



# COLOMBIA

## TECHNICAL ASSISTANCE REPORT—FINANCIAL SOUNDNESS INDICATORS

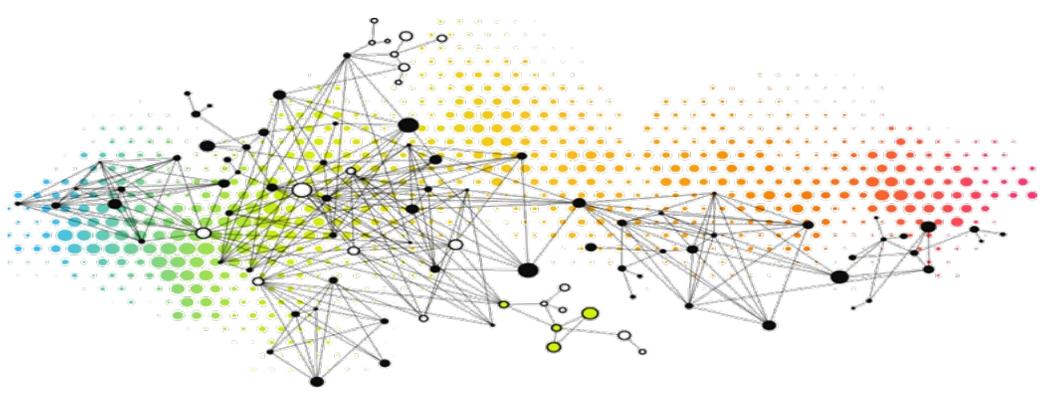
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# COLOMBIA

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## TECHNICAL ASSISTANCE REPORT ON THE FINANCIAL SOUNDNESS INDICATORS MISSION AUGUST 30 – SEPTEMBER 3, 2021

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## Glossary

BANCOLDEX	Banco de Comercio Exterior de Colombia
DTs	Deposit-takers
ENTERRITORIO	Empresa Nacional Promotora del Desarrollo Territorial
FDN	Financiera de Desarrollo Nacional
FNG	Fondo Nacional de Garantías
FINAGRO	Fondo para el Financiamiento del Sector Agropecuario
FINDETER	Financiera de Desarrollo Territorial
FOGACOOP	Fondo de Garantías de Entidades Cooperativas
FOGAFIN	Fondo de Garantías de Instituciones Financieras
FNA	Fondo Nacional de Ahorro
FS1	FSI Annex I: Institutional Coverage for Deposit-takers and Other Financial Corporations
FSI	Financial soundness indicator
<i>FSIs Guide</i>	<i>IMF's Financial Soundness Indicators Compilation Guide</i>
ICETEX	Colombian Institute of Educational Credit and Technical Studies Abroad
IMF	International Monetary Fund
OFCs	Other Financial Corporations
SFC	Superintendencia Financiera de Colombia
SNA	System of National Accounts
STA	IMF's Statistics Department
TA	Technical assistance
WHD	IMF's Western Hemisphere Department

## SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS

1. **The Statistics Department (STA) of the International Monetary Fund (IMF) provided technical assistance (TA) on financial soundness indicators (FSI) to *Superintendencia Financiera de Colombia* (SFC) during August 30-September 3, 2021.** The TA mission took place at the request of and with the support of the IMF's Western Hemisphere Department (WHD). Due to travel restrictions because of the COVID-19 pandemic, the mission was conducted remotely via video conferences. The mission assisted the SFC officials to (i) review the characteristics of financial institutions and ensure proper classification of financial institutions as deposit-takers (DTs) or other financial corporations (OFCs) for the compilation of FSIs as set out in the IMF's *2019 Financial Soundness Indicators Compilation Guide (2019 FSIs Guide)*; and (ii) develop a work program and timeline to revise the reported FSIs because of the mission's work.
2. **The SFC has been reporting quarterly FSIs for Colombia to STA with data going back to 2005.** Currently, Colombia reports all core FSIs for DTs and 10 encouraged FSIs as defined in the *2006 FSIs Guide*. FSIs for other sectors (OFCs and real-estate) are not yet reported by the country.
3. **The mission assisted the SFC in properly classifying the financial institutions as DTs or OFCs for the compilation of FSIs as set out in the *2019 FSIs Guide*.** The mission, in collaboration with the SFC officials, reviewed the nature and operations of the Colombian financial institutions and established that the DTs comprise twenty-five commercial banks, five financial cooperatives, ten financing companies, six financial corporations, and two specialized financial institutions which act as DTs, namely, Banco de Comercio Exterior de Colombia S.A. (BANCOLDEX) and Fondo Nacional de Ahorro (FNA).
4. **The mission recommended that the SFC starts reporting FSI data for DTs as defined and agreed during the mission.** Currently, for reporting FSIs for DTs to STA, SFC includes not only the commercial banks, financial cooperatives, financial companies, financial corporations, FNA, and BANCOLDEX but nine other specialized financial institutions<sup>1</sup> such as Fondo de Garantías de Instituciones Financieras (FOGAFIN) and Fondo de Garantías de Entidades Cooperativas (FOGACOOP), which offer deposit guarantees to clients of Colombian DTs but are not DTs themselves as they do not collect deposits. The mission recommended that going forward, the SFC reports FSIs for DTs based on the institutional coverage agreed during the mission. Further, to ensure that the data are comparable over the last few years for the purposes

