

Business Opportunities in Puerto Rico

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45ta. Convención Anual

Mortgage Bankers Association of Puerto Rico

Marriott Resort Hotel

Retos actuales

¿Cómo se mide la Economía?



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Economics 101: Identity Equation of the Gross Product
[from the expenditure/demand perspective]

$$Y = C + G + I + (X-M)$$

Y = GNP = nominal value (\$) of production

C = private consumption (-)

G = Government expenditures (-)

I = Private Investment (+)

(X-M) = net exports (+)

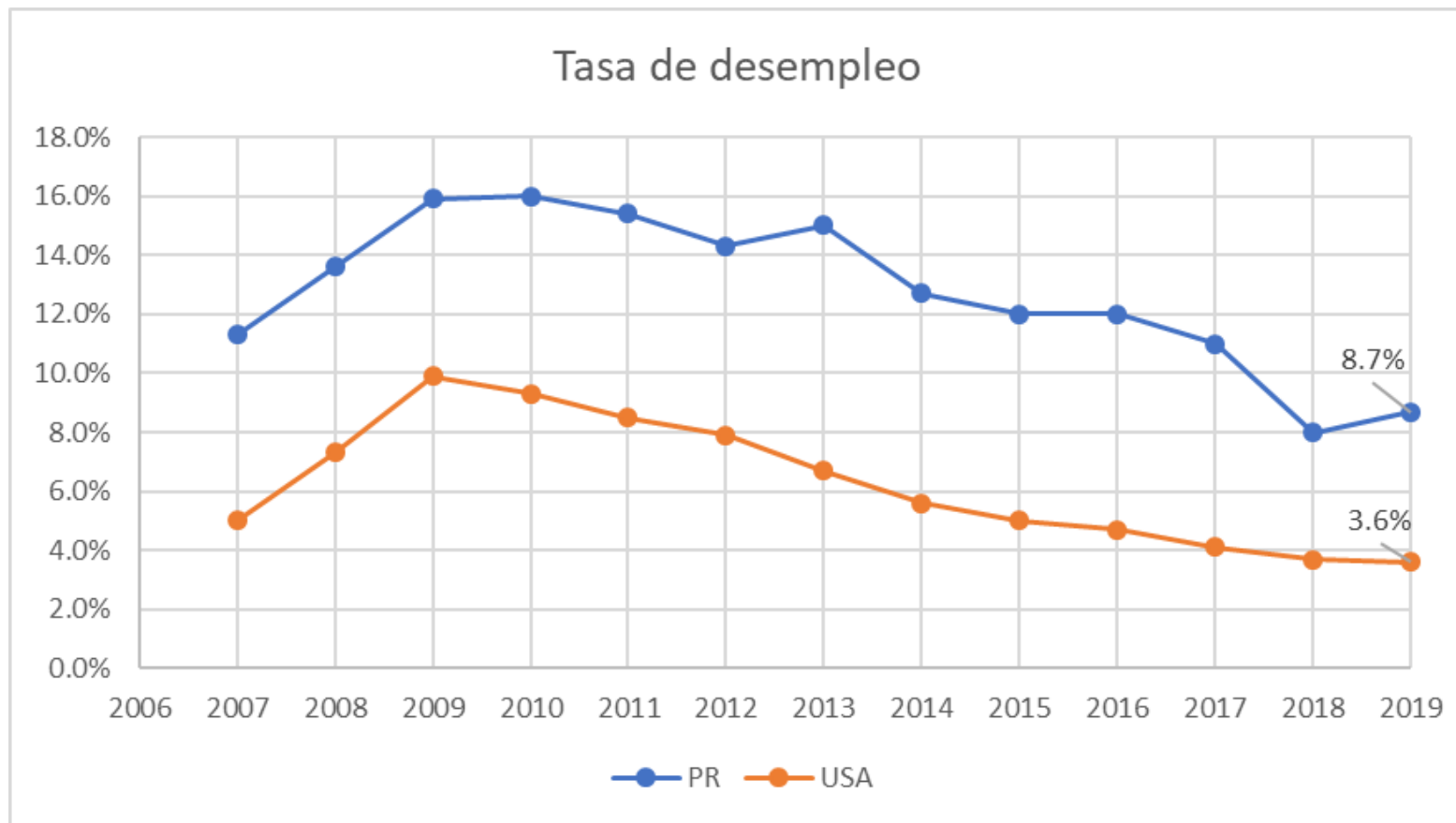
Then... what would trigger economy growth?

