



Fondo de Garantías de Instituciones Financieras

The Changing Business Environment for Deposit Insurance in Colombia

DICJ-IADI International Conference

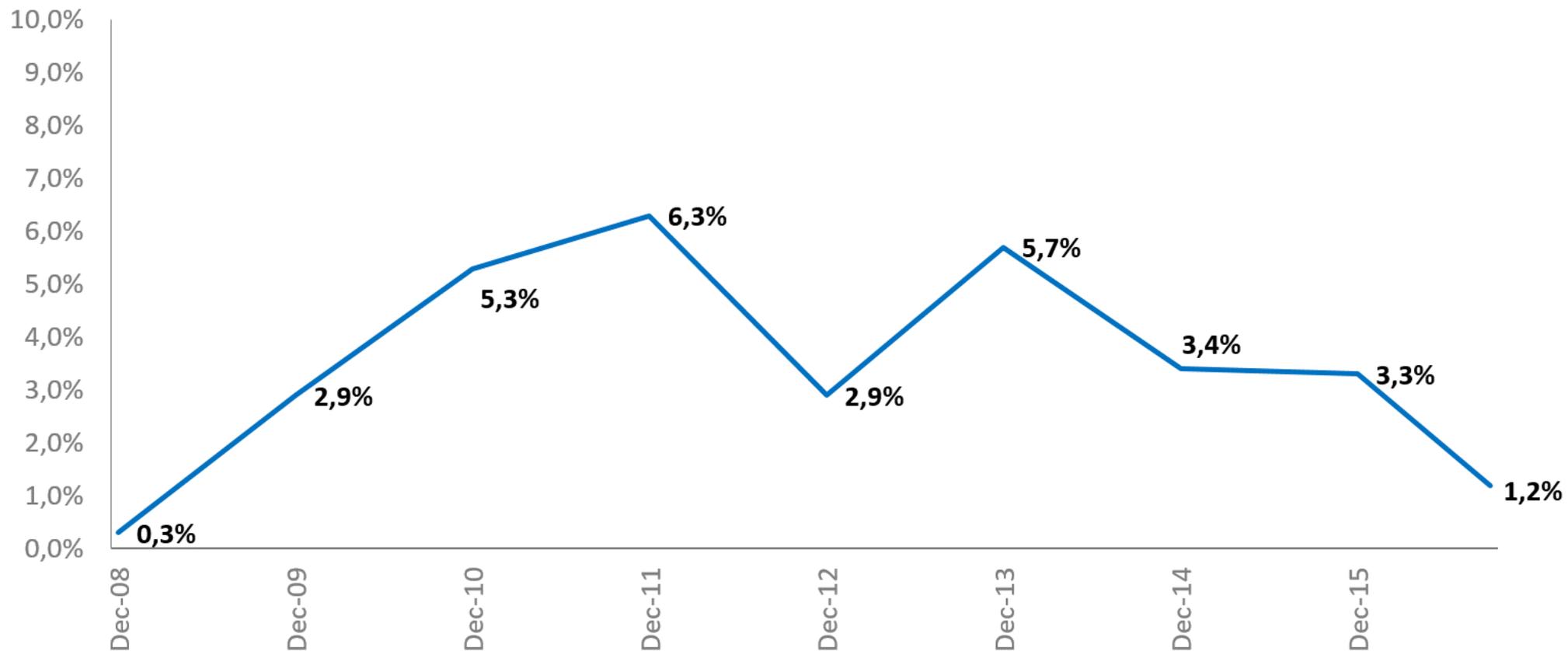
February 16th, 2017



- I. **Colombia – The macroeconomic environment**
- II. Evolution of the Colombian banking system 2008 – 2016
- III. How Fogafin reacted to the current environment

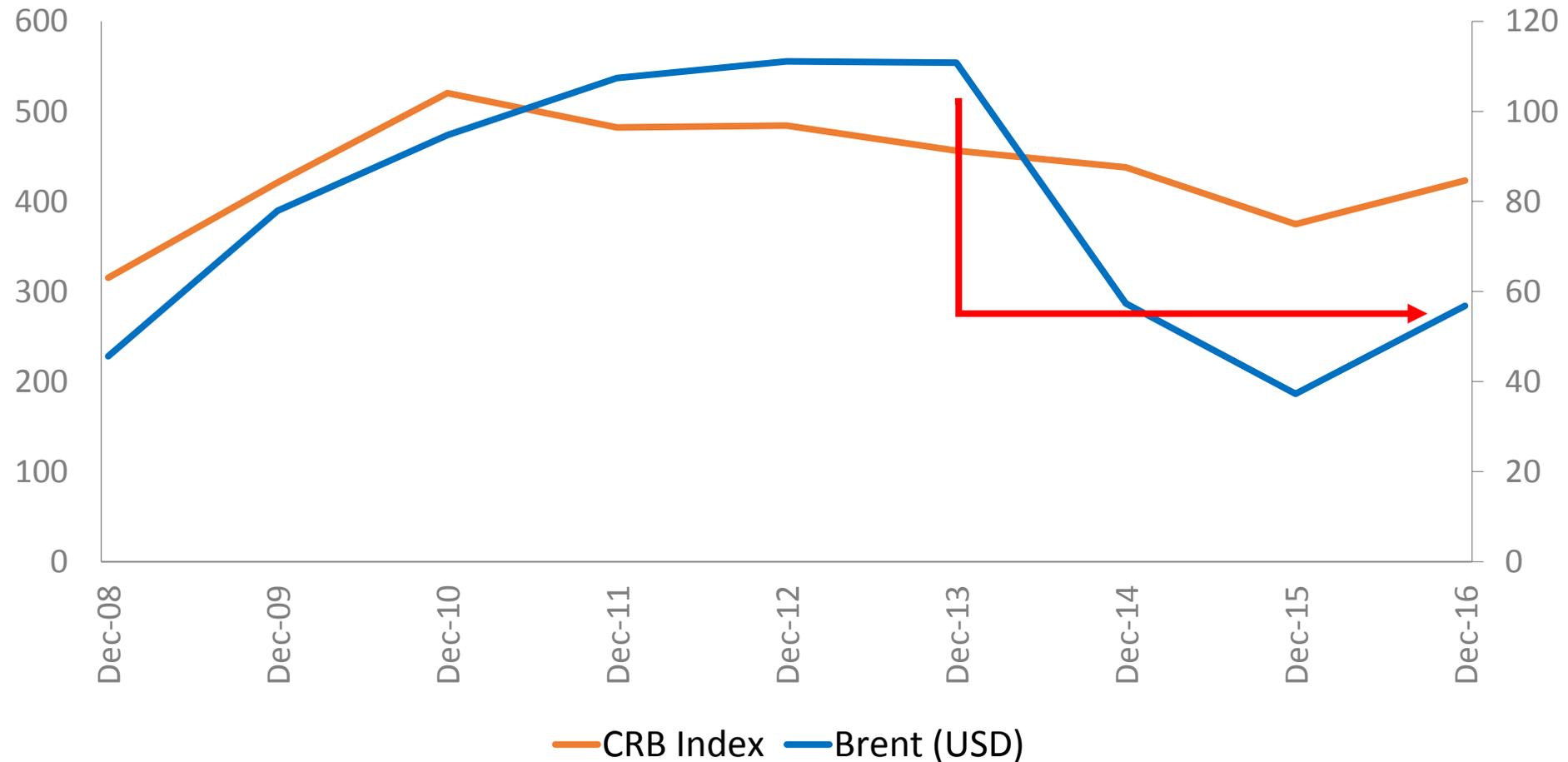
Colombia, as well as other countries in the Latin America, evidences a *economic slowdown* given the weakness of its exports and the fluctuation of commodities.

