



**THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM
CAPACITY-BUILDING**
A Public-Private Sector Initiative

Fourth Meeting 2015
13 November 2015
10:15 AM – 12:15 PM
Ballroom 2, Fairmont Makati
Makati City, Philippines

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**Meeting Paper 4-C
Recommendations and Actions to Promote Financial Inclusion**

Foundation for Development Cooperation

PURPOSE	For consideration.
ISSUE	Review and way forward for the Financial Inclusion Initiative
BACKGROUND	This report looks back on the past five years of the Asia-Pacific Forum on Financial Inclusion, to evaluate the progress and impact of ABAC's financial inclusion initiative and its objective to influence policy and regulation within APEC member economies in support of greater financial inclusion. The review includes an assessment of the extent to which recommendations produced by the annual Forum have been adopted and implemented within APEC member economies.
PROPOSAL	<ul style="list-style-type: none"> ■ Prepare for adoption of APEC definition of financial inclusion at 2016 Financial Inclusion Forum in Tokyo ■ Incorporate digital finance into the work stream of the Financial Inclusion Forum ■ From mid-2016, prepare for presentation of a model framework for national financial inclusion strategies at 2017 Financial Inclusion Forum
DECISION POINT	Endorse the recommendations.



Recommendations and actions to advance financial inclusion

Advisory Group on APEC Financial System Capacity Building

13 November 2015



“Recommendations & Actions”: review

The Financial Inclusion Caucus¹ 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

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Financial Inclusion Forum & Cebu Action Plan

2011 FIF Recommendations

Provide avenue for APEC policy dialogue on new channels to serve financial needs of the unbanked



Platform for capacity building regarding credit information and legal framework for secured lending



Greater visibility / importance within ABAC on access to finance, relative to historic focus on trade and investment



Approaches to financial literacy – research on evidence base of effectiveness of financial literacy policies and programs



Cebu Action Plan

Promote financial inclusion & literacy through the Asia Pacific Financial Inclusion Forum

Create FIDN to establish legal frameworks for credit information systems, develop model language & evaluate common data format

Promote an enabling financing environment for MSMEs, including trade, supply chain and alternative financing mechanisms

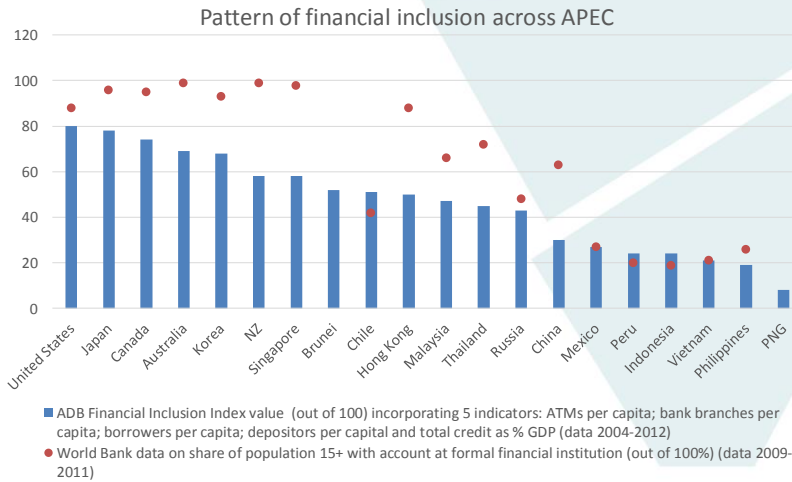
Adopt domestic strategies that promote financial inclusion and literacy