Revamping the real economy,
not private consumption!

Variables Económicas

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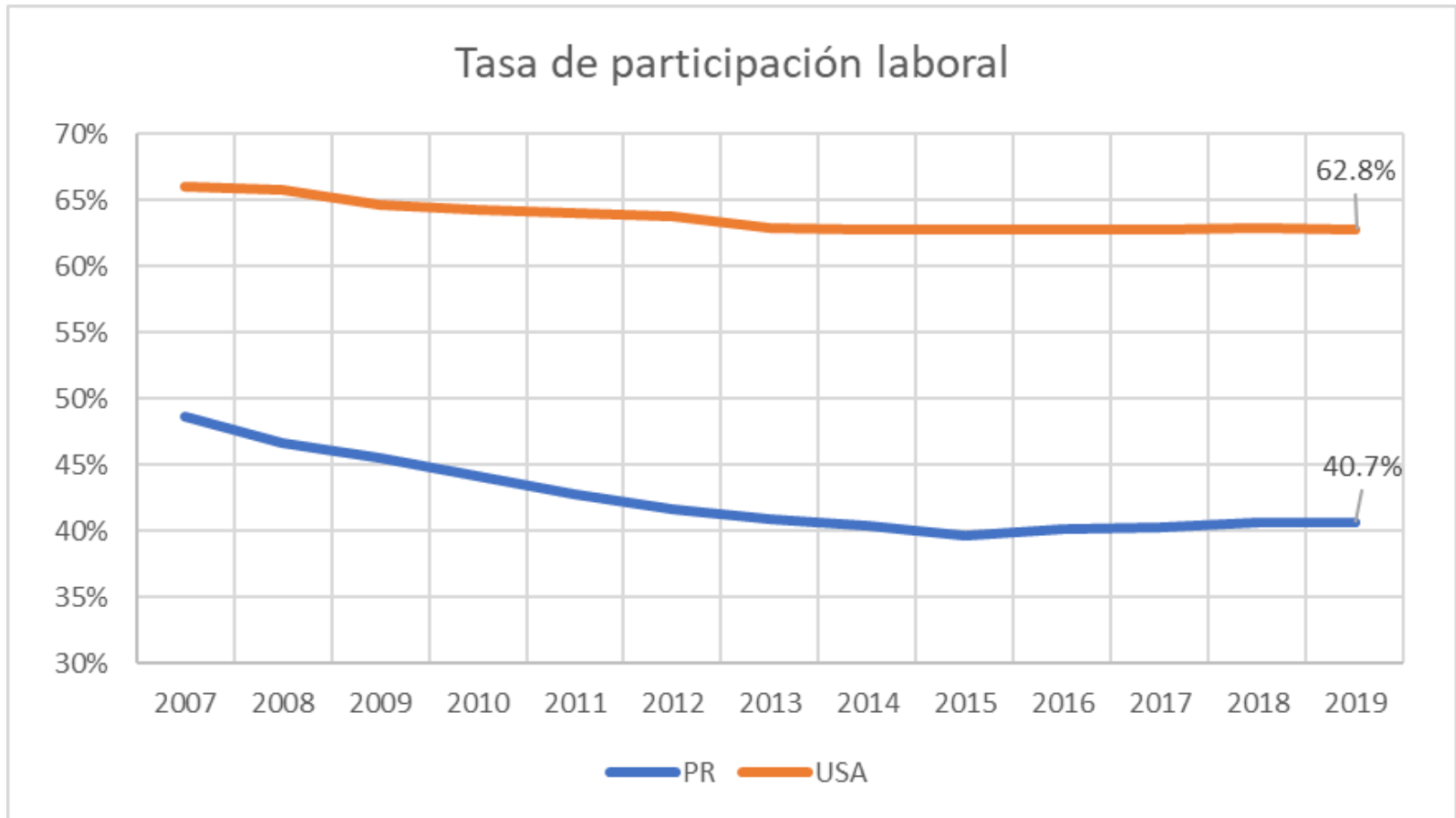
Según las cifras de DTRH y el CB



