Payment System Report



2023

Banco de Cabo Verde

PAYMENT SYSTEM REPORT

Banco de Cabo Verde

Praia City

2024

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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

FMI – Financial Market Infrastructures

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

SIGMA - Integrated Asset Market Management System

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

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Opening remarks



The Cabo Verdean payments market continues to see a growing consumer preference for digital payment services. Payment volumes and dynamics in 2023 show a continuing upward trend, driven by the use of electronic devices. As a result, digital channels are not only adding more active accounts, but transactions are also growing.

The progressive and continuous adoption of digital technology in the payments sector has enabled payment service users to use mobile devices and internet-based digital platforms to make payments efficiently, securely and conveniently.

Accordingly, BCV's strategy has been to promote the development of the digital payment ecosystem, through numerous regulatory initiatives, seeking financial and digital inclusion and the digital transformation of the economy, in line with Cabo Verde's Digital Strategy. In addition, 2023 saw increased dialogue and cooperation with players in the payment market, both incumbents and new entrants, which has been an important milestone for outlining new strategies.

Furthermore, a memorandum of understanding was signed in 2023 with the AfricaNenda organization, for cooperation, information exchange and technical assistance. The organization will provide technical assistance to Banco de Cabo Verde in the ongoing project to develop and implement an Instant Payment System (IPS), which is part of its 2021-2024 Strategic Plan.

Instant payments are a payment service between Payment Service Providers (PSPs) that operates continuously, whereby funds are transferred and made available to the beneficiary in real time or near-real time, usually within a few seconds of the payment order being submitted.

As part of oversight, the completion of the process to evaluate the only financial settlement system in central bank money, in accordance with the CPMI-IOSCO principles, is a major milestone for our system, which will enable us to bring the SGDL into line with the best international operational, security and efficiency principles. Moreover, in a follow-up action,

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we evaluated the efficiency of the real-time transfer service, as well as the effectiveness and consolidation level of the settlement service that the BCV provides to participants.

In the context of regulation, Banco de Cabo Verde is revising the regulations on payment and e-money services, with emphasis on open banking, an opportunity that will allow for greater competition between PSPs and the development of new services in the Cabo Verdean payment market, such as payment initiation and account information services.

As mentioned above, stronger cooperation with other stakeholders in the payment market is essential for outlining strategies for the sector's development, which is why the By-laws of the Coordination Committee for Payment System Development (CCPS), an important forum for discussion, were revised in 2023.

Lastly, for internal methodological reasons, from this issue onwards Banco de Cabo Verde has removed the Statistical Annex from the Payment System Report, giving rise to a separate and independent publication.

Antónia B. Lopes



Director of Banco de Cabo Verde

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Executive Summary

The annual Cabo Verdean Payment System (CVPS) Report is a tool that presents the main dynamics and developments in the sector, which brings together a set of statistical data and presents an evolutionary analysis that expresses trends, both regarding the evolution of payment infrastructures in the country and the use of payment instruments, which show consumer behavior and preferences when making purchases or paying bills on a daily basis.

Alongside the figures, the Report also compiles information on regulations and payment systems oversight, giving an account of the main developments. As regulator, overseer and promoter of the CVPS's ongoing development and modernization, Banco de Cabo Verde carries out a number of annual activities on these matters, which are also included in this Report.

In 2023, the branches of credit institutions (CIs) continued to be the first choice of a significant part of the Cabo Verdean population when looking for payment services. And, in line with 2022, at the end of the year the banking system had 126 commercial units, including branches and agencies, mostly in the two largest institutions (57.1%) and distributed throughout the country. The ratio was one branch for every 3,990 inhabitants.

Alongside physical structures, there was also a growing consumer preference for digital payment services, which continues to play an important role in boosting the payment market. Digital channels, specifically online (internet) banking and televinti4, added more active accounts compared to the previous year. At the end of 2023, online banking had 22,500 more active accounts (9.8%) and televinti4 had 8,722 more active accounts (145.4%) compared to the end of 2022.

Most transactions resulting in the flow of funds on digital channels (online banking, mobile banking and televinti4) were made via online banking (93.2%), accounting for 97.3% of the total value transacted on digital channels. Also noteworthy is the dynamic activity recorded on Televinti4, which processed 310,518 transactions, worth CVE 3.035 million, representing growth of 265.6% and 579.8% in the number of transactions and value of funds moved, respectively.

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In 2023, a total of 33,626 new payment accounts were opened. Of the 32,550 individual customers who opened accounts in the system, 17,428 did so for the first time, meaning they became banked customers.

The system continued to show a high bank penetration rate. The bank penetration rate grew by 2.5% compared to the previous year, standing at 79.0%. On average, four (4) out of every five (5) people living in the country have a bank deposit account.

Payment service providers (PSPs) in the country issued 147,468 payment cards, of which 121,691 (82.5%) were vinti4 debit cards, the national brand. However, international cards grew by 40.2%, while vinti4 cards declined by 7.2% compared to 2022.

Today, consumers have different payment instruments, such as payment cards and electronic transfers. Contactless payment cards can be used in a variety of ways, including POS, online banking, mobile banking, televinti4, e-commerce, etc., providing an efficient, convenient and secure experience. Alongside innovative instruments and cash, more traditional instruments continue to coexist, such as checks, which also serve a large portion of the population.

Despite the increased availability of electronic payment instruments in 2023 Cabo Verdeans undoubtedly continued to choose payment cards as their preferred instrument, making them the most widely used instruments for making payments. Cards were used for 89.4% of transactions in the year, up 2.7% on the previous year.

Cards issued by payment service providers (PSPs) in Cabo Verde were used more at points of sale (POS), accounting for 52.5% of card transactions, and were mostly used in the retail sector, which recorded 21,836,499 transactions (75.5%), worth a total of CVE 58.4 million (74.9%). On average, 59,826 transactions were made per day in Cabo Verde's commercial establishments.

Payment infrastructures in the country continued to support payments made abroad, with a total of 2,504,551 transactions made on the vinti4 network, worth CVE 19.72 billion. Compared to the previous year, 526,955 more transactions were made on the network, worth CVE 3.22 billion more. This increase was most significant at POS, where cards issued outside the country were involved in 500,211 more transactions (34.3%), worth CVE 2.87 billion more (29%) compared to the previous year.

The country continued to benefit from the services of the only shared network for payments by card or similar device, the vinti4 network, which at the end of 2023 had 12,166 active

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electronic terminals, including 218 automatic teller machines (ATMs) and 11,948 points of sale (POS). A total of 41,992,890 transactions were made, worth CVE 174.2 billion, increases of 16.4% and 20.4%, respectively, compared to the previous year.

Banco de Cabo Verde managed and continued to operate the only financial settlement system in the country, the Deposit and Settlement Management System (SGDL).

A total of 43,419,161 transactions were settled through the SGDL, worth CVE 16.35 trillion, which, compared to the previous year, corresponded to increases of 15.8% and 25.5%, respectively. Most of the transactions settled in the SGDL (99%) continued to come from the interbank clearing systems (SICIL - Integrated Interbank Clearing and Settlement System), with a total of 43,396,536 transactions, which were settled by multilateral balance. In terms of values, settlement by transaction (gross) also continued to account for the bulk of the values processed in the system (98.3%), with 3,493 money market transactions accounting for 96.6% of the total value settled by the system in the year.

SICIL transactions grew by 15.8% in volume and 1.5% in value settled, compared to the previous year. The value settled in the SICIL was significantly impacted by the results of the interbank transfer system, whose multilateral balances no longer consider Large Amount transfers, which are settled gross in the SGDL.

In terms of developing and modernizing the country's payment infrastructures, in 2023 Banco de Cabo Verde continued to work towards implementing a nationwide Instant Payment System. While on the one hand, the motivation stems from the need for greater financial inclusion of Cabo Verdeans, through low-cost, faster and more convenient payment solutions, on the other hand, the need to exploit the potential of digital payments to develop the country's economy is also key, by promoting innovation and competition in the coming years.

Keeping pace with with technological developments in financial services particularly in payments, the legislation and regulations of the Cabo Verdean Payment System are currently being revised with the aim of creating the appropriate legal framework to better support them. Thus, in 2023, the BCV worked on revising the laws that make up the Payment System's legal framework. Essentially, the review and update propose the establishment of Open Banking, by introducing the provision of payment initiation services (PSIP) and the provision of services and information on accounts (PSIC), as payment services, as well as other provisions related to both the services and their providers.

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In terms of regulation, the BCV is also paying close attention to the governance of the payment system in Cabo Verde, which should be aligned with the best international trends and practices. Thus, in 2023, there were also initiatives to boost the Coordination Committee for Payment System Development (CCPS), adjusting the bylaws that establish and regulate its composition, duties, powers, organization and operation.

As part of its oversight function, the evaluation of the SGDL was concluded, in accordance with the principles established by the Committee on Payment and Settlement Systems (CPSS) - now the Committee on Payments and Market Infrastructures (CPMI), a BIS committee - and the International Organization of Securities Commissions (IOSCO). The evaluation found that the infrastructure complies with most of the principles, although some opportunities for improvement were identified. This evaluation exercise will help align the SGDL – the country's only central bank money settlement system - with the highest international standards of operation, security and efficiency.

Also, as part of its oversight function, in 2023 the BCV conducted a follow-up on the project to connect the SGDL to the participants' systems in real time, with the aim of assessing the efficiency of the real-time transfer service implemented in December 2021 in connection with the project to connect the SGDL to the participants, as well as the consolidation of the settlement service provided by the BCV to the participants.

More information and additional details can be found throughout the 2023 Payment System Report, which is structured into three chapters: I - Payment Infrastructures; II - Payment Means and Instruments; and III - Oversight, including the Annex with information on the regulatory references governing the Cabo Verdean Payment System.

Lastly, starting with this edition and due to internal methodological considerations, Banco de Cabo Verde has separated the Statistical Annex from the Payment System Report, resulting in a distinct and standalone publication.

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Infographic 1 - Payment infrastructures – 2023

Physical Channels

Branches

126
Δ 0%

Agents
36
Δ 5,9%

Population per Branch
3 990
Δ 1,2%

Number of demand / payment accounts
678 323
Δ 11,2%

Post Office

34
Δ 0%

Currency Exchange Office

2
Δ 0%

Clearing Settlement - SICIL

Δ 15,8% 43 396 536

Δ 1,5% 274 558,9

Digital Channels

* Number of Users

Internet Banking

252 841
Δ 9,8%

Mobile Banking

1 852
Δ 66,1%

Gross Settlement -SDGL

Δ 40,3% 22.625

Δ 26,1% 16 075 017,3

Electronic Terminals

Vint4 Network

- ATM -
218
Δ 2,8%

-POS-
11 948
Δ 13,4%

Televinti4

14 722
Δ 145,4%

Δ - Annual change in % | Volume: Units | Value: millions of escudos

Chapter I – Payment infrastructures

Payment infrastructures

1. Payment service channels

1.1. Physical channels

Branches

The number of branches operating in the country remained unchanged from the previous year (2022:126; 2023:126), with no new branches opened.

Over the past ten years (2014-2023), this marks the second instance of no change in the number of CI branches, although the increase in the corresponding concentration index was insignificant (2014-2023: 0.7%), with a downward trend over the last five years (2019-23: 2.6%).

Table I. 1 - Bank Concentration Index

	2019	2020	2021	2022	2023
Two largest institutions (%)	58,7	57,7	56,9	57,1	57,1
Other institutions (%)	41,3	42,3	43,1	42,9	42,9
Concentration index	2.182,2	2.150,2	2.125,1	2.126,5	2.126,5

Source: Credit Institutions.

Using the methodology for calculating the Herfindahl-Hirschman concentration index[1], it was found that, together, the two largest CIs continue to hold the largest market share (57.1%), among a total of 126 operating branches and in a context of growth (Table I.2), in relation to the total number of branches over the last five years (2019-23: 1.4% on average; 2022-23: 2.4% on average).

In 2023, the banking system's branch network included 9 branches dedicated exclusively to serving the corporate segment.

[1] 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.

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Table I. 2 - Banking System Structure

Volume: units

	No. of branches	No. of demand/payment accounts
2023	126	727 247
2022	126	763 627
2021	123	799 833
2020	123	802 723
2019	121	861 090
	Growth rate (%)	
2023	0,0	-4,8
2022	2,4	-4,5
2021	0,0	-0,4
2020	1,7	-6,8
2019	5,4	5,1
Average rate	**1,9**	**-2,3**
Average rate in 2022	2,4	-0,4

Source: Credit Institutions

In 2023, the banking system recorded the opening of 41,691 new demand/payment accounts, broken down into 35,117 private accounts (84.2%), 5,772 corporate accounts (13.8%) and 802 accounts (1.9%) classified under the sectoral code "other," which includes accounts held by the Government, Financial Institutions and Private Non-Financial Entities.

Even so, the number of demand/payment accounts in the system saw an annual decrease of 4.8%, standing at 727,247 on December 31, 2023. This negative impact on the banking system's account base is due to account closures, which far outweighed new accounts. We should highlight in this process the fact that institutions have adopted the practice of remediating the account base, by reassigning inactive accounts (accounts with no transactions for at least 5 years, no demand deposit balance, no liability and no electronic channels) to a specific branch, where different rules apply for their handling and management.

Developments in the Banking Penetration Rate

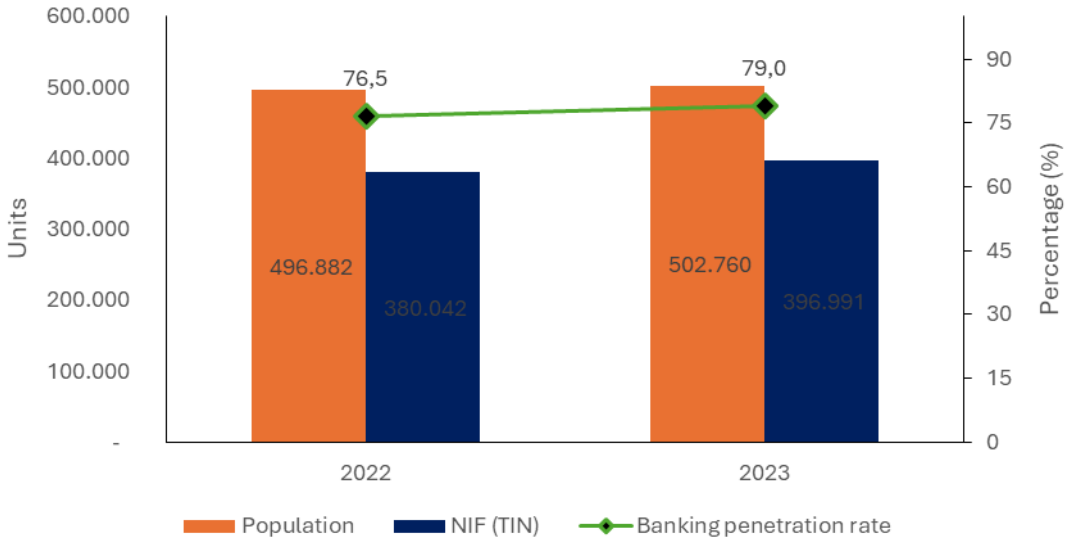
Of the 32,550 new accounts opened in the banking system by resident individual customer[2], 17,428 opened accounts for the first time, i.e. they were considered banked from 2023 onwards.

On the other hand, of the 1,480 payment accounts also closed in the year, held by 1,402 individual customers, 479 individual customers no longer have any active accounts in the system.

[2] For the purpose of calculating the bank penetration rate, only individual customers residing in the country, whose demand account was active on December 31, 2023, were considered.

Thus, compared to 2022 (76.5%), the bank penetration rate[3] increased by 2.5 pp (percentage points) to 79.0%, which means that, on average, four (4) out of every five (5) people living in the country have a bank deposit account.

Graph I. 1 - Developments in the Banking Penetration Rate



Source: Credit Institutions and INE

The bank penetration rate, an indicator published annually by the BCV, is calculated as the number of demand/payment accounts held by CI's private customers, in relation to the number of people living in Cabo Verde in the year under review.

Note that, as in the previous year, the bank penetration rate was calculated based on the Tax Identification Number (TIN), considered the unique identifier of individual customers. This is to prevent bias in the calculation, resulting from the possibility of an entity holding more than one account within the banking system.[4]

[3] The bank penetration rate is a relevant and extremely important indicator for determining the Cabo Verdean population's financial inclusion level, in the sense that opening and accessing a payment account are key stages in the financial inclusion process, an integral part of the strategic goals set by the BCV.

[4] During 2023, the BCV continued to refine the methodology for calculating the bank penetration rate based on the Tax Identification Number (TIN) of each private entity registered in the system, which explains the differences in the 2022 rate published in this report compared to the previous year's publication.

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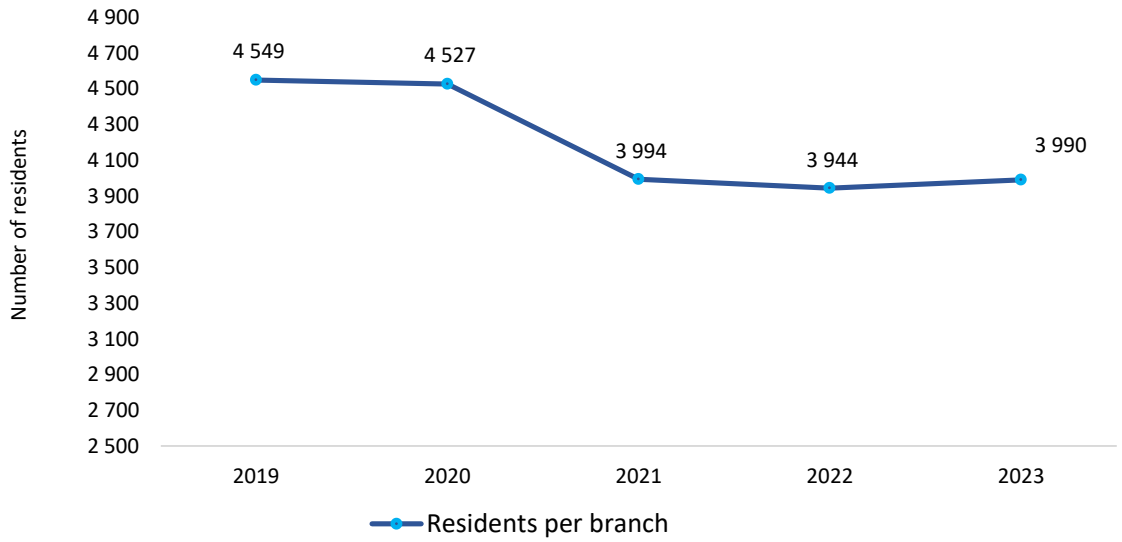
Graph I. 2 - Developments in average number of people covered per agency/branch



Source: Credit Institutions and INE

There is 1 branch in operation for every 3,990 people living in the country, a slight increase (1.4%) compared to the previous year, bucking the downward trend of the last five years (2019-23: 12.3%). This change in population coverage by branches, on average, could be due to the fact that the population increased from 496,882 in 2022 to 502,760 in 2023[5].

The Pearson correlation coefficient[6] remained at 0.96, which shows that the banking network coverage remains higher on the islands where there is a larger population, and therefore in the respective municipalities. Praia, Cabo Verde's largest municipality, located on the largest island (Santiago), continues to account for the largest number of branches, with a total of 41 (34.5%).

Banco Comercial do Atlântico (BCA), Caixa Económica de Cabo Verde (CECV) and Banco Cabo-verdiano de Negócios (BCN) are still the only CIs to have branches on all of Cabo Verde's inhabited islands.

Note also that the provision of payment services through agents, on behalf of a CI, is now a practice in our market, in addition to the traditional branches in the national payment infrastructure network. The number of registered agents rose from 34 in 2022 to 36 in 2023, a 5.9% increase.

[5] Population projections for 2022 and 2023 calculated using data from the last INE Census in 2021.

[6] The Pearson correlation coefficient, which is between 0.90 and 1.00, shows that there is a very strong positive correlation between the variables considered.

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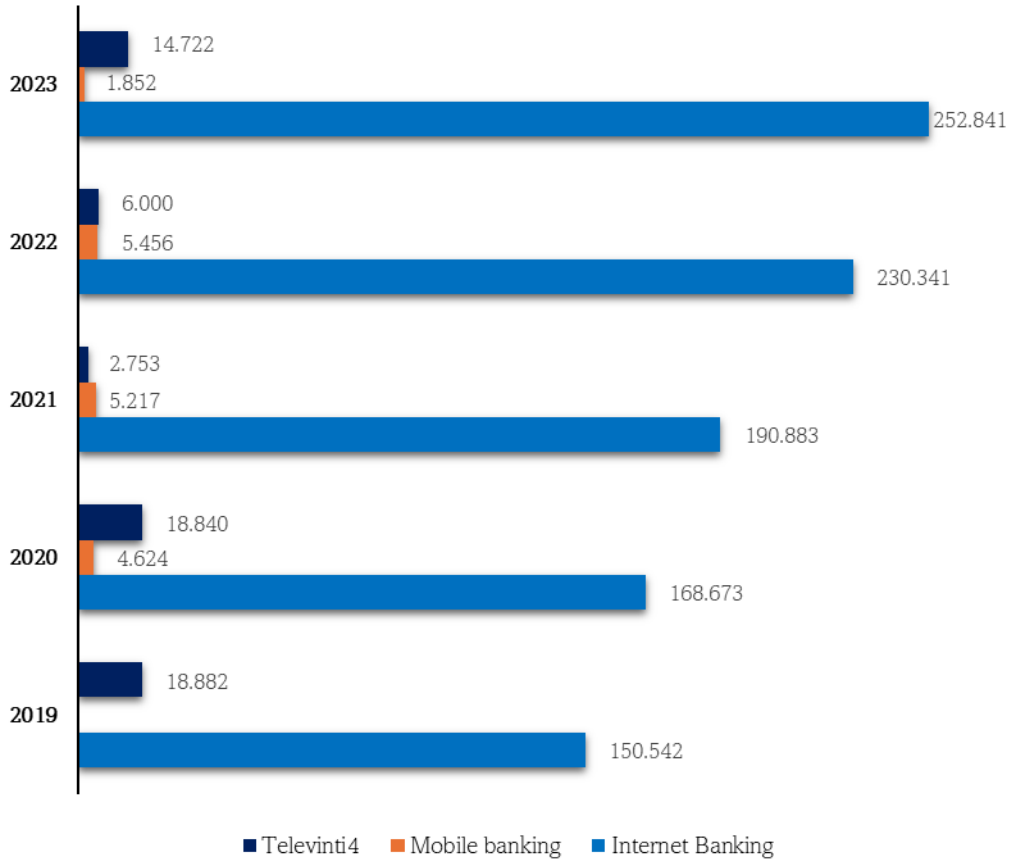
1.2. Digital channels

Graph I.3 confirms the upward trend in the number of active accounts associated with online banking and televinti4, which at the end of 2023 had 22,500 and 8,722 more active accounts, respectively, compared to the previous year.

Graph I. 3 - Developments in the use of digital channels

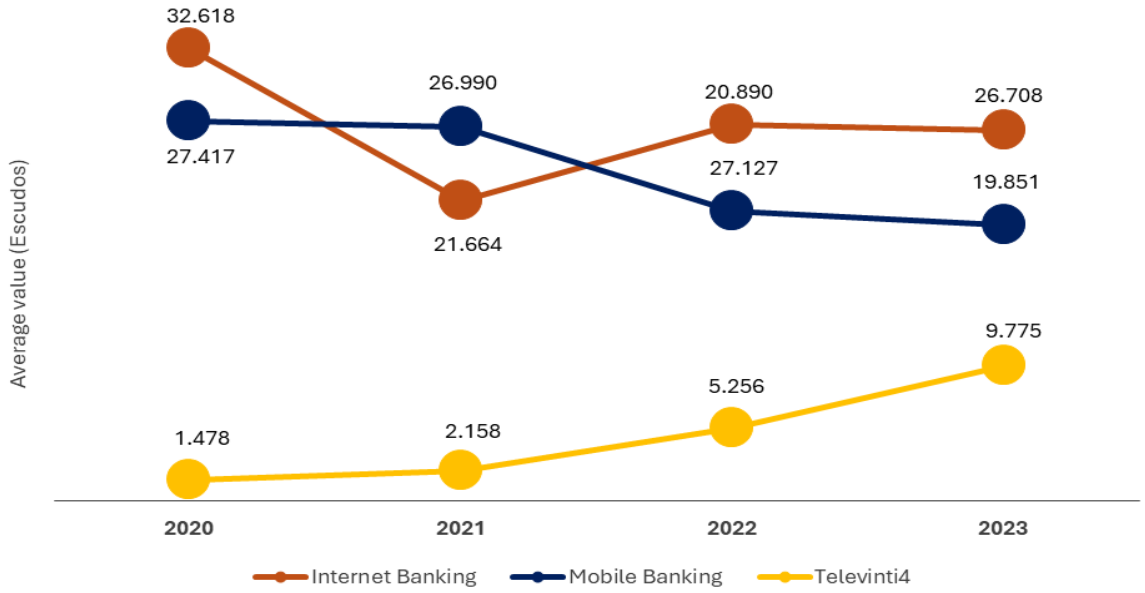


Source: Credit Institutions and SISP

Developments in active accounts associated with digital channels were, however, influenced by the significant drop in mobile banking in 2023 compared to the previous year (66.1%). Active mobile accounts dropped from 5,456 in 2022 to 1,852 in 2023, which was due to the fact that Makeba,[7] a digital payment platform, ended its partnership with one of the CIs in the market, resulting in the closure of payment accounts associated with this payment solution.

