



## PRESS RELEASE

### Board of the CMF welcomes Congress approval of Act promoting financial inclusion and competition

- *The Act sets a flexible regulatory framework for a series of entities offering financial services which aren't currently regulated or supervised by the Commission. These include crowdfunding platforms, custodians for financial transactions, and intermediation and rerouting of orders.*
- *It also creates a framework to develop a regulated Open Finance System, allowing individuals to share, with prior consent, their financial information to access better products and services.*
- *The Act is the result of a long process that began with working tables organized by the Commission starting in 2018; the submission of a legislative proposal to the Ministry of Finance in 2019; and subsequent legislative work by the Ministry alongside the CMF and the Central Bank of Chile.*
- *Said process received support from international organizations like the IADB, the IMF, and the World Bank. It is based on successful Fintech and Open Finance experiences, both regional and worldwide.*
- *The Board states this new Act places Chile at the forefront of the world in regulating these issues.*

**October 12, 2022** — The Board of the Financial Market Commission (CMF) welcomes the approval and passage into law of the bill promoting competition and financial inclusion through innovation and technology in the provision of financial services, also known as the **Fintech Act**. The Act sets a flexible regulatory framework for a series of entities offering financial services which aren't currently regulated or supervised by the Commission. These include crowdfunding platforms, custodians for financial transactions, and intermediation and rerouting of orders.

"The Act will help the Fintech sector to maintain the significant dynamism it has shown in recent years while addressing potential risks that may arise for investors and clients," stated the Board.

The Fintech Act amends a series of financial system laws to ensure consistency between the regulation of these entities and Fintechs. This means regulatory

requirements proportional to provided services, the size of the entity and the risks assumed, and not according to the technologies used to provide such services. It also creates a legal framework for an Open Finance System that will require a group of financial institutions, subject to express consent of their customers, to make certain types of data available to other industry members.

The Board stressed that "the Open Finance System has the potential to greatly increase competition and innovation in the financial sector, with clear benefits for individuals and businesses. The Act approved by Congress sets very high standards to protect their personal data," including consent given by clients, clear responsibilities of participating institutions regarding security and use for authorized purposes only, and the Commission's broad supervisory powers.

In addition to Fintechs and Open Finance, the Act includes several initiatives to boost the financial sector like allowing the existence of digital banks; simplified debt regimes for smaller companies; and the possibility of simple insurance (inclusive and parametric) to close the coverage gap for certain segments.

The Board declared that the CMF began working to strengthen its internal capacities in recent months to implement in a timely manner and with the necessary consultation timeframes the regulations set forth in the Act, as well as adapting its supervisory framework to enroll and supervise Fintechs and the Open Finance System itself.

The Fintech Act is the result of a long process that began with working tables organized by the Commission starting in 2018; the submission of a legislative proposal to the Ministry of Finance in 2019; and subsequent legislative work by the Ministry alongside the CMF and the Central Bank of Chile. Said process received support from international organizations like the IADB, the IMF, and the World Bank. It is based on successful Fintech and Open Finance experiences, both regional and worldwide. The Board states this new Act places Chile at the forefront of the world in regulating these issues.

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