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<sup>1</sup> The nine specialized financial institutions are FINDETER, FNG, FDN, ICETEX, ENTERRITORIO, FINAGRO, FOGAFIN, FOGACOOP, and Caja Promotora de Vivienda Militar y de Policía.

of surveillance and analysis, the mission also recommended that the SFC submits revised FSI data for DTs with historical revisions back to 2018.

**5. A timeframe for reporting revised FSI data and metadata to the IMF was discussed and agreed on with SFC officials.** The follow-up work resulting from the action plan developed by this mission coincides with the introduction of the new FSI report forms as part of the implementations of the 2019 *FSIs Guide*. Given the importance of FSI data for Colombia for surveillance purposes, SFC officials will prioritize revising their data compilation framework for FSIs for DTs immediately, while reporting the data to STA in the old report forms. STA will transform the data to new report forms during this period. Once the revision of FSIs for DTs is completed, the SFC will shift its attention to reporting FSI data in the new report forms, for which the transition period for all countries is December 2022.

**6. To support progress in the above work areas, the mission recommended a detailed action plan, with the priority recommendations summarized in Table 1.** Further details on the priority recommendations and the related actions/milestones can be found in the action plan under *Detailed Technical Assessment and Recommendations*.

**Table 1. Colombia: Priority Recommendations**

Target Date	Priority Recommendation	Responsible Institutions
January 2022	Start reporting to STA FSIs data for DTs as defined and agreed during the mission.	SFC
January 2022	Compile and report to STA revised FSIs historical series for DTs going back to 2018, with coverage as defined and agreed during the mission.	SFC
January 2022	Revise the metadata for FSIs institutional coverage (FS1 template) with annual data starting from 2018.	SFC

## DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS

### A. Action Plan

7. The action plan below includes steps to accomplish milestones as well as the target completion dates. Actions are prioritized as high (H), medium (M), and priority recommendations (PR) identified.

Priority	Action/Milestone	Target Completion Date
<b>Methodological basis for the statistics follows internationally accepted standards, guidelines, or good practices</b>		
PR	The SFC to start reporting to STA FSIs data for DTs as defined and agreed during the mission.	January 2022
PR	The SFC to compile and report to STA revised FSIs historical series for DTs going back to 2018, with coverage as defined and agreed during the mission.	January 2022
H	The SFC to start reporting FSIs for DTs using new report forms according to the 2019 <i>FSIs Guide</i> .	December 2022
H	The SFC to consider reporting FSIs for OFCs when transitioning to the new report forms according to the 2019 <i>FSIs Guide</i> .	December 2022
M	The SFC to support its officials to participate in IMF FSI training courses and webinars to improve their methodological knowledge and skills in compilation and interpretation of FSIs.	Ongoing
<b>Improved data and metadata accessibility</b>		
PR	The SFC to revise the metadata for FSIs institutional coverage (FS1 template) with annual data starting from 2018.	January 2022
M	The SFC to discuss and decide on the timeframe and TA needs if any to update the methods for compilation and disseminations of FSIs for DTs in line with the guidance provided in the 2019 <i>FSIs Guide</i> .	January 2022

## B. Background

**8. This was the first TA mission on FSIs for Colombia.** Prior to this mission, Colombia received a monetary and financial statistics (MFS) mission in 2009, which assisted the Banco de la Republica in compiling MFS using the standardized report forms (SRFs) for the central bank (SRF 1SR), other depository corporations (SRF 2SR), and OFCs (SRF 4SR).

**9. The SFC has been reporting monthly FSIs for Colombia to STA with data going back to 2005.** Currently, the SFC reports monthly all core FSIs for DTs and 10 encouraged FSIs for Colombia as defined in the *FSI Guide 2006* with an average lag of up to three months. FSIs for other sectors (OFCs and real-estate) are not yet reported by the country. The FSIs are disseminated by STA along with the metadata and the underlying balance sheets, income statements, and supervisory series on the FSIs website (Appendix II). The data are also used by the WHD country team for Colombia for surveillance purposes. During recent discussions with the authorities and the country team, some discrepancies regarding the coverage of the DTs in compiling FSIs have been identified. This mission was a follow-up to the discussions and was primarily focused on addressing the concerns of coverage of the DTs in compiling FSIs.

