



Changes in the model of generation and broadcasting of statistical information at the SBIF

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Agenda

An overview of Chilean banks' statistics

Challenges regarding the generation and broadcasting of financial statistics

Case of study:
Interest rate cap and the widening of the regulatory perimeter

An overview of Chilean banks' statistics

The General Banking Act (GBA) gives the Superintendency of Banks and Financial Institutions (SBIF) the power to access relevant information of supervised entities



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- According to the GBA, the SBIF is in charge of the supervision of all banking enterprises (Art.2):
 - In pursuing its duty, it “has the authority to examine and request any information it may deem convenient” (Art. 12)
 - ...but it has restrictions to broadcast or share information subject to banking reserve or secrecy.
- For non bank supervised institutions, the scope of information access depends on the special law that increased the SBIF’s regulatory perimeter.



Standardized information requirements for banks are structured in the different chapters of the SBIF's "Information System Handbook"

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- The handbook has four main sections:
 - Accounting and liquidity reports.
 - Credits and deposits.
 - Banks' products.
 - Others.
- On top of that, the SBIF might require from banks non standardized reports.



SBIF Information System Handbook Map



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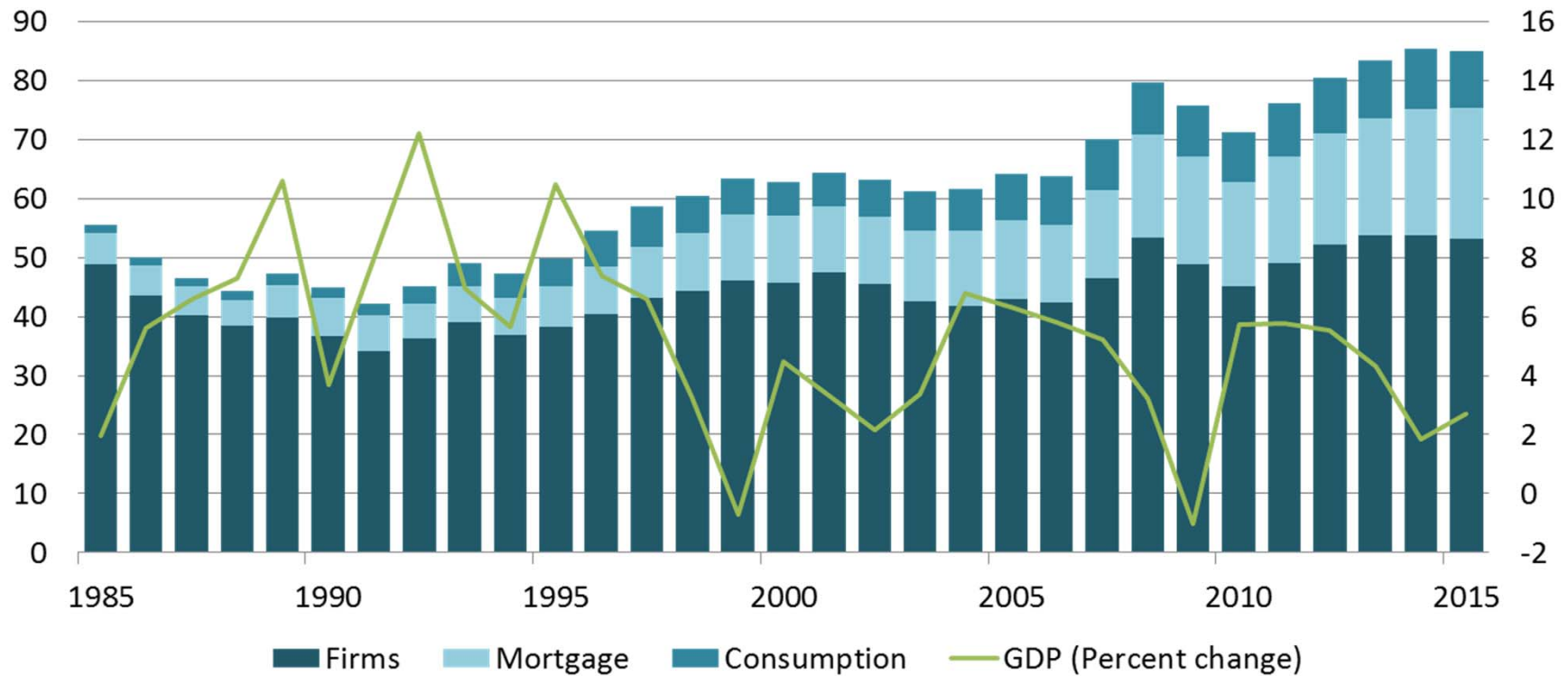
	Financial statements	Products	Means of payment	Access and use of financial services
Type of entity	Banks and cooperatives	Banks, cooperatives and credit card issuers	Banks, cooperatives and credit card issuers	Banks
Type of information	IFRS financial statements	Deposits and loans	Checks, credit and debit cards	ITM, internet banking and physical branches
Measure	On balance and contingent credits, credit risk, efficiency, solvency, liquidity and profitability indexes.	Stocks and flows of transactions, number of transactions, number and amount of current accounts, number of debtors, interest rates	number and amount of transactions, number of means of payments	Number of available channels, number and value of operations by channel, number of branches
Detail	By financial institution	Financial institution, type of product, gender, geographical distribution, denomination, size of firm, economic activity, delinquency, etc.	Financial institution, geographical distribution, type of client	Financial institution, geographical distribution
Frequency	Monthly (liquidity on a weekly frequency)	Monthly, quarterly	Monthly	Monthly



