Meeting Paper 5-B
The Asia-Pacific Financial Inclusion Forum
Expanding Financial Access through Regional Public-Private Cooperation
Office of the Advisory Group Chair

PURPOSE
For information.

ISSUE
The Asia-Pacific Financial Inclusion Forum will be held in Tokyo on September 6-8, 2011.

BACKGROUND
The first APEC Financial Inclusion Forum convened in 2010 by the APEC Business Advisory Council (ABAC), jointly with the Advisory Group on APEC Financial System Capacity Building and in cooperation with the Ministry of Finance of Japan, focused on how to provide enabling environments to extend the reach of microfinance, improve its commercial viability, and increase private investment in MFIs. In their Kyoto Report on Growth Strategy and Finance, APEC Finance Ministers welcomed the outcomes of this Forum and ABAC’s initiative to set up subsequent discussions.

This year’s Forum, which is coordinated by the Advisory Group, is co-organized by ABAC and the Asian Development Bank Institute (ADBI), in collaboration with the Asia-Pacific Credit Coalition (APCC)/PERC, the Asia-Pacific Finance and Development Center (AFDC), the Banking with the Poor Network (BWTP), the Foundation for Development Cooperation (FDC), the Institute for International Monetary Affairs (IIMA) and the Organisation for Economic Co-operation and Development (OECD), and sponsored by the Citi Foundation.

PROPOSAL
N.A.

DECISION POINT
Note the agenda of the forum.
THE ASIA-PACIFIC FINANCIAL INCLUSION FORUM
JOINTLY ORGANIZED BY
THE APEC BUSINESS ADVISORY COUNCIL
THE ASIAN DEVELOPMENT BANK INSTITUTE

EXPANDING FINANCIAL ACCESS THROUGH REGIONAL PUBLIC-PRIVATE COOPERATION

6-8 September 2011
Asian Development Bank Institute
Tokyo, Japan

In collaboration with

Sponsored by

Citi Foundation
Addressing the needs of many people living in poverty in the Asia-Pacific region through improved access to finance remains a major challenge. With growing constraints on public resources in the wake of the Global Financial Crisis, mobilizing private resources to serve financial needs of low-income households and small enterprises has become ever more important. Stronger, more balanced and more inclusive growth also requires efforts to further expand financial access through new channels, while addressing the key obstacles small enterprises face in accessing traditional sources of finance.

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This year’s Forum, co-organized by the APEC Business Advisory Council (ABAC) and the Asian Development Bank Institute (ADBI), in collaboration with the Asia-Pacific Credit Coalition (APCC)/PERC, the Asia-Pacific Finance and Development Center (AFDC), the Banking with the Poor Network (BWTP), the Foundation for Development Cooperation (FDC), the Institute for International Monetary Affairs (IIMA) and the Organisation for Economic Co-operation and Development (OECD), and sponsored by the Citi Foundation, aims to achieve three purposes.

- First, it aims to provide a venue for policy dialogue on expanding new channels to serve the financial needs of the unbanked, and how APEC can harness regional public-private cooperation to promote the sustainability and expansion of undertakings using these new channels. During the first day, participants will discuss and develop recommendations for measures to provide an enabling environment in three areas: consumer and micro/small enterprise lending, grassroots savings mobilization, and remittances.

- Second, it aims to provide a platform for capacity building to help relevant policy makers and regulators in the region address two key issues for expanding credit to micro-, small and medium enterprises (MSMEs): credit information and legal frameworks for secured lending. During the second and third days, key government and regulatory stakeholders, private sector financial services firms, and thought leaders will survey challenges in these two areas and develop strategies for addressing them.

