



Strengthening the Asia-Pacific Region's Capacity for Strong and Resilient Growth

2026 Progress Report

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

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CONTENTS

EXECUTIVE SUMMARY	1
INTRODUCTION	7
I. EXPANDING ACCESS TO FINANCE	7
A. Asia-Pacific Financial Inclusion Forum (APFIF)	8
B. Credit Reporting and Data & Analytics Market Development	9
C. Secured Transactions Reform and Movable Asset Finance Market Development	9
D. Digital Trade Finance Lab: Focus on the Legal Entity Identifier (LEI)	14
E. Digital Commerce Financial Market Infrastructure Development	14
F. Digital Assets and Tokenized Financial Instruments	16
G. Valuation Standards and Practices	17
II. MOBILIZING CAPITAL FOR SUSTAINED GROWTH	18
A. Financing Energy Transition	18
B. Mobilizing Large-Scale Capital for Long-term Infrastructure Finance	19
C. Scaling Up Financing for the Circular Economy	21
III. FINANCING RESILIENCE	21
A. Disaster Risk Financing and Insurance	21
B. Strengthening Preparedness for Pandemic Risks	22
C. Insurance Regulation and Accounting	22
D. Digital Innovation in Insurance	24
E. Health Care Financing	27
IV. OUTREACH TO MEMBER ECONOMY STAKEHOLDERS	27
CONCLUSION	28
APPENDICES:	29
Asia-Pacific Financial Inclusion Forum: Policies and Innovation to Expand Financial Access - Proposed Actions for Policymakers and Regulators	30
Asia-Pacific Financial Forum Digital Trade Finance Lab: Measures to Implement the Legal Entity Identifier for Digital Trade Finance	36



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EXECUTIVE SUMMARY

The Asia-Pacific region is facing multiple challenges in the context of a changing international environment. Major shifts in trade policy and supply chain realignments are causing uncertainties affecting investment plans and business operations. Volatility and shocks in energy markets have significantly increased costs. While advances in digital technology, including the wider use of artificial intelligence (AI), are bringing valuable benefits, uncertainties around policies and regulations, new risks arising from criminal misuse and the potential impact of fragmented adoption across markets on cross-border interoperability remain important concerns for businesses.

Economies across the region are also facing growing vulnerabilities to natural disasters and pandemics. Some of these stem from geographical factors that expose economies around the Pacific Ocean to destructive earthquakes, tsunamis, volcanic activities, and extreme weather conditions that have become increasingly frequent. The risks of economic losses have grown with increasing urbanization and geographical concentration of businesses and communities, and in the case of pandemics, increased mobility. Elevated public sector debt levels, higher interest rates and the resulting budgetary constraints now seriously limit governments' ability to provide financing for disaster response, recovery and reconstruction, for supporting businesses and consumers in times of pandemics, and for building much-needed infrastructure.

While these challenges call for policy and regulatory responses, there are many measures and policy directions that the APEC Finance Ministers have already agreed on and endorsed in various statements through the years, including the 2010 Kyoto Report on Growth Strategy and Finance, the 2015 Cebu Action Plan and the 2025 Incheon Plan, among others. There is much that can be accomplished by focusing on their implementation, and where there is already ongoing work, by accelerating progress and expanding participation and adoption by more economies. Many of these initiatives require public-private collaboration to succeed.

This is where the collaborative platforms established by the Finance Ministers - the Asia-Pacific Financial Inclusion Forum (APFIF) since 2010, the Asia-Pacific Infrastructure Partnership (APIP) since 2011 and the Asia-Pacific Financial Forum (APFF) since 2013 – have been supporting member economies and APEC to implement. These policy initiatives are under the umbrella of the APEC Finance Ministers' Process (FMP) and the oversight of the APEC Business Advisory Council (ABAC).¹

This Progress Report covers the work and achievements of these initiatives since the last APEC

¹ Their work has covered various areas that are being progressed under the FMP.

- The APFF, established in 2010, has provided a capacity-building platform for developing economy regulators and officials in working with the private sector to promote access to financial services of low-income populations and micro- and small enterprises. The activities of the APFIF are currently managed by the Asian Development Bank (ADB) in partnership with ABAC.
- The APIP, established in 2011, has been providing advice to officials on policy reforms and measures to develop bankable infrastructure projects that can attract private sector funding. It has contributed to key documents on infrastructure issues produced by the Finance Ministers.
- The APFF, established in 2013, has engaged with various public and private sector bodies in achieving FMP deliverables in areas ranging from data and credit information, secured transactions and insolvency regimes, trade and supply chain finance, capital markets, financial market infrastructure, disaster risk financing and insurance, development of the insurance and pensions industry and the long-term investor base, as well as health care financing.

Finance Ministers' Meeting hosted by Korea in Incheon in October 2025 until the present and provides information on planned activities until the end of 2026. It focuses on three areas: (a) expanding access to finance; (b) mobilizing capital for sustained growth; and (c) financing resilience. In addition, the Report also describes efforts to intensify engagement with domestic stakeholders in member economies in order to increase support for activities being undertaken to help them implement deliverables that the Finance Ministers have identified, and the work of these policy initiatives to support the implementation of their new medium-term Roadmap. Following are some of the key achievements and activities undertaken in pursuit of progress in these three areas:

Expanding Access to Finance

- The APFIF convened a *Seminar on Financial Access and Opportunity for All* on 10 June 2026 in Chengdu, People's Republic of China, alongside the APEC Senior Finance Officials Meeting. The event brought together senior policymakers, regulators, development experts, and industry leaders to explore policy approaches that enable financial service providers to innovate and expand outreach in a responsible manner. As a result of these discussions, a set of proposed actions was developed to guide APEC policymakers and regulators in advancing implementation of priority measures to expand access to finance.
- The APFF Financial Infrastructure Development Network (FIDN), the Da Nang municipal government and the International Finance Corporation (IFC) of World Bank Group organized a two-day *Symposium on Positioning and Developing the Viet Nam International Financial Center in Da Nang City: Opportunities to Attract Transactions and Investment*.
- In March 2026, FIDN supported a two-day *Workshop on Data Management in Financial Institutions* in HCMC, Viet Nam. The event provided details about how to internalize data & analytics in financial services, management of cooperation with third party data & analytics firms, as well as data governance and financial consumer protection considerations. FIDN also collaborated in a Ha Noi Roundtable on *Understanding the New Data Laws in Viet Nam* organized by the Viet Nam Business Lawyers Club.
- FIDN organized three events on factoring in Viet Nam during the second half of 2025 to early 2026 together with the Viet Nam Banks Association (VNBA), IFC, Factors Chain International (FCI) and other relevant partners. The purpose was to deepen factoring finance development in the economy and provide opportunities for market players to dialogue with the regulators. Participants brainstormed about how to scale up the factoring volume in Viet Nam, regulatory improvements required, latest international industry trends particularly in two-factor operations, and new opportunities from the development of international financial centers.
- FIDN partnered with VNBA, IFC and several private sector players in organizing two Roundtables in HCMC during May-June 2026 on the topic of increasing value chain competitiveness and business growth through supply chain finance and trade credit insurance. The objective was to bring together financial institutions, anchor companies, and SME suppliers & distributors as well as third party support service providers, such as trade credit insurance companies, under one roof to catalyze collaborations among the parties.
- In November 2025, the Philippine central bank (BSP), IFC and FIDN jointly hosted a *Roundtable on Maximizing the Benefits of Collateral Registry in the Philippines* with over 60 senior managers and professionals from the banking and finance industry and several government agencies. The event aimed to make more lending institutions understand the role of the collateral registry and to seek out their feedback on the current registry system.
- In November 2025 and May 2026, respectively, FIDN supported IFC, the Philippines' Securities and Exchange Commission (SEC) and BSP to successfully deliver two workshops on receivables and inventory finance in Manila. These activities were meant to impart essential practice knowledge on the low control forms of receivables and inventory finance to banks and non-bank lenders in the economy.
- The FIDN, which assisted the Philippines in operationalizing the 2018 Personal Property Security Act, has continued to monitor the Revised Warehouse Receipts framework intended to mobilize agricultural commodities as financeable collateral — a priority for inclusive rural finance.
- FIDN actively participates in ongoing coordination among international standard-setters that

continued during the period, channeled largely through the Joint Network for Coordinating and Supporting Secured Transactions Reforms, which coordinates technical assistance and capacity building among UNCITRAL, UNIDROIT, the World Bank Group/IFC and other partners, and promotes adoption of international instruments.

