

# 2019 Progress Report

## Asia-Pacific Financial Forum Asia-Pacific Financial Inclusion Forum Asia-Pacific Infrastructure Partnership

### EXECUTIVE SUMMARY

The APEC Finance Ministers established the Asia-Pacific Financial Forum (APFF), the Asia-Pacific Financial Inclusion Forum (APFIF) and the Asia-Pacific Infrastructure Partnership (APIP) to serve as platforms for collaboration among the public and private sectors and international organizations. Under the umbrella of the APEC Finance Ministers' Process (FMP) and the management of the APEC Business Advisory Council (ABAC), these initiatives have attracted the engagement of a wide variety of firms and industry associations, regulatory bodies, agencies, and multilateral and academic institutions in the implementation of FMP initiatives and in particular the Cebu Action Plan (CAP).

Since the previous APEC Finance Ministers' Meeting (AFMM) in October 2018 in Port Moresby, significant work has been undertaken to help various economies achieve progress in realizing deliverables under the FMP. These include:

- assisting Brunei in expanding usage of the new secured transactions law and collateral registry previously developed with the collaboration of APFF;
- mobilizing international experts to share best practices in personal insolvency regimes with Chinese official and judicial stakeholders, leading to the announcement by the Chinese Government in July 2019 of the intention to build a personal bankruptcy system;
- providing inputs to Chinese stakeholders on developing warehouse finance practices and developing e-warehouse receipts;
- assisting the Philippines in designing and advocating the passage of a new Warehouse Receipts law;
- supporting Thailand in developing a new secured transactions law (not finished before the end of the previous legislature's term, but now being taken up again under the new legislature);
- facilitating agreement of government stakeholders in Vietnam to develop e-platforms for receivables finance, warehouse finance and supply chain finance;
- assisting Brunei in developing its National Credit Score and Online Credit Reports, which were launched in November 2018;
- contributing global insights to efforts by China to develop a regulatory framework for its new data and analytics industry;
- holding a dialogue in the Philippines to address challenges in the development of its credit information system;
- convened a workshop with Thai government and private sector stakeholders to help design a new credit information law that is currently being developed; and
- providing capacity building sessions on improving financial inclusion frameworks to regulators from several member economies through the annual Asia-Pacific Financial Inclusion Forum; and
- working with the finance ministries of Indonesia, Philippines and Vietnam to implement the Microinsurance Roadmap endorsed by the APEC Finance Ministers through activities in conjunction with GIZ's Climate Risk Insurance project for low-income people.

Initial steps have been made to build the infrastructure for closer regional financial and economic integration. These include regulatory enabling of arrangements for cross-border sharing of consumer credit scores among credit bureaus of several economies and the preparations for future work on the digitalization of trade and supply chain finance, in particular through the development of a pilot project to digitalize supply chain corridors among several economies and terms of reference for the APFF Digital Trade Lab. Activities to

promote inter-operability of funds passport arrangements in Asia and Latin America are geared toward closer trans-Pacific financial integration.

APFF is assisting standard setters and relevant organizations by providing a platform to facilitate inputs from a wide range of Asia-Pacific region stakeholders and experts, with the intention of promoting closer alignment between future global standards and goals articulated by APEC Finance Ministers, such as the importance of promoting full-file and comprehensive credit information systems and encouraging insurers to make long-term investment in infrastructure. This is being undertaken through the active participation of APFF collaborators in discussions of the International Committee for Credit Reporting (ICCR) and dialogues and conferences inviting participation from global accounting and insurance standard setters. The latter yielded positive outcomes such as this year's amendments to the accounting standard for insurance contracts that IASB agreed to propose.

APFF has been mobilizing private sector participation to support several FMP initiatives. These include industry participation in the ARFP and efforts to encourage more member economies to join the initiative. APFF is also an active participant in the APEC Disaster Risk Financing Solutions Working Group under the FMP, and has contributed significantly to the work on enhancing the resilience of public infrastructure and plans to develop case studies from the frontline for the study on enabling technologies for enhancing DRFI.

New initiatives were started this year to develop ideas that will guide future work on other CAP and FMP deliverables. These include a baseline study of credit information systems in APEC's member economies, case studies of government initiatives to adopt advanced technologies in payment and settlement infrastructure, a white paper on open banking in Asian economies, discussions to explore the use of catastrophe bonds for the region's developing economies, an APFF conference convened with the Japanese Government to develop new ideas for innovative financing of health care, a conference convened by APIP and APFF with ABAC Hong Kong to develop concepts for the circular economy, and discussions on ways to enable ESG investment as a way of broadening the region's long-term investor base.

The APFF developed in 2018 three foundational documents that are important for the expansion of MSMEs' access to finance under Pillar One of the CAP. At the APEC Finance Ministers' Meeting in Port Moresby in October 2018, the Finance Ministers called for their advancement this year. These have been discussed with the APEC Finance and Central Bank Deputies and are submitted to the Finance Ministers for their consideration at the AFMM in Santiago this year. These three documents are as follows:

- APEC Roadmap for a New Financial Services Data Ecosystem
- Strategy for the Digitalization of Trade and Supply Chain Finance
- Essential Elements of Effective Personal Insolvency Regimes

The APFF, APFIF and APIP platforms have provided platforms for collaboration among a wide range of private and public institutions, including leading firms from around the world, global and regional industry associations, multilateral organizations, government ministries and regulatory agencies and academic institutions, with the objective of supporting the work of the APEC Finance Ministers. Through the leadership of ABAC and close cooperation with finance ministries of APEC's 21 member economies, these collaborative initiatives hope to continue their contributions to the achievement of concrete results that can translate into reality APEC Finance Ministers' vision of stronger, more sustainable and more balanced growth in the region.