
Banking Operations, the Cuban Experience

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On August 2 marks the first year since the publication in the Official Gazette of the Republic of Cuba of Resolution 111/2023 of the Central Bank of Cuba (CBC), which comprehends the banking regulations on limits for cash collecting and payments in national currency, their deposit, withdrawal and holding.

Its objective was to increase banking operations, through electronic payment channels, taking actions that ensure their implementation and make the collection and payment processes viable, dynamizing the finances of all economic actors and their relationship with the population.

In different countries, banking aims to offer the entire society access and use of banking and financial services for payments, savings and credit, as part of a process of financial inclusion. The truth is that it takes years, resources and hard work to achieve this goal. The Global Findex, a database prepared by the World Bank that collects statistics on access to and use of financial services and digital payments, reflects in its 2021 edition that some 1.4 billion adults are still unbanked. Difficulties are recognized in the coverage and affordability of financial institutions and in the reliability of telecommunications infrastructure. But the most critical factor is that most of these people have a low level of education and income and live in rural and difficult-to-access areas. That panorama has not changed much today.

Taking into account the conditions of our country, in the last year banking of operations have been promoted, which aim to ensure that payments for services, products and other commercial and financial operations are carried out through the use of payment instruments and electronic channels preferably, instead of using cash. But this process is not new in Cuba; in the second half of the 1990s, the first steps were taken to introduce electronic payments. Tourism was a pioneer in transactions using this means when Fincimex was created as a private Cuban company in 1995, and international cards began to be used in international tourism services.

In 1997, the network card and ATM system was created, and on that date the first bank-client system, called Virtual Bandec, began to be deployed, which allowed clients to carry out their operations from their own offices. The vast majority of these systems were developed by Cuban specialists.

Cuba has the strength of having two national digital payment gateways, designed and developed by Cuban specialists, which gives us the possibility of modifying and improving the codes when necessary. Both use advanced technological infrastructure, modern development language coding and have the required cybersecurity measures. These are issues that give us technological sovereignty.

In February 2015, Transfermóvil began operations, and after five and a half years it reached its first million users on September 3, 2020, and today it has more than 5 million people using it. Enzona, on the other hand, currently has more than a million users.

Thus, from the comfort of your home, you can pay for services such as telephone, electricity, gas bills, and others, without having to wait in line or travel to commercial offices. These possibilities and many more are offered to us by the banking of operations, a process promoted by the revolutionary government, in the interest of offering greater facilities and quality of life to Cubans, and improvements to the national economy. These practices in our case have a direct relationship with the transformations associated with the updating of the Cuban economic and social model of socialist development and the digital transformation in progress.

Changing the monetary flow matrix, from cash –which prevails today– to digital channels, and also reducing the influx of people to bank branches and centers that offer services has been a complex process, basically because other problems related to the country's economy and the concentration in a small number of people of considerable amounts of cash circulating outside the banking system influence this objective.

Despite this, the last year was characterized by an increase in the financial volumes managed by digital channels and by the economic actors that use this channel in their management of sale of goods and services, as well as the electronic payment of electricity, gas, telecommunications and tax services through national payment gateways. The amount of cashless operations (those carried out using payment network cards) continued to rise, and reached 72% by the end of May 2024.

Having an mounted infrastructure of more than 7.6 million active mobile lines, of which 6.8 million have access to Internet; more than 282,000 households connected to the network; with 84% of popular councils with at least one solution for public navigation and more than 53,000 institutional connectivity services, facilitates its progress. During the first half of 2024, operations through the Mi Transfer mobile wallet and the number of people who use it, as well as operations through Transfermóvil and Enzona, grew.

In tourism, 95% of hotel and non-hotel operations are carried out through digital channels; likewise, in other sectors there's an increase in the use of this channel to generate foreign currency income.

The Young Computer and Electronics Clubs and the Union of Computer Scientists of Cuba have accompanied the banking process, contributing up to July 30 with more than 36 000 entities of the economy in the creation of their digital businesses, they have assisted in the formation of digital competences and training of 521,168 people, of which about 40 000 are older adults and 2,261 people with disabilities, 158 nursing homes and 301 grandparents' homes and senior citizen were visited throughout the country, where in association with the territorial health directorates, functional capacity diagnoses were carried out to evaluate the real possibility of learning and the best accompaniment and communication.

Furthermore, e-commerce fairs have been regularized in the country - about 800 carried out in the last year - with an active participation of state and non-state entities, focused on the creation of competences, enabling accounts and digital businesses in payment gateways.

At the recent session of the Economic Commission of the National Assembly of People's Power, several deputies referred to the need to further publicize the ways that the population in communities and territories has to process and instantly solve difficulties; share more information with the people and seek greater transparency; make the process for reporting and demanding action and response from citizens more viable, to keep credibility in the opportunity the population has to exercise its right; address the particularities of rural areas, creating conditions in them for the acceptance of digital payment; achieve greater interoperability of the QR codes in the platforms and advance in the training of officials and the general population.

Other issues addressed by the representatives of the people were the demand for cash and the insufficient deposits of economic actors, in particular of non-state forms of management in the account recognized for fiscal purposes, the modernization and expansion of the technological and communications infrastructure, in accordance with the demand for electronic transactions and banking, commercial and information support; extend digital payment channels in state and private agricultural markets, and MSME and TCP sales points and in transportation services.

The banking of operations has paved the way for other processes, such as the organization of the tax system, financial inclusion, the elimination of causes and conditions for the occurrence of crime and corruption, e-commerce and digital transformation.

One year after its implementation, there's a reality: electronic transactions are positioned as an option increasingly used by Cubans, despite the complex scenario the country is experiencing.

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