



**A 2015 APEC FINANCE MINISTERS' PROCESS (FMP)
CONFERENCE ON
REFORMING THE ASIA-PACIFIC
FINANCIAL INFRASTRUCTURE**

*WITH THE LAUNCH OF THE
FINANCIAL INFRASTRUCTURE DEVELOPMENT NETWORK (FIDN)
An Initiative under the Cebu Action Plan
Supported by the Asia-Pacific Financial Forum (APFF)*



**12 NOVEMBER 2015
DUSIT THANI MANILA HOTEL
MAKATI CITY, PHILIPPINES**

Reforming the Asia-Pacific Financial Infrastructure

Lack of access to finance is a key issue preventing micro, small and medium enterprises (MSMEs) across the region from doing business and benefiting from trade and economic growth. In many developing economies, small business owners typically do not have real estate that lenders commonly accept as collateral, but neither are they often able to effectively use movable assets to get credit. In these markets, many small entrepreneurs cannot use transaction records that are normally available to borrowers in more advanced economies to access loans. Likewise, SMEs continue to face hurdles in the use of factoring, or the sale of invoices to access working capital.

One of the key factors behind these problems is the inadequate legal and institutional infrastructure in these economies to effectively support risk-based lending using transactions and payments data, lending against a broader range of collateral, and the use of factoring. In advancing its inclusive growth agenda this year under the Philippine leadership, APEC is launching initiatives to help address these issues. One of these is the establishment of the **Financial Infrastructure Development Network (FIDN)**. This is a network that will bring together experts from the public and private sectors, including international organizations and industry associations, to support APEC economies in undertaking financial infrastructure reforms that Finance Ministers have called for at their annual meeting this year.

As envisioned in the Cebu Action Plan, APEC Finance Ministers, chaired by Hon. Cesar V. Purisima, Department of Finance Secretary, affirmed that “efficient and affordable financial services are critical to the success of economic activity at all levels including micro, small, and medium enterprises” that would require the promotion of “trade and supply chain finance and alternative financing mechanisms in APEC to facilitate intra-regional trade and investment activities and greater regional integration, and boost inclusive growth.”

Through the collaborative efforts of the APEC Business Advisory Council (ABAC), International Finance Corporation (World Bank Group) SME Finance Forum, the Organization for Economic Cooperation and Development (OECD), and APEC member economies, the FIDN will be established as a specialized subgroup in the Asia-Pacific Financial Forum (APFF) to promote the development of effective credit information systems, as well as secured transactions and insolvency frameworks that would facilitate the use of movable assets as collaterals in the credit markets, increasing MSMEs access to finance. The APFF is a regional platform for public-private sector collaboration managed by ABAC.

Discussions in this conference will highlight the work that FIDN will undertake in three important areas: credit information, secured transactions, and factoring, as well as the way forward in making these tools available to widen MSMEs’ access to finance across the Asia-Pacific region.

08:30-9:15

Registration for Conference Participants

Venue: Mayuree I Foyer, Ground Floor

9:15-10:00

OPENING SESSION and OFFICIAL LAUNCH OF THE FINANCIAL INFRASTRUCTURE DEVELOPMENT NETWORK

Venue: Mayuree I Ballroom

9:15-9:20

Opening Session Host: Jane Xu, Country Manager, International Finance Corporation (IFC)

9:20 -9:30

Welcome and Introductory Remarks

Hon. Cesar V. Purisima, Secretary of Finance, Republic of the Philippines; and

Chair, APEC Finance Ministers' Meeting

9:30-10:00

Opening Remarks

Ms. Doris Ho, Chair, APEC Business Advisory Council (ABAC); President & CEO, A. Magsaysay Inc. (key outcomes of APEC SME Forum)

Hon. Laura del Rosario, Chair, APEC Senior Officials' Meeting; Undersecretary of Foreign Affairs, Republic of the Philippines

Mr. Rory McLeod, Chair, APEC Economic Committee; Director, Commercial and Consumer Branch, Ministry of Business Innovation and Employment, New Zealand

Mr. Hiroyuki Suzuki, Chair, ABAC Finance and Economics Working Group and Asia-Pacific Financial Forum; Director and Board Member, Nomura Holdings Inc.

