.3% of the total value submitted to the system. These figures highlight the retail nature of EFT. So much so that the average value in this bracket was CVE 12,297 per transfer.

Despite the fact that large-amount transfers are now sent for gross settlement, in the SGDL, the above CVE 2.5 million bracket continues to have a significant weight (47.3%) in the total value processed. However, compared to the previous year, there was a 30.7% decrease. In addition, the 5,434 transfers submitted in this bracket, worth CVE 60.11 billion, represented only 0.5% of the volume of transfers submitted.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Graph I 23 - Weight of transfers returned for clearing per value bracket



Source: SISP

In terms of returns, the up to CVE 100,000 value bracket accounted for 718 returns, worth CVE 18.2 million, which means that, on average, 5 (five) out of every 6 (six) returns in the clearing system in 2022 corresponded to transfers worth less than CVE 100,000.

The CVE 5,000 to CVE 25,000 bracket saw the most returns in terms of volume (331), while the bracket between CVE 500,000 and CVE 1 million accounted for 51.9% of the value transacted through the returns mechanism. Each return in this last bracket had an average value of CVE 3.4 million.

Settlement of vinti4 network transactions

A total of 36,062,220 interbank transactions, worth CVE 80.23 billion, were submitted to the vinti4 network's[10] clearing in 2022, which shows annual growth of 22.6% in volume and 45.7% in value processed.

Table I 23 - Settlement of Vinti4 network transactions

Volume: Units.
Value: millions of Escudos.

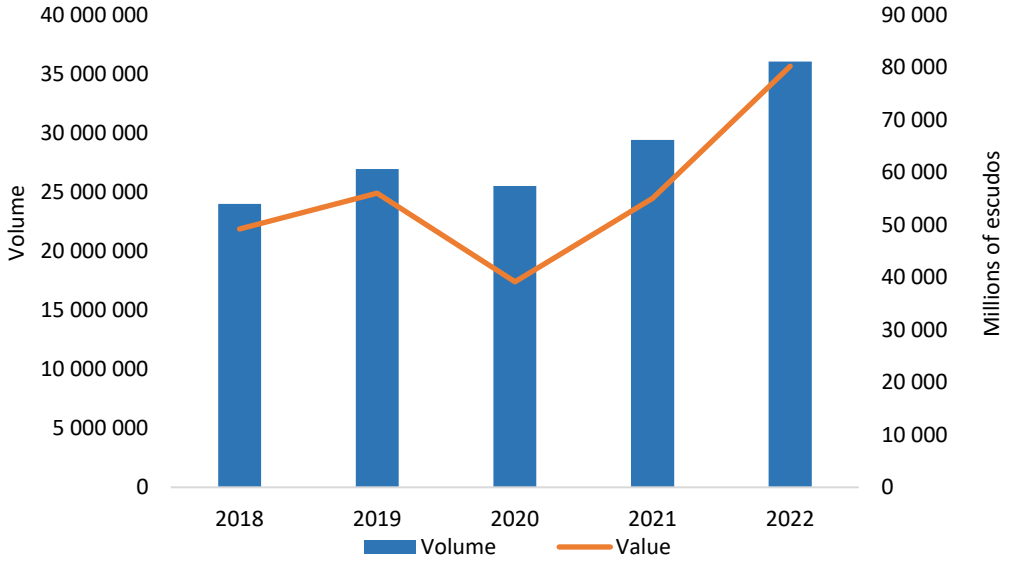
	vinti4 network	
	Volume	Value
2018	23 998 476	49 197,9
2019	26 962 725	56 038,7
2020	25 514 673	39 153,0
2021	29 412 417	55 080,9
2022	36 062 220	80 230,6

Source: SISP.

[10] In the SICIL, the vinti4 network is the system used to clear transactions originating from the shared payment network using cards or similar devices, whether at automated teller machines (ATMs), points of sale (POS) or televinti4. This network operates continuously throughout the year.

The growth trend in the vinti4 network system has been consolidated over the last two years since the start of the Covid-19 pandemic. In fact, clearing on the vinti4 network in 2022 was 1.4 times the volume processed and 2.0 times the value transacted in this system in 2020.

Graph I 24 - Developments in transactions settled through the Vinti4 network



Source: SISP

The vinti4 network system remains highly significant in terms of transactions processed in overall clearing (96.2%), although it accounts for only 28.8% of the value processed in the SICIL.

The average value of payments processed in the vinti4 network clearing in 2022 stood at CVE 2,225 (the lowest in the SICIL), which further underlines this system's retail status. Compared to the previous year, this average value represents an 18.8% increase.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Box 2 - INNOVATION HUB – A Regulatory Initiative Promoting Innovation

The innovation hub, also known as an innovation office in some jurisdictions, can be both a physical office and a portal or website, through which innovators (FinTech or even incumbents) can contact regulators directly, to discuss their financial innovation proposals, get guidance on regulatory requirements (including licensing requirements) and request exemptions or adjustments to applicable regulations.

The financial sector is undergoing a rapid digital transformation, with the application of digital technology leading to the emergence of new business models and, consequently, new financial services. The arrival of new players (FinTech), institutions that operate in a completely digital context, forces the incumbents (traditional institutions) to innovate in order to remain competitive in the market, which allows the end user to benefit from the gains generated by competition and the incorporation of digital technology into services.

Technology can, however, have an indirect macroeconomic impact on the integrity and stability of the financial system, pose various challenges for regulators and legislators due to the lack of reliable data, the existence of disruptive business models and the need for changes to legislation, and also have a direct influence on consumer protection.

Adjusting the legal bases for the financial sector should be backed up by a dedicated structural unit, and potential risks to the fulfillment of statutory goals should be closely monitored and mitigated. Thus, in seeking the best possible balance between safeguarding the financial system and authorizing FinTech that promotes innovative financial products, services and business models, legislators, regulators and supervisors are faced with a regulatory dilemma.

In this context, some jurisdictions are already exploring new approaches to promoting and testing emerging technologies, especially in circumstances where the regulatory framework is unintuitive or does not exist, in view of building a legal, regulatory and supervisory framework. Innovation-promoting regulatory initiatives (innovation hub/office, regulatory sandbox and regulatory accelerator or RegTech lab) are examples of this.

In order to promote and test digital technology in the financial sector, Banco de Cabo Verde (BCV) decided to launch a regulatory initiative promoting innovation by creating an innovation hub.

The innovation hub, also called an innovation office in some jurisdictions, can be either a physical office or a portal or website, through which innovators (FinTech or even incumbents) directly contact regulators in order to discuss their financial innovation proposals, obtain guidance on regulatory requirements (including licensing requirements) and possibly request exemptions or adjustments to applicable regulations.

An innovation hub's guidance is non-binding and does not include testing the product or service. The solution essentially aims to enlighten the innovator on the proposed

business model's regulatory compliance, clarifying which of its activities are regulated and therefore require specific authorization. For the innovator, the guidance obtained facilitates the decision-making processes on providing the service on the market and requesting formal authorization from the regulator(s).

Compared to the other options (sandbox and regulatory accelerator), the innovation hub is an easy-to-implement regulatory initiative, as it does not require any lengthy legislative or regulatory changes. The effectiveness with which the innovation hub fulfills its objectives is independent of the type of structure (physical or digital) adopted. However, since a physical structure is more expensive, selecting the structure type may be restricted by the resources (mainly financial) available to the regulator.

A regulator that decides to set up an innovation hub is sending a clear signal to innovators that it is open and able to interact with new technologies. Although the main purpose of an innovation hub is to provide expert guidance, it can also organize or participate in events aimed at helping entities with authorization or launching innovative products and services on the market.

In the case of Cabo Verde, a country where FinTech is gradually coming to the fore amid a shortage of specialized financial and technical resources, an innovation hub could be a good initial option for the authorities to boost the implementation of new technologies in the financial sector and build an ecosystem. This is not only because an innovation hub requires fewer resources to implement, but also because it represents a first step in assessing the market's interest and maturity. On the other hand, it is a flexible solution that allows for the future incorporation of a sandbox, should the need arise.

The following table summarizes the main opportunities and challenges identified in the context of an innovation hub.

Opportunities	Challenges
↗ Provides the regulator with a better understanding of how the FinTech market works and builds capacity to help with subsequent regulatory reform; ↗ Facilitates innovator-regulator interaction, so that the regulator oversees emerging products and technologies; ↗ Helps the FinTech ecosystem and promotes dialog with the sector;	↘ Requires specific resources, although fewer than other regulatory initiatives, and the skill set can be varied according to the role; ↘ The regulator is not responsible for providing legal advice to the entities seeking the hub, and the hub must have clear boundaries.

↗ Allows the regulator to understand and identify trends at an early stage, thus adjusting its policies for the sector; ↗ Requires fewer resources than other regulatory initiatives; ↗ Informs the regulator about problems inherent in FinTech that may be relevant to development policy; ↗ Suitable for all FinTech types.	

In conclusion, a hub is not only a point of contact with the market to understand and monitor new business models and emerging technologies, as well as identify the inherent regulatory and supervisory challenges, but it is also a tool that facilitates the regulator-innovator relationship, mutual learning and policy and regulatory guidance.

Sources and references:

World Bank Group; "How Regulators Respond to FinTech: Evaluating Different Approach – Sandboxes and Beyond"; Finance, competitiveness & Innovation Global Practice; FinTech Note No. 5; Year: 2020.

University of Cambridge – Judge Business School; "Early Lessons on Regulatory Innovations to Enable Inclusive FinTech: Innovation Offices, Regulatory Sandboxes and RegTech"; Cambridge Centre for Alternative Finance; Year: 2019.

CHAPTER II
PAYMENT MEANS AND INSTRUMENTS

Infographic 3 - Use of Payment Instruments - Highlights 2022

Annual Change in % **Volume:** Units | **Value:** millions of escudos

CHECKS



Paid via Clearing

267 937	71 125,9
0,7% ↑	11,8% ↑

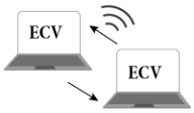
Paid at Branches

592 518	113 437,5
1,3% ↓	14,5% ↑

TRANSFER

Interbank

1 158 895	127 297,4
7,1% ↓	13,2% ↓



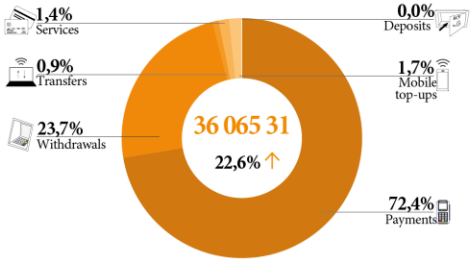
Intra-bank

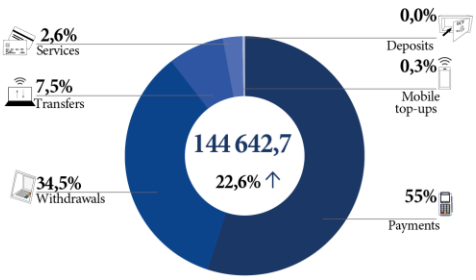
3 517 200	235 281,8
10,8% ↑	9,2% ↑

PAYMENT CARDS

Payment card use

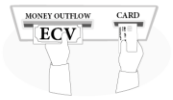






ATM withdrawals

8 538 278	49 885,5
13,5% ↑	18,0% ↑



POS purchases per channel



Physical Terminals

25 913 309	77 933,5
24,4% ↑	37,6% ↑

Online

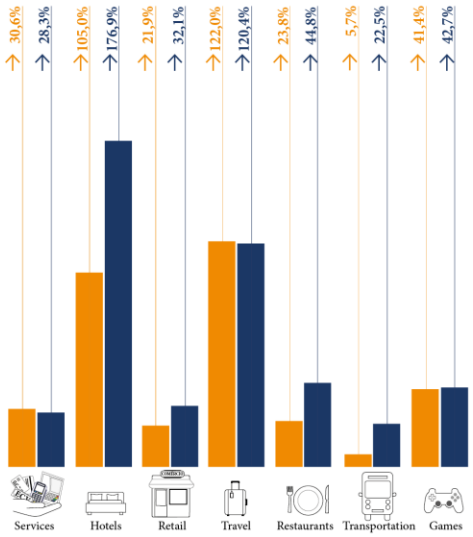
182 528	1 666,2
121,9% ↑	299,9% ↑

QR Code purchases

3 837	4,6

New service available on Televint4

POS Purchases per Industry (2021-2022)



Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

2.1. Developments

The growing adoption of digital solutions and mobile devices has transformed the way we perform financial transactions, making them more accessible, faster and safer.

Consumers therefore have a wide range of payment options at their disposal, such as credit and debit cards, electronic transfers, contactless payments, among others, which allow for greater convenience and flexibility.

Table II 1- Payment means and instruments

Volume: Units: Value: millions of Escudos.

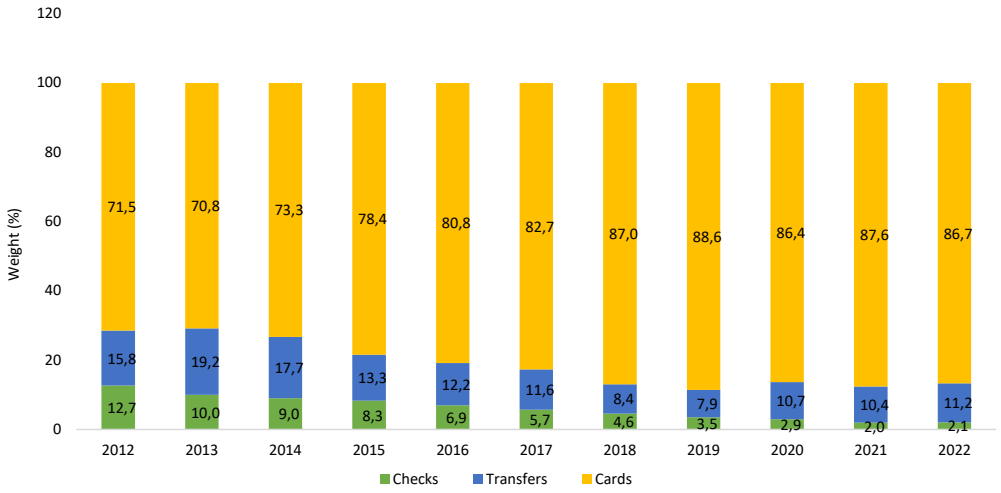
	2021		2022		Change %	
	Volume	Value	Volume	Value	Volume	Value
Banknotes and coins in circulation		**12 506,6**		**12 882,5**	**-**	**3,0**
Checks	**866 194**	**162 973,9**	**860 455**	**184 563,4**	**-0,7**	**13,2**
Clearing	266 152	63 647,3	267 937	71 125,9	0,7	11,8
Branch	600 042	99 326,6	592 518	113 437,5	-1,3	14,2
Transfers	**4 421 864**	**362 217,9**	**4 676 095**	**362 579,2**	**5,7**	**0,1**
Interbank	1 248 060	146 722,8	1 158 895	127 297,4	-7,1	-13,2
Intra-bank	3 173 804	215 495,1	3 517 200	235 281,8	10,8	9,2
Cards	**29 412 445**	**107 991,0**	**36 065 312**	**144 642,7**	**22,6**	**33,9**
Vinti4 card	28 707 261	101 049,1	34 087 716	128 147,8	18,7	26,8
International cards	705 184	6 941,9	1 977 596	16 494,9	180,4	137,6
Total[1]	**34 700 503**	**633 182,8**	**41 601 862**	**691 785,4**	**19,9**	**9,3**
			Weight %			
Checks	2,5	25,7	2,1	26,7	**-0,43**	**0,94**
Transfers	12,7	57,2	11,2	52,4	**-1,50**	**-4,79**
Cards	84,8	17,1	86,7	20,9	**1,93**	**3,85**

Source: Banco de Cabo Verde, SISP and Credit Institutions
[1] The total value of payment means and instruments does not include the value of banknotes and coins in circulation

As is the case internationally, checks continue to be the least widely used payment instrument by economic agents in Cabo Verde, as can be seen in Table II.1. On the other hand, the use of electronic payment instruments, such as payment cards and transfers, is on the rise in the country.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

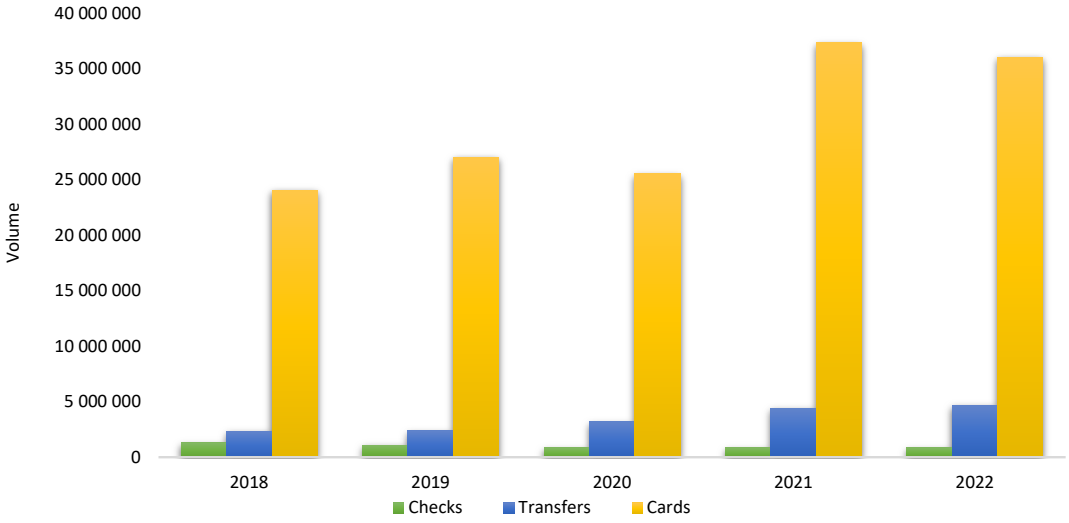
Graph II 1 - Developments in the weight of payment instrument use



Source: Banco de Cabo Verde, Credit Institutions and SISP

The data (Graphs II.1 and II.2) continues to show Cabo Verdeans' clear preference for using payment cards over transfers and checks.

Graph II 2 - Developments in payment instruments (volume)

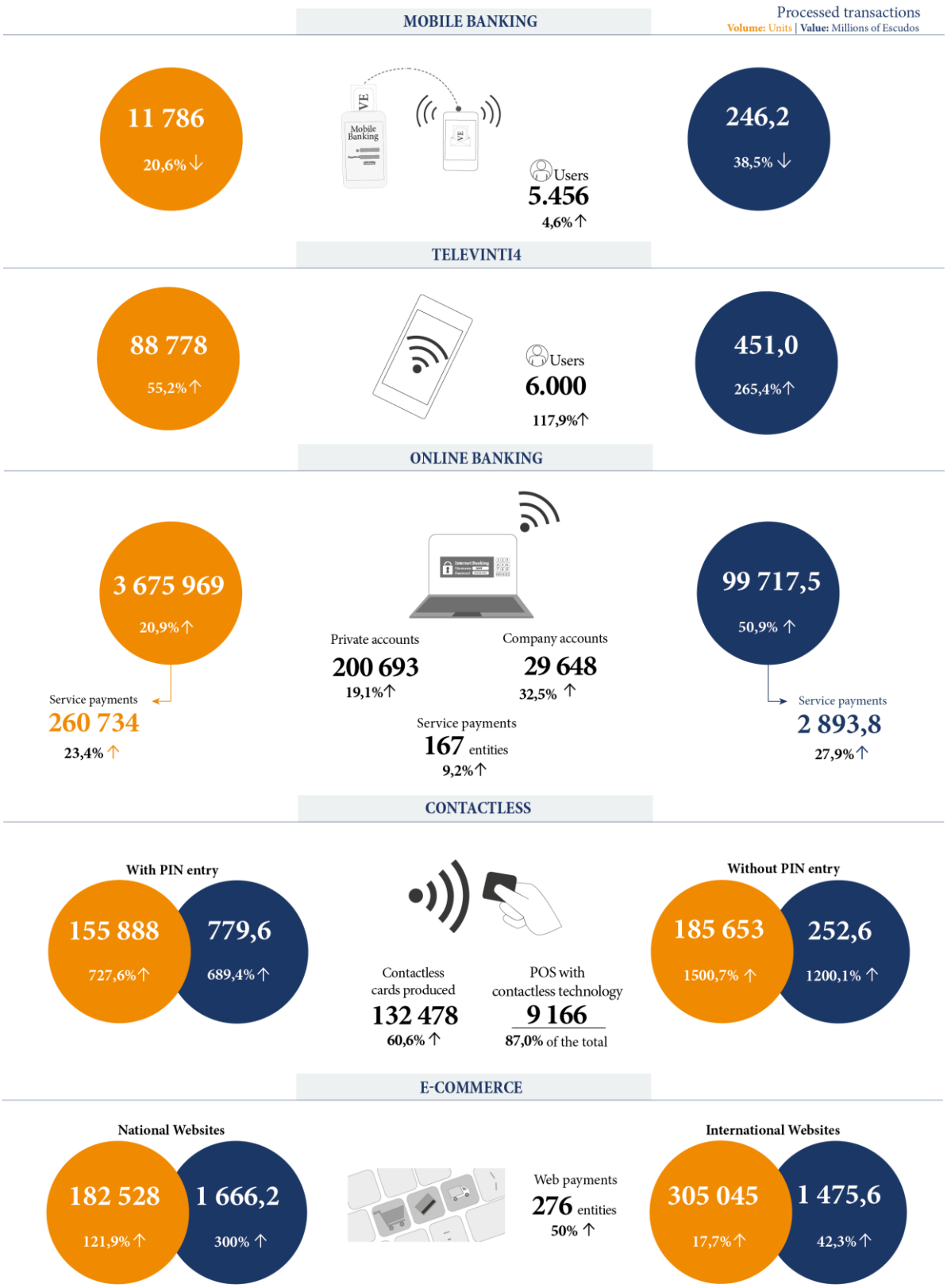


Source: Banco de Cabo Verde, Credit Institutions and SISP

In 2022, payment cards accounted for 86.7% of payments made in the country and transfers accounted for 11.2%, while checks were used in only 2.1% of payments made.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Infographic 4 - Evolution of digital payments in Cabo Verde 2022



2.1.1. Cash

Despite the general upward trend in the use of electronic payment instruments, cash is still the most commonly used means of payment by Cabo Verdeans in daily transactions. This is due to its practical advantages, such as ease of use, confidentiality, anonymity and immediate availability of funds.

