



2021 Indebtedness Report

CMF presents an in-depth look at the indebtedness of individuals in Chile

- *CMF Chairman Joaquín Cortez and Nancy Silva, Director of Studies, Statistics & Data, presented the 8th version of this Report, which revealed that the median banking debt in the country reached CLP 1.9 million in 2021.*
- *The Report also highlights that 15.5 percent of people have high levels of financial burden — that is, above half of their monthly income.*

January 11, 2022 — Joaquín Cortez, Chairman of the Financial Market Commission (CMF), and Nancy Silva, Director of Studies, Statistics & Data, presented today the [2021 Indebtedness Report](#). Said Report, which is in its 8th version, aims to provide an in-depth look at the indebtedness of individuals in Chile. It considers data periodically submitted by institutions supervised by the Commission corresponding to individuals with consumer and housing obligations.

The analysis focuses mainly on bank debtors, understood as individuals who have obligations with banks and their support companies. However, both bank and non-bank debt recorded in the Commission's databases is included for such debtors. Additionally, the Report contains an indebtedness review of individuals who have obligations with non-banking card issuers, savings and credit cooperatives, and mutual companies supervised by the CMF.

The report's methodology examines three dimensions of indebtedness:

- **Debt Level:** Money loans granted by financial institutions to natural persons.
- **Financial Burden:** Percentage of monthly income allocated to pay financial obligations.
- **Leverage:** Number of monthly incomes debtors would need to allocate to fully pay their financial obligations.

The median distribution of each variable is used as a representative indicator of results.

Key Findings

Coverage of the 2021 Indebtedness Report is estimated to be equivalent to 84 percent of household obligations in Chile. As of June 2021, representative debt level of bank debtors — defined by a median distribution — reached **1.9 million Chilean pesos**, while the financial burden and leverage ratios were **15.3 percent and 2.96 times income**, respectively.

Compared to the same period last year, **there was a decrease in representative debt, as well as a downward correction in the financial burden and leverage ratios.**

These results are mainly due to policies implemented to address the effects of the Covid-19 pandemic — direct transfers and pension fund withdrawals — and lower interest rates recorded during the first months of last year.

Representative Debt

	2016	2017	2018	2019	2020	2021
Debt (CLP)	1,794,351	2,078,603	2,102,442	2,004,480	2,200,105	1,874,711
Financial Burden (%)	18.7	19.7	19.6	19.0	16.9	15.3
Leverage Index	3.35	3.70	3.66	3.55	3.66	2.96

Debt Levels

According to the 2021 Indebtedness Report, **the segment between 40 and 45 years of age has the highest debt level** — a median ranging from CLP 5.1 to 5.5 million — and shows a high correlation with home purchase decisions. In addition, debt grows alongside the income of evaluated population groups. Accordingly, **individuals whose incomes are over CLP 1.2 million amount to 24.6 percent of all debtors but represent 69.3 percent of total debt.**

In terms of geographic distribution, the northern and southern regions of the country have higher debt indicators than the central region.

Gender-wise, the number of bank debtors is balanced between men and women, though women's debt is about half that of men's — CLP 1.3 million versus 2.9 million, respectively.

High Financial Burden

As of June 2021, **15.5 percent of debtors showed high levels of financial burden** — that is, over half of their monthly income. This figure is like the one observed at the same time last year. Meanwhile, 22.5 percent of debtors recorded a financial burden above 40 percent of their monthly income. Consequently, **247,000 bank**

debtors — 4.95 percent of all debtors — had arrears or unpaid obligations of one or more days.

Challenges

Monitoring individual indebtedness is especially relevant for financial regulators and supervisors. Greater and better access to credit allows individuals to absorb temporary mismatches between income and expenses, which increases their well-being. However, a high debt level can affect their capacity to meet financial commitments and increase their vulnerability to shocks, negatively impacting the stability of the financial system.

Therefore, the 2021 Indebtedness Report stresses the importance of having a **Consolidated Debt Registry** to achieve more accurate consolidated measurements of individual indebtedness. This would allow for more consistent measurements of household debt level distributions and be a valuable tool for loan agents when evaluating their clients, contributing to healthier financial inclusion and development.

Communication, Education & Institutional Image Area — Financial Market Commission (CMF)

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