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English - Or. English

24 November 2025

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

Balancing Prudential Regulation and Competition Considerations in Banking – Note by Argentina

5 December 2025

This document reproduces a written contribution from Argentina submitted for Item 10 of the 147th OECD Competition Committee meeting on 4-5 December 2025.

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JT03577353

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1. The Argentine financial system is undergoing a process of structural reconfiguration. Historically dominated by banks, the industry is now being transformed by the entry of new players—particularly fintech and Big Tech companies.

2. These companies distinguish themselves through their approach, particularly their intensive use of digital technologies in retail financial services. Among their most notable expressions are digital wallets, online lending platforms, electronic payment applications, crowdfunding schemes, which expand access to alternative investments, and automated or "robotic" investment advisors.

3. The emergence of this ecosystem raises dynamics and tensions that go beyond purely commercial logic. On the one hand, fintech companies are catalysts for innovation in payment systems, capable of eroding dominant positions across market segments and expanding financial inclusion by promoting greater service dissemination and reducing transaction costs. On the other hand, their rapid expansion and growing relative weight within the payment system are a cause for concern from a financial stability perspective. Given the magnitude of the transactions they intermediate, a negative shock could generate systemic externalities that ultimately compromise the system's overall soundness.

4. The purpose of this contribution is to analyse the evolution of the interaction between banks and fintech, considering prudential regulations and competition policies. The note seeks to contribute to understanding the regulatory challenges arising from this transformation, as well as the risks and opportunities it presents from the perspectives of stability and competition.

5. The document is structured as follows. Section I describes the leading authorities responsible for regulating and supervising Argentina's financial system, along with their mandates. Section 2 traces the evolution of bank–fintech interactions, highlighting interoperability, prudential safeguards for payment accounts, licensing developments, and the competitive dynamics that have emerged. Section 3 reviews the legal and supervisory framework, detailing coordination mechanisms among the Central Bank of the Argentine Republic (BCRA, for its acronym in Spanish) and the National Commission for the Defence of Competition (CNDC, for its acronym in Spanish), and examines how competition enforcement and sectoral regulation have interacted in practice, including market investigations, divestiture and conduct remedies, and interoperability rules. Section IV concludes with policy considerations on balancing innovation, competition, and prudential objectives to support resilient, contestable, and inclusive financial markets.

1. Main Regulatory and Supervisory Bodies of the Argentine Financial System

6. In Argentina, the monetary and financial authority is the BCRA. Act No. 24.144 establishes its charter and states its mission as "to promote, to the extent of its powers and within the framework of the policies established by the national government, monetary stability, financial stability, employment and economic development with social equity". The BCRA performs several functions that are crucial to the economy: it designs and implements monetary policy to control inflation and maintain price stability; it supervises and regulates the activities of banks and other financial institutions to ensure their soundness and transparency; it manages the country's international reserves and promotes

the smooth functioning of the payment system, which facilitates financial transactions at the national level.

7. In addition to the Central Bank, other regulatory bodies supervise financial activities and ensure compliance with current regulations: The National Securities Commission (CNV, for its acronym in Spanish), the Financial Information Unit (UIF, for its acronym in Spanish) and the National Insurance Superintendency (SSN, for its acronym in Spanish). This paper will focus on the first three institutions mentioned.

8. The CNV is the authority responsible for regulating and supervising the securities market in Argentina. Its objective is to protect investors and ensure market transparency and efficiency. Its main functions include: establishing rules for the issuance and trading of securities, supervising market entities, and ensuring that investors have accurate and complete information for decision-making.

9. The UIF is the authority responsible for preventing and combating money laundering and the financing of terrorism. Its mission is to safeguard the integrity of the financial system and prevent its misuse for illegal activities. To this end, the UIF analyses and monitors financial information to detect suspicious transactions, regulates and supervises the institutions under its jurisdiction, and cooperates with international organisations and other financial intelligence units to combat these threats at a global level.

10. For its part, the SSN is the institution responsible for supervising and regulating the insurance sector. Its objective is to protect policyholders' interests and promote the solvency and transparency of insurance companies.