Nevertheless, the financial indicators, which relate currency in circulation to aggregates M1[11] (weight of currency in circulation) and M2 (preference for Central Bank money), confirm the growing trend towards the use of alternative electronic payment instruments in recent years.

Table II 2 - Currency in circulation – indicators

Value: millions of Escudos.

	2018	2019	2020	2021	2022
Banknotes and coins in circulation (C)	9 801,8	8 595,9	11 616,0	12 506,6	12 882,5
Demand deposits (DD)	69 038,9	78 057,7	82 876,0	85 411,7	95 305,1
M1(C+DD)	**78 840,7**	**86 653,6**	**94 492,0**	**97 918,3**	**108 187,6**
Time deposits[1] (TD)	99 384,6	106 595,8	108 359,4	113 895,2	113 646,5
M2 (M1+TD)	**178 225,3**	**193 249,4**	**202 851,4**	**211 813,5**	**221 834,1**
GDP[2]	182 990,9	195 202,3	175 807,0	178 625,0	206 506,0
Rácios					
Circulation speed (V)					
V1(GDP/C)	18,669	22,709	15,135	14,282	16,030
Circulation/GDP ratio					
C/GDP	0,054	0,044	0,066	0,070	0,062
Weight of currency in circulation					
C/M1	0,124	0,099	0,123	0,128	0,119
Preference for central bank money					
C/M2	0,055	0,044	0,057	0,059	0,058

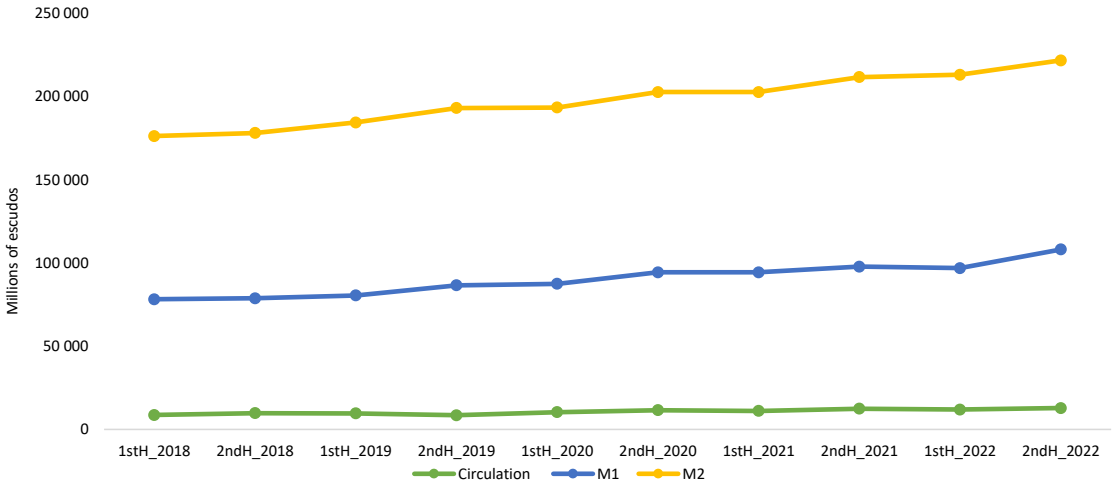
Source: Credit Institutions and Banco de Cabo Verde.
[1] It includes only time deposits in DC, savings deposits, deposits by emigrants, and resident deposits in foreign currency
[2] GDP information according to information provided by BCV's Studies and Statistics Department.

Looking at Table II.2, we see that in 2022 the M1 monetary aggregate increased by 10.5% compared to the previous year, while in 2021 the increase was 3.6%. The growth was driven by the 11.6% increase (2021: 3.1%) in Demand Deposits and the 3.0% increase in Banknotes and Coins in Circulation. In the previous period, Banknotes and Coins in Circulation had increased by 35.1%.

In 2022, the ratio measuring the weight of currency in circulation relative to the monetary aggregate M1 was 0.119 basis points, compared to 0.128 basis points in 2021. Meanwhile, the ratio reflecting the preference for Central Bank money, based on the proportion of Banknotes and Coins in Circulation to Money Supply, fell slightly, from 0.059 basis points in 2021 to 0.058 basis points in 2022.

[11] M1 is the sum of banknotes and coins held by the public, plus demand deposits.

Graph II 3 - Developments in monetary aggregates



Source: Banco de Cabo Verde and Credit Institutions.

As at December 31, 2022, Banknotes and Coins in Circulation amounted to CVE 12.88 billion, which is equivalent to a 3.0% increase compared to 2021.

As in the previous year (2021: 94.3%), banknotes accounted for 94.3% of all Banknotes and Coins in Circulation. Within this group, the vast majority - corresponding to 81.8% (2020: 85.0%) - are CVE 1,000 and CVE 2,000 notes, which are the only denominations available for withdrawal from the vinti4 network's ATMs.

Graph II 4 - Banknotes in circulation per denomination



Source: Banco de Cabo Verde.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

2.1.2. Check

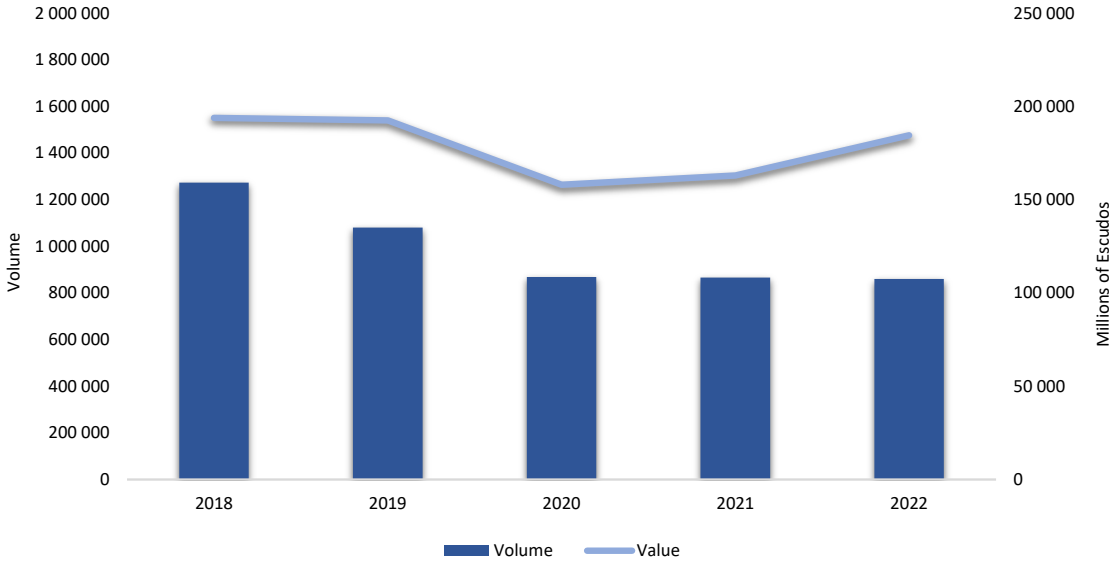
In 2022, there was a decrease (0.7%) in volume, whereas in value there was a 13.2% increase compared to 2021 (Table II.1).

In terms of value transacted, there was a general increase in the value of checks submitted for clearing (11.8%; volume: 0.7%) and those paid at branches (14.2%; volume: -1.3%), equivalent to CVE 113.44 billion and CVE 71.13 billion, respectively.

On average, credit institutions made 71,705 check payments per month, worth CVE 15.38 billion, which means that there was a similar trend in the daily average[12] (volume: -0.7%; value: 13.2%), compared to 2021 (3,465 checks, worth CVE 651.9 million).

The average value stood at CVE 214,495 per check, with growth driven by the two types of checks (submitted for clearing: 11.0% and paid through branches: 15.7%). In 2022, this increase translated into a 14.0% change (5,739 fewer checks than in 2021, worth CVE 21.59 billion more), representing a total processing of 860,455 transactions, worth CVE 184.56 billion.

Graph II 5 - Developments in checks



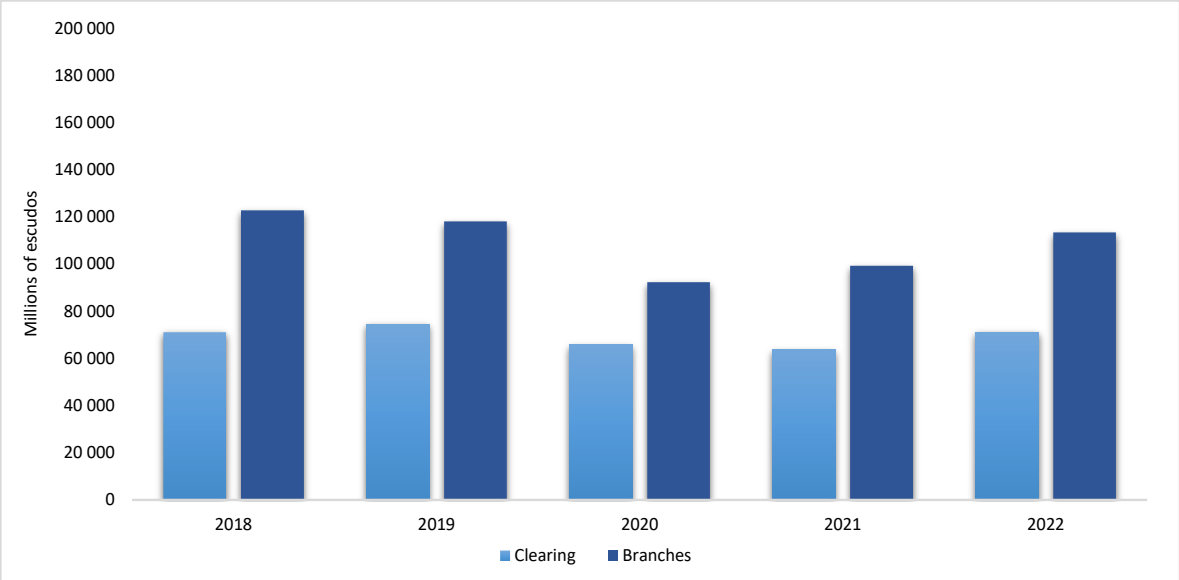
Source: BCV and Credit Institutions.

The downward trend in the use of checks has continued, with a 32.4% drop in transaction volume over the last five years (2018-2022) and a much less marked decrease (4.8%) in value (Graph II.5).

Nevertheless, the weight of checks remains significant (26.7%, representing CVE 184.56 billion), relative to the total amount transacted (checks, transfers and payment cards).

12 250 working days were considered in 2022.

Graph II 6 - Cleared checks and checks from CI branches (in value)



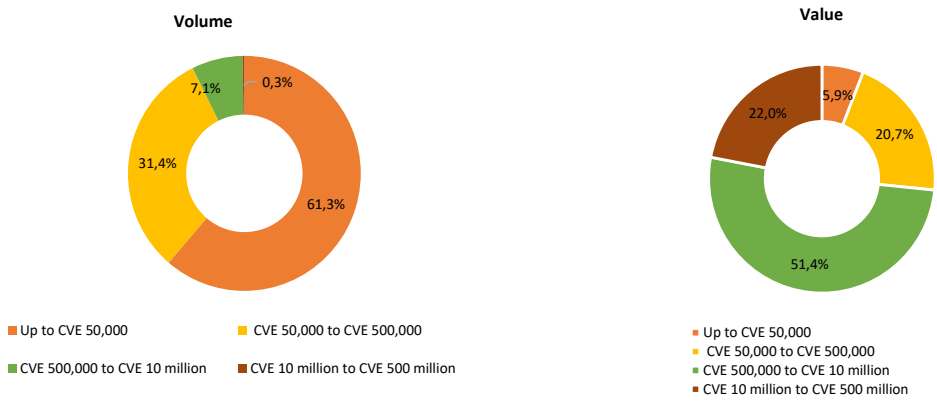
Source: BCV and Credit Institutions

In terms of value, checks paid at branches accounted for 61.5% of the total, compared to those processed via clearing (38.5%), which confirms that until then, checks accounted for a small percentage of interbank transactions (Graph II.6).

Over the last few years, the largest number of checks paid remains in the up to CVE 50,000 bracket - 61.3% (2021: 62.4%; 2020: 62.8%), although they've made a less significant contribution in terms of total value processed - 5.9% (2021: 7.2%; 2020: 7.0%) (Graph II.7).

Checks in the CVE 50,000 to CVE 500,000 bracket have been the second most widely used, with a better balance between volume and value (31.4% and 20.7%, respectively) compared to the other brackets. Note that in the CVE 500,000 to CVE 10 million bracket, which has the highest concentration of values - 51.4% (volume: 7.1%), a total of CVE 35.73 billion was transacted.

Graph II 7 - Weight of checks paid per value bracket



Source: BCV and Credit Institutions

The 670 checks (0.3%) processed in the CVE 10 million to CVE 500 million bracket correspond to CVE 15.28 billion (20.0%).

Returns made in the banking system show an opposite trend to checks paid, in terms of volume, which translates into a 6.9% increase. In terms of value, there was also a significant increase (39.0%) compared to 2021 (Table II.3).

Table II 3 - Returned checks

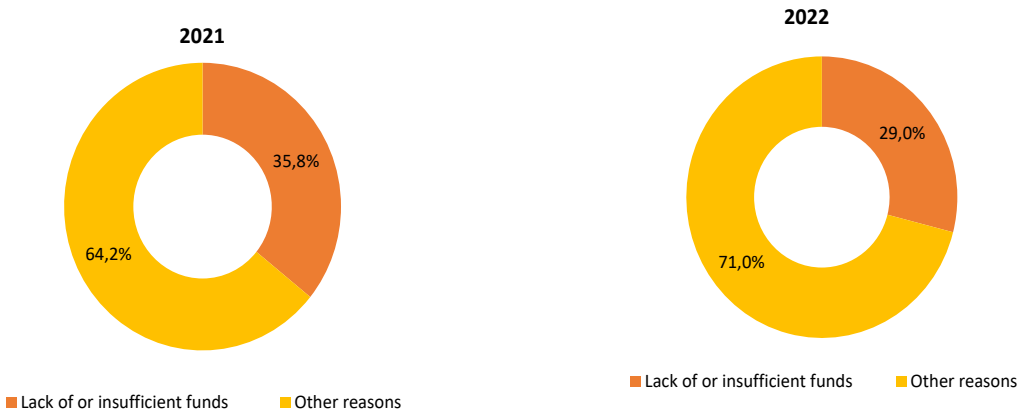
Volume: unit; Value: millions of Escudos.

	2021		2022	
	Volume	Value	Volume	Value
Clearing	2 697	1 028,4	3 058	1 633,7
Branch	1 183	431,3	1 086	394,7
Total	**3 880**	**1 459,7**	**4 144**	**2 028,3**
Monthly average	*323*	*121,6*	*345*	*169,0*

Source: Banco de Cabo Verde and Credit Institutions.

The average value stood at CVE 489,466 (2021: CVE 376,211) per returned check, which represents a monthly average of 22 more checks, worth CVE 47.4 million, compared to the previous period.

Graph II 8 - Weight of returned checks per reason for return



Source: BCV

Looking at check returns per reason (Graph II.8), we see that the main reason continues to be "Lack of or insufficient funds," which accounted for 29.8% of all returns (2021: 35.8%), which translates into 887 returned checks. "Other reasons" (lack of main requirement, irregular withdrawal, irregular signature, incorrectly indicated amount, among others) showed a positive overall trend (2,171 returned checks; +25.4%), in contrast to checks returned for "Lack of or insufficient funds" (-8.2%), compared to the previous year.

Table II 4 - Total checks submitted and returned

Volume: unit; Value: millions of Escudos.

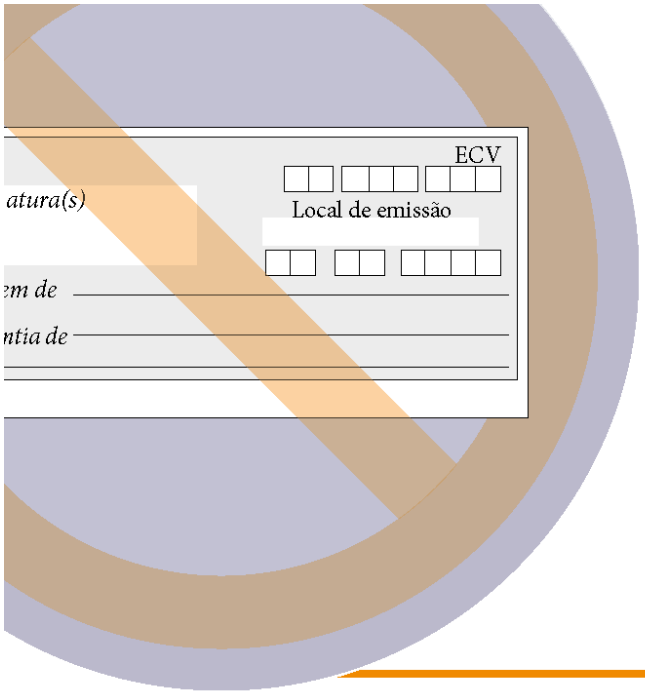
	2021		2022	
	Volume	Value	Volume	Value
Total Checks	866 194	162 973,9	529 758	182 929,8
Total Returns	3 880	1 459,7	4 144	2 028,3
Checks returned / Checks submitted (%)	0,4	0,9	0,8	1,1

Source: Banco de Cabo Verde and Credit Institutions.

Returns remain insignificant (volume: 0.8%; value: 1.1%) relative to the total volume of returned checks processed by the banking system (CVE 2.03 billion; volume: 4.144). However, there was a slight increase (volume: 0.3%; value: 0.2%) relative to total checks submitted and returned (Table II.4).

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Infographic 5 - Check Incident Report Center

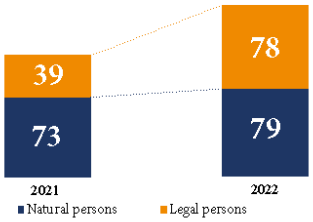


CHECK INCIDENT REPORT CENTER

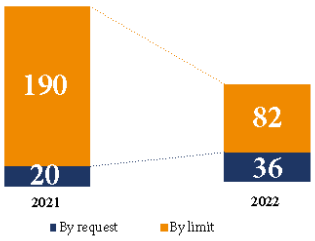
The Check Incident Report Center (CIC) is an information system managed by Banco de Cabo Verde whose purpose is to centralize information received from credit institutions or court rulings regarding check users who misuse this payment instrument.

Annual change in %

ENTRY LUR



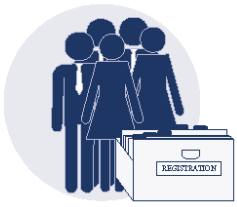
REMOVAL LUR



REGISTERED ENTITY

133

35,7%



COMMUNICATION

187

29,0%



CUSTOMER SERVICE

6



Legislative Decree No. 12/95, dated December 26, as amended by Legislative Decree No. 12/2010, dated November 8, 2010, and in Banco de Cabo Verde's Technical Instruction issued by Circular Series A, 163, dated 2011.11.23.

2.1.3. Transfers

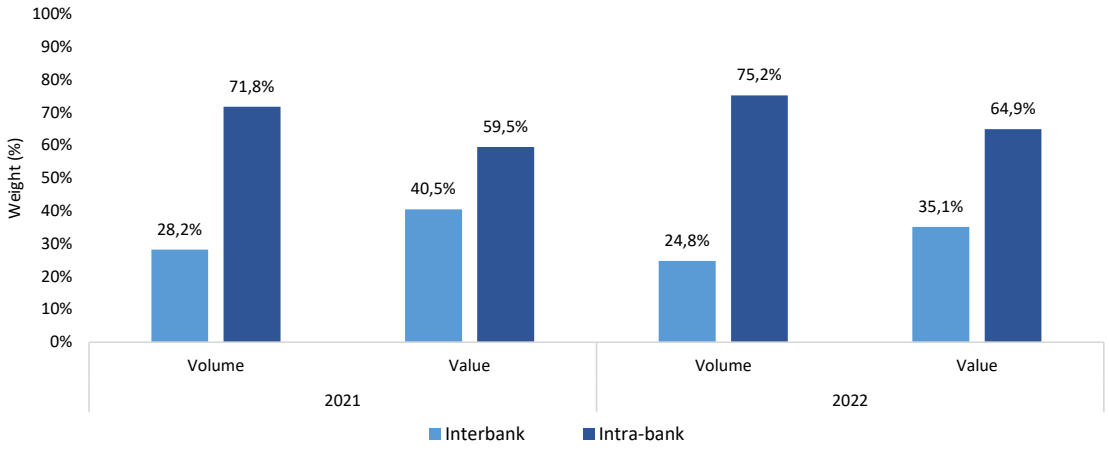
Transfers grew by 5.7% in volume, while the increase in value was almost unnoticeable (0.1%) compared to the previous period. Both intra-bank transfers (volume: 10.8%; value: 9.2%) and inter-bank transfers, which decreased (volume: -7.1%; value: -13.2%), contributed to this positive trend.

