

# Banking



## Strengths and Opportunities in Puerto Rico Financial Services

### Fintech & Insurtech

- A mature industry that inspires fintech and insurtech innovation
- Home to the #1 payment processing platform provider in Latin America

### Fintech & Insurtech

- The preferred destination for a growing global blockchain community
- Banks that accept digital assets
- Sale and use of utility tokens as service exports
- Full tax exemption on capital gains

### Talent

- Financial services are bolstered by over 40,000 bilingual experts in local, U.S. and international banking and insurance regulations

Puerto Rico's sophisticated financial services industry boasts decades of expertise and a distinctive combination of federal regulations and local tax exemptions. The island stands out for offering offshore destination banking and finance freedoms while under the protection of the U.S. government. With a bilingual, educated workforce and unique regulations, Puerto Rico is the right place to expand financial products to the Caribbean and Latin American markets.

The Local Tax Incentives Code, Act 60-2019, reinforces the benefits of operating an international financial entity in Puerto Rico or taking advantage of what island-based financial institutions offer. The regulatory landscape allows local International Financial Entities (IFE) to provide non-local clients with banking and financial services while maintaining the trust and confidence of a U.S. jurisdiction. These institutions are regulated by federal agencies, associations, and local authorities, providing ample support to IFEs and their clients.

## Globally Unique Banking



**6 Commercial Banks**

**\$96.2B** in assets

**27 International Banking Entities (IBEs)**

**\$49B** in assets



## IFEs Under Act 60

### Benefit from Unique Tax Incentives

- **4%** fixed corporate rate
- **50%** exemption on municipal license tax
- **75%** exemption on real & personal property tax
- Tax exemptions for export services
- Incentives for international insurers & reinsurers, financial entities, and private equity funds

### Basic Requirements

License from the **Office of the Commissioner of Financial Institutions (OCIF)**

**Min. \$5 million in capital** – of which at least \$250,000 must be paid-in

**Min. \$300,000 in free and clear assets**, or equivalent financial guarantee

**4** full time employees in Puerto Rico

**Must comply** with the Bank Secrecy Act, the Patriot Act, and the regulations set by the Office of Foreign Asset Control (OFAC)

### In Puerto Rico, IFEs can:

- Accept deposits
- Borrow money
- Lend money, including refinancing and underwriting
- Provide letters of credit
- Exchange foreign currency
- Finance trades
- Provide other financial services like:
  - Securities brokerage
  - Clearinghouse services
  - Asset management



# Insurance

Puerto Rico's regulatory landscape and incentives code make the island one of the world's most competitive jurisdictions for international and captive insurers. Local legislation supports domestic and international insurers and reinsurers, making the local insurance industry the largest in Latin America per capita, representing \$17.65 billion in written premiums. This regulatory terrain supports exceptional industry growth and has inspired a globally distinct captive insurance market.

The island's insurance industry is regulated by the Office of the Commissioner of Insurance (OCI) and supported by the International Insurers Association (PRIIA). The Office of the Commissioner of Insurance of Puerto Rico is an accredited member of the National Association of Insurance Commissioners (NAIC) and a member of NAIC's Latin American counterpart, the Association of Insurance Supervisors of Latin America (ASSAL). Excellence in insurance is complemented by more than 14,540 intermediaries, including 2,186 authorized provisional representatives and 1,247 licensed entities serving local and international clients.

## Home to:

**34** International insurers

**516** Protected cells

**45** Domestic insurers

**271** Foreign insurers

## Why Puerto Rico?



Recognized insurance regulator



Attractive tax incentives



Easy access to mainland U.S. and Latin America



World-class business infrastructure



First-class service providers



## What Sets Us Apart



### U.S. Jurisdiction

- Federal insurance and banking regulations, U.S. dollar, and stable business environment combined with local regulations for game-changing opportunities
- Legal & intellectual property protections of the U.S.



### Workforce & Talent Development

- Over 80 universities with 60% of graduates in STEM fields
- Average industry wages are 30% lower than the national average
- Bilingual in English and Spanish



### Organizational Support

- Office of the Commissioner of Financial Institutions (OCIF)
- Office of the Commissioner of Insurance (OCI) and the National Association of Insurance Commissioners (NAIC)
- Puerto Rico International Insurers Association (PRIIA)



### High Quality of Life

- Diverse outdoors activities in pristine beaches to dense rain forests, mountains, caves, and canyons
- Rich and vibrant culture, art, history, and gastronomy
- Over 50 certified historic landmarks, including our capital, San Juan, the oldest city in the Americas



### Real Estate

- Island-wide ICT infrastructure, including multiple 5G providers
- Lowest cost of Class A office space relative to comparable cities in the U.S.