Variables Económicas

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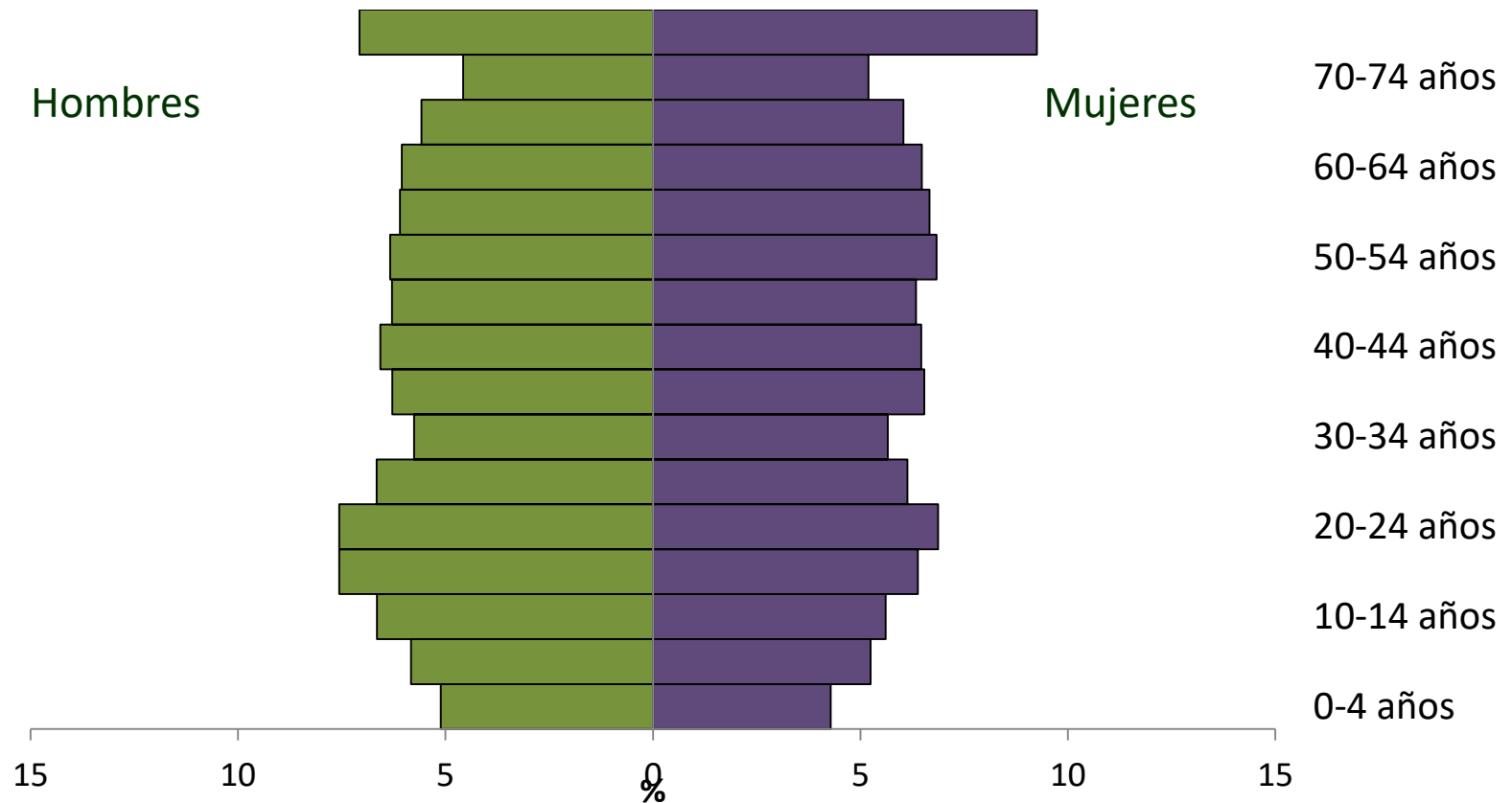
Según las cifras de DTRH y el CB



