

**APFF Caucus
Meeting II
PAPER 2-1**



APFF

Asia-Pacific Financial Forum

2016 Work Program

As of 2016-04-14

OFFICE OF THE APFF CHAIR



***MSME / TRADE AND SUPPLY CHAIN
FINANCE***

Action Agenda

- **Financial Infrastructure Development Network (FIDN):**
 - Credit information systems – legal framework, credit bureaus/registries, capacity building
 - Secured transactions/insolvency systems – legal framework, collateral registries, capacity building
 - Accounts receivables financing (factoring)
- **APFF Trade and Supply Chain Finance Work Stream**
 - Basel III, KYC, AML and derisking
 - E-commerce and digital trade finance
 - Use of regional currencies in settlement and asset-based financing

Completed and Ongoing Work I

- **2015 Nov 12, Manila:** Launch of **APFF Financial Infrastructure Development Network (FIDN)**
- **Formation of Subcommittees:**
 - FIDN-CIS (Credit Information Systems) Subcommittee
 - **Sherpa:** Dr. Michael Turner (PERC)
 - **Members:** International Finance Corporation (IFC), Business Information Industry Association (BIIA), Australian Retail Credit Association (ARCA), Consumer Data Industry Association (CDIA), Asia-Pacific Credit Coalition (APCC), Experian, Transunion, Dun & Bradstreet, National Credit Bureau of Thailand (NCB), Lexis-Nexis
 - FIDN Secured Transactions Systems Subcommittee
 - **Sherpa:** Mr. Christopher Wohlert (GE Capital)
 - **Core Group Members:** International Finance Corporation (IFC), US State Department, Hong Kong Department of Justice, Australian Financial Security Authority (AFSA), Mexico Secretariat of Economy, USAID, APEC Economic Committee Subgroup on Strengthening Economic Legal Infrastructure (SELI), Commercial Finance Association (CFA), International Factors Group (IFG), Factors Chain International (FCI)
 - FIDN Accounts Receivables Financing Subcommittee
 - **Sherpa:** Mr. Boon-Hiong Chan (Deutsche Bank)
 - **Members:** Selected members of the APFF Trade and Supply Chain Finance Work Stream, International Factors Group (IFG), Factors Chain International (FCI)
 - **Local Steering Committee - FIDN Philippine Project Technical Working Group (TWG)**
 - **Members:** International Finance Corporation (IFC), Credit Information Corporation of the Philippines (CIC), Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), Department of Justice Land Registration Authority (LRA)

Completed and Ongoing Work II

- **2016 Mar 14-15, Manila: FIDN Conference** – to advance Philippines FIDN Pilot Project
- **Preparation of FIDN-related events:**
 - **2016 May 21-22, Nanjing:** China Secured Transactions Conference
 - **2016 July, Bangkok:** Credit information and secured transactions workshop
 - **2016 2nd Semester, China:** SME Credit Reporting Symposium
 - **2016 2nd Semester, Vietnam:** Supply Chain Finance Symposium
- **Preparation of APFF trade and supply chain finance workshop:**
 - **2016 July 8, Singapore**
- **Preparatory discussions** with governments to start FIDN projects:
 - Brunei Darussalam (secured transactions)
 - Thailand (secured transactions and credit information)

Next Steps I

- **Holding of APFF and FIDN-related events**
- **Credit information systems:**
 - Baseline analysis of consumer and commercial credit information sharing in 21 APEC economies (*under discussion with USAID, project proposal submitted for endorsement by FEWG and ABAC II Plenary*)
 - Development of 2 APEC templates for data formatting to facilitate regional convergence to support cross-border MSME and migrant worker access to finance (commercial credit reporting and consumer credit reporting)
 - Cross-border credit data sharing pilot projects:
 - Commercial credit data: Mekong-5: Thailand, Vietnam, China, Laos, Cambodia
 - Consumer credit data: Oceania: Australia, New Zealand, PNG, Pacific islands
- **Secured transactions systems:**
 - Advisory activities to introduce, improve, further develop secured transactions and insolvency laws (Philippines, Brunei, Thailand, Vietnam, China)
 - Studies:
 - Model codes [ABAC, UNCITRAL, OAS, EBRD]
 - Usage of alternative dispute resolution to accelerate secured transaction reform
 - Benefits of a harmonized APEC collateral registry to facilitate cross-border transactions

Next Steps II

- **Trade and supply chain finance:** Workshop to cover the following:
 - Aspects of TPP and good practice supply chain and finance considerations vis-a-vis global KYC/AML compliance standards, de-risking, e-commerce, trade facilitation and trade financing
 - Major impediments and solutions to cross-border e-commerce, digital trade finance and electronic payments (e.g., acceptability of digital proofs of delivery, such as electronic signatures and documents; cybersecurity and anti-fraud standards in cross-border trade and supply chains.



