

BCP approves new **Liquidity Coverage Ratio (LCR) Regulation**

Through Resolution No. 13, Act No. 7, dated April 8, 2026, the Banco Central del Paraguay (“BCP”) approved the Regulation on the Liquidity Coverage Ratio (“LCR”), formally incorporating this indicator as a key tool for liquidity risk management in financial intermediation entities (the “Regulation”).

The purpose of the Regulation is to establish the obligation to calculate and maintain the LCR, understood as the indicator that measures an entity’s capacity to meet its net cash outflows over a 30-day period through the holding of sufficient high-quality liquid assets.

From a technical standpoint, the LCR is defined as the ratio between high-quality liquid assets and projected net cash outflows for such period, which must be equal to or greater than 1. This implies that entities must maintain an adequate level of liquidity to withstand stress scenarios.

One of the most relevant aspects of the Regulation is the definition of the components of the ratio, particularly High-Quality Liquid Assets (HQLA), which are classified into different categories based on their level of liquidity and credit quality.

Additionally, the Regulation sets out specific criteria for calculating cash outflows and inflows under a 30-day stress scenario, including differentiated treatment for retail and wholesale deposits, wholesale funding, derivatives, and other relevant exposures.

With respect to its implementation, a progressive phase-in schedule is established, under which entities must gradually meet the minimum required ratio: 50% as of May 31, 2026; 70% as of August 31, 2026; 90% as of November 30, 2026; and 100% as of March 31, 2027.

Furthermore, in the event of non-compliance with the minimum ratio, entities must justify the causes of the shortfall and submit a remediation plan within a maximum period of 90 days, failing which such non-compliance may be deemed a serious breach under applicable regulations.

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