- Third, it aims to provide a forum for discussion of broader institutional and economic framework conditions and policies affecting MSMEs, recognizing that expanding financial access can only be achieved with parallel efforts to improve design and implementation of SME and entrepreneurship policies, build a resilient and adaptable foundation of entrepreneurs, and develop policies to promote entrepreneurship. The last part of the third day will be devoted to a discussion of the OECD’s reviews of SME and entrepreneurship issues and policies in Thailand, and the prospects for utilizing this process more broadly
as a tool for improving the design and delivery of policy and for information sharing in the region.

This Asia-Pacific Financial Inclusion Forum will draw on the combined expertise and experiences of the public and private sectors, international institutions and academe from throughout the region. Its outcomes will be summarized in a report to serve as basis for useful recommendations that will be conveyed to key officials and institutions, particularly those involved in developing regional frameworks to promote expanded financial access for households and enterprises. Consideration will also be given to the development of capacity building resources using the discussions of the Forum.
# PROGRAM

**Tuesday, 6 September**

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<td>08:30-09:00</td>
<td><strong>REGISTRATION</strong></td>
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<td>09:00-09:45</td>
<td><strong>OPENING SESSION</strong></td>
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| 09:00-09:10 | Welcome remarks and introduction  
Dr. Masahiro Kawai, Dean, Asian Development Bank Institute (ADBI) |
| 09:10-09:15 | Welcome remarks on behalf of the APEC Business Advisory Council (ABAC)  
Mr. Yoshihiro Watanabe, Lead Co-Chair, ABAC Finance and Economics Working Group, Managing Director, Institute of International Monetary Affairs (IIMA) and Co-Chair, Advisory Group on APEC Financial System Capacity Building |
| 09:15-09:20 | Welcome remarks on behalf of the Ministry of Finance, Government of Japan  
TBC, Ministry of Finance, Government of Japan |
| 09:20-09:25 | Opening remarks on behalf of the Asia-Pacific Credit Coalition (APCC)  
Dr. Michael Turner, President, Policy and Economic Research Council (PERC) |
| 09:25-09:30 | Opening remarks on behalf of the Asia-Pacific Finance and Development Center (AFDC)  
Dr. Peng Runzhong, Director, Asia-Pacific Finance and Development Center (AFDC) |
| 09:30-09:35 | Opening remarks on behalf of the Banking with the Poor Network (BWTP) and Foundation for Development Cooperation (FDC)  
Ms. Erlijn Sie, Manager, Banking with the Poor Network (BWTP) |
| 09:35-10:00 | **COFFEE BREAK** |

## PART I: EXPANDING NEW CHANNELS OF FINANCIAL INCLUSION

**Session One**  
**CONSUMER AND MICRO-/SMALL ENTERPRISE LENDING**

*Multilateral Development Banks (MDBs) and official bilateral agencies like JBIC can collaborate with banks, firms and communities to offer affordable loans to low-income consumers and expand financing for micro and small enterprises in developing economies. Discussions will focus on actual experiences and identifying measures to promote sustainability and support expansion of such undertakings (e.g., measures related to credit information, financial literacy, consumer protection, among others).*

**Session Chair:** Dr. Julius Caesar Parreñas, Coordinator, Advisory Group on APEC Financial System Capacity Building and Advisor on International Affairs, Bank of Tokyo-Mitsubishi UFJ, Ltd.

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<th>Time</th>
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<td>10:00-10:05</td>
<td>Introduction by the Session Chair</td>
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| 10:05-10:25 | Sustainable and responsible microfinance  
Dr. Matthew Gamser, Principal, Advisory Service, East Asia and Pacific, International Finance Corporation (IFC) |
| 10:25-10:40 | Public-private collaboration in expanding credit to low income consumers and small enterprises: Lessons from actual experience  
Mr. Tatsuhiko Takesada, Head, Global Manufacturing Finance Department, Japan Bank for International Cooperation (JBIC) |
| 10:40-10:55 | Public-private collaboration in expanding credit to low income consumers and small enterprises: Lessons from actual experience  
Mr. Robert A. Annibale, Global Director, Citi Microfinance and Community Development |
| 10:55-11:10 | The role of properly structured credit information sharing systems (TBC) |
Dr. Michael Turner, President, Policy and Economic Research Council (PERC)