Gross Domestic Product (YoY %)



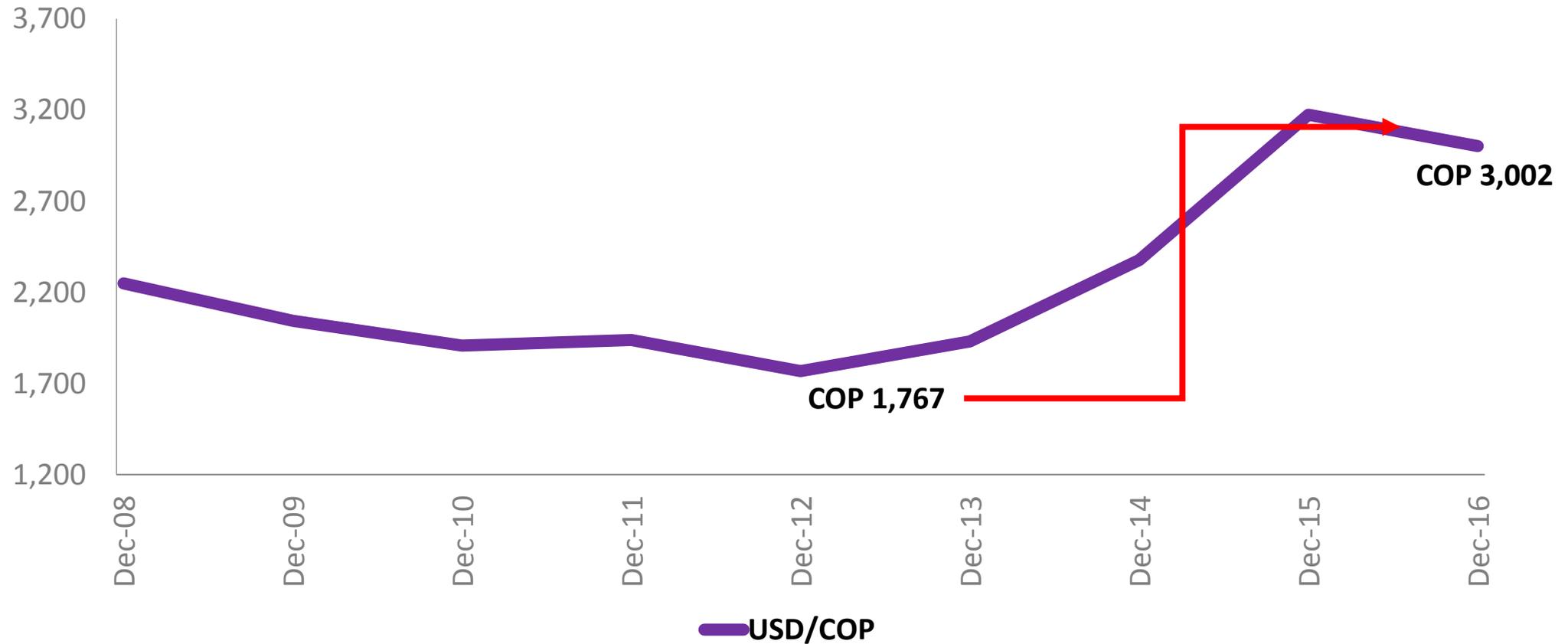
Source: Bloomberg.

Commodities



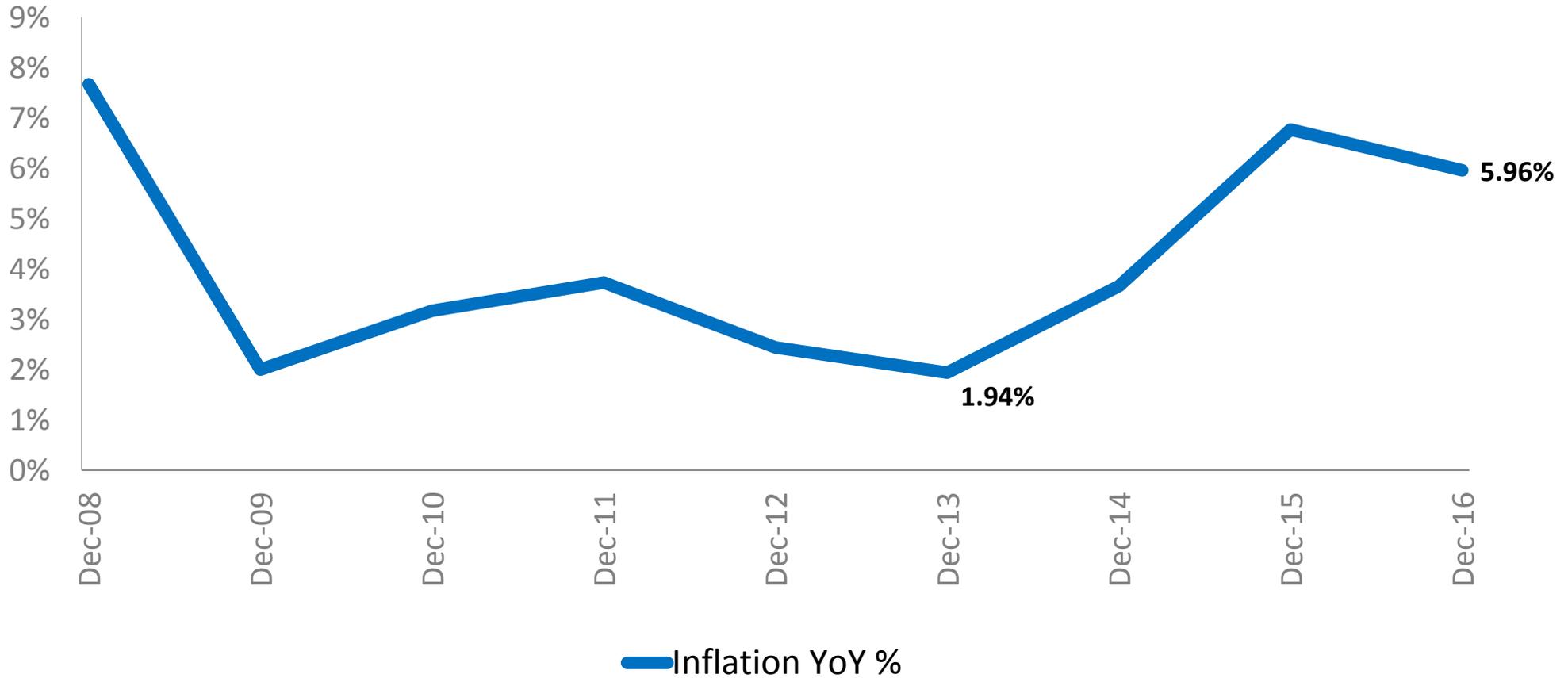
Source: Bloomberg.