[7] Makeba established a partnership with another institution in the market at the end of 2023.

Graph I. 4 - Developments in transactions involving flow of funds through digital channels



Source: Credit Institutions and SISP

Most transactions that resulted in the flow of funds on digital channels (online banking, mobile banking and televinti4) were made via online banking (93.2%), which also accounted for 97.3% of the total value transacted on digital channels.

Each online banking transaction averaged CVE 26,708, a slight decrease (1.5%) on the previous year. Mobile banking, on the other hand, recorded an average of CVE 19,851 per transaction, down 5.0% from the previous year.

Special mention should be made of televinti4, which processed 310,518 transactions, worth CVE 3.04 billion, up 265.6% and 579.8%, respectively, in terms of volume and value.

Table I. 3 - Online Banking Transactions

Volume: units; Value: millions of Escudos

	2022		2023		Change %	
	Volume	Value	Volume	Value	Volume	Value
Transactions not involving flow of funds	141.391.275		193.020.630	-	36,5	-
Transactions involving flow of funds	3.675.969	99.717,5	4.388.668	117.211	19,4	17,5
Intra-bank transfers	2.296.269	74.361,7	2.779.269	77.724,2	21,0	4,5
Interbank transfers	336.417	18.799,7	336.075	22.227,5	- 0,1	18,2
Service payments	260.734	2.893,8	497.654	12.427,0	90,9	329,4
Mobile top-ups	714.210	350,7	677.288	327,8	- 5,2	- 6,5
Other	68.339	3.311,5	98.382	4.504,6	44,0	36,0

Source: Credit Institutions.
Compared to previous reports, in 2019, "Service Payments" and "Mobile Top-ups" were excluded from the "Other" data, in order to better understand developments in this type of transaction through the internet banking channel.

Online banking transactions involving flow of funds were impacted especially by the significant increase in volume (90.9%) and value (329.4%) of service payments. This result was also influenced by the increase in other types of transactions (volume: 44.0%; value: 36.0%), volume of intra-bank transfers (21.0%) and value of inter-bank transfers (18.2%), compared to the previous year.

Table I. 4 - Mobile banking transactions

Volume: units; Value: millions of Escudos

	2022		2023		Change %	
	Volume	**Value**	**Volume**	**Value**	**Volume**	**Value**
Transactions not involving flow of funds	-		-		0,0	
Transactions involving flow of funds	11.786	246,2	8.639	171	-26,7	-30,3
Intra-bank transfers	3.568	137,2	1.914	64,8	-46,4	-52,8
Interbank transfers	3.222	98,8	2.374	95,3	-26,3	-3,6
Payment for purchases and services	1.308	3,7	841	2,7	-35,7	-27,8
Mobile top-ups	2.722	1,2	3.437	1,7	26,3	38,2
Cash in	-	-	73	7,0		
Cash out	-	-	-	-		
Other	966	5,2	-	-	-100,0	-100,0

Source: Credit Institutions.

Cash in - crediting a payment account in exchange for the delivery/deposit of cash.

Cash out - debiting a payment account in exchange for the withdrawal of cash.

Mobile banking transactions involving flow of funds fell across the board in all types, with decreases of 26.7% in volume and 30.0% in value. There were no transactions not involving the flow of funds.

Mobile top-ups were the only transactions to grow (volume: 26.3%; value: 38.2%). Note that cash in transactions once again involved flow of funds.

Table I. 5 - Televinti4 transactions

Volume: units; Value: millions of Escudos

	2022		2023		Change %	
	Volume	**Value**	**Volume**	**Value**	**Volume**	**Value**
Transactions not involving flow of funds	288.858	-	1.261.278	-	336,6	
Transactions involving flow of funds	84.941	446	310.518	3.035	265,6	579,8
Bank transfers	21.487	409,3	180.162	2.940,2	738,5	618,4
Service payments	1.422	9,7	7.645	46,4	437,6	376,8
Mobile top-ups	62.032	27,4	122.711	48,6	97,8	77,2

Source: SISP.

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There was a very significant increase in Televinti4 transactions involving the flow of funds (volume: 265.6%; value: 579.8%). The main contributors to this increase were bank transfers, which rose by 738.5% in volume and 618.4% in value, and service payments, which rose by 437.6% and 376.8%, respectively, in volume and value.

Televinti4 is a digital channel that dematerializes the vinti4 card and virtualizes it on consumers' cell phones. Through the Televinti4 app, consumers can conveniently access a range of digital services 24/7. In 2022, Televinti4 was upgraded to an app and now includes more services (e.g. ATM withdrawals and transfers to a BIN). The data shows that consumers are recognizing the advantages in terms of convenience, availability and usefulness. Also to be considered is the fact that the cost of use is relatively low, or even free at some banks.

1.3. Other channels

The Cabo Verde Postal Service's (CCV) branch network is another type of infrastructure for accessing payment services in the country. It continues to be most widely concentrated on Santiago Island (41.2%), with a total of 34 branches in the country. The weight of the other inhabited islands remains unchanged. There are 6 CCV branches in Santo Antão (17.6%), 4 in Fogo (11.8%), 3 in São Vicente (8.8%) and the remaining 5 branches (20.6%) are distributed among the other five (5) islands

As a payment service provider, the Cabo Verde Postal Service has its own payment system, through which it sends and receives money via Western Union, Money Gram and RIA. In some parts of the country, CCV also acts as an agent for Caixa Económica de Cabo Verde, providing banking services specific to that institution.

Providing payment services, there is also a Currency Exchange Office, which has 2 branches, in Santiago and São Vicente.

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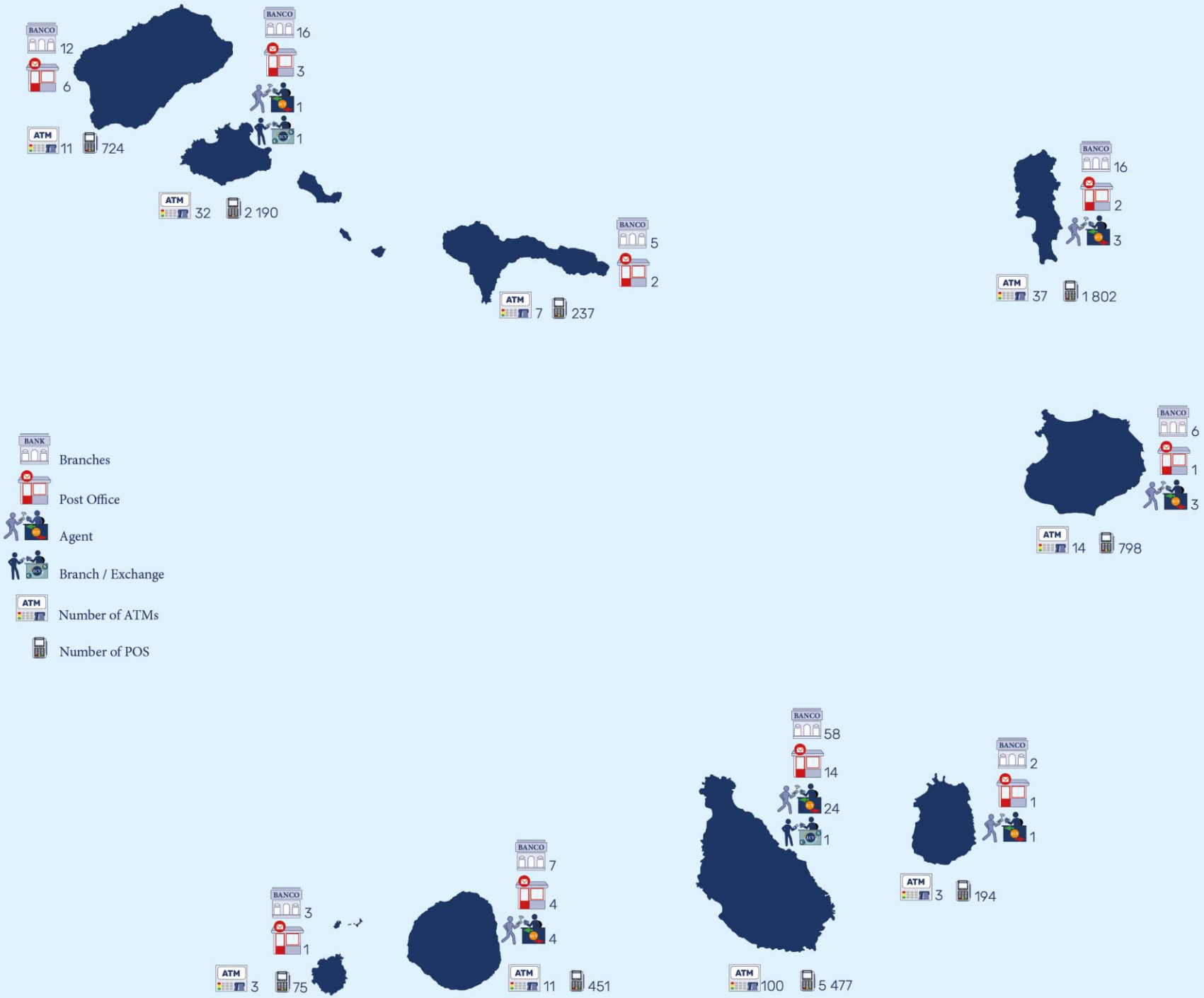
Infographic 2 – Geographical distribution of branches and payment terminals



2. Payment networks

2.1. Vinti4 network

As of December 31, 2023, the vinti4 network[8] comprised 12,166 active electronic terminals, broken down into 218 automated teller machines (ATMs) and 11,948 points-of-sale (POS). These figures represent annual growth of 2.8% (ATMs) and 13.4% (POS). On average, there were 4.2 ATMs and 209.6 POS for every 10,000 inhabitants.[9]

Table I. 6 - Vinti4 network cards and terminals

Volume: units.

	2022	2023
Number of terminals	**10.752**	**12.166**
Automatic teller machines - ATM	212	218
Points of sale - POS	10.540	11.948
Cards issued	**149.460**	**147.468**
Vinti4 cards	131.077	121.691
International cards*	18.383	25.777
Growth (%)		
Number of terminals	**10,0**	**13,2**
Automatic teller machines - ATM	1,9	2,8
Points of sale - POS	10,1	13,4
Cards issued	**11,9**	**-1,3**
Vinti4 cards	11,7	-7,2
International cards	13,3	40,2

Source: Credit Institutions and SISP.

*International cards produced by SISP

In 2023, Payment Service Providers (PSPs) issued 147,468 payment cards[10], of which 121,691 (82.5%) were national brand vinti4 debit cards. International brand cards grew by 40.2%, while vinti4 cards declined by 7.2% compared to the previous year. Overall, the number of payment cards issued was 1.3% lower than the previous year's total (2022:149,460 cards).

In terms of support banks, four (4) credit institutions clearly hold sway over the vinti4 network, controlling five (5) out of every six (6) ATMs connected to the shared network in 2023. Banco de Cabo Verde continues to provide services on the vinti4 network, currently with 2 (two) active ATMs located on its premises.

[8] The vinti4 network is the only shared network for payments by card or similar device in Cabo Verde.

[9] A resident population of 502,760 inhabitants is assumed, based on data from the RGPH 2021 and the population growth rate from INECV's 2010-2030 projection.

[10] Includes card replacements/renewals and new cards issued (1st time).

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Table I. 7 - Transactions per Vinti4 network service channel|2023

	Volume: units; Value: millions of Escudos	
	Volume	**Value**
ATM	**17.699.557**	**74.543,7**
Transactions involving flow of funds	9.904.944	74.543,7
Transactions not involving flow of funds	7.794.613	-
POS	**33.111.287**	**96.623,5**
Transactions involving flow of funds	31.777.428	96.623,5
Transactions not involving flow of funds	1.333.859	
TELEVINTI4	**1.571.796**	**3.035,2**
Transactions involving flow of funds	310.518	3.035,2
Transactions not involving flow of funds	1.261.278	
Total transactions involving flow of funds	**41.992.890**	**174.202,4**
Total transactions not involving flow of funds	**10.389.750**	**-**

Source: SISP

In 2023, the shared network handled 41,992,890 transactions, worth CVE 174.2 billion. Transactions increased by 16.4% in volume and 20.4% in value compared to 2022 (36,062,942 transactions, worth CVE 144.64 billion). For every four (4) transactions involving flow of funds, card users made one (1) transaction not involving flow of funds on the vinti4 network.

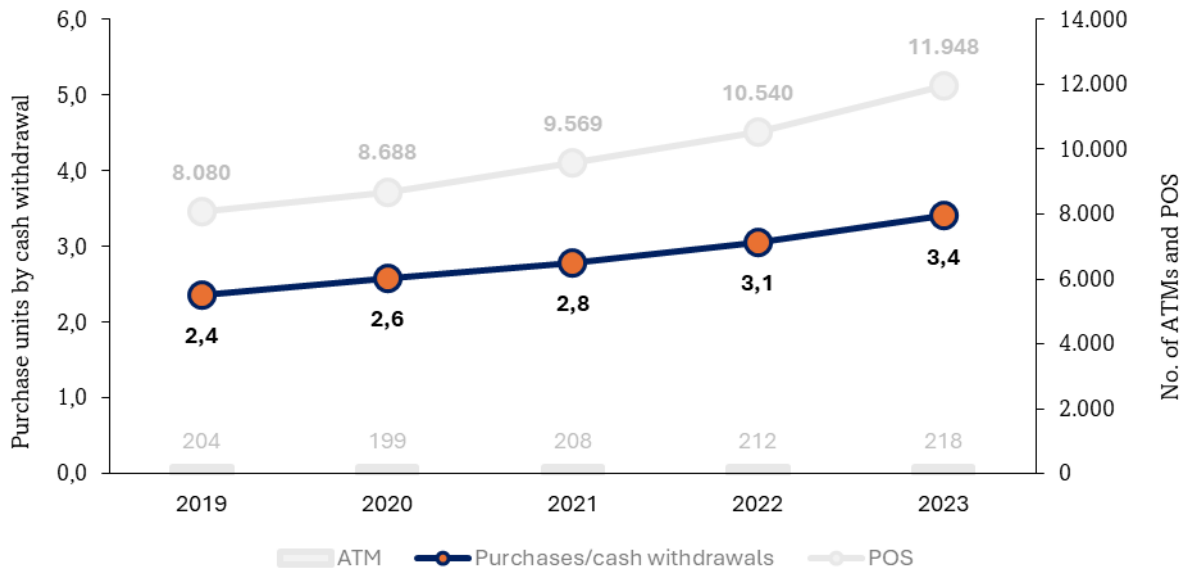
The vinti4 network supports two ways of using the payment card in its infrastructure. Physically, the card can be used via contactless (tap) or by inserting it into the associated electronic terminals (ATM and POS). In digital form, through the televinti4 channel, the card can be used via a mobile app installed on a smartphone, with the card linked to a mobile phone number.

The bulk of transactions involving flow of funds (75.7%) continue to be made at POS. These terminals recorded 31,777,428 transactions, involving CVE 96.62 billion. The annual growth rate was 18.4% in volume and 16.9% in value, compared to the previous year.

In turn, ATMs accounted for CVE 74.54 billion through 9,904,944 transactions, representing 42.8% of the total value transacted on the vinti4 network. These terminals continue to account for the majority of transactions not involving flow of funds (75%), such as balance inquiries.

On average, ATMs processed more money per transaction (CVE 7,526) than POS terminals (CVE 3,041).

Graph I. 5 - Replacing cash withdrawals with card purchases



Source: SISP

Over the years, the volume of card purchases has seen an average annual growth rate of 13.8% (2019-2023), reflecting the growth trend in the number of POS installed and active, which in turn grew by an average of 10.3% during the same period.

In turn, the volume of cash withdrawals at ATMs grew on average by 3.8% per year over the last five years. The number of installed and active ATMs increased at an average annual rate of 1.7%.

There has been an upward trend in ATM cash withdrawals being replaced by card purchases over the last five years. In 2019, for every ATM cash withdrawal, 2.4 purchases were made at POS; by 2023, this figure had risen to 3.4 purchases. Developments in this indicator, along with the continued growth in the number of POS, indicate that there are more and more card-accepting merchants, which reduces the need for consumers to withdraw cash from ATMs in order to pay at points of sale.

Table I. 8 - Televinti4 - Transactions involving flow of funds

Volume: units; Value: millions of Escudos.

	2022		2023		Change %	
	Volume	**Value**	**Volume**	**Value**	**Volume**	**Value**
Televinti4 transactions	84.941	446,5	310.518	3.035,2	265,6	579,8
Daily average	233	1,2	851	8,3	*265,6*	*579,8*
Average value in escudos		5.256		9.775		

Source: SISP.

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The value transacted on the vinti4 network's televinti4 channel was at an all-time high, 5.8 times higher than the previous year. A total of 851 transactions, worth CVE 8.3 million, were made on televinti4 every day. Each transaction averaged CVE 9,775, which translates into an 86.0% increase compared to 2022. This channel's performance, both as regards the rate at which users have signed up and in terms of transactions made and values transacted, is an indicator of the accelerated digital transformation in Cabo Verde in recent years.

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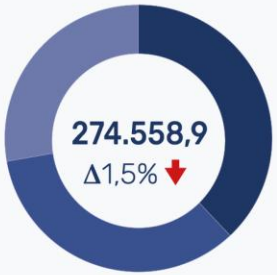
Infographic 3 - Financial Settlement and Interbank Clearing Service – 2023

Clearing settlement 2023 - SICIL



1/1 000 scale

Vinti4 Network	Interbank Transfers	Checks
104 328,2	94.163,7	76.066,9
38,0%	34,3%	27,7%



1/1 000 000 scale

Vinti4 Network	Interbank Transfers	Checks
41.985.032	1.159.570	251 934
96,7%	2,7%	0,6%

Δ - Annual change in % | Volume: units | Value: Millions of Escudos

Gross settlement 2023 - SDGL



1/100 000 scale

Money Market	Foreign Exchange Market	≥10 000 000 Large Amount	Stock Exchange	Deposits and withdrawals	Other transactions	30 mn Urgent
15 797 600,9	110 403,8	86.218,4	35 915,6	34 230,8	7 645,8	3 002,0
98,3%	0,7%	0,5%	0,2%	0,2%	0,0%	0,0%



1/100 scale

Money Market	Foreign Exchange Market	≥10 000 000 Large Amount	Stock Exchange	Deposits and withdrawals	Other transactions	30 mn Urgent
3 493	5 177	2 395	1 638	1 537	5 587	2 798
15,4%	22,9%	10,6%	7,2%	6,8%	24,7%	12,4%

3. Financial Settlement and Interbank Clearing

3.1. Financial Settlement

Deposit and Settlement Management System (SGDL)

Compared to nominal GDP (at current prices), the total value of transactions settled on the SGDL, corresponding to CVE 16.35 trillion, is 64.3 times the value of this indicator in the year under review (nominal GDP: CVE 254.45 billion). The country's only gross and real-time financial settlement system thus maintained its positive trend in 2023, recording growth rates of 15.8% and 25.5%, respectively, in volume and value, compared to 2022. (Table I.9)

The main contributors to this performance were the growth in the volume of transactions settled by clearing in the SICIL (15.8%) and transactions settled on a one-to-one basis (gross settlement), which rose by 40.3% and 26.1% in volume and value, respectively, compared to the same period last year.

Table I. 9 - Transactions settled in the SGDL

Volume: units.
Value: millions of Escudos.

	2022		2023		Change (%)	
	Volume	Value	Volume	Value	Volume	Value
Settlement by clearing - SICIL	***37.489.054***	***278.686,8***	***43.396.536***	***274.558,9***	**15,8**	**-1,5**
Checks	267.937	71.125,9	251.934	76.066,9	-6,0	6,9
Interbank transfers	1.158.897	127.330,2	1.159.570	94.163,7	0,1	-26,0
Vinti4 Network	36.062.220	80.230,6	41.985.032	104.328,2	16,4	30,0
Settlement per transaction	**16.130**	**12.745.793,9**	**22.625**	**16.075.017,3**	**40,3**	**26,1**
Foreign Exchange Market	3.762	95.751,9	5.177	110.403,8	37,6	15,3
Money Market	3.072	12.505.814,4	3.493	15.797.600,9	13,7	26,3
Large amount/urgent	1.597	53.162,5	5.193	89.220,4	225,2	67,8
Stock Exchange	1.543	40.269,2	1.638	35.915,6	6,2	-10,8
Deposits and withdrawals	1.558	35.838,0	1.537	34.230,8	-1,3	-4,5
Other transactions	4.598	14.957,9	5.587	7.645,8	21,5	-48,9
Total	**37.505.184**	**13.024.480,7**	**43.419.161**	**16.349.576,2**	**15,8**	**25,5**

Source: Banco de Cabo Verde

As in previous years, the positive change in settlement per transaction continued to be influenced by foreign exchange market transactions (volume: 37.6%; value: 15.3%) and money market transactions (volume: 13.7%; value: 26.3%). And money market transactions continue to stand out for the high values settled.

The settlement of large-amount transactions experienced exponential growth of 225.2% and 67.8%, respectively, in volume and value, compared to 2022. Particularly noteworthy within

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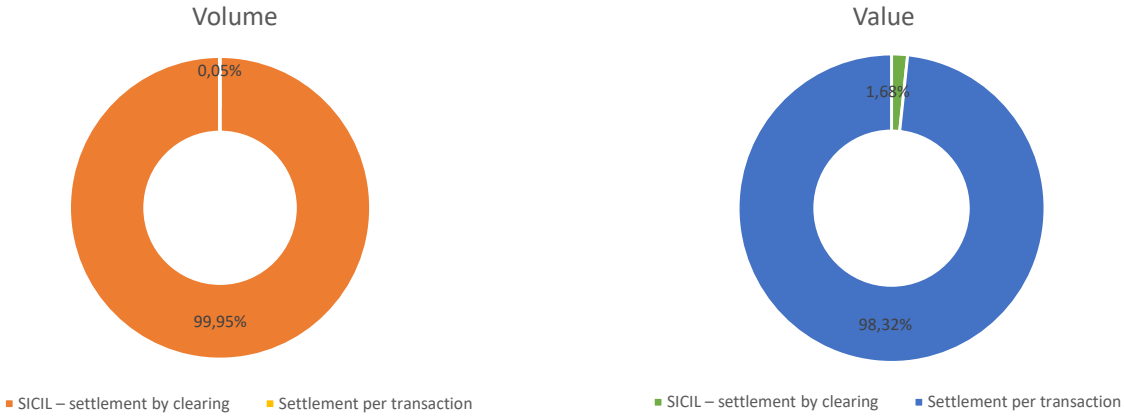
this category are large-amount transfers from interbank clearing which have, since June 2022, been subject to gross settlement in the SGDL.

Vinti4 network transactions continue to make a notable contribution to total settlements by clearing, growing by 16.4% in volume and 30% in value compared to 2022. It is worth noting that, for the first time, the vinti4 network exceeded the value settled by the other clearing systems, settling CVE 104.33 billion.

Regarding the settlement of multilateral clearing balances, the effect of large-amount transfers being removed from the Electronic Funds Transfer system was also seen. Transfers grew only marginally in volume (+0.1%) and fell (-30%) in terms of the value processed in the SGDL.

Unlike the increases seen in 2021 and 2022, the settlement of transactions involving checks fell again in terms of volume, reflecting the continuing downward trend in the use of this instrument over the years.