- A new project concept for the APEC Economic Committee is being developed under FIDN for APEC. This project will assist APEC Member Economies in enabling the expansion of types of assets that lenders will accept as collateral to finance the growth of enterprises, especially MSMEs. Building on previous EC secured transactions initiatives, this Project will focus on the collateralization of intangible assets, including intellectual property and digital and tokenized assets.
- The APFF Digital Trade Finance Lab convened a group that included the Global Legal Entity Identifier Foundation (GLEIF) and a broad cross-section of industry participants to produce a white paper entitled *Implementing the Legal Entity Identifier to Enhance Digital Trade Finance*.
- The APFF Digital Commerce Financial Market Infrastructure (FMI) Working Group, in partnership with the Emerging Payments Association Asia (EPAA), undertook a number of activities to deepen understanding, promote cross-sector collaboration, and develop actionable proposed measures. In May 2026, the APFF Digital Commerce FMI Working Group and EPAA co-convened the workshop *Where Trade Breaks: Fixing Payments for Cross-Border MSMEs* to examine why cross-border commerce remains structurally difficult for smaller firms despite growth in digital trade.
- The APFF Digital Commerce FMI Working Group is exploring the development and delivery of an APEC MSME digital trade toolkit — practical, market-specific, and built around the actual experience of firms trying to trade across borders for the first time. Such a toolkit would address a gap that neither government guidance nor commercial tools currently fill.
- The APFF Financial Market Infrastructure Network (FMIN) is currently developing a landscape paper focusing on digital assets outside the CBDC perimeter: crypto assets, stablecoins, tokenized deposits, digitally issued securities, tokenized representations of traditional securities and other related instruments. The purpose of this paper is to provide a common language for finance ministries, regulators, market Infrastructure and market participants to distinguish between instruments that can appear similar on a ledger but differ materially in legal form, ownership rights, settlement finality, operational risk and policy implication.
- The APFF Valuation Working Group continued to focus its efforts on promoting the work of the International Valuation Standards Council (IVSC). These include a presentation to the Department of Intellectual Property of Thailand (January 2026), two events in Viet Nam organized under the auspices of the Ministry of Finance, including participating in a training seminar organized at the Intellectual Property Office of Viet Nam (March 2026), and participation at the SCOPE-IPR Seminar on Valuation and IP-Backed Finance organized in April 2026 by the EU Intellectual Property Office (EUIPO) and ASEAN, under the auspices of the Ministry of Finance of Indonesia.

Mobilizing capital for sustained growth

- The ABAC Voluntary Carbon Markets (VCM) Pathfinder Initiative held 9 workshops to promote alignment of standards and registry connections, which are prerequisites to scaling up and cross-border trading of carbon credits. The workshops were co-organized with the Integrity Council for the Voluntary Carbon Market, the VCM Integrity Initiative, the World Bank, Climate Action Data Trust, the Science-Based Targets Initiative (SBTi), ADB, UNIDROIT and ISDA. The Initiative also completed two pilot projects - one on linking carbon exchanges and the other completing a tokenized voluntary carbon credit transaction on blockchain.
- The APFF Sustainable Finance Development Network (SFDN) centered its efforts on assisting ABAC in developing comprehensive recommendations for APEC Finance Ministers regarding Carbon Asset-Backed Securities (CABS). In April 2026, SFDN convened an international workshop featuring multilateral development banks and capital mobilization experts, market infrastructure leaders and standard-setting bodies. This work is being complemented by

discussions with the Coalition to Grow Carbon Markets and with development banks to support pilots in developing economies, with an initial focus on agriculture sector SMEs.

- On the sustainable fixed income front, SFDN is working on institutional partnerships to convene a coalition to support scaling up these markets, especially among developing economies, and to contribute to the work of the APEC FMP Sustainable Finance Initiative. A series of discussions are being conducted with public and private sector and academic organizations in key global financial markets to support articulation of specific market infrastructure initiatives and to discuss potential synergies and inter-fora coordination with the G20.
- The Asia-Pacific Infrastructure Partnership (APIP) continued to brief officials from governments, financial regulatory agencies, and MDBs, focused on three objectives: (a) bringing about an initial issue of a Wealth Preservation Unit[®] (WPU[®])-indexed long term fixed interest rate bond for infrastructure finance; (b) making sure that potential investors are familiar with WPU[®]-indexed bonds and the benefits for their portfolios; and (c) creating an underlying infrastructure for WPU[®]-indexed securities that would support their issuance, valuation, and secondary trading as well as other activities that would broaden the usage of WPU[®]-indexed securities. Activities included: (a) a presentation in April on *Facilitating Access to Large-Scale Global Capital for Sustainable Investment by Addressing Currency Risk* at the ASEAN Business Advisory Council-ABAC APFF 2026 Southeast Asia Conference session on Accessing Global Finance for Energy and Green Transition in Manila; (b) meetings with ADB officials in Manila covering the technical and operational requirements necessary for ADB to issue a WPU[®]-indexed bond; and (c) meetings with the IMF, World Bank and ADB at the IMF/World Bank Spring Meetings in Washington DC, again focused on the technical and operational requirements of a multilateral development bank WPU[®]-indexed bond issue.
- The APFF Circular Economy Financing Working Group advanced work on the investment conditions needed to scale circular economy infrastructure across APEC. In partnership with APEC USA, a new project concept for the APEC Ocean and Fisheries Working Group (OFWG) was developed and submitted for APEC funding consideration. The project seeks to promote investment in recycling technologies through an in-person workshop and a Checklist of Enablers covering the regulatory clarity, financing tools, infrastructure readiness, and public-private partnership models needed to improve bankability and reduce plastic leakage into the marine environment.

Financing Resilience

- The APFF Disaster Risk Financing and Insurance (DRFI) Network has been assisting the APEC Working Group on Regional Disaster Risk Financing Solutions to jointly promote DRFI in the region.
- The DRFI Network held the roundtable *Mobilizing Private Capital for Innovative, Resilient & Sustainable Growth* in 2025, which discussed the potential and challenges of catastrophe bonds and ways to strengthen regional cooperation and policy support. It also convened a virtual workshop in November 2025 focusing on the availability and affordability of home insurance, based on the Geneva Association's report *Safeguarding Home Insurance*. Discussions centered on policy and institutional strategies to ensure the long-term sustainability of home insurance, and case studies from Japan, Australia, and the Philippines highlighting efforts to reduce the financial impact of disaster risks and to strengthen the management of disaster risks through implementing a multi-layered strategy.
- The APFF Pandemic Insurance Working Group continued to follow up on ongoing discussions to advance the Epidemic Risk Markets Platform with relevant industry and public sector stakeholders in Thailand, where a pilot project remains operational, as well as with the Philippines and Indonesia. These discussions seek to highlight to stakeholders in developing economies the concrete progress achieved outside the region in operationalizing the foundational concepts of the Platform, including pandemic business interruption insurance transactions completed in West Africa and the Dominican Republic, as well as in advanced APEC member economies such as Australia and the USA.
- The APFF Pandemic Insurance Working Group also contributed a chapter on Pandemic Risk

Management and Insurance to the recently released *Handbook of Insurance* (Vol. I) in collaboration with the Ludwig Maximilian University München. The chapter explores practical strategies for expanding risk transfer solutions and establishing effective public-private partnerships within the context of pandemic preparedness.