Currency Exchange



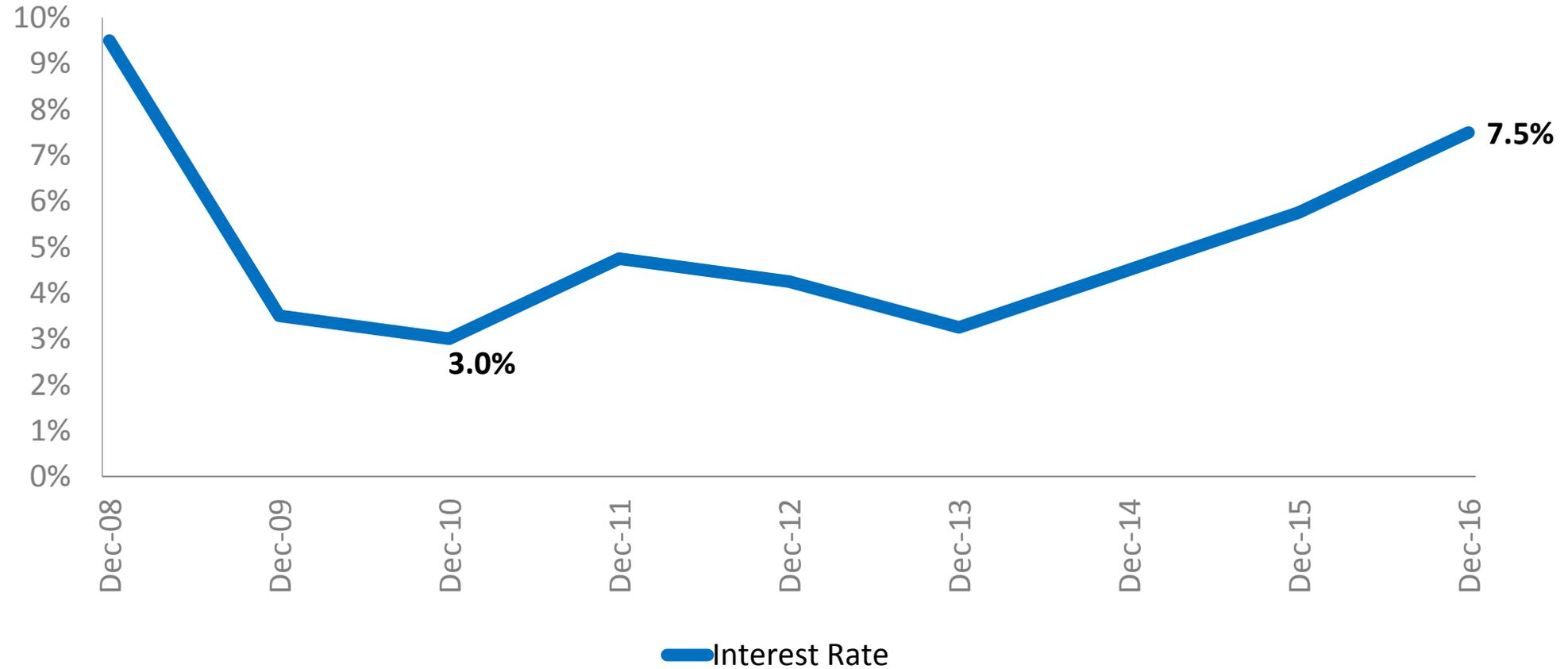
Source: Bloomberg.

Inflation



Source: Bloomberg.

Central Bank Interest Rates



Source: Bloomberg.

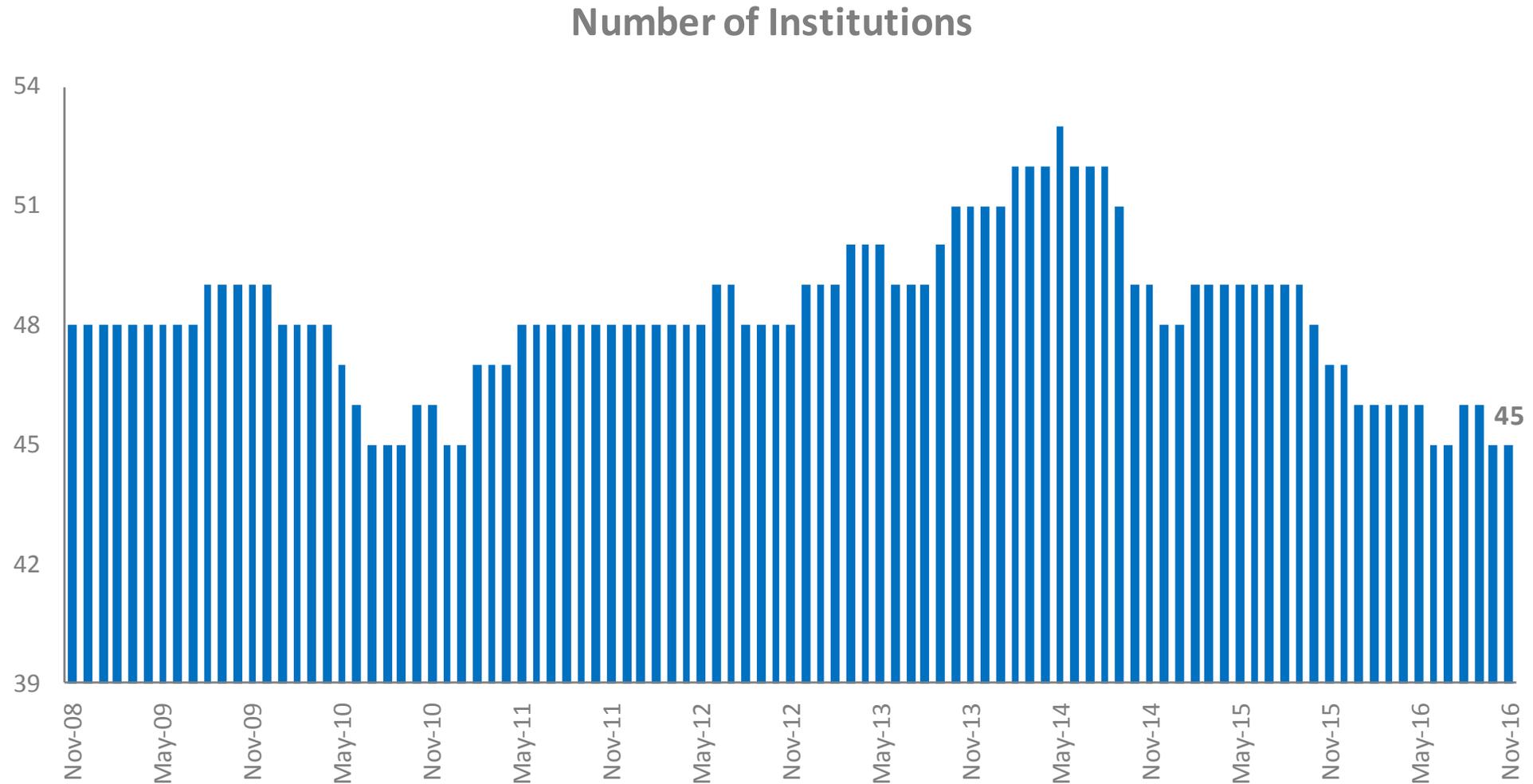
AGENDA

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The Colombian financial system at a glance

- Colombia has a **large and diversified financial system** compared with peer countries, with **significant cross-border institutions** and large mixed function conglomerates.
- The four largest banking groups are considered systemic, and account for over **70 percent of banking assets**.
 - Of these four groups, the top three are domestic and privately owned (D-SIFIs). These banks are also regionally systemic financial institutions in Central America
 - G-SIFIs have a small presence in Colombia
- These large groups are part of **mixed-function conglomerates**, with significant financial interests besides banking.