Graph I. 6 - Overall transactions settled in the SGDL



Source: Banco de Cabo Verde

In terms of volume, the SICIL continues to have the upper hand in SGDL settlements, accounting for 99.95% of the total amount settled, which confirms the premise that retail systems process large volumes of transactions. However, in terms of value settled, gross settlement (transaction by transaction) remained higher, accounting for 98.32% of the overall value settled.

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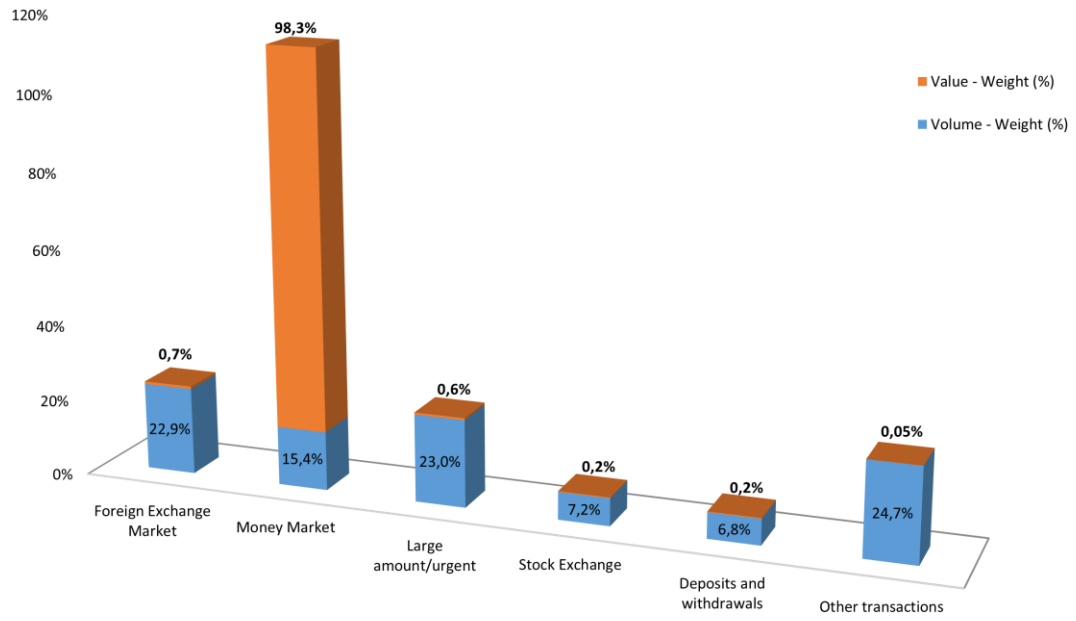
Graph I. 7 - Distribution of the weight of gross settlements in the SGDL



Source: Banco de Cabo Verde

Money market transactions accounted for 98.3% (CVE 15.79 trillion) of the total value settled gross in the SGDL, thus maintaining a high liquidity risk concentration. However, these transactions accounted for only 15.4% of the total volume settled gross in the system.

On the other hand, foreign exchange market transactions (0.7%) and large amount/urgent transactions (0.6%) did not reach 1% of the value settled. However, the latter have started to become more visible in terms of volume, accounting for 23% of the total gross volume settled in the system.

Transactions from the Stock Exchange accounted for 0.2% (CVE 35.92 billion), the same as institutions' Deposits and Withdrawals, with a weight of 0.2% (CVE 34.23 billion) in terms of the gross value settled in the system.

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Table I. 10 - Average daily transactions settled in the SGDL

Volume: units.

Value: millions of Escudos.

	2022		2023		Change(%)	
	Volume	**Value**	**Volume**	**Value**	**Volume**	**Value**
Settlement by clearing - SICIL	***149.956***	***1.114,7***	***174.986***	***1.107***	**16,7**	**-0,7**
Checks	1.072	284,5	1.016	306,7	-5,2	7,8
Interbank transfers	4.636	509,3	4.676	379,7	0,9	-25,5
Vinti4 Network	144.249	320,9	169.294	420,7	17,4	31,1
Settlement per transaction	**64**	**50.983,2**	**91**	**64.818,6**	**41,5**	**27,1**
Foreign Exchange Market	15	383,0	21	445,2	38,7	16,2
Money Market	12	50.023,3	14	63.700,0	14,6	27,3
Large amount/urgent	6	212,7	21	359,8	227,8	69,2
Stock Exchange	6	161,1	7	144,8	7,0	-10,1
Deposits and withdrawals	6	143,4	6	138,0	-0,2	-3,7
Other transactions	18	59,8	23	30,8	22,5	-48,5
Total	**150.021**	**52.097,9**	**175.077**	**65.925,7**	**16,7**	**26,5**

Source: Banco de Cabo Verde.

(*) Os sistemas de compensação de cheques, da rede vinti4 e de transferências eletrónica de fundos a crédito, bem como os demais sistemas que liquidam por bruto no SGDL, operaram 250 dias, em 2022, e 248, em 2023. Relativamente ao Quadro I.12, ligeiras diferenças na taxa de variação se devem às diferenças em termos de dias úteis entre os anos.

On average, transactions settled daily in the SGDL grew by 16.7% and 26.5% in volume and value, respectively, compared to the previous year. An additional 25,057 transactions were settled, adding CVE 13.83 billion to the previous value settled amounts. With CVE 63.7 billion settled, money market transactions accounted for 96.6% of the average value settled daily.

Settlement by clearing in the SICIL averaged 174,986 daily transactions, worth CVE 1.11 billion, representing a slight increase in volume (+16.5%) and an unnoticeable decrease in value (-0.7%) compared to 2022.

The contribution of the vinti4 network's transactions continued to stand out in terms of volume (96.7%), settling an average of 169,294 transactions daily. On average, the vinti4 network settled higher values on a daily basis than the other clearing systems. The transfer system saw a decrease in the daily value settled (25.5%), confirming the effect of large-amount transfers being removed from the calculation of multilateral balances and being settled gross in the SGDL.

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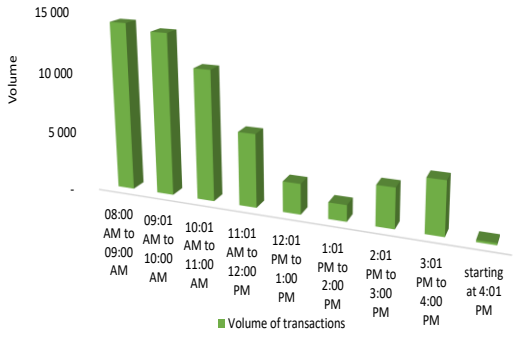
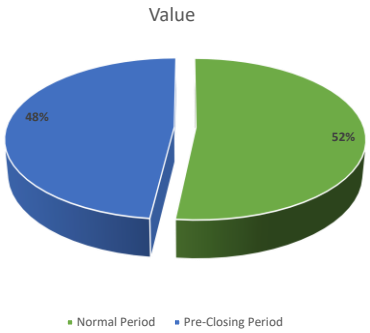
Graph I. 8 - Transactions settled per settlement time



Source: Banco de Cabo Verde

Graph I. 9 - Concentration of liquidity flow per settlement period



Source: Banco de Cabo Verde

The highest concentration of settlements remained in the normal period, particularly between the 8 a.m. to 10 a.m. slot, where 49% of settlements occurred daily. The daily session's normal period (8 a.m. to 3 p.m.) is designated to settle clearing balances (vinti4 network, checks and transfers), the Treasury's foreign transactions, credit institutions' foreign currency purchases and sales, and repayments of open market transactions. The pre-closing period (3pm to 4pm) saw 8.1% of the total volume of transactions settled.

The largest liquidity flow in the SGDL (51.8%) continued to be concentrated in the normal period (Graph I.9), where CVE 16.79 trillion was settled. Meanwhile, although the pre-closing period saw fewer transactions settled (8.1%), it saw a very considerable liquidity flow (47.9%), mainly due to open market transactions.

Throughout the year, the SGDL recorded some sporadic extensions of daily settlement sessions, representing a negligible 0.3% (CVE 94.59 billion) of the total value settled.

3.2. Interbank Clearing

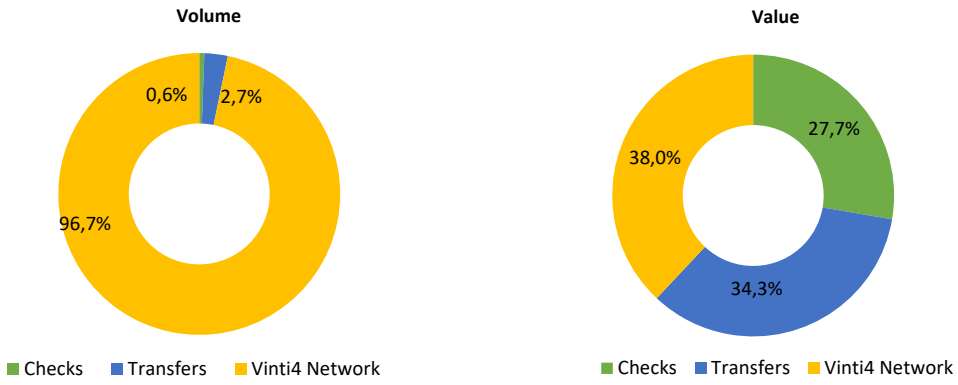
Integrated Interbank Clearing and Settlement System (SICIL)

In 2023, 43,396,536 payments transactions were cleared in the SICIL[11], resulting in the settlement of balances worth CVE 274.56 billion in the SGDL. There was a 15.8% increase in

[11] SICIL includes Cabo Verdean retail payment systems, which process transactions involving checks and similar documents, interbank transfers and vinti4 network transactions.

volume and a 1.5% decrease in value processed. Each transaction processed in interbank clearing averaged CVE 6,327.

Graph I. 10 - Integrated Interbank Clearing and Settlement System (SICIL)



Source: SISP

The vinti4 network was the only SICIL system to record increases in both volume (16.4%) and value (30.0%) compared to the previous year. The EFT had a slight increase in the number of transactions processed (+0.1%) and a decrease (-26.0%) in the value transacted compared to 2022. For its part, the system that processes checks and similar documents reversed the previous year's growth trend in terms of volume, with a 6.0% decrease, but continued to grow in value (6.9%).

With a single daily clearing cycle, the vinti4 network continues to be the interbank system that forwards the most transactions for processing in the clearing house (96.7%). The transactions processed by the system continue to grow, with an average growth of 18.1% over the last three years. And, for the first time, the vinti4 network emerged as the system with the largest share (38.0%) of the total value transacted via interbank clearing, overtaking the electronic funds transfer system (34.3%)[12]. The automated system for clearing checks and related documents ranked third (27.7%) in terms of value processed.

[12] In 2023, the effect arising from the exclusion of interbank transfers worth CVE 10 million or more from the calculation of multilateral clearing balances in the EFT system was consolidated.

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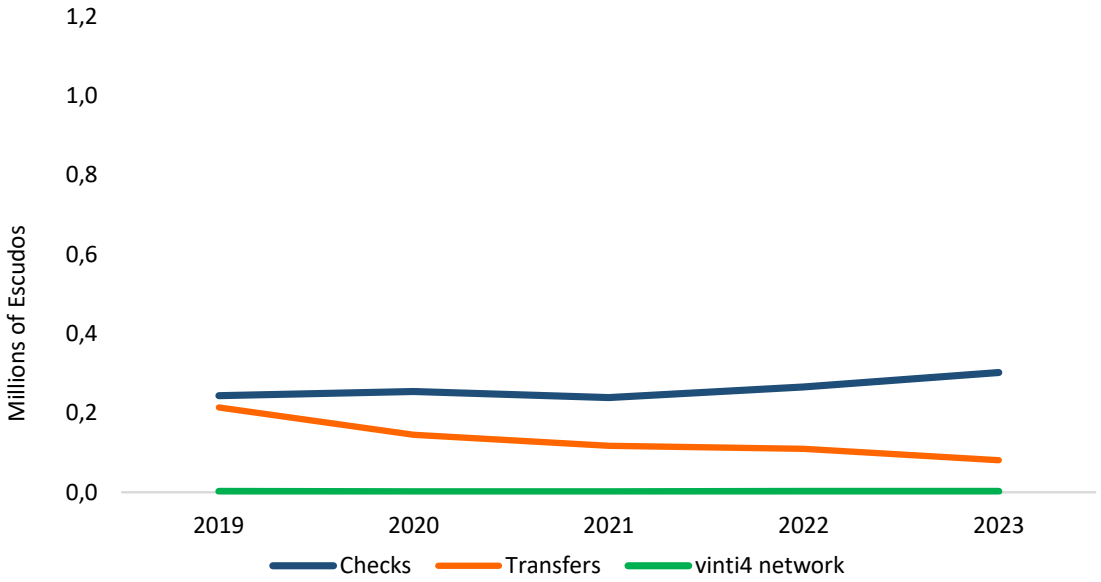
Graph I. 11 - Distribution of average value per transaction in the SICIL



Source: SISP

The exclusion of large-amount transfers from EFT clearing, and their consequent individual settlement in the SGDL, accentuated the fall in the average value of interbank transfers processed, down 26.1% and standing at CVE 81,205 in 2023. The average value of transactions cleared through the vinti4 network increased slightly, standing at CVE 2,485, with little change since 2019.

Checks and Related Documents

The 251,934 checks cleared (submitted and returned) in the Check and Related Documents clearing system represented a 6.0% decrease compared to the previous year. However, the system continued to grow in value. In 2023, the clearing house processed CVE 76.07 billion, representing a 6.9% increase over the previous year.

The average check value increased 13.7%, reaching CVE 301,932. In 2023, an average of 1,016 checks were processed per business day, worth CVE 306.7 million.

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Table I. 11 - Checks and returns submitted for clearing

Volume: units.
Value: millions of Escudos.

	2022		2023		Change %	
	Volume	**Value**	**Volume**	**Value**	**Volume**	**Value**
Checks	264.879	69.492,3	249.347	73.212,6	-5,9	5,4
Returns	3.058	1.633,7	2.587	2.854,3	-15,4	74,7
Total	**267.937**	**71.125,9**	**251.934**	**76.066,9**	**-6,0**	**6,9**
Daily average	*1.072*	*284,5*	*1.016*	*306,7*	*-5,2*	*7,8*

Source: SISP.

A total of 2,587 interbank checks were returned (1.0% of the total submitted), worth CVE 2.85 billion (3.9% of the total value). Returns continued to be insignificant in relation to the volume processed by the system. And, compared to 2022, returns decreased by 15.4% in volume and 74.7% in value.

The average value of each returned check increased by 106.5%, to CVE 1,103,341. This sharp increase was largely influenced by the return of a check in the amount of CVE 1,543,000,000, due to the amount being incorrectly indicated.

“Lack of or insufficient funds” was the reason for 685 checks being returned for clearing, remaining the most frequently cited cause by drawee institutions (26.5%). However, returns for this reason fell by 202 checks (22.8%) compared to the previous year, maintaining the downward trend of recent years and reflecting the effectiveness of applying and complying with legislation and regulations on restricting check use. Furthermore, this type of return accounts for 0.3% of the total number of checks returned in the system.

In total, “lack of or insufficient funds” (685 checks), “missing or illegible image” (559 checks), “incorrectly indicated amount” (464 checks), “lack of main requirement” (277 checks) and “irregular withdrawal” accounted for 85.3% of the checks returned during the year (2,587 checks). In terms of value, these returned checks amounted to CVE 2.61 billion, which represents 91.6% of the total (CVE 2.85 billion).

On the side of check-presenting institutions, returns were due to check non-conformities, for which the drawee institutions are responsible. Among the reasons given, “late return” stands out, with 32 out of a total of 40 returns made by borrowing institutions.

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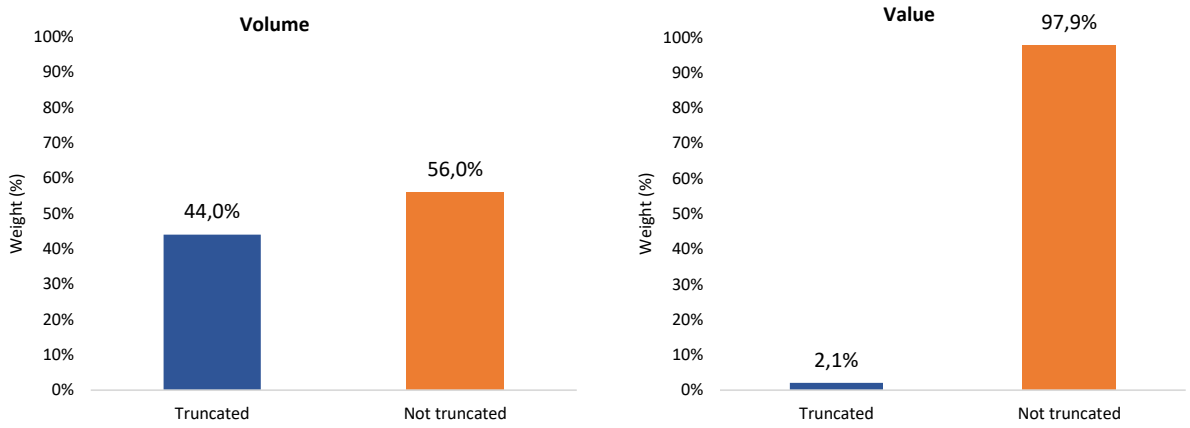
Graph I. 12 - Weight of truncated and non-truncated checks



Source: SISP

A total of 139,533 non-truncated checks[13] were submitted for clearing, worth CVE 71.69 billion, accounting for 56.0% of the volume and 97.9% of the total value of checks submitted. The average value of non-truncated checks was CVE 513,776. Per working day, 563 non-truncated checks were submitted for clearing, worth CVE 289.1 million.

Electronic Funds Transfers

In 2023, the system processed 1,159,570 interbank transfers (submitted and returned), worth CVE 94.16 billion. Compared to the previous year, there was a 0.1% increase in volume and a 26.0% decrease in value.

The average value of interbank transfers fell by 26.09% year-over-year to CVE 81,206. The daily average was 4,676 transfers processed per working day in the EFT, worth CVE 379.7 million.

Table I. 12 - Transfers and returns submitted for clearing

Volume: units.

Value: millions of Escudos.

	2022		2023		Change %	
	Volume	**Value**	**Volume**	**Value**	**Volume**	**Value**
Transfers	1.158.037	127.185,9	1.158.992	94.105,7	0,1	-26,0
Returns	860	144,3	578	58,0	-32,8	-59,8
Total	**1.158.897**	**127.330,2**	**1.159.570**	**94.163,7**	**0,1**	**-26,0**
Daily average	*4.636*	*509,3*	*4.676*	*379,7*	*0,9*	*-25,5*

Source: SISP.

[13] Truncation is a procedure that aims to make check image processing more efficient, where only computer records of checks with a value higher than the truncation limit must be accompanied by the respective images.

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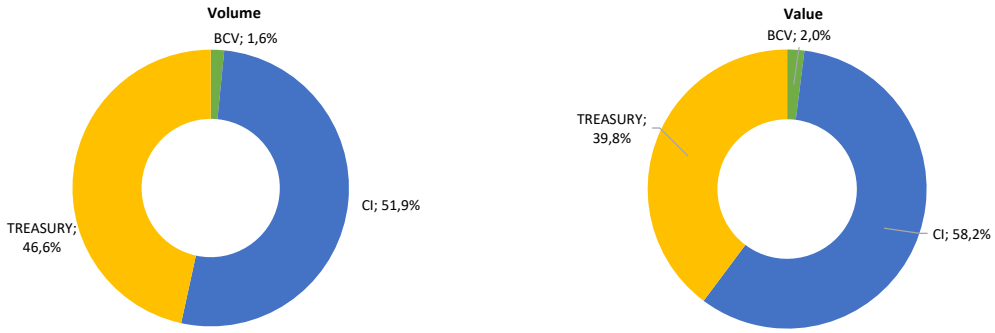
On average, there was one return for every 2,005 transfers submitted, thus maintaining the minimal weight (0.05%) of returns in the system.

Returns continued on a downward trend, both in volume (32.8%) and value (59.8%). In each daily clearing session, an average of 2 transfer returns were processed, worth CVE 233,914.

Graph I. 13 - Transfers submitted for clearing per participant



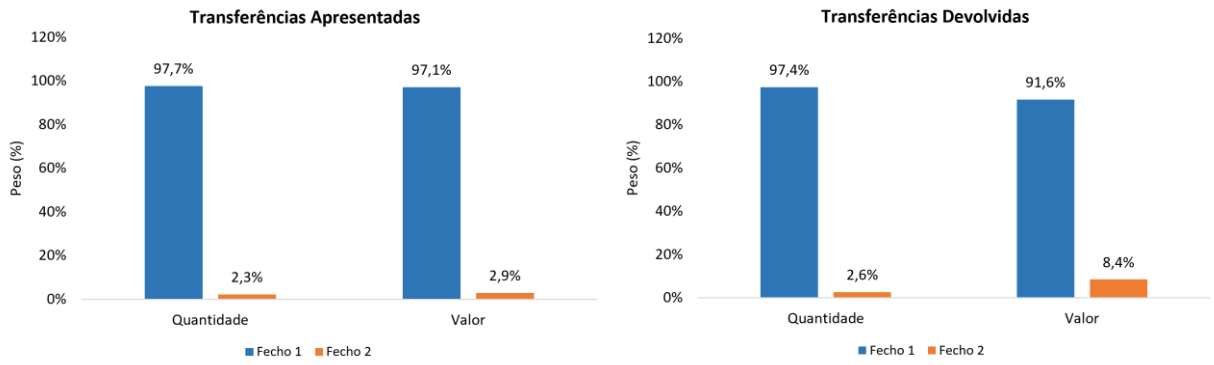
Source: SISP

Credit institutions (CI) continue to be the type of participant with the highest number of transfers processed (601,444 transactions - 51.9%) and the highest value in the system (CVE 54.84 billion - 58.2%). The average transaction value was CVE 91,182.

However, with 539,987 transfers submitted (46.6%), worth CVE 37.46 billion (39.8%), the Treasury continued to be a major participant. Each Treasury transfer was worth an average of CVE 69,365. Individually, this is the participant that stands out most in the daily use of the EFT.

As a participant in the transfer system, Banco de Cabo Verde (BCV) made 18,139 interbank transfers (1.6%), worth CVE 1.87 billion (2.0%). Despite the higher average value per transaction (CVE 102,900), this participant continues to make a minimal contribution to the system, both in terms of volume and value.

Graph I. 14 - Transfers submitted and returned for clearing per closing



Source: SISP

Most transfers submitted (97.7%) and the bulk of the value (97.1%) continue to occur at EFT Closing 1. Returns show a similar pattern, with 97.4% of transfers returned and 91.6% of the value processed also occurring at Closing 1.

By transfer type, "other transfers" continue to be the predominant service code, both in volume (59.9%) and value (71.4%), as it was indicated in 694,348 transfers, worth CVE 67.15 billion, in 2023.