## C. Overview of the Financial System in Colombia

**10. Colombia's financial sector is relatively large in comparison with the nation's gross domestic product (GDP) and consists of diverse financial institutions.** The total assets of the financial sector are more than 200 percent of GDP as of end-June 2021. The sector consists of the central bank (Banco de la República) and several types of supervised financial institutions like commercial banks, financial corporations, financing companies, financial cooperatives, investment funds, pension funds, insurance corporations, and several other financial intermediaries including electronic deposit institutions (Table 2).<sup>2</sup>

**11. Banco de la República is responsible for the conduct of monetary policy, sustaining economic growth, maintaining financial stability, and the proper functioning of the payments system.** It has the authority to adopt macroprudential measures, in addition to managing and exercising surveillance functions over the payment system, providing liquidity to markets, and acting as a lender-of last-resort.

**12. The SFC is the primary financial supervisory authority in Colombia.** Its main objective is to supervise the Colombian financial system to preserve its stability, promote and develop the financial market, and protect investors, savers, and policyholders. The SFC supervises the banks, financial corporations, financing companies, financial cooperatives, investment funds, insurance companies, and pension, severance, and trust funds, amongst others. The *Colombian Financial System Organic Statute-Decree 663 of 1993* (EOSF), amongst other things empowers the SFC to

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<sup>2</sup> In addition, there are small and micro lenders, which are outside the formal financial sector and supervision.

grant licenses to supervised institutions and issue instructions related to risk management, internal control, disclosure of information, etc.

## D. Sectoral Classification of Financial Institutions for Compilation of FSIs

**13. For compiling FSIs, it is necessary to delineate the financial corporations' sector into subsectors, to identify their financial health and soundness.** The financial institutions are thus divided into two broad subsectors—DTs and OFCs. Within a financial system, the role of DTs is central as they facilitate placement of funds mostly in the form of deposits and lending to the other sectors of the economy, which is why as such are a source of liquid assets and funds to the rest of the economy. Since DTs can have a significant impact on the activities of all other financial and nonfinancial entities and functioning of the financial system in general, the core set of FSIs focus on DTs while additional FSIs provide insights into OFCs including its subsectors.

**14. Currently, the SFC includes the following institutions in the DTs subsector for compiling the FSIs reported to STA:** commercial banks, financial cooperatives, financing companies, financial corporations, and eleven specialized financial institutions including FOGAFIN and FOGACOOP which offer deposit guarantees to Colombia's financial institutions.<sup>3</sup>

**15. The mission along with the SFC officials reviewed the nature and operations of the financial institutions to properly identify the DTs for the purposes of compiling FSIs as set out in the 2019 FSIs Guide.** Not all the financial institutions currently covered as DTs are in the business of accepting deposits or close substitutes of deposits. Moreover, proper classification of OFCs is equally important as their share is very large at close to 60 percent of the financial system assets and given that the SFC has plans to compile FSIs for OFCs.

### *Deposit-Takers*

**16. In Colombia, twenty-five commercial banks, ten financing companies, six financial corporations, five financial cooperatives, and two specialized financial institutions, namely Banco de Comercio Exterior de Colombia S.A. (BANCOLDEX) and Fondo Nacional de Ahorro (FNA), constitute the subsector of DTs.**<sup>4</sup> Together they constitute around 32 percent of the entire financial system assets (Table 2). The principal activity of most of these institutions is to take deposits and on-lend or otherwise invest these funds on their own account. The EOSF establishes the types of operations that may be carried out by the DTs while the SFC oversees their licensing based on their nature of activities. A complete list of the DTs is included in Appendix III.

<sup>3</sup> The remaining nine specialized financial institutions are FINDETER, FNG, FDN, ICETEX, ENTERRITORIO, FINAGRO, FOGAFIN, FOGACOOP, and Caja Promotora de Vivienda Militar y de Policía.

<sup>4</sup> Data as at end of December 2020.

