

## Box 4

# Characteristics of the New Bre-B Instant Payments System

The year 2025 will be a key for the payments industry with the launch of Bre-B, the new interoperable instant payments system developed by *Banco de la República* in collaboration with the financial industry since 2022. This system will allow real-time<sup>1</sup> transfers with crediting of funds across all financial system accounts, at any time and on any day of the week, and at low cost.

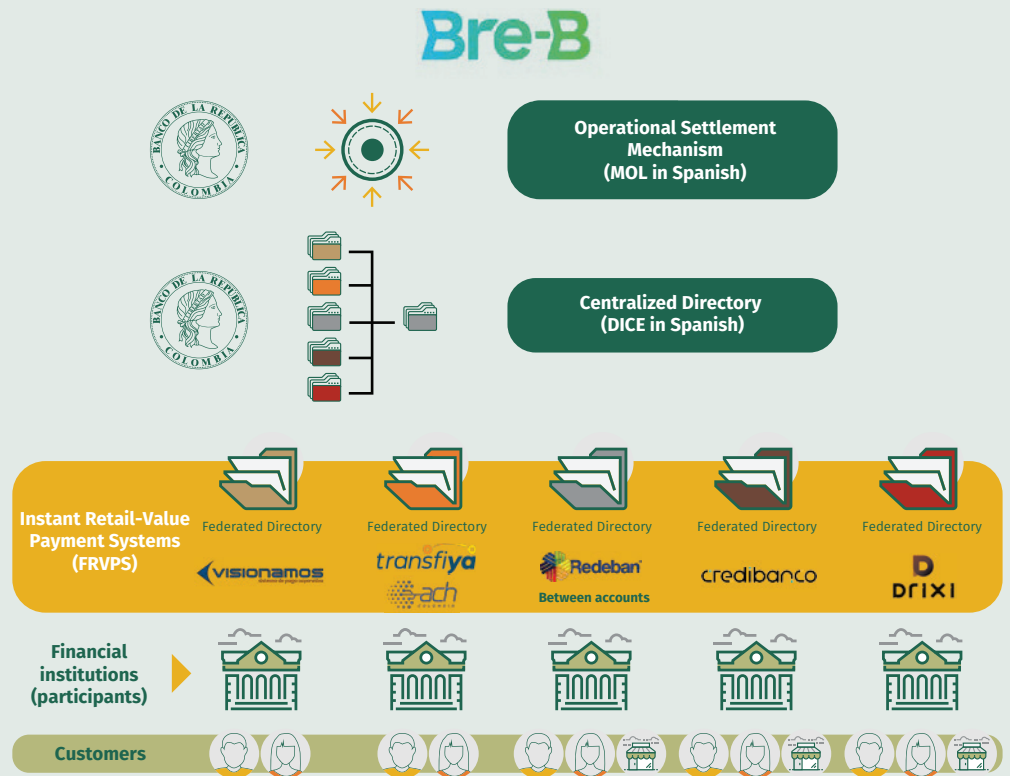
The arrival of Bre-B seeks to facilitate the broader use of electronic payments by individuals and businesses, offering greater efficiency and security compared to cash payments. It also aims to build credit histories that can then serve to accelerate financial inclusion for the population. Additionally, the ecosystem represents an opportunity to increase competition and innovation in the payments industry, which will strengthen payment services in the economy.

According to the World Bank, there are more than one hundred instant payments systems operating globally. In Colombia, despite market efforts, progress has been concentrated in closed payment models, which prioritize intrabank transfers over interbank transfers. In addition to the lack of interoperability, barriers persist in access to payment systems by new agents, who could boost competition and foster financial inclusion, for example, by introducing new technologies and business models, especially in key areas, such as the adoption by small businesses. While some of these barriers have begun to be reversed, there is still room for instant electronic payments to reduce the use of cash, which remains high and still represents 79% of daily transactions. For this reason, based on the conclusions of the Payments Systems Forum in 2022, *Banco de la República* launched the Interoperable Instant Payments project, based on the progress made by the private sector, and motivated by the need to converge toward the principles of interoperability, access, and innovation.