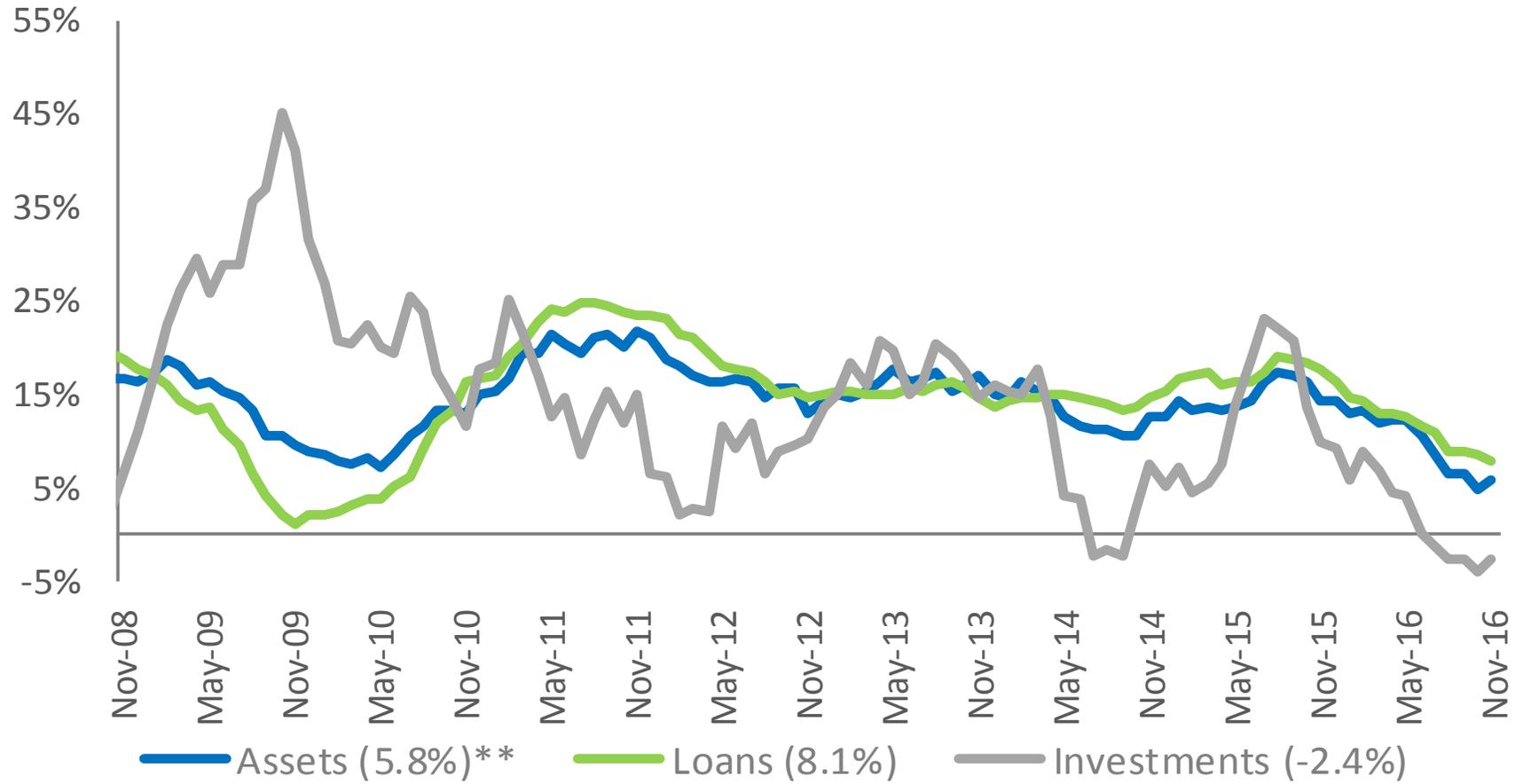
Number of financial institutions



Source: Financial Supervisor CO

Assets

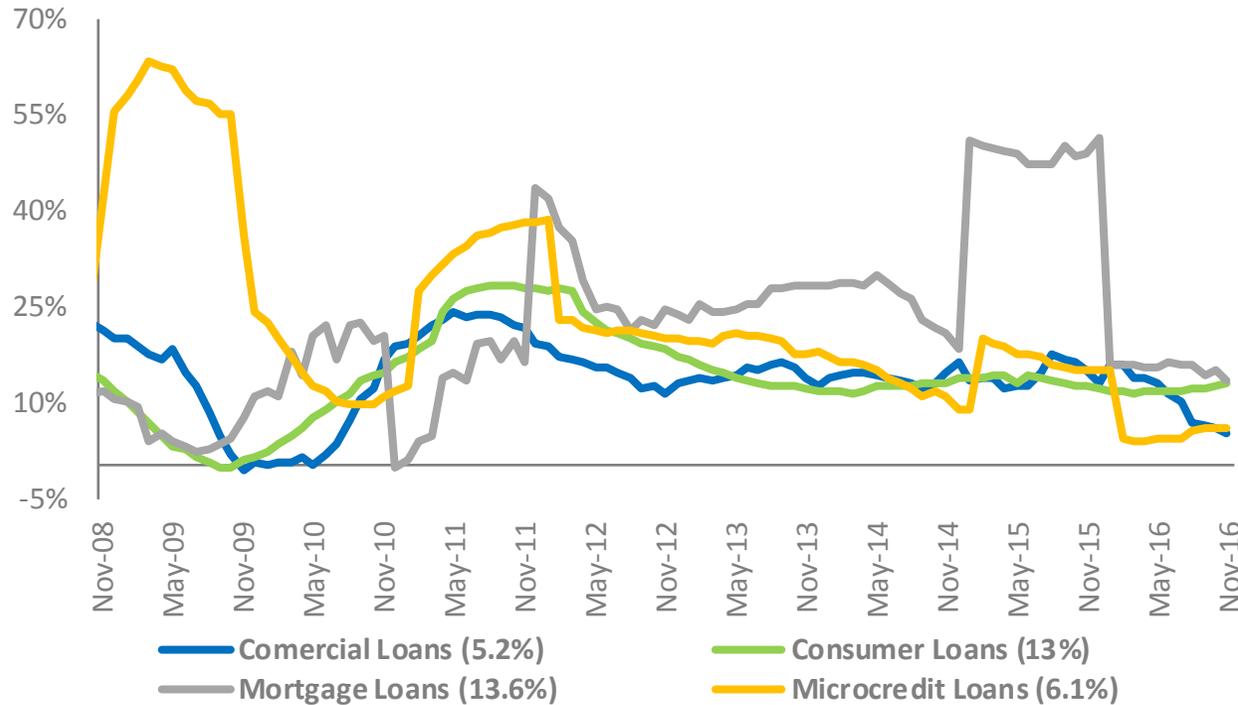
Annual Growth of Assets



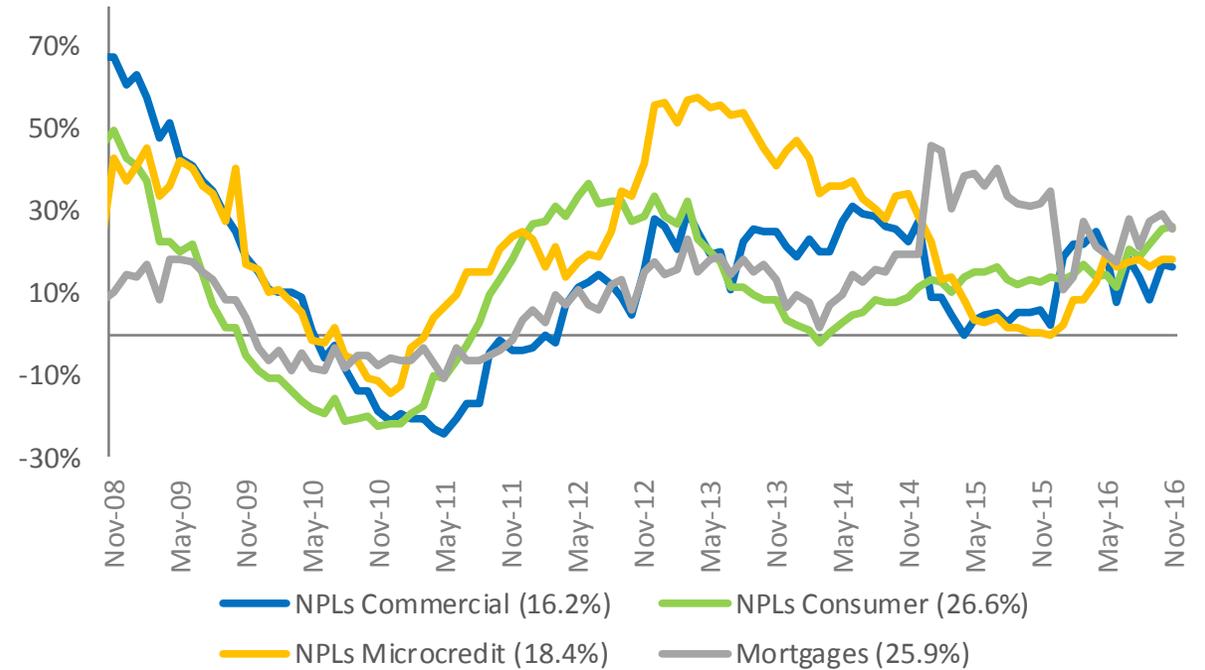