- 17. The commercial banks alone account for over 90 percent of the DTs and close to 30 percent of the entire financial system in terms of asset share.** The commercial banks are the main banking establishments in the country which raise funds through checking accounts, and other demand or term deposits, with the primary purpose of carrying out active credit operations.
- 18. The financial corporations constitute around one percent of the DTs in terms of asset share.** The financial corporations raise more than half of their resources through deposits from the public to carry out credit operations and make investments including in equities and debt securities of companies with the primary purpose of fostering or promoting investment, reorganization/merger of companies, participating in their capital, promoting the participation of third parties, and offering to them specialized financial services that contribute to their development.
- 19. The financing companies constitute a small share of the DTs.** They capture savings through deposits and carry out leasing operations, extend loans, and offer factoring operations and discounting on securities. They also act as intermediaries in the purchase and sale of foreign currencies.
- 20. The financial cooperatives and their branches in Colombia constitute a tiny fraction of the DTs.** Currently, there are 5 financial cooperatives owned and operated by their members, offering traditional banking services like accepting deposits, granting loans, etc. Some of the financial cooperatives can mobilize deposits to invest in securities by financial institutions and public corporations.
- 21. In addition, there are two specialized financial institutions—BANCOLDEX and FNA—which act as DTs.** They constitute less than one percent of the subsector. BANCOLDEX is a public financial corporation organized as a bank credit establishment, which accepts deposits and provides credit for financing activities related to exports, acting as a discount or rediscount bank, and guarantor to banks and other financial institutions. While a third of its deposits are in the form of saving deposits from private and public corporations, the rest are in the form of certificates of deposits negotiable on the Colombian stock-exchange. BANCOLDEX must also comply with the reserve requirement on deposits as set by the Banco de la República. FNA is a state-owned entity organized as a credit establishment which primarily collects severance payments made to public sector employees by their employers, accepts deposits by offering a voluntary savings plan (AVC) which is open to all Colombians of legal age and grants loans for housing and education. The voluntary savings plans can be withdrawn at any time for free while funds accrued from severance payments and their interest can only be applied to severance payments or to housing loans. FNA accounts for close to 10 percent of the total mortgage loans in the country.

**Table 2. Overview of Colombia's Financial System (as at end December 2020)**

	<b>Number of Institutions</b>	<b>Total assets (Millions of COP)</b>	<b>Share in Total Assets (percent)</b>
<b>Banco de la Republica (A)</b>	<b>1</b>	<b>249,838,795.00</b>	<b>10.20</b>
<b>Deposit-takers (B)</b>	<b>48</b>	<b>788,503,295.40</b>	<b>32.19</b>
Commercial banks	25	729,840,954.23	29.80
Financial corporations	6	22,513,545.86	0.92
Financing companies	10	12,198,987.55	0.50
Financial cooperatives	5	4,170,281.76	0.17
BANCOLDEX	1	10,369,051	0.42
FNA	1	9,410,475	0.38
<b>Other Financial Corporations (C)</b>	<b>268</b>	<b>1,410,903,672</b>	<b>57.61</b>
Insurance corporations	46	93,725,294.32	3.83
o/w: Life insurance corporations	18	58,357,778.59	
o/w: Non-life insurance corporations	28	35,367,515.73	
Money market funds	36	109,558,159.57	4.47
Non MMF investment funds	26	677,684,121.64	27.67
Pension funds	18	360,475,160.74	14.72
Other financial Intermediaries <sup>1/</sup>	9	68,340,682.84	2.79
Others <sup>2/</sup>	133	101,120,253.02	4.13
<b>Total (A+B+C)</b>		<b>2,449,249,308.40</b>	
Sources: SFC and Banco de la Republica (only for assets of the central bank).			
<sup>1/</sup> FINDETER, FNG FDN, ICETEX, ENTERRITORIO, FINAGRO, FOGAFIN, FOGACOOOP, and Caja Promotora de Vivienda Militar y de Policía.			
<sup>2/</sup> Includes Sociedades Especializadas en Depósitos y Pagos Electrónicos (SEDPEs).			

**22. Currently there are no DTs in receivership or liquidation in Colombia.** The *2019 FSIs Guide* recommends including DTs in distress in the coverage of FSIs if they hold significant positions and to compile FSIs both including and excluding these DTs.

### ***Other Financial Corporations***

**23. The OFCs constitute a significant share of the financial sector of Colombia.** They account for close to 60 percent of the total assets of the financial sector (Table 2). OFCs mainly comprise insurance corporations, money market funds (MMFs), non-MMF invest funds, pension funds, and other financial intermediaries including specialized financial institutions which are state-owned or mixed economy enterprises.

**24. The collective investment funds, both MMFs and non-MMFs, constitute the largest subsector within the OFCs, based on the information provided by the SFC.** The collective investment funds include the mutual funds, private equity funds, and securities funds. The SFC classifies them based on their administrator: trust companies, brokerage firms, and investment management companies.

**25. The pension funds subsector is significant, constituting close to 15 percent of the OFCs sector's assets (Table 2).** The pension funds also include severance funds which provide retirement benefits to specific groups of people.

**26. Among the other financial intermediaries there are nine specialized financial institutions which constitute close to 5 percent of the total assets of OFCs.** These institutions are established under different provisions of the EOSF which defines their legal nature, purpose, and authorized operations amongst other things. These institutions mainly provide rediscounting operations to financial institutions in Colombia and operate like development banks, albeit they do not accept deposits. A summary of each of the nine specialized financial institutions are included as Appendix IV.

**27. The insurance corporations' subsector in Colombia is relatively small with less than five percent of the total assets of the OFCs sector.** There are 46 insurance companies operating in the country, 28 out of which are non-life (general) insurance and 18 life insurance companies. These entities can be constituted in the form of commercial stock companies or cooperative associations, and their corporate purpose is to carry out insurance operations. There are currently no reinsurance companies incorporated in Colombia.

