



CMF issues regulations that improve information on financial system debtors

- *The new regulations increase the frequency and reduce the timeframes for financial institutions to submit debtor information to the Commission. This is to ensure more updated data, which improves the timeliness of Debt Reports compiled by the CMF.*
- *In addition, non-bank credit card issuers are added to the list of entities that must report information on their debtors, fulfilling the provisions of the General Banking Act.*
- *This adjustment, part of the Commission's 2020-2022 Strategic Plan initiatives, will allow for a more thorough and up-to-date debt payment history.*

September 2, 2021 – The Financial Market Commission (CMF) has issued two regulations that improve information on financial system debtors. The first regulation increases the frequency and reduces the timeframes for financial institutions (supervised banks, support companies, and savings and credit cooperatives) to submit their debt files associated with the list of debtors to the Commission. This is to ensure more updated data, which improves the timeliness of the Debt Report compiled by the CMF. Pursuant to Article 14 of the General Banking Act (LGB), said information is available both to debtors and financial institutions legally allowed to access it.

Meanwhile, the second regulation defines the data to be submitted by non-bank credit card issuers, the control measures for its preparation, and how these issuers will manage their lists of debtors. Both were subject to public consultation, with most of the feedback received focused on timeframes to submit debt files and their implementation periods. Accordingly, the timeframes to implement and submit the files were adjusted to allow supervised institutions to perform any technological developments required. They must also maintain an adequate balance between the quality of information received and the degree to which all information available is updated.

Information Submission Frequency

The new regulations increase the frequency for financial institutions to submit their list of debtors from monthly to weekly. Information pertaining to the end of each week — every Friday — and every month shall be submitted to the Commission within 3 business days. The proposed changes represent a significant reduction in the delay of debtor information — from a maximum of 50 calendar days to approximately 16 days.

Sending Consolidated Lists to Supervised Institutions

Both regulations issued intend to allow supervised entities to manage their credit risk better, as well as enabling individuals to access financial products and services under better conditions thanks to a more thorough and up-to-date payment history. Accordingly, financial institutions authorized by law to access consolidated lists of debtors through File R04 will also receive consolidated weekly information as well as that referring to the end of each month — unless the last business day of said month is a Friday.

Given the sensitive nature of information contained in these consolidated lists of debtors, as well as the challenges that an increased submission frequency involves, the CMF also issued a Circular Letter stressing the safeguards to be taken both to generate the information submitted to the Commission and how to use the received lists.

Non-Bank Debtors

The lists of debtors are currently compiled with information submitted by banks, support companies of banking activities, and savings and credit cooperatives supervised by the Commission. The latest amendment to Article 14 of the LGB allows non-bank credit card issuers to receive such lists. For these purposes, they must also submit information about their own debtors.

Implementation

The new regulations consider a differentiated implementation period. The first weekly files must be submitted beginning in the second week of December 2021, starting a trial run that will last until March 2022 for banks, support companies, and savings and credit cooperatives; and until June 2022 for non-bank payment card issuers.

Finally, information contained in consolidated debtor lists is confidential and subject to the provisions of Article 154 of the LGB, which states that such information is strictly reserved. Likewise, its scope is also limited to Article 14 of said Act, both in terms of the lists' content and their recipients, i.e. the same financial entities that submit information.

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