

Regarding entry requirements, it is closer to Canada's legislation, as it has strict entry requirements and proportionately fewer banks. On power setting, Chile differs from both Canada and the U.S., as powers are set by rule, and not determined on a case-by-case basis.

In one area, there is a major difference between Chile and both Canada and the U.S.: the responsibility of provincial governments in Canada and state governments in the U.S. in regulating the financial sector. Because Chile is a unitary nation, only the central government has the power to regulate, and regulations have nation-wide validity.

To keep things in perspective, however, it is important to contrast Chile's situation to that of Mexico, whose banking sector was completely nationalized in the early 1980s, and only recently has been privatized. Moreover, for many years only one foreign bank (Citibank) operated in Mexico, and the sector was closed to foreign participation. This situation has changed very recently, with the economic reforms that Mexico has undertaken, and due to its incorporation to NAFTA. Mexico will allow Canadian banks, securities dealers, and insurance companies to establish wholly owned subsidiaries or to buy existing firms starting in 1994. But a limit on the overall share of foreign firms in financial market will apply during a transition period of 6 years (which could be extended if the foreign share goes over 25% of the market).

Chile's financial industry, on the contrary, has been quite open for many years. After a proliferation of local and foreign