In this regard, Article 104 of the Law of the National Development Plan 2022-2026 granted the power to regulate the interoperability of instant payments in Colombia to the Board of Directors of *Banco de la República* (BDBR), and authorized *Banco de la República* to operate the necessary systems and technological components to guarantee such interoperability. Therefore, the BDBR issued the regulatory framework for interoperable instant payments, composed of External Resolution 6 of 2023 of the BDBR and External Regulatory Circular 465, which was most recently updated in September 2024. This regulation defines the principles and rules governing the interoperability of Retail-Value Instant Payment Systems (SPBVI in Spanish) and sets the technical standards for processing operations uninterruptedly (24/7) every day of the year. This regulation establishes a new architecture for the payments industry under which the SPBVIs are interconnected through a new public digital infrastructure operated by *Banco de la República*, consisting of a Centralized Directory (DICE in Spanish) and the Operational Settlement Mechanism (MOL in Spanish). Additionally, *Banco de la República* will operate a new instant payment clearing house (Drix), which will compete with private networks and interconnect with them following the same standards and obligations (Diagram B4.1).

<sup>1</sup> The maximum processing time established in the regulation is twenty seconds from the beginning of the operation until the funds are credited to the account of the receiving user. External Regulatory Circular DSP 465 of *Banco de la República*.

Diagram B4.1  
Architecture of Colombia's Instant Payments Ecosystem



Source: Banco de la República.

### 1. Interoperable Architecture

The Centralized Directory (DICE in Spanish) will begin operation in the second quarter of 2025. This system will manage the keys identifying all end users in the ecosystem. Its main function is to guarantee the uniqueness of these keys, which is essential for routing and processing transfer orders continuously and unequivocally.

The Operational Settlement Mechanism (MOL) will become operational in the third quarter of 2025 and is designed to manage liquidity in the ecosystem in central bank money. With the implementation of this component, all instant transactions are guaranteed to be free from credit risk, which is desirable due to their irrevocability. Settlement will be gross and in real time, and will be executed against the deposit accounts of SPBVI participants, allowing liquidity demands to be managed centrally.

Through the new instant payment clearing house (Drixi), managed by *Banco de la República*, the value offering will be complemented by providing universal access to the instant payments ecosystem and promoting the emergence of new use cases. It is expected to start operations by the fourth quarter of 2025.

The adoption of payments will depend on guaranteeing ease of use; therefore, the regulations set guidelines based on the user experience, which must be unified and simple for all SPBVI participants. A crucial element is the incorporation of the key as an identifier to receive an instant payment. The regulation has defined the implementation of a multi-key model that allows each end user to assign up to four types of keys to a single deposit account, and for businesses, there will be a fifth option: the QR code for identifying the business.

*Banco de la República* also determined that the provision of services related to instant payments and transfers must be denominated under the Bre-B seal. This seal will be present on financial institutions' channels and in the communication and education campaigns for instant payments. Specifically, it has been mandated that SPBVI participants include a Bre-B area in their applications, where customers will be able to register the key(s), carry out transactions, and view transaction history, among other basic ecosystem options.

## 2.2. Preparing for Bre-B's Launch

The Bre-B operation process consists of five phases between October 2023 and September 2025. In phases one and two, the standards and technical rules were detailed, while in phase three the technological solution that will support the system is being implemented, and the industry is currently adjusting its systems and operating channels. The fourth phase will be implemented between July and September 2025 and will seek to initiate the registration of keys by users. To this end, promotional and educational campaigns are being designed to inform users about the characteristics of the keys and the process to be followed. Finally, the fifth phase will start in September 2025 and refers to Bre-B's live launch.

Going forward, *Banco de la República* and the market itself will need to maintain the efforts to broaden the acceptance of digital payments and deepen the Bre-B ecosystem. Future challenges for the ecosystem include the speed at which other use cases can be integrated, such as, the collection of utility bills, recurring payments, and e-commerce. Equally important will be the ongoing strengthening of tools to prevent fraud, ensure continuity in the provision of services, and enhance resilience of the system.