11:10-11:25  The role of consumer protection
Mr. Keisuke Nakamura, Deputy Manager for Operations, Inter-American Development Bank

11:25-11:30  Brief commentary
Ms. Shahariah Hashim, Deputy Director, Development and Enterprise Department, Central Bank of Malaysia (TBC)

11:30-11:55  Open Forum

11:55-12:00  Concluding Summary by the Session Chair

12:00-13:30  LUNCHEON

13:30-15:15  Session Two
GRASSROOTS SAVINGS MOBILIZATION

Deposits offer low-income households many benefits and enable MFIs to reduce their vulnerability to external shocks. There is great potential for micro-savings, which has proven to be commercially viable with the introduction of innovative approaches and technology. Discussions will focus on the roles that the private sector, government, regulators, apex institutions and technical and development assistance can effectively play in promoting micro-savings in developing economies. Key issues include policies and regulations, capacity building for MFIs and financial education of low-income consumers.

**Session Chair:** Mr. Kazuto Tsuji, Executive Technical Advisor, Public Policy, Industrial Development and Economic Infrastructure, Japan International Cooperation Agency (JICA)

13:30-13:35  Introduction by the Session Chair

13:35-13:55  TBC
Mr. Robert A. Annibale, Global Director, Citi Microfinance and Community Development

13:55-14:15  Promoting savings through financial education:
Mr. Chris De Noose, Managing Director, World Savings Bank Institute (WSBI)

14:15-14:35  Developing proportionate regulatory and supervisory frameworks for MFIs (TBC)
Mr. Kenneth Waller, Director, Australian APEC Study Centre at RMIT University (TBC)

14:35-14:40  Brief commentary
Ms. Thavichanh Thienthepvongsa, Deputy Director of Investment Promotion Division, Investment Promotion Department, Ministry of Planning and Investment, Lao PDR (TBC)

14:40-15:10  Open Forum

15:10-15:15  Concluding Summary by the Session Chair

15:15-15:30  COFFEE BREAK

15:30-17:15  Session Three
REMITTANCES AND CROSS-BORDER MICROFINANCE

Remittances are vital to many economies, and their importance will grow as regional integration advances. Increased financial access both for migrants and remittance recipients (including services such as housing or business loans linked to remittances), measures and innovations to facilitate settlement, and technology (e.g., mobile technologies, prepaid cards) can significantly expand financial inclusion. Discussions will focus on how private sector, government and regulators can collaborate to facilitate innovative business models and address key issues (e.g., transparency, consumer protection, payment system infrastructure, legal and regulatory environment and risk management, among others).

**Session Chair:** Ms. Erlijn Sie, Manager, Banking with the Poor Network

15:30-15:35  Introduction by the Session Chair

15:35-15:55  Managing Migration and Remittances for Development in the East Asia and Pacific
PART II: IMPROVING INFORMATION SHARING AND PRUDENTIAL LENDING FOR GREATER FINANCIAL INCLUSION

Throughout the region, regulators are concerned with balancing two important policy goals – ensuring an adequate supply of credit to foster financial inclusion while preventing excesses that could endanger the longer term strength of financial institutions. Modern full-file credit information systems are key to achieving this balance. Credit bureaus play a role in making information available to help lenders properly underwrite new credit extensions while avoiding loans that are likely to default, and in encouraging credit extension to borrowers who have demonstrated habits of dependable repayment, thus incentivizing the proper handling of credit and the building of a good credit record. Full-file bureaus can also serve the goal of creating level informational playing fields among potential creditors, bringing the benefits of competitive pricing to borrowers, and breaking down barriers to new credit entry. Still, important policy issues remain concerning the adequate protection of consumer and SME financial information, the ownership and structure of credit bureaus, and how the use of information can best be turned toward encouraging the responsible extension and use of credit.

