

Advisory Group
Meeting I
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Roundtable on Financial Innovation

How can we harness innovation to build bigger, robust and inclusive financial markets?

24 February 2016

Hosted by PayPal

Corporate Campus, PayPal Headquarters

Town Hall Entrance, 2161 N 1st St., San Jose, CA 95131

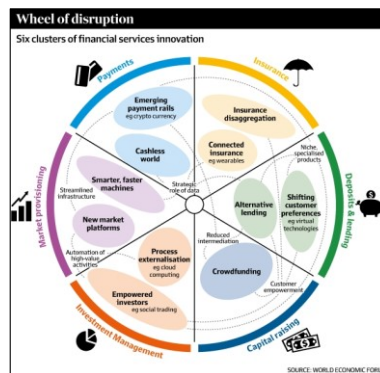
How can we harness innovation to build bigger, robust and inclusive financial markets?



A revolution is sweeping today's financial landscape. The emergence of FinTech and growing use of mobile money, blockchain technology, big data, artificial intelligence, electronic platforms, advanced analytics and automated processes, among others, are challenging established business models. New players are entering markets long dominated by traditional financial service providers, even as the latter are now embracing new technologies to help them face the threat of disintermediation by new competitors across business lines.

Innovations such as mobile and agent banking and peer-to-peer lending have already demonstrated the power of technology to help unbanked individuals and small businesses gain access to finance. New applications are enhancing business processes such as clearing and settlement, compliance, risk management and fund administration. Technologies such as blockchains have potential applications that could both revolutionize financial service firms' efficiency and responsiveness to customer needs and also enable regulators to monitor the financial system more effectively and in real time.

Policy makers and regulators will inevitably respond to these developments, in compliance with mandates to promote financial stability, protect consumers and privacy and maintain the integrity of financial systems. The advent of RegTech promises to spur a parallel revolution in this space. However, for the APEC Leaders' and Finance Ministers' aspirations to make financial systems more inclusive, efficient and responsive to the region's vast financing needs to be met, a balanced and coherent approach that maximizes the benefits of innovation while adequately addressing emerging risks and concerns will be required.

This APFF Roundtable seeks to enable stakeholders from private and public sectors to obtain a better understanding of the forces driving changes in the financial industry and the ensuing policy and regulatory challenges that need to be addressed. ABAC hopes that this dialogue will pave the way to a commonly shared view of the future and closer collaboration between government and the private sector in harnessing innovation to build bigger, robust and inclusive financial markets in the Asia-Pacific region.



 APFF Roundtable on Financial Innovation: How can we harness innovation to build bigger, robust and inclusive financial markets? 	
<i>Hosted by PayPal, Corporate Campus, PayPal Headquarters, Town Hall Entrance, 2161 N 1st St., San Jose, CA 95131, USA</i>	
13:00 - 13:15	OPENING SESSION
	Welcome and opening remarks Mr. Ben Adams, Vice President of Legal, Global Head of Legal and Regulatory Affairs for Sales, Marketing, Corporate Strategy, Business Development and M&A, PayPal Mr. Hiroyuki Suzuki, Chair, ABAC Finance and Economics Working Group; Chair Asia-Pacific Financial Forum; and Director and Board Member, Nomura Holdings, Inc.
13:15 - 15:00	SESSION ONE: Financial Innovation and its potential for promoting financial inclusion and market efficiency <i>Various factors have conspired to render many traditional financial institutions unable to serve the financing needs of large numbers of businesses and individuals across the region. Technological developments began to spur innovations that were harnessed to serve these needs, first in mobile and agent banking. As the development and convergence of new technologies accelerated in recent years, a new wave of innovation has started to sweep the financial industry, challenging traditional business models. This session seeks to provide guidance for future public-private policy collaboration by generating a snapshot of this rapidly evolving landscape, its implications for the financial sector's role in the broader real economy, and the directions in which this process is heading.</i> Moderator: Dr. Julius Caesar Parreñas, APFF Coordinator and Senior Advisor, Nomura Rapporteur: Ms. Amy Auster, Executive Director, Australian Centre for Financial Studies
5 minutes	Introduction by Moderator
5 minutes	The Cutting Edge of FinTech: Kabbage Ms. Victoria Treyger, Chief Marketing & Revenue Officer, Kabbage, Inc.
15 minutes	Presentation: Overview of the financial innovation landscape Ms. Menekse Gencer, Payments Leader, PwC FinTech Practice
50 minutes	Panel discussion (5 minute initial responses each to moderator questions and additional responses to follow up questions): Mr. Hu Liang, Senior Vice President; Emerging Technologies Center, State Street (Focus: blockchain technology) Mr. Michael Gardner, Managing Director and Head, Innovation Center, BNY Mellon (Focus: payments) Mr. Karim Gillani, Director, Strategic Initiatives and Growth for Remittances, Xoom/PayPal (Focus: P2P platforms/access to finance) Mr. Narciso Campos, Assistant Secretary and Head of Banking, Savings and Securities, Ministry of Finance and Public Credit, Mexico Follow-up questions by the Moderator to Panelists and panelist discussions
20 minutes	Open forum
5 minutes	Summary of discussions by the Rapporteur
5 minutes	Summary and concluding comments by Moderator
15:00 - 15:20	Coffee break