- The APFF Insurance, Health, and Retirement Income Network continues to support the effective adoption and implementation of IFRS 17 Insurance Contracts across APEC economies, working closely with stakeholders to provide technical assistance, share good practices, and promote regional knowledge exchange tailored to the needs of these jurisdictions and engaging with the IASB to ensure that issues relevant to the Asia-Pacific are considered, including on the treatment of unrealized gains and losses on equity instruments under IFRS 9.
- The Network continues to assist regional authorities and insurers in preparing for practical Insurance Capital Standard (ICS) implementation through capacity building and technical dialogue. In line with previous recommendations, the APFF will also continue monitoring the treatment of long-term equity investments, which remains a key issue under the ICS.
- The Network convened its *Roundtable on Sustainability Reporting and Capital* on 20 April 2026 in Hong Kong, China, bringing together policymakers, academics, and industry practitioners to review progress in implementing IFRS-based sustainability and accounting standards and advancing solvency reforms across the Asia-Pacific region.
- An APFF workstream on digital innovation in insurance has been launched by the APFF Insurance, Health, and Retirement Income Network and its first working meeting convened in Singapore in a hybrid format on 28 May 2026 to discuss its priorities and work plans. It aims to promote responsible digital innovation and use of AI in insurance and healthcare and to develop regulatory and governance frameworks that ensure consumer protection without hindering innovation. For its future work, the workstream identified as focus areas AI governance and security, regulatory design and implementation, operational transformation and organizational change, expanding access to insurance and health care, and digital assets, support for energy transition and ecosystem collaboration. It plans to convene a *Roundtable on Responsible Digital Innovation and Artificial Intelligence* in Q4 2026 or Q1 2027 and establish a *Digital Innovation Dialogue Series* as a multi-stakeholder platform focusing on key policy developments and practical challenges in AI regulation, RegTech, InsurTech, and HealthTech across the Asia-Pacific region.
- The APFF continues to collaborate with APEC's Health Working Group to help finance and health officials translate prevention, resilience, and health system strengthening into practical fiscal and economic strategies. In 2026, this agenda is being advanced through the *Health as an Investment* initiative, developed in partnership with ADB. A central feature of the initiative is the Health ROI Index, which captures the economic, health, productivity, and fiscal returns of health investment and provides finance ministries with a shared, evidence-based tool to prioritize health and human capital investments within economies' budgets. The project will convene a virtual consensus workshop to align APEC economies around the methodology and application of the framework, followed by a stakeholder event on the margins of the APEC Finance Ministers' Meeting to build support among senior decision-makers.
- APFF is also advancing work on sustainable immunization financing with the Health Working Group's Vaccines Task Force (VTF). This includes a hands-on immunization financing workshop in Thailand, planned for Q4 2026, bringing together health and finance stakeholders to conduct a structured bottleneck analysis of the economy's current financing landscape and build consensus around viable mechanisms for expanding life-course vaccination coverage. In parallel, the VTF is developing an AI-powered immunization financing diagnostic tool to help APEC economies identify and close financing gaps.

Outreach to Member Economy Stakeholders

- The APFF, in collaboration with APIP and APFIF co-organized with ABAC and the ASEAN Business Advisory Council (ASEAN BAC) the 2026 APFF Southeast Asia Conference in Manila, The Philippines to reach out to policy makers in the region and is currently preparing the 2026 APFF Conference in Hong Kong, China in collaboration with ABAC and the APFF China

Conference Host Committee.

Conclusion

As this Progress Report shows, these initiatives continue to provide support to economies in undertaking important reforms. Individual economies as well as APEC fora are coming forward to make full use of these platforms for public-private collaboration to advance various initiatives related to digitalization, promoting access to finance, capital mobilization, and resilience. In this context, we look forward to working with APEC Finance Ministers and other relevant authorities in seizing opportunities for undertaking concrete reforms and capacity building measures that will help our region build a better future by enabling financial services to promote access to finance, capital mobilization for growth and resilience.

INTRODUCTION

The Asia-Pacific region is facing multiple challenges in the context of a changing international environment. Major shifts in trade policy and supply chain realignments are causing uncertainties affecting investment plans and business operations. Volatility and shocks in energy markets have significantly increased costs. While advances in digital technology, including the wider use of artificial intelligence (AI), are bringing valuable benefits, uncertainties around policies and regulations, new risks arising from criminal misuse and the potential impact of fragmented adoption across markets on cross-border interoperability remain important concerns for businesses.

Economies across the region are also facing growing vulnerabilities to natural disasters and pandemics. Some of these stem from geographical factors that expose economies around the Pacific Ocean to destructive earthquakes, tsunamis, volcanic activities, and extreme weather conditions that have become increasingly frequent. The risks of economic losses have grown with increasing urbanization and geographical concentration of businesses and communities, and in the case of pandemics, increased mobility. Elevated public sector debt levels, higher interest rates and the resulting budgetary constraints now seriously limit governments' ability to provide financing for disaster response, recovery and reconstruction, for supporting businesses and consumers in times of pandemics, and for building much-needed infrastructure.

While these challenges call for policy and regulatory responses, there are many measures and policy directions that the APEC Finance Ministers have already agreed on and endorsed in various statements through the years, including the 2010 Kyoto Report on Growth Strategy and Finance, the 2015 Cebu Action Plan and the 2025 Incheon Plan, among others. There is much that can be accomplished by focusing on their implementation, and where there is already ongoing work, by accelerating progress and expanding participation and adoption by more economies. Many of these initiatives require public-private collaboration to succeed.

This is where the collaborative platforms established by the Finance Ministers - the Asia-Pacific Financial Inclusion Forum (APFIF) since 2010, the Asia-Pacific Infrastructure Partnership (APIP) since 2011 and the Asia-Pacific Financial Forum (APFF) since 2013 – have been supporting member economies and APEC to implement. These policy initiatives are under the umbrella of the APEC Finance Ministers' Process (FMP) and the oversight of the APEC Business Advisory Council (ABAC).²

This Progress Report covers the work and achievements of these initiatives since the last APEC Finance Ministers' Meeting hosted by Korea in Incheon in October 2025 until the present and provides information on planned activities until the end of 2026. It focuses on three areas: (a) expanding access to finance; (b) mobilizing capital for sustained growth; and (c) financing resilience. In addition, the Report also describes efforts to intensify engagement with domestic stakeholders in member economies in order to increase support for activities being undertaken to help them implement deliverables that the Finance Ministers have identified, and the work of these policy initiatives to support the implementation of their new medium-term Roadmap.

I. EXPANDING ACCESS TO FINANCE

This section includes reports on progress of work in (a) the Asia-Pacific Financial Inclusion Forum, (b) credit reporting and data & analytics market development; (c) secured transactions reform and movable asset finance market development, (d) the Digital Trade Finance Lab, (e) digital commerce

² Their work has covered various areas that are being progressed under the FMP.

- The APFF, established in 2010, has provided a capacity-building platform for developing economy regulators and officials in working with the private sector to promote access to financial services of low-income populations and micro- and small enterprises. The activities of the APFIF are currently managed by the Asian Development Bank (ADB) in partnership with ABAC.
- The APIP, established in 2011, has been providing advice to officials on policy reforms and measures to develop bankable infrastructure projects that can attract private sector funding. It has contributed to key documents on infrastructure issues produced by the Finance Ministers.
- The APFF, established in 2013, has engaged with various public and private sector bodies in achieving FMP deliverables in areas ranging from data and credit information, secured transactions and insolvency regimes, trade and supply chain finance, capital markets, financial market infrastructure, disaster risk financing and insurance, development of the insurance and pensions industry and the long-term investor base, as well as health care financing.

financial market infrastructure development, (f) digital assets and tokenized financial instruments, and (g) valuation standards and practices.

A. Asia-Pacific Financial Inclusion Forum

The Asia-Pacific Financial Inclusion Forum (APFIF) is a policy initiative under the APEC Finance Ministers' Process (FMP) initiated by ABAC and established by the Finance Ministers in 2010. Now led by the Asian Development Bank (ADB), it serves as a leading platform for advancing regional dialogue on inclusive finance. Since its establishment, APFIF has helped shape concrete policy actions to expand access to financial services for the unbanked and underserved, contributing directly to the APEC Putrajaya Vision 2040's goals of innovation, digitalization, and inclusive growth. The Forum also supports the priorities identified by the People's Republic of China for the 2026 APEC Finance Ministers' Process by advancing people-centered and inclusive development through expanded financial access, digital innovation, and the exchange of policy experiences and good practices across APEC economies.

