Recommendations and actions to promote financial inclusion

Advisory Group on APEC Financial System Capacity Building

13 November 2015

fdc.org.au
“Recommendations & Actions”: review

The Financial Inclusion Caucus\(^1\) formed in 2010
- Meeting annually since 2011
- Discussions and recommendations recorded and circulated post-Forum

2015: FDC review and recommendations for Financial Inclusion agenda
- Many founding objectives have been met or exceeded
- Credit reporting and secured lending to be promulgated through FIDN

Forward agenda:
- Financial Inclusion Forum to remain as platform for dialogue and collaboration on expanding financial inclusion throughout APEC member economies
- Adopt official APEC definition of financial inclusion that incorporates “pro-poor” and “pro-growth” concepts
- Develop model code or strategy for domestic financial inclusion strategies amongst APEC member economies
- Incorporate digital finance into APEC’s work on financial inclusion

\(^1\) Financial Inclusion Caucus under the Advisory Group APEC Financial System Capacity Building

Financial Inclusion Forum & Cebu Action Plan

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<tr>
<th>2011 FIF Recommendations</th>
<th>Cebu Action Plan</th>
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<tr>
<td>Provide avenue for APEC policy dialogue on new channels to serve financial needs of the unbanked</td>
<td>Promote financial inclusion &amp; literacy through the Asia Pacific Financial Inclusion Forum</td>
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<td>Platform for capacity building regarding credit information and legal framework for secured lending</td>
<td>Create FIDN to establish legal frameworks for credit information systems, develop model language &amp; evaluate common data format</td>
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<td>Greater visibility / importance within ABAC on access to finance, relative to historic focus on trade and investment</td>
<td>Promote an enabling financing environment for MSMEs, including trade, supply chain and alternative financing mechanisms</td>
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<td>Approaches to financial literacy – research on evidence base of effectiveness of financial literacy policies and programs</td>
<td>Adopt domestic strategies that promote financial inclusion and literacy</td>
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Access to and usage of financial services across APEC

Pattern of financial inclusion across APEC

- ADB Financial Inclusion Index value (out of 100) incorporating 5 indicators: ATMs per capita; bank branches per capita; borrowers per capita; depositors per capita and total credit as % GDP (data 2004-2012)
- World Bank data on share of population 15+ with account at formal financial institution (out of 100%) (data 2009-2011)


How would you rate the role of ABAC in facilitating changes/improvements in six key areas?

Source: FDC survey of participants of 2015 Financial Inclusion Forum participants and online survey of regional experts
Feedback from stakeholders on forward work plan

Would it be useful for APEC member economies to adopt an official definition of financial inclusion? Do you believe APEC as an organisation should investigate the emergence of digital finance in support of financial inclusion?

Source: FDC survey of participants of 2015 Financial Inclusion Forum participants and online survey of regional experts

How much progress do you feel is being made in your economy in these areas?

Source: FDC survey of participants of 2015 Financial Inclusion Forum participants and online survey of regional experts
Next steps

1. Prepare for adoption of APEC definition of financial inclusion at 2016 Financial Inclusion Forum in Tokyo
   • Commission review of financial inclusion definitions from existing partners (AFI, GPFI etc)
   • Obtain stakeholder feedback ahead of 2016 Forum on the definition
   • Circulate final wording at 2016 Forum for consensus on final draft and adoption

2. Incorporate digital finance into the work stream of the Financial Inclusion Forum
   • Scoping exercise to identify key areas of focus where APEC and ABAC can make a contribution to this emerging industry
   • Work across groups in ABAC (e-commerce, cyber security, etc) to identify points of linkage and avoid duplication

3. From mid-2016, prepare for presentation of a model framework for national financial inclusion strategies at 2017 Financial Inclusion Forum
   • Commission review of existing national strategies within APEC member economies from mid-2016 as input to draft APEC model framework

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1 Financial Inclusion Caucus under the Advisory Group APEC Financial System Capacity Building