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15:20 – 17:20	SESSION TWO: Building a robust enabling ecosystem for inclusive financial innovation <i>As innovation gives rise to a new ecosystem of financial institutions, services and market infrastructure, policies and regulations will also need to evolve. In addition to ensuring that critical regulatory goals such as financial stability, cyber security, data privacy, consumer protection and the fight against crime and terrorism will continue to be met, they will also need to promote a coherent policy and regulatory environment that allows the financial sector to support broader goals, including financial inclusion, continued innovation and the growth of trade and investment across the region.</i> <i>At the same time, technologies are emerging that regulators can leverage to more efficiently acquire data, use real-time information and incorporate algorithms and analytics in carrying out their mission. This session will discuss the incorporation of regulatory requirements into technology protocols that is promoting the automation of the regulatory process, the evolution of regulatory models and how industry, policy makers and all relevant regulators can collaborate to build a robust and coherent ecosystem for inclusive financial innovation.</i> Moderator: Dr. Richard Cantor, Chief Risk Officer, Moody's Corporation and Chief Credit Officer, Moody's Investors Service Rapporteur: Dr. Peter Lovelock, Director, TRPC
5 minutes	Introduction by Moderator
5 minutes	The Cutting Edge of RegTech: Redkite Financial Markets Mr. John Edge, Chairman, Identity Economy Holdings
15 minutes	Presentation: Overview of regulatory issues surrounding financial innovation Mr. Andres Wolberg-Stok, Director, Citi FinTech
65 minutes	Panel discussion (5 minute initial responses each to moderator questions and additional responses to follow up questions): Dr. Matthew Ganser, CEO, SME Finance Forum IFC (Focus: Balancing financial inclusion with regulatory objectives) Mr. Gerald Tsai, Director of Applications and Enforcement, Federal Reserve Bank of San Francisco, (Focus: TBC) Mr. Graham Warner, Head of Product Development Americas, Global Transaction Banking, Deutsche Bank (Focus: cybersecurity) Ms. Karen Gifford, Special Advisor for Global Regulatory Affairs, Ripple Labs (Focus: data privacy) Dr. Bing Xiao, Senior Vice President, Wells Fargo (Focus: consumer protection) Ms. Nur Sulyana Abdullah, Chair, APEC Ad Hoc Steering Group on the Internet Economy (Focus: work of APEC) Follow-up questions by the Moderator to Panelists and panelist discussions
20 minutes	Open forum
5 minutes	Summary of discussions by the Rapporteur
5 minutes	Concluding comments by the Moderator
17:20 – 17:30	CLOSING SESSION
10 minutes	Concluding remarks by Dr. Alan Bollard, Executive Director, APEC Secretariat
17:30	End of Roundtable