APFIF 2026 Seminar – Policies and Innovation to Expand Financial Access

In partnership with the Ministry of Finance of the People's Republic of China and the Asian Development Bank Institute (ADBI), APFIF convened a *Seminar on Financial Access and Opportunity for All* on 10 June 2026 in Chengdu, People's Republic of China, alongside the APEC Senior Finance Officials Meeting. The event brought together senior policymakers, regulators, development experts, and industry leaders to explore policy approaches that enable financial service providers to innovate and expand outreach in a responsible manner.

The seminar highlighted that while significant progress has been made in expanding financial access across APEC economies, important challenges remain, particularly in ensuring that individuals and MSMEs can effectively use financial services to support economic participation and growth. Discussions emphasized the importance of strong financial infrastructure, enabling policy frameworks, and more diverse financing ecosystems to address persistent financing gaps. Participants also highlighted the opportunities presented by digital finance, fintech, and AI, while stressing the need for adaptive regulation, consumer protection, financial literacy, and trust-building measures to ensure that innovation contributes to safe and sustainable financial systems.

As a result of these discussions, a set of proposed actions was developed to guide APEC policymakers and regulators in advancing implementation of priority measures to expand access to finance. In summary, these include:

- Strengthening financial infrastructure ecosystems through investments in payment systems, digital identity, credit information systems, secured transactions frameworks, and data infrastructure that reduce costs and enable broader access to financial services.
- Promoting more diversified financing ecosystems for small businesses by supporting non-bank finance providers (i.e. finance companies, leasing companies, factoring providers, crowdfunding and peer-to-peer lending platforms), supply chain finance, trade finance, movable asset financing, and other innovative financing models that complement traditional bank lending.
- Adopting proportionate and adaptive regulatory approaches that enable responsible financial innovation while maintaining appropriate safeguards for financial stability, consumer protection, and market integrity.
- Advancing inclusive AI and data governance frameworks to ensure that emerging technologies expand rather than restrict financial opportunity, including by addressing risks of algorithmic bias, improving data quality and representativeness, and promoting equitable outcomes for underserved populations³.
- Strengthening trust and resilience in digital financial ecosystems through user-centric products, enhanced consumer protection, cybersecurity measures, financial literacy initiatives, effective grievance mechanisms, and greater regional and public-private cooperation and peer learning on

³ This recommendation is consistent with emerging regional and international discussions on responsible AI governance, including initiatives under APEC, ASEAN, and the G20 that seek to promote transparency, accountability, fairness, and inclusive outcomes in the development and deployment of AI systems.

emerging digital financial risks.

The insights generated through these discussions will also contribute to the development of the *APEC FMP Compendium of Case Studies on Financial Access and Opportunity for All*, being developed by the APEC Policy Support Unit (PSU), helping to identify and disseminate practical policy lessons and good practices from across APEC economies.

For further details on the APFIF Seminar on Financial Access and Opportunity for All and the full set of proposed actions, please refer to the Appendix.

B. Credit Reporting and Data & Analytics Market Development

Collaboration to Support Implementation of Reforms in APEC Member Economies

Following the decision of Viet Nam (*Resolution 222/2025/QH15 of June 2025*) to establish twin International Financial Centers in Da Nang and HCMC, respectively, in November 2025, the APFF Financial Infrastructure Development Network (FIDN), the Da Nang municipal government and the International Finance Corporation (IFC) of World Bank Group organized a two-day *Symposium on Positioning and Developing the Viet Nam International Financial Center in Da Nang City: Opportunities to Attract Transactions and Investment*. About 200 participants joined the event including a range of speakers from other APEC economies such as Singapore; Indonesia; Thailand; China; Hong Kong, China; Chinese Taipei and the USA. Participants elaborated on the various aspects of making Da Nang an international financial center and offered a series of recommendations. Among others, Da Nang aspires to be a center for Fintech, trade & supply chain finance (SCF), non-deposit-taking lending (NDTLs) particularly for businesses, and third party support services to financial markets (e.g., collateral management, data & analytics, platforms for SCF).

In March 2026, FIDN also supported a two-day *Workshop on Data Management in Financial Institutions* in HCMC, Viet Nam. About 150 banking and finance managers and professionals participated. The event provided details about how to internalize data & analytics in financial services, management of cooperation with third party data & analytics firms, as well as data governance and financial consumer protection considerations. This theme was also repeated later by a FIDN representative in the APFF-ASEAN *Conference on Financing a Digital, Inclusive, Sustainable and Resilient Future for Southeast Asia* held in Manila in April 2026 as well as in a Ha Noi Roundtable on *Understanding the New Data Laws in Viet Nam* organized by the Viet Nam Business Lawyers Club (VBLC) in March 2026. FIDN contributed to some of the law developments earlier.

Future Plans

For the next reporting period, FIDN will continue to promote the compliant use of data & analytics in financial services as a key foundation for digital finance, stress the imperative of financial consumer protection in this area, and facilitate cross-economy knowledge exchange in new data infrastructure development.

C. Secured Transactions Reform and Movable Asset Finance Market Development

Secured transactions and movable asset finance is one of the founding pillars of FIDN, which was established under the APEC Finance Ministers' Process in 2015 to promote the legal, regulatory and institutional infrastructure that broadens access to credit.⁴

The Secured Transactions Working Group's purpose is to help member economies put in place the building blocks of a functioning movables-finance ecosystem: (a) clear and effective secured-transactions legal frameworks; (b) judicial effectiveness; (c) a competent movables-lending industry; (d) supportive prudential regulation; (e) reliable support services such as collateral management; and (f) priority segments including factoring, financial leasing and receivables-backed finance.⁵

⁴APEC Financial Infrastructure Development Network (FIDN), launched November 2015 under the APEC Finance Ministers' Process; Philippines Department of Finance, "Financial Infrastructure Development Network (FIDN) Launched." <https://www.dof.gov.ph/financial-infrastructure-development-network-fidn-launched/>

⁵Asia-Pacific Financial Forum, APFIF and APIP, 2024 Progress Report to APEC Finance Ministers (Lima, 21 October 2024).

The work by FIDN provides foundational legal infrastructure support that spans beyond access to finance for SMEs to additionally support infrastructure finance and financial inclusion, which utilize securitization and other secured lending techniques to support member economies. FIDN has further continued its collaborative engagement across APEC fora, supporting the Economic Committee's group on APEC Strengthening Economic and Legal Infrastructure (SELI) by participating in the Secured Finance to Facilitate Sustainable Economic Growth and Improve Food Security Workshop, a three day event held in Tokyo, Japan in October 2025 covering key developments and opportunities to leverage movable asset finance to support agriculture and enhance food security.

The reporting period is anchored by the launch of the Incheon Plan at the October 2025 Finance Ministers' Meeting, which succeeds the Cebu Action Plan as the FMP's medium-term Roadmap. Ministers also emphasized expanding access to finance through alternative credit assessment and strengthening the financial infrastructure that underpins MSME lending — objectives directly served by movable-asset-finance reform.⁶ Consistent with prior progress reports, this report covers reform efforts executed or materially advanced by APEC member economies during the period, and global multilateral capacity-building and standard-setting activity supporting convergence toward international standards and guidelines.

Collaboration to Support Secured Transactions Reform in APEC Member Economies

The half-year period was characterized by the broadening of eligible collateral classes — notably intangible and digital assets — and by the operationalization of registries and enforcement frameworks legislated in earlier years. Activity was concentrated in the developing economies of Southeast Asia, where the FIDN Secured Transactions Working Group has been most engaged.

