

Cofece initiates market study on digital financial services

- *The financial sector is relevant because it generates an important percentage of the country's Gross Domestic Product, while digital financial services can have an impact on financial inclusion of Mexicans and facilitate access to credit for small and medium enterprises.*
- *The study will analyze the structure, functioning and regulatory framework of digital financial services.*
- *If this is the case, proposals and recommendations will be submitted to the competent authorities to promote greater competition and free market access for the benefit of the users of these services.*

Mexico City, June 22, 2022.- The Board of the Federal Economic Competition Commission (Cofece or Commission) approved carrying out a study on matters of free market access and economic competition in the markets of digital financial services and related markets. With this study, based on Article 12 Section XXIII of the Federal Economic Competition Law (LFCE, per its initials in Spanish), the structure, functioning and regulatory framework for these services will be analyzed, in addition —if appropriate— recommendations will be presented to the sectoral authorities to improve its functioning. The study is relevant because the services provided in these markets impact on the productive activities, as well as on the options available to financial users.

According to the National Institute of Statistics and Geography (INEGI, per its acronym in Spanish), in 2021 the financial sector generated 3.8 percent of the country's Gross Domestic Product and 67.8 percent of the population was a user of some type of financial service¹.

Also, the *2018 National Business Financing Survey* by INEGI and the National Banking and Securities Commission, highlighted that, in 2018, banks granted credits to 75.4 percent of enterprises.

¹ Respectively: i) Calculations made by Cofece based on the information of the Economic Information Bank of INEGI: <https://www.inegi.org.mx/sistemas/bie>, ii) Information published by the 2021 National Survey of Financial Inclusion of INEGI and the National Banking and Securities Commission (in Spanish): <https://www.inegi.org.mx/programas/enif/2021/>.

The digital financial services considered in the study, among them the services for electronic payments and crowdfunding, are offered by Financial Technology Institutions (FTIs), known as *Fintech*, which are regulated by the *Law to Regulate Financial Technology Institutions*.

In the *Economic Surveys: Mexico 2022*, the Organisation for Economic Co-operation and Development states that digital financial services can strengthen competition in the banking sector, reduce interest rate margins and foster credit for small and medium enterprises.

The study on matters of free market access and economic competition in the markets of digital financial services and the related markets is aligned with Cofece's 2022-2025 Strategic Plan, in which it is established that both the financial services as well as digital markets are priority sectors for the attention of this autonomous body.

Individuals, institutions and economic agents interested in making comments and submitting elements they deem relevant for the analysis of the market, from a competition perspective, may do so via email to the following address: estudiofintech@cofece.mx or directly at the Commission's Filing Office, located at Avenida Revolución number 725, floor 1, Santa María Nonoalco, Benito Juárez, Mexico City, Postal Code 03700.

In accordance with the agreement of initiation of the study of the market for digital financial services and related markets, the final document does not constitute a prejudgment on possible violations to the LFCE.

[Read here the Agreement of initiation of the study on matters of free market access and economic competition in the markets of digital financial services and related markets](#) (in Spanish).

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The Mexican Federal Economic Competition Commission is responsible for ensuring competition and free market access. In this way, it contributes to the people's welfare and the efficient functioning of the markets. Through its work, it seeks better conditions for consumers, that more services are offered with higher quality and that there is "level playing field" for companies.