An average of 389,675 transfers, worth CVE 15.38 billion, were made per month, equivalent to different rates of change (volume: -0.7%; value: 13.2%). It can thus be confirmed that, after cards, transfers continue to be the second most widely used electronic instrument to make payments, with their weight remaining significant in terms of value (52.4%; volume: 11.2%) relative to the total amount transacted by all three instruments (checks, transfers and payment cards) in 2022.

Graph II.9 shows the dominance of intra-bank transfers (volume: 75.2%; value: 64.9%), which corresponds to increases in volume (3.4%) and value (5.4%) compared to 2021.

The weight of interbank transfers (volume: 24.8%; value: 35.1%), relative to total transfers processed, decreased in both volume (3.4%) and value (5.4%), having reached rates of change identical to those seen in intra-bank transfers, whose share grew compared to 2021.

Graph II 9 - Transfers

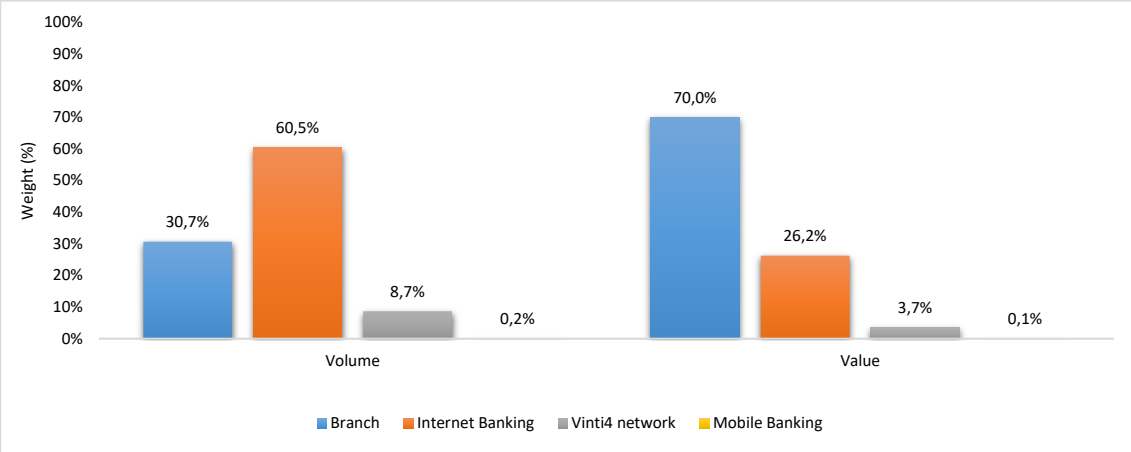


Source: BCV and Credit Institutions

An average of 4,636 interbank transfers, worth CVE 509.2 million, were processed per day, i.e. 357 fewer transfers, worth CVE 77.7 million less than the previous year. As for the average value per transfer processed, the downward trend continued, falling from CVE 118,000 in 2021 to CVE 109,800 in 2022.

Regarding average daily intra-bank transfers, as in 2021, there were increases in both volume and value, standing at 14,069 transfers per day, worth CVE 941.1 million (2021: 12,695, worth CVE 862.0 million). Unlike the previous period, the average value per transfer processed fell from CVE 67,900 in 2021 to CVE 66,900 in the year under review.

Graph II 10 - Transfers per channel



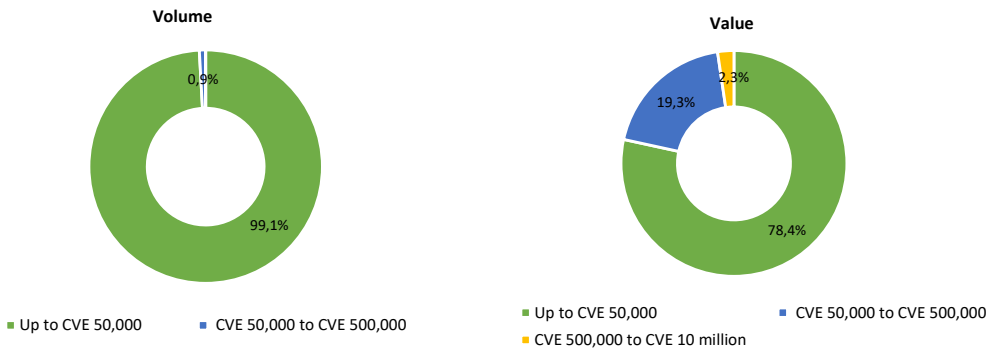
Source: Credit institutions

The channel most used to make transfers was Online Banking, with 60.5% (2,632,686 transfers) of all transfers made in 2022. In terms of value, this channel ranked second, although with a less significant weight (26.2%), equivalent to CVE 93.16 billion.

Accounting for 30.7% (1,334,036 transfers) of the total number of transfers, credit institutions' branches remain the second most popular channel for this type of transaction. This channel accounted for the largest share in terms of value (70.0%), which translates into CVE 248.36 billion.

The vinti4 network remains the least frequently used channel, with 8.7% of all transfers made in the year (378,294), worth CVE 13.29 billion.

Graph II 11 - Weight of direct debits per value bracket



Source: Credit institutions

Direct debits made by the banking system, based on debit authorizations, fell significantly in value (82.3%; volume: 9.8%) compared to 2021.

Most intra-bank direct debit payments continue to be made in the up to CVE 50,000 bracket, which accounts for 99.1% and 78.4%, in volume and value respectively, of the total 178,279 transactions made, equivalent to CVE 819.0 million (Graph II.11).

This bracket is the only one to have seen an increase, more significant in terms of value (42.8%; volume: 8.7%).

The CVE 50,000 to CVE 500,000 bracket showed decreases in both volume (8.8%) and value (21.8%) compared to the previous year. However, it is the bracket with the second highest weight of payments for transactions related to direct debits, in value (19.3%), with an insignificant weight in terms of volume (0.9%).

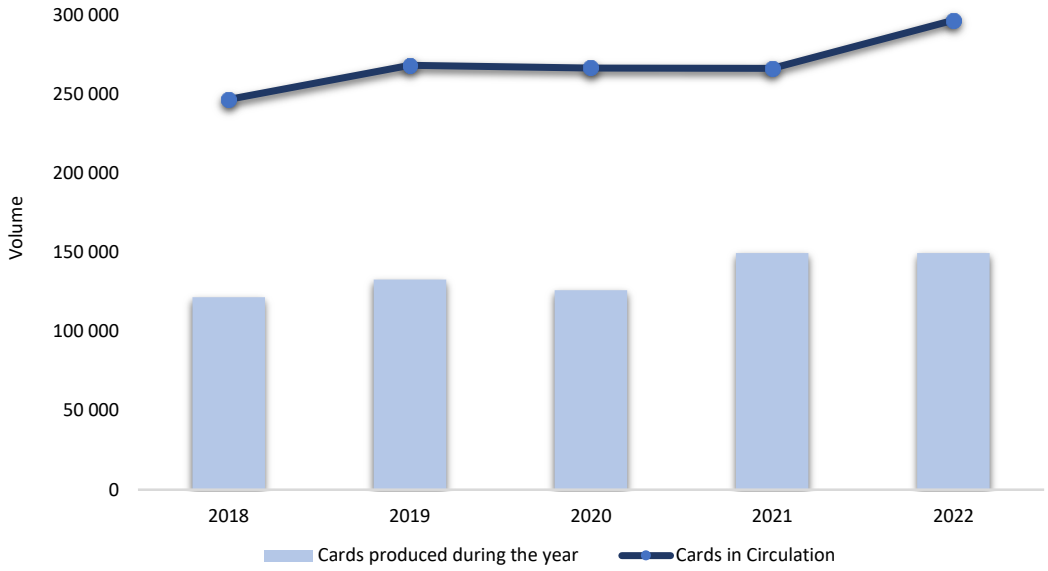
Similarly, the 20 payments made in the CVE 500,000 to CVE 10 million bracket, corresponding to CVE 19.1 million, accounted for 2.3% in value and virtually zero in volume. In 2022, the figures show a downward trend (volume: 0.6%; value: 21.0%) compared to 2021.

This leads to the conclusion that, as in 2021, in the period under review, there were no direct debit payments in the other brackets (CVE 10 million to CVE 500 million and above CVE 500 million).

2.1.4. Payment cards

In 2022, there were 44,877,381 payment card transactions, of which 36,065,312 represent transactions involving flow of funds (80.4%) and 8,812,069 represent transactions not involving flow of funds (19.6%). Compared to the previous year, these figures represent increases of 20.1% in volume and 33.9% in value.

Graph II 12 - Annual developments in cards produced and in circulation



Source: SISP

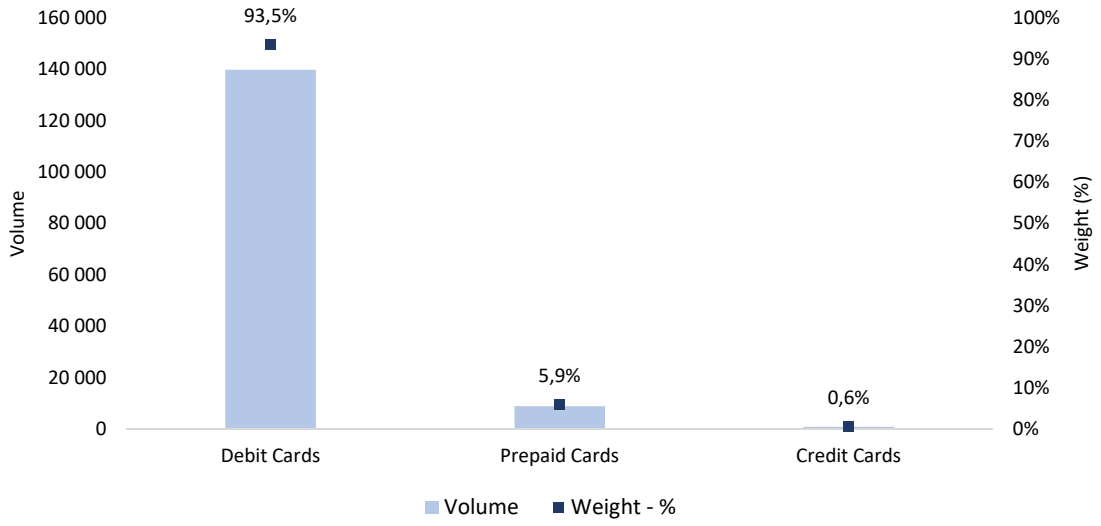
Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

At the end of 2022, a total of 296,762 active payment cards were registered on the vinti4 network, up 11.5% from 2021.

In the period under review, a total of 149,460 payment cards were issued, – of which 130,548 (87.3%) were new issues and 18,912 (12.7%) were renewals, – an 11.9% increase on 2021.

Of the cards issued in 2022, 93.5% (139,818) were debit cards, 5.9% (8,806) prepaid cards and 0.6% (836) credit cards.

Graph II 13 - Annual developments in cards produced and in circulation



Source: SISP

The majority of cards produced - around 87.3% (132,478) - are payment cards equipped with contactless technology[13].

There were 36,062,942 payments using national and international cards (Table II.5), totaling CVE 144.64 billion. Compared to the previous year, there were increases of 22.6% in volume and 33.9% in value.

[13] Payment cards equipped with contactless technology, which allow payments to be made by tapping them against a POS terminal prepared to accept contactless payments.

Table II 5 - Use of cards in transactions involving flow of funds

Volume: Units. Value: millions of Escudos.

	2021		2022		Change %	
	Volume	Value	Volume	Value	Volume	Value
National cards	**28 707 261**	**101 049,1**	**34 085 346**	**128 145,1**	**18,7**	**26,8**
ATM	**7 791 390**	**45 382,8**	**8 697 089**	**54 928,5**	**11,6**	**21,0**
Withdrawals	7 226 246	38 371,1	8 019 295	43 302,2	11,0	12,9
Transfers	196 874	6 266,5	285 497	10 499,9	45,0	67,6
Service payments	47 118	489,0	54 994	815,8	16,7	66,8
Minutes added to mobile phones	318 300	215,1	332 593	238,5	4,5	10,8
Deposits	2 852	41,0	4 710	72,0	65,1	75,6
POS	**20 858 670**	**55 542,8**	**25 299 479**	**72 765,6**	**21,3**	**31,0**
Payments	20 505 439	54 042,7	24 637 224	69 687,9	20,1	28,9
Minutes added to mobile phones	153 077	71,4	218 386	108,8	42,7	52,2
Service payments	200 154	1 428,7	443 869	2 968,9	121,8	107,8
Televinti4	**57 201**	**123,4**	**88 778**	**451,0**	**55,2**	**265,4**
Transfers	5 267	97,7	21 487	409,3	308,0	318,9
Service payments	660	2,5	1 422	9,7	115,5	286,4
Minutes added to mobile phones	51 274	23,2	62 032	27,4	21,0	18,3
Pagamentos QR Code	-	-	3 837	4,6		
International cards	**705 184**	**6 941,9**	**1 977 596**	**16 494,9**	**180,4**	**137,6**
ATM withdrawals	294 638	3 920,6	518 983	6 583,2	76,1	67,9
POS payments	410 546	3 021,4	1 458 613	9 911,7	255,3	228,1
Total	**29 412 445**	**107 991,0**	**36 062 942**	**144 640,1**	**22,6**	**33,9**

Source: SISP.

* The total number of POS transactions in this chapter differs from the total reported in Chapter I due to the fact that the item "QR Code payments" was considered a Televinti4 channel transaction for the purposes of using payment instruments, even though it is completed at POS.

In general, for every five transactions made with national and international cards, one did not result in a transfer of money[14] between economic agents.

In the year under review, there was a daily average of 98,803 card transactions, totaling CVE 396.3 million. There was an increase of 18,221 daily transactions compared to the previous year.

In 2022, cards issued to residents in the country accounted for 94.5% of the volume and 88.6% of the total value of transactions involving the flow of funds. In contrast, international cards accounted for just 5.5% of the volume and 11.4% of the total value of such transactions.

On average, each national card made 56 ATM transactions and 94 POS transactions. Compared to the previous year, there was a 1.4% increase in ATM transactions (in 2021, the average was 55 ATM transactions) and a 14.9% increase in POS transactions (in 2021, the average was 82 POS transactions).

A new feature was introduced on the vinti4 network in June 2022, specifically QR Code payments, made available to payment card holders on the Televinti4 channel (Table II.5). The QR Code (Quick Response Code) technology makes it possible to read a two-dimensional

[14] Transactions not involving flow of funds include balance, transaction and bank identification number (BIN) inquiries; check requests and signing up for and signing out of the televinti4 service.

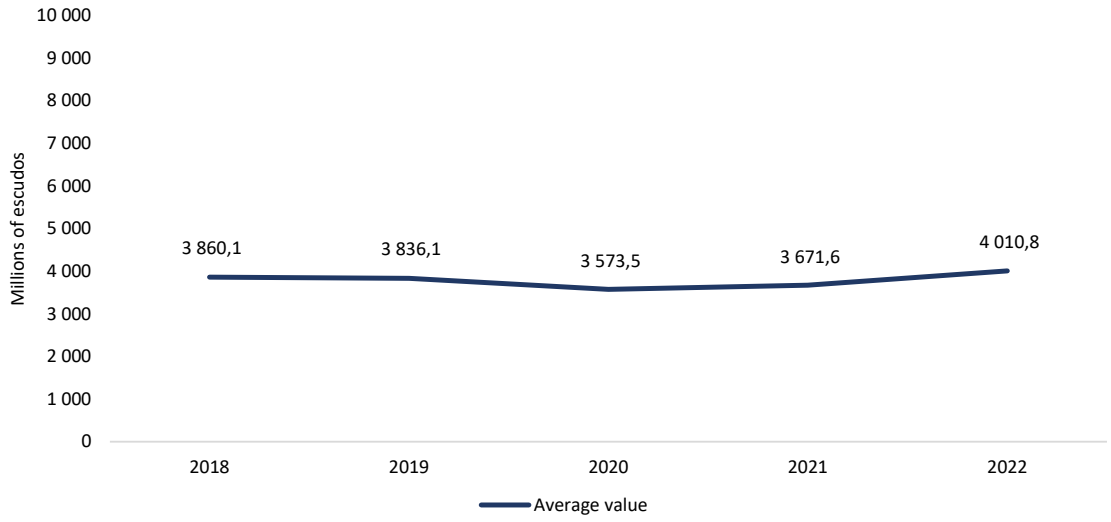
Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

barcode made up of black and white squares containing the payment information on a mobile device and redirect the payment to a merchant's account. On the consumer side, all you have to do is scan the QR Code generated by the merchant at the POS with your mobile device and confirm the payment.

In fact, during Q4 2022, a total of 3,837 payments, worth CVE 4.6 million, were made using QR Code technology.

In addition to QR Code, a number of services/features were also introduced on the Televinti4 channel, with the aim of modernizing this platform and meeting the new demands of the payments market, such as services payment with QR Code[15], purchases and withdrawals with Token[16], biometric authentication, security management with card and transaction blocking/unblocking, associated account management, real-time funds transfer, among others.

Graph II 14 - Developments in the average value carried out on the Vinti4 network



Source: SISP

As for the average value per transaction on the vinti4 network, there was an increase from CVE 3,672 in 2021 to CVE 4,011 in 2022.

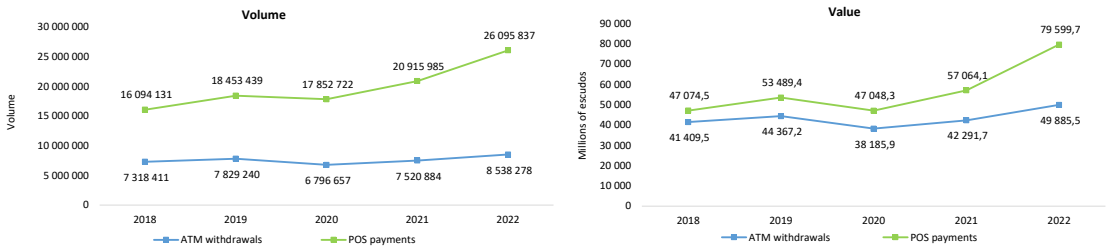
And, looking at card types, we see that national cards made 34,085,346 transactions on the vinti4 network, worth CVE 128.15 billion, which represents growth of 18.7% in volume and 26.8% in value compared to 2021.

International cards accounted for 1,977,596 transactions, worth CVE 16.49 billion. There were extraordinary increases in the number of transactions (180.4%) and in the value (137.6%), compared to 2021. The data corroborates the indication of an upturn in economic activity in the tourism sector[17].Looking at international cards by transaction type (Table II.5),

[15] As with purchases, users can also choose to pay service invoices using QR Code technology.
[16] Token is a security credential that complements transaction authentication and confirmation processes by entering an authentication code texted to the payment card holder's cell phone.
[17] Tourism Statistics / Guest Traffic 2022 - INECV.

we see that there were 518,983 ATM withdrawals (CVE 6.58 billion) and 1,458,613 POS payments (CVE 9.91 billion). In 2022, tourists withdrew CVE 2.66 billion more and made CVE 6.89 billion more in payments than the previous year.

Graph II 15 - Developments in ATM cash withdrawals and in POS payments



Source: SISP

POS payments remained the most popular transaction on the vinti4 network, accounting for 72.4% in volume and 55.0% in value. Compared to the previous year, POS transactions grew by 24.8% in volume and 39.5% in value.

A total of 26,095,837 POS purchases, worth CVE 79.56 billion, were made. On average, 71,495 purchases, worth CVE 218.1 million, were made every day.

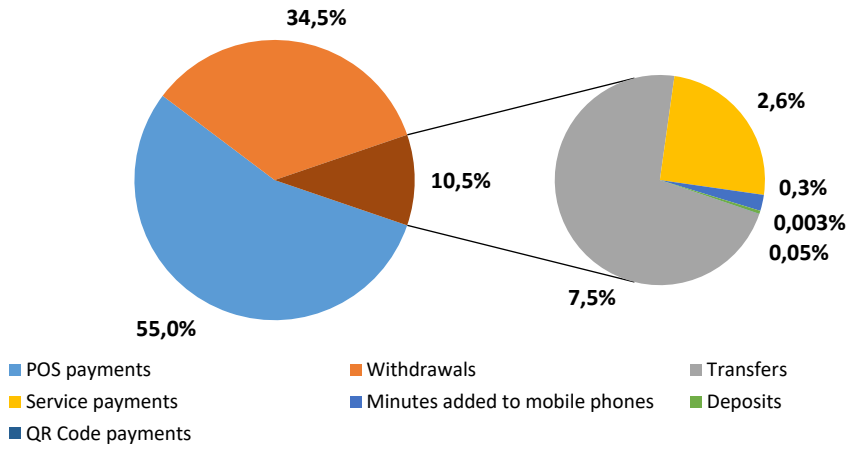
Cash withdrawals are the second most popular transaction on the vinti4 network, accounting for 24.6% of the total volume and 38.5% of the total value of transactions. On average, ATMs processed 23,392 cash withdrawal transactions per day, worth CVE 136.7 million.