11. Together, these bodies form the institutional architecture that plays a pivotal role in safeguarding the stability, integrity, and public confidence in the Argentine financial system. Their concerted efforts and regulatory measures are instrumental in ensuring the system's robustness and reliability, providing stakeholders with reassurance and confidence.

2. Evolution of the Relationship Between the Banking Sector and the Fintech Sector in Argentina

12. Over the last decade, Argentina moved from open confrontation to a more structured coexistence where banks and fintechs compete on user experience and pricing while sharing key elements of the payment and settlement environment. Policy choices played a central role. A sequence of BCRA measures, with QR code interoperability as a key milestone, pushed wallets, acquirers, and issuers into common initiation and settlement flows across providers.¹

13. At the same time, prudential and safeguarding rules still require payment account providers to keep customer balances parked within regulated banks and not intermediated by non-banks. Since January 1, 2022, these funds must also remain immobilised at the BCRA, segregated and available to their holders,² which sets clear limits on how far non-banks can compete on deposits and on funding consumer credit with payment-account balances.

¹ See: <https://www.bcra.gob.ar/Pdfs/comytexord/A8032.pdf>

² See: <https://www.bcra.gob.ar/noticias/fondos-billeteras-virtuales-permaneceran-encajados-en-bcra.asp>

14. By September 2024, virtual wallets had reached material scale. Argentine Banking Association (ADEBA, for its acronym in Spanish) reported that payment accounts and money-market funds managed through wallets held about AR\$3.51 trillion, roughly 10.3 per cent of private-sector demand deposits in pesos, and that these providers accounted for around half of electronic payments.³ ADEBA argued that this scale brings systemic relevance and called for stronger prudential tools: minimum capital for Payment Service Providers offering Payment Accounts (PSPCPs, for its acronym in Spanish), clear legal protection for segregated funds, insurance-like safeguards for payment accounts, tighter supervision, and an exclusive-purpose status to make oversight easier. The intent is to protect users and level the playing field while preserving competition and innovation.

15. Current BCRA rules already anchor wallets to banks in ways that matter for competitive dynamics. According to communication "A" 8287 from BCRA, on July 25 2025, providers that offer payment accounts must keep 100% of customer funds at all times in on-demand accounts with regulated financial institutions in Argentina and must meet specific reporting and audit obligations.⁴ This channels custody, liquidity, and settlement through bank balance sheets rather than allowing wallets to intermediate those balances on their own. When non-banks grant loans, they fall under the non-bank lender framework or equivalent oversight, which keeps origination and risk transfer under supervisory scrutiny.

16. Coordination between banks and fintechs has also advanced. On September 1st 2022, the Fintech Chamber and the main banking associations — Association of Argentine Banks (ABA), the Association of Public and Private Banks of the Argentine Republic (ABAPRA), the Association of Argentine Banks and Entities (ABE) and the Association of Banks of Argentina (ADEBA)— signed a cooperation agreement to strengthen user security and improve the joint monitoring of suspicious transfers.

17. This functional relationship between banks and fintech companies supports interoperability while reducing fraud risks, and has helped banks accelerate digitisation without rebuilding every component from scratch.

18. Credit products show a similar pattern of cooperation. When a user pays in instalments with a credit card in a wallet, the transaction runs over Visa or Mastercard networks, and financing is provided by the card issuer rather than the wallet provider. Publicly available sources (wallet terms and fee schedules, product pages, and regulatory filings) show that the wallet discloses instalment costs while the loan itself remains a bank product. Wallets offer "instalments without a card," as in Mercado Crédito, Mercado Pago's in-house lending arm that assesses users based on their behaviour within the Mercado Libre ecosystem — Latin America's largest e-commerce platform— and finances growth via capital-market securitisations. In this financial network, loans are short-term, and the development of those books is supported by capital-market securitisations authorised by the securities regulator, which ties funding back to regulated market channels. This expands access and price competition for users while keeping balance-sheet risk within supervised arrangements.