Source: Financial Supervisor CO

Loans

Annual Growth Loans

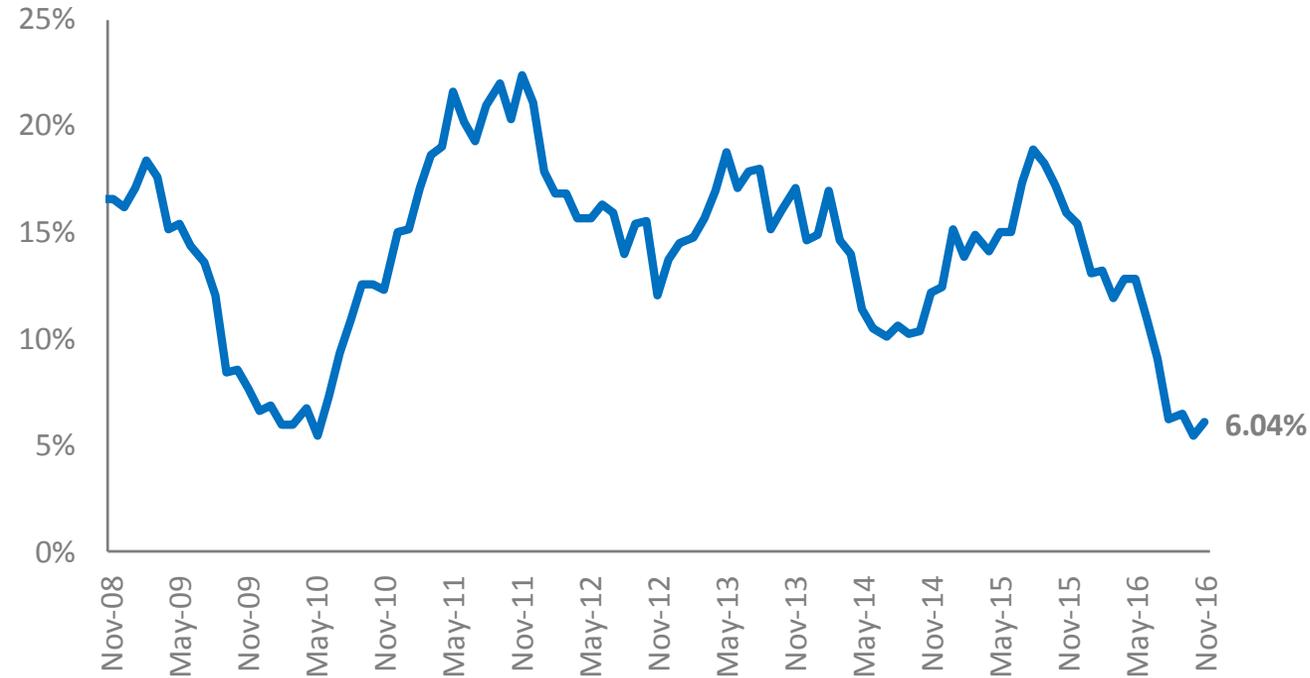


Annual Growth Non-Performing Loans

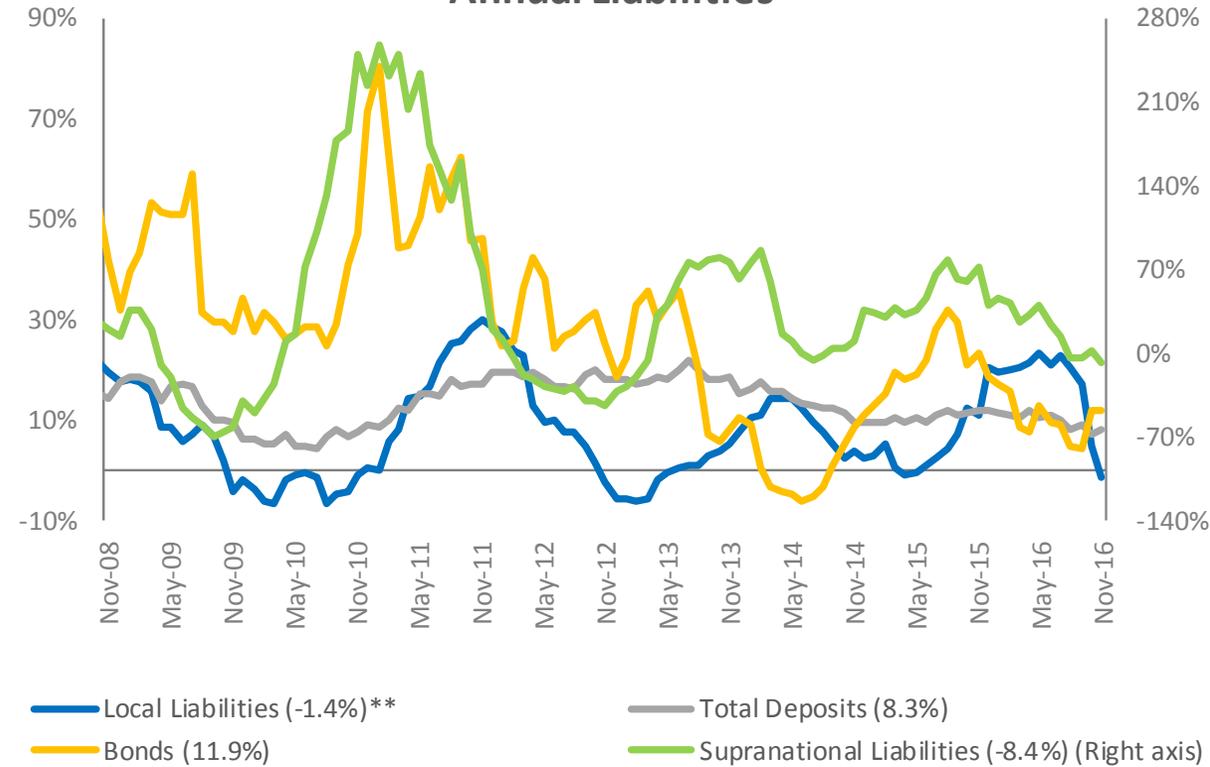


Liabilities

Annual Growth of Liabilities