**28. There are five specialized electronic deposit institutions or Sociedades Especializadas en Depósitos y Pagos Electrónicos (SEDPEs) which are not classified as DTs.** The SEDPEs can open electronic deposit accounts for customers, and offer cash-in and cash-out operations, remittances, etc. They are not allowed to offer credit. Most importantly, SEDPEs must deposit all customer funds with Banco de la República or the commercial banks. Because there is no credit risk, these entities are not subject to the full range of prudential requirements that apply to commercial banks and other DTs. Since SEDPEs are simply collecting funds and in turn

depositing these in the central bank or the commercial banks, for the purposes of compiling FSIs, SEDPES are classified as “others” in the OFCs sector rather than DTs.

## E. FSIs for DTs: Institutional Coverage and Compilation Framework

**29. The institutional coverage for FSIs for DTs should be revised based on the sectoral classification developed and agreed during the mission.** The SFC, which has the primary responsibility for compiling and reporting FSIs to STA, should start compiling the FSIs for DTs covering the commercial banks, financing companies, financial corporations, financial cooperatives, and the two specialized deposit taking financial institutions, namely BANCOLDEX and FNA.

**Recommendation:** *The SFC to start reporting to STA FSIs data for DTs as defined and agreed during the mission, by January 2022.*

**Recommendation:** *The SFC to compile and report to STA revised FSIs historical series for DTs going back to 2018, with coverage as defined and agreed during the mission, by January 2022.*

**30. The FSIs data for Colombia are currently compiled using domestic location consolidation basis (DL).**<sup>5</sup> DL consolidation basis has no cross-sector or cross-border aspects within the process of consolidation. It includes domestically incorporated DTs and branches of foreign banks. When compiling FSIs for DTs, the *2019 FSIs Guide* recommends cross-border, cross-sector, domestically incorporated (CBCSDI) method of consolidation. This is consistent with Basel Committee on Banking Supervision (BCBS) guidance requiring application of the same supervisory standards to domestic and foreign-owned banks, and for effective consolidated supervision of all domestic and foreign operations of a banking group. The *2019 FSIs Guide* recognizes DL as an option for countries with DTs that have (i) very few or no foreign branches or subsidiaries, and (ii) very few or no cross-sector subsidiaries.

**Recommendation:** *The SFC to discuss and decide on the timeframe and TA needs if any to update the methods for compilation and disseminations of FSIs for DTs in line with the guidance provided in the 2019 FSIs Guide.*

## F. FSIs Metadata

**31. The mission highlighted the need to complement the FSI data with the corresponding metadata.** Metadata are key for interpreting the FSIs and to allow for cross-country comparisons. Metadata should contain information regarding institutional

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<sup>5</sup> Domestic consolidation (DC) has been renamed DL in the *2019 FSIs Guide*.

coverage of the FSIs, as well as the accounting conventions and other national guidelines. The metadata should be updated when changes are observed.

**Recommendation:** *The SFC to revise the metadata for FSIs institutional coverage (FS1 template) with annual data starting from 2018, by January 2022.*

## G. New FSI Report Forms

**32. STA is in the process of implementing the migration of the collection of FSI data based on the 2019 FSIs Guide.** The *2019 FSIs Guide* includes new indicators to expand the coverage of the financial sector, including other financial intermediaries, money market funds, insurance corporations, and pension funds. The *2019 FSIs Guide* also introduces new FSIs for DTs, nonfinancial corporations, and households. Additions such as new capital, liquidity and asset quality metrics, and concentration and distribution measures will serve to enhance the forward-looking aspect of FSIs and contribute to inform the monitoring of the stability of the financial system. STA is implementing procedures to standardize the collection, validation, and dissemination of the FSI dataset. To that end, the current reporting forms will be decommissioned by December 2022.

**33. The mission discussed with the SFC the migration to the new FSI reporting forms to report FSIs to STA.** The SFC will prioritize revising the compilation of FSIs with the institutional coverage for DTs defined during the mission and then will focus its attention to reporting FSIs data to STA in new report forms. Currently, the SFC and Banco de la Republica are assessing the institutions' ability to produce and report the information requested, and to coordinate the internal and external procedures for that purpose before confirming to STA their target date to migrate to the new report forms.

**Recommendation:** *The SFC to start reporting FSIs for DTs using new report forms according to the FSIs Guide 2019, by December 2022.*

## H. Financial Soundness Indicators for Other Sectors

**34. The FSIs for OFCs, namely, OFCs financial assets to total financial assets and OFCs financial assets to gross domestic product (GDP), were compiled during the mission (Table 3).** The OFCs subsector currently represents a significant share of the financial system. The mission therefore advised that the SFC should consider reporting FSIs pertaining to the OFCs as the country transitions to new FSI reporting forms. The underlying data to compile the FSIs for OFCs as share of total financial assets and GDP (in Table 5.7 of the new FSI reporting forms) can be easily compiled by the SFC.