19. Licensing decisions are narrowing regulatory gaps between banks and non-banks. Ualá—an Argentine fintech founded in 2017 that offers payments, cards, and personal financial services—acquired Wilobank and now operates the bank as Uilo within its ecosystem, bringing a fintech distribution model under a full banking licence. Mercado Pago announced in May 2025 that it would apply for a BCRA banking licence to expand deposit-taking and lending within a digital model. In August 2025, Cocos — a fast-growing

³ See <https://www.adeba.com.ar/wp-content/uploads/2024/12/Trabajo-Kiguel-v-FINAL.pdf>

⁴ See <https://www.bkra.gob.ar/Pdfs/Textord/t-snp-ppsp.pdf>

local fintech focused on payments, credit, and digital financial services for consumers and small businesses — acquired VOII Bank for around 20 million US dollars to gain a licence and broaden its product set. In each case, the firms accept higher capital and compliance requirements in exchange for deposit funding and the ability to pay interest on accounts, which raises competitive pressure on incumbent banks in deposits and consumer credit under broadly comparable prudential constraints.

20. New foreign entrants are adding to this shift while staying within banking licences. Revolut—a UK-based global neobank offering multicurrency accounts, cards, investments, and crypto services—agreed in June 2025 to acquire Cetelem Argentina Bank from BNP Paribas Personal Finance, pending regulatory approval. Meanwhile, Nubank —the largest digital bank in Latin America, founded in Brazil and known for low-cost credit cards and fully digital banking—has focused on recent licensing milestones outside Argentina, including an application for a US national bank charter in September 2025. The broader regional pattern points to digital players acquiring or applying for bank licences in key markets once they reach scale.

21. This prudential discussion also reached Congress. A 2024 bill proposed that wallet providers with more than five million accounts must become financial institutions within 90 days. It also introduced balance and transaction limits, as well as restrictions on paying salaries through wallets. While still a proposal, this points to a possible alignment of the largest wallets with bank-level capital and liquidity rules, with clear implications for competition in deposits and instalment credit.

22. Interoperability and open access can lift competition in payments and help non-banks attract transaction balances. Still, the design of prudential rules determines how far they can compete in deposits and in lending at scale. In Argentina, customer funds in payment accounts are kept with regulated banks, segregated from the provider's own funds, and cannot be used for lending by non-banks. Credit growth by non-banks relies on securitisation or moves to full licences, and cooperation mechanisms lower execution frictions while preserving safety. The result is greater contestability at the front end and continued oversight of funds and credit risks.

23. At the institutional level, it is important to note that the BCRA sought to strengthen this collaboration by creating a "Financial Innovation Roundtable" including specialists from the Central Bank, fintech companies, banks, entrepreneurs, and public and private organisations. This roundtable's priority is to work on the following areas: payment methods and infrastructure; cross-cutting technologies and systems; alternative credit and savings channels; and solutions using blockchain technology. In addition, through General Resolution No. 926/2022, the CNV created the "Innovation Hub", intending to promote innovation and to identify and analyse the elements and criteria to be considered for the development and implementation of financial regulation and supervision strategies for innovative technologies, through contact between the CNV and entities that operate or intend to operate in the Argentine capital market.⁵

3. Regulatory and Supervisory Framework: Institutional Landscape and Coordination Mechanisms

24. Argentina's prudential and competition oversight of financial services is, in general, split between the BCRA and the CNDC. The BCRA sets and enforces prudential rules for banks and for non-bank providers of payment accounts and credit, and the CNDC reviews

⁵ See <https://www.argentina.gob.ar/cnv/hub-de-innovacion/acerca-del-hub>

mergers and investigates anticompetitive conduct under the LDC. In addition, the securities regulator (CNV) and the Financial Information Unit (UIF) also have relevant mandates: the CNV oversees capital-market activity and securitisations by non-bank lenders, and the UIF issues and enforces Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) rules for obliged entities, including banks, payment service providers (PSPs, for its acronym in Spanish) and capital-market participants. When a merger involves services subject to sectoral regulation, Section 17 of the LDC requires the CNDC to request a reasoned opinion from the relevant regulator within fifteen days. That opinion is not binding, and if the regulator does not reply within the deadline, the CNDC proceeds as if there were no objection.