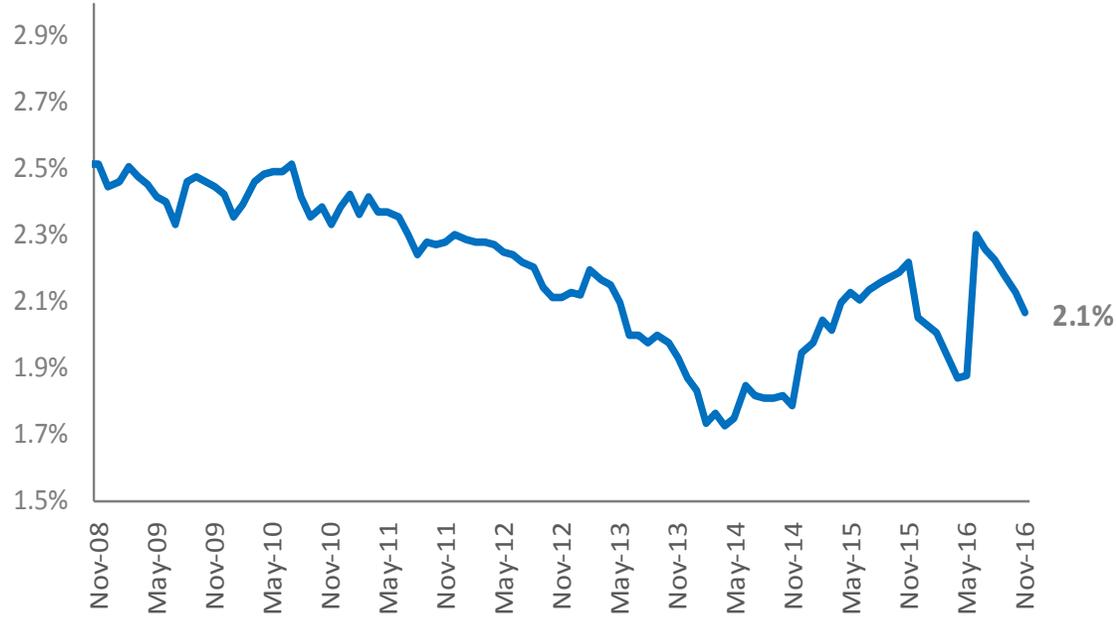


Annual Liabilities



RoE & RoA

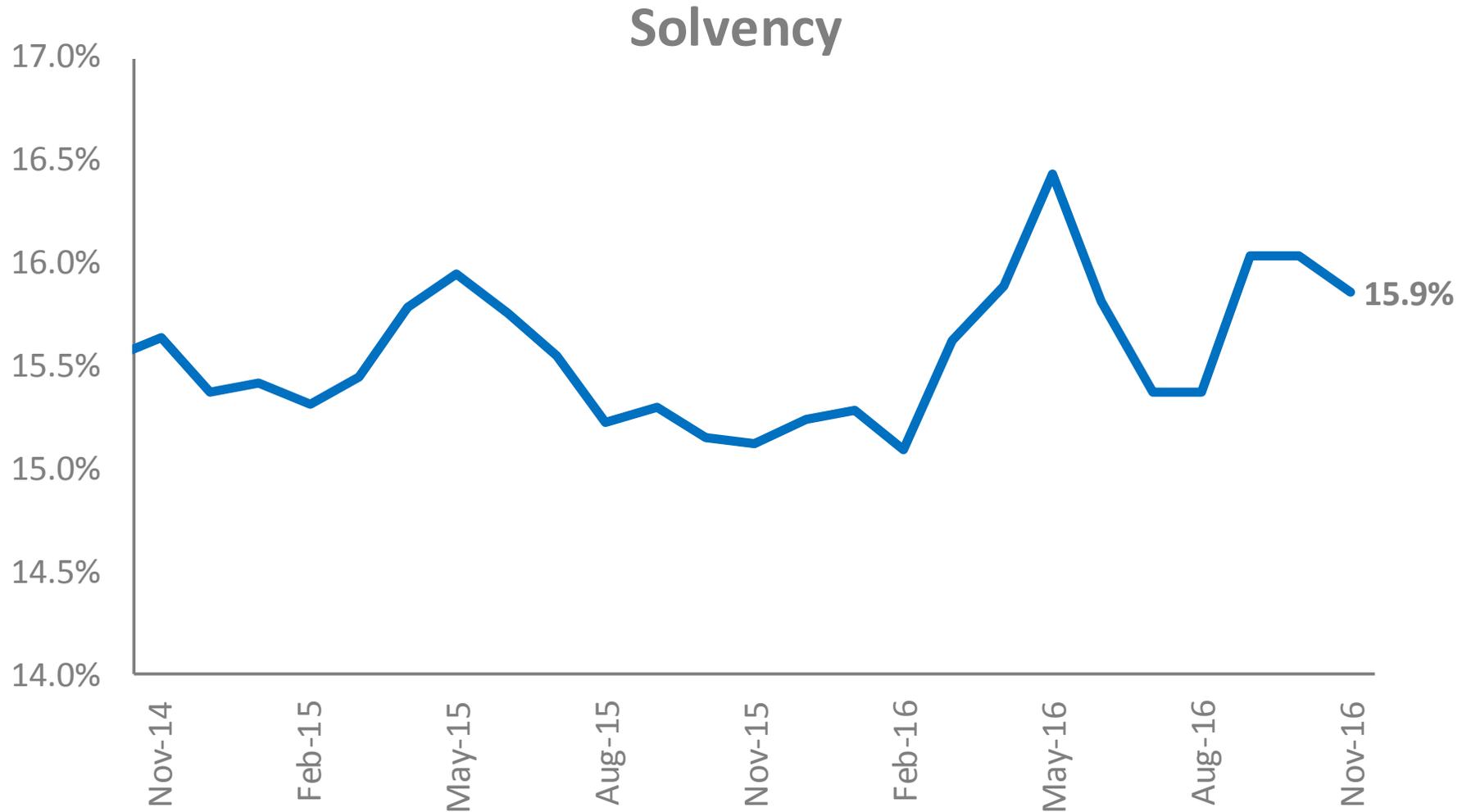
RETRURN ON ASSETS



RETURN ON EQUITY



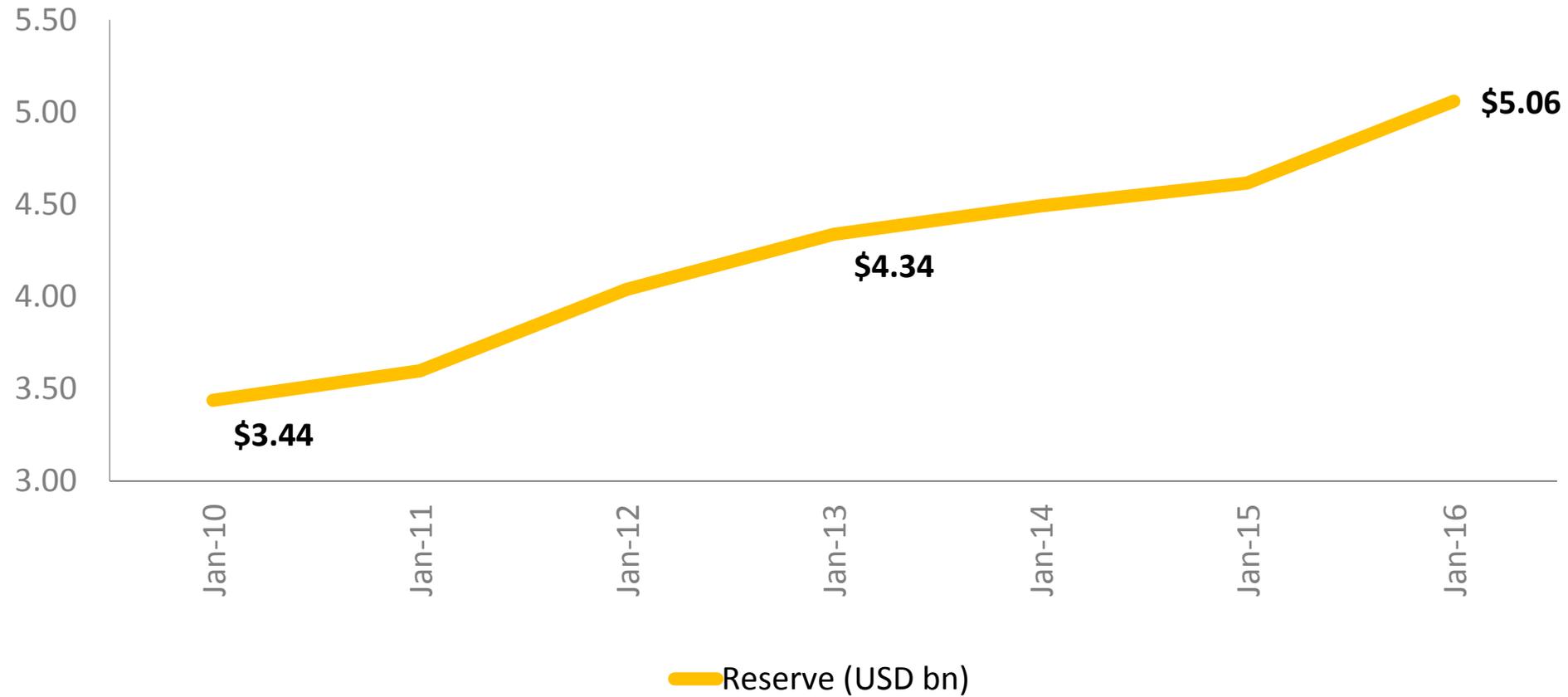
Solvency



Source: Financial Supervisor CO

