

**To report computation of consumer loan provisions:**

## **CMF publishes for consultation regulation amending the Information Systems Manual**

- *The consultation involves amending Files C11, C12 and C13, as well as Table 34 of the Information Systems Manual for Banks.*

**July 11, 2024** — The Financial Market Commission (CMF) published for consultation today a regulation amending the Information Systems Manual for Banks (ISMB) to report the computation of consumer loan provisions through the standardized methodology added to the Compendium of Accounting Standards (CAS).

### **Regulation**

The Commission has developed standardized methodologies to determine the probability of 12-month probability of default (PD) and the loss given default (LGD). The product of both allows an estimation of provisions that banks must record in their financial statements. Until 2023, said methodologies applied only to the commercial and housing portfolios, but the CMF expanded the regulation to include a new standardized approach applicable to consumer loan provisions in March 2024.

The regulation published for consultation today introduces amendments to the ISMB to compile data on the computation of consumer loan provisions under the new standard, as well methods developed internally by financial institutions. The main adjustments include:

- File C12: Adds a new registry to report consumer loan provisions considering both standardized and internal methodologies.
- File C13: Includes a new registry like that of File C12's for consumer leasing operations.
- ISMB Table 34: Adds a new code to specifically identify loans destined to financing vehicles for private use.

These adjustments will allow the Commission to monitor and supervise the computation of provisions effectively, ensuring robust and uniform credit risk management in the banking sector.

The regulation would become effective as of December 2024, allowing institutions to conduct operational tests and validations prior to the official implementation of the standardized approach in January 2025.

### **Impact**

The new standardized approach requires a massive processing of information to timely estimate provisions for the consumer portfolio. The regulation published today for consultation would imply ordering and submitting information already available in banks' internal systems to the Commission. Costs for the CMF will be related to technological upgrades and new validations.

Nevertheless, these amendments to the ISMB are essential to adequately implement the new standard matrix; allow an effective supervision and monitoring of the risk of consumer transactions; and improving the banking system's capacity to deal with situations of financial stress.

Interested parties can access the [Draft Rules & Norms](#) section of the CMF website to check the regulatory proposal in detail. Additionally, the CMF makes available the corresponding [Regulatory Report](#) evaluating the impact of this proposal.

\*\*\*\*

**Area of Communications, Education & Image — Financial Market Commission (CMF)**

**Contact:** [prensa@cmfchile.cl](mailto:prensa@cmfchile.cl) | [Press Room](#) | [Subscribe to Relevant CMF Information](#)

| X: [@CMFChile](#) [@CMF\\_Educa](#) [@CMF\\_HEsenciales](#) | LinkedIn: [CMF](#)