Variables Económicas

6

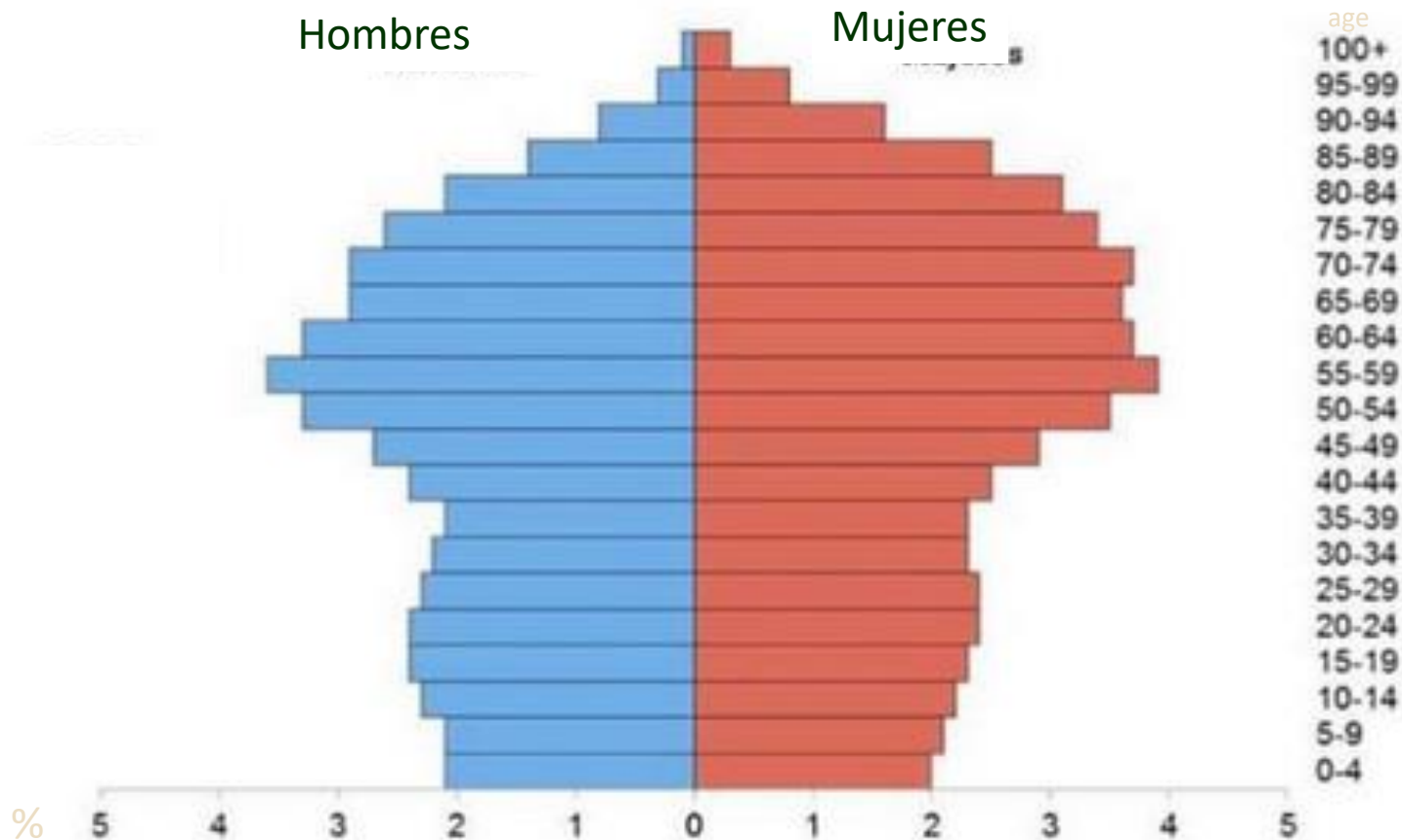
Pirámide poblacional - 2016



Variables Económicas

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Pirámide poblacional – 2050 (proyección)