10:00-10:20

Coffee Break

Venue: Mayuree I Ballroom, Ground Floor

10:20-12:00

FIRST SESSION

REFORMING FINANCIAL INFRASTRUCTURE IN ASIA-PACIFIC ECONOMIES

As the Asia-Pacific region moves toward greater economic integration, opportunities will arise for emerging economies to overcome the hurdle of the middle-income trap through more inclusive growth, particularly the growth of MSMEs. For them to grow, however, policy makers must ensure that the financial infrastructure enables MSMEs to access the financing they need for business expansion. This session looks at the key measures needed to ensure the adequacy of financial infrastructure (secured transactions and movable asset finance system, credit reporting system and insolvency framework) in the emerging Asia-Pacific economies.

Session Chair: *Mr. Robert Milliner*, Member, ABAC Australia; Senior Advisor for International Affairs, Wesfarmers Limited

10:20-10:25

Introductory Remarks by Session Chair

10:25-11:30

Panel Discussion

Hon. Zenaida Cuison-Maglaya, Undersecretary, Department of Trade & Industry, Republic of the Philippines

Mr. Peter Mulroy, Secretary General, Factors Chain International (Financial infrastructure needs for Factoring)

Ms. Atiah Abdul Razak, Deputy Director, Statistical Services, Bank Negara Malaysia

Dr. Julius Caesar Parrenas, Coordinator, Asia-Pacific Financial Forum; and Senior Advisor, Nomura (The need for better financial infrastructure.)

11:30-11:55

Open Forum

11:55-12:00

Concluding Remarks by Session Chair

12:00-1:30

LUNCH

Venue: Poolside Pavillion

PARALLEL SESSIONS and RECEPTION

	SESSION A Realizing the Benefits of Credit Reporting for MSMEs <i>Venue: Mayuree Ballroom 1 Dusit Thani Manila Hotel</i>	SESSION B Reforming the Legal Framework for Secured Transactions <i>Venue: Mayuree Ballroom 2, Ground Level, Dusit Thani Manila Hotel</i>	SESSION C Developing the Factoring Market to Support MSME Growth and Trade <i>Venue: Tosca, Mezzanine Floor, Dusit Thani Manila Hotel</i>
2:00 p.m.-3:30 p.m.	Session A-1 Shifting the Credit Culture: How can a Sustainable Credit Information Ecosystem Benefit MSMEs?	Session B-1 Maximizing Growth Potential: How can Secured Transactions Reform Facilitate MSME Growth?	Session C-1 What Role does Factoring Play in the Growth of Trade and MSME Finance?
3:30 p.m.-3:45 p.m.	Coffee Break	Coffee Break	Coffee Break
3:45 p.m.-5:15 p.m.	Session A-2 SME Credit Reporting	Session B-2 How can Reform of Secured Transactions Laws in the Region be Operationalized and Sustained?	Session C-2 How can the Development of Asia-Pacific Factoring Markets be Accelerated?
5:15 p.m.-5:30 p.m.	Session A Open Forum Concluding Remarks	Session B Open Forum Concluding Remarks	Session C Open Forum Concluding Remarks
6:30 p.m.-9:00 p.m.	RECEPTION Welcome Remarks <i>Hon. Roberto Tan, National Treasurer, Republic of the Philippines</i> <i>Venue: Mayuree Ballroom</i>		

SESSION A REALIZING THE BENEFITS OF CREDIT REPORTING FOR SMES <i>Venue: Mayuree Ballroom 1, Dusit Thani Manila Hotel</i> Overall Facilitator: Mr. Jaime Garchitorena, CEO, Credit Information Corporation	
2:00-3:30	SESSION A-1 SHIFTING THE CREDIT CULTURE: HOW CAN A SUSTAINABLE CREDIT INFORMATION ECOSYSTEM BENEFIT MSMEs? Fully functional consumer and commercial credit information sharing systems form a central feature of an economy's financial infrastructure. They enable MSMEs and consumers to better access finance and limit excessive lending through better underwriting. Both commercial and consumer credit information play a significant role in the extension of financing to MSMEs through the reputational collateral of the business and the business owner. This session will examine the mechanisms through which credit information sharing operates and how it affects MSME lending markets, focusing on the key elements that stimulate lending. It will also explore the statutory and regulatory reforms and frameworks needed to develop a robust credit

information sharing architecture.