**Recommendation:** *The SFC to consider reporting FSIs for OFCs when transitioning to new report forms according to the 2019 FSIs Guide, by December 2022.*

Table 3. Financial Soundness Indicators for Other Financial Corporations

OFCs' Assets to Total Financial Asset <sup>1/</sup>		
<b>Total OFCs' assets to total financial assets</b>	<b>Percentage</b>	<b>64.1%</b>
Total OFCs' assets	Millions of COP	1,410,903,672
<b>Money Market funds' assets to total financial assets</b>	<b>Percentage</b>	<b>5.0%</b>
Money market funds' assets	Millions, COP	109,558,159.57
<b>Insurance Corporations' assets to total financial assets</b>	<b>Percentage</b>	<b>4.3%</b>
Insurance Corporations' assets	Millions, COP	93,725,294.32
<b>Pension Funds' assets to total financial assets: Pension Funds</b>	<b>Percentage</b>	<b>16.4%</b>
Pension Funds' assets	Millions, COP	360,475,160.74
Total financial system assets <sup>2/</sup>	Millions, COP	2,199,406,967.53
OFCs' Assets to Gross Domestic Product		
<b>OFCs' assets to gross domestic product</b>	<b>Percentage</b>	<b>140.73%</b>
Total OFCs' assets	Millions, COP	1,410,903,672
<b>OFCs' assets to gross domestic product: Money Market funds</b>	<b>Percentage</b>	<b>10.93%</b>
Money market funds' assets	Millions, COP	109,558,159.57
<b>OFCs' assets to gross domestic product: Insurance Corporations</b>	<b>Percentage</b>	<b>9.35%</b>
Insurance Corporations' assets	Millions, COP	93,725,294.32
<b>OFCs' assets to gross domestic product: Pension Funds</b>	<b>Percentage</b>	<b>35.95%</b>
Pension Funds' assets	Millions, COP	360,475,160.00
<b>Gross domestic product</b>	Millions, COP	1,002,587,190.00
Sources: SFC, World Economic Outlook (WEO), and IMF staff calculations.		
Notes: GDP data used are from WEO.		
<sup>1/</sup> Total financial assets for the calculations in this table exclude the assets of the Banco de la Republica.		
<sup>2/</sup> The total financial system assets are calculated considering the assets of DTs and OFCs i.e., B+C in Table 1.		

## I. Resources, Training and Technical Cooperation

**35. The mission recommended that the SFC staff seek to attend regional and IMF headquarters (HQ) training courses on financial sector statistics.** STA regularly delivers courses on both MFS and FSIs at the IMF HQ (when international travel is possible), and regional trainings are also scheduled. Details can be found on the webpage of the IMF's Institute for Capacity Development. STA has also been delivering regional webinars.

**Recommendation:** *The SFC to support its officials to participate in IMF FSI training courses and webinars to improve their methodological knowledge and skills in compilation and interpretation of FSIs.*

## J. Other Findings: Another Set of FSIs Focused on Credit Establishments

**36. In addition to reporting FSIs for Colombia to the IMF, the SFC produces and disseminates another set of FSIs on its website.** While the FSIs reported to STA are the set of core and encouraged FSIs for DTs as prescribed in the *2006 FSIs Guide*, the set of FSIs that the SFC disseminates focusses on institutions which offer credit primarily in the form of loans to households and nonfinancial corporations. Due to this difference in the scope of coverage of institutional units, there may be differences in the FSIs that are disseminated by the SFC compared to the FSIs reported to STA.

**37. The FSIs produced for local purposes focus on credit institutions rather than DTs.** Specifically, while compiling the FSIs for local purposes, the coverage for credit institutions is limited to commercial banks, financial cooperatives, finance companies, and financial corporations. While the FSIs pertaining to liquidity ratios exclude financial corporations, for the FSIs pertaining to asset quality like nonperforming loans to total gross loans, SFC includes the Fondo Nacional Del Ahorro, a state-owned specialized entity which manages the severance payments of public-sector employees and is a major provider of mortgage loans in the country.

**Table 4. Institutional Coverage**

FSIs reported to STA previously	FSIs to be reported to STA after the mission	FSIs published by the SFC
Commercial banks, financial cooperatives, financing companies, financial corporations, and specialized financial institutions. <sup>1/</sup>	Commercial banks, financial cooperatives, financing companies, financial corporations, and two specialized financial institutions BANCOLDEX and FNA.	Commercial banks, financial cooperatives, financing companies, financial corporations and FNA. <sup>2/</sup>
<sup>1/</sup> BANCOLDEX, FINDETER, FDN, FOGAFIN, FINAGRO, FINDETER, FONDO NACIONAL DEL AHORRO, FOGACOOP, FNG, CAJA DE VIVENDA MILITAR. <sup>2/</sup> FNA is included only for the credit indicators.		