25. This framework operates through routine information-sharing on merger files. In the Banco Santander Argentina / Cartasur Cards transaction, the CNDC requested the BCRA's and the insurance supervisor's (SSN) views under Section 17 of the LDC. Both authorities replied without objections, and the operation was later authorised. The CNDC record shows the request to the BCRA dated 30 August 2023 and the BCRA's reply on 27 September 2023, with no objections noted.⁶

26. A similar coordination pattern appears in the Banco Macro / Banco Itaú Argentina case. The CNDC requested the BCRA's opinion on 22 November 2023. The BCRA did not respond within the statutory period, which, by operation of the law, implies no objection. The CNDC subsequently recommended authorisation, and the Secretariat issued the approval resolution.⁷

27. The institutional roles also interact in market investigations that reshape payment markets. In 2016, the CNDC opened an inquiry into competition conditions in card acquiring and processing. The study showed a highly concentrated structure and vertical links around Prisma Medios de Pagos S.A. This company operated the payment processing system used exclusively for Visa credit cards in Argentina. In March 2017, Prisma offered commitments under the competition law that combined a structural remedy, the sale of the company in two stages, and conduct obligations for processing and access. The CNDC consulted stakeholders, including the BCRA, during the market test and then approved the commitments. The first sale of 51 per cent was completed in January 2019, when Advent acquired control. The remaining 49 per cent was completed in March 2022, which finalised the divestiture. In 2024, the CNDC issued a detailed follow-up decision assessing compliance with the conduct obligations and the divestiture milestones.⁸

28. While the CNDC was addressing structural and conduct issues,⁹ the BCRA advanced regulatory measures that increased rivalry in retail payments and acquiring. First, the Central Bank capped interchange fees on card transactions, which improved acquiring margins and encouraged entry by independent acquirers and payment facilitators. Subsequently, the BCRA rolled out the "Transferencias 3.0" framework, mandating QR interoperability for account-to-account payments and setting operational rules that allow

⁶ See CNDC Resolution <https://cndc.produccion.gob.ar/sites/default/files/cndcfiles/CONC.%201933.pdf>

⁷ See CNDC Resolution <https://cndc.produccion.gob.ar/sites/default/files/cndcfiles/conc1946dictYRESO.pdf>

⁸ For more information, view [https://one.oecd.org/document/DAF/COMP/LACCF\(2024\)6/en/pdf](https://one.oecd.org/document/DAF/COMP/LACCF(2024)6/en/pdf)

⁹ See CNDC Resolution: https://cndc.produccion.gob.ar/sites/default/files/cndcfiles/CONDI613_merged.pdf

any interoperable wallet to read any acquirer's QR and route the payment.¹⁰ Together, these measures complement competition enforcement by lowering barriers for new acquirers and payment facilitators.

29. Below is a table showing the main regulations on this matter issued by the BCRA and the CNV.

Table 1. Key Prudential and Competition-Related Financial Regulations in Argentina

Regulation	Subject / Description	Year
BCRA Communication "A" 6212	Establishes maximum interchange fee caps for credit and debit card transactions to promote competition in the acquiring market.	2017
BCRA Resolution No. 15/2019	Creates the <i>Financial Innovation Roundtable</i> to foster dialogue between regulators and the financial sector on technological developments.	2019
BCRA Communication "A" 7153	Launches the <i>Transferencias 3.0</i> scheme, enabling full interoperability of instant payments across banks and fintechs.	2020
BCRA Communication "A" 7429/2021	Requires financial institutions to maintain a 100% reserve requirement on funds deposited by payment service providers offering payment accounts (PSOCPs).	2021
CNV General Resolution 926/2022	Establishes the <i>Innovation Hub</i> to facilitate interaction between market participants and the securities regulator (CNV) on fintech and digital finance initiatives.	2022
BCRA Communication "A" 8287/2025	Reinforces safeguarding requirements for payment account providers, mandating that 100% of customer funds remain in on-demand accounts at regulated financial institutions in Argentina and introducing enhanced reporting and audit obligations.	2025

Source: own elaboration based on information from BCRA and CNV

30. As new competitors entered the digital payments market, merchant acquiring became more contestable, and service quality improved with faster settlement and better support. QR interoperability expanded acceptance beyond traditional POS, allowing any wallet to read any QR code and routing payments to multiple acquirers, reducing single-provider dependence in critical payment functions, which is relevant for operational resilience and orderly settlement.

