Conclusions of the 72nd Session of the Committee for the Coordination and Follow-Up of the Financial System

Conclusions of the 72nd Session of the Committee for the Coordination and Follow-Up of the Financial System At today's meeting, the Committee for the Coordination and Follow-up of the Financial System, formed by the Minister of Finance, the Governor of Banco de la República (the Central Bank of Colombia), the Financial Superintendent, and the Director of the Fund for Guarantees for Financial Institutions (Fogafin) analyzed aspects which from the perspective of the stability of the financial system require surveillance by the Financial Safety Network.

Credit Portfolio

The members of the Committee agree that there is reasonable certainty concerning the sustainability of the credit portfolio in the medium term, justified by the analysis of the main portfolio indicators and the follow-up and implementation of surveillance strategies, all of which allow to give a message of reassurance regarding its performance. Particularly, it is noteworthy that portfolio growth continues to be positive, and its rates of arrears at tolerable levels.

Situation concerning Oil, US Dollar, and COVID-19

As part of its surveillance strategy over emerging risks in the financial system, the members of the Committee assessed the information on the balance composition of the system. Specifically, they highlighted:

- That the diversification of the portfolios of different financial institutions acts as a protection facing a strong devaluation scenario.
- No liquidity pressures are observed that require the activation of special protocols.
- The low participation of the portfolio in foreign currency (9.4%) and of credit in sectors that could potentially be impacted by the situation, (i.e., oil and hydrocarbons, 0.5%; tourism and accommodation, 0.8%; air, land and/or sea transport, 1.04%).

Additionally, the Committee analyzed different scenarios of liquidity, market, foreign exchange and credit risks by simulating macro and microeconomic shocks, concluding that the financial sector shows strength and resilience through its indicators and risk management.

General Conclusions

The members of the Committee conclude that, although there are elements generating uncertainty in the market, the system is able to maintain its financial activity without apparent setbacks. However, as part of the policy for prevention and continuous surveillance, the authorities participating in the Committee will maintain their follow-up schemes active permanently to anticipate possible changes in the performance of the main variables, thus being able to take timely and coordinated measures. The institutions that make up the Committee for the Coordination and Follow-Up of the Financial System have the tools necessary to deal with significant deviations in the current conditions that pose a greater risk to the stability of the financial system. Following international best practices as well as the recommendations of the Mission for the Capital Market, a press release with the

main conclusions of the quarterly meetings of the Committee will be published henceforth.

Fuente: https://www.banrep.gov.co/en/conclusions-72nd-session-committee-coordination-and-follow-financial-system