



APFF

Asia-Pacific Financial Forum



Overview of Key Messages

2015

Asia-Pacific Financial Forum OVERVIEW OF KEY MESSAGES

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 the APEC Business Advisory Council (ABAC) and adopted by the APEC Finance Ministers at their 2013 annual meeting in Bali. In its 2014 Interim Report to the APEC Finance Ministers, the APFF identified undertakings to advance development 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.

This year, the APFF recommends the following steps as the way forward for advancing the work of the APFF:

- *Undertake a pathfinder initiative to develop credit information systems.* This focuses on building capacity for developing regulatory frameworks, establishing and operating private credit bureaus and enhancing lenders' ability to use credit information.
- *Undertake a pathfinder initiative to improve policy frameworks for secured transactions and the use of movable assets as collateral.* This aims to develop robust legal and institutional architecture for asset-based lending and factoring, collateral registries and cross-border supply chain finance.
- *Convene public-private dialogues on regulatory issues in trade and supply chain finance.* These aim to promote effective and regionally consistent implementation of capital and liquidity standards and KYC/AML/CDD rules, and will also include regulatory considerations related to electronic trade finance documents.
- *Hold workshops on emerging facilitators of trade and supply chain finance.* These focus on electronic supply chain management platforms, digital and innovative working capital management techniques, use of regional currencies in trade and supply chain finance, and inter-relationships among finance, trade, customs procedures and technology.
- *Support the development of alternative funding mechanisms for MSMEs.* This focuses on addressing regulatory barriers and identifying policy frameworks to spur equity based financing to invest in small businesses, enabling regulations for crowd funding, Islamic finance and public-private innovative funding vehicles.
- *Develop best practices for strengthening MSMEs' resilience.* This focuses on mitigating the impact of financial crises, natural disasters and other unexpected events on vulnerable micro- and small businesses, including farmers in remote areas.

- *Establish an APEC-wide DRF expert group within the APFF to develop a gap analysis report in 2016, a disaster risk database starting in 2017 and a baseline DRF framework for APEC economies in 2018.* This expert group will focus on knowledge sharing to help design effective DRF schemes.
- *Promote the accumulation of long-term capital in pension funds through retirement income market reforms.* This involves promoting demand for retirement savings as well as wider access to and supply of retirement income products.
- *Identify and address regulatory and accounting issues that affect insurers' incentives to undertake long-term investment in infrastructure and capital markets.* These issues include bank-centric regulations, short-term oriented economic regimes and approaches to financial reporting that do not fit different business models across the region.
- *Identify best practices in promoting private funds for equity investment in infrastructure involving public-private collaboration.* This involves exploring collaboration among institutional investors, financial institutions and multilateral development agencies and private equity funds.
- *Undertake various activities to support the development of microinsurance.* These include partnering with multilateral institutions, creating an experts' network, collaborating with ongoing global initiatives, and contributing to APEC's work under the Cebu Action Plan.
- *Undertake public-private sector workshops to promote the effective use of hedging instruments and risk management tools and fostering a more diverse investor and issuer base.* These focus on the development of repo and derivatives markets; availability of information needed by capital market investors; and development of financial market infrastructure and practices supporting cross-border portfolio investments.
- *Ensure the successful launch of the Asia Region Funds Passport (ARFP) through the facilitation of its early enlargement* to include a critical mass of participating jurisdictions, as well as its interoperability with other regional mutual recognition frameworks.
- *Convene regular roundtables among financial regulators and industry experts on global rules that affect financial markets and services and their implementation across the region, the development of sound and effective financial regulatory frameworks and risk management, and expanded access to finance.*

The success of these undertakings will depend on active participation and engagement from the public sector. APFF intends to provide a forum and informal network for dialogue and capacity building where they can interact on a regular and sustained basis with experts in relevant specialized and technical fields from the private sector and international and academic organizations. The APFF looks forward to close collaboration with the APEC Finance Ministers in advancing the initiatives of the Cebu Action Plan.

For further information please contact:

Dr. Julius Caesar Parreñas, Coordinator, Asia-Pacific Financial Forum (parrenas-2p7d@jp.nomura.com)