Despite their lower weight in value, mobile top-ups continue to be used, having increased by 17.3% in volume and 21.0% in value, compared to the previous year. There were 613,011 mobile top-ups, worth CVE 374.7 million. On average, there were 1,679 transactions per day, worth CVE 1 million. The average value per transaction increased from CVE 593 in 2021 to CVE 611 in 2022.

Looking at mobile top-ups per channel, we see that users prefer to make this transaction at ATMs, which account for more than half of all top-ups made on the vinti4 network in terms of volume and value, with 54.3% and 63.6%, respectively. In 2022, a total of 332,593 mobile top-ups were made at ATMs, worth CVE 238.5 million, representing increases of 4.5% in volume and 10.9% in value, compared to the previous year.

With regard to the other channels available on the vinti4 network, there were 280,418 mobile top-ups through POS and Televinti4, corresponding to 45.7% of total top-ups. The value of top-ups amounted to CVE 136.6 million, accounting for 36.4% of the total. It's important to note that there was a significant increase in mobile top-ups via POS, with a 42.7% increase in volume and a 52.2% increase in value, compared to the previous year.

Graph II 16 - Use of cards in transactions involving flow of funds (value)



Source: SISP

Compared to the previous year, the overall growth in card transfers was 51.9% in volume (306,984) and 71.4% in value (CVE 10.91 billion). These significant increases were due to the extraordinary growth in transfers made via Televinti4 (volume: 308.0%; value: 318.9%) and the 45.0% and 67.6% increases in transfers made at ATMs, respectively, in volume and value (Table II.5).

Payment card transfers continue to have the highest average value per transaction on the vinti4 network (CVE 35,536.7). However, the weight of transfers remains low (volume: 0.9%; value: 7.5%), relative to the total number of card transactions made by users (Graph II.16).

Service payments using cards remain residual (volume: 1.4%; value: 2.6%) relative to the total number of transactions made. A total of 500,285 service payments were made, worth CVE 3.79 billion, representing growth of 101.8% in volume and 97.6% in value, compared to the previous year.

Service payments are the feature with the third highest average value per transaction (CVE 7,585), but in recent years it has been falling (2019: CVE 18,738; 2020: CVE 10,125; 2021: CVE 7,745).

Meanwhile, the daily average has seen a significant increase from 679 service payments, worth CVE 5.3 million, in 2021, to 1,371 service payments per day, worth CVE 10.4 million, in 2022.

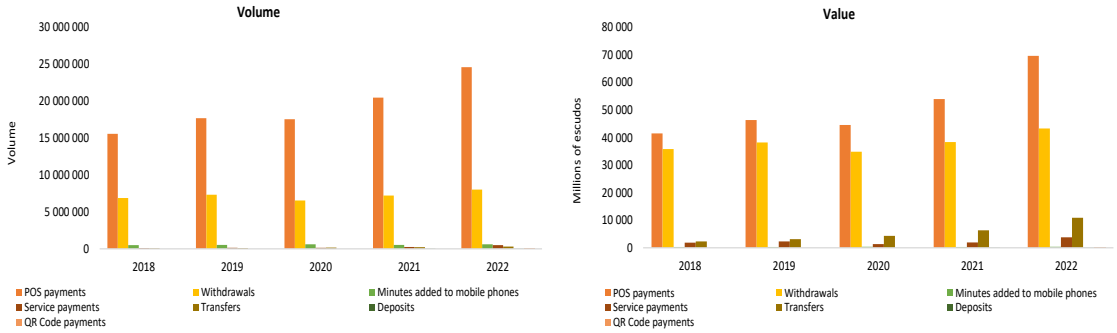
As in previous years, the vinti4 network channel most used to pay for services by card was POS, which remained predominant, accounting for 88.7% in volume and 78.2% in value of the total processed.

As for the other channels (ATMs and Televinti4), the service payment feature accounted for 11.3% in volume and 21.8% in value of the total processed in the year.

Payment cards were also used to make 4,710 cash deposits at ATMs[18], worth CVE 72.0 million, which corresponds to increases of 65.1% in volume and 75.5% in value, compared to the total number of banknote deposits made at ATMs (certified for this purpose) in the previous year. However, with regard to the weight of this type of transaction in the total processed in the year, it is still practically nil (0.01% in volume and 0.05% in value).

As a new feature, QR Code payments still have a residual share of the total processed by card (0.01% in volume and 0.003% in value).

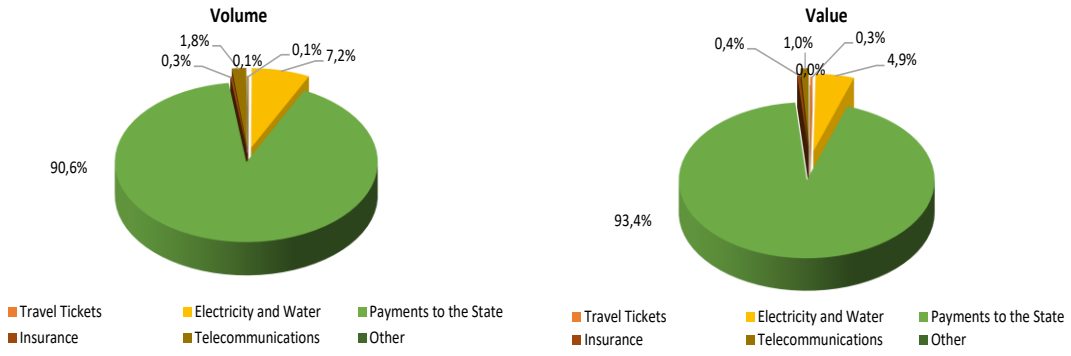
Graph II 17 - Transactions involving flow of funds made using the vinti4 card



Source: SISP

Looking at Graph II.17, it's easy to see the generalized growth (volume: 18.7%; value: 26.8%) in transactions involving the flow of funds in all channels where the national card can be used, driven mainly by the increases of 21.3% in volume and 31.0% in value, at POS.

Graph II 18 - Service payments per sector



Source: SISP

[18] Feature offered on the vinti4 network in 2021.

In terms of service payments per sector (Graph II.18), we see that "Payments to the State" continue to account for the majority of transactions processed in 2022 (90.6% in volume and 93.4% in value), followed by electricity and water services, with a weight of 7.2% and 4.9%, in volume and value, respectively.

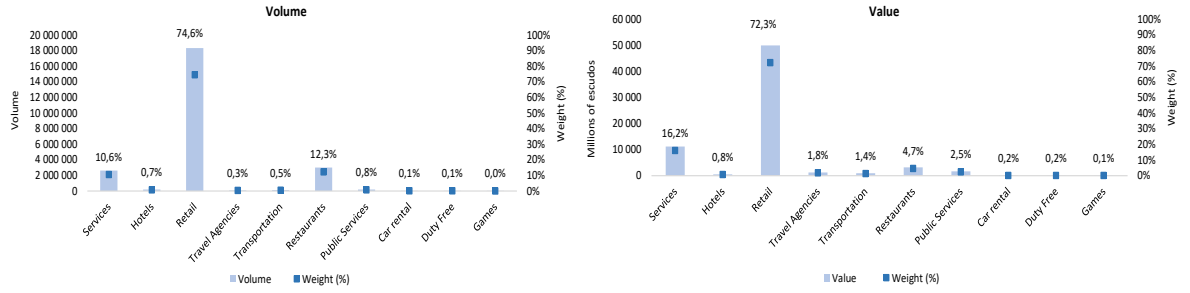
In third place, with a weight of 1.8 percent in volume and 1.0 percent in value, telecommunications services (8,755 transactions, worth CVE 38.1 million) saw increases of 4.8 percent in volume and 8.2 percent in value, compared to 2021.

The other categories currently available on the vinti4 network, namely insurance (1,452 transactions, worth CVE 14.0 million), travel ticket purchases (437 transactions, worth CVE 11.3 million), and other payments (541 transactions, worth CVE 1.8 million), remain residual.

Note, however, that insurance payments grew (10.9% in volume and 9.3% in value), compared to the previous period, although with an insignificant weight in the total processed (0.3% in volume and 0.4% in value).

Also noteworthy is the increase in the number of service payment entities registered with SISP, in various sectors, rising from 153 in 2021 to 167 in 2022.

Graph II 19 - POS payments using the vinti4 card per field of activity



Source: SISP

Looking at the data on POS payments, per field of activity (Graph II.19), we see that the retail sector, whose average value stood at CVE 2,726, continues to be the sector with the highest weight (volume: 74.6%; value: 72.3%) in payments made with national cards.

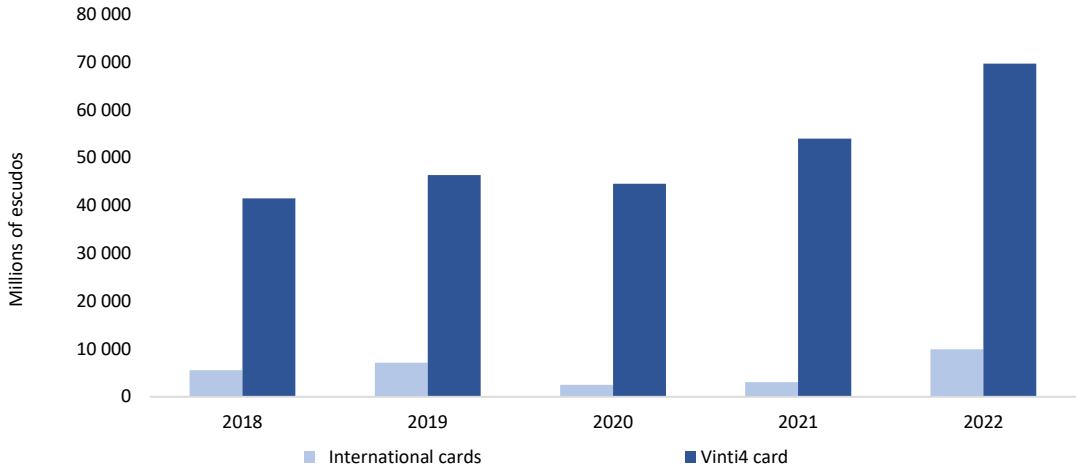
All sectors showed growth, with the exception of "Transportation," which saw a 2.3% drop in volume, compared to 2021. Of note was the extraordinary growth (218.0%) in value in the Duty Free sector, which also grew by 33.0% in volume, compared to the previous year.

The food service sector came in second, with 3,011,671 transactions (CVE 3.22 billion), giving it a 12.3% share in terms of volume (value: 4.7%), while "Service payments" were the second largest sector (16.2%; volume: 10.6%) in terms of value (CVE 11.17 billion; volume: 2,607,286).

The other fields of activity made an insignificant contribution, although the "Public Services" sector accounted for 2.5% of the overall value (volume: 0.8%), standing at CVE 1.71 billion (volume: 186,168 transactions), being also the sector with the second highest average value (CVE 9,162).

The most significant average value per transaction was CVE 15,698, posted by "Travel agencies" (2021: CVE 14,359). In second and third place were Public Services and Transportation, with average values of CVE 9,162 and CVE 8,230, respectively.

Graph II 20 - POS payments per card type (value)



Source: SISP

Over the last five years (2018-2022), national cards have clearly prevailed over international cards in terms of POS payments. In the year under review, the total value of payments made with national cards at POS was seven times higher than those made with international cards in the same channel (Graph II.20).

This trend is reversed when it comes to average value, with international card payments averaging CVE 6,795 in 2022, more than double the overall average value paid with a national cards (CVE 2,828).

By December 2022, a total of 1,335,822 payments had been made at physical POS using international cards, worth CVE 8.82 billion, which translates into extraordinary increases (volume: 264.4%; value: 225.6%), compared to 2021.

Looking at Graph II.21, we see that three sectors accounted for the largest share of total international card payments: retail (volume: 34.2%; value: 19.9%); food service (volume: 23.9%; value: 11.5%); and hospitality (volume: 21.2%; value: 41.2%, the highest overall), against a backdrop of general (and extraordinary) increase in transactions in all sectors, with "Transportation" being the only sector to record increases below 100% (volume: 51.0%; value: 26.8%), compared to 2021.

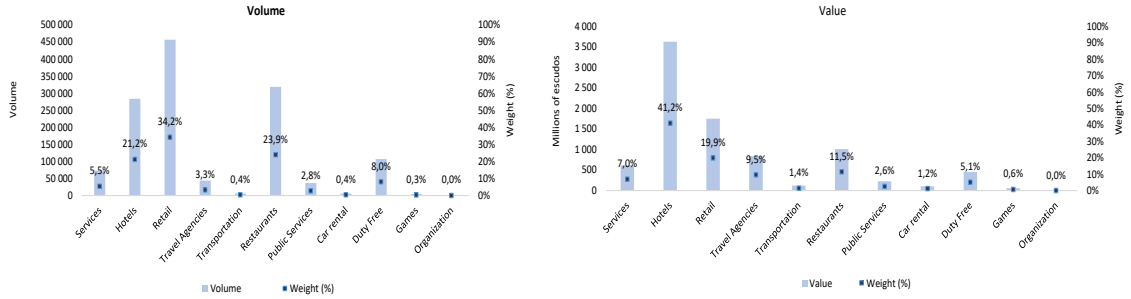
Note that the retail sector was once again the sector that accounted for the largest number of international card payments at POS (volume: 457,192; value: CVE 1.75 billion), with the hospitality sector remaining in first place in terms of value (CVE 3.63 billion; volume: 283,775).

The weight of this sector (Hotels - Hospitality) in the total number of transactions made with international cards at POS is strictly related to tourism in the country, as evidenced by the share of the two most tourist-oriented islands[19], namely Sal and Boa Vista, which accounted for 69.5% in volume and 69.9% in value of the total transacted at POS using this type of card.

The "Restaurants – Food Service" sector continues to account for the second largest share of total international card payments at POS, in terms of volume, with the aforementioned retail sector ranking second in terms of the value of transactions, as it did in 2021.

The Services, Travel Agencies, Duty Free, and Public Services sectors together accounted for 19.5% of all payments (260,461) and 24.2% of the value processed (CVE 2.13 billion). In the other sectors, there were 15,628 payments, worth CVE 288.2 million, which represents (volume: 1.2%; value: 3.3%) decreases of 79.8% in volume and 75.5% in value, compared to the previous year.

Graph II 21 - POS payments per card type (value)



Source: SISP

The acceptance of international cards at POS and ATMs has taken on a particularly important role in the tourism sector, as it allows for greater security, efficiency and convenience in transactions made by tourists visiting the country, as well as facilitating payment transactions made by Cabo Verdeans when traveling abroad for work or pleasure.

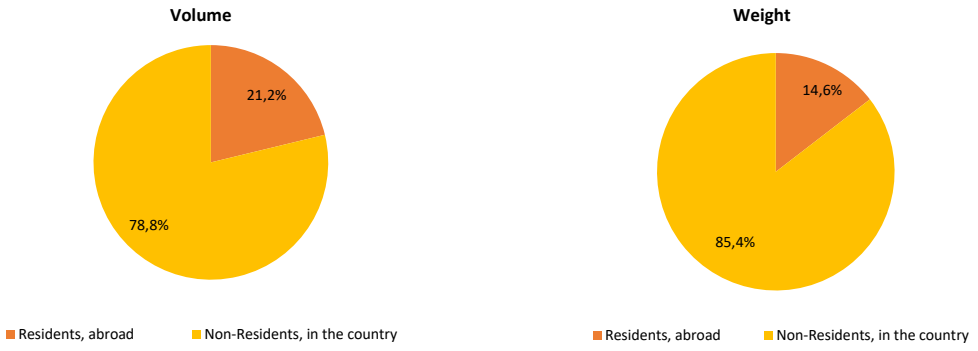
In 2022, non-residents made 1,977,596 transactions on the vinti4 network, worth CVE 16.49 billion, which, compared to 2021, indicates that CVE 6.89 billion more payments were made at POS and CVE 2.66 billion more cash withdrawals were made by non-residents. Balance inquiries with international cards totaled 34,822 transactions.

Cards issued to residents in the country grew by 36.3% in volume (2021: 390,723 transactions) and 45.4% in value (2021: CVE 1.93 billion), in terms of transactions made

[19]INE, Tourism Statistics - Guest Traffic 2022. The islands of Sal and Boa Vista account for 82.8% of national tourist demand.

abroad, compared to the previous year. In total, 532,576 transactions were processed in 2022, worth CVE 2.81 billion, of which 17,862 were balance inquiries.

Graph II 22 - International card use by residents abroad and non-residents in the country



Source: SISP

Looking at the use of national cards abroad compared to the use of international cards in the country, we see (Graph II.22) that, as in previous years, transactions by non-residents in the country remained higher than those made by residents abroad (21.2% in volume and 14.6% in value), both in volume (78.8%) and value (85.4%).

Table II 6 - Transactions made by nationals using international cards, in the country and abroad

Volume: Units; Value: millions of Escudos.

	Visa		Mastercard	
	Volume	Value	Volume	Value
	453 776	**2 929,4**	**115 705**	**147,6**
In the country	36 894	266,5	11	0,5
Abroad	416 882	2 662,9	115 694	147,0
Weight (%)				
In the country	8,1	9,1	0,0	0,4
Abroad	91,9	90,9	100,0	99,6

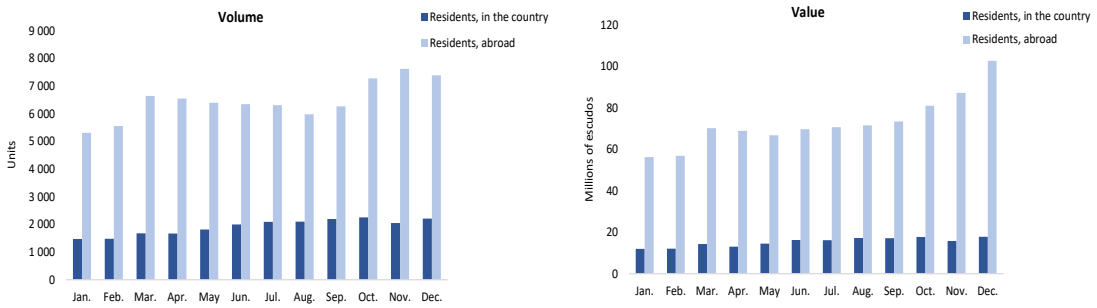
Source: SISP.

As for the use of international cards (VISA and Mastercard) by Cabo Verdeans in transactions both abroad and within the country (Table II.6), it is clear that the majority of transactions took place abroad. Compared to 2021, Cabo Verdeans made 141,856 more transactions abroad.

A total of 36,905 transactions, worth CVE 267.0 million, were made in the country (on the vinti4 network) by holders of international cards, which represents growth of 36.0% in volume and 31.4% in value, compared to the previous year (2021: 27,127 transactions, worth CVE 203.3 million).

The average value of transactions made by nationals was CVE 7,236 at home and CVE 5,276 abroad.

Graph II 23 - Withdrawals using international cards by residents in the country and abroad



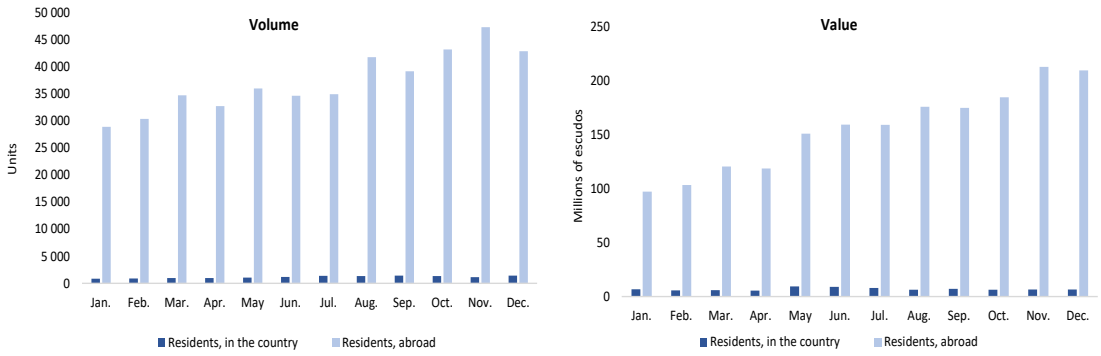
Source: SISP

A total of 100,790 cash withdrawals were made by residents (at home and abroad), worth CVE 1.06 billion, with withdrawals abroad accounting for 77.1% in volume and 82.6% in value (Graph II.23).

As far as POS payments are concerned, residents in the country made 461,359 payments with international cards (at home and abroad), worth CVE 1.95 billion (Graph II.24), which, compared to 2021, represents growth of 38.5% in volume and 61.2% in value (2021: 333,062 POS payments, worth CVE 1.21 billion).

As with withdrawals, payments abroad also stood out, both in terms of volume (97.0%) and value (95.7%), compared to payments made in the country.