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DI Fund



Source: Fogafín

AGENDA

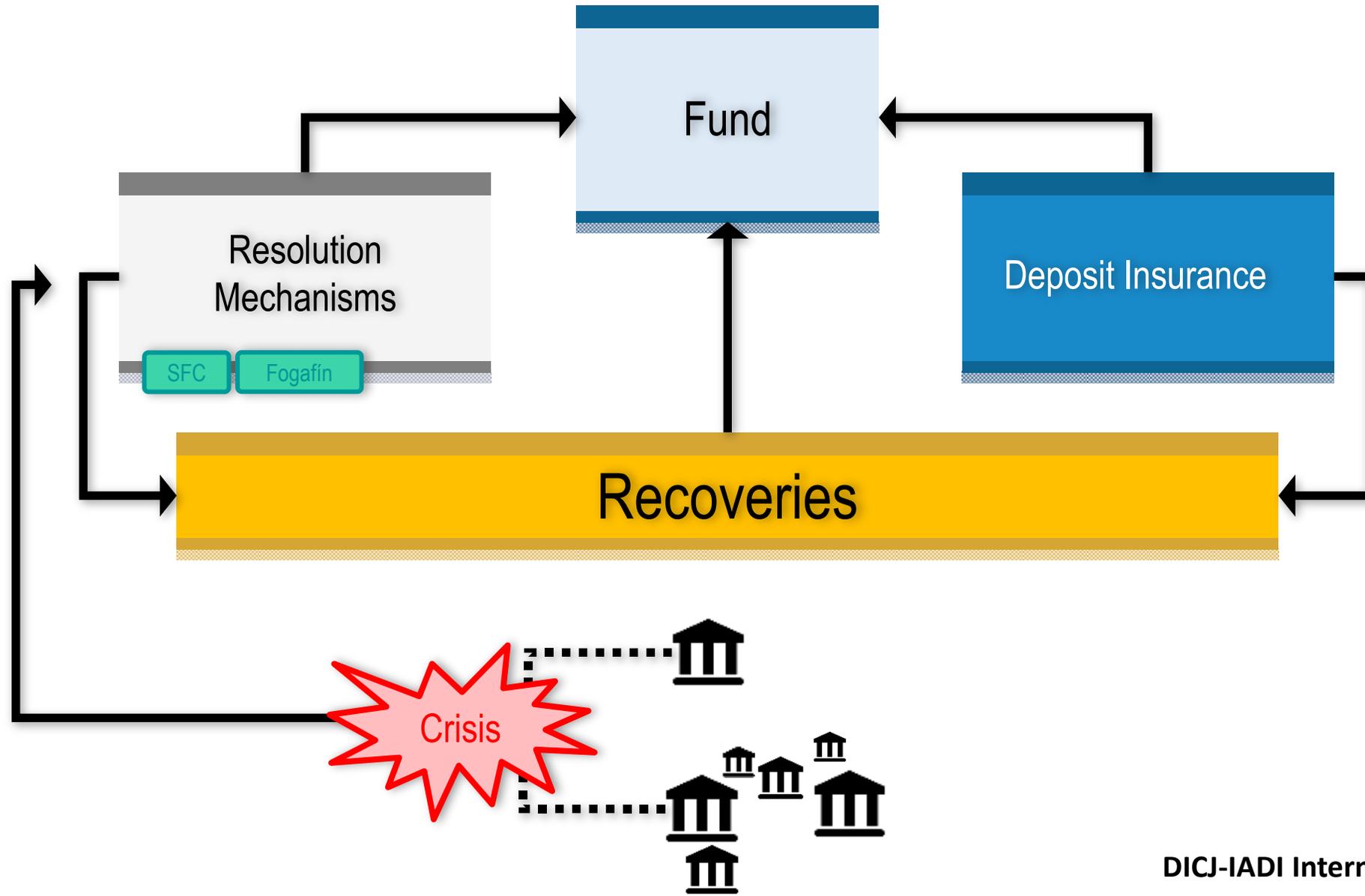
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Our new corporate plan 2016 – 2020