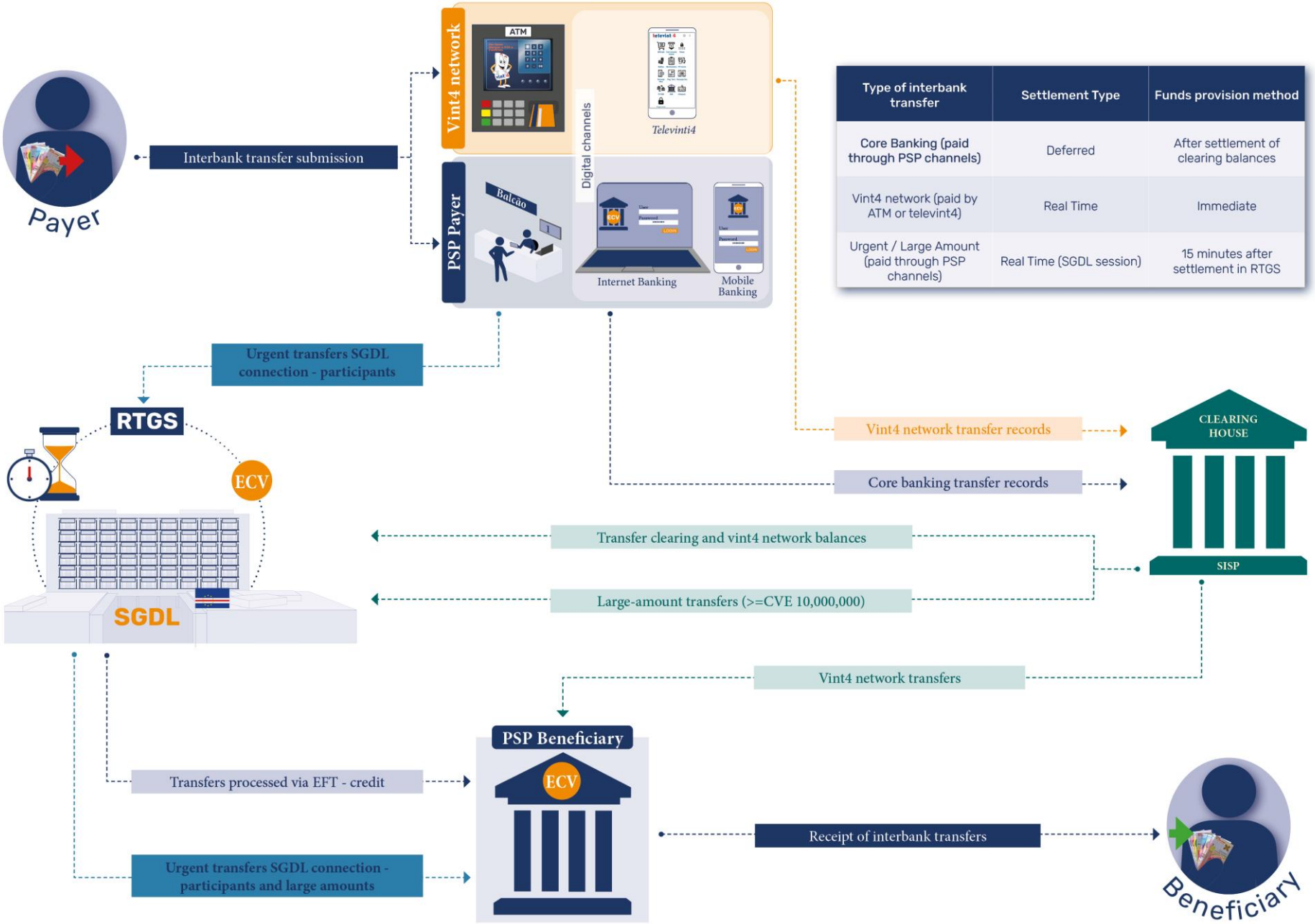
"Fees" (volume: 37.2%; value: 25.0%), "rents" (volume: 1.0%; value: 0.5%) and "others" (volume: 1.8%; value: 3.2%), which essentially include suppliers, are also among the most used service codes in the two clearing cycles.

Although the SICIL regulations reserve Closing 2 for processing returns, in practice the trend in the system is that most returns (97.4%) continue to take place at Closing 1. Thus, 563 returns were processed in this closing, worth CVE 53.1 million. On average, 1 (one) return was made at Closing 2 for every 38 returns made at Closing 1.

During the year, 479 requests for returns were registered in the system (all at Closing 1), valued at CVE 68.1 million. Of these, 266 requests resulted in actual returns, worth CVE 26.9 million.

The EFT return mechanism continues to be highly efficient, with a 94.2% response rate.

Infographic 4 - The cycle of sending an interbank transfer

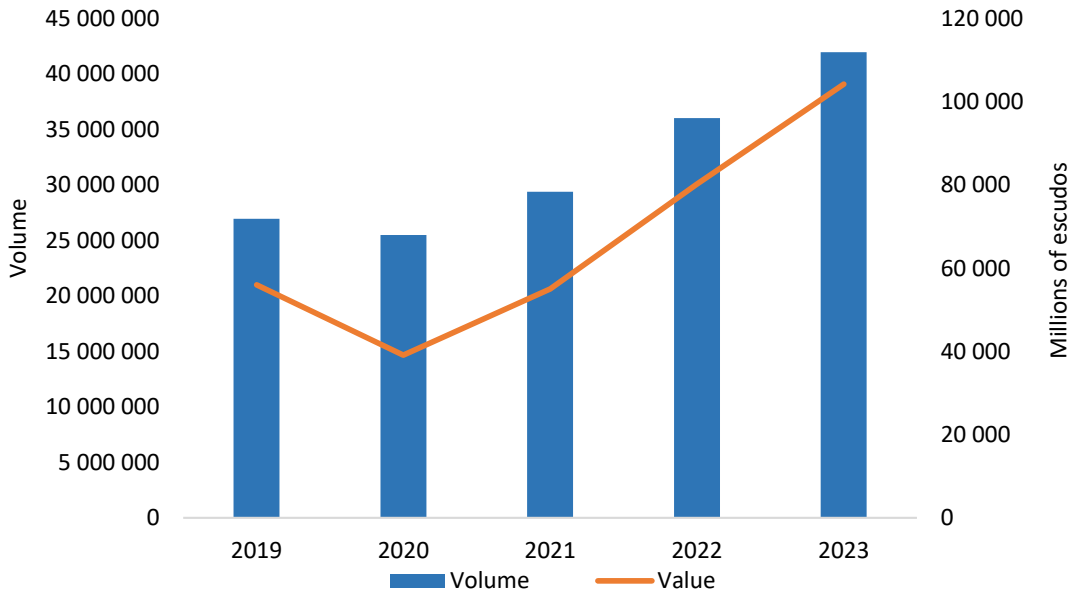


Type of interbank transfer	Settlement Type	Funds provision method
Core Banking (paid through PSP channels)	Deferred	After settlement of clearing balances
Vint4 network (paid by ATM or televint4)	Real Time	Immediate
Urgent / Large Amount (paid through PSP channels)	Real Time (SGDL session)	15 minutes after settlement in RTGS

Vinti4 network transactions

The vinti4 network[14] system processed 41,985,032 payments based on cards or similar devices, worth CVE 104.33 billion. The number of transactions increased by 16.4% and, in value, there was a 30.0% increase on the previous year.

Graph I. 15 - Developments in transactions settled through the Vinti4 network



Source: SISP

Transactions processed through the vinti4 network accounted for 96.7% of the total volume and 38.0% of the total value of transactions cleared in the SICIL.

On average, the vinti4 network processed 169,294 transactions per day, worth CVE 420.7 million. Compared to 2022, 25,046 more payments were processed and CVE 99.8 million more were transacted per day. The vinti4 network has always accounted for the bulk of transactions processed in the SICIL total, and for the first time it surpassed the EFT in terms of value.

Each transaction had an average value of CVE 2,485. This represents an 11.7% increase compared to 2022. Meanwhile, the average value of transactions on the vinti4 network continues to be the lowest among the clearing systems, so this system retains its retail distinction par excellence.

[14] Transactions made with a payment card or similar device at the terminals (ATM and POS) and on the digital channel (televinti4) of the shared network are submitted to clearing (SICIL) on the vinti4 network system. The vinti4 network remains the only shared network for card or similar device payments in Cabo Verde. The infrastructure operates continuously on a 24/7/365 basis.

Box 1 - Regulation and Control

In 2023, Banco de Cabo Verde (BCV) continued the work required to update the legal framework applicable to the provision of payment services and the issuance, distribution, and redemption of electronic money. Among the innovations proposed, Open Banking was established in Cabo Verde, and two draft Notices were formalized to regulate some of the provisions introduced in this legal framework.

Specifically, the BCV prepared the draft Notice which establishes the identification and traceability requirements that communications between the payer's device and the payee's electronic payment acceptance devices must meet, and setting out general requirements for the access interfaces of payment service providers and account managers. In the same vein, the Bank also prepared a draft Notice regulating the procedure for making communication, applicable to certain payment service providers, and introduced into the legal framework governing access to the operations of payment institutions and electronic money institutions.

In addition, the Bank formalized a draft legal instrument aimed at boosting the operation of the Coordination Committee for Payment System Development (CCPS). The CCPS is designed to be a structural body in terms of the national Payment System's governance.

As for activities to assess and control compliance with the rules applicable to the Cabo Verdean Payment System, the BCV followed up on the SGDL's real-time transfer settlement service in December 2021, as part of the implementation of a project to connect the system and its participants.

This was essentially aimed at following up with the participants (commercial banks), as users of the settlement service and also payment service providers, with the aim of verifying and assessing compliance with the rules laid down in the following legislation:

- ✓ Decree-Law no. 41/2009, in conjunction with Legislative Decree no. 8/2018, on the deadlines for making funds available in demand deposit accounts;
- ✓ Technical Instruction no. 228, dated 2022.05.20, which updates the SGDL Procedures Manual and publishes the SGDL Connection Specifications Manual;
- ✓ Technical Instruction no. 229, dated 2022.05.20, which updates the SGDL Regulations; and
- ✓ Technical Instruction no. 222, dated 2021.12.16, which establishes the large amount limit for processing transfers via clearing.

The purpose of the action was to assess the efficiency of the new SGDL transfer service, and also to assess the effectiveness and consolidation level of the settlement service the BCV provides to participants.

Infographic 5- Use of Payment Instruments - 2023 highlights

		Volume	Value
Checks	Paid via clearing	251 934 Δ 6,0% ▼	76 066,9 Δ 6,9% ▲
	Paid at a Branch	398 647 Δ 32,7% ▼	77 414,5 Δ 37,8% ▼
Payment Cards	ATM withdrawal	9 096 369 Δ 6,5% ▲	52 465,2 Δ 5,2% ▲
	POS purchases by channel – Physical terminals	30 713 120 Δ 18,5% ▲	89 372,8 Δ 14,7% ▲
	POS purchases by channel – Online | Cell phone QR code	212 962 Δ 16,7% ▲	2 048,6 Δ 22,9% ▲
		38 459 Δ 902,3% ▲	50,9 Δ 1017,8% ▲
	POS withdrawals (Vint4 cash advances)	7 858	27,0
Transfer	Interbank	1 161 965 Δ 0,3% ▲	180 382,2 Δ 41,7% ▲
	Intra-bank	4 405 076 Δ 25,2% ▲	318 963,6 Δ 35,6% ▲

Δ - Annual change in % | Volume: units | Value: millions of escudos

Chapter II – Payment means and instruments

Payment means and instruments

1. Developments

Consumers currently have different payment instruments, such as payment cards and electronic transfers. Payment cards with contactless technology can be used on various channels, including online banking, mobile banking, Televinti4, e-commerce, etc., providing an efficient, convenient and secure experience. Alongside innovative instruments, more traditional ones continue to coexist, such as checks, which also serve a large portion of the population.

Table II. 1 - Payment means and instruments

Volume: units: Value: millions of Escudos.

	2022		2023		Change %	
	Volume	Value	Volume	Value	Volume	Value
Banknotes and coins in circulation		**12.882,5**		**13.666,5**	**-**	**6,1**
Checks	**860.455**	**184.563,4**	**650.581**	**153.481,4**	**-24,4**	**-16,8**
Clearing	267.937	71.125,9	251.934	76.066,9	-6,0	6,9
Branch	592.518	113.437,5	398.647	77.414,5	-32,7	-31,8
Transfers	**4.676.095**	**362.579,2**	**5.567.091**	**499.346,3**	**19,1**	**37,7**
Interbank	1.158.895	127.297,4	1.161.965	180.382,2	0,3	41,7
Intra-bank	3.517.200	235.281,8	4.405.126	318.964,1	25,2	35,6
Cards	**36.065.312**	**144.642,7**	**52.374.782**	**174.175,0**	**45,2**	**20,4**
Vinti4 card	34.087.716	128.147,8	49.829.696	154.456,0	46,2	20,5
International cards	1.977.596	16.494,9	2.545.086	19.719,0	28,7	19,5
Total[1]	**41.601.862**	**691.785,4**	**58.592.454**	**827.002,7**	**40,8**	**19,5**
		Weight %				
Checks	2,1	26,7	1,1	18,6	**-0,96**	**-8,12**
Transferências	11,2	52,4	9,5	60,4	**-1,74**	**7,97**
Cartões	86,7	20,9	89,4	21,1	**2,70**	**0,15**

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.

The 2023 data confirmed the continuing downward trend in check use and the growing use of electronic payment instruments (cards and transfers). Compared to 2022, there was a 24.4% decrease in the number of checks used by economic agents. On the other hand, transfers and cards recorded a 19.1% and 45.2% increase, respectively.

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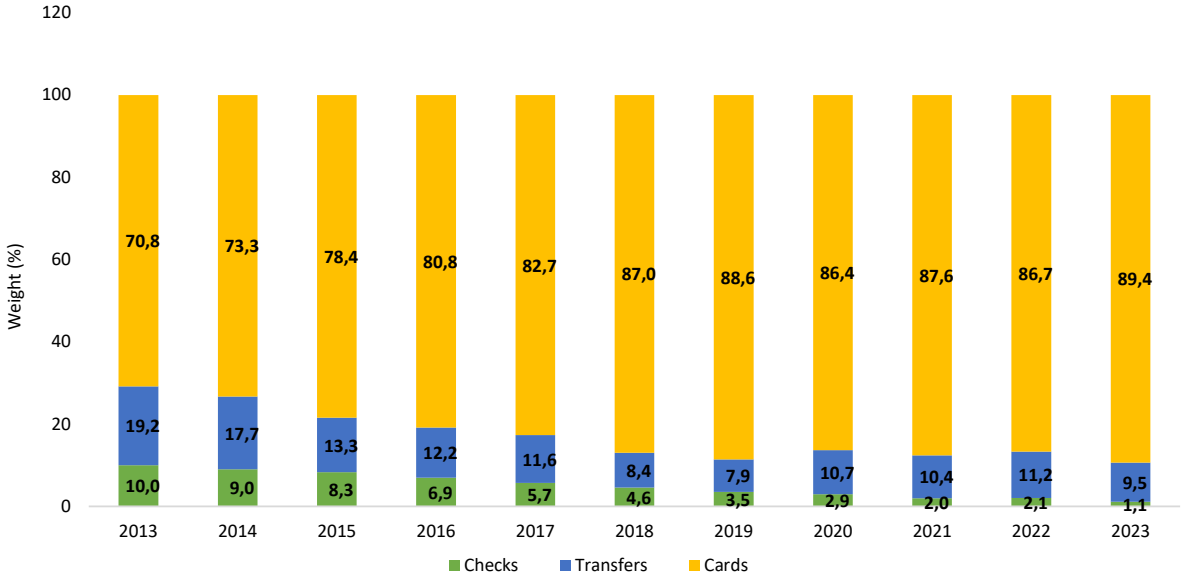
Graph II. 1 - Developments in the weight of payment instrument use (volume)



Source: Banco de Cabo Verde, Credit Institutions and SISP

Cards continue to rank first in terms of instrument use, accounting for 89.4% of transactions in 2023, followed by transfers (9.5%) and checks (1.1%).

1.1. Cash

Cash is still the most widely used means of payment, despite the increased use of electronic payment instruments over the last decade. Paying in cash guarantees confidentiality, anonymity, ease of use and immediate liquidity.

Regardless of cash use, the financial indicators that relate currency in circulation to the M1 aggregate (weight of currency in circulation) and M2 aggregate (preference for central bank money) confirm the growing trend in payment instrument use.

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Table II. 2 - Currency in circulation – indicators

	Value: millions of Escudos.				
	2019	**2020**	**2021**	**2022**	**2023**
Banknotes and coins in circulation (C)	8.595,9	11.616,0	12.506,6	12.882,5	13.666,5
Demand deposits (DO)	78.057,7	82.876,0	85.411,7	95.305,1	104.873,8
M1(C+DO)	**86.653,6**	**94.492,0**	**97.918,3**	**108.187,6**	**118.540,3**
Time deposits[1] (DP)	106.595,8	108.359,4	113.895,2	113.646,5	117.769,5
M2 (M1+DP)	**193.249,4**	**202.851,4**	**211.813,5**	**221.834,1**	**236.309,8**
GDP[2]	195.202,3	175.807,0	178.625,0	206.506,0	254.464,0
Rácios					
Circulation speed (V)					
V1(GDP/C)	22,709	15,135	14,282	16,030	18,61947933
Circulation/GDP ratio					
C/GDP	0,044	0,066	0,070	0,062	0,053707195
Weight of currency in circulation					
C/M1	0,099	0,123	0,128	0,119	0,115
Preference for central bank money					
C/M2	0,044	0,057	0,059	0,058	0,058

Source: Credit Institutions e Banco de Cabo Verde.

[1] 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.

In 2023, the M1 monetary aggregate increased by 9.6% compared to the previous year, while in 2022 the increase was 10.5% compared to 2021. This growth was driven by the 10.0% increase in Demand Deposits and the 6.1% increase in Banknotes and Coins in Circulation.

The ratio measuring the weight of currency in circulation in relation to the M1 monetary aggregate was 0.115 basis points, compared to 0.119 basis points in 2022. Meanwhile, the ratio reflecting the preference for Central Bank money, based on the proportion of banknotes and coins in circulation to Money Supply, remained unchanged compared to 2022 (0.058 basis points).

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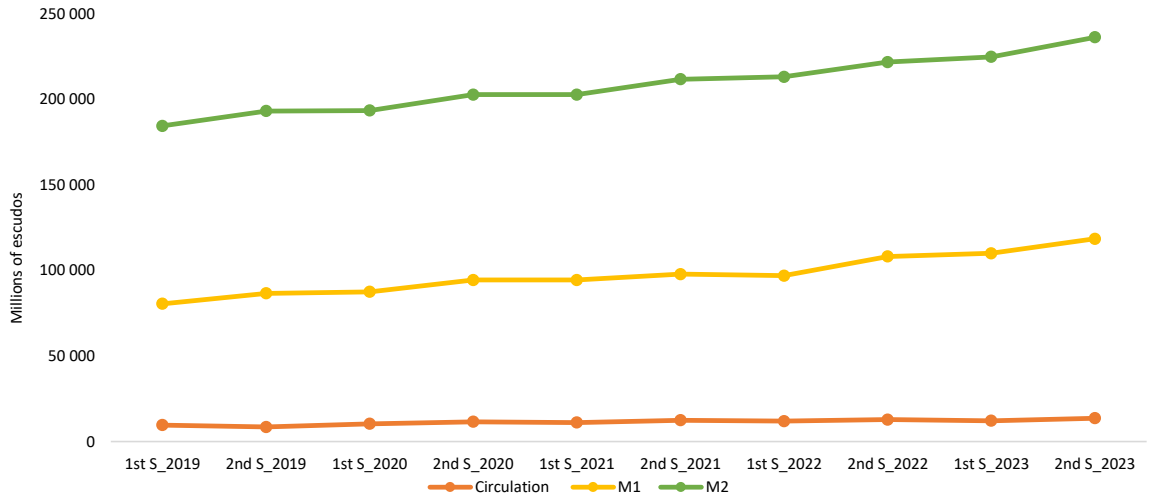
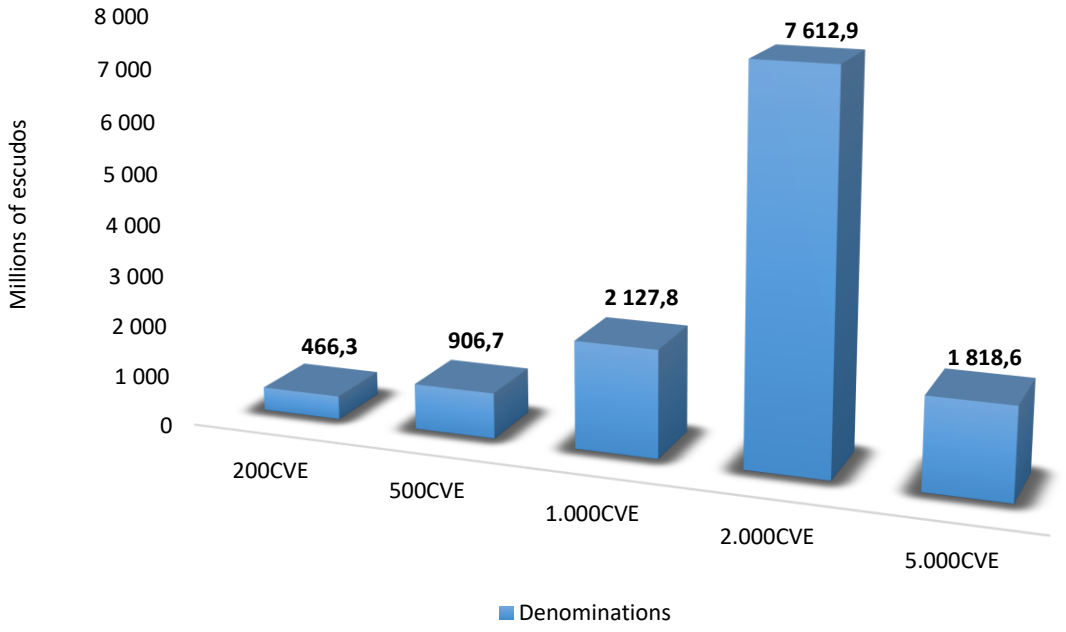
Graph II. 2 - Developments in monetary aggregates



Source: Banco de Cabo Verde and Credit Institutions.

As of December 31, 2023, Banknotes and Coins in Circulation amounted to CVE 13.67 billion, equivalent to a 6.1% increase compared to the previous year.

Graph II. 3 - Banknotes in circulation per denomination



Source: Banco de Cabo Verde.

Banknotes accounted for 94.6% of all banknotes and coins in circulation, compared to 94.3% last year. Within this group, the majority (75.3%) were CVE 1,000 and CVE 2,000 banknotes.

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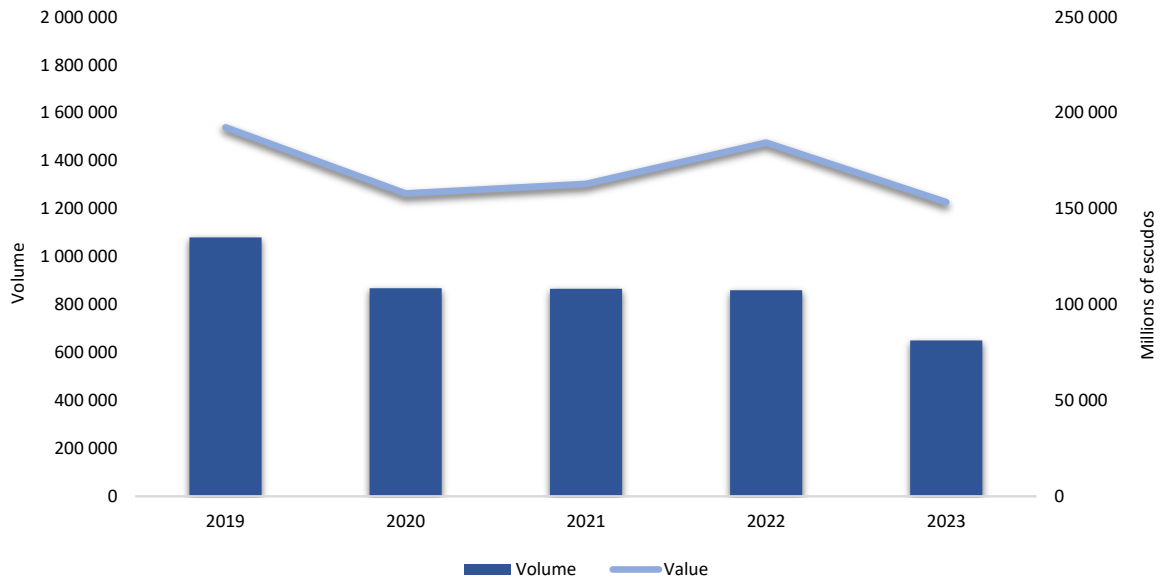
1.2. Check

Over the last five years (2019-2023), there was a 39.8% decrease in the volume and a 20.3% decrease in the value transacted with checks.

Graph II. 4 - Developments in checks



Source: BCV and Credit Institutions.

Overall, check use fell by 24.4% in volume and 16.8% in value in 2023 compared to 2022.