Evolution of Chilean banks credits at a glance

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Loans to GDP
(percentage)



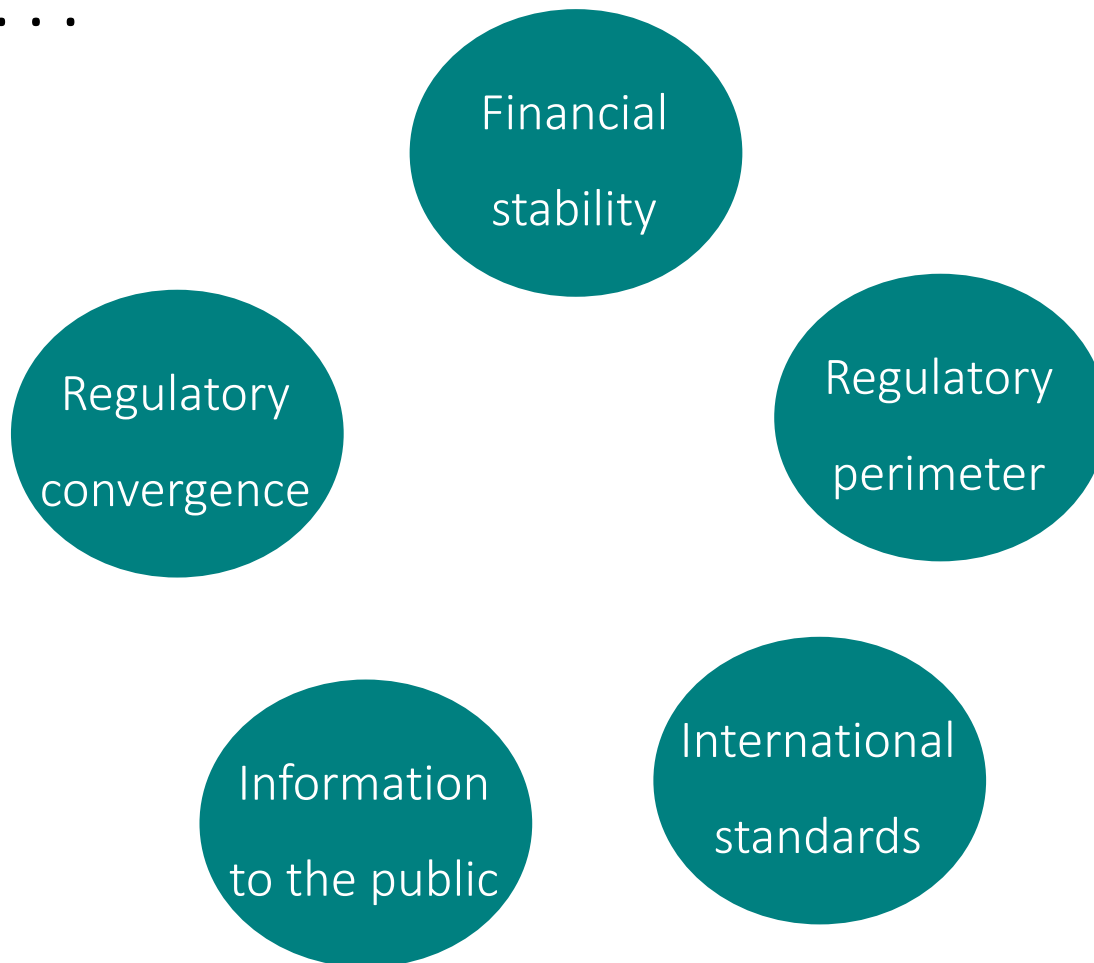
Source: SBIF and Central Bank of Chile.