Graph II 24 - Payments using an international card by residents in the country and abroad

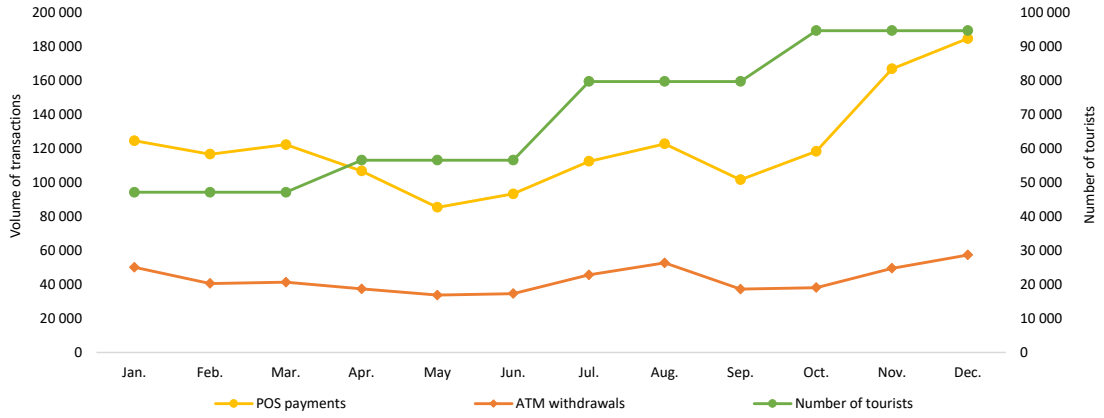


Source: SISP

November 2022 was the month with the highest volume of payments abroad by residents, with a total of 47,428 transactions, worth CVE 212.6 million.

Reversing the trend of the last two years, the average value of withdrawals made by residents abroad (CVE 11,256) was lower than those made by non-residents in the country (CVE 12,685). Similarly, the average value of payments made in the country by non-residents (CVE 6,795) was higher than that made by residents outside Cabo Verde (CVE 4,170).

Graph II 25 - Vinti4 network transactions using international cards (volume)



Source: SISP and INE

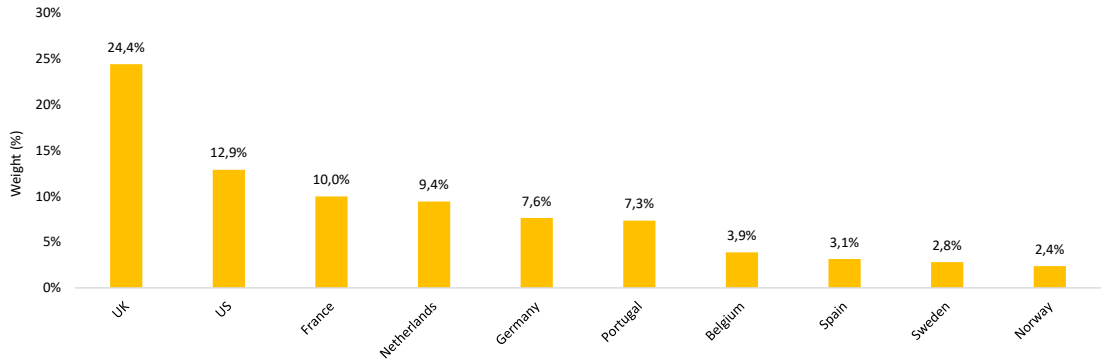
The tourism sector is showing growth again after a long break caused by the Covid-19 pandemic. According to INECV data[20], Cabo Verdean hotels welcomed a record 835,945 tourists in 2022 (increases of 394.4% compared to 2021 and 2.0% compared to 2019), which directly influences developments in transactions made on the vinti4 network by non-residents holding international cards (Graph II.25).

Thus, compared to 2021, foreigners holding international cards made 1,048,067 more POS payments (2021: 410,546 payments) and 224,345 more cash withdrawals (2021: 294,638 withdrawals).

POS payments and ATM withdrawals made in the fourth quarter of the year (619,119 transactions) account for 31.2% of the total processed in the year, in line with official INECV data, which shows that the months of October, November and December accounted for 34.0% of all guests in the country.

[20] The number of guests and overnight stays increased in every quarter of 2022, compared to the previous year. Q4 2022 saw the biggest increase in the number of guests, with 284,611 arrivals. Overnight stays also saw a significant increase in this period. The highest number of overnight stays in 2022 was in the fourth quarter, with a total of 1,328,434 - Tourism Statistics / Guest Traffic 2022 - INECV.

Graph II 26 - International card transactions, per issuing country

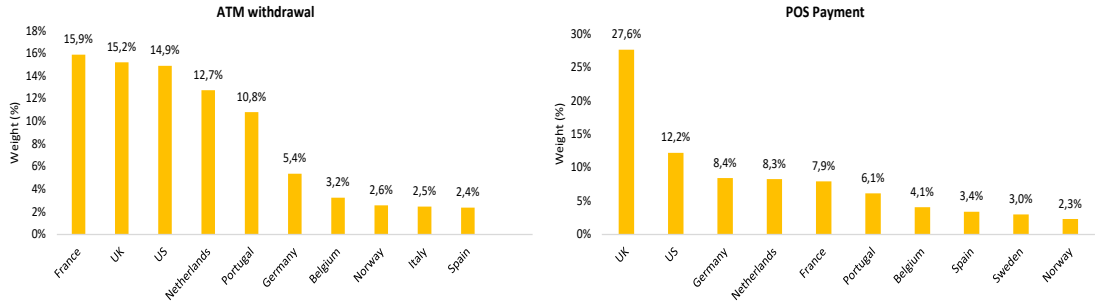


Source: SISP

Breaking down international card transactions by card-issuing country, we also see that the volume of transactions coincides with the official data published, namely on the main tourist source markets for Cabo Verde..[21] European countries were the main tourist source markets, and transactions with cards issued in European countries accounted for the largest share of total transactions in the country (Graph II.26). The United Kingdom ranked highest, with the largest volume of transactions (24.4%).

Regarding international card use, by card-issuing country and by type of transaction (Graph II.27), France and the United Kingdom are the countries with the largest share of total ATM withdrawals, at 15.9% and 15.2% respectively, while the United Kingdom stands out in terms of POS payments, with 27.6% of the total processed, followed by the US, with 12.2%.

Graph II 27 - International card withdrawals and payments, per issuing country (volume)



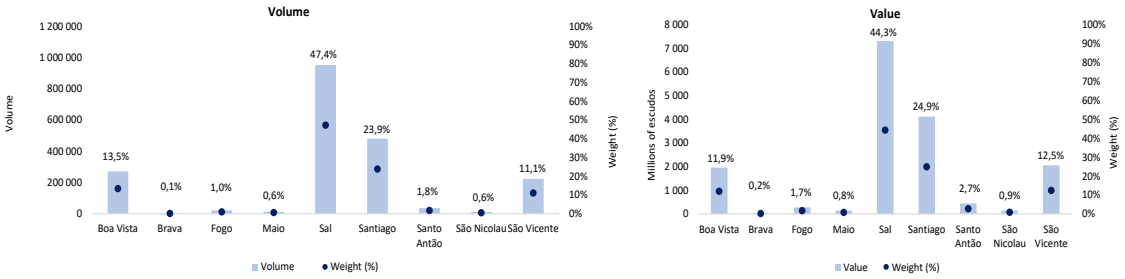
Source: SISP

Meanwhile, regarding the average value of POS payments, the Portuguese stood out with an average of CVE 8,319 per transaction, followed by the Germans with CVE 8,252, the French with CVE 8,244, the Belgians with CVE 7,386, and the Americans with CVE 6,834 per transaction.

[21] United Kingdom with 30.9% of total arrivals, Germany with 11.5%, Belgium and the Netherlands with 10.5%, Portugal with 10.5% and France with 5.6% - Tourism Statistics - Guest Traffic 2022 - INECV.

With the resumption of activity in the country's main tourist spots, there was a clear relationship between the amounts transacted with international cards on the vinti4 network (Graph II.28) and tourist arrival rates on the islands where the tourism sector was most prominent during the year - Sal, Boa Vista and Santiago[22].

Graph II 28 - International card use per island



Source: SISP

Sal Island had the highest volume of international card transactions during the year, accounting for 47.4% in volume and 44.3% in value of the total processed. Overall, the island made 953,025 transactions, worth CVE 7.31 billion, which, compared to 2021, represents growth of 273.2% in volume and 208.6% in value.

Santiago Island ranks second, with a weight of 23.9% in volume and 24.9% in value, while the other islands together account for 15.3% in volume and 18.8% in value of the total transacted in the year.

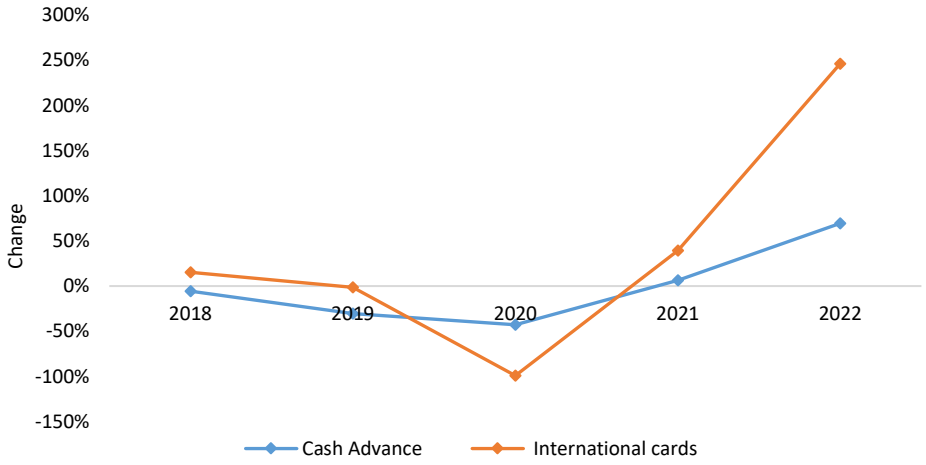
Also noteworthy is Boa Vista Island, whose growth in international card transactions, compared to 2021, was 539.4% and 420.6%, in volume and value, respectively. This was essentially due to the significant growth in tourist arrivals on the island, compared to the previous year, namely a 1,050.9% increase, according to INECV data.

When activated on international cards, the "cash-advance"[23] feature allows cardholders to withdraw cash at national credit institution branches.

[22] Tourist arrival rates: Sal (61.8%), Boa Vista (21.0%), Santiago (9.3%) and the remaining islands (7.8%) - Tourism Statistics - Guest Traffic 2022 - INECV.

[23] Acceptance of international cards through agreements between national credit institutions and operators and foreign entities. When used for cash advances, international cards are subject to a fee to cover the cost of connecting to the network to which the international card belongs.

Graph II 29 - Cash advances and international cards (volume)

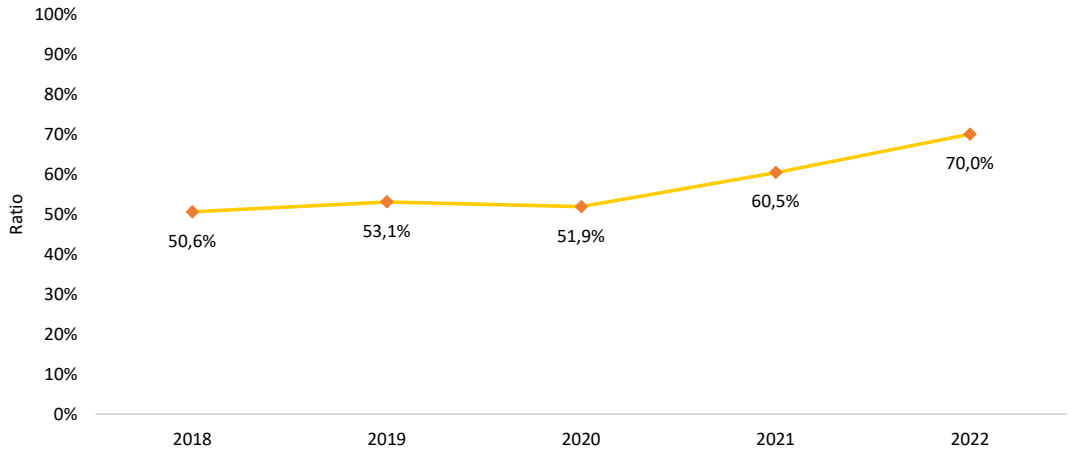


Source: Credit institutions and SISP

In 2022, a total of 1,108 cash-advance transactions were made, worth CVE 67.3 million, representing a 69.7% increase in volume and a 9.6% decrease in value, compared to the previous year (Graph II.29).

Looking at payment card transactions in relation to GDP[24] (Graph II.30), we see the important role and significant influence of card transactions on the national economy. Thus, in 2021, the equivalent of 70.0% of GDP at current prices was transacted with payment cards (national and international), which represents a 9.5 p.p. increase on the previous year.

Graph II 30 - Developments in value transacted using cards/GDP



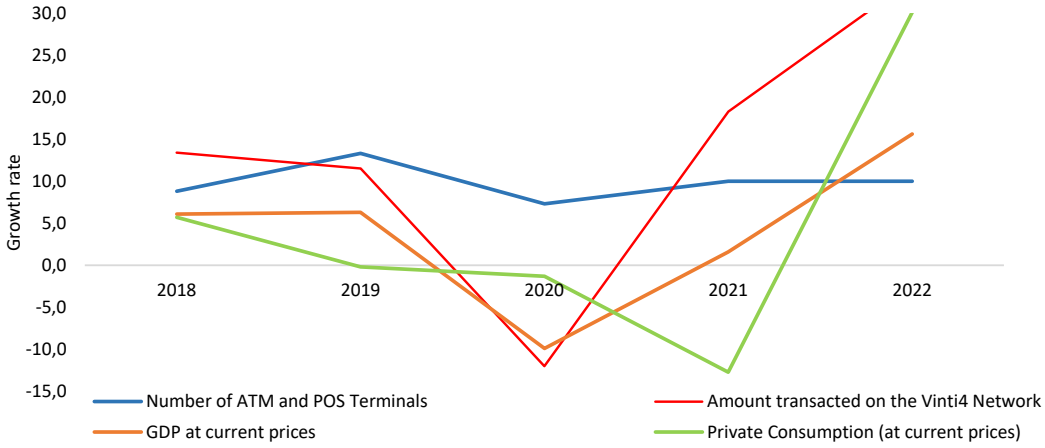
Source: BCV

Between 2018 and 2022, the rates of change in national GDP and the value of payment card transactions showed a ratio of 93.8%, which confirms the increasingly significant influence of electronic payments on the economy.

[24] Data from Banco de Cabo Verde - Statistics and Economic Studies Department

Similarly, payments can be considered an indicator of private consumption in the country, insofar as card transaction data allows for almost real-time monitoring of consumer spending.

Graph II 31 - Developments in the growth rates of the number of ATM and POS, value transacted using cards, GDP and private consumption



Source: Banco de Cabo Verde and SISP

The Covid-19 pandemic had a strong impact on the economy, particularly on national private consumption, as can be seen in Graph II.31, where, between 2017 and 2021, the rates of change in national private consumption and the value of payment card transactions showed a ratio of -4.9%. In 2022, with the full resumption of economic activity, there was a recovery in private consumption, whose ratio to transactions processed on the vinti4 network between 2018 and 2022 rose to 56.8%.

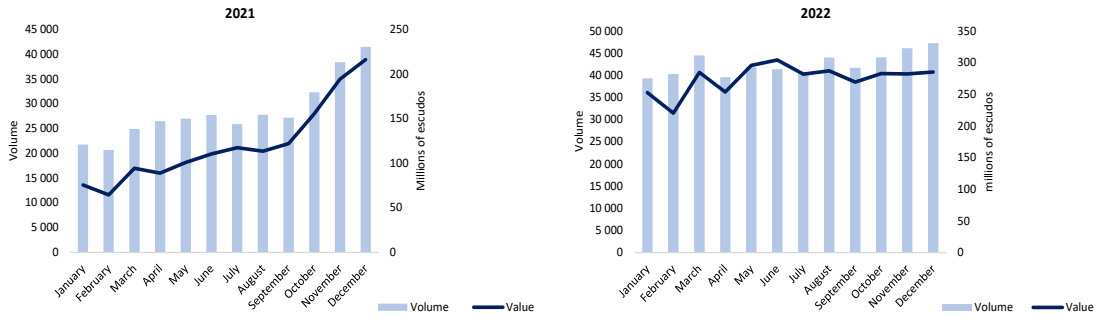
All over the world, e-commerce has become the market of choice for millions of consumers who see it as a simpler, faster and safer way to make purchases.

The focus on developing e-commerce solutions and, above all, the constant introduction of innovative technologies that make online shopping more intuitive and immediate have contributed greatly to this.

In this respect, Cabo Verde is no exception. E-commerce has been evolving gradually in the country, so much so that on December 31, 2022, 276 online sales entities associated with various sectors were registered with the shared network operator, which represents a 50.0% increase over 2021 (184 entities).

In 2022, a total of 510,519 online purchases were made, worth CVE 3.23 billion (182,528 purchases on national websites, worth CVE 1.67 billion, and 327,991 purchases on international websites, worth CVE 1.63 billion), which represents overall growth of 49.5% in volume and 127.0% in value, compared to the previous year (Graph II.32).

Graph II 32 - Monthly developments in online purchases (national and international websites)



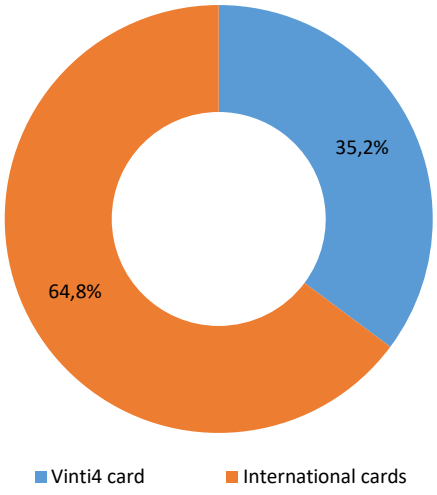
Source: Banco de Cabo Verde and SISP

Breaking down online purchases on national websites by card type (Graph II.33), we see, as in the previous year, a predominance of purchases with international cards, which accounted for 64.8% in volume and 35.2% in value of the total purchases made in 2022.

Overall, 118,585 online payments were processed with international cards, worth CVE 1.05 billion, representing a threefold increase compared to the previous year.

A total of 59,737 online payments were made using national cards, worth CVE 572.0 million, which represents growth of 56.9% in volume and 452.9% in value compared to 2021 (2021: 38,065 online payments, worth CVE 103.4 million).

Graph II 33 - Online purchases per card type (national websites)



Source: Banco de Cabo Verde and SISP

The sector with the highest volume of online purchases on national websites was payments to the State (Graph II.34), with 60.3% of the total processed, followed by the hotels and travel

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

sector, with 28.8%. The other sectors (goods and services and telecommunications) together accounted for 10.9% of the total volume of transactions.

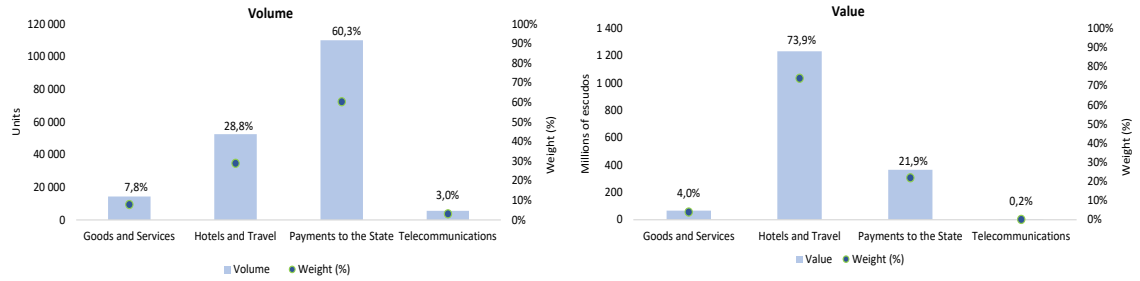
In terms of the amounts transacted, the highest value of online purchases was recorded by the hotels and travel sector, with 73.9% of the total processed (CVE 1.23 billion).

The hotels and travel sector recorded high growth rates compared to 2021, up 306.8% in volume and 463.9% in value, influenced by the strong increase in tourism in the country.

Payments to the State had the second highest value processed, with 21.9% (CVE 365.5 million).

With a weight of 3.0% in volume and 0.2% in value, telecommunications was, as in the previous year, the only sector to record decreases – 14.2% in volume and 29.3% in value.

Graph II 34 - Purchases per sector (national websites)



Source: SISP

In 2022, purchases made by Cabo Verdeans on foreign websites accounted for 64.2% in volume and 49.5% in value of total online payments (national and international websites), which, compared to the previous year, corresponds to growth of 17.7% in volume and 42.3% in value.

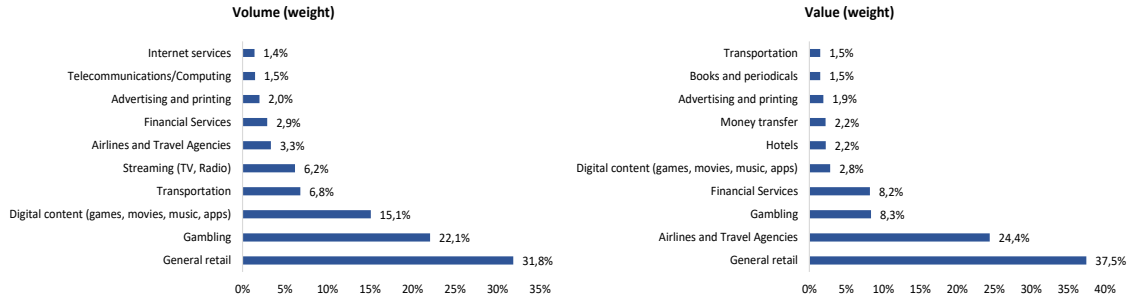
With regard to the sectors associated with purchases made on international websites (Graph II.35), as in the previous year, the general trade in goods and services sector predominated, accounting for 31.8% in volume and 37.5% in value of the total processed. Overall, 104,445 general goods and services purchases were paid for in 2022, worth CVE 611.7 million.