CAPITAL MARKET DEVELOPMENT

Action Agenda

- **Classic (Title-Transfer) Repo Markets**
- **Legal infrastructure for OTC Derivatives Clearing**
 - Legal netting infrastructure
 - Protection of collateral interests
 - Margining of non-cleared OTC derivatives
- **Availability of Information for Capital Market Investors**
 - Self-assessment templates for issuer disclosure, bond market data and investor rights in insolvency
- **Supporting the successful launch of the Asia Region Funds Passport (ARFP)**
 - Studies and surveys
 - Encouraging participation of more economies
 - Promoting local industry support

Completed and Ongoing Work

- **Classic (Title-Transfer) Repo Markets**
 - **2015 Nov 16, Manila:** ABAC-ASIFMA-ADB-ISDA Workshop for the Philippines
 - **2016 Apr 19, Jakarta:** ABAC-ASIFMA-ADB-OJK Workshop for Indonesia
- **Legal infrastructure for OTC Derivatives Clearing**
 - **2015 Nov 16, Manila:** ABAC-ASIFMA-ADB-ISDA Workshop for the Philippines
 - Discussion with OJK Indonesia on possible workshop in 4Q 2016
- **Availability of Information for Capital Market Investors**
 - **2015 March, Manila:** Pilot Program Workshop with Philippine Securities and Exchange Commission
 - Ongoing discussions on future programs with Thailand, Vietnam, Indonesia
- **Supporting the successful launch of the Asia Region Funds Passport (ARFP)**
 - Completion of APFF Study on Tax Implications of ARFP
 - Discussions with Chinese Taipei on possible ARFP workshop



FINANCIAL MARKET INFRASTRUCTURE

Action Agenda

- **Financial Market Infrastructure/Cross-Border Practices:**
 - Aim: Regional securities investment ecosystem to facilitate cross-border portfolio investment flows
 - Focus:
 - Regional cooperation to deal with multifarious changes in market access, clearing, settlement and repatriation across member economies and their timelines (including shortening of settlement cycles to T+2)
 - Regional cooperation to deal with impact of KYC/AML rules on cross-border investment flows, focusing on aligning standards for documentation collection and reporting, use of third party industry utilities for centralized KYC/AML electronic depository, minimum standards for data privacy, protection, security and cross-border flows.
- **FMI FinTech (under discussion)**
 - *Topics under consideration: E-payments, impact of KYC rules, cyber-security challenges, impact of data localization, FinTech literacy*

Next Steps

- **Develop a Roadmap to Improve the Regional Financial Market Infrastructure**
 - Collaboration with interested APEC finance ministries
- **Define work plan for FMI Fintech**



***INSURANCE, PENSIONS AND
DISASTER RISK FINANCING***

Action Agenda

- **Insurance**
 - Regulation and accounting frameworks supporting insurers' long-term business and investment
 - Expanded flow of long-term investment in infrastructure
- **Retirement Income Reform**
 - Promote growth of supply of/demand for retirement income products to expand the pool of long-term assets
- Promote effective **Disaster Risk Financing** through:
 - Developing sound financial and insurance markets
 - Enhancing disaster risk evaluation through the use of data
 - Raising public awareness on disaster risk
 - Steering investment to upgrade disaster resilient infrastructure
 - Knowledge sharing to prompt actions among APEC economies
 - Public-private collaboration
- **Microinsurance**
 - Expanding microinsurance coverage in APEC economies

Completed and Ongoing Work

- **Retirement Income and Long-Term Investment**
 - **2016 Jan 25-26, Hong Kong:** Work stream discussions on 2016 deliverables
 - **2016 Apr 27-28, Singapore:** Work stream discussions on 2016 deliverables.
 - Engagement with accounting (IASB/FASB) and insurance regulatory bodies (IAIS, CIRC, ASEAN insurance regulators, etc.)
- **Disaster Risk Financing**
 - **2016 Feb 13-14, Lima:** FMP Workshop on DRF and DR Insurance and APEC Regional Working Group on DRF
- **Microinsurance**
 - **2016 Apr 7-8, Tokyo:** Session discussions at the Asia-Pacific Forum on Financial Inclusion

Next Steps

- **Retirement Income and Long-Term Investment**
 - **2016 May 10, Kuala Lumpur:** APFF Workshop on Developing an Islamic Infrastructure Investment Platform (I3P)
 - **2016 Apr 27-28, Singapore:** Work stream discussions on 2016 deliverables.
 - **2016 Jun 22-23, Tokyo:** OECD-ADBI Roundtable on Insurance and Retirement Saving
 - Continuation of engagement with accounting and insurance regulatory bodies
- **Disaster Risk Financing**
 - Development of APEC Roadmap for DRF
 - **2016 Jun 24, Tokyo:** OECD-ADBI Seminar on DRF in Asia
- **Microinsurance**
 - Development of APEC Roadmap for Microinsurance



LINKAGES AND STRUCTURAL ISSUES

Action Agenda

- **Regional architecture**
 - Financial regulation
 - Regional coordination and integration
- **Islamic patient capital**

Completed and Ongoing Work

- **Regional architecture**
 - Financial Regulation in Asia Research Team at Melbourne University – working papers and articles available on <https://government.unimelb.edu.au/financial-regulation-in-asia>
 - **2016 Mar 23, Sydney**: ABAC – ARFP and Regional Financial Market Integration Industry/Regulator Dialogue
- **Islamic patient capital**
 - Harvard University paper completed, being finalized for distribution
 - Key ideas communicated to regulators at the first ABAC workshop on Islamic Infrastructure Investment Platform in Brunei in 2015; to be discussed again at the APFF Workshop on Developing an Infrastructure Investment Platform (I3P), 10 May, Kuala Lumpur



FINANCIAL INNOVATION

2016 Objectives and Activities

- **Objectives**

- **Hold Roundtables** among key stakeholders from the public and private sectors and major international organizations
- Based on the conclusions of the Roundtables, **formulate recommendations** on structures and processes to help member economies harness financial innovation to build bigger, robust and inclusive financial markets

- **Activities**

- **2016, Feb 24, San Jose:** APFF Roundtable on Financial Innovation (*completed*)
- **2016, Jul 15, Hong Kong:** ABAC-ASIFMA APFF FinTech Roundtable



2016 APFF MILESTONES