## Appendix I. Officials Met During the Mission

Name	Designation
Ernesto Murillo Leon	Subdirección de Analítica, SFC
Yamile Castro Rojas	Subdirección de Analítica, SFC
Luis Eduardo Rincon Suarez	Subdirección de Analítica, SFC
Diana Marcela Rodriguez	Subdirección de Analítica, SFC
Jenny Yamile Alvarez Cuellar	Subdirección de Analítica, SFC

## Appendix II. FSIs for Colombia Published on the IMF Website

FSIs for Colombia published on the IMF website (as of August 2021)						
	2018M06	2018M12	2019M06	2019M12	2020M06	2020M12
<b>Core FSIs for DTs</b>						
Regulatory Capital to Risk-Weighted Assets	18.9	18.5	17.4	16.9	16.7	19.9
Regulatory Tier 1 Capital to Risk-Weighted Assets	13.2	12.7	12.4	11.7	11.7	14.8
Non-performing Loans Net of Provisions to Capital	-5.2	-6.7	-5.8	-7.0	-10.0	-10.0
Non-performing Loans to Total Gross Loans	4.8	4.4	4.5	4.2	3.7	4.8
Sectoral Distribution of Total Loans: Residents	100.0	100.0	99.9	99.9	99.8	99.8
Sectoral Distribution of Total Loans: Deposit-takers	4.6	4.5	4.2	4.4	4.9	4.7
Sectoral Distribution of Total Loans: Central bank	-	0.0	0.0	0.0	-	0.0
Sectoral Distribution of Total Loans: Other financial corporations	0.2	0.2	0.2	0.1	0.2	0.2
Sectoral Distribution of Total Loans: General government	4.0	3.7	3.8	4.0	3.9	3.9
Sectoral Distribution of Total Loans: Nonfinancial corporations	28.9	28.4	28.6	27.3	37.4	35.1
Sectoral Distribution of Total Loans: Other domestic sectors	62.3	63.2	63.1	64.0	53.4	55.9
Sectoral Distribution of Total Loans: Nonresidents	0.0	0.0	0.1	0.1	0.2	0.2
Return on Assets	2.4	2.6	3.1	2.9	2.2	1.7
Return on Equity	15.0	16.0	18.5	17.3	13.6	10.4
Interest Margin to Gross Income	59.0	57.3	56.4	56.4	55.9	57.0
Non-interest Expenses to Gross Income	41.8	41.9	39.1	40.4	40.8	42.1
Liquid Assets to Total Assets (Liquid Asset Ratio)	18.2	19.2	19.0	17.7	20.3	20.3
Liquid Assets to Short Term Liabilities	40.8	43.0	42.1	40.0	43.3	41.5
Net Open Position in Foreign Exchange to Capital	5.6	7.1	0.7	0.7	0.9	0.9
<b>Encouraged FSIs for DTs</b>						
Capital to Assets	16.0	16.6	16.5	17.0	15.8	16.3
Large Exposures to Capital	4.1	3.9	4.4	4.3	3.3	2.2
Gross Asset Position in Financial Derivatives to Capital	3.2	4.4	4.4	4.7	9.5	7.9
Gross Liability Position in Financial Derivatives to Capital	3.1	4.0	4.3	4.8	8.7	8.1
Trading Income to Total Income	22.0	24.4	26.6	26.6	27.6	25.3
Personnel Expenses to Non-interest Expenses	49.0	47.5	49.0	48.3	44.8	45.3
Customer Deposits to Total (Non-interbank) Loans	91.5	92.0	91.2	91.2	98.3	100.3
Foreign-Currency-Denominated Loans to Total Loans	5.6	5.9	5.4	5.0	6.0	4.4
Foreign-Currency-Denominated Liabilities to Total Liabilities	9.8	11.6	11.1	11.4	12.8	10.9
Net Open Position in Equities to Capital	39.2	41.8	44.0	43.3	46.1	46.1

