

**III Meeting of the Financial Information Forum of
Latin American and Caribbean Central Banks**

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Dear ladies and gentlemen,

I am pleased to welcome you to the third Financial Information Forum held within the framework of the activities led by the Center for Latin American Monetary Studies (CEMLA), with the support, on this occasion, of the Central Bank of Chile. We look forward to the active participation of representatives of central banks, financial superintendencies and international organizations.

The Central Bank of Chile has participated in this process since its inception, as we believe it provides an opportunity to share experiences regarding the work being done to bridge the financial information gaps that were identified during the latest international financial crisis with other countries in the region and with those who collaborate in this initiative. It also provides a space for cooperation among institutions. In particular, we have benefited from the technical collaboration we received in the first half of this year, when Banco de Portugal evaluated our statistical practices. I take this opportunity to thank them for their willingness, professionalism and the final report that included important recommendations that are already underway.

The advances of recent years in terms of extending the coverage of the analysis from the banking sector, institutional investors and supervised companies to other companies and households, pose new challenges in the area of financial information such as: having Central Balance Sheet Data that includes information from the financial statements of unsupervised companies, as well as the sharing of data between State-run agencies and regulators; and have a background showing the progress in the area of financial inclusion, are topics that will be addressed during this day and a half in this Forum.

With regard to Central Balance Sheet Data, which is the subject of the first session, it will be very useful to learn about the experiences of Spain and Portugal, which we are certain, will contribute to successfully point in the right direction the work to be carried out in this area by the various central banks to strengthen their analysis of financial stability, improving the financial knowledge of companies belonging to different economic sectors. In particular, the Central Balance Sheet Data permits analyzing their financing structure, highlighting their exposure to the banking sector, and quantify credit among non-financial companies. In addition, Central Balance Sheet Data allows identifying the effects of monetary and / or financial policy measures on the indebtedness and results of these companies. To be successful in establishing a Central

Balance Sheet Office, we believe we need a legal framework that allows us to request this information from companies, facilitate the delivery of this information, take the necessary measures to safeguard the confidentiality of the reports and provide them access to aggregate information that is useful to them.

Also, this session explores other sources of microeconomic information. Actually, we will learn about the United States' experience in measuring household wealth using cash flow statistics.

The second part of this Forum will address the exchange of information among regulators and supervisors ("Data Sharing") and how to promote it in light of its benefits in terms of synergies and efficiencies in the collection and analysis of financial information. In this area, we believe that having a shared information infrastructure allows, on the one hand, to develop indicators to warn and enable supervisors to take preventive and timely measures to mitigate harmful effects of the destruction of financial assets on our countries and, at the same time, reduce the burden on parties providing information, in an environment that demands increasingly granular information.

On this topic, we will learn from the experiences of Colombia, Mexico, the UK, Portugal and the BIS, which I am sure will be of high interest. These presentations will account for the challenges of having and accessing the microdata collected by different institutions. Thus, the main sources of information used by the Banco de la República de Colombia will be presented, the efforts they are making to ensure efficient exchange and the barriers they still face. Banco de Mexico will share the learning instances and the actions they have implemented after the crisis of 1994-1995, the current scheme for sharing information and the challenges they see, both legal and for the diffusion and use of the compiled information. Also, based on practical examples of the use of granular information, we will learn of the benefits in the analysis obtained by the Bank of England in promoting the exchange of information among market agents. Banco de Portugal will present the most relevant principles to be considered in the exchange of information within the Bank and within the European Union --in particular with regard to granular information on loans, within the framework of the AnaCredit project, led by the European Central Bank-- and the benefits they expect from it. Finally, the BIS will present its vision about the advantages of sharing information and how it should meet the needs of different users of statistics, for example, to establish interconnections across markets, shock propagation and the creation of global-level indicators.

The third session will address financial inclusion. This issue has become increasingly important globally because of its impact on the well-being of the population and the economic development of countries. In this session, which will be led by the Superintendent of Banks and Financial Institutions of Chile, Mr. Eric Parrado, we will review the experiences of Spain, Chile, Argentina and Paraguay. In particular, the Spain representative will describe the methodology and main characteristics of their financial competence survey, which seeks to measure the level of education and financial knowledge of the Spanish adult population. Secondly, we will know the role of the Chilean Superintendency of Banks and Financial Institutions and the strategy adopted to address and boost financial inclusion in our country. Then, the representative from Banco Central de la República Argentina will outline the main measures taken to increase the

people's bancarization. Finally, the representative of the Superintendency of Banks of Paraguay will present the results of their latest National Survey on Financial Inclusion.

In the same line of financial inclusion, let me point out to you a topic that I consider very important and which I believe should be included in the future agenda of this Forum. I am referring to the potential impact of FinTech --or technology-driven innovations in financial services-- on the future of central banking and how to be one step ahead, given its possible consequences on monetary policy and financial stability. This, in a context where a significant part of the Latin American population still lacks access to financial services. From electronic means of payment to formal savings in financial institutions to access to credit. It seems to me that this is where FinTech's innovations could contribute significantly to our region's development.

FinTech can compete with traditional financial providers in areas such as payment systems, trading, custody, asset management and loan intermediation, among others, and its benefits can be significant. Indeed, for financial stability, crowdfunding and platforms that allow P2P transactions without intermediaries can reduce systemic risk, since they do not result in the creation of money that banking intermediation generates. In addition, there are gains for emerging economies in areas such as: (i) universal access to financial services for consumers and small entrepreneurs; (ii) greater security in the transactions and remittances of the most vulnerable sectors of the population; (iii) greater competition and less concentrated financial sectors; and (iv) reduced costs of becoming part of the formal economy.

Similarly, technologies associated with FinTech, such as "distributed ledgers", can make financial infrastructures more efficient by speeding up transaction clearing --and, therefore, reducing the need for collateral and increasing liquidity-- along with reducing operating costs.

Accordingly, regulation and policy formulation must consider these changes in a timely manner, for which it is very important to have information and statistics that allow making a good diagnosis, to define public and private initiatives that improve access to financial services, payment system infrastructures and cyber-security of information and databases. If the above is important for creating public policies in general, when it comes to FinTech, there is the added difficulty of formulating policies, given the unregulated nature of many of these innovations. This is a challenge for the financial authorities, and to resolve it the instances of coordination and communication such as this Forum can be quite valuable.

The main asset of central banks is their credibility, so being able to understand FinTech's innovations and ensure their contribution to economic stability and growth is crucial to maintain this confidence.

In conclusion, I would like this meeting to be very fruitful and a forum for the central banks of Latin America and the Caribbean, in which we will learn from the experience of other economies, as well as the state of progress of some member countries of CEMLA in Central Balances Sheet, Data Sharing and Financial Inclusion. With regard to the Forum, I hope that it will continue to strengthen and I wish to express our commitment and support to the management of this

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Forum, together with reaffirming our willingness to cooperate in the areas required to ensure that our region gradually adopts international standards on availability of and access to financial information.