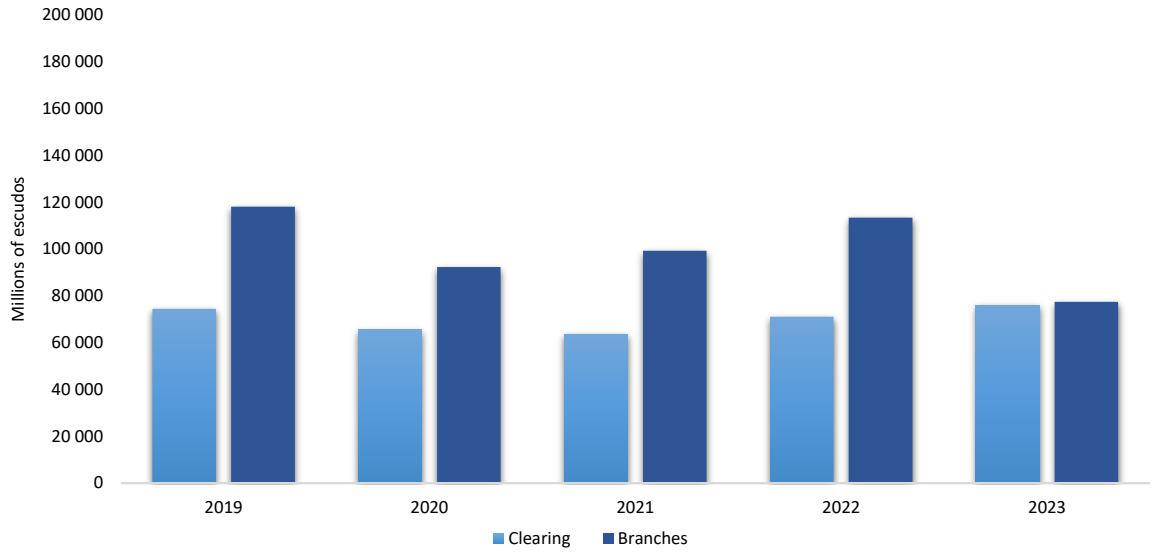
Checks paid at CI' branches had the biggest impact on the decrease in the volume of checks used compared to the previous year. 32.7% fewer checks were used, resulting in a 31.8% decrease in the value of transactions using this instrument.

In terms of interbank transactions, the 251,934 checks used also represented a 6% decrease in volume compared to the previous year, although there was a 6.9% increase in value, with transactions worth CVE 76.07 billion.

Every month, credit institutions paid out an average of 54,215 checks, worth CVE 12.79 billion. The daily average fell by 24.4% and 16.8% in volume and value, respectively, compared to 2022.

On average, each check was worth CVE 235,914, which means that the instrument is used for large payments. The average value per check increased by 10.0% compared to the previous year (CVE 214,495).

Graph II. 5 - Cleared checks and checks from CI branches (in value)



Source: BCV and Credit Institutions

CIs paid out CVE 77.41 billion (50.4%) in checks cashed at their branches, more than through the interbank clearing system, where CVE 76.07 billion (49.6%) was paid out. However, in terms of volume, more checks were paid through clearing (61.3%) than at CI branches (38.7%).

Table II. 3 - Returned checks

Volume: unit; Value: millions of Escudos.

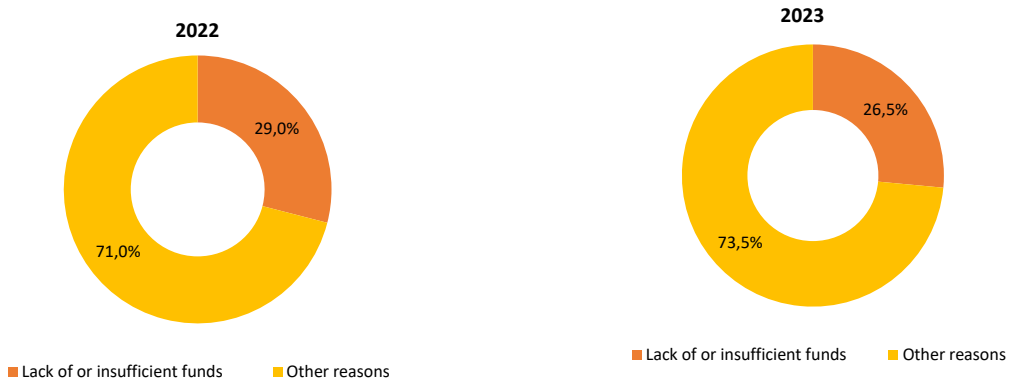
	2022		2023	
	Volume	**Value**	**Volume**	**Value**
Clearing	3.058	1.633,7	2.189	1.156,4
Branch	1.086	394,7	1.856	2.327,7
Total	**4.144**	**2.028,3**	**4.045**	**3.484,1**
Monthly Average	*345*	*169,0*	*337*	*290,3*

Source: Banco de Cabo Verde and Credit Institutions.

Compared to the previous year, there was a 7.2% increase in the number of returned checks. And in terms of value, there was a significant increase (155.5%) compared to 2022 (Table II.3), with checks returned at CI branches contributing the most, with a significant increase (489.8%) in the value returned, as a result of large amounts being returned at branches, especially from legal entities. As a result, the average value returned per check increased from CVE 363,414 in 2022 to CVE 1,254,136.

There was a monthly increase of 25 returned checks (7.2%), corresponding to CVE 262.8 million (155.5%), compared to the monthly average of returned checks in the previous year.

Graph II. 6 - Weight of returned checks per reason for return (volume)



Source: BCV

"Lack of or insufficient funds" continues to be the main reason for returns, with 685 returned checks. However, compared to 2022, 202 fewer checks were returned for "lack of or insufficient funds," decreasing its share from 29.0% in 2022 to 26.5% in 2023.

"Other reasons" (such as lack of main requirement, irregular withdrawal, irregular signature, incorrectly indicated amount, among others) accounted for a total of 1,902 returned checks, which also shows a decrease of 269 returned checks compared to 2022.

Table II. 4 - Total checks submitted and returned

Volume: unit; Value: millions of Escudos.

	2022		2023	
	Volume	**Value**	**Volume**	**Value**
Total Checks	857.397	182.929,8	647.994	150.627,1
Total Returns	4.144	2.028,3	4.443	5.182,0
Checks returned / Checks submitted (%)	0,5	1,1	0,7	3,4

Source: Banco de Cabo Verde and Credit Institutions.

Returned checks continue to represent a negligible share of payments made with this instrument, accounting for less than 1% of the volume of checks used and only 3.4% of the total value transacted. This behaviour may reflect not only some credibility in the instrument's use, but also greater diligence by institutions and their customers in complying with their obligations regarding check use.

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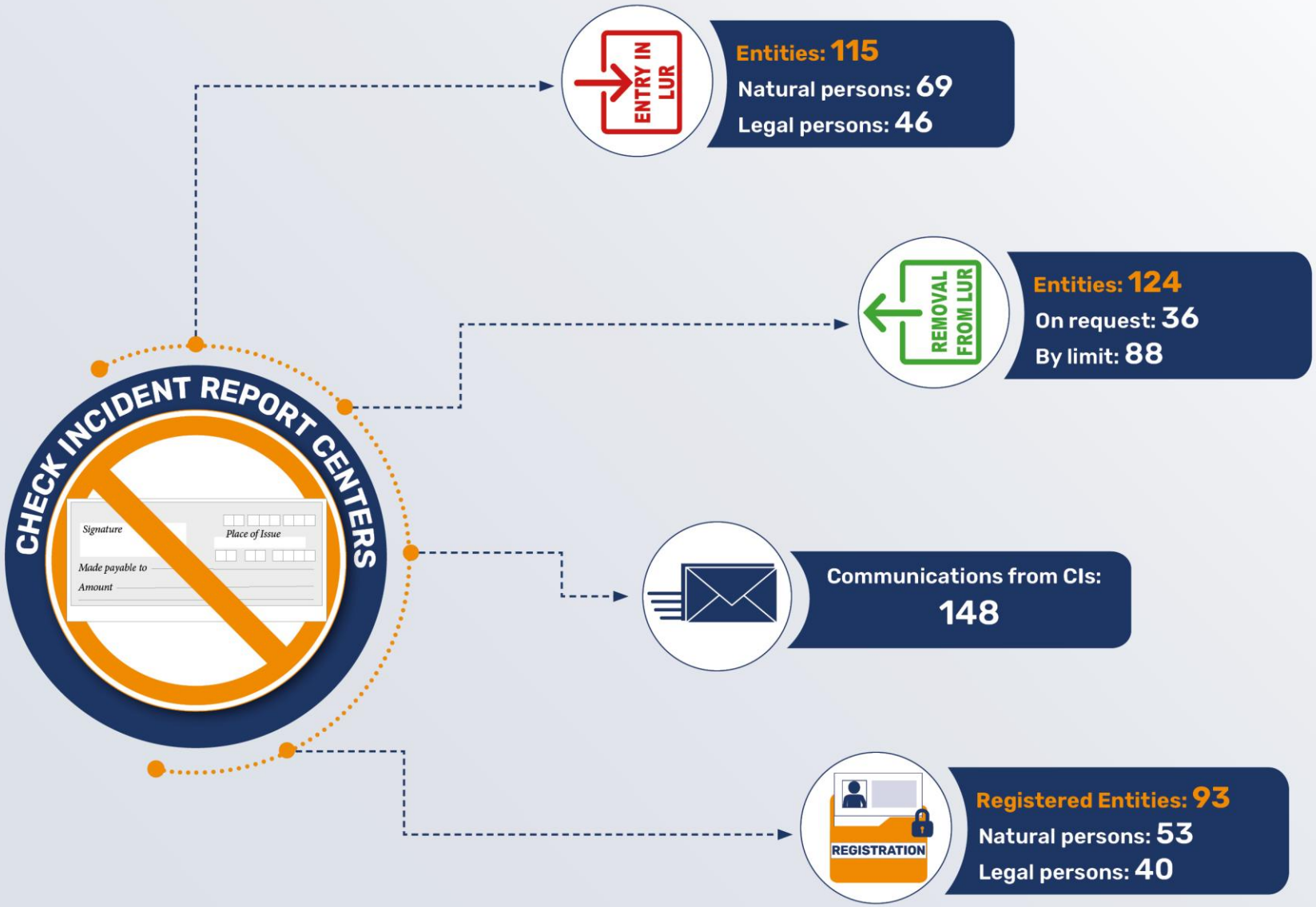
Infographic 6 - Check Incident Report Center



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.

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

Check Incident Report Center

The activities carried out by the BCV in managing the Check Incident Report (CIC) were normal and in accordance with current legislation.

In 2023, the Bank received and processed 148 communications from credit institutions, the records of which resulted in 115 entities being added in the List of Risky Check Users (LUR).

In addition, the names of 124 entities were removed from the LUR, of which 88 due to a time limit (after the two-year legal deadline) and 36 requests submitted by credit institutions that Banco de Cabo Verde assessed and granted.

As of December 31, 2023, the Check Incident Report Center included 3,508 users, of which 2,564 (73%) were individuals and 944 (27%) were legal entities.

1.3. Transfers

In 2023, the use of transfers grew in both volume (19.1%) and value (37.7%) compared to the previous year.

Transfers within the same credit institution (CI) contributed the most to this growth, increasing by 25.2% and 35.6% in volume and value, respectively. Transfers between CIs, on the other hand, grew more in terms of value (41.7%) than in volume (0.3%), compared to 2022.

On average, CIs made 463,920 transfers per month, worth CVE 41.61 billion, reflecting growth of 19.1% and 37.8% in volume and value, respectively.

Transfers continue to be the instrument that processes the most value (60.4%), compared to the total value transacted by the instruments (checks, transfers and payment cards). This instrument also continues to be the second most widely used instrument by economic agents in transactions, after payment cards.

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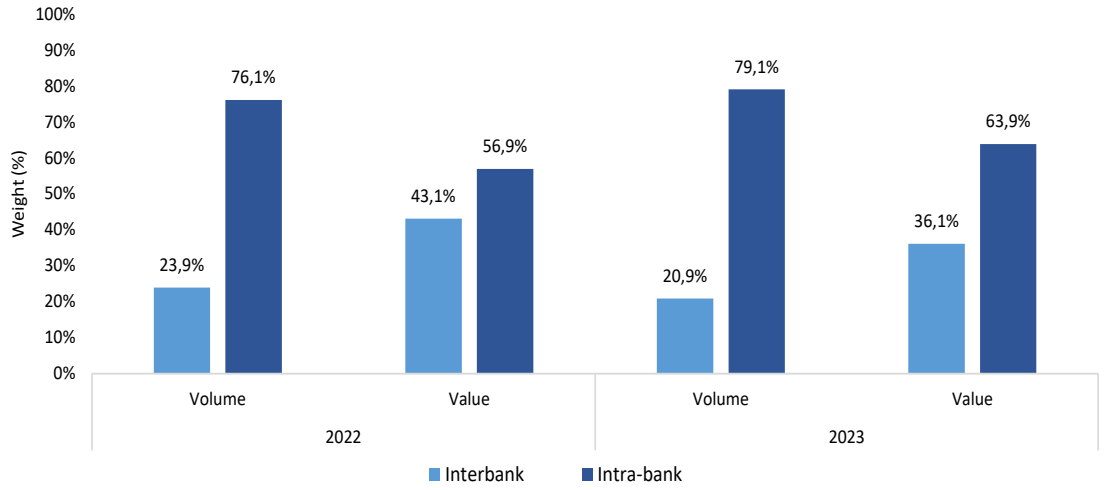
Graph II. 7 - Domestic transfers



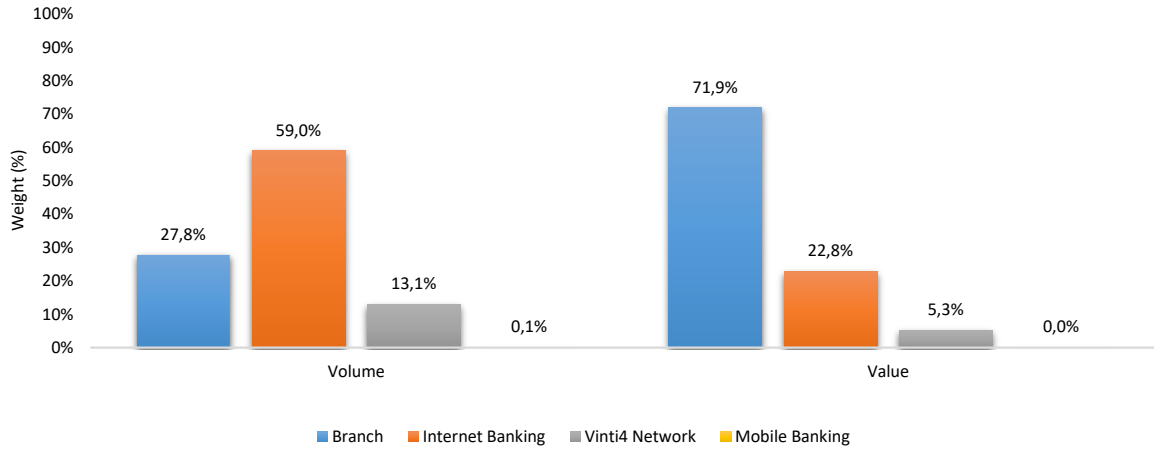
Source: BCV and Credit Institutions

Over the course of the year, intra-bank transfers were the most widely used, with 4,405,126 transactions (79.1%), involving CVE 318.96 billion (63.9%). Interbank transfers accounted for 20.9% and 36.1%, respectively, of the total volume and value of transfers made in the System. On average, intra-bank transfers were used 12,069 times a day, generating CVE 873.9 million, i.e. 2,433 more times and CVE 229.2 million more than in 2022.

Interbank transfers[15] were used 1,161,965 times, involving CVE 180.38 billion. On average, this method was used 3,183 times a day, generating CVE 494.2 million, which, compared to 2022, is a slight increase of 4.4 transfers in volume and CVE 4.8 million more in value.

[15] Overall transfers between CIs are considered, namely transfers settled by interbank clearing, large amount transfers settled gross in the SGDL and urgent transfers settled in the SGDL.

Graph II. 8 - Transfers per channel



Source: Credit institutions

Online banking continues to be the most used channel for transfers, accounting for more than half of the total volume of transfers made in the country (59%). However, in terms of value, this channel accounted for only 22.8% of all transfers. It's worth noting that credit institutions set maximum limits on the amount of money transferred daily per customer through this channel.

On the other hand, transfers made through CIs' branches, where there is no limit on the value, accounted for 71.9% of the total value transacted through this channel, although in terms of volume they accounted for only 27.8% of total transactions.

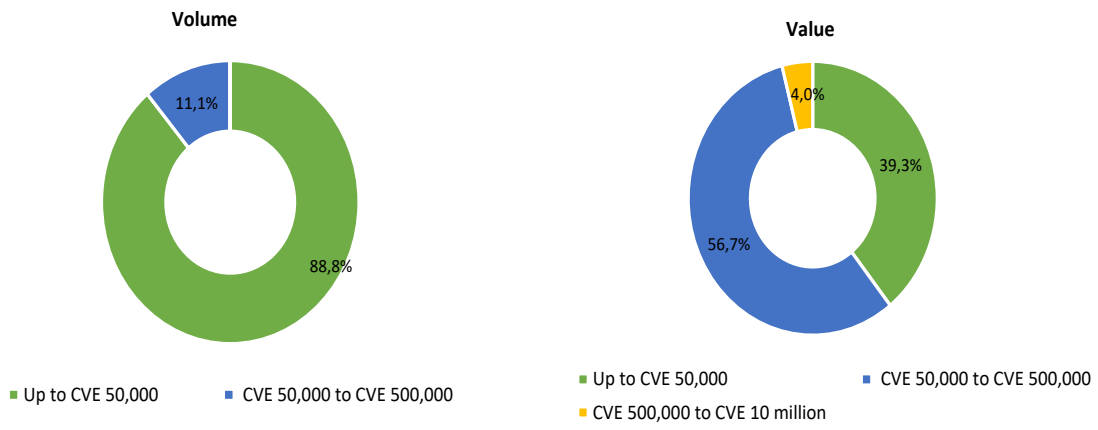
The vinti4 network was rarely used for transfers, accounting for 13.1% in volume and 5.3% in value. Mobile banking, as a channel, had a negligible share, accounting for just 0.1% of all transfers made through the channels.

1.4. Direct Debit[16]

In 2023, a total of 242,066 direct debits were made, worth CVE 4.79 billion. Compared to the previous year, 63,787 more transactions were made (35.8%), generating CVE 3.97 billion more.

[16] Payment instrument offered by CIs to collect invoices within banks, i.e. between accounts held within the same institution.

Graph II. 9 - Weight of direct debit per value bracket



Source: Credit institutions

As in the previous year, the vast majority of these payments (88.8%) did not exceed CVE 50,000 per transaction, accounting for only 39.3% (CVE 1.88 billion) of the total value transacted by the instrument.

A small number of direct debits (26,848) were concentrated in the CVE 50,000 to CVE 500,000 bracket, which, worth CVE 2.72 billion, accounted for 56.7% of the total value transacted by the instrument.

The CVE 500,000 to CVE 10 million bracket had a minimal contribution (0.1% = 187 transactions) in volume, which represented 4.0% (CVE 190.4 million) of the total amount processed by the instrument in the banking system.

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Box 2 - Open Banking

Among the changes that the Banco de Cabo Verde (BCV) intends to propose as part of the revision of the current legal framework applicable to payment services, there are two new payment services: payment initiation service and account information service.

The payment initiation service is defined as “a payment service that consists in initiating a payment order at the request of a payment service user in relation to a payment account they hold with another payment service provider.”

The account information service is an online service that consists in providing consolidated information on one or more payment accounts held by a payment service user with one or more other payment service providers.” It allows bank account holders to have and check information in aggregate, namely balances and transactions, relating to their accounts held with one or more other payment service providers.

Both activities can be carried out by operators outside the relationship between the user and the payment service provider that supplies and manages their payment account.

With these two new services and the rules for providing them in Cabo Verde, Open Banking will be established in our legal system. This will be a milestone, given that Open Banking will certainly bring several benefits to both consumers and payment service providers.

Open Banking can be defined as a collaborative model under which banking data is shared between two or more unrelated parties.

The banking data are shared through interfaces called application programming interfaces (APIs), which allow two computer systems to share data.

Open Banking can be seen as a catalyst for the reinvention of the banking sector in financial services, by bringing more competition and new market players, while making them more efficient.

If successfully implemented and under good market conditions, it could bring several advantages to incumbent banks and service providers who access bank data via APIs. But bank consumers will certainly benefit most from the implementation of Open Banking, as they will have access to new and better products and services at lower costs, improving their experience.

The markets need to open up their legal systems in order to embrace Open Banking, and this must result, above all, in a cross-sector discussion between the various stakeholders in the payments market, as this is a structural change in the provision of banking services.

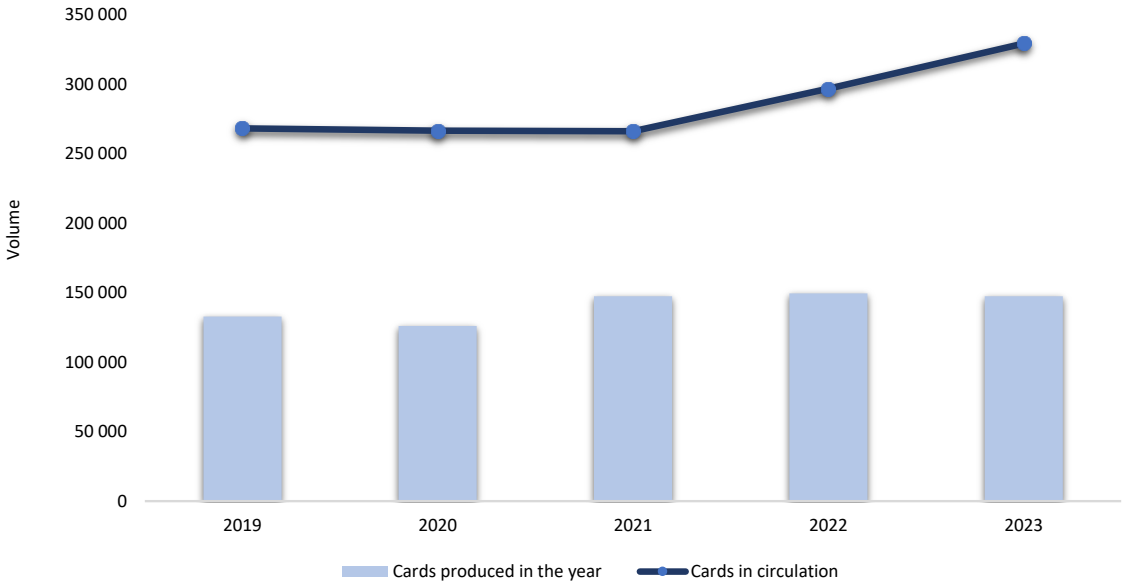
Not only is it important for the incumbents to adapt and reinvent themselves, but new entrants also need to know and understand the banking sector in order to integrate with the banks. On the other hand, banking service consumers themselves need to know the benefits, but also the risks, of an era in which their data is their property.

1.5. Payment cards

Payment instrument users continued to prefer cards, accounting for 89.4% of all transactions (checks, transfers and cards). They were used 52,382,640 times, of which 41,992,890 (80.2%) to transfer funds between bank accounts. In other words, for every five transactions made with cards (national and international), one did not result in a transfer of funds between economic agents.

Compared to 2022, the use of this instrument saw increases of 45.2% and 20.4%, respectively, in terms of the volume and value of transactions.

Graph II. 10 - Annual developments in cards produced and in circulation



Source: SISP.

A total of 329,271 payment cards were active and in circulation at the end of 2023, i.e. 32,509 more cards (11%) than in the same period last year.

Of the total number of cards registered, institutions issued 147,468 new cards, of which 119,521 (81.0%) were first-time issues and 27,947 (19.0%) were renewals.

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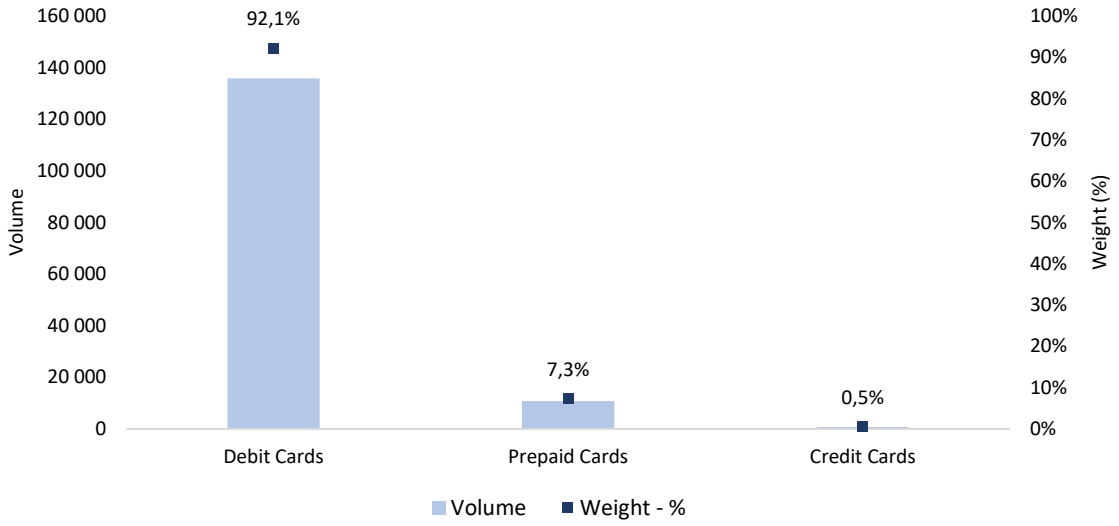
Graph II. 11 - Payment card production



Source: SISP.