### Appendix III. List of Deposit-Takers

LIST OF DEPOSIT-TAKERS		
Sl. No	Name Entity	Type
1	BANCO DE BOGOTÁ	Commercial Bank
2	BANCO POPULAR	Commercial Bank
3	BANCO ITAU	Commercial Bank
4	BANCOLOMBIA	Commercial Bank
5	CITIBANK-COLOMBIA	Commercial Bank
6	BANCO GNB SUDAMERIS	Commercial Bank
7	BBVA COLOMBIA	Commercial Bank
8	BANCO DE OCCIDENTE	Commercial Bank
9	BANCO CAJA SOCIAL BCSC Y BANCO CAJA SOCIAL	Commercial Bank
10	DAVIVIENDA	Commercial Bank
11	SCOTIABANK COLPATRIA S.A.	Commercial Bank
12	BANAGRARIO	Commercial Bank
13	BANCO AV VILLAS	Commercial Bank
14	CREDIFINANCIERA	Commercial Bank
15	BANCO DE LAS MICROFINANZAS -BANCAMÍA	Commercial Bank
16	BANCO W S.A.	Commercial Bank
17	BANCOOMEVA	Commercial Bank
18	FINANDINA	Commercial Bank
19	FALABELLA	Commercial Bank
20	PICHINCHA	Commercial Bank
21	BANCO COOPERATIVO COOPCENTRAL	Commercial Bank
22	BANCO SANTANDER DE NEGOCIOS COLOMBIA	Commercial Bank
23	BANCO MUNDO MUJER	Commercial Bank
24	MI BANCO	Commercial Bank
25	BANCO SERFINANZA	Commercial Bank
26	COOP FINAN DE ANTIOQUIA	Credit union or cooperative
27	JFK COOPERATIVA FINANCIERA	Credit union or cooperative
28	COOP FINAN COOFINEP	Credit union or cooperative
29	COOP FINAN COTRAFA	Credit union or cooperative
30	COOP FINAN CONFIAR	Credit union or cooperative
31	GIROS Y FINANZAS	Financing Company
32	COMPAÑÍA DE FINANCIAMIENTO TUYA	Financing Company
33	GM FINANCIAL COLOMBIA S.A.	Financing Company
34	COLTEFINANCIERA	Financing Company
35	DANN REGIONAL	Financing Company
36	CREDIFAMILIA	Financing Company
37	CREZCAMOS S.A.	Financing Company
38	LA HIPOTECARIA	Financing Company

LIST OF DEPOSIT-TAKERS		
39	FINANCIERA JURISCOOP S.A.	Financing Company
40	RCI COLOMBIA S.A.	Financing Company
41	CORFICOLOMBIANA S.A.	Financial corporation
42	BANCA DE INVERSIÓN BANCOLOMBIA	Financial corporation
43	JP MORGAN	Financial corporation
44	BNP PARIBAS	Financial corporation
45	CORFI GNB SUDAMERIS	Financial corporation
46	CORPORACIÓN FINANCIERA DAVIVIENDA S.A.	Financial corporation
47	BANCOLDEX	Other
48	FNA	Other

## Appendix IV. Summary of the Specialized Financial Institutions

- **FINAGRO:** is a publicly owned credit institution to promote agricultural and rural development. It provides resources to financial intermediaries, to provide loans to farmers and the agricultural sector.
- **FINDETER:** is organized as a credit institution. It promotes regional and urban development, through financing and advising regarding the design, execution and administration of investment projects or programs.
- **FDN:** is a public financial institution that specializes in infrastructure project finance and structuring.
- **ICETEX:** ICETEX is a public financial institution that promotes higher education through the granting of educational credits and their collection, with its own resources or from third parties, to the population with less economic possibilities and good academic performance. The SFC does not supervise its credit activity, only oversees the operations related to the Educational Savings Securities (TAEs).
- **FOGAFIN:** is a public financial institution with the mandate to protect depositor and creditor confidence in the registered financial institutions. Its main objectives are to act as an instrument to strengthen the equity of registered institutions; to take a temporary capital position in registered institutions; to ensure that registered institutions have means to make their financial and foreclosed assets liquid; to organize and develop a deposit insurance system, and, as a complement to that, the system for the purchase of long-term debt of registered institutions in liquidation, or in financing their depositors; to monitor the activities of liquidators in the financial institutions undergoing forcible liquidation, and in the liquidation of financial institutions in any other circumstance.
- **FOGACOOOP:** is organized as a financial entity under the Ministry of Treasury and Public Credit. FOGACOOOP acts as the administrator of deposit insurance funds, and of the rest of bonds and funds that are to be created with the aim of handling different risks associated to financial cooperative activities. FOGACOOOP also acts as an instrument in the financial fortification of the registered entities by participating temporarily in the registered cooperative members' assets with an amount the Fund considers adequate.
- **FNG:** is a mixed economy enterprise that facilitates access to financing for micro, small, medium and large enterprises by providing guarantees and can act as guarantor for any active credit operation.
- **Caja Promotora de Vivienda Militar y de Policía** is a public corporation of financial nature organized as a credit institution to act as a fund created to facilitate its members the acquisition of their own homes by carrying out or promoting all operations in the real estate market, including brokerage operations, collecting and managing the savings of its

- members and the development of the administrative, technical, financial and credit activities that are indispensable, as well as managing the severance payments of the military forces and the national police.
- **ENTERRITORIO** is a state industrial and commercial company, of a financial nature, endowed with legal status, its own assets, administrative autonomy and is linked to the National Planning Department. Its main purpose is to be an agent in the development project cycle through the financing and management of studies, and the coordination and financing of projects.