Variables Económicas

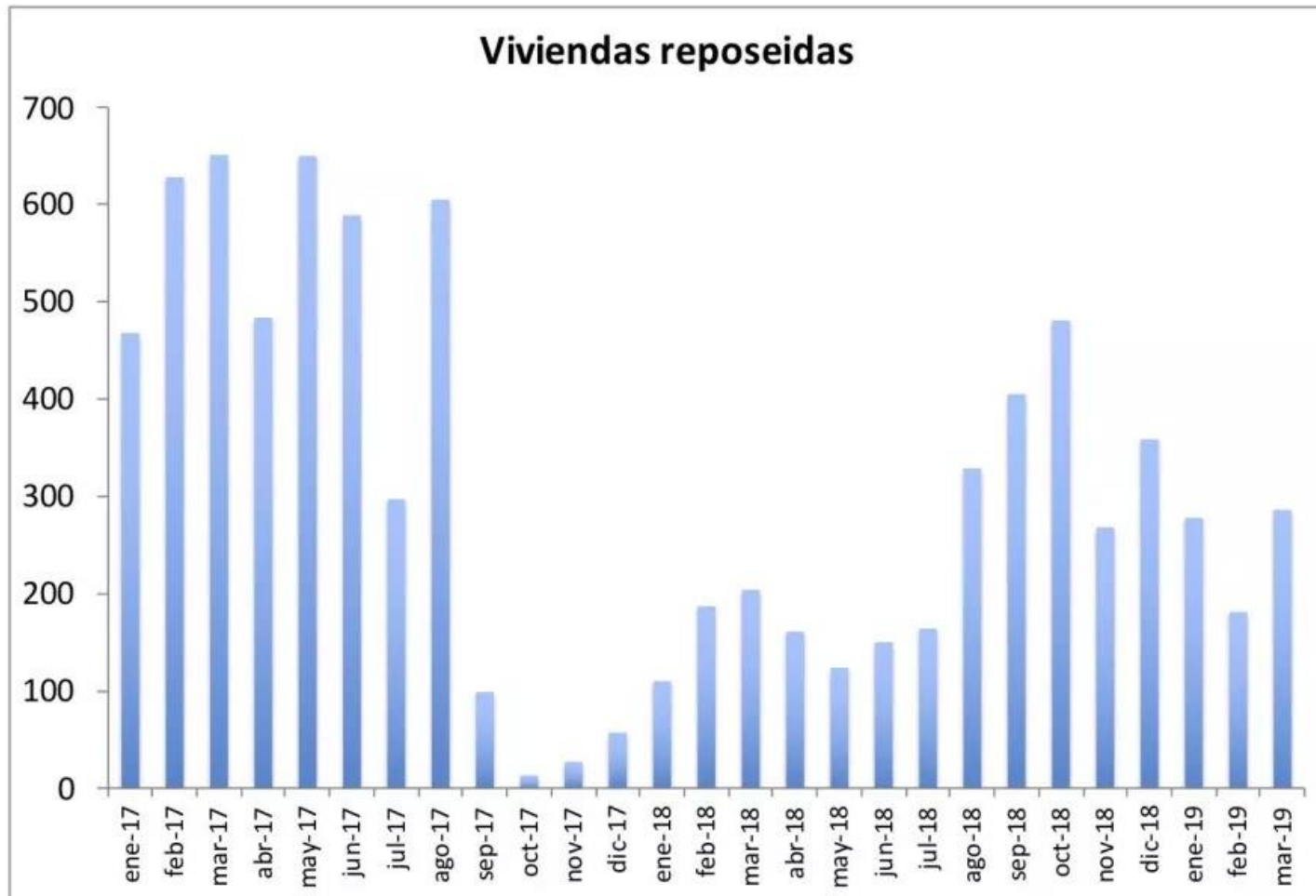
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Según las cifras de OCIF



Variables Económicas

Según las cifras de OCIF

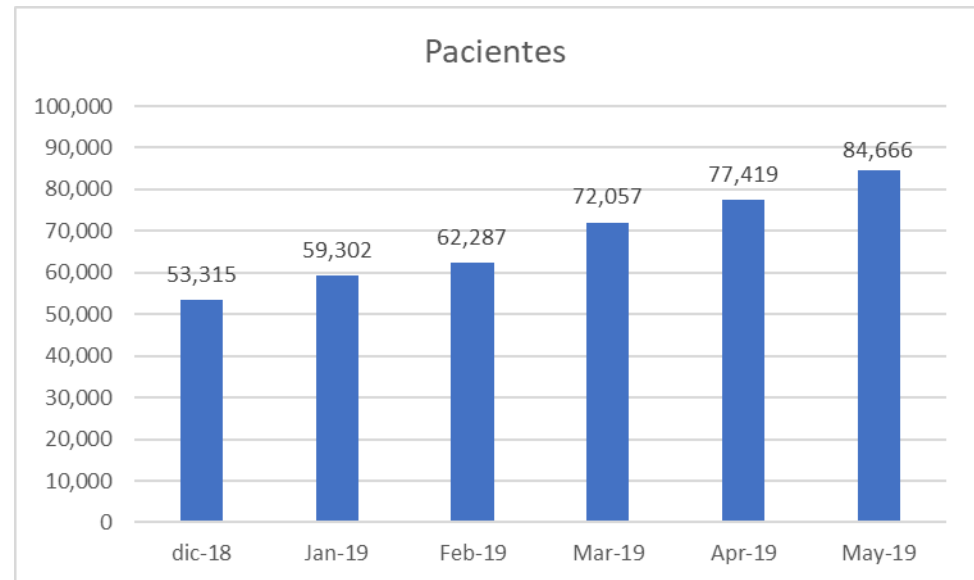


Variables Económicas

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Cannabis medicinal:

