

COFECE acknowledges the Mexican Congress for passing *Fintech Law*

- *The Fintech Law will foster the entry of disruptive agents to financial markets, consequently, there will be a greater variety of services, which will benefit a greater number of users.*
- *The new framework includes COFECE's recommendations, aimed to promote competition between innovative financial firms and traditional banks.*
- *As a complement to the aforementioned recommendations, the Commission published the document entitled **Rethinking Competition in the Digital Economy**, which analyzes new digital business models and how they compete against traditional models to the benefit of consumers.*

Mexico City, March 1, 2018.- The Federal Economic Competition Commission (COFECE or Commission) acknowledges the Mexican Congress for passing the *Law to Regulate Financial Technology Institutions (Fintech Law)*, which sets forth the rules that provide greater legal certainty to financial service users and participants of digital platforms.

It is crucial that *Fintechs* have a legal framework that enables the development, adoption and use of technology and infrastructure to ensure greater competition in the financial sector as well as to provide certainty to platform users and investors that will finance their development.

In October 2017, the Commission issued an opinion to the Mexican Senate, in which it recommended changing the draft Law presented by the Federal Executive, with the purpose of fostering competition and innovation in the services offered by Financial Technology Institutions (FTIs), also known as *Fintech*.

The noteworthy improvements to the *Fintech Law*, derived from COFECE's opinion, include those related to facilitating *FTI's* access to user information, which is currently in possession of financial entities, as they have been the agents that have historically participated in this market. This input is essential for new entrants to compete under equal conditions, considering that before this law, traditional financial institutions were not required to share this information with other participants. For example, each user's level of risk will now be known, and products can potentially be tailor-made to suit needs and/or the public that has not been served by traditional banks.



The modifications made to the original draft law curb financial entities discretion to unilaterally interrupt the transmission of this data to FTI's by requiring they notify the corresponding authority. Likewise, financial entities, credit bureaus and clearing houses should not charge FTIs fees that are higher than the costs associated to the collection, storage, maintenance and transmission of information. Authorities will be responsible for determining said compensation. Lastly, financial entities will not be allowed to charge different fees for the transmission of data among *Fintech* and other clients.

COFECE is monitoring the development of new technologies and their impact on different markets, which is why today, *Rethinking Competition in the Digital Economy*, was published with the objective of outlining an agenda on this matter. It describes the interaction among users and the suppliers of goods and services through new business models based on digital technology and the way in which they compete against traditional schemes.

On the topic of *Fintechs*, the study published today highlights that they differentiate themselves from traditional financial institutions because: i) they specialize in segments of the population that had traditionally been excluded from the banking system; ii) their operation does not depend on large-scale infrastructure to service customers; iii) they offer users more information and alternatives; and iv) they are more flexible to demand and technological changes.

COFECE reiterates its commitment to collaborate with authorities and sectorial regulators to establish and enforce procompetitive legal frameworks that foster greater opportunities for economic development and the elimination of privilege for the few, thus generating greater welfare for a greater number of consumers.

[See the study in Spanish here.](#)

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The Federal Economic Competition Commission is entrusted with safeguarding competition and free market access. Through this, it contributes to consumer welfare and the efficient functioning of markets. Through its work, COFECE seeks better conditions for consumers, greater output, better services and a "level playing field" for businesses



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