

# THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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## Third Meeting 2012

18 July 2012

8:00 AM-10:00 AM

Sheraton Saigon Hotel & Towers

Ho Chi Minh City, Vietnam

## Meeting Paper 3-A

### UPDATE ON THE ASIA-PACIFIC FINANCIAL FORUM PROPOSAL

Office of the Advisory Group Chair

**PURPOSE**

For information.

**ISSUE**

Update on progress of the Asia-Pacific Financial Forum proposal

**BACKGROUND**

At a conference convened by ABAC in March 2012, senior representatives from financial authorities, the region's financial industry and key international bodies concluded that the region would greatly benefit from an overarching framework for enhanced regional public-private collaboration that can complement various ongoing initiatives to help the region develop sound, efficient and integrated financial markets.


This collaborative framework, provisionally named the Asia-Pacific Financial Forum (APFF), is envisioned to be a platform for public-private sector collaboration in: (a) the development of robust financial markets across the region; the convergence of financial standards, regulations and practices; and connectivity for facilitating cross-border financial flows; and (b) shaping global financial regulatory reforms in support of the region's financial development goals

**PROPOSALS**

Considering that further discussions are needed on the concrete way forward, especially on how the APFF can add value, complement and not unnecessarily duplicate other ongoing regional initiatives, the Advisory Group recommends that discussions be held at a symposium with active participation by finance ministries and other relevant agencies from APEC economies in early 2013. This symposium will seek to develop a roadmap for enhanced public-private sector collaboration to promote the development, convergence and connectivity of markets in the region and to promote the development of global financial regulatory standards that are compatible with the region's needs. We propose that the outcomes of this symposium be reported to and considered by the Finance Ministers at their meeting next year in Indonesia.

**DECISION  
POINT**

Endorse the way forward as proposed.

  
**The Advisory Group on APEC Financial System  
Capacity-Building**  
A Public-Private Sector Initiative

**Third Meeting 2012**  
18 July 2012  
Ballroom 1&2, Sheraton Saigon Hotel & Towers  
Ho Chi Minh City, Vietnam

**Meeting Paper 3-A**  
**Update on the Asia-Pacific Financial  
Forum Proposal**

*Office of the Advisory Group Chair*

**SOUND & INTEGRATED  
FINANCIAL MARKETS**

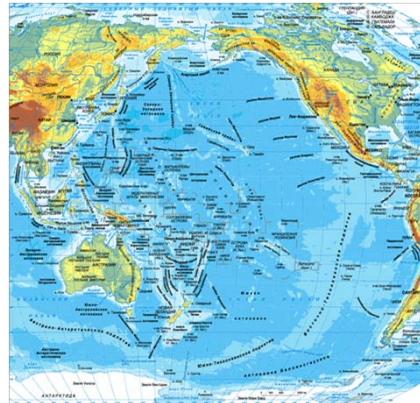
**“We welcomed inputs from  
ABAC, which put forward  
recommendations on  
improving collaboration  
among financial market  
regulators in view of  
increasing regional  
financial integration.”**

***-2011 AFMM Joint  
Ministerial Statement***



## SOUND & INTEGRATED FINANCIAL MARKETS

- **Conference:** March 2012 in Melbourne, Australia
- **Participants:** Regulators, financial industry, experts, BIS, ADB Institute
- **Conclusion:** Need for an **Asia-Pacific Financial Forum**



## CURRENT SITUATION

- Lack of robust and liquid domestic financial markets
  - Serious constraint to future growth
- Overreliance on few advanced financial markets
  - Vulnerability to liquidity and credit constraints



## BUILDING BLOCKS

- **ASEAN+3:** ABMI, ABMF, CGIF
- **EMEAP:** ABF
- **APEC:** Funds passport, capacity building for regulators
- **ASEAN:** Stars Initiative, Plus Standards Scheme, ASEAN CIS
- **Others:** IOSCO APRC, FSB Asia Consultative Group, SEACEN, FSI, ADB, WB, IFC etc.



## CHALLENGES

- Getting stakeholders together
- Managing complexity, avoiding fragmentation
- Ensuring broad-based participation and benefits
- **Long-term time frame**



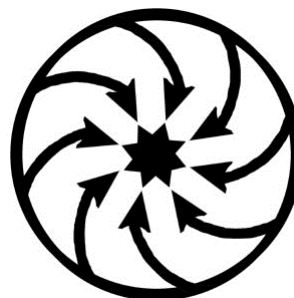
## CAN APEC PLAY A ROLE?

- Wide membership
- Broad public sector involvement
- Strong private sector and IFI engagement
- Richness and diversity of experiences
- **APEC: Scaffolding to support construction of regional financial architecture?**



## REGIONAL FINANCIAL INTEGRATION

- **DEVELOPMENT** of robust financial markets across the region
- **CONVERGENCE** of standards, regulations and practices
- **CONNECTIVITY** to facilitate cross-border financial flows

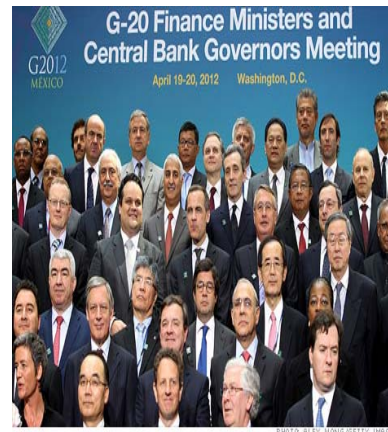


*To create dynamic and integrated financial markets supporting sustained rapid growth of the region*

## REGIONALLY CONSISTENT APPROACHES TO FINANCIAL REGULATORY REFORMS

- **COORDINATING** views on areas of common regional concern
- **COLLABORATING** with G20 partners to better reflect these concerns in global standards and regulations

*To develop financial standards/regulations conducive to growth and stability across regions*



## ASIA-PACIFIC FINANCIAL FORUM

### Pathfinder initiative

- Voluntary
- Open to all interested APEC economies
- Informal
- Multi-year time frame
- Work program to be agreed in 2013
- Areas for consideration:
  - Development of financial markets
  - Convergence
  - Shaping global financial regulatory reforms



## ASIA-PACIFIC FINANCIAL FORUM

- **Participants: Public and private sectors**

- MOFs, regulators, CBs
- IFIs and standard setters
- ABAC, international private sector groups, major firms, specialized academic institutions



## ASIA-PACIFIC FINANCIAL FORUM

- **Coordination:**

- Interested ministries and institutions + ABAC
- Details to be agreed in 2013
- ABAC to collaborate in setting up initial activities



## ASIA-PACIFIC FINANCIAL FORUM

- Under APEC umbrella
- Collaborate with IFIs
- Collaborate/coordinate with other regional organizations (ASEAN+3, EMEAP, FSB Asia Consultative Group etc.)



## NEXT STEPS?

- **2012 June** - SFOM (St. Petersburg): Presentation
- **2012 August** – AFMM (Moscow): ABAC dialogue with Finance Ministers
- **Early 2013** – Symposium?
- **2013 AFMM** – Review of outcomes by Finance Ministers?





