

Banco de Mexico’s response to the Senate bill on foreign currency deposits in cash

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- Yesterday the Senate approved a bill to reform the Central Bank Act in terms of foreign currency deposits in cash
- The legislative initiative pretends to help a very limited number of recipients of family remittances (please see table and chart below), as well as very few tourists, imposing the central bank the obligation to exchange the cash deposits in foreign currency for pesos in the financial system
- Banco de Mexico [published a communiqué](#) last night highlighting three aspects:
 - (1) “...the initiative will substantially increase risks, without accomplishing the purpose for which it was originally created...”;
 - (2) “...Banco de Mexico reiterates that the initiative violates the central bank autonomy at the Constitutional level...”; and
 - (3) “...the initiative would force the central bank to undertake high-risk cash operations in foreign currency, that could potentially compromise the availability of foreign reserve assets, as well as the central bank’s constitutional mandate of preserving the purchasing power of the Mexican peso...”
- The initiative approved by the Senate will be turned to the lower house for discussion and if it happens to be approved, the issue might end up at a Supreme Court ruling, given the central bank’s argument that the initiative contravenes the Constitution

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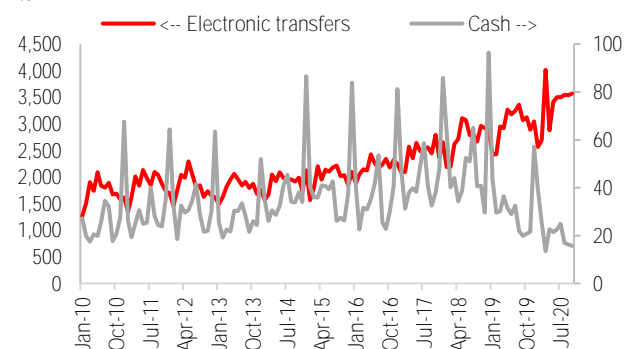
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Family remittances by type of transaction
January-October

	US\$, million		% share of total	
	2020	2019	2020	2019
Family remittances	33,564	30,395	100	100
Electronic transfers	33,219	29,964	99.0	98.6
Money Orders	126	135	0.4	0.4
Personal cheques	0	0	0.0	0.0
Cash	219	295	0.7	1.0

Source: Banorte with data from Banco de México

Family remittances by type of transaction
US\$, million



Source: Banorte with data from Banco de México

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