Games of chance ranked second in terms of volume, with a weight of 22.1% (72,338 transactions), and third in terms of value, with a weight of 8.3% of the total (CVE 136.2 million).

Digital content (films, music, applications, trainings, etc.) ranked third in terms of volume, with a weight of 15.1% (49,472 transactions), although accounting for only 2.8% of the total in terms of value (CVE 45.8 million).

The airline and travel agency sector came second in terms of the amounts transacted, accounting for 3.3% in volume (10,942 transactions) and 24.4% in value (CVE 398.3 million) of the total transacted.

Graph II 35 - Purchases per sector (international websites)

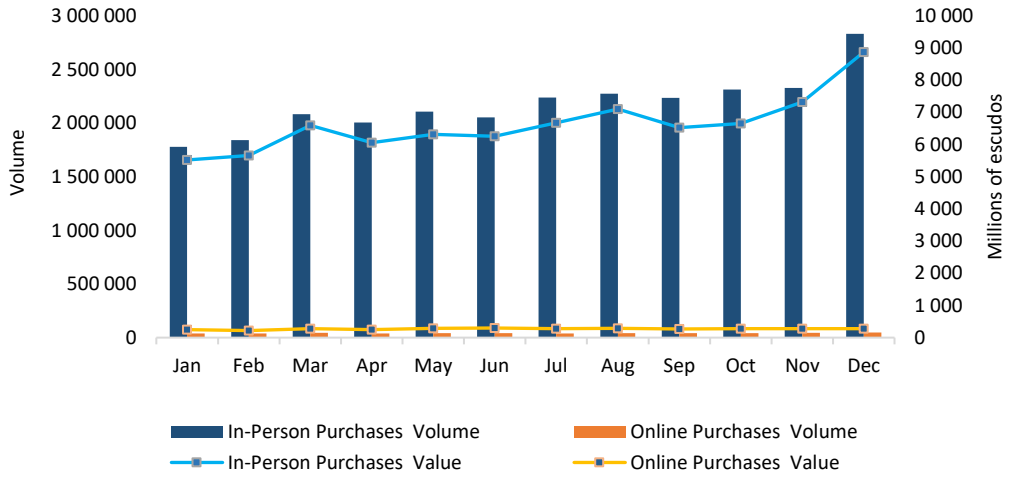


Source: SISP

For companies, one of the main advantages of online sales is access to more customers and new markets, with relatively low costs, open all hours of the day, which consequently results in increased sales and better positioning in relation to the competition.

In Cabo Verde, e-commerce has taken its first steps towards evolution, both in terms of regulation and the modernization of payment infrastructures, especially as regards security and improved consumer experience.

Graph II 36 - POS and online purchases



Source: SISP

Despite the clear evolution of e-commerce in Cabo Verde, the low penetration rate means that Cabo Verdeans still prefer in-person shopping (Graph II.36). In fact, the volume of POS payments in physical stores remains much higher than online payments, with in-person payments accounting for 98.1% in volume and 96.0% in value of total purchases made in 2022.

December was the month with the highest volume of transactions during the year, with a total of 2,879,389 transactions, worth CVE 9.156 billion, which, compared to 2021, represents growth of 25.9% in volume and 34.6% in value.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

CHAPTER III
OVERSIGHT

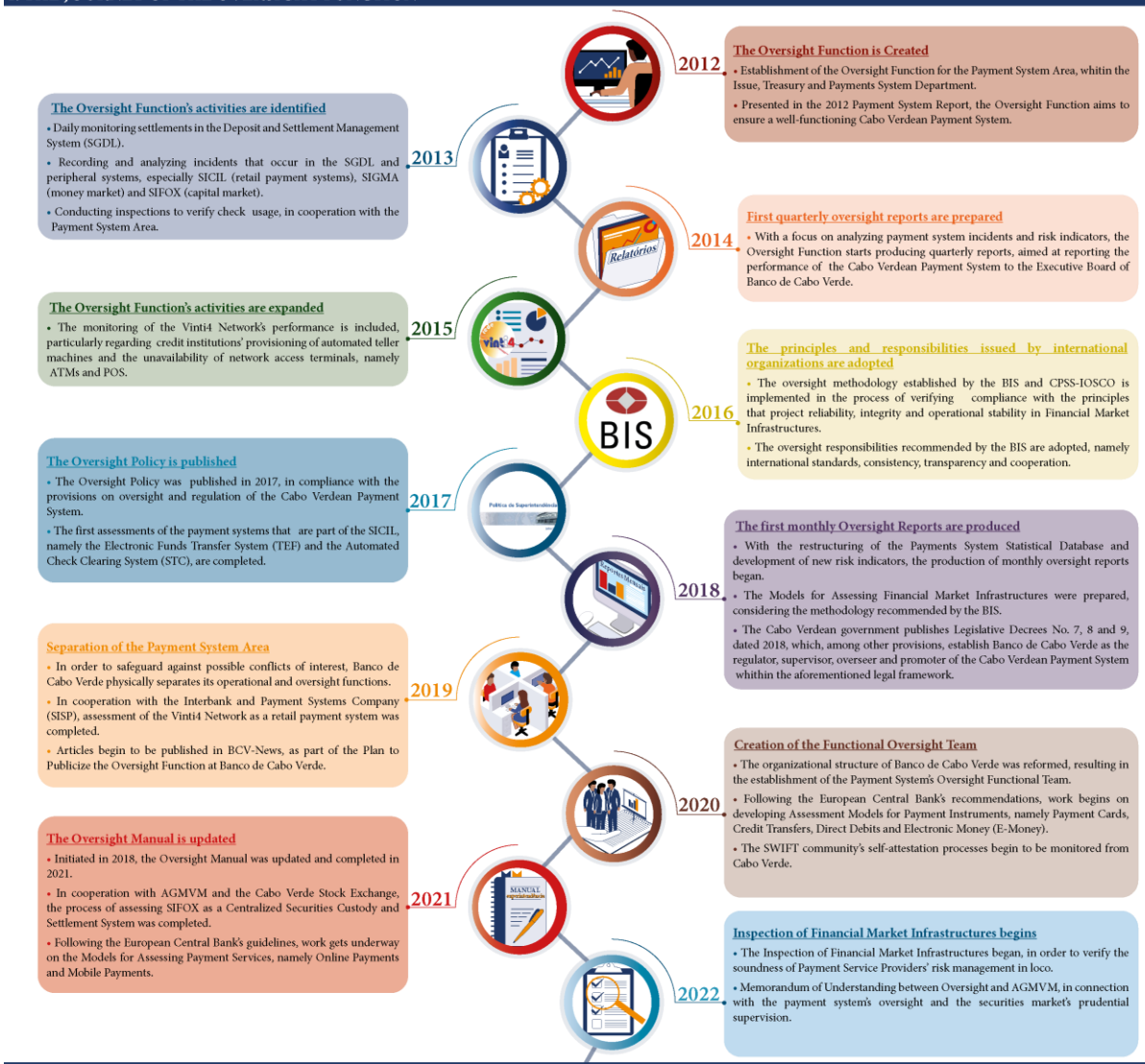
Infographic 6 - Evolution of the Oversight Function at Banco de Cabo Verde

10 YEARS OF OVERSIGHT | THE EVOLUTION OF THE FUNCTION AT BANCO DE CABO VERDE

Globally, Central Banks have kept pace with technological innovations linked to the payment system, promoting or implementing solutions that contribute to the efficiency of the technological infrastructures that support the system. Other aspects related to the payment system are of primary concern to Central Banks, such as security, reliability and integrity. In this context, Banco de Cabo Verde (BCV), as the entity primarily responsible for the national payment system, has been working to develop this system.

Given the importance of a well-functioning payment system for financial stability, confidence in Central Bank money and monetary policy implementation, Banco de Cabo Verde has been overseeing the payment system since 2010, with its main focus on mitigating the risks inherent in Financial Market Infrastructures, including those associated with payment systems, clearing and settlement systems and payment instruments and services.

I. THE JOURNEY OF THE OVERSIGHT FUNCTION



II. STRATEGIC PLAN FOR THE OVERSIGHT FUNCTION



Global changes in the means of payment are being driven by the need for ever faster and more automatic funds transfers, which brings new challenges for Central Banks in promoting the security and efficiency of clearing and payment systems.

To mitigate the risks arising from the digital transformation of means of payment, Central Banks are developing legal frameworks and promoting public policies for the development and continuous modernization of the payment system.

Furthermore, Central Banks are regularly assessing Financial Market Infrastructures with the aim of increasing interoperability between different payment systems and ensuring that they are secure and resistant to risks and vulnerabilities.

Assessing[25] Financial Market Infrastructures is an important tool for the Payment System Oversight function, as it allows the strengths and weaknesses of payment and clearing systems to be identified, as well as possible risks and vulnerabilities, making it possible to adopt corrective measures and improve these infrastructures. Therefore, the assessment process contributes to promoting the security, efficiency and stability of the financial system as a whole, as well as ensuring the protection of end users of payment services.

Banco de Cabo Verde acts as overseer of payment systems through Article 19 of its Organic Law, which gives it powers to "*directly ensure or regulate, oversee and promote the proper functioning of clearing and payment systems,*" and in Article 15(1)(j) of the Financial System Basic Law, which stipulates that this Central Bank is responsible for "*establishing rules on the provision of payment services, controlling and overseeing access to payment systems and promoting their safe and efficient operation*."

Similarly, Article 6 of Legislative Decree No. 7/2018, dated November 28, stipulates that "*Banco de Cabo Verde is responsible for overseeing the payment system, as a policy that contributes to the fulfillment of public interest objectives and financial system stability in general*."

To ensure the security and efficiency of the Cabo Verdean Payment System, Banco de Cabo Verde continued to carry out a series of oversight activities in 2022. These payment system oversight activities aim to ensure the smooth functioning of payment systems and contribute to financial system stability.

3.1. Daily payment system monitoring

Daily payment system monitoring involves constant, real-time observation and analysis of the transactions processed in SGDL, the country's only payment system that settles large-value transactions and the financial transactions of other Financial Market Infrastructures, namely

[25] Financial Market Infrastructures are assessed based on international standards, such as the Principles for Financial Market Infrastructures (PFMI) developed by the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO).

SIGMA (money market), SIFOX (capital market), SIGER (foreign exchange market) and SICIL (retail payment systems).

This includes checking for possible interruptions, identifying security or performance flaws and resolving problems that could affect the proper functioning of the Financial Market Infrastructures.

In 2022, there were no incidents considered significant or that jeopardized the operational stability of the Cape Verdean Payment System.

3.2. Incident Analysis

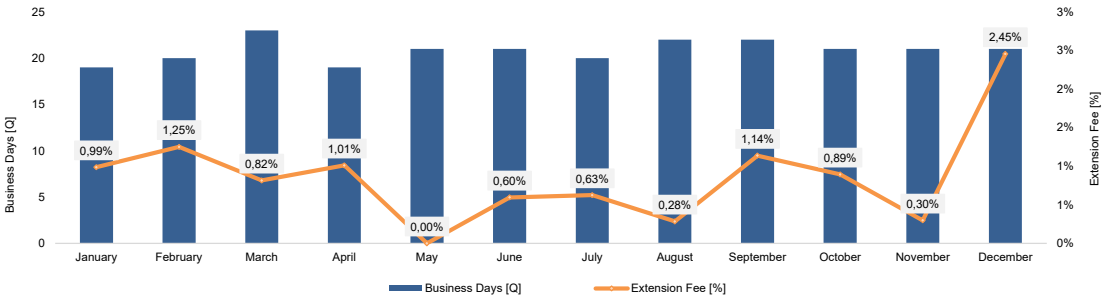
Incident analysis involves identifying and analyzing adverse events, irregularities or errors in the operation of payment systems, continuously monitored by the oversight function. These incidents or irregularities can include technical problems, processing errors, security breaches, etc.

Incident analysis is primarily aimed at identifying the causes of problems and proposing solutions for their future occurrence. For this purpose, the incident is investigated in detail, with relevant information gathered, financial and operational impacts assessed and corrective measures determined.

One impact that can occur as a result of an incident is extending the SGDL settlement service's operating hours. This impact is analyzed using the SGDL settlement service extension fee indicator, which shows the settlement risk in this system, the liquidity risk of the participants and the operational and technological risk of the Financial Market Infrastructures.

In 2022, the average SGDL settlement service extension fee was 0.86%, an increase of 0.43% compared to 2021 (0.43%).

Graph III 1- SGDL settlement service extension fee - 2022



Source: SGDL.

Low extension rates in 2022, as in previous years, suggest that the SGDL has adequate operational conditions to ensure that transactions are settled within the regulatory time limit,

i.e. from 8 a.m. to 4 p.m., as stipulated by the owner of the infrastructure, Banco de Cabo Verde.

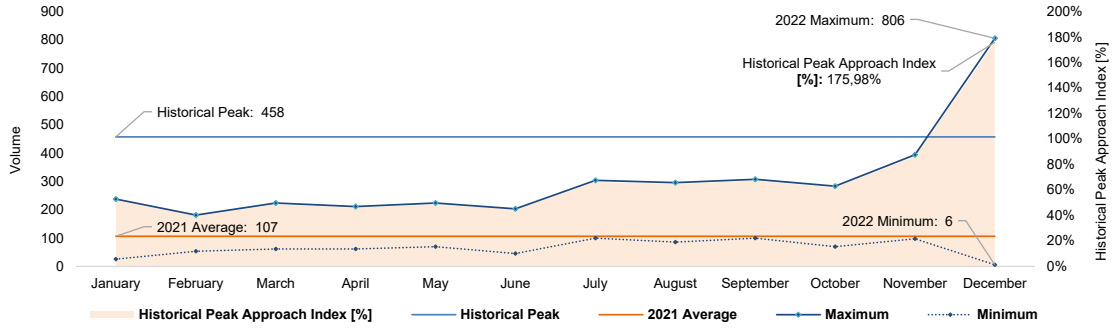
3.3. Statistical data analysis

Statistical data analysis involves collecting, processing and interpreting statistical data related to financial transactions processed in payment systems. The main purpose of this activity is to identify trends and patterns in the behavior of payment systems, as well as to evaluate their performance and detect any problems or risks that may affect their stability and security.

Statistical data analysis may cover various payment system risk indicators, such as Turnover, Average Transaction Value, Peak Day, Daily Payment Flow (analysis by settlement time), SGDL Participant Concentration Index, among others.

Specifically regarding the SGDL Peak Day indicator, which shows the liquidity risk and operational risk in the system, the highest record of transactions settled in the SGDL occurred on December 28, 2022, with 806 transactions, surpassing the historical peak (458 transactions), seen on December 21, 2015, as illustrated in the graph below.

Graph III 2 - Peak day (transactions settled) - 2022

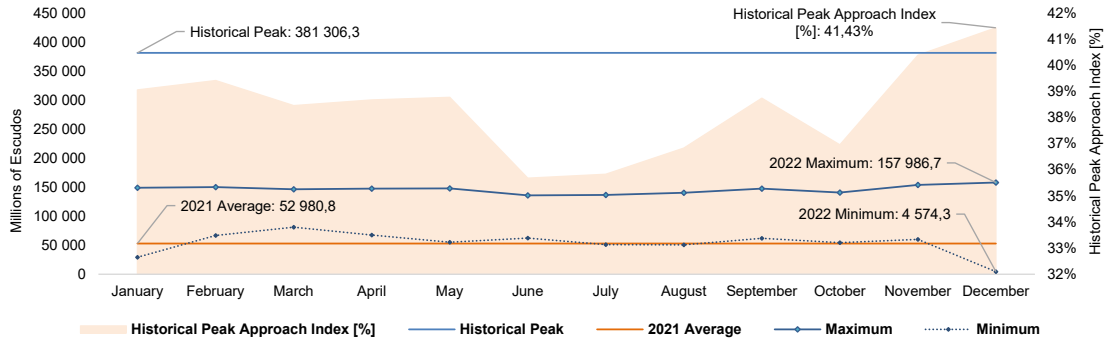


Source: SGDL.

The peak number of transactions settled in 2022 exceeded the historical peak of recent years and, consequently, the Historical Peak Approach Index stood at 175.98%. Although it reached a new record for the number of payments made in a single day, the SGDL met the demand for transactions settled on the 2022 peak day perfectly.

Regarding the values transacted in the SGDL, the highest was seen on December 15, 2022, with CVE 157.99 billion, with the Historical Peak Approach Index reaching 41.43%.

Graph III 3 - Peak day (transaction values) - 2022



Source: SGDL.

The values settled on the peak day under analysis did not represent a significant risk for participants or the financial system, when compared to the historical peak already recorded (CVE 381.31 billion).

3.4. Monitoring of vinti4 network malfunctions

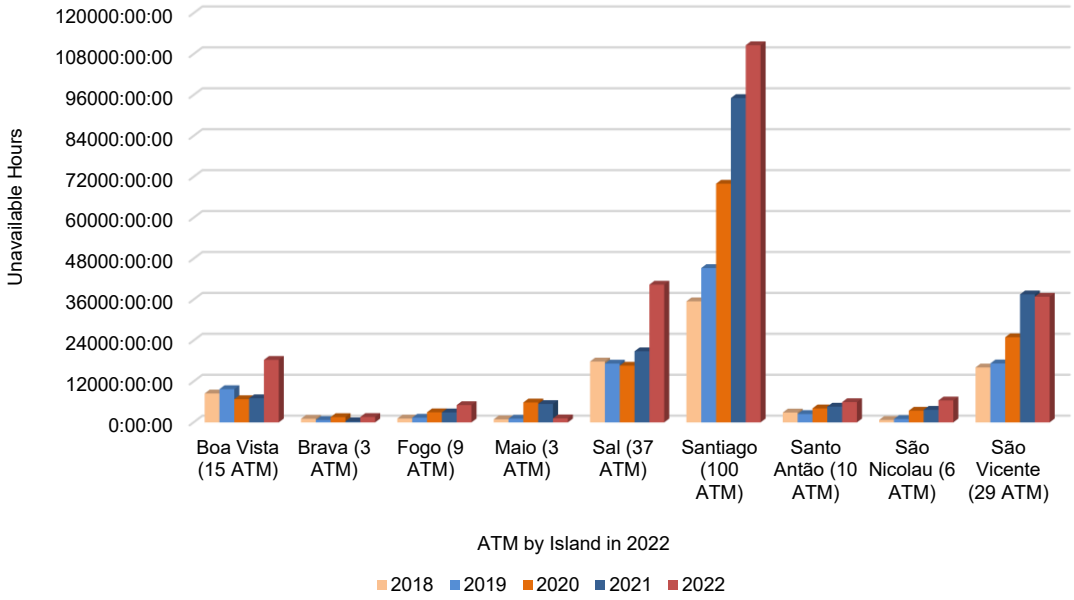
The vinti4 network is one of the retail payment systems integrated into the SICIL, which also includes the Automated Check Clearing System and the Electronic Funds Transfer System.

In terms of private consumption, the vinti4 network is more important than other systems, as it allows consumers to make various financial transactions, such as bank transfers, service payments, mobile phone top-ups, online purchases, etc. A disruption in the vinti4 network can affect private consumption and, consequently, public confidence in the system and the currency in general.

For these reasons, Banco de Cabo Verde constantly monitors vinti4 network malfunctions, especially those related to automated teller machines (ATMs), which may result in technical or communication problems and, consequently, service unavailability, as illustrated in Graph III.4.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Graph III 4 - ATM unavailable hours per island



Source: SISP.

Despite the increase in ATM unavailability in 2022, the vinti4 network has not faced significant problems that compromise the reliability of the service offered by this shared network's operator.

3.5. Assessment of financial market infrastructures

In 2022, Banco de Cabo Verde began evaluating the SGDL, the country's only systemically important payment system, which is managed and operated by Banco de Cabo Verde and ensures gross and real-time settlement of transactions settled in central bank money by the system's participants.

In addition, Banco de Cabo Verde began inspecting Financial Market Infrastructures, with the aim of verifying the soundness of the payment service processor's risk management, on site.

Among the responsibilities of the payment system oversight function, the Bank for International Settlements (BIS) highlights the assessment of Financial Market Infrastructures as one of the most relevant activities. Financial Market Infrastructures play a key role in promoting financial stability and economic growth, but they concentrate risks which, if not properly managed, could jeopardize the stability of the national and international financial system.

The assessment process consists of analyzing Financial Market Infrastructures' resilience based on the principles laid down by the Bank for International Settlements (BIS), with a view to promoting the security and reliability of the financial system as a whole.

