

# THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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## First Meeting 2011

14 February 2011

Shangri-La Hotel, Guangzhou Ballroom  
Guangzhou, People's Republic of China

## Meeting Paper 8-A

### Concept Paper on the 7th Public-Private Dialogue for the Asia-Pacific Region

Office of the Advisory Group Chair

- PURPOSE** For consideration
- ISSUE** Theme and topics for the 7th Public-Private Dialogue for the Asia-Pacific Region to be proposed to SEACEN
- BACKGROUND** Since 2005, this annual dialogue involving key institutions representing financial regulators and the private sector in the region has been held in conjunction with the annual meeting of SEACEN member central banks' directors of bank supervision. ABAC has been a driving force of this dialogue, coordinating with other co-organizing and participating institutions through the Advisory Group
- PROPOSAL** The proposed theme is "Meeting the Challenge of Growth and Stability"
- It is proposed that topics include (a) overview presentations in keynote speeches; (b) global and regional economic and financial environment; (c) impact of Basel III on the region's emerging economies; (d) strengthening risk management and supervisory practices; (e) impact of expanding the regulatory perimeter to the shadow banking system; (f) regional financial integration; and (g) financial inclusion.
- DECISION POINT** Endorse proposed themes and topics

# The 7th SEACEN-ABAC-ABA-PECC Public-Private Dialogue for the Asia-Pacific Region

Draft as of 9 February 2011

**Background:** Since 2005, this annual dialogue involving key institutions representing financial regulators and the private sector in the region has been held in conjunction with the annual meeting of SEACEN member central banks' directors of bank supervision. ABAC has been a driving force of this dialogue, coordinating with other co-organizing and participating institutions through the Advisory Group on APEC Financial System Capacity Building.

**Venue and date:** This year's dialogue has been proposed by SEACEN to be held in Colombo, Sri Lanka on 5-6 July 2011 (in conjunction with the annual meeting of member central banks' directors of bank supervision, as in previous years).

**Proposal on theme:** "*Meeting the Challenge of Growth and Stability*" (focus on balancing new regulations to promote stronger financial systems with the need to facilitate growth through financing of enterprises and develop efficient and liquid financial markets in the region).

**Proposals on topics:** There is a growing need to reflect views from emerging markets and regions in continuing efforts by international bodies to further develop new regulations and standards. Equally important is the need for stronger economic growth in the Asia-Pacific to help achieve sustained global economic recovery. Topics should also include issues where G20, FSB and BCBS have indicated interest in receiving regulators' and the private sector's views from the region's emerging markets. In this context, the following topics may be considered for inclusion in the agenda for this year's dialogue:

- Keynote speeches could focus on **overviews** of (a) the role of Asian emerging markets in global economic recovery; (b) efforts by the G20, FSB, IMF, BCBS and others to strengthen financial stability; and (c) new financial regulations, including Basel III and the key messages from the joint FSB-BCBS Macroeconomic Assessment Group's final report on the assessment of the macroeconomic impact of the transition to stronger capital and liquidity requirements; and (d) the global financial regulatory reform agenda in 2011 and beyond.
- **Global and regional economic and financial environment**, including macroeconomic and monetary policies of major economies affecting the region, capital inflows to emerging markets, inflation and exchange rate volatility.
- Impact of **Basel III** on the region's emerging economies and where further refinement would be needed or national discretion could be considered, including impact on trade finance, SME finance, local banking systems and business models, capital markets and financial regulation and supervision.
- Strengthening **risk management and supervisory practices**, including corporate governance, revision of Basel core principles and cross-border supervision of SIFIs.
- Impact of **expanding the regulatory perimeter** to the shadow banking system, including the role of money market mutual funds, finance companies, ABCPs, SIVs, securities dealers and securities lending in the region's economy.
- **Regional financial integration**, including practical steps proposed by ABAC, such as use of securities for cross-border collateral management, regional funds passport initiative and removal of obstacles to cross-border settlement.
- **Financial inclusion**, including remittances, grassroots savings mobilization and application of Basel core principles to supervision of microfinance.