Session Chair: *Mr. Antony Lythgoe*, Practice Manager, Financial Infrastructure & Access, Finance & Markets, World Bank Group

2:05-2:10 **Introductory Overview**

2:10-3:10 **Panel Discussion**

Dr. Robin Varghese, Vice President of International Operations, Policy and Economic Research Council (PERC)

Mr. Lu Wang, Deputy Director General, Credit Reference Center, People's Bank of China

Mr. Jaime Garchitorena, President and CEO, Credit Information Corporation (Philippine Experience and CIC)

Ms. Nataliya Mylenko, Senior Financial Sector Specialist, Finance and Markets Global Practice, World Bank Group (Financial Inclusion)

3:10-3:25 **Open Forum**

3:25-3:30 **Concluding Remarks by Session Chair**

3:30-3:45 **Coffee Break**

3:45-5:15 **SESSION A-2
MSME CREDIT REPORTING**

Promoting SMEs' and low-income households' access to finance through credit information sharing necessitates reform efforts in several areas. These efforts are not limited to statutory reform by the public sector, but also include the activities of the private sector. Regulatory capacity, the capacity of both public and private sectors to support the healthy development of private credit bureaus, and lenders' capacity and tools to use such systems must all be built. This session will examine the core elements of a development effort beyond statutory reform, including the foundations such as regulatory oversight, consumer protection and consumer protection practices, data collection, value added services, and additional roles that the public and private sectors can play.

Session Chair: *Hon. Teresita Herbosa*, Chairperson, Securities and Exchange Commission, Republic of the Philippines

3:45-3:50 **Introductory Remarks by Session Chair**

3:50-4:50 **Panel Discussion**

Mr. Peter Sheerin, Committee Chair, Asia Pacific Consumer Credit Information Services (APCCIS), Business Information Industry Association (Developing a Common Data Format for Regional Economies)

Mr. William Lim, Executive Director, Credit Bureau Singapore (SME Credit Reporting by Combining Consumer and Commercial Data. What makes SME credit reporting successful?)

Mr. Vincenzo Resta, Business Development Director, Information Solutions, Credit Bureau Services CRIF, (Lessons of Experience, Europe)

Ms. Tina Stockdale, President and CEO, Transunion Information Solutions, Inc. (Philippines), (Lessons of Experience, North America, Philippines)

Dr. Young-Bae Moon, Managing Director, NICE Information Service Co., Ltd.

Mr. Tsukada, Credit Risk Database (CRD) Association, Japan (Developing an SME Credit Risk Database: The Japanese Experience)

4:50-5:10

Open Forum

5:10-5:15

Concluding Remarks by Session Chair Hon. Teresita Herbosa

SESSION B

REFORMING THE LEGAL FRAMEWORK FOR SECURED TRANSACTIONS

Venue: Mayuree Ballroom 2, Ground Floor, Dusit Thani Manila Hotel

Overall Facilitator: Hon. Teresa Habitan, Assistant Secretary, Department of Finance, Republic of the Philippines

2:00-3:30

SESSION B-1

HOW CAN REFORM OF SECURED TRANSACTIONS LAWS IN THE REGION BE OPERATIONALIZED AND SUSTAINED?

If economies undertake reforms to develop the legal and institutional infrastructure as well as practices governing the use of these assets, MSMEs can effectively make use of movable assets to access finance, including trade and supply chain finance. Undertaking these reforms in a coordinated manner across the region will promote consistency and facilitate the growth of supply chains.

In this session, participants will discuss the key elements of a modern secured transactions law to facilitate MSME growth, drawing from best practices in the region and current efforts to modernize secured transactions law.

Session Chair: *Atty. Ronald Ortile*, Deputy Administrator, Land Registry Authority, Department of Justice, Republic of the Philippines

2:00-2:05

Introductory Overview

2:05-3:00

Panel Discussion

Ms. Jamie Bowman, Consultant, International Finance Corporation (Key Elements of a Modern Secured Transactions Law)

Mr. Michael Dennis, Executive Director, Advisory Committee on Private International Law, Department of State, United States of America; U.S. Representative to the Strengthening Economic Legal Infrastructure Group, APEC Economic Committee (What Constitutes a Modern Legal Framework for Secured Transactions?)

Atty. Chester Abellera, Consultant, International Finance Corporation (Case study: Philippine Secured Transactions Law)

3:00-3:15

Open Forum

3:15-3:30

Concluding Remarks by Session Chair Atty. Ronald Ortile

3:30-3:45

Coffee Break

3:45-5:15

SESSION B-2

MAXIMIZING GROWTH POTENTIAL: HOW CAN SECURED TRANSACTIONS REFORM FACILITATE MSME GROWTH?

In order for MSMEs to achieve their growth potential, ability to use movable assets (accounts receivable, inventory, equipment, intellectual property among others) as collateral is necessary.