Schedule

09:20	Assembly for departure from Intercontinental San Francisco Please assemble near the entrance in the main lobby of the Intercontinental San Francisco Hotel (888 Howard Street, San Francisco). Buses will depart at <u>exactly</u> 9:30am.
10:30	Arrive at PayPal Corporate Campus, San Jose
10:30 – 11:45	Tour of PayPal Innovations Showcase and Operations Center
11:45 - 12:55	Buffet lunch
13:00 – 17:30	Roundtable
17:30	Depart from PayPal Corporate Campus, San Jose
19:00	Arrive at San Francisco InterContinental
19:00 onward	Free evening

Dress code: Smart casual



Asia-Pacific Economic Cooperation (APEC)

The Asia-Pacific Economic Cooperation (APEC) is a regional economic forum established in 1989 to leverage the growing interdependence of the Asia-Pacific. APEC's 21 members aim to create greater prosperity for the people of the region by promoting balanced, inclusive, sustainable, innovative and secure growth and by accelerating regional economic integration.

APEC's 21 member economies are Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Philippines; The Russian Federation; Singapore; Chinese Taipei; Thailand; United States of America; Viet Nam.

APEC ensures that goods, services, investment and people move easily across borders. Members facilitate this trade through faster customs procedures at borders; more favorable business climates behind the border; and aligning regulations and standards across the region. APEC works to help all residents of the Asia-Pacific participate in the growing economy. The forum adapts to allow members to deal with important new challenges to the region's economic well-being.
<http://www.apec.org/>

Roundtable Host



PayPal
Founded in 1998, PayPal continues to be at the forefront of the digital payments revolution. In 2015, 28% of the 4.9 billion payments PayPal processed were made on a mobile device. PayPal gives people better ways to connect to their money and to each other, helping them safely access and move their money and offering a choice of how they would like to pay or be paid.

With 179 million active customer accounts, PayPal has created an open and secure payments ecosystem that people and businesses choose to securely transact with each other online, in stores and on mobile devices. PayPal is a truly global payments platform that is available to people in more than 200 markets, allowing customers to get paid in more than 100 currencies, withdraw funds to their bank accounts in 57 currencies and hold balances in their PayPal accounts in 26 currencies.
<http://www.paypal.com/>



APEC Business Advisory Council (ABAC)

The APEC Business Advisory Council (ABAC) was created by the APEC Economic Leaders in November 1995 to provide advice on the implementation of the Osaka Action Agenda and on other specific business sector priorities, and to respond when the various APEC fora request information about business-related issues or to provide the business perspective on specific areas of cooperation.

ABAC comprises of up to three members of the private sector from each economy. ABAC members are appointed by their respective Leaders, and represent a range of business sectors, including small and medium enterprises. The economy determines the term of membership of each appointee as well as its own administrative arrangements and staff support.

The ABAC International Secretariat based in Manila, the Philippines serves all members and all economies and maintains a website. Funding is provided through a system of annual dues, which are structured to reflect the size of each economy, following the APEC formula.
<https://www.abaconline.org/v4/index.php>

Asia-Pacific Financial Forum (APFF)

The Asia-Pacific Financial Forum (APFF), a platform for public-private collaboration to develop robust and integrated financial markets in the region, was proposed by ABAC and adopted by the APEC Finance Ministers at their 2013 annual meeting in Bali. It pursues undertakings in key areas of financial markets that are critical to the region's economic aspirations: (a) lending infrastructure; (b) trade and supply chain finance; (c) insurance and retirement income; (d) financial market infrastructure and cross-border practices; (e) capital markets; and (f) linkages and cross-border issues.

The APFF work program is structured around two major clusters. The first deals with issues related to the access to financial services of Micro-, Small and Medium Enterprises (MSMEs), which is a priority issue in many APEC member economies. The second deals with the development of deep, liquid and integrated financial markets, which is important for a variety of reasons, including financial stability, improved availability and lower costs of financing, more efficient intermediation of the region's savings into investments, greater capacity to finance infrastructure, growth of the region's financial sector and better investment opportunities.
<https://www.abaconline.org/v4/content.php?ContentID=22611855>