

Banco Central de la República Dominicana



Secured Transactions Reform Process: Dominican Republic Experience

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OUTLINE

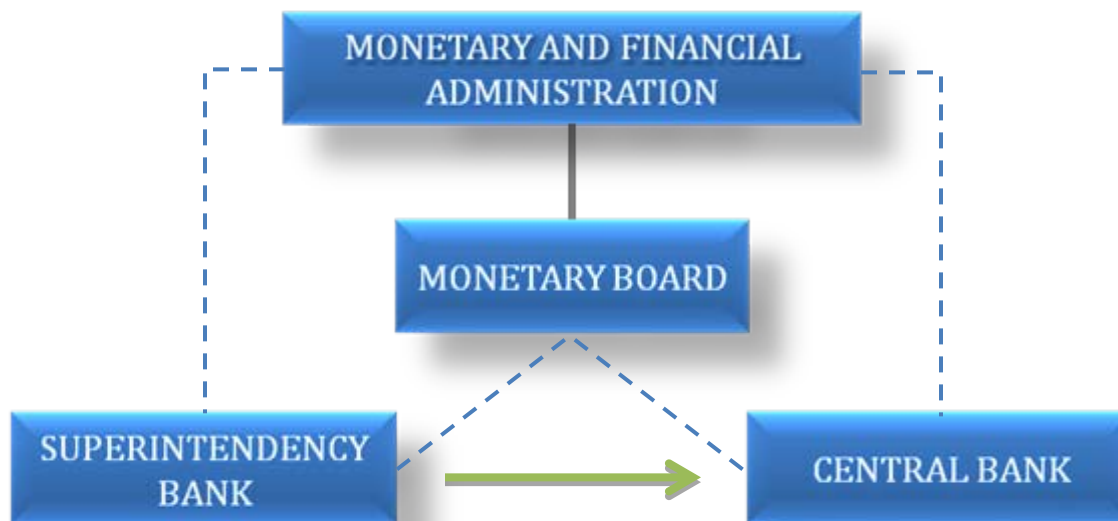
- **Overview of the Dominican Republic Financial Regulatory System.**
- **Secured Transactions Reform Process: The importance for Dominican Republic.**
- **Secured Transactions Reform Process: The Dominican Republic Experience**
 - Background
 - Financial Regulation and the Secured Transactions Reform Process
 - Reforms in Financial Regulation



Overview Dominican Republic Monetary and Financial Regulatory System

Monetary and Financial Law

Structural Organizational Chart



Regulation of the financial system is intended to ensure the liquidity, solvency and management of financial intermediaries to guarantee the normal functioning of the system within a framework of competitiveness and efficiency.



Overview Dominican Republic Monetary and Financial Regulatory System

Financial Regulation



On Draft Resolutions Monetary Board must request public comment with a comment period none less than 30 days.



Secured Transactions Reform Process: The importance for Dominican Republic

Main growth

challenges
Accessing the banking system is difficult, particularly for micro, small, and medium-sized enterprises (MSMEs) since financial intermediaries are subject to weigh the risks of loans on the basis of their collateralization.

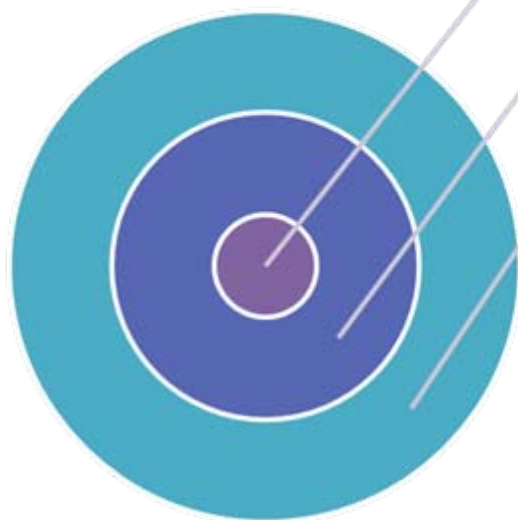
“A Secured Transactions Reform Process is essential to increase availability of more secure and cheap commercial credit & the economic development that goes with it”



Secured Transactions Reform Process: The Dominican Republic's experience

A) BACKGROUND

The Secured Transactions Reform Process in the DR started as a component of a Technical Assistance Program that aims to improve competitiveness in the DR between the Ministry of Economics, Planning and Development and the World Bank Group.



On March 2014, the WBG's mission evaluated the possible benefits and impact of a Secured Transactions Reform Process.

On May 2014 another mission made the diagnostic in order to initiate the STR Process.

Since July 2014, advisors of the Department of the Treasury's Office of Technical Assistance (OTA) are helping us with STR Law draft.



Secured Transactions Reform Process: The Dominican Republic's experience

B) FINANCIAL REGULATION AND THE SECURED TRANSACTIONS REFORM PROCESS

Even though the current financial regulation has played an important role in the economic development it also has played, unintentionally, a secondary role in financial access, through financial practice and products that are back by any type of collateral.

THE ASSET VALUATION REGULATION (REA)

- Establish a mandatory methodology and guidelines for all financial intermediaries in order to provide valuation and provision for the classification of their assets according to their risk and to calculate and create adequate allowances or reserves against those risks.



Secured Transactions Reform Process: The Dominican Republic's experience

c) Reforms in Financial Regulation

REA

Discriminates the value between movable property and immovable property used as collateral.

M & F Administration should consider taking into account the need to provide a balance between the types of goods used as collateral.

The financial regulation should permit the used as collateral any movable property susceptible to monetary valuation whether present or future, tangible or intangible including rights to the same, as well as in the proceeds of this collateral, whether in their first of future generations.



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