

Chile Financial Sector Assessment

# HOUSEHOLD INDEBTEDNESS AND FINANCIAL CONSUMER PROTECTION

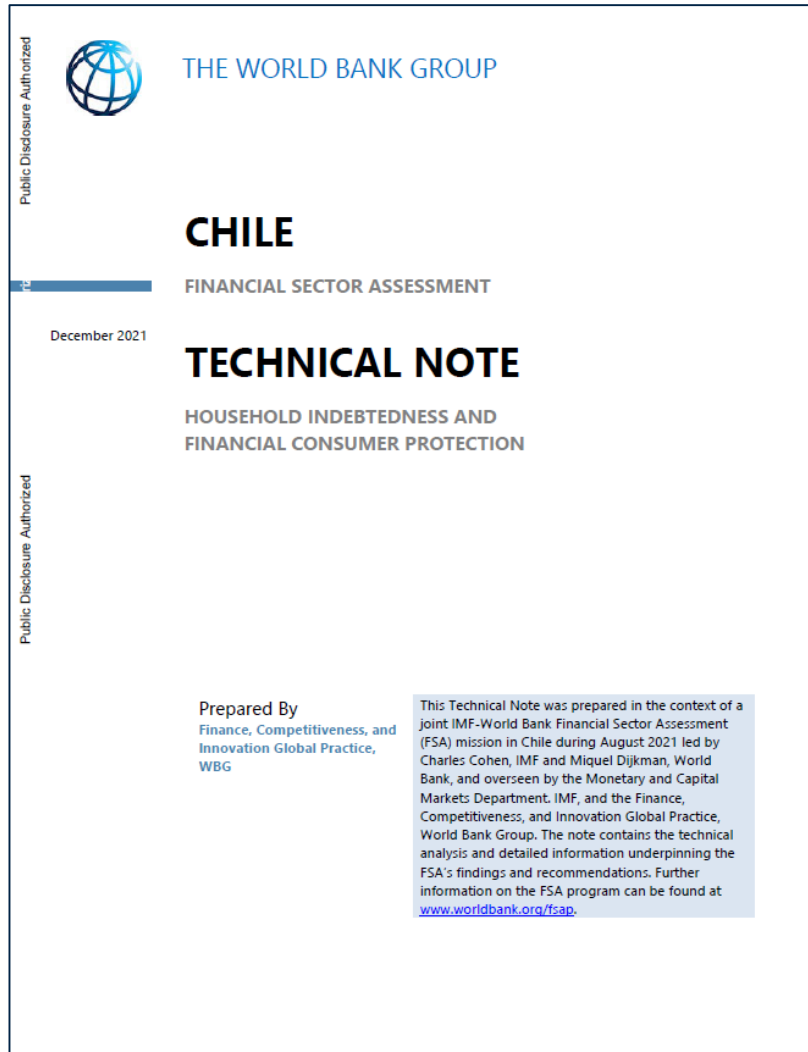
## KEY FINDINGS AND RECOMMENDATIONS

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# Review of household indebtedness & consumer protection



Household Indebtedness and  
Financial Consumer Protection  
December 2021 Technical Note  
available at  
<https://openknowledge.worldbank.org/handle/10986/37750>

# Agenda

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## ➤ Household indebtedness – consumer protection perspective

- Focus of review
- Context and relevant developments

## ➤ Key findings and recommendations

- Consumer credit affordability and suitability, debt collection
- Consumer credit-related sales practices
- Consumer credit regulation and supervision

## ➤ Questions

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# 01

## **Household indebtedness in Chile – consumer protection perspective**



**Focus on household indebtedness issues from a consumer protection perspective**



**Household indebtedness prior to the pandemic**



**Impact of the pandemic and temporary interventions on household indebtedness**



**Existing financial consumer protection regulation and supervision efforts**

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# 02

## Key findings and recommendations

# Consumer credit affordability and suitability

## Findings

- Credit affordability
- Credit suitability
- Credit information
- Debt collection

## Recommendations

- Credit worthiness assessment and suitability requirements
- Credit information coverage and access gaps
- Proportionate product design requirements
- Supervisory focus on debt collection

# Consumer credit-related sales practices

## Findings

- Credit sales and marketing
- Sales incentives
- Selling of bundled credit protection insurance

## Recommendations

- Unsolicited credit marketing rules
- Conflicts of interest mitigation
- Credit protection insurance sales requirements
- Supervisory focus on credit protection insurance sales and suitability



# Consumer credit regulation and supervision

## Findings

- Comprehensive supervisory view / coverage of consumer credit providers lacking
- Supervisory and regulatory overlaps and differential treatment

## Recommendations

- Licensing / registration framework for all consumer credit providers
- Review of financial consumer protection supervision arrangements to ensure long term appropriateness and effectiveness

# Questions?

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# Thank you