



CMF Chairman Joaquín Cortez presented the 2020 Institutional Public Account

April 30, 2021 – Joaquín Cortez, Chairman of the Financial Market Commission (CMF), presented today the 2020 Institutional Public Account. Due to the Covid-19 pandemic, the address was broadcast to the public remotely through the [CMF website](#).

As of December 2020, the Commission supervised over 7,000 entities representing around 72 percent of the Chilean financial market's assets. These amount to over USD 556 billion, nearly 2.9 times the country's GDP.

Chairman Cortez noted that in 2020 the Commission's Board approved a plan to establish a new institutional structure for the CMF, gradually moving from an industry-based supervision scheme to a model based on two main pillars: Prudential and Market Conduct. This meant replacing the former offices with General Directorates of Regulation and Prudential Supervision and Conduct. In addition, the new framework created three cross-sectional General Directorates: Studies, Statistics & Data; Legal; and Administration & Operations.

Cortez also emphasized that the CMF presented its 2020-22 Strategic Plan last year. It consists of 32 initiatives associated with five key areas: regulation; market conduct supervision; prudential supervision; institutional supervision; and the Commission's sanctioning policy. This Strategic Plan is the Commission's main institutional management tool, reinforcing institutional autonomy, objective-based management, and accountability. "This plan is the institution's roadmap for the next two years, and establishes the mission, vision, values and strategic objectives that will guide the work of both the institution and all the groups within it," stated the Chairman.

Impact of the Covid-19 Pandemic

The Chairman of the CMF said that 2020 was globally influenced by the consequences of the sanitary crisis due to the Covid-19 pandemic. It impacted global growth, mainly because of mobility restrictions implemented by a vast number of countries. Chilean financial markets were initially hit hard, with significant drops in share prices and considerable increases in the cost of financing for banks and businesses.

As a result, the Ministry of Finance, the Central Bank of Chile, and the Financial Market Commission adopted a series of measures to provide liquidity to the market; facilitate access to loans; ease the issuance and placement of securities; and ensure the continuity of operations of financial institutions and companies. Cortez pointed out that the initial tension was reversed, keeping financing costs low and reactivating commercial lending activity.

Prudential and Conduct Supervision

In the area of Prudential Supervision, Chairman Cortez stressed that during 2020 the institution developed a demanding program of inspections focused on the evaluation of risk management and regulatory compliance of the main supervised entities, verifying a high level of compliance with the defined work program.

Regarding Conduct Supervision, it is worth to mention the monitoring of the measures applied by financial institutions due to the Covid-19 pandemic: loan rescheduling; supervision of actions by banks to ensure intangibility of pension fund withdrawals (up to 10 percent of the funds on individual accounts managed by AFPs); and scrutiny of the financial portability process enabled by Law No. 21,236.

The CMF made significant efforts to adapt its operational plans to meet demands arising from the pandemic. These include applying remote supervision methodologies and focusing efforts on monitoring risks potentially aggravated by the sanitary crisis.

Regulatory Improvements

During 2020 the CMF developed a broad agenda of regulatory improvements, including public consultations and regulatory impact reports. This not only complies with its organic law but also aims to promote transparency and encourage participation from the citizenry in such processes.

The regulatory agenda was strongly marked by improvements to address the effects of the pandemic, and by the implementation of Basel III regulations in accordance with the legal timeframes established in Law No. 21,130.

Main Challenges Ahead

Joaquín Cortez mentioned that both the Financial Market Commission and the financial industry face important challenges. Some are strictly sectorial while others are transversal due to the current economic and socio-political situation. Some of the most notable include:

- **Prudential Pillar:** Increase in household indebtedness and risk levels; implementation of Basel III standards; and adoption of IFRS 17 accounting standards by the insurance industry.

- **Market Conduct Pillar:** Incorporation of better corporate ESG practices; monitoring of the new Fraud Act; and the Financial Portability Act.

Check Chairman Cortez's presentation [here](#).

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