

APFF Caucus
Meeting III
PAPER 2-1
Presentation



Asia-Pacific
Economic Cooperation



Asia-Pacific Financial Forum 2016 Progress Report to the APEC Finance Ministers

MSME Finance

- Work with Financial Infrastructure Development Network (FIDN) to develop:
 - Credit information systems
 - Secured transactions systems
- Dialogues on how to address key factors that impact trade and supply chain finance
 - Capital and liquidity standards (regional consistency of implementation)
 - KYC / CDD / AML
 - Technology and innovation
 - Wider use of regional currencies

Disaster Risk Financing/Insurance

- Steps in 2017 to implement the CAP:
 - Identify economies and perils of priority (step toward private disaster insurance schemes)
 - Complete stocktaking on availability of risk exposure data (step toward a regional risk sharing mechanism)
 - Initiate drafting of the Roadmap for DRFI

Microinsurance

- Call to complete in 2017 the Roadmap for expanding microinsurance coverage in APEC
- Roadmap should include:
 - Toolkit to help insurers develop products for MSMEs
 - Policy frameworks for establishing risk pools
 - Legal basis for mandatory insurance coverage to MSMEs
 - Capacity building for stakeholders
 - Data on catastrophic events
 - Central business registries with hazard mapping and catastrophe coverage for businesses
 - Proportionate regulation
 - Public-private dialogue mechanisms
 - Implementation, financing, coordination

Expanding the Long-Term Investor Base

- Mandatory and scalable retirement systems to accumulate savings in long-term institutional investor base
- Promote infrastructure investment as a defined asset class (for holistic regulatory treatment to encourage more private sector investment)
- Supportive accounting, solvency, investment and securities standards to encourage insurers and pension funds to undertake long-term business and investments
- Public-private dialogues to address barriers to long-term investment

Mobilizing Islamic Finance for Infrastructure Investment

- Establish **Islamic Infrastructure Investment Platform (I3P)** as a platform for public-private collaboration
- Proposed work streams:
 - Harmonize definitions of Sharia compliance
 - Develop Islamic hedging instruments
 - Develop financial instruments suitable for Islamic pension funds and insurance (takaful) to invest in infrastructure
 - Identify/address discriminatory tax policies
 - Virtual center for coordination
 - Collaboration with International Infrastructure Support System (IISS) to develop project preparation tools geared toward Islamic FIs' investment in infrastructure

Deepening Capital Markets

- More economies to join Asia Region Funds Passport (ARFP) to expand membership
- More economies to collaborate with APFF through workshops on developing classic repo and derivatives markets
 - (Currently collaborating: Philippines, Indonesia)
- More economies to collaborate with APFF on using the self-assessment templates to provide more information to capital market investors
- Complete a roadmap for improving the regional financial market infrastructure for cross-border investment through a regional symposium
 - Symposium currently being discussed with Korean Ministry of Strategy and Finance to take place in Korea in 2017

Innovation in Financial Market Infrastructure

- Invite relevant policy makers and regulators to participate in APFF workshops focused on key areas:
 - Cybersecurity
 - KYC
 - E-Payments

Harnessing FinTech to Accelerate Development of Financial Markets

- Establish a regional platform
 - to bring together stakeholders from public and private sectors;
 - to address key issues arising from the development of FinTech; and
 - identify concrete ways to help member economies harness FinTech to build bigger, robust, inclusive and integrated financial markets

Dialogue and Research on Financial Regulation

- Encourage policy makers' and regulators' participation in dialogues and programs
- Welcome the APFF's work on definitions of infrastructure and real assets in the context of investment by Islamic institutions in infrastructure

