



## CMF Chairman Joaquín Cortez spoke at Chile Day Global 2021

- *The Chairman addressed recent developments in the financial market during the Covid-19 pandemic and the impact of mitigation measures adopted by financial authorities.*
- *He also detailed the main risks that persist for the financial system, the progress made in terms of supervision, and regulatory challenges.*

**March 9, 2021** – Joaquín Cortez, Chairman of the Financial Market Commission (CMF), spoke today at [Chile Day Global 2021](#). Said event is organized by the Ministry of Finance and InBest Chile and will be held remotely this year between March 1 and 12.

In his [presentation](#), Chairman Cortez addressed the most recent financial market developments, noting that the start of the Covid-19 vaccination process supports better expectations for an economic recovery, albeit in a context of high uncertainty. **Mr. Cortez also highlighted the coordinated measures adopted by the Ministry of Finance, the Central Bank of Chile, and the CMF.** These measures are aimed to provide liquidity, facilitate access to credit, ensure the operational continuity of financial institutions, and closely monitor and evaluate risks.

**Among the main risks for the financial system**, the Chairman stated that a slower economic recovery due to an increase in Covid-19 cases, with a more prolonged impact on some economic sectors, would affect job creation more persistently and could raise credit risks. He also argued that higher debt indicators make companies more vulnerable to higher risk scenarios, while a more polarized political context could bring more uncertainty to investment.

Mr. Cortez added that the CMF's supervisory efforts have focused on risk-based supervision, stress testing, increased remote supervision, and close coordination with economic authorities through the Financial Stability Board.

**Regarding regulatory challenges**, the Chairman of the CMF mentioned the beginning of a gradual Basel III standards implementation, whose regulatory process the Commission completed in December 2020; moving towards a risk-based supervision model for the insurance industry; a consolidated debts registry; adoption

of IFRS standards; the Fintech Act; and advancing towards a bank resolution framework, among others.

**Financial sector developments**  
**Vaccination progress gives hope for 2021**

- **At the onset of the pandemic, local financial markets were hard hit.** Stock prices dropped significantly and the cost of financing for banks and companies increased.
- **Aggressive liquidity provision and several mitigation policies helped revert trend.** These measures have supported low funding costs, keeping bank and corporate bonds issuance flows active.
- **Regarding bank credit, commercial loans have performed countercyclically** during the pandemic, largely due to the FOGAPE-COVID program and the Conditional Financing Facility for Increased Loans (FCIC).
- **Consumer loans fell significantly during 2020.** Household income relief measures and the withdrawal of portions of savings from pension funds may have reduced the demand for loans.
- **Recently, positive news about the progress of vaccination in Chile has supported the expectations** of economic recovery. However, uncertainty remains high.

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