

November 18<sup>th</sup>, 2020

## Professor Luigi Zingales will provide recommendations to increase competition in Chile's financial market

**Santiago, November 18<sup>th</sup>, 2020.** The Ministry of Finance announced this week that it has requested Professor Luigi Zingales from the University of Chicago Booth School of Business to provide a report with recommendations to increase competition in Chile's financial market.

The level of competition in any financial sector is an important factor in the efficiency and production of financial services, the quality of financial products, and the degree of innovation in the sector. In this context, the report to be delivered by Professor Zingales will identify the role regulatory barriers-to-entry might play in preventing competition in the financial sector, considering that the removal of bottlenecks may enhance competition and therefore promote growth.

In addition, the report aims to analyze how the interconnections between the financial and non-financial sectors in Chile enhance or jeopardize an effective allocation of financial resources. In particular, the study will consider the role of large conglomerates in Chile that have a presence in the financial and real sectors that, in turn, may hinder the development of a more competitive market. More specifically, the report should address how the current degree of competition in Chile's financial sector may be limiting competition in the broader economy.

Based on the previous findings, the report will provide valuable and concrete proposals that contribute to enhance competition in the financial sector. The proposals should identify specific regulatory and non-regulatory barriers and how they may be modified to foster the entry of new players.

The study will have the financial support of the Inter-American Development Bank and is expected to be completed during the second quarter of 2021.

### Efforts of the Ministry to Strengthen Competition in the Local Financial Market

Professor Zingales' report complements the efforts that the Ministry of Finance has made over time increase competition in the local financial market. Recently, the Ministry led the approval of the Financial Portability Law, which allows individuals and small companies to change their provider of financial products.



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The Ministry also recently announced that it is working on an agenda to develop a regulatory framework that promotes the development of Fintech and Open Banking initiatives in Chile, in coordination with the Central Bank of Chile and the Financial Market Commission.

### Professor Luigi Zingales

Luigi Zingales has a Ph.D. in Economics from the Massachusetts Institute of Technology (MIT) and is a professor of finance at the University of Chicago Booth School of Business. He is recognized as one of the world's leading experts on finance and is the author of several seminal articles on finance and also the author of the book *Saving Capitalism from the Capitalists*.