ANNEXES

Payment System Regulation – 2022

- Banco de Cabo Verde **Notice No. 4/2022**, dated October 18, regulating the general conditions for opening, managing and closing payment accounts used by payment institutions and institutions that issue, distribute and refund electronic money and other financial institutions authorized to provide payment services;

Specifically, this Notice aims to:

a) Regulate the aspects relating to the operation and general conditions for opening, managing and closing payment accounts used by payment institutions and institutions that issue, distribute and refund electronic money and other financial institutions authorized to provide payment services, pursuant to Article 6(1) of Legislative Decree No. 9/2018, dated November 28, to record payment transactions that do not exceed the limits established in Article 7 of the Notice itself;

b) Identify videoconferencing and access to electronic documents, with equivalent value to the identification document issued by a relevant public authority, namely by making use of the National Identification Card Authentication Provider service or through the Digital Mobile Key provided by the State of Cabo Verde, as alternative procedures for verifying the identity of holders and end-users of payment accounts;

c) Establish the requirements applicable to videoconferencing as an alternative procedure for verifying the identification details of the holders and end users of payment accounts, when opening an account remotely (not in person).

- Banco de Cabo Verde **Notice No. 5/2022**, dated October 18, regulating the conditions for issuing, accepting and using payment cards.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Statistical Data

Table 1 – Overall Clearing Transactions

Volume: Units. Value: millions of Escudos.

	Checks		Check Returns		Transfers		Transfer Returns	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
1997	60 171	16 469,5	979	461,5	6 774	17 881,8	-	-
1998	72 754	20 570,6	994	200,8	10 053	20 010,9	-	-
1999	128 294	28 509,1	1 489	287,9	14 664	24 298,5	-	-
2000	153 641	36 395,6	1 911	306,7	14 378	17 634,9	-	-
2001	159 638	39 196,3	1 447	238,6	15 300	16 625,9	-	-
2002	184 386	47 340,4	1 557	254,0	16 856	20 071,7	-	-
2003	194 512	47 762,4	1 652	216,9	17 829	22 157,0	-	-
2004	190 293	37 143,9	1 822	360,1	25 398	33 877,0	-	-
2005	222 220	46 204,5	1 876	377,2	30 630	41 618,6	-	-
2006	253 410	57 217,7	1 813	409,6	33 579	48 034,7	-	-
2007	308 953	72 507,4	2 032	453,3	39 849	61 611,9	-	-
2008	342 909	96 297,2	3 759	10 220,4	45 994	65 176,6	-	-
2009	357 920	85 223,9	3 624	1 204,4	57 797	63 099,5	-	-
2010	364 642	83 205,8	3 767	1 185,5	84 070	75 024,6	-	-
2011	364 911	83 779,8	3 389	792,7	115 675	75 949,0	-	-
2012	346 570	77 024,2	3 600	1 003,0	272 845	82 844,9	1 352	332,0
2013	309 755	68 451,5	2 544	661,1	419 938	87 083,9	647	88,2
2014	297 785	66 900,5	3 286	900,4	452 214	93 201,9	839	139,3
2015	302 525	70 634,6	3 277	1 369,3	503 270	111 458,1	493	80,8
2016	315 990	73 854,4	3 199	1 099,5	558 842	118 123,9	711	164,8
2017	308 403	70 220,1	3 563	1 605,5	598 677	128 319,1	646	94,8
2018	302 289	69 897,8	3 683	1 175,5	671 875	140 251,6	540	78,0
2019	301 060	72 806,1	4 020	1 619,5	739 958	158 687,3	1 005	84,5
2020	254 959	64 330,4	3 012	1 403,1	891 997	129 510,8	483	103,3
2021	263 455	62 618,9	2 697	1 028,4	1 248 060	146 722,8	530	86,4
2022	264 879	69 492,3	3 058	1 633,7	1 158 037	127 185,9	860	144,3

Source: SISP.

Table 2 – Monthly data on checks submitted for clearing in volume (2018 – 2022)

Volume: Units.

	2018	2019	2020	2021	2022
January	26 868	25 082	24 342	19 375	19 931
February	23 449	23 384	23 000	20 275	20 881
March	25 492	24 345	27 072	24 033	24 435
April	25 376	24 383	10 562	20 954	20 257
May	26 550	26 490	16 066	21 884	23 242
June	23 848	22 499	21 142	22 021	22 242
July	25 597	26 877	22 197	22 303	21 254
August	25 266	24 311	20 546	21 935	23 068
September	22 236	23 773	21 570	21 943	21 286
October	26 258	26 525	21 996	21 819	21 669
November	25 006	24 657	21 209	22 325	22 876
December	26 343	28 734	25 257	24 588	23 738
Total	**302 289**	**301 060**	**254 959**	**263 455**	**264 879**
Monthly average	*25 191*	*25 088*	*21 247*	*21 955*	*22 073*

Source: SISP.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table 3 – Monthly data on checks submitted for clearing in value (2018 – 2022)

Value: millions of Escudos.

	2018	2019	2020	2021	2022
January	7 530,8	6 993,0	7 155,2	5 597,0	5 113,9
February	4 694,4	6 959,9	5 446,3	4 731,7	5 004,3
March	6 278,9	5 473,6	6 772,1	5 937,0	5 889,0
April	6 099,5	5 745,7	3 413,6	4 264,2	5 059,2
May	6 104,7	5 663,1	4 091,9	4 759,9	5 748,5
June	5 812,7	5 287,2	5 426,0	4 857,6	5 809,1
July	5 763,7	5 776,1	5 682,4	5 584,5	5 846,2
August	5 872,7	5 794,3	5 057,0	5 375,5	6 327,8
September	4 757,1	5 711,1	4 972,2	5 001,0	5 718,1
October	5 522,7	5 849,3	4 926,7	5 075,1	5 882,6
November	5 249,1	5 900,9	4 569,4	5 330,2	6 563,9
December	6 211,6	7 651,8	6 817,7	6 105,3	6 529,6
Total	**69 897,8**	**72 806,1**	**64 330,4**	**62 618,9**	**69 492,3**
Monthly average	*5 824,8*	*6 067,2*	*5 360,9*	*5 218,2*	*5 791,0*

Source: SISP.

Table 4 – Checks submitted for Clearing by value bracket in volume (2018 – 2022)

Volume: Units.

		2018	2019	2020	2021	2022
1	10 000	67 297	63 362	53 867	55 680	49 407
10 001	20 000	50 283	49 330	41 707	46 442	45 042
20 001	30 000	36 362	32 826	27 625	31 597	31 386
30 001	50 000	39 499	39 538	31 675	35 023	36 439
50 001	100 000	41 596	41 437	35 017	33 797	35 702
100 001	500 000	48 070	54 052	44 793	43 849	47 477
500 001	1 000 000	9 109	9 958	10 295	8 100	9 047
1 000 001	2 000 000	4 909	5 072	4 672	4 206	4 996
2 000 001	3 000 000	1 882	1 802	1 683	1 520	1 789
3 000 001	4 000 000	887	968	808	832	1 030
4 000 001	5 000 000	668	752	603	571	591
5 000 001	10 000 000	1 141	1 297	1 485	1 227	1 303
10 000 001	20 000 000	375	406	504	424	460
20 000 001	100 000 000	194	246	210	186	204
> 100.000.000		17	14	15	1	6
Total		**302 289**	**301 060**	**254 959**	**263 455**	**264 879**

Source: SISP.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table 5 – Checks submitted for Clearing by value bracket in value (2018 – 2022)

Value: millions of Escudos.

		2018	2019	2020	2021	2022
1	10 000	378,8	357,7	302,4	316,7	285,3
10 001	20 000	751,3	738,9	625,0	763,4	746,8
20 001	30 000	963,0	825,9	694,4	936,4	928,9
30 001	50 000	1 680,0	1 576,8	1 263,8	2 108,4	2 167,9
50 001	100 000	3 685,3	3 007,2	2 503,5	2 885,3	3 077,7
100 001	500 000	11 173,8	12 058,0	9 884,9	10 330,1	11 274,6
500 001	1 000 000	6 971,0	7 293,7	6 366,7	6 116,9	6 852,6
1 000 001	2 000 000	7 309,9	7 354,1	6 435,0	6 195,9	7 382,0
2 000 001	3 000 000	4 842,5	4 570,8	3 965,4	3 971,5	4 543,3
3 000 001	4 000 000	3 222,9	3 492,5	2 824,9	3 315,4	4 116,5
4 000 001	5 000 000	3 363,0	3 509,4	2 769,9	3 021,7	3 009,8
5 000 001	10 000 000	8 693,3	9 211,2	11 216,8	9 304,5	9 824,2
10 000 001	20 000 000	5 565,0	5 799,1	6 522,7	5 846,5	6 582,2
20 000 001	100 000 000	7 855,4	9 592,3	7 296,5	7 386,1	7 855,9
> 100.000.000		3 442,6	3 418,5	1 658,3	120,0	844,6
Total		**69 897,8**	**72 806,1**	**64 330,4**	**62 618,9**	**69 492,3**

Source: SISP.

Table 6 – Monthly data on checks returned for clearing in volume (2018 – 2022)

Volume: Units.

	2018	2019	2020	2021	2022
January	285	292	326	184	400
February	241	274	254	220	223
March	275	308	294	203	260
April	266	318	210	190	177
May	284	381	158	173	189
June	303	331	256	224	257
July	328	574	226	322	452
August	344	298	197	251	271
September	263	300	344	238	169
October	309	306	227	180	199
November	447	314	207	232	234
December	338	324	313	280	227
Total	**3 683**	**4 020**	**3 012**	**2 697**	**3 058**
Monthly average	*307*	*335*	*251*	*225*	*255*

Source: SISP.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table 7 – Monthly data on checks returned for clearing in value (2018 – 2022)

Value: millions of Escudos.

	2018	2019	2020	2021	2022
January	94,7	112,3	127,4	71,3	377,3
February	72,4	73,4	122,6	74,4	86,0
March	81,4	153,2	124,9	53,7	96,2
April	91,8	96,4	79,0	47,5	59,5
May	81,2	164,0	65,8	76,2	78,8
June	117,2	205,1	92,4	87,8	243,1
July	87,0	149,6	65,9	137,3	298,1
August	121,3	122,2	283,1	119,4	87,8
September	66,9	124,8	116,0	118,4	52,7
October	133,5	163,6	90,4	67,4	62,6
November	124,1	62,7	70,3	91,3	82,2
December	104,1	192,2	165,4	83,6	109,3
Total	**1 175,5**	**1 619,5**	**1 403,1**	**1 028,4**	**1 633,7**
Monthly average	*98,0*	*135,0*	*116,9*	*85,7*	*136,1*

Source: SISP.

Table 8 – Checks returned for Clearing by value bracket in volume (2018 – 2022)

Volume: Units.

		2018	2019	2020	2021	2022
1	10 000	245	258	182	136	131
10 001	20 000	290	266	151	199	146
20 001	30 000	186	177	145	215	96
30 001	50 000	580	581	572	520	566
50 001	100 000	643	656	616	533	622
100 001	500 000	1 268	1 626	865	741	1 036
500 001	1 000 000	257	221	201	179	245
1 000 001	2 000 000	122	131	167	90	118
2 000 001	3 000 000	50	30	40	34	27
3 000 001	4 000 000	15	23	19	16	23
4 000 001	5 000 000	12	16	30	15	7
5 000 001	10 000 000	9	20	20	14	23
10 000 001	20 000 000	4	8	4	3	7
20 000 001	100 000 000	1	7	-	2	11
> 100.000.000		1	-	-	-	-
Total		**3 683**	**4 020**	**3 012**	**2 697**	**3 058**

Source: SISP.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table 9 – Checks returned for Clearing by value bracket in value (2018 – 2022)

Value: millions of Escudos.

		2018	2019	2020	2021	2022
1	10 000	1,6	1,7	1,3	0,8	0,8
10 001	20 000	4,3	4,2	2,5	3,0	2,2
20 001	30 000	4,8	4,5	3,7	6,3	2,4
30 001	50 000	23,0	23,2	23,1	22,1	22,4
50 001	100 000	47,6	47,5	45,9	46,3	45,7
100 001	500 000	312,4	386,5	199,3	174,6	246,7
500 001	1 000 000	190,7	164,1	155,3	132,4	178,0
1 000 001	2 000 000	167,8	187,3	234,3	134,4	175,6
2 000 001	3 000 000	119,2	76,4	114,3	92,1	69,7
3 000 001	4 000 000	54,4	89,5	76,1	65,6	84,0
4 000 001	5 000 000	69,7	86,5	247,1	98,4	30,6
5 000 001	10 000 000	99,0	167,8	239,2	156,4	180,3
10 000 001	20 000 000	48,0	109,3	60,9	39,2	120,9
20 000 001	100 000 000	25,0	270,9	0,0	56,6	474,3
> 100.000.000		8,0	0,0	0,0	0,0	0,0
Total		**1 175,5**	**1 619,5**	**1 403,1**	**1 028,4**	**1 633,7**

Source: SISP.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table 10 – Returned checks per reason for return in volume (2018 – 2022)

Volume: Units.

	2018	2019	2020	2021	2022
By Drawee institution					
Non-clearable	87	156	117	168	72
Lack of key Requirement	299	372	368	360	316
Lack of or insufficient funds	1 489	1 678	975	966	887
Irregular Withdrawal	605	423	285	305	291
Irregular Endorsement	15	5	5	12	3
Check with revoked funds - for just cause	5	-	1	3	-
Check without revoked funds - for just cause	3	3	2	1	2
Check with revoked funds - submitted after the deadline	9	-	1	-	-
Check without revoked funds - submitted after the deadline	5	5	1	-	1
Blocked account	56	34	34	25	50
Suspended account	-	1	1	2	-
Closed Account	2	1	4	-	7
Poor Forwarding	153	91	140	80	148
Account Number does not exist	8	10	6	5	3
Check Number does not exist	27	14	15	14	19
Error in data	143	90	27	20	29
Incorrectly Indicated Amount	303	396	303	345	369
Check not Submitted	-	-	-	-	-
Duplicate record	58	343	32	13	22
No stamp/submission reference/ no endorsement	6	1	2	-	19
Counterfeit check with funds	3	-	-	-	-
Counterfeit check without funds	-	-	-	-	1
Return at the request of borrower institution	34	51	25	35	28
Various Reasons	-	-	-		
Image not received or unreadable	291	275	576	272	749
Borrowing Institution's Failure to Clear	-	-	-	-	-
By Borrowing Institution					
Borrowing Institution's Failure to Clear	-	-	-	-	-
Invalid reason for return	18	15	29	14	17
Poor Forwarding	2	2	-	5	-
Check not Submitted	-	-	5	-	-
Duplicate record	1	1	5	-	2
Return after Deadline	61	53	53	52	23
Period to archive the check has passed	-	-	-		-
Total	**3 683**	**4 020**	**3 012**	**2 697**	**3 058**

Source: SISP.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table 11 – Returned checks per reason for return in value (2018 – 2022)

Value: millions of Escudos.

	2018	2019	2020	2021	2022
By Drawee institution					
Non-clearable	18,2	29,1	25,5	31,9	44,3
Lack of key Requirement	111,9	164,4	197,0	132,6	152,9
Lack of or insufficient funds	412,5	553,3	386,7	308,1	292,8
Irregular Withdrawal	197,7	338,0	106,1	170,6	154,0
Irregular Endorsement	40,4	1,5	0,2	2,5	1,9
Check with revoked funds - for just cause	0,8	-	1,1	1,0	-
Check without revoked funds - for just cause	0,4	0,9	3,1	0,7	0,0
Check with revoked funds - submitted after the deadline	1,6	-	0,1	-	-
Check without revoked funds - submitted after the deadline	0,4	0,2	1,2	-	0,3
Blocked account	7,3	4,5	13,6	8,7	14,7
Suspended account	-	0,0	0,0	0,1	-
Closed Account	0,6	0,0	0,1	-	1,2
Poor Forwarding	41,0	24,5	32,1	46,0	78,1
Account Number does not exist	3,0	1,0	5,3	0,6	1,9
Check Number does not exist	9,5	2,6	4,0	2,7	1,5
Error in data	58,2	19,3	4,4	2,7	4,3
Incorrectly Indicated Amount	110,3	101,0	123,6	134,4	166,8
Check not Submitted	3,8	-	-	-	
Duplicate record	0,8	57,7	117,9	0,7	125,4
No stamp/submission reference/ no endorsement	0,0	0,2	0,1	-	41,2
Counterfeit check with funds	-	-	-	-	-
Counterfeit check without funds	-	-	-	-	0,0
Return at the request of borrower institution	9,4	15,7	1,0	26,4	10,4
Various Reasons	-	-	-	-	
Image not received or unreadable	124,7	292,9	327,5	142,9	530,5
Borrowing Institution's Failure to Clear	-	-	-	-	-
By Borrowing Institution					
Borrowing Institution's Failure to Clear	-	-	-		
Invalid reason for return	1,0	0,8	12,7	5,1	0,3
Poor Forwarding	1,6	0,5	28,8	0,1	-
Check not Submitted	-	-	-	-	-
Duplicate record	0,0	0,0	0,5		0,1
Return after Deadline	20,4	11,3	10,8	10,5	11,0
Period to archive the check has passed	-	-	-		-
Total	**1 175,5**	**1 619,5**	**1 403,1**	**1 028,4**	**1 633,7**

Source: SISP.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table 12 – Monthly data on transfers submitted - in volume (2018 – 2022)

Volume: Units.

	2018	2019	2020	2021	2022
January	44 395	50 306	56 162	65 497	79 818
February	49 206	54 682	61 914	83 835	93 421
March	55 757	57 211	69 503	104 318	102 424
April	52 686	60 036	61 492	103 749	87 284
May	57 677	65 082	69 480	118 752	94 913
June	51 619	58 479	74 241	111 734	87 193
July	60 991	63 324	75 585	117 391	93 471
August	56 751	62 046	72 122	114 134	94 303
September	55 010	60 037	75 670	99 469	95 842
October	60 996	67 337	86 128	90 977	98 876
November	60 311	64 914	87 086	108 157	106 915
December	66 476	76 504	102 614	130 047	123 577
Total	**671 875**	**739 958**	**891 997**	**1 248 060**	**1 158 037**
Monthly average	*55 990*	*61 663*	*74 333*	*104 005*	*96 503*

Source: SISP.

Table 13 – Monthly data on transfers submitted - in value (2018 – 2022)

Value: millions of Escudos.

	2018	2019	2020	2021	2022
January	10 056,5	11 149,7	10 920,8	8 430,7	11 830,9
February	9 043,4	10 898,8	11 699,7	10 047,0	12 379,7
March	10 986,4	12 892,7	13 251,0	12 866,7	15 090,8
April	10 217,2	12 934,0	9 556,0	12 188,1	13 952,4
May	12 506,1	13 174,7	8 758,3	12 414,8	14 692,1
June	10 518,1	11 953,5	9 287,1	12 060,3	12 521,7
July	12 338,3	12 874,7	10 923,7	12 608,2	7 195,1
August	13 139,6	15 236,5	10 225,5	11 493,2	7 625,2
September	10 740,6	12 413,6	9 855,7	12 380,0	7 292,8
October	11 865,5	12 973,7	10 659,3	12 028,6	7 467,7
November	13 376,7	12 948,0	11 773,4	12 560,7	8 111,2
December	15 463,4	19 237,3	12 600,2	17 644,6	9 026,5
Total	**140 251,6**	**158 687,3**	**129 510,8**	**146 722,8**	**127 185,9**
Monthly average	*11 687,6*	*13 223,9*	*10 792,6*	*12 226,9*	*10 598,8*

Source: SISP.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table 14 – Total transfers per closing and transaction code in volume (2018-2022)

Transaction code	Volume: Units.				
	2018	**2019**	**2020**	**2021**	**2022**
Closing 1					
Refunds	478	915	465	27	1
Rent/ Lease	15 391	16 122	25 691	39 293	33 164
Fees	317 999	337 759	381 383	401 401	406 500
Suppliers	8 180	9 451	7 512	14 482	21 524
Social Security Contributions	791	1 209	922	1 108	1 241
National Pensions	123	145	213	365	457
Other Transfers	298 586	356 855	450 997	776 758	681 099
State Payments (DGT)	17	7	20	5	6
Domestic Transfers	77	100	390	179	99
Market Transactions	-	-	-	-	-
Interbank Transfers	-	-	-	-	-
Subtotal 1	**641 642**	**722 563**	**867 593**	**1 233 618**	**1 144 091**
Closing 2					
Refunds	645	15	56	2	-
Rent/ Lease	134	5	61	197	154
Fees	21 624	10 324	12 830	3 169	2 879
Suppliers	53	104	79	349	222
Social Security Contributions	21	3	9	10	12
National Pensions	1	-	6	36	28
Other Transfers	8 294	7 949	11 845	10 674	10 651
State Payments (DGT)	1	-	1	-	-
Domestic Transfers	-	-	-	5	-
Market Transactions	-	-	-	-	-
Interbank Transfers	-	-	-	-	-
Subtotal 2	**30 773**	**18 400**	**24 887**	**14 442**	**13 946**
Total	**672 415**	**740 963**	**892 480**	**1 248 060**	**1 158 037**

Source: SISP.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table 15 – Total transfers per closing and transaction code in value (2018-2022)

Value: millions of Escudos.