- Crecimiento de 8% mensual
- Efecto multiplicador
- FinCEN guidance on Controlled Substances Act



Historical Occupancy Tax per Categories:

- Short term rentals: - 0.9% periodo acumulado julio-marzo (19 vs 18)
- Hoteles y paradores: - 2.5%
- Otras plataformas: -4.5%

Futuro a corto y mediano plazo

Claves de ejecución:

1. Presupuesto con premisas inconsistentes con la realidad . . . Los recaudos del IVU del AF19 están un 40% mayor que el AF17
2. Rangos de la deuda y su % de recuperación de inversión
3. Composición Junta de la nueva entidad
 - Terna al gobernador
 - 2 representan a los bonistas
 - Se establece “clawback” al Fondo General
4. El reto demográfico está subestimado
5. El “timing” de las ayudas federales por concepto de los fondos CDBG – DR debe ser revisado con redistribución proporcional superior años fiscales 2020 a 2023
6. “bottom line”: ¿en qué van a invertir la nueva tajada de fondos al Fondo General?

Cryptocurrencies

Fiscal years period 2003-2018: Total transactions:

- ATM: + 24.8%, ACH: + 291.5%, Checks processed: -70.2%,

Cryptocurrency vs. fiat **digital** money:

- France and Spain have already criminalized cash transactions over a certain limit
- Scandinavian countries are already well along the road toward cashless societies
- Finland: businesses are required to accept **digital** transactions, not require to accept cash
- Norway: 96% of transactions are **digital**
- Sweden: 99% of transactions **digital** because of apps (Swish)

Cryptocurrencies



**cryptocurrencies have no
"intrinsic value" and present
severe risks to investor**

**Jerome Powell, Chairman of
the Federal Reserve**

June 13, 2018

Cryptocurrencies



“[...] unsophisticated investors see the asset go up in price, and [...] think 'this is great, I'll buy this.'”

Jerome Powell, Chairman of the Federal Reserve

Cryptocurrencies



"It's not really a currency. [...] I have concerns. [...] they're supposed to be a means of payment"

Jerome Powell, Chairman of the Federal Reserve

June 13, 2018

Cryptocurrencies



"They are very challenging because cryptocurrencies are great if you're trying to hide or launder money"

Jerome Powell, Chairman of the Federal Reserve

June 13, 2018

Bitcoin

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Hackers steal \$40 million worth of Bitcoin
from world's largest crypto exchange



bloombergbusiness Binance said hackers stole 7,000 Bitcoin worth about \$40 million via a single transaction in a “large scale security breach,” the latest in a long line of thefts in the digital currency space.

The hackers used a “variety of techniques” including phishing and viruses to obtain a large amount of user data, **#Binance** said in a post on its website. “The hackers had the patience to wait, and execute well-orchestrated actions through multiple seemingly independent accounts at the most opportune time,” according to the post, written by Zhao Changpeng, Binance’s CEO.

The company will use its Secure Asset Fund for Users, an emergency insurance fund, to cover the incident in full and no user funds will be affected, it said.

Quedan pendientes:

- Unknown availability of reconstruction funds
- Non-fossil fuels run/PREPA RSA (perro del hortelano)
- Tax reform seems more like *disruptive behavior*
- Incentive Code
 - ✓ RE-Activation of the Tax Concession Committee (Resolution 2017-08 / AAFAF)
 - ✓ Inability of measuring ROI on tax credits on key legislation (acts 20/22, sharing economy, cannabis)
 - ✓ Opportunity Zones
- ASU 2016-13 impact on credit loan credit quality: *Measurement of Credit Losses on Financial Instruments (CECL)*
- FinCEN guidance on Controlled Substances Act

https://www.youtube.com/watch?v=26U_seo0a1g