09:00-10:45 Session Four

KEY ELEMENTS OF INFORMATION SHARING

- Public credit registries vs. Private credit bureaus
- Voluntary vs. mandatory sharing
- Comprehensive vs. fragmented; full-file vs. negative only
- Ownership structure
- Consumer and commercial: similarities and differences
- Case studies and experiences in establishing bureaus
- Considerations for regulators

Attendees will be presented outline of main legal and regulatory elements of various models of credit reporting. Supporting materials, including model language, will be provided.

**Session Chair:** Mr. Robert A. Annibale, Global Director, Citi Microfinance and Community Region

Dr. Ahmad Ahsan, Lead Economist, East Asia and Pacific Region, The World Bank

15:55-16:15 Linking value-added services to guest worker remittances: Private sector perspectives
Mr. Atsumasa Tochisako, President and CEO, Microfinance International Corporation (MFIC)

16:15-16:35 Policies, regulations and promoting financial inclusion through new technologies: The case of mobile payment solutions and prepaid cards
TBC, MasterCard

16:35-16:40 Brief commentary
Ms. Chen Hsiao Meei, Assistant Director General, Department of Banking, CBC, Chinese Taipei

16:40-17:10 Open Forum

17:10-17:15 Concluding Summary by the Session Chair
TBC

Special Presentation: Promoting access to credit for SMEs in the context of APEC’s structural reform agenda (TBC)
TBC, Ministry of Economy, Trade and Industry (METI), Japan (TBC)

18:00-19:30 WELCOME RECEPTION
Development

09:00-09:05  Introduction by the Session Chair
09:05-09:35  Presentation
Dr. Michael Turner, President and Senior Scholar, Policy and Economic Research Council (PERC)
09:35-10:05  Presentation
Mr. Peter Sheerin, Principal Operations Officer, Financial Markets and Access to Finance Advisory Services, East Asia and the Pacific, International Finance Corporation (IFC)
10:05-10:10  Brief commentary
Ms. Samnida Ung, Senior Economist and Offsite Examiner, General Directorate of Banking Supervision, National Bank of Cambodia (TBC)
10:10-10:40  Open Forum
10:40-10:45  Concluding Summary by the Session Chair
10:45-11:00  COFFEE BREAK
11:00-12:45  Session Five
LEGAL CONCEPTS AND REGULATORY CONSIDERATIONS FOR CREDIT REPORTING
Developing a legal and regulatory system for credit reporting: key concepts and factors to consider:
- Models of regulation given regulatory capacity
- Common law contract based systems vs. elaborated legal frameworks
- Universal access for regulated lenders: Level playing fields and quality of credit information
- Case studies

Short policy briefs on regulatory options for monitoring and enforcement; benefits and disadvantages of various models of credit bureau architecture and ownership.

Session Chair: TBC

11:00-11:05  Introduction by the Session Chair
11:05-11:35  Presentation
Mr. Anthony Hadley, Vice President, Government Affairs, Experian
11:35-12:05  Presentation
Mr. Gabriel Davel, Alliance for Financial Inclusion and former Chief Executive Officer, National Credit Regulator, South Africa (TBC)
12:05-12:10  Brief commentary
Mr. Vereimi Rokonaiveno Levula, Acting Chief Manager, Financial Systems Development and Compliance Group, Reserve Bank of Fiji (TBC)
12:10-12:40  Open Forum
12:40-12:45  Concluding Summary by the Session Chair
12:45-14:00  LUNCHEON Sponsored by Citi Foundation
Venue: The Tokai University Club, 35th Floor, Kasumigaseki Building
Guest Speaker
Mr. Lewis B. Kaden, Vice Chairman, Citigroup Inc.
14:00-15:45  Session Six
CONSUMER CONCERNS AND CONSUMER PROTECTIONS
Detailed methods of identifying consumers and protecting their information
- Establishing financial identity: the use of National ID and alternatives
- Key elements of consumer rights as a component of credit bureau efficiency and data
Examples of Regulatory Enforcement: US FTC Enforcement under the FCRA, others. Regulatory discipline vs. private right of action