- APFF FIDN organized three events on factoring (a form of receivables finance) in Viet Nam during the second half of 2025 to early 2026 together with the Viet Nam Banks Association (VNBA), IFC, Factors Chain International (FCI) and other relevant partners. The purpose was to deepen factoring finance development in the economy and provide opportunities for market players to dialogue with the regulators. More than 250 industry professionals joined these meetings. Participants brainstormed about how to scale up the factoring volume in Viet Nam, regulatory improvements required, latest international industry trends particularly in two-factor operations, and new opportunities from the development of international financial centers. Speakers from Singapore; China; Hong Kong, China; Chinese Taipei and Malaysia also joined the activities.
- FIDN partnered with VNBA, IFC and several private sector players in organizing two Roundtables in HCMC during May-June 2026 on the topic of increasing value chain competitiveness and business growth through SCF and trade credit insurance. The objective was to bring together financial institutions, anchor companies, and SME suppliers & distributors as well as third party support service providers, such as trade credit insurance companies, under one roof to catalyze collaborations among the parties. The participation of real sector firms in SCF discussions attracted significant interest. It was revealed at the meetings that Viet Nam's trade credit insurance volume has indeed substantially increased in the last two years. In total, at least 150 market players attended the two events. Experts from China and Hong Kong, China also spoke at the events.
- In the Philippines, FIDN continues to support the improvement of the new collateral registry and its use by lenders. In November 2025, the Philippine central bank (BSP), IFC and FIDN jointly hosted a *Roundtable on Maximizing the Benefits of Collateral Registry in the Philippines*. Over 60 senior managers and professionals from the banking and finance industry and several government agencies joined the discussion. The event aimed to make more lending institutions understand the role of the collateral registry and to seek out their feedback on the current registry system. Experts from the USA and Australia shared their experiences. Among

https://mddb.apec.org/Documents/2024/MM/FMM/24_fmm_010.pdf

⁶2025 APEC Finance Ministers' Joint Statement and the Incheon Plan (2025 FMP Roadmap), Incheon, Republic of Korea, 21 October 2025. <https://www.apec.org/press/news-releases/2025/finance-ministers-issue-joint-statement>

others, it was reported that the cumulative number of registrations in the registry – operational in February 2025 -- has exceeded 200,000 by May 2026.

- In November 2025 and May 2026, respectively, FIDN also supported IFC, the Philippines’ Securities and Exchange Commission (SEC) and BSP to successfully deliver two workshops on receivables and inventory finance in Manila. Each lasted for two days. These activities were meant to impart essential practice knowledge on the low control forms of receivables and inventory finance to banks and non-bank lenders in the economy. Such products represent a major segment of the potentially large movables finance space. Over 200 industry personnel attended the workshops.

For the next period, the focus will still be to support those developing APEC economies which do not yet have a modern secured transactions law or a substantive movables finance market. In the Philippines, efforts will continue to focus on increasing regulatory support, helping business lenders understand the new practice of lending against movable assets, and improving secured transactions legal knowledge among all parties involved in market development. In the case of Viet Nam, market deepening will center around introducing more players to the market, including non-deposit taking lenders (NDTLs), e-platforms and trade credit insurers, incorporating sustainability angles to SCF, and increasing market volume by leveraging the momentum from the development of Viet Nam’s international financial center.

Progress across Member Economies

Viet Nam delivered the period’s most consequential reform. Its amended Law on Intellectual Property (Law No. 131/2025/QH15, adopted on 10 December 2025) and the implementing decree and circular, taking effect on 1 April 2026, for the first time classify intellectual property as a “bankable asset” and property right that can be valued, traded, recorded in financial statements and used as collateral for loans or capital contributions.⁷

The reform marks a deliberate shift from a protection-only mindset toward commercialization and monetization of intangibles, aimed especially at “asset-light but idea-rich” SMEs and technology firms. Creditors gain the right to exploit or auction pledged IP on default, and enterprises will be expected to record IP assets on their balance sheets, strengthening their standing with lenders.⁸ To support valuation — widely identified as the principal bottleneck — the Ministry of Science and Technology will establish a nationwide electronic database of IP transaction prices covering assignment, licensing, mortgage and capital-contribution transactions.⁹

The amendments also shorten patent-examination timelines and clarify the treatment of AI-assisted creations, reinforcing the broader objective of a more liquid market for intangible collateral.¹⁰ The reform extends the movable-collateral base in a manner consistent with the FIDN’s prior engagement in Viet Nam on movable-asset-finance rules and digital assets as a new collateral class.

The Philippines continued to embed its secured-transactions framework. Following the Land Registration Authority’s launch of the electronic Personal Property Security Registry on 13 February 2025 under Republic Act No. 11057 (the 2018 Personal Property Security Act), the focus during this period shifted to uptake — registration of security interests in movable collateral such as equipment, inventory, receivables and agricultural assets to widen MSME and smallholder access to credit.¹¹ The registry enables creation, perfection and priority of security interests over movable collateral

⁷“Viet Nam – Amendments to IP law” (Law No. 131/2025/QH15, adopted 10 December 2025; Decree No. 100/2026/NĐ-CP and Circular No. 10/2026/TT-BKHCN, all effective 1 April 2026), Lexology / INVESTIP, 21 April 2026. <https://www.lexology.com/library/detail.aspx?g=50aee0cd-07da-4192-b7fb-10dfcaf0bc02>

⁸“Viet Nam Enters a Bold New Era on April 1 – IP Assets can be Used to Raise Business Capital,” IPCloseUp, 24 March 2026. <https://ipcloseup.com/2026/03/24/vietnam-enters-a-bold-new-era-on-april-1-ip-assets-can-be-used-to-raise-business-capital/>

⁹“Viet Nam – Amendments to IP law” (Law No. 131/2025/QH15, adopted 10 December 2025; Decree No. 100/2026/NĐ-CP and Circular No. 10/2026/TT-BKHCN, all effective 1 April 2026), Lexology / INVESTIP, 21 April 2026. <https://www.lexology.com/library/detail.aspx?g=50aee0cd-07da-4192-b7fb-10dfcaf0bc02>

¹⁰ “Key Changes for Trademarks under Viet Nam’s Amended IP Law,” Tilleke & Gibbins, 31 March 2026. <https://www.tilleke.com/insights/key-changes-for-trademarks-under-vietnams-amended-ip-law/>

¹¹Cruz Marcelo & Tenebrancia, “Land Registration Authority Launches the Personal Property Security Registry” (Registry launched 13 February 2025). <https://cruzmarcelo.com/land-registration-authority-launches-the-personal-property-security-registry/>

through electronic notice filing.¹²

The FIDN, which assisted the Philippines in operationalizing the Act, has continued to monitor the Revised Warehouse Receipts framework intended to mobilize agricultural commodities as financeable collateral — a priority for inclusive rural finance.¹³

Global Multilateral Capacity Building and Standard-Setting

FIDN actively participates in ongoing coordination among international standard-setters that continued during the period, channeled largely through the Joint Network for Coordinating and Supporting Secured Transactions Reforms. The Network coordinates technical assistance and capacity building among UNCITRAL, UNIDROIT, the World Bank Group/IFC and other partners, and promotes adoption of international instruments including the UNCITRAL Model Law on Secured Transactions, the UN Convention on the Assignment of Receivables, the UNCITRAL Guide on Access to Credit for MSMEs, the UNIDROIT Model Law on Factoring and the Cape Town Convention and its MAC Protocol.¹⁴

- 8th Conference on International Coordination of Secured Transactions Reform. On 27–28 November 2025, the 8th Conference on International Coordination of Secured Transactions Reform convened in Hong Kong, China, co-hosted by the University of Hong Kong Faculty of Law’s Asian Institute of International Financial Law (AIIFL) and UNCITRAL in its capacity as 2025 Chair of the Joint Network. Under the theme “Legal and Policy Reforms for Inclusive Digital Finance,” the conference brought together standard-setting bodies, multilateral development institutions, regulators and practitioners to examine how coordinated reform can expand sustainable credit for MSMEs that rely on receivables, intellectual property and digital assets as collateral.¹⁵
- UNCITRAL — digital trade and finance, and access to credit. UNCITRAL convened its Colloquium on “Harmonizing law in the age of digital trade and finance – digital assets and platforms” at UN Headquarters in New York on 10–13 February 2026, advancing the legal treatment of digital assets and platform-based finance — directly relevant to the recognition of digital and tokenized assets as a new class of movable collateral.¹⁶ Implementation work also continued on the UNCITRAL/UNIDROIT Model Law on Warehouse Receipts (adopted 2024), which provides a private-law framework for warehouse-receipt systems that mobilize stored commodities as collateral — a priority for agricultural and inventory finance in developing APEC economies.¹⁷ UNCITRAL’s Working Group I continued related technical work during 2025.¹⁸
- UNIDROIT — factoring, enforcement and mobile equipment. UNIDROIT continued promoting its Model Law on Factoring and, jointly with UNCITRAL, the Model Law on Warehouse Receipts as tools for SME and supply-chain financing, alongside ongoing work on enforcement best practices and the MAC Protocol to the Cape Town Convention.¹⁹ Its