In this area, there are many challenges to international efforts to promote legal reforms in the Asia-Pacific region, including the diversity of legal systems, institutions, practices and levels of development. In addition to legal reform, past experience has shown that successful implementation of secured transaction reform requires improvement in the capacity of lenders to manage such credits and development of the necessary operational infrastructure. This session will be an opportunity to share lessons of experience from financial institutions and other economies.

Session Chair: *Ms. Pia Bernadette Roman-Tayag*, Head, Inclusive Finance Advocacy Staff, Bangko Sentral ng Pilipinas

3:45-3:50

Introductory Remarks by Session Chair

3:50-4:30

Panel Discussion

Mr. Christopher Wohlert, Asia Business Leader, Commercial Distribution Finance, GE Capital (Global Experience)

Ms. Prudence Angelita Kasala, Director, Financial Consumer Protection Department, Bangko Sentral ng Pilipinas (Philippine Perspective)

Mr. Kobsak Duangdee, Secretary General, Thai Bankers' Association and Member, ABAC Thailand (The Experience of Thailand)

Dr. James Ding Deputy Principal Government Counsel (Treaties & Law) , International Law Division, Department of Justice, Hong Kong Special Administrative Region of the People's Republic of China

4:30-5:10

Open Forum

5:10-5:15

Concluding Remarks by Session Chair

SESSION C

DEVELOPING THE FACTORING MARKET TO SUPPORT SME GROWTH AND TRADE

Venue: Tosca, Mezzanine, Dusit Thani Manila Hotel

Overall Facilitator: Hon. Edita Tan, Assistant Secretary, Department of Finance, Republic of the Philippines

2:00-3:30

SESSION C-1

WHAT ROLE DOES FACTORING PLAY IN THE GROWTH OF TRADE AND MSME FINANCE?

One of the goals of FIDN is to promote secured transactions reforms which will result in a larger and more dynamic market for movable asset finance in the Asia-

Pacific Region. Accounts receivable is often the most important asset of private enterprises, particularly for MSMEs and trading companies. As a mature form of receivables business, factoring has proven to be an excellent instrument for supporting MSMEs, agri-business operators and domestic and international traders, among others. This session will focus on the key concepts and business models of factoring and how it can be applied to stimulate the development of trade and SME finance.

Session Chair: *Dr. Gloria Pasadilla*, Senior Analyst, APEC Policy Support Unit

2:00-2:05

Introductory Remarks by Session Chair

2:05-3:20

Panel Discussion

Mr. Lee Kheng Leong, Director, Asia Chapter, Factors Chain International

Mr. Christopher Wohlert, Asia Business Leader, Commercial Distribution Finance, GE Capital (Development of the Commercial Factoring Industry in China)

Mr. Neo Ban Seng, Managing Director, KAPPS Consulting

3:25-3:30

Concluding Remarks by Session Chair

3:30-3:45

Coffee Break

3:45-5:15

SESSION C-2

HOW CAN THE DEVELOPMENT OF ASIA-PACIFIC FACTORING MARKETS BE ACCELERATED?

The factoring industry has grown substantially since 2008 despite the difficulties in global economic recovery. By 2014, world factoring volume has reached Euro 2.35 trillion, with Asia accounting for 26% of the total. In the Asia-Pacific region, some economies have managed to scale up their factoring market impressively while others remain at close to zero volumes. For example, China's factoring volume has expanded eight times in the past seven years, according to FCI statistics. What are the main obstacles in the lagging markets? How could financial infrastructure reforms help? What more can be done from the regional perspective?

Session Chair: *Atty. Ronald Ortile*, Deputy Administrator Land Registry Authority, Department of Justice

3:45-3:50

SESSION C-2

Introductory Remarks by Session Chair

3:50-5:10

Panel Discussion

Mr. Douglas Barnert, President, Barnert Global Ltd. (Promoting Accounts Receivable Finance through Credit Insurance)

Mr. Raffy Rios, Senior Vice President - Asia; Trade Credit & Political Risk at Marsh, Marsh (Singapore) Pte Ltd.

Mr. Jinchang Lai, Principal Operations Officer, and Lead for Financial Infrastructure, Advisory Services, International Finance Corporation

5:10-5:15

Concluding Remarks by Session Chair

6:30-9:00

RECEPTION

Welcome Remarks

Hon. Roberto Tan, National Treasurer, Republic of the Philippines

Venue: Poolside Pavillion,, Second Floor