Examples of how OECD Fair Information Principles are translated into regulation will be presented

Session Chair: TBC

14:00-14:05 Introduction by the Session Chair
14:05-14:35 Presentation
Celina Leung-Dyus, TransUnion Limited
14:35-15:05 Presentation
Mr. Michael Donohue, Senior Policy Analyst, OECD
15:05-15:10 Brief commentary
Mr. Joselito S. Almario, Director III, Domestic Finance Group, Department of Finance, Republic of the Philippines
15:10-15:40 Open Forum
15:40-15:45 Concluding Summary by the Session Chair
15:45-16:00 COFFEE BREAK
16:00-17:45 Session Seven
INFORMATION SHARING FOR RISK BASED ANALYTIC SERVICES AND FINANCING OF SMALL AND MEDIUM ENTERPRISES – RISK BASED APPROACHES TO FINANCIAL SERVICES

How regulations and regulators can facilitate credit scoring:
- Scoring demystified: what it is and how it is done
- Structuring information sharing rules to facilitate the development of a scoring and analytic services sector
- Credit scoring for small, micro and medium enterprises

Examples of how analytic products facilitate lending for consumer and businesses, and examples of the uses of analytic products.

Session Chair: TBC

16:00-16:05 Introduction by the Session Chair
16:05-16:35 Presentation
TBC, Dun & Bradstreet
16:35-17:05 Presentation
TBC, Fair Isaac Corporation (FICO)
17:05-17:10 Brief commentary
TBC
17:10-17:40 Open Forum
17:40-17:45 Concluding Summary by the Session Chair

Thursday, 8 September

PART III: IMPROVING THE LEGAL ARCHITECTURE FOR SECURED LENDING TO PROMOTE SMALL BUSINESS FINANCE

The importance of securing access to financing for small businesses and of undertaking reform
in lending systems to achieve that goal is widely recognized in both the public and private sectors. One of the most significant areas requiring reform is in the legal rules around secured lending. There is a great need to further explore regional best practices and opportunities in reforming the legal architecture around secured lending, most particularly the rules for filing and perfecting security interests in collateral, ease of diligence and completeness of lien registries, and why these issues are important for expanding credit availability to small businesses on reasonable terms. The role of licensing and market access in facilitating credit also needs to be further explored.

**Session Eight**

**CURRENT GAPS IN THE LEGAL AND REGULATORY ARCHITECTURE FOR SME FINANCE - SECURED LENDING**

Achieving predictability and transparency in secured lending:
- The role of security interests, collateral and credit registries in commercial lending
- Voidable conversion/preference in bankruptcy
- The “hidden lien” problem
- Establishing broad classes of eligible collateral as a means of expanding SME liquidity
- Licensing models and diversity of the credit sector.

Challenges in the region to SME lending and examples of legal reforms to fill the gaps

*Session Chair:* Mr. Thomas Clark, Vice President, Government Relations, GE Money Asia

**Introduction by the Session Chair**

**Presentation**

Mr. Clark Griffith, Head of Structured Finance, GE Capital

**Presentation**

Professor Naoyuki Yoshino, Professor of Economics, Keio University; and Director, Financial Research and Training Center, Financial Services Agency, Japan (TBC)

**Brief commentary**

Ms. Tat Keung Chan, Senior Vice President, Operations Division, The Hong Kong Mortgage Corporation Limited

**Open Forum**

**Concluding Summary by the Session Chair**

**SESSION NINE**

CURRENT GAPS IN THE LEGAL AND REGULATORY ARCHITECTURE FOR SME FINANCE - TURNAROUND AND REHABILITATION

How regulations and regulators can facilitate turnaround of SME’s facing temporary liquidity constraints.
- Structuring around temporary illiquidity: DIP Financing, priming liens, and other legal tools