31. Competition enforcement can complement prudential objectives by reducing concentration risks, improving operational resilience, and expanding access to critical payment infrastructure. Remedies that reduce vertical integration and require non-discriminatory access to acquiring and processing make markets more contestable and less dependent on a single provider, thereby mitigating the risk that a single failure brings the system down. Interoperability rules and fee caps make it easier for merchants and wallets to use multiple providers. Hence, the service keeps running if one fails, and the system is more resilient because more players share the risk. In this sense, the CNDC's market investigation and the resulting divestiture and conduct commitments in card acquiring and processing worked in tandem with the BCRA's regulatory measures on QR interoperability and interchange caps. Together, they reduced structural bottlenecks, opened access for new acquirers and facilitators, and helped align competitive dynamics with prudential goals such as resilience, orderly settlement, and contained systemic externalities.

32. These examples illustrate a practical division of responsibilities with points of coordination. The BCRA's prudential rules define how funds and risk are handled, while the CNDC uses merger control and conduct commitments to address market power and access. Section 17 of the LDC requests that regulators be kept in the loop on transactions

¹⁰ See: <https://www.bkra.gob.ar/MediosPago/Transferencias-3-0.asp>

without giving them a veto. In concentrated or vertically integrated settings, the combination of structural remedies, non-discrimination obligations, and interoperability rules has increased contestability and broadened participation by non-bank players, while preserving prudential safeguards.

33. Competition remedies can enhance prudential outcomes along three channels. First, structural and access remedies reduce concentration in acquiring and processing and encourage multi-provider routing, which limits cascade failures when a dominant node faces operational disruptions. Second, non-discrimination and interoperability obligations constrain self-preferencing and make pricing and access conditions more transparent, thereby improving supervisors' monitoring. Third, by lowering entry barriers under clear technical and conduct standards, enforcement fosters product and process innovation while keeping settlement, custody of funds, and risk transfer within supervised arrangements defined by the BCRA, CNV, and UIF.

4. Final Considerations

34. The evolution of the fintech ecosystem in Argentina reflects a broad transformation of the financial system. What began as niche ventures serving gaps left by traditional banks has become a sector with growing economic weight and innovative capacity. This process increased competitive pressure, accelerated digitisation, and expanded opportunities for inclusion, while also creating new regulatory and supervisory challenges.

35. The authorities have responded gradually, seeking to balance innovation, stability, and competitive equity. In practice, prudential oversight by the BCRA and conduct control by the CNDC have interacted with the mandates of the CNV and the UIF. Regulatory measures on interoperability, safeguards for customer funds, and clearer licensing pathways have gone hand in hand with competition tools that address market power and access conditions.

36. A key lesson is that competition enforcement can support prudential objectives. Structural and access remedies reduce concentration and vertical foreclosure in acquiring and processing, thereby lowering single-provider dependence and improving operational resilience. Interoperability obligations and transparent fee rules enable multi-homing by merchants and wallets, thereby strengthening service continuity during outages and supporting orderly clearing and settlement. Argentina's experience with the CNDC's market investigation and divestiture in card acquiring and processing, together with the BCRA's QR interoperability framework, opened space for new acquirers and facilitators while keeping custody, settlement, and risk transfer within supervised arrangements.

37. Looking ahead, policy should consolidate this complementarity. Three priorities stand out: resilience, by maintaining redundancy and non-discriminatory access to critical payment rails; transparency and discipline, through clear technical standards and monitoring of access and pricing; and innovation with safeguards, by lowering entry barriers while ensuring that customer funds remain protected and that lending is funded through supervised channels. Coordinated action by the BCRA, CNV, UIF, and CNDC can foster contestable, innovative markets without compromising stability, ensuring technological progress that serves inclusion and economic development.