¹²Land registration authority launches the personal property security registry” (Republic Act No. 11057, Personal Property Security Act), Lexology, 5 March 2025. <https://www.lexology.com/library/detail.aspx?g=590e4054-a2fd-46d6-9942-9702926a2efb>

¹³Asia-Pacific Financial Forum, APFIF and APIP, 2025 Progress Report — “Harnessing Public-Private Collaboration to Finance Connectivity, Innovation and Prosperity in APEC” (Executive Summary, July 2025). <https://abac.ph/wp-content/uploads/2025/10/4-2025-Progress-Report-ExSum-2025-07-07.pdf>

¹⁴UNCITRAL, “Joint Network for Coordinating and Supporting Secured Transactions Reforms” (established 3 December 2021). <https://uncitral.un.org/en/content/joint-network-coordinating-and-supporting-secured-transactions-reforms>

¹⁵UNIDROIT, “UNIDROIT contributes to 8th Conference on International Coordination of Secured Transactions Reform,” 19 December 2025 (conference held in Hong Kong, China, 27–28 November 2025). <https://www.unidroit.org/37266/>

¹⁶UNCITRAL, “Colloquium on ‘Harmonizing law in the age of digital trade and finance – digital assets and platforms’,” New York, 10–13 February 2026. <https://uncitral.un.org/en/platforms-st>

¹⁷UNIDROIT, “UNCITRAL/UNIDROIT Model Law on Warehouse Receipts adopted by the United Nations Commission on International Trade Law” (adopted 2024). <https://www.unidroit.org/uncitral-unidroit-model-law-on-warehouse-receipts-adopted-by-the-united-nations-commission-on-international-trade-law/>

¹⁸UNCITRAL Working Group I (Warehouse Receipts); see UNCITRAL Commission Sessions. <https://uncitral.un.org/en/commission>

¹⁹UNIDROIT Governing Council, 105th session report, November 2025 (showcasing the UNIDROIT Model Law on Factoring and the UNCITRAL–UNIDROIT Model Law on Warehouse Receipts for SME and supply-chain financing). <https://www.unidroit.org/wp->

Governing Council reviewed the access-to-credit program at its 105th session (November 2025) and 107th session (Rome, 27–29 May 2026).²⁰

- World Bank Group / IFC — standards in operation. The international standards the Joint Network promotes were put into operation during the period. On 3 November 2025, a Secured Transactions Registry took effect in Sri Lanka — led by the Credit Information Bureau with the Central Bank and Ministry of Finance, technical assistance from IFC, and EU funding — enabling SMEs to pledge movable assets such as machinery, inventory and equipment. While Sri Lanka is not an APEC member, the project directly demonstrates the IFC/World Bank model the FIDN draws on across the APEC region and is a useful reference point for member economies advancing similar registries.²¹

Advancing Secured Transactions Reform to the Next Level: Enabling the Collateralization of Intangible Assets

A new project concept for the APEC Economic Committee is being developed for APEC. This project will assist APEC Member Economies in enabling the expansion of types of assets that lenders will accept as collateral to finance the growth of enterprises, especially MSMEs. Building on previous EC secured transactions initiatives, this Project will focus on the collateralization of intangible assets, including intellectual property and digital and tokenized assets. While secured transactions reform has made substantial progress in the region, much remains to be done to address commercial law intersection issues to build deep and liquid markets for these intangible assets. This project will provide member economies with the knowledge and tools to design and implement effective legal and regulatory ecosystem reforms that can unlock the potential of intangible assets to finance innovation, growth and digital transformation across the region. If approved for funding, the project would be implemented in 2027.

Upcoming Agenda and Focus

Priorities for the next reporting cycle, consistent with the Incheon Plan and prior APFF work plans, are as follows:

- *Converting legislation into functioning markets.* Supporting Viet Nam in operationalizing IP-as-collateral — valuation methodology, the IP transaction-price database, registration and enforcement — so that recognition translates into actual lending. Expanding capacity supporting supply chain finance across member economies, in particular continued support for reform efforts in Viet Nam, including the launch of the Viet Nam International Financial Center and work to support a regional supply chain finance center in Da Nang during the Viet Nam Financial Forum in July 2026.
- *Registry uptake and judicial capacity.* Continue assisting the Philippines on Personal Property Security Registry uptake and on the Revised Warehouse Receipts framework, with training for commercial law judges on enforcement.
- *Digital and intangible collateral.* Feeding APEC perspectives into UNCITRAL's digital-assets-and-platforms work and the UNIDROIT-chaired 9th Joint Network Conference, ensuring regional needs shape emerging global standards.
- *Agricultural and green movables finance.* Advance warehouse receipt and commodity-collateral frameworks and green/climate movables financing, including NDTLs as new providers.
- *Regional Alignment.* Sustain engagement through the ABAC–ASEAN BAC–APFF Southeast Asia Conference and the APEC Economic Committee's legal infrastructure work to align common law and civil law approaches toward future global interoperability.

[content/uploads/2025/11/C.D.-105-32-GC-Report-FINAL_WEBSITE.pdf](#)

²⁰UNIDROIT, 107th session of the Governing Council, Rome, 27–29 May 2026. <https://www.unidroit.org/107th-session-rome-27-29-may-2026/>

²¹International Finance Corporation, "Secured Transactions Registry Takes Effect, Expanding Credit Access for Sri Lankan SMEs," Colombo, 3 November 2025. <https://www.ifc.org/en/pressroom/2025/secured-transactions-registry-takes-effect-expanding-credit-access-for-sri-lankan->

Key Observations

- *The collateral pool is expanding to intangibles and digital assets.* Viet Nam's recognition of IP as collateral and the multilateral focus on digital assets mark a structural shift; binding constraints related to valuation, market liquidity and enforcement are emerging on top of legal recognition.
- *Implementation, not legislation, is the gating factor.* Many of the APEC economies now have modern statutes in place; realized credit access depends on registry operationalization, lender capability and judicial effectiveness.
- *Standards-based coordination is working.* The Joint Network model — shared instruments delivered through coordinated technical assistance — continues to produce operational registries and is well suited to APEC's diverse landscape of legal systems.

D. Digital Trade Finance Lab: Focus on the Legal Entity Identifier (LEI)

In 2025, the Digital Trade Finance Lab articulated that digital identity was an important enabler of digital trade and financing and recognized that the Legal Entity Identifier (LEI), already widely adopted in capital markets, could play a significant role to streamline identity for digital trade and finance. A subgroup that included the Global Legal Entity Identifier Foundation (GLEIF) and a broad cross-section of industry participants was convened to produce a paper in this regard.

The subgroup recognized the utility of the LEI for more precise identification of parties appearing in trade transactions, and the potential of the verifiable LEI (vLEI) to authenticate authority to transact in digital interactions. The completed white paper entitled *Implementing the Legal Entity Identifier to Enhance Digital Trade Finance* is appended to this Progress Report.

The Lab has also contributed to capacity building and thought leadership in collaboration with the following events:

- 24-27 February 2026, Tokyo: The Lab jointly with APFIF coordinated the Roundtable on Strengthening Cross-Border Anti-Money Laundering in an Agentic Commerce Network at the GFTN Forum Tokyo organized by Global Finance & Technology Network.
- 17 March 2026, Ha Noi: The Lab jointly with FIDN presented at the Roundtable and Workshop on International Two-Factor Operations jointly organized by the Viet Nam Banks Association, International Finance Corporation and FCI.