Of the cards issued in 2023, 135,856 (92.1%) were debit cards, 10,834 (7.3%) were prepaid cards and 778 (0.5%) were credit cards. And of all the cards issued during the year, 146,210 were equipped with contactless technology[17].

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

	Volume: units.				Value: millions of Escudos.	
	2022		**2023**		**Change %**	
	Volume	**Value**	**Volume**	**Value**	**Volume**	**Value**
National cards	**34.085.346**	**128.145,2**	**39.488.339**	**154.483,3**	**15,9**	**20,6**
ATM	**8.697.089**	**54.928,5**	**9.359.217**	**67.610,4**	**7,6**	**23,1**
Withdrawals	8.019.295	43.302,2	8.550.642	45.531,9	6,6	5,1
Transfers	285.497	10.499,9	406.520	16.861,8	42,4	60,6
Service payments	54.994	815,8	62.622	4.897,0	13,9	500,2
Mobile top-ups	332.593	238,5	336.740	276,4	1,2	15,9
Deposits	4.710	72,0	2.693	43,3	-42,8	-39,9
POS	**25.299.479**	**72.765,6**	**29.780.145**	**83.786,8**	**17,7**	**15,1**
Payments	24.637.224	69.687,9	28.967.258	78.635,7	17,6	12,8
Mobile top-ups	218.386	108,8	261.554	138,2	19,8	27,1
Service payments	443.869	2.968,9	543.475	4.985,9	22,4	67,9
Cash Advance vinti4	-	-	7.858	27,0	-	-
Televinti4	**88.778**	**451,1**	**348.977**	**3.086,1**	**293,1**	**584,2**
Transfers	21.487	409,3	180.162	2.940,2	738,5	618,4
Service payments	1.422	9,7	7.645	46,4	437,6	376,8
Mobile top-ups	62.032	27,4	122.711	48,6	97,8	77,1
QR Code payments	3.837	4,6	38.459	50,9	902,3	1.006,3
International cards	**1.977.596**	**16.494,9**	**2.504.551**	**19.719,0**	**26,6**	**19,5**
ATM withdrawals	518.983	6.583,2	545.727	6.933,3	5,2	5,3
POS payments	1.458.613	9.911,7	1.958.824	12.785,7	34,3	29,0
Total	**36.062.942**	**144.640,1**	**41.992.890**	**174.202,3**	**16,4**	**20,4**

Source: SISP

[17] Contactless – a technology incorporated into payment cards which allows the card to be read by tapping it against an automatic payment terminal that is also prepared for this type of reading.

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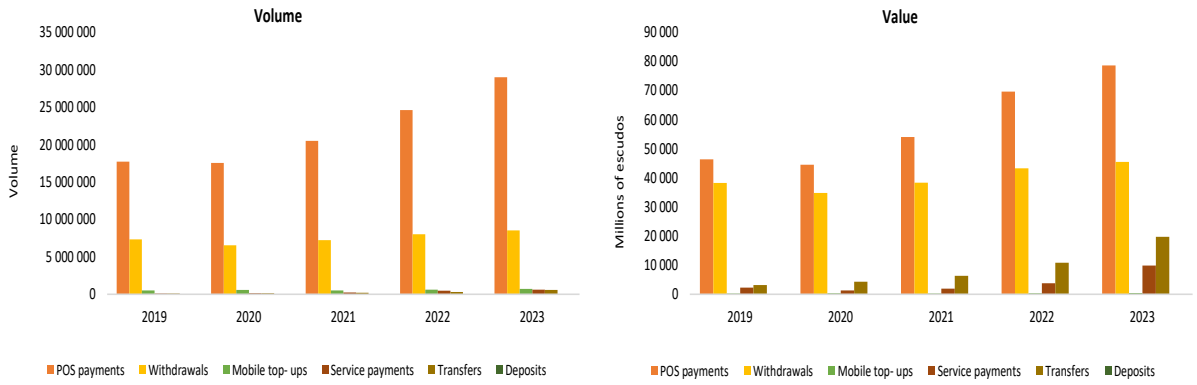
In 2023, cards (national and international) were used 41,992,890 times, involving a total of CVE 174.20 billion. This instrument was used 5,929,948 more times (16.4%) and accounted for CVE 29.56 billion more (20.4%) than the previous year (Table II.5)

On average, 115,049 card transactions were made each day, worth CVE 477.3 million, i.e. 16,246 more transactions, which generated CVE 81 million more.

National cards accounted for 39,488,339 transactions on the vinti4 network, worth CVE 154.48 billion, representing growth of 15.9% in volume and 20.6% in value compared to 2022.

On the other hand, international cards made a total of 2,504,551 transactions, worth CVE 19.72 billion, representing a 26.6% increase in the number of transactions and a 19.5% increase in value compared to 2022. These cards made 545,727 withdrawals at ATMs, worth CVE 6.93 billion, and 1,958,824 POS payments, worth CVE 12.79 billion.

Graph II. 12 - Transactions involving flow of funds made using national card



Source: SISP

POS continued to be the most popular channel on the vinti4 network for flow of funds with payment cards. Compared to the previous year, there was an increase of 17.7% and 15.1% in the volume and value of transactions, respectively. Each active card made an average of 90 transactions involving flow of funds at POS over the course of the year.

POS payments remained the most popular transaction on the network, accounting for 69% (28,967,258) of the volume and 45.1% (CVE 78.64 billion) of the total value transacted on the network.

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Note that the network included a new feature for national cards at POS, cash advance (vinti4 card)[18]. There were 7,858 transactions in 2023, involving CVE 27 million.

Compared to the previous year, there was also an increase in ATM use, although it was less significant than POS. A total of 9,359,217 transactions were made, involving CVE 67.61 billion, representing an increase of 7.6% and 23.1%, in volume and value, respectively.

On average, each active payment card made 28 transactions per day involving flow of funds at ATMs. Cash withdrawals were the most popular transaction at ATMs, with 8,550,642 transactions, involving CVE 45.53 billion. Cash withdrawals were also the second most popular transaction on the entire network, accounting for 22.3% of the volume and 38.8% of the value transacted.

On the other hand, as in the previous year, transfers continued to grow at ATMs, up 42.4% and 60.6%, respectively, in volume and value. The constant increase in demand may be due to the immediate availability of funds, even in interbank transactions.

As regards card use, the televi4 channel enjoyed exponential growth, rising from 88,778 transactions in 2022 to 348,977 in 2023 (293.1%). The funds transacted cannot yet be compared with the other channels, but they also grew, from CVE 451.1 million in 2022 to CVE 3.09 billion (584.2%).

Cards used through Televinti4 centered on transfers (180,162 transactions) and mobile top-ups (122,711 transactions), which together accounted for 87% of total transactions in the year. Convenience is undoubtedly the reason behind this demand and, in the case of transfers, the low or, in some cases, even zero cost of these transactions must also be considered.

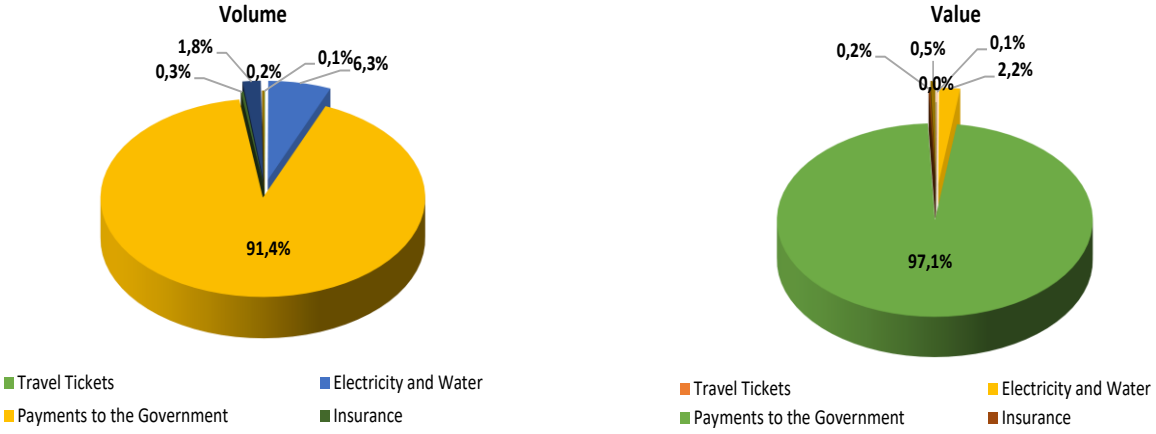
Over the years, consumers have repeatedly used cards to make other payments, such as topping up cell phones and paying for services.

Throughout the network, there were 721,005 mobile top-ups, worth CVE 463.2 million. Despite their lower weight in value, these transactions saw an increase of 17.6% in volume and 23.6% in value, compared to 2022. Users were more likely to use ATMs (336,740) than POS (261,554) to make these transactions and, despite their smaller weight, the 122,711 cell phone top-ups on Televinti4 represented an increase of 97.8% compared to 2022.

[18] Cash advance (national cards) - a new vinti4 network feature that allows vinti4 cardholders to withdraw cash at any time and from anywhere at any POS. Cardholders can make withdrawals, with or without a card, without having to go to an ATM or bank branch.

Service payments using cards remained negligible (volume: 1.5%; value: 5.7%) in total card transactions. Nevertheless, the 613,742 service payments made in the year, which totaled CVE 9.93 billion, represented an increase of 22.7% and 161.7% in volume and value, respectively, compared to 2022. This type of transaction grew significantly on the Televinti4 channel (volume: 437.6%; value: 376.8%) and at ATMs (in volume: 500.2%).

Graph II. 13 - Service payments per sector



Source: SISP

Looking at service payments by type of activity in 2023, Payments to the Government continues to account for the bulk of transactions (91.4% in volume and 97.1% in value), followed by electricity and water services (6.3% in volume and 2.2% in value) and telecommunications services (1.8% in volume and 0.5% in value).

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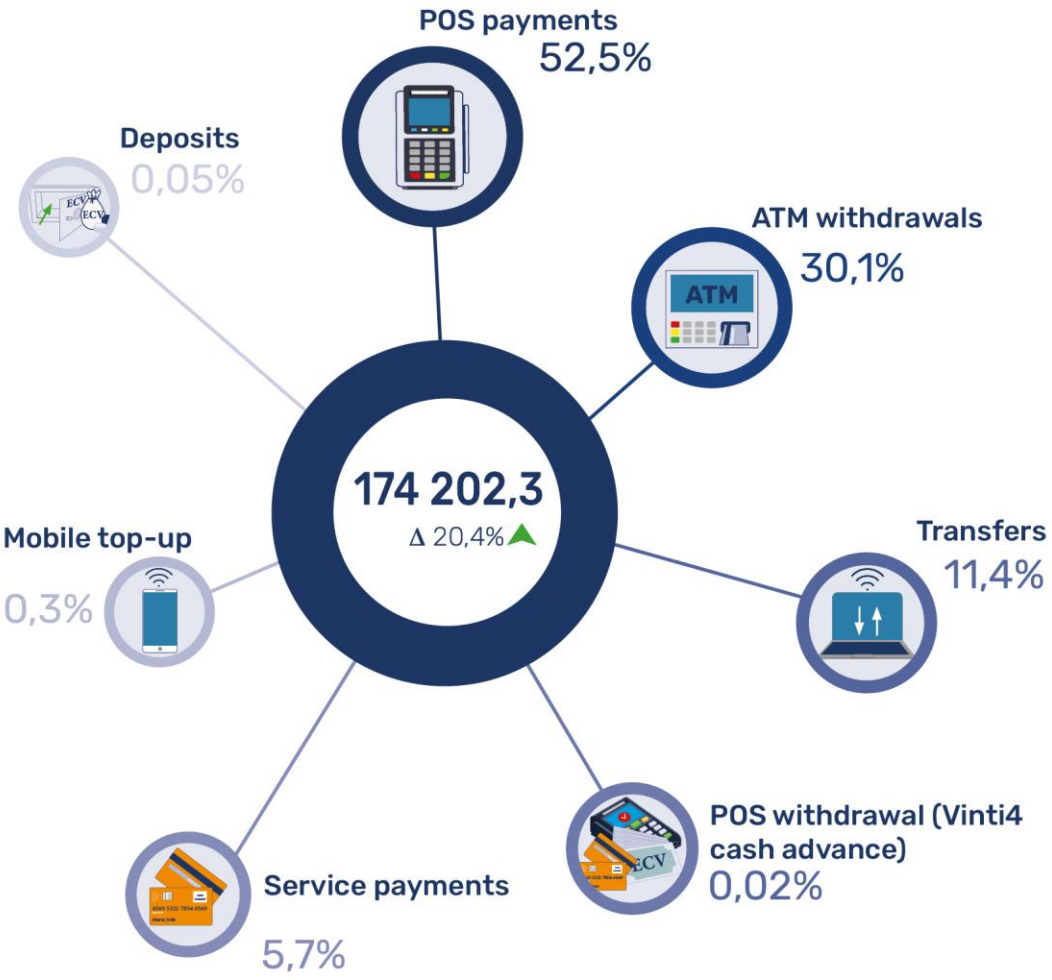
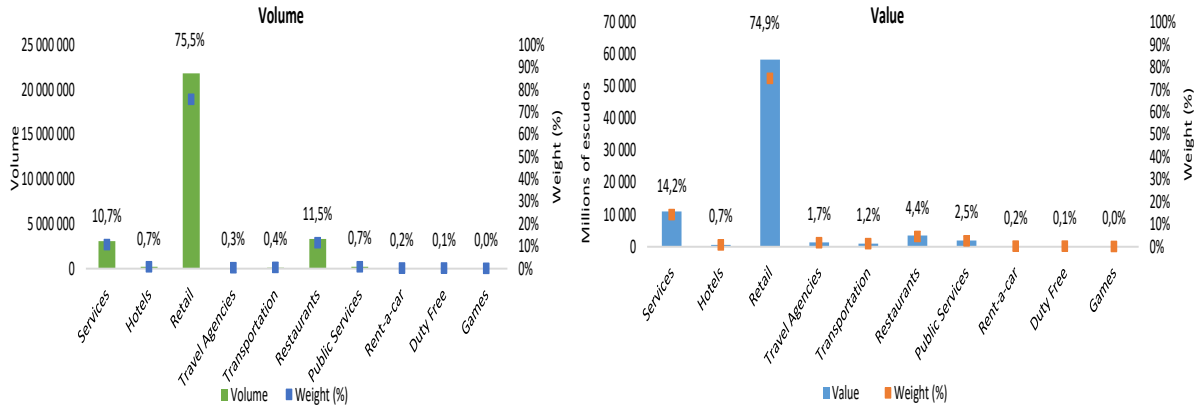
Infographic 7- Payment cards



POS payments by type of activity (% in terms of value)

1º	Retail	74,9%	6º	Transportation	1,2%
2º	Services	14,2%	7º	Hotels	0,7%
3º	Restaurants	4,4%	8º	Rent-a-car	0,2%
4º	Public Services	2,5%	9º	Duty Free	0,1%
5º	Travel	1,7%	10º	Games	0,0%

Graph II. 14 - POS payments using national card per field of activity



Source: SISP

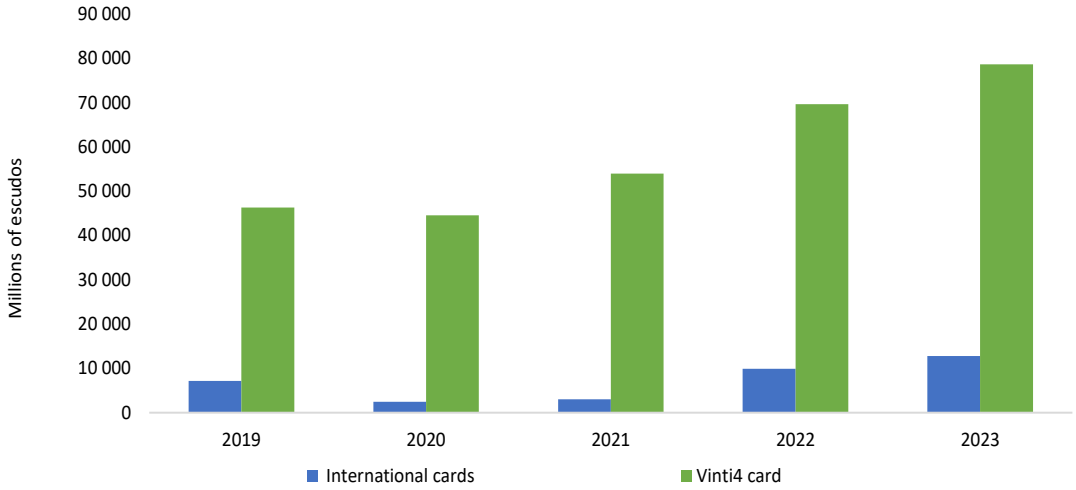
By type of activity, the bulk of transactions made with national cards through POS were concentrated in retail, which recorded 21,836,499 transactions (75.5%), amounting to a total of CVE 58.4 million (74.9%). On average, 59,826 transactions were made per day in Cabo Verde's commercial establishments.

Cards were also widely used in restaurants, where 3,325,050 payments were processed (11.5%) and in services[19], which accounted for 3,086,014 transactions (10.7%). Other activities (such as hotels, public services, transportation, etc.) each accounted for less than 1% of the total number of transactions made with national cards.

As in the previous year, in 2023, travel agencies-related activities recorded the highest average value per transaction (CVE 18,118), followed by transportation and public services, with average values of CVE 9,448 and CVE 9,185, respectively. In retail - the segment with the highest number of transactions and total value - each transaction averaged CVE 2,675.

[19] Services include miscellaneous payments (health services, veterinary services, beauty salons and barbershops, laundry and car washing, insurance, utilities, etc.)

Graph II. 15 - POS payments per card type (value)



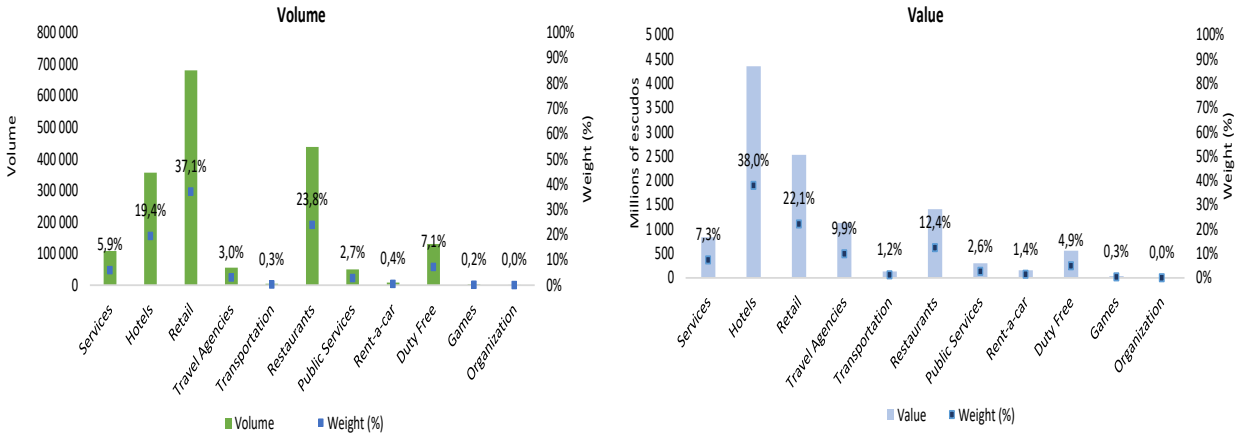
Source: SISP

The value of payments made with national cards continues to be much higher than that of international cards. In 2023, the total value of national card payments made at POS was 6 times higher than those made with international cards.

As for the average value, this trend is reversed, with the average value of international card payments (CVE 6,527) representing more than double the overall average value paid with the national card (CVE 2,798).

Up to December 2023, international cards had made 1,836,776 payments at (physical) POS, amounting to CVE 11.45 billion. Compared to 2022, there was an increase of 37.5% and 29.8%, respectively, in the volume and value of transactions.

Graph II. 16 - POS payments using international cards per field of activity



Source: SISP

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Unsurprisingly, international cards were widely used in retail (37.1%), restaurants (23.8%) and hotels (19.4%). With a total of CVE 4.35 billion, hotels accounted for the highest value of international card payments (38%). It was followed by retail, with CVE 2.53 billion (22.1%), and restaurants, with CVE 1.41 billion (12.4%).

In Cabo Verde, it is possible to process Visa, Mastercard and AMEX (American Express) cards at POS and ATMs, which makes the tourism sector more dynamic by making transactions made by non-residents and tourists in the country more secure, efficient and convenient. On the other hand, it facilitates payments for residents and nationals when traveling abroad.

In 2023, non-residents and tourists made a total of 2,504,551 transactions on the shared network, worth CVE 19.72 billion, which, compared to 2022, means that 526,955 more transactions were made, worth CVE 3.22 billion more. This increase was most significant at POS, where non-residents or tourists made 500,211 more transactions (34.3%), worth CVE 2.87 billion (29%) more than in the previous year.

Graph II. 17 - International card use by residents abroad and non-residents in the country



Source: SISP

Nationals and residents used cards issued domestically by PSPs (payment service providers) a total of 731,059 times, transacting CVE 4.68 billion. In other words, when traveling abroad, residents made 198,483 more transactions (37.3%) and spent CVE 1.87 billion more (66.6%).

The comparison between national card use abroad and international card use in Cabo Verde continues to show that transactions by non-residents and tourists in the country are vastly higher, both in volume (77.4%) and value (80.8%), than the volume (22.6%) and value (19.2%) of transactions made by residents and nationals when they are outside the country.

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

Volume: units; Value: millions of Escudos.

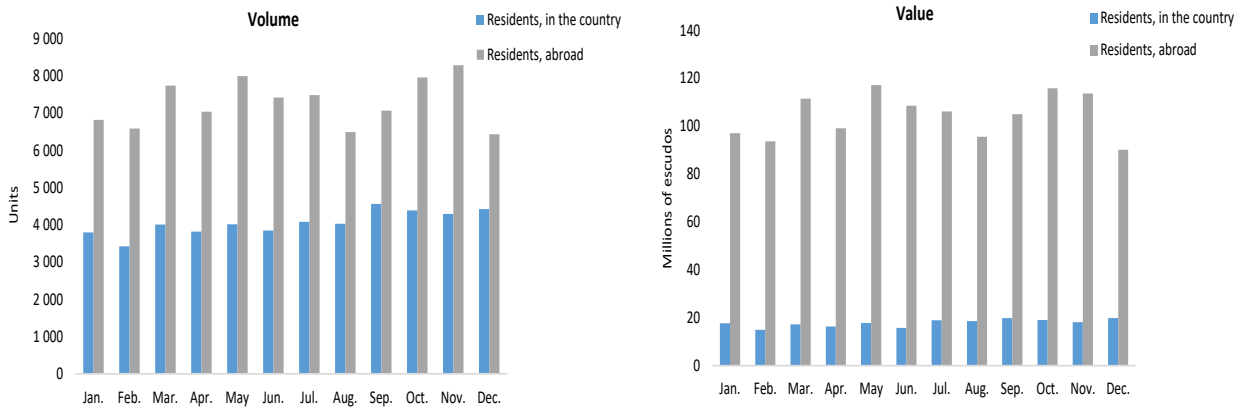
	Visa		Mastercard	
	Volume	**Value**	**Volume**	**Value**
	726.440	**4.239,7**	**72.868**	**655,3**
In the country	68.219	213,9	30	0,9
Abroad	658.221	4.025,8	72.838	654,4
	Weight (%)			
In the country	9,4	5,0	0,0	0,1
Abroad	90,6	95,0	100,0	99,9

Source: SISP.