Challenges regarding the generation and broadcasting of financial statistics

Main drivers behind the changes in the model of generation and broadcasting of statistical information at the SBIF

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Financial stability: the subprime crisis put into relevance the need for a constant monitoring of financial variables in order to build early warning systems



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- Now a financial stability centered approach prevails with focus on:
 - Systemic risks.
 - The developing of early warning systems.
 - Scenario analysis: by bank and by class of exposure.
- The frequency of submission has been reduced in several files and new reporting systems have been created.
- Revisioning historical information: it has derived in the development of comparable time series and in an improvement on data quality.
- New institutions have been created with a shared mandate on financial stability. E.g.: CEF law in 2014.



Changes to international standards and regulatory convergence create the need to produce comparable/standardized information

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- Banks were the first institutions in adopting IFRS in Chile (2006-2011).
- Chile's new membership in multilateral organization creates a commitment to generate standardized statistics:
 - Since 2010 Chile is a member of the OECD.
 - In 2014 Chile was invited as an observer of the BCBS.
- Regulatory convergence:
 - New liquidity regulation implies to measure LCR and NSFR.
 - Changes to the GBA to adapt Basel III capital requirements.



Regulatory perimeter: a growing perimeter challenges the way in which information is gathered, processed and broadcasted

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- Non-bank credit card issuers.
- Big scale money credit providers subject to supervision under the new interest rate cap (IRC) law.
- New banks.
- New focus: ATM cash provisioning standards/statistics.
- Project to authorize non-bank prepaid card issuers.
- Credit bureau?



Information to the public: the SBIF compromise on financial education translates into making available to the public high value, non-standard information



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- Gender statistics in the banking sector (ECLAC case of study).
- Indebtedness in the banking sector (by gender, income, age).
- Low value payment system statistics.
- Financial inclusion statistics.
- Interest rate reports associated to the new IRC law.



All this translates into the need for prioritizing and optimizing resources

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- Flexibility to adapt to new scenarios and a changing scope.
- Comparability of data provided by (very) different reporting sources.
- Stricter protocols on data quality:
 - Time series/ panel analysis to check consistency.
 - Use of sanctioning mechanisms to signal the relevance of good reporting.
- Human resources: a multidisciplinary team is required (statistician, economist, IT experts).



Case of study:
Interest rate cap and the widening of the regulatory
perimeter

A new interest rate cap (IRC) law was issued in 2013, in response to long-dated consumer related problems



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- A low degree of financial education among financial product consumers generated asymmetries of information that translated into high interest rates and hidden costs:
 - SBIF was appointed to publish new interest rate related information
 - Biannual report on interest rates by product/institutions:
Important differences detected!
 - Quarterly report on payroll deductions (mainly non banks).
 - This required to generate new information systems and “to educate” new reporters.



A new interest rate cap (IRC) law was issued in 2013, in response to long-dated consumer related problems (cont.)

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- There was no administrative authority in charge of supervising compliance: SBIF was appointed to this task, with more than 80 new entities under supervision (excluding banks and cooperatives).
- The new formulae to compute IRC implies a gradual reduction on IRC, segmented by the size, denomination and term of the operation and includes a counter-cyclical adjustment factor.



A new interest rate cap (IRC) law was issued in 2013, in response to long-dated consumer related problems (cont.)

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- This new rule might translate into credit rationing: SBIF was appointed to evaluate the impact during the 3 first years of implementation
 - On credit access.
 - On benefits to credit users.
 - On the implementation costs to the supervisor and the (new) supervised entities.

- Full report at http://www.sbif.cl/sbifweb3/internet/archivos/publicacion_10709.pdf





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