



Working Papers on Economics - Digital Financial Services in Colombia: Characteristics and analysis of potential risks

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Publication Date: Friday, 18 of February 2022 Abstract This document analyses recent developments in digital credit and payments platforms in Colombia. It explores digital financial services characteristics, and the potential risks faced by users, providers, and the central bank. We compiled information obtained by simulated products requests on some digital financial services providers' websites. We identified the presence of costs associated with the use of financial digital services, which can constrain users' acceptance and further expansion of these types of services. Furthermore, we recognized intrinsic risks associated with digital services such as electronic fraud and the emergence of unregulated institutions in the financial system, which could impact financial stability and the effectiveness of the monetary policy. Finally, the document presents how digital financial services are promoted in Colombia and some recommendations to financial authorities to foster its usage and mitigate risks. Some of those measures are related to the promotion of economic, financial, and technological education programs and the update of the low-value payment systems regulation.