Cabo Verdeans and residents used their international cards[20] more abroad (volume: 91.5% and value: 95.6%) than in Cabo Verde (volume: 0.1% and value: 0.04%).

A total of 731,059 transactions were made abroad, worth CVE 4.68 billion, which, compared to 2022, represents an increase of 37.3% in volume and 66.6% in value. On the other hand, these cards made a total of 68,249 transactions on the vinti4 network, worth CVE 214.8 million, which represents an 84.9% increase in volume, but a 19.6% decrease in value compared to the previous year.

Graph II. 18 - International card withdrawals by residents in the country and abroad



Source: SISP

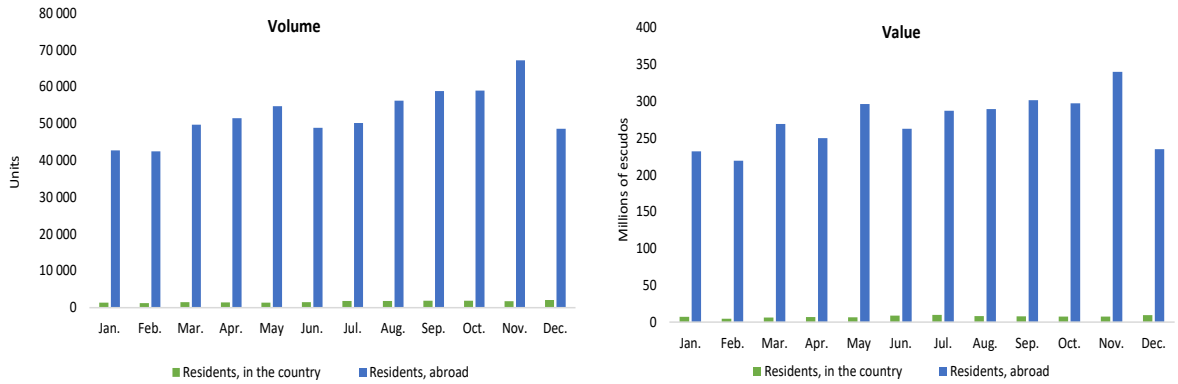
In the country and abroad, a total of 136,029 cash withdrawals were made using international cards, worth CVE 1.47 billion, with cash withdrawals abroad clearly predominating, accounting for 64.2% and 85.4% in terms of volume and value, respectively.

Regarding POS payments, nationals and residents made 649,803 payments with international cards (at home and abroad), worth CVE 3.37 billion (Graph II.24), which, compared to 2022, represents an increase of 40.8% in volume and 42.2% in value.

[20] VISA and Mastercard are issued by payment service providers in Cabo Verde, namely commercial banks.

As with withdrawals, payments abroad were clearly higher, both in volume (97.0%) and value (97.3%), than payments made with international cards.

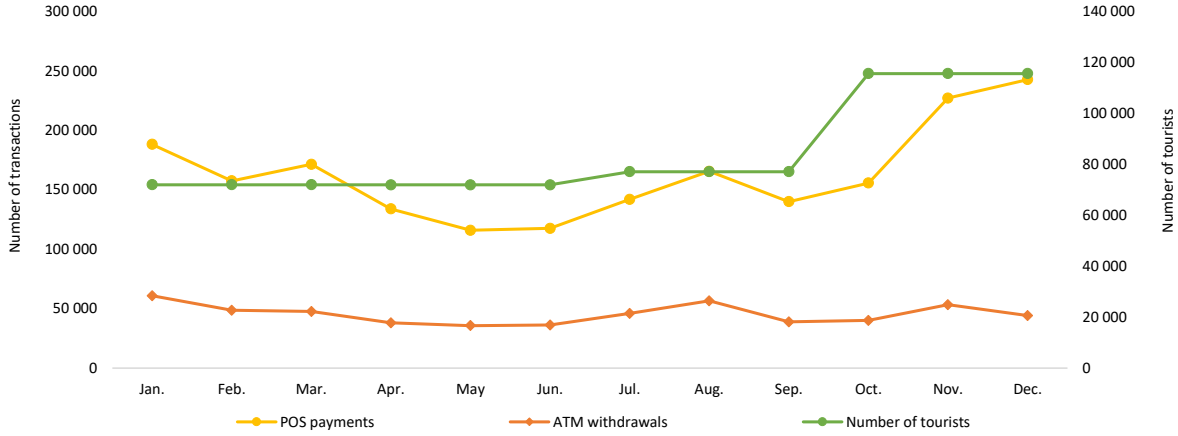
Graph II. 19 - International card payments by residents in the country and abroad



Source: SISP

International cards were most used in November, which recorded the highest volume of payments abroad by nationals and residents, with a total of 67,207 transactions worth CVE 340.3 million.

Graph II. 20 - Vinti4 network transactions using international cards (volume)

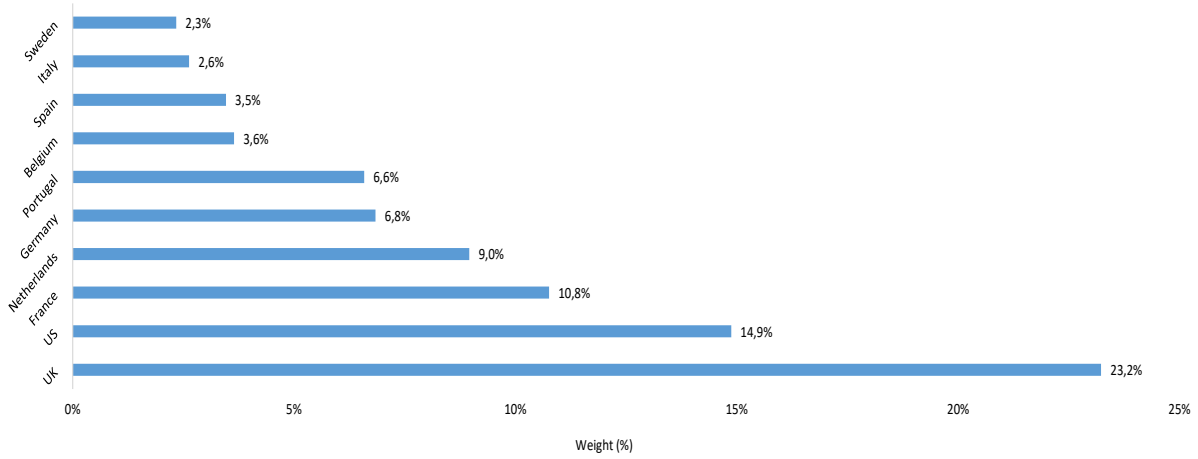


Source: SISP and INE

The tourism sector continues to grow. According to INECV data[21], in 2023 Cabo Verdean hotels welcomed a record 1,010,739 tourists (a 20.9% increase compared to 2022), which directly influenced the number of transactions made on the vinti4 network by non-residents with international cards (Graph II.25). In particular, from September to December 2023, the increase in tourists and non-residents in Cabo Verde was matched by an increase in POS transactions.

[21] Tourism Statistics - Guest Traffic 2023 - INECV

Graph II. 21 - International card transactions per issuing country (volume)

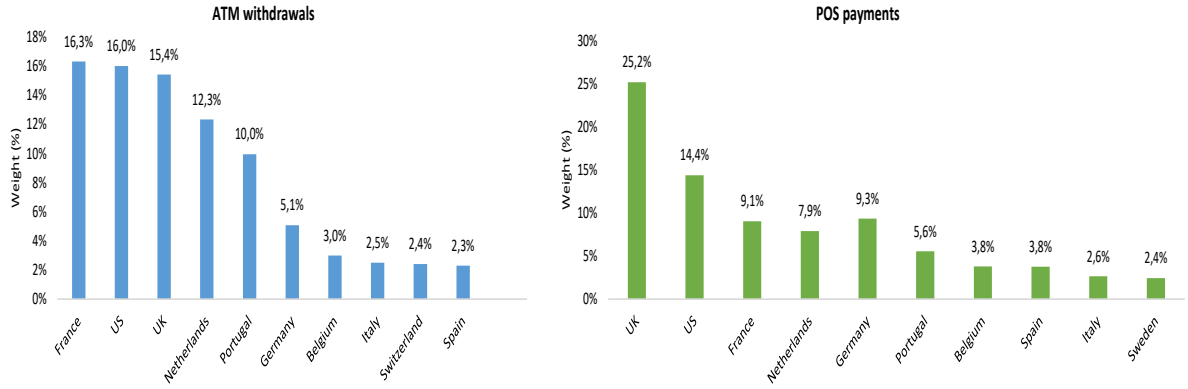


Source: SISP

European countries remain the main source of tourists, with transactions made using cards issued in European countries accounting for the largest share of total transactions in the country (Graph II.26). The highlight was undoubtedly the United Kingdom, which once again had the highest volume of transactions, with British tourists making 576,319 transactions in the country, accounting for 23.2% of all international card transactions.

Despite the confirmed dominance of European countries in the ranking of the top 10 countries with the most transactions in the country, the United States continued to rank firmly in second place, with 369,048 transactions (14.9%).

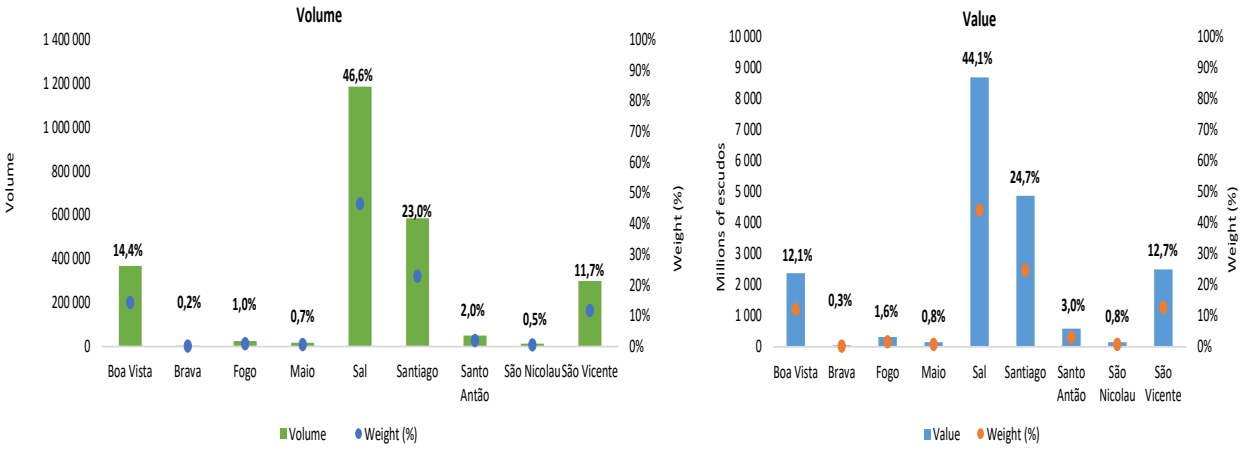
Graph II. 22 - International card withdrawals and payments per issuing country (volume)



Source: SISP

Regarding international card use, by issuing country and transaction type (Graph II.22), the French (16.3%), Americans (16%) and British (15.4%) made the most ATM withdrawals. When it came to POS payments in Cabo Verde, British tourists (25.2%) used this channel the most, followed by Americans (14.4%) and Germans (9.3%).

Graph II. 23 - International card use per island

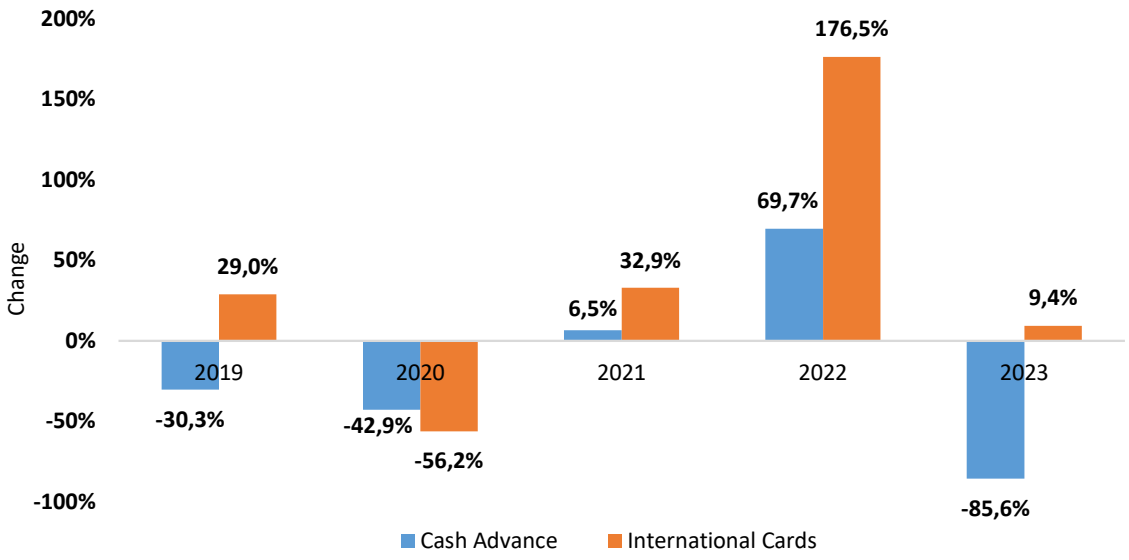


Source: SISP

The transaction data clearly shows the weight of international cards on the more tourist-oriented islands. Sal and Boa Vista accounted for 61% (1,551,896 transactions) of the volume and 56.17% (CVE 11.08 billion) of the value transacted with international cards in the country.

Santiago and São Vicente also stood out as islands that welcome many non-residents and tourists. In Santiago, these cards made 585,134 transactions (23%), involving CVE 4.87 billion (24.7%) and, in São Vicente, the 298,872 transactions made (11.7%) involved CVE 2.49 billion (12.7%).

Graph II. 24 - Cash advances and international cards (volume)



Source: Credit Institutions and SISP

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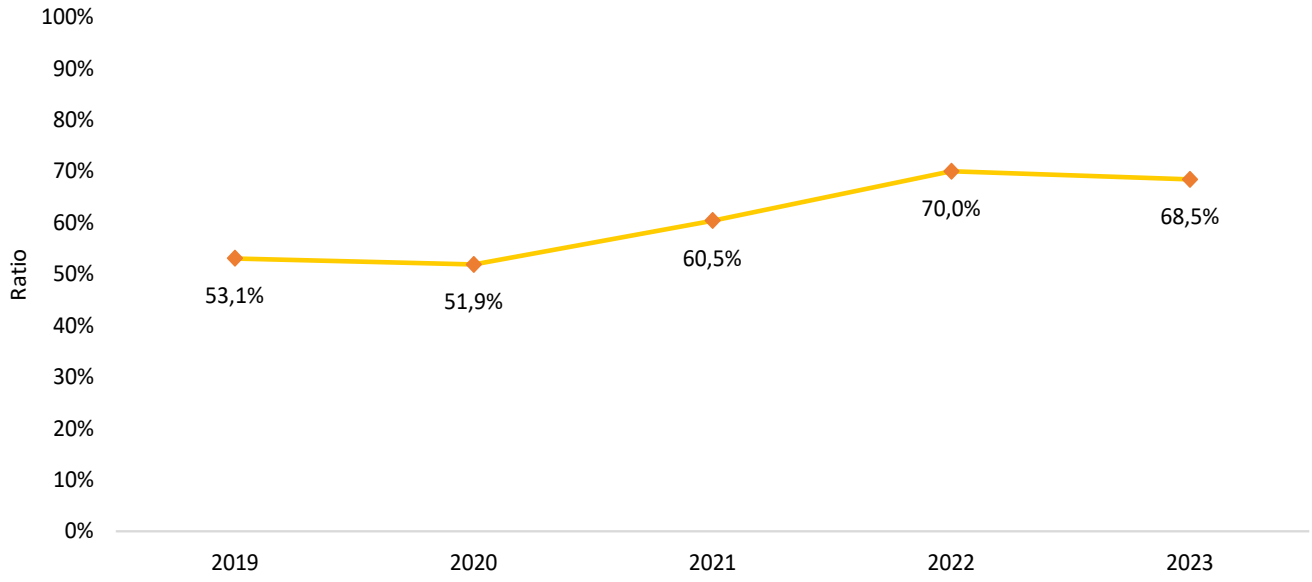
Tourists and non-residents continue to make fewer and fewer cash advance[22] transactions using their international cards. In 2023, international cards were involved in 160 cash advances, worth CVE 22.0 million, which represents a decrease of 85.6% in volume and 67.3% in value. This confirms the downward trend seen in previous years, with tourists and non-residents showing growing confidence in the infrastructure for processing payments with international cards in the country.

Graph II. 25 - Developments in value transacted using cards/GDP



Source: BCV

Between 2019 and 2023, the rates of change in the value of payment card transactions and private consumption showed a correlation coefficient of 88.8%, highlighting the importance of electronic payments in the economy.

In 2023, national and international card transactions amounted to the equivalent of 68.5% of GDP at current prices.

[22] Cash advance (international cards) - 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 costs of connecting to the network to which the international card belongs.

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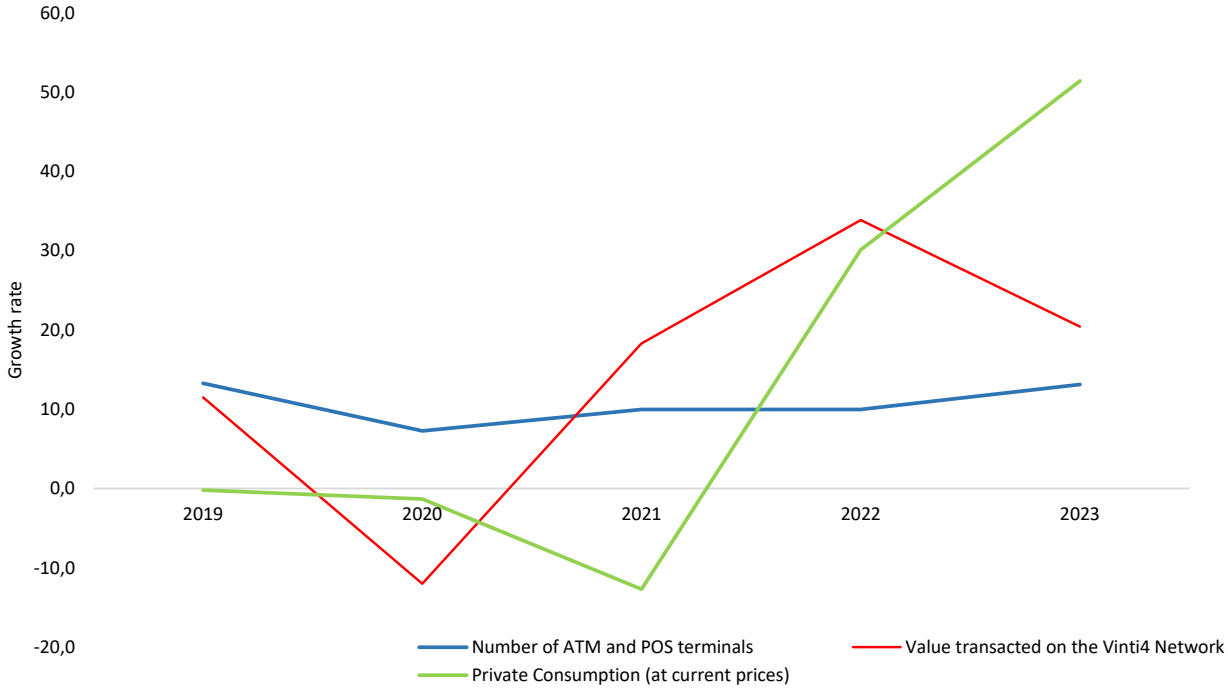
Graph II. 26 - Developments in the growth rates of the number of ATM and POS, value transacted using cards, GDP and private consumption



Source: Banco de Cabo Verde and SISP

Payments can be considered an indicator of private consumption in the country, as card transaction data allows consumer spending to be monitored in almost real time.

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Infographic 8 - Digital payments in Cabo Verde (I)

INTERNET BANKING



Volume

4 388 668

19,4% ▲

Service payments

497 654

90,9% ▲

Private accounts

224 261

11,7% ▲

Value

117 211,1

17,5% ▲

Business accounts

28 580

3,6% ▼

Service payments

12 427,0

329,4% ▲

E-COMMERCE



National Websites

Volume

212 962

16,7% ▲

Web payments

88 Registered Entities

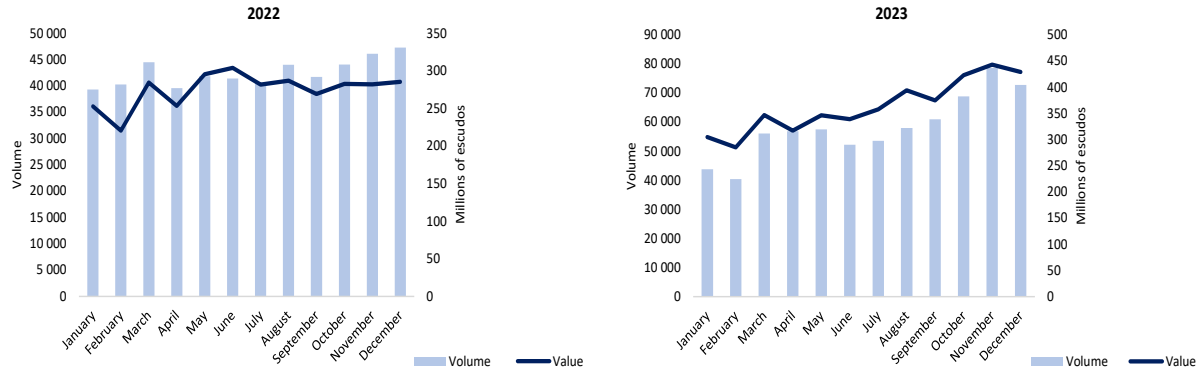
Value

2 049,0

23,0% ▲

18 Active Entities

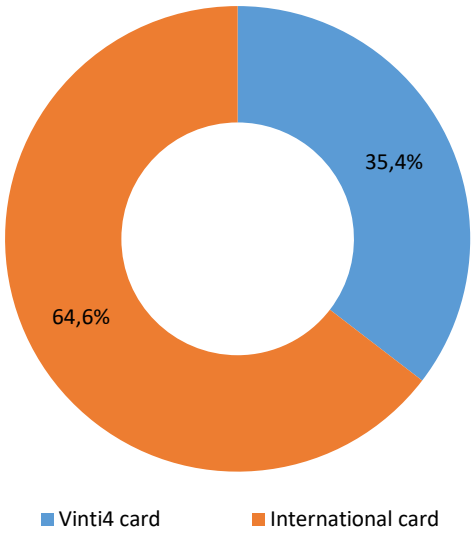
Graph II. 27 - Monthly developments in online purchases (national and international websites)



Source: Banco de Cabo Verde and SISP

In 2023, 699,963 purchases were made on national and international websites, worth CVE 4.36 billio. This represents overall increases of 37.1% and 32.3%, respectively, in volume and value, compared to the previous year.

Graph II. 28 - Online purchases per card type (national websites)



Source: Banco de Cabo Verde and SISP

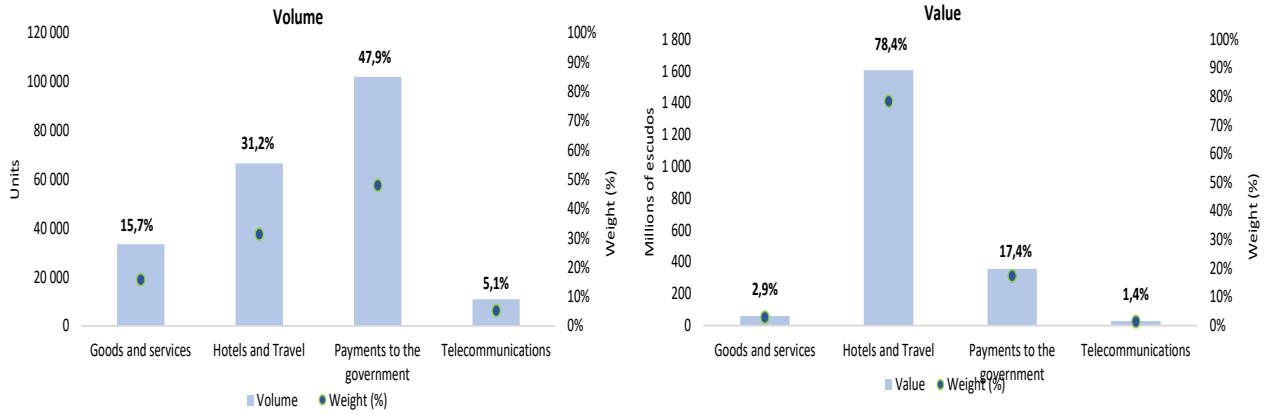
As of December 31, 2023, there were 88 online sales entities registered with the shared network operator, covering various sectors. As in the previous year, most online purchases on national websites were made using international cards.