E. Digital Commerce Financial Market Infrastructure Development

APFF Digital Commerce Financial Market Infrastructure (FMI) Working Group, in partnership with the Emerging Payments Association Asia (EPAA), has refined and refocused its work during 2025–2026 around enabling MSME digital cross-border commerce participation through improved policy interoperability. Building on a series of roundtables and workshops conducted across Asia in 2024–2025 to advance actionable solutions to the fragmentation of current data systems, the working group has deepened its understanding of where the system most consistently fails small firms — and has sharpened its focus on the policy and regulatory conditions that determine whether a small business can realistically initiate, receive payment for, and repeat a cross-border transaction. In pursuit of this framing, the Working Group, in partnership with EPAA, has undertaken a number of activities to deepen understanding, promote cross-sector collaboration, and develop actionable proposed measures.

Context: Where the System Fails

MSMEs account for 97% of businesses across APEC and contribute around half of regional private sector output. Yet they remain systematically underrepresented in cross-border digital commerce, accounting for only around 18% of economies' exports across the region. The gap between their economic weight and their trade participation has persisted despite rapid growth in digital platforms and payment infrastructure. The global economy is just 8.5% of the way toward full digital trade integration,²² and the Working Group's analysis suggests that the MSME participation gap is widening as the external environment becomes more complex.

²² OECD Index of Digital Trade Integration and Openness (INDIGO)

Three interconnected failure points have been identified as structurally limiting MSME cross-border participation:

- *Entry and onboarding*: MSMEs are required to establish their commercial identity, upload documentation, and satisfy know-your-customer (KYC) requirements institution by institution and market by market. The same firm may be treated as an unknown entity across multiple providers in a single corridor, absorbing the fixed costs of compliance repeatedly.
- *Implementation asymmetry*: International standards and commitments are implemented inconsistently across economies. The gap between endorsement and domestic operationalization means that even well-designed frameworks create divergent requirements at the corridor level, and compliance costs are disproportionately absorbed by smaller firms that cannot build specialist teams to manage them.
- *Corridor economics*: Where compliance costs are incurred corridor by corridor, low-value and high-frequency MSME transaction profiles cannot support the cost stack. The result is that many corridors are commercially unviable to serve at MSME scale, contributing to reduced access for the markets and merchant profiles that need it most. Participants also noted that friction often persists even after a payment reaches the destination market, with settlement, disbursement, compliance reviews, and beneficiary-side processing creating delays and uncertainty for MSMEs seeking timely access to funds.

Where Trade Breaks: Workshop on Advancing MSME Participation in Cross-Border Digital Commerce

In May 2026, the APFF Digital Commerce FMI Working Group and EPAA co-convened the workshop *Where Trade Breaks: Fixing Payments for Cross-Border MSMEs* to examine why cross-border commerce remains structurally difficult for smaller firms despite growth in digital trade. Industry leaders and international policy specialists joined MSME founders to discuss the topic.

A defining feature of the workshop's design was the deliberate prioritization of MSME voices. Three small business founders from across the APEC region shared their direct experience of navigating cross-border payment infrastructure as active participants in the discussion, not as case studies. Their accounts illustrated how MSMEs develop workarounds — establishing foreign entities, maintaining multiple payment providers, manually reconciling across banking systems — not because these are efficient solutions, but because the infrastructure does not offer better ones.

The workshop was structured around three interconnected hypotheses corresponding to the three failure points identified above: the failure of MSME entry points into cross-border systems; the gap between international interoperability commitments and domestic implementation; and the economic viability of payment corridors for smaller firms.

Key Findings and Policy Implications

Across all three discussions, a common theme emerged: the problem is not the absence of frameworks, but the absence of coordinated implementation. International commitments exist. Domestic rules exist. Infrastructure is being built. But MSMEs experience these as a single compounded system, and no authority is currently accountable for whether that system works for a small firm trying to complete its first cross-border sale. Four policy findings merit particular attention:

- *Digital payments are the enabler of trade*. The economic activity that payments make possible — the small exporter completing their first cross-border sale, the freelancer receiving payment across a currency boundary, the manufacturer whose margin survives the settlement chain — is the right starting point for policy design. The objective is to create the conditions under which competition and innovation in the payments ecosystem can deliver better outcomes for MSMEs. This requires interoperable policy and common language across APEC economies: harmonized standards, consistent regulatory treatment, and shared definitions that remove the fragmentation MSMEs currently absorb as a cost of participation. The prize is not a standardized payment layer but a competitive, innovative one — accessible to the smallest firms trading across the most challenging corridors.
- *Predictability matters as much as cost*. Workshop participants consistently identified predictability — not only low fees — as the defining condition for corridor viability. In an

environment of tariff volatility, de minimis threshold changes, foreign exchange market uncertainty, and shifting shipping routes, merchants can adapt to commercial complexity. What they cannot absorb is policy unpredictability layered on top. Consistent standards, stable licensing frameworks, and reliable settlement infrastructure are what make the difference between a corridor a small merchant will invest in and one they will abandon after a first loss.

- *The implementation gap is the central policy challenge.* The distance between international commitment and domestic operationalization is where MSME access most consistently breaks down. When regulators across economies of varying capacity are required to absorb the same volume and complexity of standards, implementation becomes selective or formalistic — and the downstream effect is reduced corridor viability for the smallest and most underserved firms. A practical benchmark for progress is the single process test: whether one institution can onboard an MSME, apply one risk assessment, and access multiple APEC markets without rebuilding that process from scratch. This does not require identical regulations — it requires materially consistent processes. Equally, standard setters should apply an MSME impact assessment before endorsing new obligations, in the same way that financial stability and anti-money laundering (AML) risk assessments are already required, so that cumulative compliance burdens are considered before they compound into exclusion.
- *MSME voices must be structurally embedded in policy design.* MSME exclusion becomes entrenched when MSME experience is not systematically incorporated into the design and revision of standards. Large firms are well positioned to represent their needs in policy terms that map onto regulatory mandates. MSMEs rarely have comparable voice in standard-setting or cross-border payment fora despite being numerically dominant. The working group's deliberate decision to center small business founders in the workshop discussion — not as illustrative examples but as active contributors to policy analysis — reflects a broader principle: that the problems governments and industry think MSMEs have, and the problems MSMEs actually face, are often not the same thing. Closing that gap requires structural change in who is in the room when standards are designed.

Planned Activities

The focus of work in the next phase will be to advance understanding of the practical barriers facing MSME exporters across APEC corridors and to work towards the development of resources that translate the working group's policy findings into actionable guidance for small firms and the policymakers who serve them. This includes continued engagement with MSME voices, corridor-level analysis of the cost stack and regulatory conditions affecting cross-border participation, and contributions to ABAC recommendations to APEC Finance Ministers.

A priority area for this work is exploring the development and delivery of an APEC MSME digital trade toolkit — practical, market-specific, and built around the actual experience of firms trying to trade across borders for the first time. Such a toolkit would address a gap that neither government guidance nor commercial tools currently fill. The working group views this as a practical expression of the principle that MSME experience should inform the design of trade and payment systems, rather than requiring small businesses to adapt to fragmented and complex processes.

The working group will continue structured engagement with MSMEs across the region through interviews, roundtables and case studies, ensuring that MSME experience remains a direct input into policy recommendations and implementation priorities. The working group will also continue to advocate for open data frameworks that facilitate MSME participation in cross-border commerce — reducing fragmentation, simplifying compliance, and enabling the trusted, consent-based data flows that allow small firms to establish their commercial identity once and trade across multiple markets without rebuilding that foundation at every border.

F. Digital Assets and Tokenized Financial Instruments

A landscape paper for APFF FMI Network discussion

Digital assets are becoming part of the financial and economic infrastructure used by institutions, corporates and, in some markets, consumers. The APFF Financial Market Infrastructure Network (FMIN) has previously considered wholesale central bank digital currency (wCBDC) and related principles for jurisdictions evaluating central bank money on digital infrastructure.