Examples of how special provisions in secured lending laws can incentivize the extension of rehabilitation and turnaround financing

*Session Chair:* Mr. Gary Judd, Queen’s Counsel; Co-Chair, Advisory Group on APEC Financial System Capacity Building and Member, ABAC New Zealand

**Introduction by the Session Chair**

**Presentation**

Mr. Norman B. Page, Partner and Chair, China Practice Group, Davis Wright Tremaine LLP

**Presentation**

Mr. Arthur M. Mitchell, Senior Counselor, White & Case Law Offices

**Brief commentary**
Ms Zhang Shaohua, Director, Research Bureau, The People’s Bank of China

12:10-12:40 Open Forum
12:40-12:45 Concluding Summary by the Session Chair
12:45-14:00 LUNCHEON

PART IV: ADDRESSING BROADER MSME AND ENTREPRENEURSHIP ISSUES AND POLICIES

14:00-17:00 Session Ten
STRENGTHENING MSMEs AND PROMOTING ENTREPRENEURSHIP IN THE ASIA-PACIFIC REGION

Improving their access to finance can only succeed in helping MSMEs if undertaken together with the other necessary policies to promote entrepreneurship that will address the broader issues facing these enterprises in developing economies. Drawing on the OECD’s review of SME and entrepreneurship issues and policies in Thailand – the first such review of an Asian economy – participants will discuss how to strengthen MSMEs and promote entrepreneurship in the region, and the potential of such reviews as a tool for improving the design and delivery of policy and for information sharing within the region.

Session Chair: Dr Yuqing Xing, Director, Capacity Building and Training, ADBI

14:00-14:05 Introduction by the Session Chair
14:05-14:30 Strengthening MSMEs and promoting entrepreneurship: The experience of Thailand
TBC, Thai Office of Small and Medium Enterprise Promotion (OSMEP)
14:30-14:50 The OECD review of SME and entrepreneurship issues and policies in Thailand
Dr. Jonathan Potter, Senior Economist, Centre for Entrepreneurship, SMEs and Local Development, OECD
14:50-15:15 Q&A
15:15-15:30 COFFEE BREAK
15:30-15:35 Commentary
Ms. Nguyen Thanh Le, International Cooperation Division, Agency for Enterprise Development, Socialist Republic of Vietnam
15:35-16:55 Open Forum
16:55-17:00 Concluding Summary by the Session Chair

CONCLUDING SESSION

17:00-17:05 Remarks on behalf of the Banking with the Poor Network (BWTP) and Foundation for Development Cooperation (FDC)
Ms. Erlijn Sie, Manager, Banking with the Poor Network
17:05-17:10 Remarks on behalf of the Asia-Pacific Finance and Development Center (AFDC)
Dr. Peng Runzhong, Director, Asia-Pacific Finance and Development Center (AFDC)
17:10-17:15 Remarks on behalf of the Asia-Pacific Credit Coalition (APCC)
Dr. Michael Turner, President, Policy and Economic Research Council (PERC)
17:15-17:20 Remarks on behalf of the Organisation for Economic Cooperation and Development (OECD)
Dr. Jonathan Potter, Senior Economist, Centre for Entrepreneurship, SMEs and Local Development, OECD
17:20-17:25 Remarks on behalf of the APEC Business Advisory Council (ABAC)
Mr. Yoshihiro Watanabe, Lead Co-Chair, ABAC Finance and Economics Working Group, Managing Director, Institute of International Monetary Affairs (IIIMA) and Co-Chair, Advisory
Group on APEC Financial System Capacity Building

17:25-17:30  Closing remarks
Dr. Masahiro Kawai, Dean, Asian Development Bank Institute (ADBI)

17:30  END