Key elements:

- Our mandate goes beyond deposit insurance. We think we have the power to consolidate our institution as the **resolution agency**.
- Both, KA and CP are key inputs to improve our current practices and procedures.
- We need to adapt our organizational structure to the new environment.
- Our **vision**: being recognized by the Colombian people as a financial authority able to manage the DIS and solve troubled financial institutions, *minimizing the use of public funds and in coordination* with the FSN.

Strategic objectives



Strategic objectives (cont.)

Mission

Resolution Mechanisms

Solve any type of financial institution, reducing the use of public funds and the loss exposure of our fund.

Mission

Recoveries

Prepare our institution to act faster in order to recover assets from the application of the resolution mechanisms and reduce possible losses to creditors of financial institutions.

Liability

Deposit Insurance System

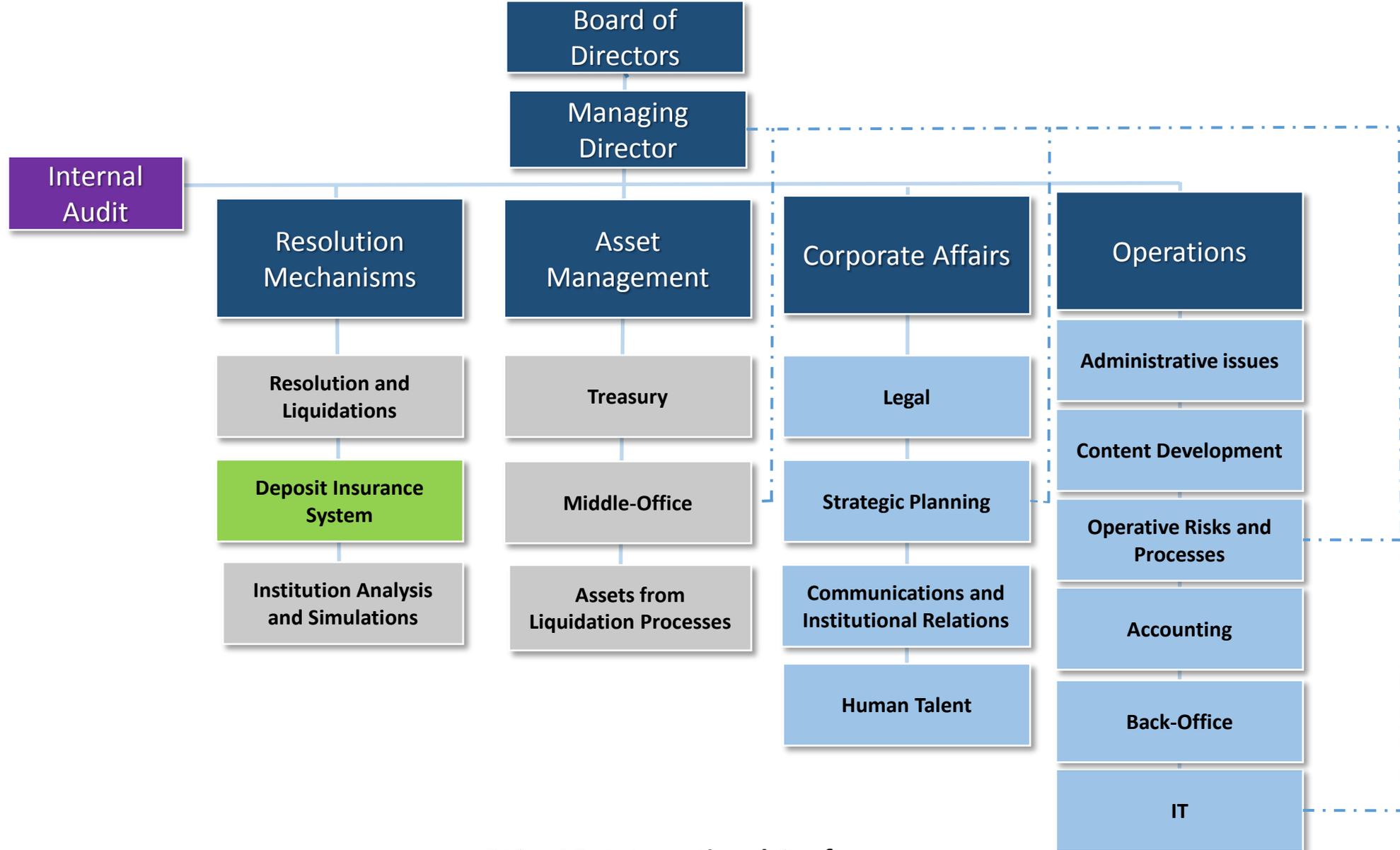
Build a DIS in line with best international practices allowing us to reimburse depositors within 7 business days after the liquidation order.

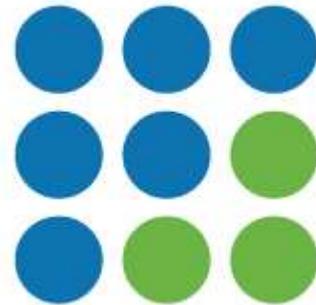
Asset

DI-Resolution Fund

Achieve a target fund level enough to solve a crisis similar to the worst scenario faced in Colombia, without requesting public funds.

Organizational structure





Thank you!

**DICJ-IADI International Conference
Tokyo, Japan**