A total of 118,716 online payments were made using international cards, involving CVE 1.29 billion. Despite the minimal growth (0.1%) in the volume, there was a 22.9%

increase in the value of transactions compared to the previous year. International cards accounted for 56.6% and 64.6%, respectively, of the volume and value of online purchases made on national websites.

National cards (vinit4) made 90,916 online payments, worth CVE 709.9 million, which represents a 52.2% increase in the number of payments made and a 24.1% increase in the value of transactions compared to 2022.

Graph II. 29 - Online purchases by sector (national websites)



Source: SISP

As in the previous year, people mostly used national websites (47.9%) to make payments to the government, with this sector recording 102,042 transactions. National websites were also very popular for hotel and travel payments, with 66,548 transactions (31.2%) and for purchasing goods and services, with 33,477 transactions (15.7%).

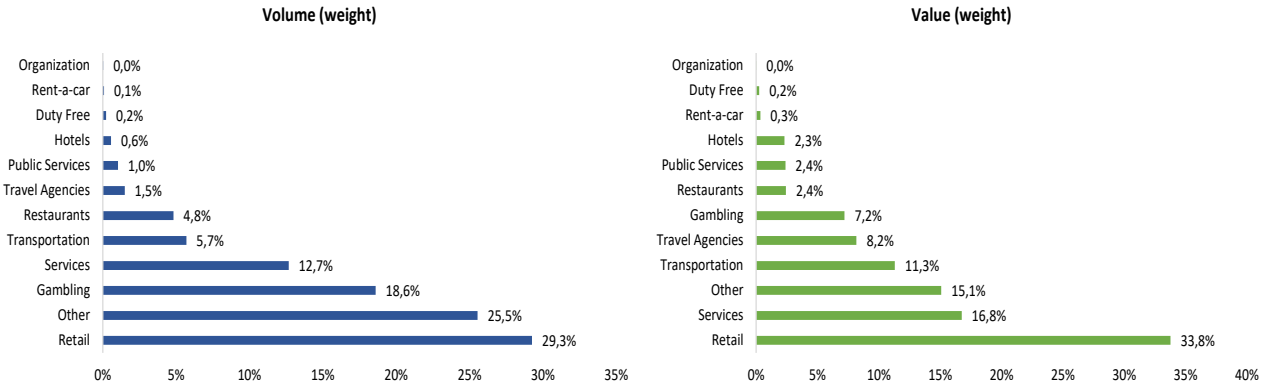
Compared to the previous year, with the exception of government payments, which saw a decrease in transactions (-7.3%), all other activities saw an increase in demand on national websites, especially the purchase of goods and services and telecommunications, which saw increases of 134.2% and 96% respectively in the volume of transactions.

On the other hand, national websites saw more spending on services related to hotels and travel, which generated CVE 1.61 billion (78.4%), while payments made to the government generated CVE 356.2 million (17.4%). Goods and services, together with telecommunications accounted for just 4.2% of the total value of online purchases made on national websites.

In terms of value, compared to the previous year, demand for national websites resulted in a significant increase in the value spent on services related to hotels and travel

(302.4%), where CVE 1.48 billion more was spent. The purchase of goods and services and government payments fell by 12% and 2.5%, respectively.

Graph II. 30 - Online purchases by sector (international websites)



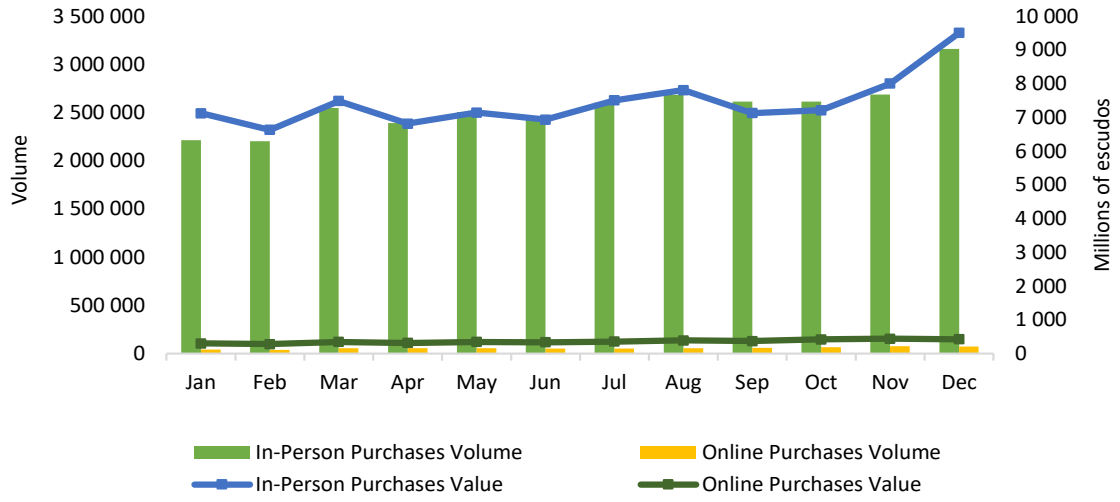
Source: SISP

International websites were mostly used to buy general goods and services, with this activity also generating the highest transaction value. A total of 184,449 purchases were made (29.3%), involving CVE 1.11 billion (33.8%). In other words, 80,004 more purchases of general goods and services were made (76.6%), involving CVE 502.8 million more (82.2%) than in the previous year.

Services, with 79,879 transactions (12.7%) generated CVE 553 million (16.8%), accounted for the second highest amount of spending, after retail. Games of chance followed, with 17,222 payment transactions (18.6%) and CVE 237.6 million (7.2%).

Cabo Verdeans' online purchases continue to be much more significantly higher on international websites than on national ones, accounting for 90.1% of total purchases in 2023 and 75.6% of the value (national and international websites - Graph II.27).

Graph II. 31 - Physical POS purchases and online purchases



Source: SISP

Despite the strong performance of online purchases, the volume of POS payments in physical stores remains much higher than online payments.

In 2023, the 31,413,083 in-person payments accounted for 97.8% of all purchases (POS and online) made by Cabo Verdeans. Likewise, the CVE 93.74 billion transacted in physical stores accounted for 95.3% of the total. On average, each transaction was worth CVE 2,984.

As usual, December saw the most spending on purchases (POS and online) made with payment cards in 2023. The 3,236,022 purchases made by Cabo Verdeans in December generated CVE 9.94 billion, representing 10.3% and 10.6%of the total volume and value of purchases made (POS and online), respectively.

In December 2023, 356,633 more purchases were made (12.4%), worth CVE 783 million more was transacted (8.6%) compared to December 2022.

Infographic 9 - Digital payments in Cabo Verde (II)

MOBILE BANKING



Volume

8 639

26,7% ▼

Value

171,5

30,3% ▼

Users

1 852

66,1% ▲

TELEVINTI4



Volume

310 518,0

265,6% ▲

Value

3 035,2

579,8% ▲

Users

14 722

CONTACTLESS



Contactless cards produced

148 328

12,0% ▲

PS with contactless technology

10 744

17,2% of the total

By entering PIN

Volume

232 356

49,1% ▲

Value

1 725,0

121,3% ▲

Without entering PIN

Volume

564 097

203,8% ▲

Value

642,4

154,3% ▲

Δ - Annual change in % | Volume: Units | Value: millions of escudos

Chapter III - Oversight

Oversight

The BCV has been overseeing the payment system with a primary focus on mitigating the risks inherent in Financial Market Infrastructures (FMIs), associated with payment systems, clearing and settlement systems, and payment instruments and services.

The year 2023 marks a milestone in BCV's oversight function, with the creation of the Payment System Oversight Area which reinforces BCV's public policies as the Central Bank, taking into account the public interest objectives in the proper functioning of the country's FMIs, based on best international practices and guidelines.

In this context, we highlight the technical assistance provided by the International Monetary Fund, under the African Regional Technical Assistance Center in West Africa (AFRITAC West 2) program, aimed at strengthening the oversight function at the BCV. From the evaluation made as part of this technical assistance, it became clear that the BCV has been adequately carrying out its oversight activities, with particular emphasis on the methodology it employed in the assessment of the FMIs.

Thus, throughout 2023, the BCV continued to carry out a set of activities aimed at mitigating risks and maintaining the confidence of financial market participants and consumers as regards the SPCV, including the completion of the SGDL assessment process.

The BCV performs its role under the Cabo Verdean Payment System's (CVPS) Oversight in accordance with its powers as laid down in national legislation, including: BCV's Organic Law, whose Article 19 gives it powers to "directly ensure or regulate, supervise and promote the proper functioning of clearing and payment systems;" the Financial System Basic Law, where its Article 15(j) stipulates that BCV is responsible for "establishing the rules on payment service provision, controlling and supervising access to payment systems and promoting their safe and efficient functioning;" and Legislative Decree No. 7/2018, dated November 28, which stipulates, in Article 6, that "Banco de Cabo Verde is responsible for overseeing the payment system, as a policy that contributes to meeting public interest goals and to financial system stability in general."

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1. Daily payment system monitoring

In 2023, in the context of its oversight function, the BCV monitored - daily, in real time – the transactions processed in the SGDL, an FMI managed and operated by the central bank and the only systemically important payment system in the country, which settles large-amount transactions and the financial transactions of other FMIs.

Monitoring helps to detect incidents at FMIs, which include possible interruptions, technical problems, processing errors, security breaches, among others, that could affect the proper functioning of FMIs.

In 2023, there were no incidents considered significant or that jeopardized the operational stability of FMIs

2. Incident analysis

Analyzing incidents at FMIs consists in clearly describing the events that have adversely affected or have the potential to adversely affect FMIs. This description includes identifying the causes and solutions found to resolve and mitigate the events. For this purpose, the incident is investigated in detail, including the gathering of relevant information and assessing the financial and operational impacts and corrective measures.

One impact that can result from an incident is the extension of SGDL settlement service operating hours. This impact is analyzed using the SGDL settlement service extension rate indicator, which shows the settlement risk in this system, the liquidity risk for participants and the operational and technological risk for FMIs.

In 2023, the average SGDL settlement service extension rate was 0.81%, a 0.05% reduction compared to 2022 (0.86%). Compared to the indicator's average in 2019 (1.67%), there was a 0.85% reduction, as shown in Graph III.1.

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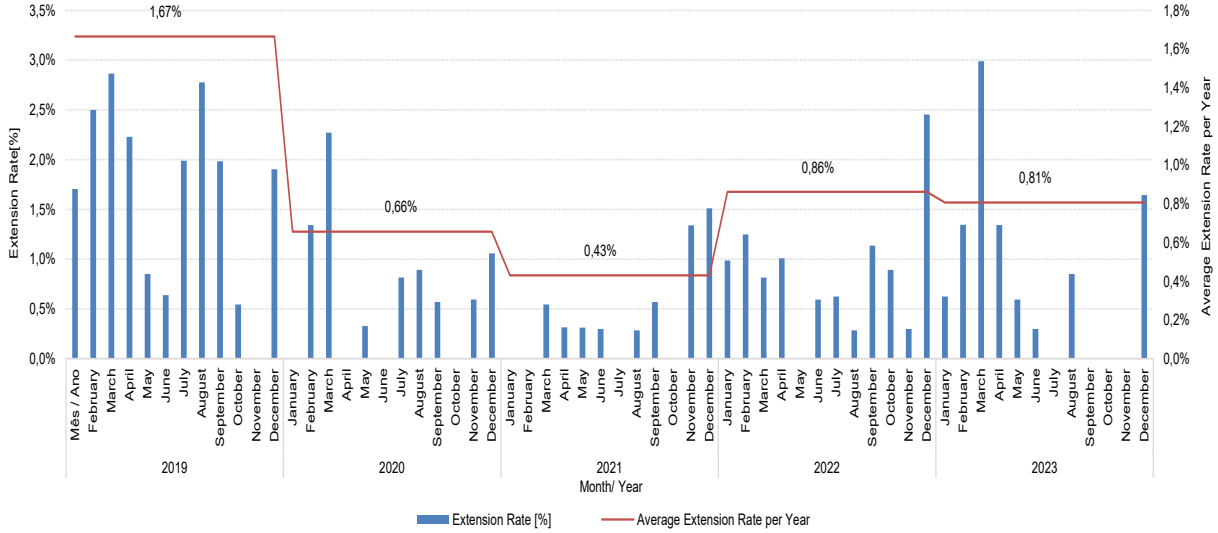
Graph III. 1 - Settlement service extension fee (SGDL)



Source: SGDL

Low extension rates in 2023, as in previous years, suggest that the SGDL has adequate operational conditions to ensure that transactions are settled within the regulatory time, i.e. from 8: a.m. to 4: 00 p.m.

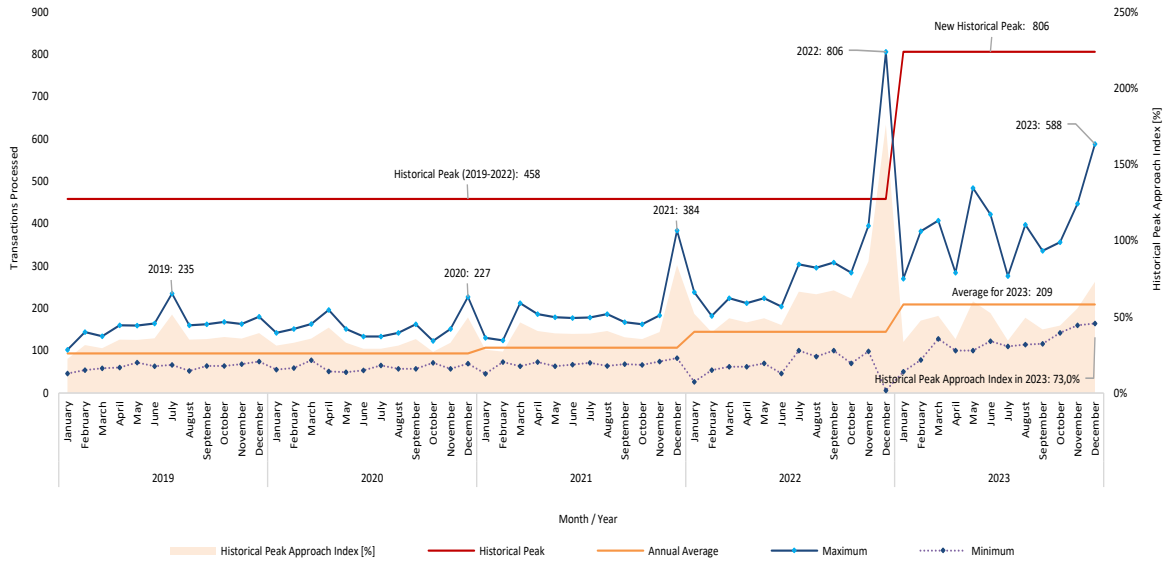
3. Statistical data analysis

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 payment system behavior, as well as to evaluate their performance and detect any problems or risks that may affect their stability and security.

Statistical data analysis can cover various payment system risk indicators, such as business volume, average transaction value, peak day, daily payment flow (analysis by settlement time), SGDL participant concentration index, among others.

Specifically, regarding the SGDL's peak day indicator, which shows the liquidity risk and operational risk in the system, the highest number of transactions settled in the SGDL occurred on December 14, 2023, with 588 transactions, reaching an Index of Proximity to the Historical Peak of 73.0%, as shown in the graph below.

Graph III. 2 - Peak in transactions settled in the SGDL

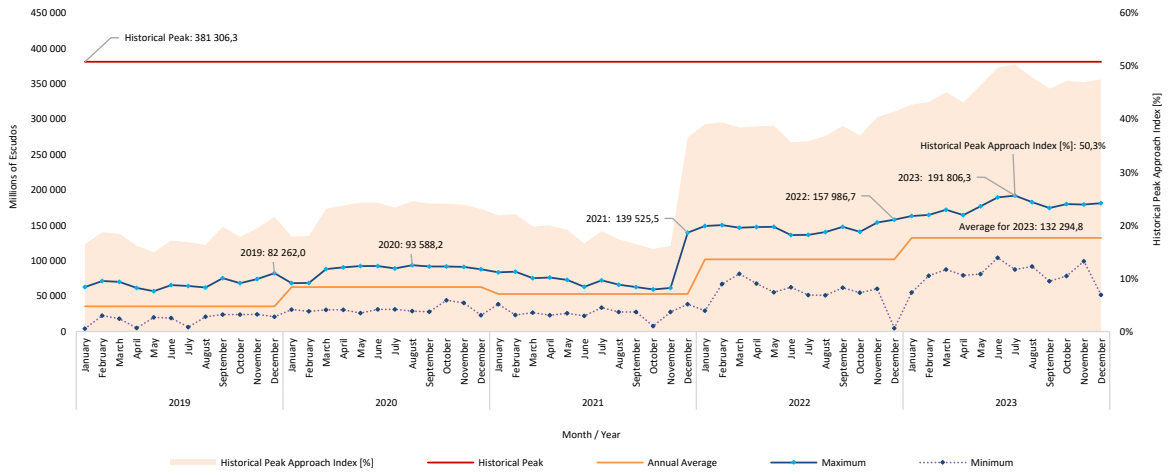


Source: SGDL

As in previous years, the peak in transactions settled in the SGDL occurs in December of each year, except for 2019, when the peak in transactions settled occurred in July. Despite the annual increase in settled transactions and the new record of payments in December 2022, SGDL has been meeting the demands to settle transactions on days with a significant volume of transactions, without any constraints.

Regarding the values transacted in the SGDL, the highest was on July 21, 2023, with CVE 191.81 billion, with the Index of Proximity to the Historical Peak reaching 50.3%.

Graph III. 3 - Peak in values transacted in the SGDL



Source: SGDL

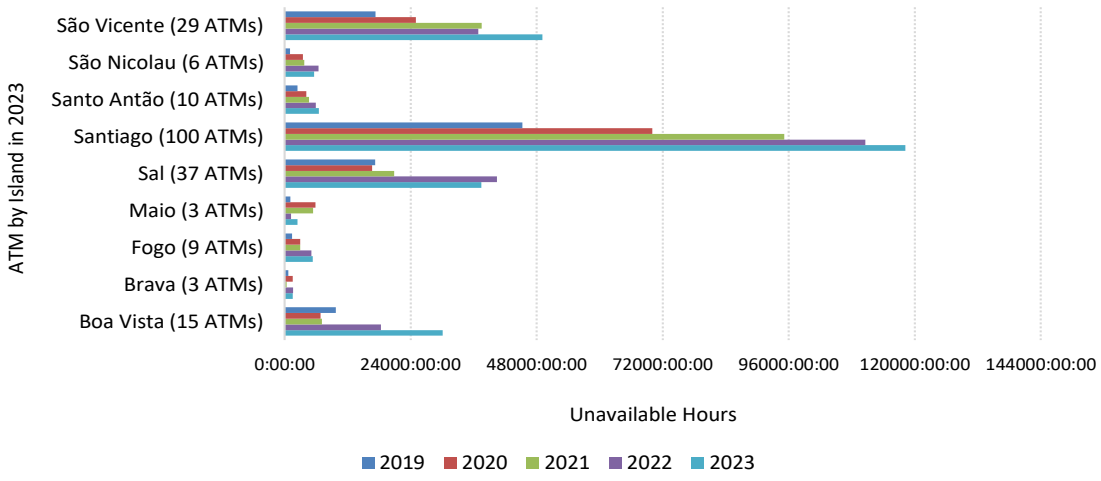
The value settled on the peak day under analysis did not represent a significant risk for participants or the financial system, compared to the already recorded historical peak (CVE 381.31 billion).

4. Monitoring of vinti4 network malfunctions

As part of its oversight function, the BCV attaches particular importance to monitoring anomalies in the vinti4 network, since the proper or improper functioning of this FMI (classified as a retail payment system) has a positive or negative effect on private consumption (consumers in general) and therefore on public confidence in the SPC and central bank money.

Thus, the BCV continuously monitors incidents in the vinti4 network, such as those related to ATM service downtime resulting from technical or communication problems, as illustrated in Graph III.4.

Graph III. 4 - ATM unavailable hours per island



Source: SISP

As in recent years, the vinti4 network did not face any significant problems that compromised its reliability. However, at the end of December 2023 there were incidents that resulted in the services provided by the vinti4 network being interrupted, affecting the reputation of the brand and the entity that manages it, the Interbank and Payment Systems Company (SISP). As a result, the BCV identified opportunities for improvement and issued determinations and recommendations to SISP for urgent implementation, with the aim of ensuring the vinti4 network's security and efficiency, as well as preserving economic agents' confidence in the SPC.

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5. Assessment of Financial Market Infrastructures

For central banks, assessing FMIs is a key aspect of payment system oversight. The BCV carries out this function for the FMIs operating within the country.

The assessment process consists in analyzing the resilience of FMIs based on the principles established by the Committee on Payments and Market Infrastructures (CPMI), a BIS committee, and by the International Organization of Securities Commissions (IOSCO), with a view to promoting the security and efficiency of these infrastructures and of the financial system as a whole, in addition to ensuring the protection of payment service end users, insofar as the process makes it possible to identify the strengths and weaknesses in payment and clearing systems, as well as possible risks and vulnerabilities, providing relevant information for adopting corrective measures and improving FMIs.

In 2023, the BCV finished assessing the SGDL, an infrastructure managed and operated by the BCV and the only systemically important payment system in the country, considering the principles recommended by the BIS. The assessment found that the infrastructure complies with most of the principles, although opportunities for improvement were identified.

As part of assessment activities, work began on preparing the assessment process for SIGMA (Integrated Asset Market Management System), an FMI also managed and operated by the BCV, which is classified as a Securities Settlement System and Central Securities Depository.

In addition, the BCV continued to monitor the implementation of the recommendations made to the Cabo Verde Stock Exchange's Centralized Securities Custody and Settlement System (SIFOX), as part of this FMI's assessment in 2022.

Also in 2023, the BCV continued inspecting FMIs, an activity that began in 2022, to assess the soundness of these infrastructures' risk management on site. In this context, the Vinti4 network, an FMI owned and operated by SISP, was inspected.

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ANNEX

ANNEX I - CABO VERDEAN PAYMENT SYSTEM LEGISLATION

Legislative decrees

- Legislative Decree No. 7/2018, dated November 28, which establishes the legal framework applicable to the regulation, management and operation of the Cabo Verdean payment system.
- Legislative Decree No. 8/2018, dated November 28, establishing the legal framework governing payment service provision and the issuance, distribution and reimbursement of electronic money by legally authorized entities in Cabo Verde.
- Legislative Decree No. 9/2018, dated November 28, which establishes the legal framework governing access to the activities of payment institutions and electronic money institutions.
- Decree-Law No. 41/2009, dated November 2, which, in conjunction with Legislative Decree No. 8/2018, establishes the deadlines for making funds available in demand deposit accounts.
- Legislative Decree No. 12/2010, dated November 8, which amends and republishes Legislative Decree No. 12/95, dated December 26, which establishes the framework for restricting check use.

Notices

- Notice No. 6/2019, dated July 18, which regulates the authorization process for payment institutions and electronic money institutions and establishes additional rules on minimum share capital, equity and requirements for protecting funds received by these institutions.
- Notice No. 8/2020, dated October 26, which establishes the rules for interoperability between payment systems.
- Notice No. 1/2021, dated June 17, which establishes the rules for managing, processing transactions and anomalies in a shared network for payments by card or similar device.
- Notice No. 2/2021, dated June 17, which establishes the security requirements for online payments.
- Notice No. 3/2021, dated June 17, which establishes the security requirements for mobile payments.
- Notice No. 6/2021, dated January 25, 2022, which establishes the general conditions for opening bank deposit accounts with credit institutions.
- Notice No. 4/2022, dated October 18, 2022, which establishes the rules for opening payment accounts.
- Notice No. 5/2022, dated October 18, 2022, which establishes the conditions for issuing, accepting and using payment cards as payment instruments.
- Notice No. 4/2024, dated May 28, which regulates the registration of entities that intend to carry out activities with virtual assets.

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