Transaction code	2 018	2 019	2 020	2 021	2 022
Closing 1					
Refunds	341,3	204,8	69,7	7,4	0,5
Rent/ Lease	667,1	719,8	908,9	1 303,4	1 354,7
Fees	17 904,8	19 315,3	20 071,4	20 997,3	22 206,9
Suppliers	5 006,0	6 666,1	2 145,4	2 364,0	5 699,4
Social Security Contributions	25,6	33,9	30,5	340,2	40,8
National Pensions	21,0	19,4	12,0	6,4	11,7
Other Transfers	108 970,9	125 141,2	102 888,5	118 495,8	94 471,3
State Payments (DGT)	5,0	0,3	1,8	0,2	1,0
Domestic Transfers	12,6	40,6	327,2	180,9	114,9
Market Transactions	-	-	-	-	-
Interbank Transfers	-	-	-	-	-
Subtotal 1	**132 954,3**	**152 141,3**	**126 455,6**	**143 695,6**	**123 901,2**
Closing 2					
Refunds	69,7	24,7	2,0	0,0	-
Rent/ Lease	7,9	0,1	1,6	7,2	5,2
Fees	1 280,0	622,7	659,1	208,7	158,0
Suppliers	5,4	36,2	9,6	15,6	14,7
Social Security Contributions	0,5	0,2	1,0	0,2	1,0
National Pensions	0,0	-	0,1	0,5	0,3
Other Transfers	6 011,3	5 946,5	2 485,1	2 793,0	3 105,5
State Payments (DGT)	0,5	-	0,1	-	-
Domestic Transfers	-	-	-	2,0	-
Market Transactions	-	-	-	-	-
Interbank Transfers	-	-	-	-	-
Subtotal 2	**7 375,3**	**6 630,4**	**3 158,5**	**3 027,2**	**3 284,7**
Total	**140 329,6**	**158 771,7**	**129 614,1**	**146 722,8**	**127 185,9**

Source: SISP.

Table 16 – Total transfers per value bracket in volume (2018-2022)

Volume: Units.

	2018	2019	2020	2021	2022
< 5.000	59 863	69 286	110 457	178 621	140 028
5.000 - 25.000	203 922	226 760	316 615	551 576	442 159
25.001 - 50.000	148 380	151 946	152 096	174 240	196 564
50.001 -100.000	171 742	192 315	208 653	222 842	240 374
100.001 - 150.000	38 862	44 480	47 601	54 504	63 107
150.001 - 200.000	13 668	15 792	16 227	18 466	21 303
200.001 - 250.000	7 289	8 292	8 765	10 670	12 119
250.001 - 350.000	6 987	7 826	8 052	9 653	11 426
350.001 - 500.000	5 090	5 460	5 391	6 551	7 618
500.001 - 1.000.000	6 740	7 539	7 971	9 571	10 908
1.000.001 - 2.500.000	4 463	5 122	5 096	5 771	6 997
2.500.001 - 9.999.999	5 409	6 145	5 556	5 595	5 434
Total	**672 415**	**740 963**	**892 480**	**1 248 060**	**1 158 037**

Source: SISP.

Table 17 – Total transfers per value bracket in value (2018-2022)

Value: millions of Escudos.

	2018	2019	2020	2021	2022
< 5.000	148,8	174,1	260,4	405,6	337,0
5.000 - 25.000	2 884,1	3 196,7	4 134,4	5 998,8	5 437,3
25.001 - 50.000	5 421,9	5 536,9	5 513,8	6 243,7	6 990,0
50.001 -100.000	11 770,3	13 254,7	14 385,5	15 369,2	16 581,2
100.001 - 150.000	4 604,2	5 256,5	5 597,4	6 387,0	7 408,5
150.001 - 200.000	2 336,0	2 700,1	2 770,7	3 151,0	3 638,6
200.001 - 250.000	1 600,2	1 817,3	1 916,7	2 319,6	2 635,3
250.001 - 350.000	2 032,6	2 272,7	2 334,1	2 808,2	3 325,6
350.001 - 500.000	2 103,6	2 261,0	2 267,5	2 706,7	3 152,7
500.001 - 1.000.000	4 493,6	5 026,7	5 218,8	6 052,0	7 013,0
1.000.001 - 2.500.000	6 780,5	7 740,6	7 712,3	8 482,8	10 556,0
2.500.001 - 9.999.999	96 153,7	109 534,2	77 502,4	86 798,2	60 110,9
Total	**140 329,6**	**158 771,7**	**129 614,1**	**146 722,8**	**127 185,9**

Source: SISP.

Table 18 – Transactions settled in the SGDL in volume (2018-2022)

Volume: Units.

	2018	2019	2020	2021	2022
Settlement by Clearing - SICIL	**24 976 863**	**28 008 768**	**26 665 124**	**30 927 159**	**37 489 054**
Checks	305 972	305 080	257 971	266 152	267 937
Interbank Transfers	672 415	740 963	892 480	1 248 590	1 158 897
Vinti4 network	23 998 476	26 962 725	25 514 673	29 412 417	36 062 220
Stock Exchange*	-	-	-	-	-
Settlement per transaction	**9 901**	**11 755**	**11 330**	**12 830**	**16 130**
Foreign Exchange Market	2 869	3 495	3 051	3 139	3 762
Money Market**	1 801	2 604	3 136	2 771	3 072
Large amount/urgent***	-	-	-	-	1 597
Stock Exchange	1 275	1 300	1 238	1 453	1 543
Deposits and withdrawals	1 801	1 775	1 352	1 670	1 558
Other transactions	2 155	2 581	2 553	3 797	4 598
Total	**24 986 764**	**28 020 523**	**26 676 454**	**30 939 989**	**37 505 184**

Source: SISP.

*Note: as of 2013, the Subsystem for Clearing Transactions Processed through the Cabo Verde Stock Exchange no longer incorporates the Integrated Interbank Clearing and Settlement System's (SICIL) Regulation.

**Note: from 2008 to 2012, Public Debt was included under Money Market. However, from 2013 onwards, it has been recorded under Stock Exchange.

***Note: As of June 2022, large amount entries (equal to or greater than CVE 10 million) included in the files sent by participants for processing were excluded from clearing and forwarded for gross settlement in the SGDL. Similarly, since December 2021, participants have been able to send urgent transfers via the SGDL/participant connection to be settled in the system.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197

Table 19 – Transactions settled in the SGDL in value (2018-2022)

Value: millions of Escudos.

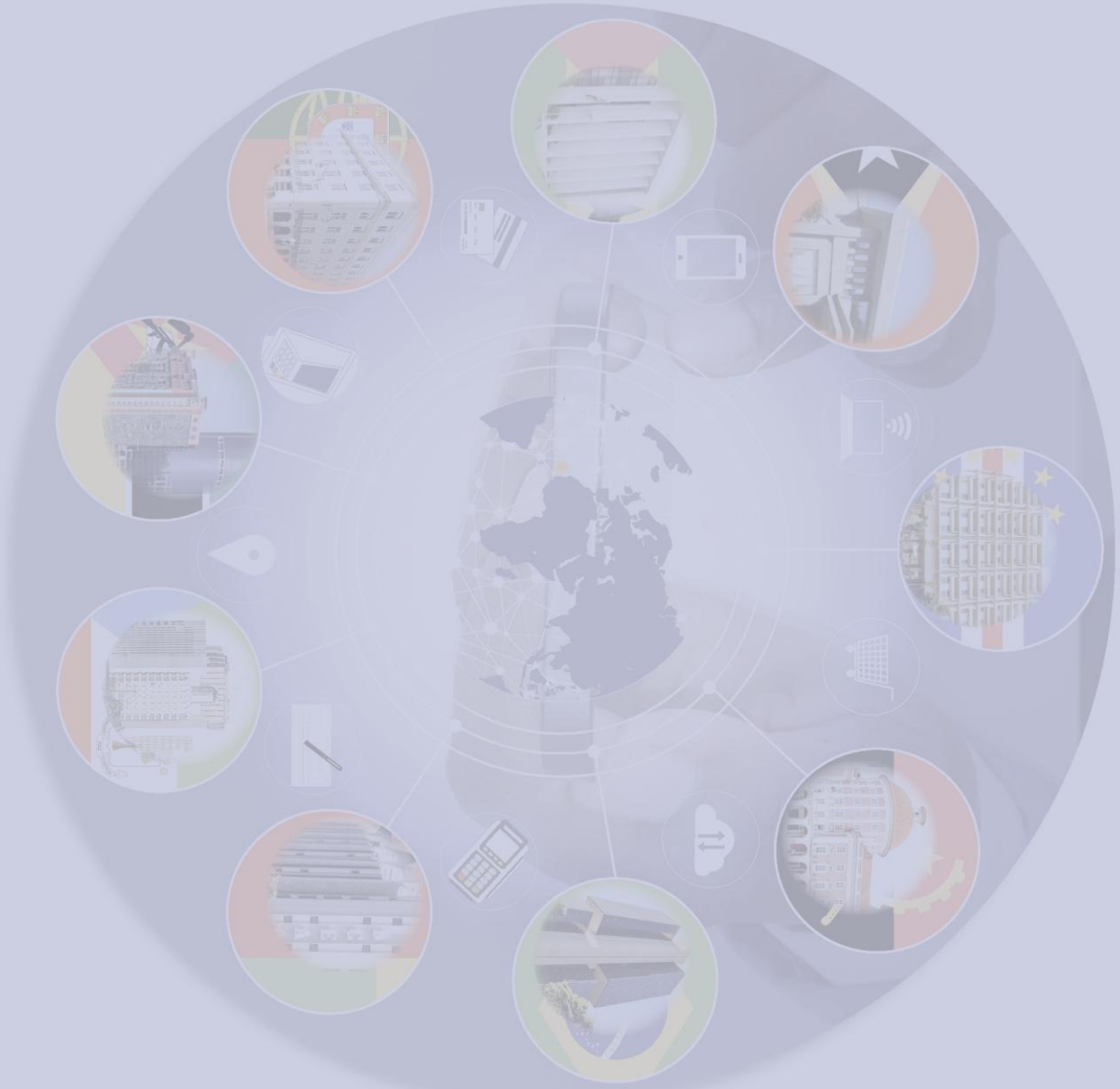
	2018	2019	2020	2021	2022
Settlement by Clearing - SICIL	**260 600,8**	**289 236,1**	**234 500,6**	**265 537,4**	**278 686,8**
Checks	71 073,3	74 425,6	65 733,5	63 647,3	71 125,9
Interbank Transfers	140 329,6	158 771,7	129 614,1	146 809,2	127 330,2
Vinti4 network	49 197,9	56 038,7	39 153,0	55 080,9	80 230,6
Stock Exchange*	-	-	-	-	-
Settlement per transaction	**8 315 542,5**	**9 459 638,4**	**15 076 275,4**	**12 086 637,6**	**12 745 793,9**
Foreign Exchange Market	62 854,5	84 279,1	72 468,3	74 871,4	95 751,9
Money Market**	8 165 183,4	9 307 891,0	14 939 265,7	11 904 231,9	12 505 814,4
Large amount/urgent***					53 162,5
Stock Exchange	29 441,6	26 882,7	26 014,5	41 508,2	40 269,2
Deposits and withdrawals	34 149,9	36 061,1	30 092,8	37 636,1	35 838,0
Other transactions	23 913,1	4 524,5	8 434,1	28 390,0	14 957,9
Total	**8 576 143,3**	**9 748 874,5**	**15 310 776,0**	**12 352 175,1**	**13 024 480,7**

Source: SISP.

*Note: as of 2013, the Subsystem for Clearing Transactions Processed through the Cabo Verde Stock Exchange no longer incorporates the Integrated Interbank Clearing and Settlement System's (SICIL) Regulation.

**Note: from 2008 to 2012, Public Debt was included under Money Market. However, from 2013 onwards, it has been recorded under Stock Exchange.

***Note: As of June 2022, large amount entries (equal to or greater than CVE 10 million) included in the files sent by participants for processing were excluded from clearing and forwarded for gross settlement in the SGDL. Similarly, since December 2021, participants have been able to send urgent transfers via the SGDL/participant connection to be settled in the system.



9TH PAYMENT SYSTEM MEETING OF PORTUGUESE-SPEAKING COUNTRIES' CENTRAL BANKS

9TH PAYMENT SYSTEM MEETING OF PORTUGUESE-SPEAKING COUNTRIES' CENTRAL BANKS



Banco de Cabo Verde hosted the 9th Payment System Meeting of Portuguese Speaking Countries' Central Banks (BCPLP) at the Praia Mar Hotel's conference room, on November 14 and 15, 2022, with the main focus being on "Digital innovation as a strategy for transforming the Payment System."

CHALLENGES OF DIGITAL TRANSFORMATION IN THE PAYMENTS SECTOR

Preceding the meeting's restricted session, a workshop on "Challenges of digital transformation in the Payments Sector" took place at BCV's Auditorium, in Achada de Santo António, on November 14, 2022, with the aim of discussing the role of regulation when it comes to new payment trends, as well as presenting ideas and new business models that payment service providers both incumbents and new entrants have been working on.

The event also aimed to extend the discussion on digital innovation and transformation in the payments sector to the financial community, players and stakeholders who, in one way or another, influence the payment sector market



Governor of Banco de Cabo Verde, Óscar Santos

The Governor of Banco de Cabo Verde gave the welcome speech. Óscar Santos stressed that digital transformation and technological innovation have contributed to the progressive dematerialization of financial services, and that the Covid-19 pandemic further boosted this trend.

However, Governor Óscar Santos warned that there are also risks and challenges associated with digital technology.

"For instance, collecting user data through platforms requires effective data protection measures that prevent the data from being used for any purpose other than that agreed between the parties. There are also cybersecurity challenges, whereby a cyberattack on a strategic information technology solutions provider could become systemic, especially in the context of application and system interoperability."

In the Governor's opinion, the Central Bank needs to promote financial innovation and focus on safeguarding the stability and integrity of the financial system as well as mitigating emerging risks.

"Implementing regulatory initiatives that promote innovation is an option that should be explored, in full interaction with the market, with a view to adopting effective, safe and fully compliant solutions in our jurisdictions." said Governor Óscar Santos.



Deputy Prime Minister, Finance and Business Development Minister and Digital Economy Minister, Olavo Correiaa

Olavo Correia, who is Deputy Prime Minister, Finance and Business Development Minister and Digital Economy Minister, presided over the workshop's opening ceremony, highlighting the importance of digital payments in the economy. In the same vein as the Governor, the Deputy Prime Minister warned of the risks and growing challenge of cyber security.

"Fortunately, in this area, we have capable and competent people, we have technological solutions to overcome this challenge. Therefore, cyber security cannot be an alibi for not doing what needs to be done and at the right time."

In this regard, Olavo Correia assured that the Government would expedite the progress of the digital economy agenda.



Director at Bank of Portugal, Hélder Rosalino

Hélder Rosalino, Director at the Bank of Portugal, presented "The role of regulation in view of new Fintech-based payment trends."

According to Rosalino, the payments sector is undergoing a process of (r)evolution. In his presentation, he analysed changes on the supply side, the demand side and the role of regulators.

Hélder Rosalino shared with those present the principles that guide regulators, namely regulatory neutrality, technological neutrality, cooperation between authorities, prevention and security and proximity to innovators.



Director at Caixa Económica, Antão Chantre

Antão Chantre, Director at Caixa Económica, presented the topic "New Business Models in the Financial Sector." He explained the challenges through real case studies, Open Innovation and the creation of a Fintech environment, leaving suggestions such as E-KYC, Scoring and Rating and Mobile Money, while also empahasizing the importance of security in payment systems, particularly Fin-CSIRT.

Antão Chantre highlighted the advantages of Open Innovation: reduced time between development and marketing, the creation of new markets, cost reductions at various stages, increased likelihood of product approval by the public, and the stimulation of new ideas.



Technical Director - Unitel T+ Telecomunicações, Hélio Varela

"New business models in the financial sector - Challenges and opportunities. The vision of a 'newcomer'" was presented by Hélio Varela, Technical Director at Unitel T+ Telecomunicações, who analyzed the reasons why consumers use Fintech and shared his insights on "Over-The-Top" situations, when they should be seen as threats or opportunities.

The presentations were followed by a debate moderated by Milton Cabral, Manager of Cabo Verde Digital, with the participants posing questions and concerns to the speakers.



From the debate, the main takeaway was the indication that the market and different players recognize the importance of these interactions with regulators, as well as the BCV's recognition of the need for this type of engagement.



Representatives of the BCPLP and representatives of the financial system in Cabo Verde

Antónia Lopes, Director at Banco de Cabo Verde, closed the workshop, expressing satisfaction that the goals set for the event had been achieved.

"Continuous dialogue between regulatory and supervisory authorities, market agents and various stakeholders is essential to understanding the new dynamics of the financial markets in the age digital transformation. I can say that we have come out of this debate better informed," added the Director, who announced the launch of new projects.

"In the near future, the Central Bank plans to introduce instant payments as part of its strategy to promote the efficiency and effectiveness of digital payments, as well as promote financial inclusion."

The Director, Antónia Lopes, also announced that the new draft Organic Law contemplates the issue of a Central Bank digital currency.



Director at Banco de Cabo Verde, Antónia Lopes

Note that, in terms of regulation, the current legal framework for the Cabo Verdean Payment System was published in 2018, and consists of 3 essential Legislative Decrees, on the System's operation and management, on payment services and electronic money issues, and on access to these activities by entities wishing to provide them.

Throughout the workshop, there was a bibliographic exhibition on digital transformation in the Payments Sector put together by the Library.



Bibliographic exhibition on digital transformation in the Payments Sector

9TH PAYMENT SYSTEM MEETING OF PORTUGUESE-SPEAKING COUNTRIES' CENTRAL BANKS



Session restricted to BCPLP

The 9th Payment System Meeting of Portuguese Speaking Countries' Central Banks (BCPLP) took place on November 14 and 15, 2022, with the focus being on "Digital innovation as a strategy for transforming the Payment System."

The aim was to analyse the impact of digital innovation on the Payment Systems of CPLP countries, to share ideas and experiences on the strategies that each country has followed to boost payment system development and modernization at the service of the economy.

In the restricted session following the opening remarks by Director Antónia Lopes, there was a round table where each Central Bank presented the developments since the last meeting and future projects.

Next, the following topics were presented and debated: "Digital innovation in the retail payment market" (Digital innovation presented by the Central Bank of São Tomé and Príncipe, and Instant payments - PIX System, presented by the Central Bank of Brazil), "Initiatives facilitating payment innovation and financial inclusion" (Payment System Innovation Laboratory by the National Bank of Angola, Initiatives to facilitate innovation in payments, by the Bank of Portugal, The Innovation Hub Project by Banco de Cabo Verde, The role of technological development and innovation in the evolution of the payment system in Mozambique, by the Bank of Mozambique, and Crypto assets and regulatory challenges by the Bank of Portugal), as well as "The future... Central Bank Digital Currency" (The "Digital Real" Project by the Central Bank of Brazil, the "Digital Euro" Project by the Bank of Portugal and CBDC - State of research at BCV by Banco de Cabo Verde).

Following the presentations and debate, the representatives concluded, , that the stages of Payment System development vary across countries. However, in general, the strategies for development and modernization are aligned in terms of promoting innovation in the payment sector.

The BCPLP representatives unanimously agreed that the Covid-19 pandemic had an accelerating impact on the digital transformation of payment services. They felt that regulatory initiatives should be promoted to facilitate the entry of new players into the payment markets and boost the development of the FinTech ecosystem.

The participants also warned that digital transformation in payments has brought a greater need to step up security-related initiatives, especially in terms of fraud prevention and cyber risk mitigation.

Among other considerations, noted in the meeting minutes, the participants recommended promoting innovation in financial products and services as a way of increasing financial inclusion and competition, as well as ensuring interoperability between payment infrastructures and systems.



BCPLP Representatives at the 9th Payment System Meeting

In addition to Cabo Verde, the Central Banks of Angola, Brazil, Mozambique, Portugal and São Tomé and Príncipe attended the 9th BCPLP Payment System Meeting. Guinea Bissau, Equatorial Guinea and East Timor were unable to attend.

Note that Cabo Verde hosted the Payment System Meeting of Portuguese Speaking Countries' Central Banks for the second time since it was first held, and Portugal will host the next meeting.

Report in BCVNews, December 2022

Main conclusions

Workshop – Challenges of digital transformation in the Payment Sector

• A The digital transition, which had already been underway in the financial system for the past decade, was significantly boosted by the Covid-19 pandemic, and the payment sector is the one that best mirrors this dynamic of change.

• Although digital transformation evolves at different pace across regions, there is a shared conviction that this is the path that the financial community is sure to follow in the near future.

• Underlying the digital transition in financial services is a paradigm shift in the business model, which is now based on flexible and lightweight organizational structures, and a continued commitment to digital interaction between supply and demand.

• Despite the cost of investing in IT infrastructure and human capital, opting for technological change brings the benefit of greater efficiency and faster delivery of financial and payment services, resulting in lower costs for users.

• Digital transformation also presents several challenges for regulators and supervisors, who are expected to ensure fair and equal treatment of both incumbents and new entrants (regulatory neutrality); remove barriers to innovation by adapting standards to new realities and technologies (technological neutrality); and properly manage emerging risks in order to continue to preserve the stability and integrity of the financial system.

• Finally, and perhaps the highlight of the Workshop, there was consensus that promoting digital transformation in the financial sector, and particularly in the payment sector, requires dialogue and more interaction between regulators, supervisors, service providers and other stakeholders. This will involve coordinated actions to debate issues such as prudential risks, consumer protection, cybersecurity, among others. There is a need for greater proximity between regulators and innovators. To this end, communication channels should be established with the market, including incumbents and FinTech.

Banco de Cabo Verde | Av. Avenida OUA, nº 02 | C.P. nº 7954 – 094 | Praia - Cabo Verde | Tel: +238 2607000 / Fax: +238 2607197



Banco de Cabo Verde

Av. Avenida OUA, nº 02
C.P. nº 7954 - 094
Praia - Cabo Verde
Tel: +238 2607000 / Fax: +238 2607197

http://www.bcv.cv