

Amendments to the Financial Inclusion Law

Decree 350/017, published on 31st December 2017, and Act 19.593, published on 26 January, have together amended the Financial Inclusion Act 19.210, 29 April 2014, discussed in the first issue of our newsletter.

Decree 350/017 reformulates articles 35, 36 & 38 of the Financial Inclusion Act. The regulation restricts the use of cash* on sums of 40,000 Indexed Units (IU)** or more when paying for transactions or legal business. It also specifies which payment systems are acceptable when conducting transactions of 160,000 IU or more, among which are included electronic forms of payment and post-dated crossed checks made out to the bearer.

The regulation, which also amends the Electronic Payment Systems Act 19.506, from 30 June 2017, lifts these restrictions when one of the parties in the exchange is a financial intermediation institution, an electronic money issuer or an institution providing currency, credit or transfer financial services regulated by the Uruguayan central bank.

The Decree also stipulates that non-compliance with the obligations therein will incur a fine of 25% of the sum paid when payment systems other than those permitted are used, with a minimum payment of 1000 IU, except for recurring offenders, when the minimum fine will rise to 10,000 IU.

To calculate the amount of the IUs, the sums of all the payments into which the transaction or legal contract has been divided, if this is the case, must be added together.

Act 19.593 amends the provisions in the Financial Inclusion Act for the social subsidy system and updates the timeline for the Young Home Savers Program.

Under the terms of the law, social subsidies and other provisions*** must be paid into an account in a financial intermediation institution or into an electronic money instrument chosen by the beneficiary or by the social security institute.

For the effects of the Young Home Savers Program, the Law has extended until 30 June 2020 the deadline for calculating the balance in the *Housing Account* product, although it has maintained the subsidy at 30% of the final balance in the account, with a monthly limit of 750 IU.

Finally, in response to innovations in electronic money payments, the law enables the Government to set the technical rules that ensure that electronic payment processing networks are compatible, and that this payment system works reliably.

* Paper currency and coinage, domestic and foreign.

** Values expressed in Indexed Units will be converted using the exchange rate for this unit on 1 January of the year in which the transaction or legal business is paid.

*** Family allowances, wage bonuses, subsidies, indemnities and social provision for permanent incapacity awarded since 1st January 2018.