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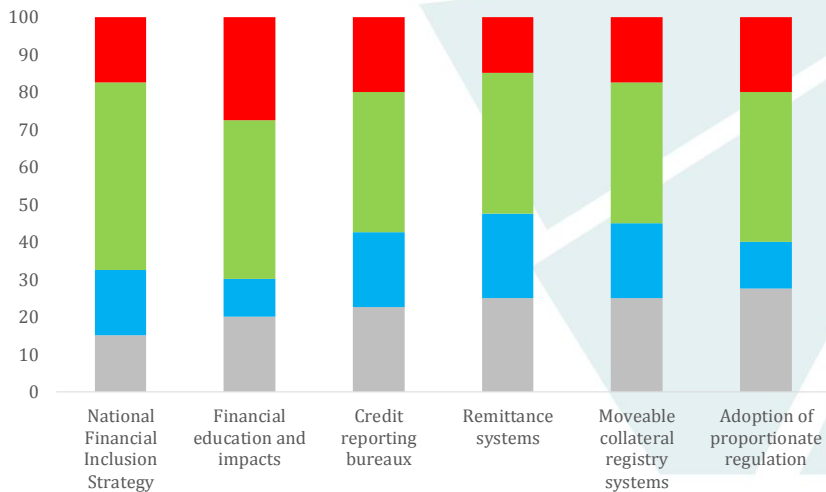
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Access to and usage of financial services across APEC



Source: "Financial Inclusion, Poverty and Income Inequality in Developing Asia," ADB Working Paper Series 426, January 2014 and World Bank Financial Development Report 2014

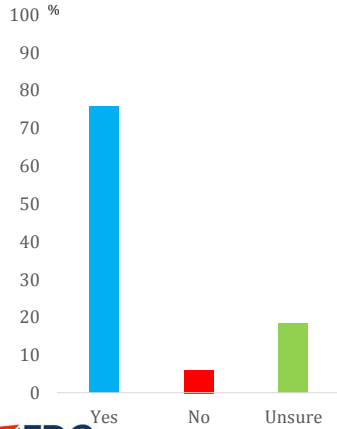
How would you rate the role of ABAC in facilitating changes/ improvements in six key areas?



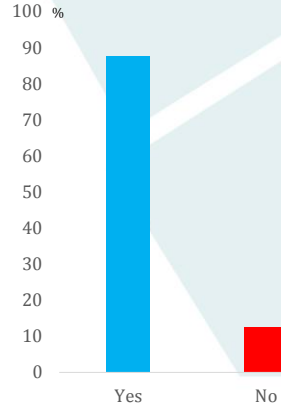
Source: FDC survey of participants of 2015 Financial Inclusion Forum participants and online survey of regional experts

Feedback from stakeholders on forward work plan

Would it be useful for APEC member economies to adopt an official definition of financial inclusion?



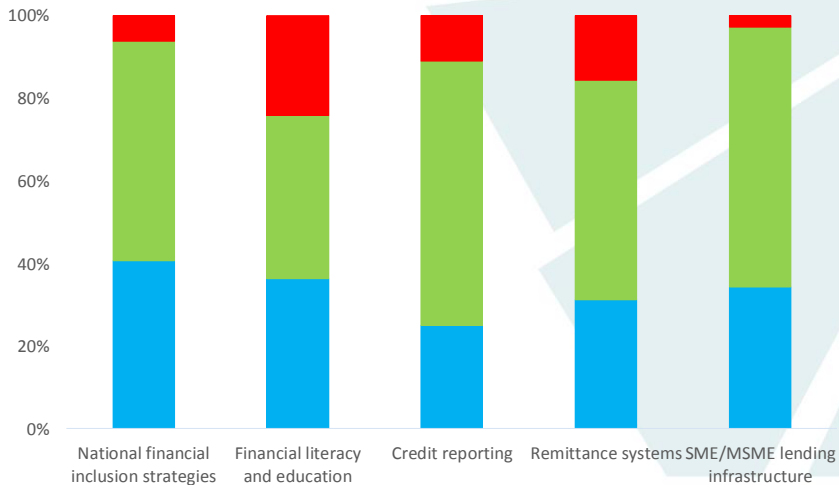
Do you believe APEC as an organisation should investigate the emergence of digital finance in support of financial inclusion?



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

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



■ Excellent progress ■ Some progress ■ Not much progress

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

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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



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

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