

**APFF Caucus Meeting II
Mexico
Paper 3.5-A**



Asia-Pacific Financial Forum

ITEM 3.5 UPDATE ON LINKAGES AND STRUCTURAL ISSUES

Linkages and Structural Issues Work Stream
Caucus Meeting

Mexico City, Mexico
20th April 2015

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1. *Capital Cooperation Project Group*



Aim: To highlight the commonality of purpose of Islamic capital and of conventional capital to facilitate capital mobilisation and “responsible” investment

Work program will focus on:

- evaluating the present position of Islamic capital in APEC economies,
- capturing Islamic capital for the improvement of trade and investment,
- policy alternatives available to promote the integration of Islamic capital in to conventional structures, particularly for long-term investments such as infrastructure
- To identify in a preliminary way the enablers for advancing the role of Islamic capital, and to provide recommendations to the APFF
- Project Group to be made up of: Dr Allan Wain, Capital Markets Consultant, Simon Ondaatje, Head of Investor Relations at Hastings, Mr Toby O'Connor, Chief Executive, Islamic Bank of Asia, AASC and ABAC Malaysia
- Stakeholders from Singapore, Indonesia, and Malaysia will be engaged with direct involvement in the allocation and structuring of Islamic capital for investment and trade activities
- This initial stakeholder engagement and the review of relevant materials are intended to be completed by the end of July 2015

2. Melbourne University Research Study



- The research team at the University of Melbourne is continuing its work on financial regulation in Asia and, in particular, the appropriateness of the existing architecture and how regional cooperation can be strengthened.
- The areas that are currently under examination include Basel compliance, funds passporting, shadow banking, bank resolution, OTC derivatives market reforms, bank subsidiarisation and Asian regional architecture.
- The team is also continuing to work with its external partners, including the Australian APEC Study Centre, and is planning to present its preliminary findings in these areas to the Asia Pacific Finance Forum Melbourne meeting on 10 August.
- In addition, the team is planning a conference at Hong Kong University in early November.

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3. Electronic Payments



- During the Hong Kong meeting, APFF LSI workstream proposed undertaking policy analysis on the use and benefits of e-payments in Asia Pacific economies
- The Australian APEC Study Centre in collaboration with TRPC, and with support from PayPal, is undertaking a study on e-payments
- The findings of the study will be reported to APFF and ABAC at the third meeting in Melbourne on 10-13 August 2015
- The report will include recommendations on policy and regulatory initiatives for APEC Finance Ministers

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3. *Electronic Payments*



The e-payments study will have two components:

Component 1:

- An e-payment index for APEC economies assessing the various stages of readiness and deployment of e-payment systems in APEC
 - The index will cover all APEC economies and provide analysis on findings

Component 2:

- Economic modelling to assess the increase in GDP from full e-payment adoption in selected APEC economies
 - Selected economies include ***Indonesia, Philippines, Hong Kong and Australia***