



CMF highlights World Bank's positive assessment of the Chilean financial system

- *The Financial Sector Assessment Program ended with the publication of a report by the World Bank and joins the one issued last December by the International Monetary Fund.*
- *The World Bank report highlights the Chile's progress in market development and financial inclusion, as well as the authorities' coordinated response to the impacts of the sanitary crisis.*

July 20, 2022 — The Financial Market Commission reports the completion of the Financial Sector Assessment Program (FSAP) carried out by the World Bank with the publication of the respective report. This assessment complements the report issued in December 2021 by the International Monetary Fund (IMF) and presents a positive view on the performance of the Chilean financial system.

The World Bank report includes specific analyses focused on financial market development in the areas of competition, digital financial inclusion, green finance, household indebtedness, and consumer protection. To prepare the report, the World Bank began its assessment in August 2021 and required the coordination of teams from the Central Bank of Chile, the Ministry of Finance, the Superintendency of Pensions, and the CMF.

The report states that the Chilean financial market has posted strong growth in terms of diversification, depth, and levels of financial inclusion since an earlier assessment made in 2011. Local authorities also responded with massive, well-coordinated monetary, fiscal, and supervisory policies to face the current sanitary crisis.

As well as stressing the work done by local financial authorities, the World Bank FSAP points out the need to make progress in closing various gaps, some of which were already identified by the Commission. Some of them include the approval of a Fintech Act, a legal framework to supervise financial conglomerates, and strengthen a consolidated debt registry.

Financial Inclusion

The FSAP states Chile has high levels of financial inclusion in relation to its level of economic development, showing less pronounced gaps in areas such as account

ownership between men and women according to income levels or age groups. However, challenges remain in including some population segments that are still underbanked; promoting online payments and digital financial services; and making additional progress in improving the availability of savings products.

Competition and Indebtedness

The report highlights progress made in consumer protection and the strengthening of supervision in recent years. However, it also stresses the importance of protecting low-income sectors, pointing out there are still market practices that can increase over-indebtedness.

In terms of competition, the Chilean market features increased concentration but still has competitive prices observed in terms of interest margin and placement rates. To increase competition and strengthen the regulatory framework even more, it is necessary to improve credit information systems through a complete, consolidated debt registry.

Climate Risks

The World Bank report welcomed the commitment of Chilean authorities to evaluate the impacts of climate change in the financial sector, particularly the work carried out by the CMF to establish a Climate Change Strategy and the formation of a workgroup to integrate climate risk into a supervisory approach for banks, insurance companies, and investment funds.

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