Building on this work, FMIN is currently developing a landscape paper focusing on digital assets outside the CBDC perimeter: crypto assets, stablecoins, tokenized deposits, digitally issued securities, tokenized representations of traditional securities and other related instruments. The purpose of this paper is not to recommend a single technology model. Rather, it is to provide a common language for finance ministries, regulators, market infrastructures and market participants to distinguish between instruments that can appear similar on a ledger but differ materially in legal form, ownership rights, settlement finality, operational risk and policy implication.

G. Valuation Standards and Practices

The APFF Valuation Working Group continued to focus its efforts on promoting the work of the International Valuation Standards Council (IVSC). This effort was amplified by good reception, in the Asia-Pacific region and beyond, of:

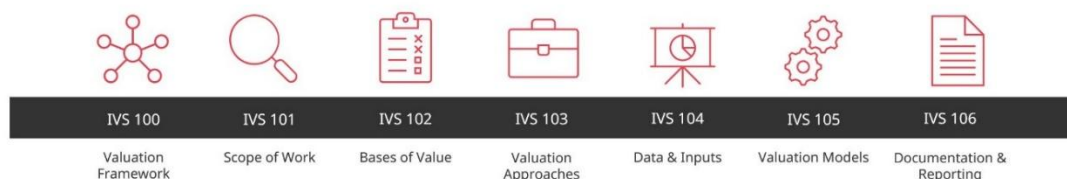
- the exposure draft of the International Valuation Standards (IVS), which will become effective on 31 January 2028. Examination of stakeholder feedback continues at the time of writing.
- Several initiatives by governments in APEC economies in favor of intangible asset and IP-backed financing. The IVSC has been consulted on certain aspects of the implementation of these initiatives.

Both these items are congruent with the objectives of the APFF Valuation Working Group.

The IVS are set of high-level, principles-based standards for the practice of valuation. They are by design compatible with other applicable laws, regulations, and standards. They cover the valuation of all assets and liabilities and provide an internationally agreed 'best practice' framework that is widely recognized as the global standard for valuation today. [See Figure 1.]

FIGURE 1: Simplified Structure of the International Valuation Standards (effective 31 January 2025)

IVS General Standards



IVS Asset Standards



Source: IVSC

The exposure draft for the IVS includes several changes that are consistent with the goals of ABAC-APFF. Three changes stand out:

- Improvement in the structure of the Standards to reflect the changing requirements of stakeholders, specifically those linked to the emergence of artificial intelligence and other related technologies.
- Expansion of Environmental, Social and Governance (ESG) to include Sustainability considerations in valuations.
- Improved structure and streamlined language throughout the Standards, and specifically within *IVS 210 Intangible Assets*.

The IVSC's expanded footprint in the region served as the basis for the IVSC's participation in several

events. These include:

- A presentation to the Department of Intellectual Property of Thailand (January 2026).
- Two events in Viet Nam organized under the auspices of the Ministry of Finance, including participating in a training seminar organized at the Intellectual Property Office of Viet Nam (March 2026). The latter event also involved ASEAN and the World Intellectual Property Organization (WIPO).
- Participation at the SCOPE-IPR Seminar on Valuation and IP-Backed Finance organized in April 2026 by the EU Intellectual Property Office (EUIPO) and ASEAN, under the auspices of the Ministry of Finance of Indonesia.
- Ongoing collaboration and ad-hoc events with multiple stakeholders whose goals are aligned or relevant to the goals of ABAC and APFF, such as regulators, government agencies, corporations and professional organizations.

Looking ahead, amidst the multiple workstreams the IVSC engages in, two main workstreams of the IVSC will be relevant to the policy goals of ABAC and APFF:

- Awareness of the IVS continues to grow in the world of regulation and in the adjudication of disputes. Ultimately, accurate, complete, timely and transparent valuations based on the IVS can help improve access to finance of projects consistent with policy goals.
- The IVSC is participating in several regional and domestic policy initiatives in favor of the mobilization of intangible assets and intellectual property (IP) assets for the purposes of financing. These initiatives are aligned with the objectives of ABAC and APFF.

II. MOBILIZING CAPITAL FOR SUSTAINED GROWTH

This section includes (a) the work on financing energy transition (b) the work of APIP in mobilizing large-scale capital for long-term infrastructure finance, and (c) financing the circular economy.

A. Financing Energy Transition

ABAC Voluntary Carbon Markets Pathfinder Initiative

The ABAC Voluntary Carbon Markets (VCM) Pathfinder Initiative was established in 2025 to increase the value and liquidity of voluntary carbon credits through market-based mechanisms, bring them into mainstream finance, promote cross-border transactions and scale up the market. The 2026 work plan builds on the work done in 2025, which had three medium-term elements: (a) encouraging alignment and convergence toward international standards and practices through collaboration with international organizations that are shaping the new international standards; (b) technical assistance in creating enabling ecosystems; and (c) facilitating connection of registry information to eliminate the risk of double counting.

Five workshops were held to promote alignment of standards and registry connections, which are prerequisites to scaling up and cross-border trading of carbon credits. The workshops were co-organized with meta-standard setters for carbon credits – the Integrity Council for the Voluntary Carbon Market and the VCM Integrity Initiative. The World Bank also co-organized two workshops. The Initiative also completed two pilot projects - one on linking carbon exchanges and the other completing a tokenized voluntary carbon credit transaction on blockchain.

In 2026, 4 workshops were completed so far - a workshop with Climate Action Data Trust on connecting registries; a workshop with the Science-Based Targets Initiative (SBTi) on the Financial Institution Net Zero Standard, a workshop with ADB, UNIDROIT and ISDA on legal enablers; and another workshop with SBTi on their new Corporate Net-Zero Standard. The Initiative is also undertaking follow-up work to build on the linked exchange pilot project, and plan to undertake activities to advance the other components of the 2026 work plan, which include synergies between VCMs and compliance carbon markets (CCMs), adoption of integrity standards, secondary markets, legal framework for tokenized carbon credits, wider information sharing, review of market appetite and increasing participation in workshops.

Capital Mobilization: Strategic Focus on Carbon Asset-Backed Securities

The APFF Sustainable Finance Development Network (SFDN) centered its efforts on assisting ABAC in developing comprehensive recommendations for APEC Finance Ministers regarding Carbon Asset-Backed Securities (CABS). This work is designed to bridge the gap between energy transition goals and financial markets by integrating with the Interoperable VCM Pathway Initiative.

To ensure these recommendations are robust and market-ready, SFDN convened an international workshop featuring multilateral development banks and capital mobilization experts, market infrastructure leaders (including organizations active in the UK market) and standard-setting bodies, including ISDA, VCMI, and ICVCM, targeting various supply and demand tiers. A formal summary of this workshop has been made available alongside the 2026 ABAC Recommendations to APEC Finance Ministers providing technical context and stakeholder evidence.

This work is being complemented by early discussions with the Coalition to Grow Carbon Markets and with development banks to support pilots in developing economies, with an initial focus on agriculture sector SMEs. SFDN also continues to explore interest of relevant stakeholders in hosting a Secretariat to support the Pathfinder Initiative.

Capital Mobilization: Scaling Up Sustainable Fixed Income

On the sustainable fixed income front, SFDN is working on institutional partnerships to convene a coalition to support scaling up these markets, especially among developing economies. A series of discussions are being conducted with public and private sector and academic organizations in key global financial markets, with two main goals:

- To support articulation of specific market infrastructure initiatives. These initiatives range from the development of local jurisdictional capital mobilization enabling infrastructure (in line with but not limited to past ABAC recommendations around disclosure consortia), market structure foundational infrastructure, scaling up capital mobilization mechanisms, and supporting APEC platforms and initiatives, including private sector support for the APEC FMP Sustainable Finance Initiative.
- To discuss potential synergies and inter-fora coordination with the G20, building on ongoing collaboration with stakeholders in key global financial markets around the establishment of an International Finance Center in Viet Nam. SFDN is working to explore paths of collaboration during Viet Nam's 2027 APEC Presidency.

B. Mobilizing Large-Scale Capital for Long-term Infrastructure Finance

Since the 2025 APEC Finance Ministers Meeting, the Asia-Pacific Infrastructure Partnership (APIP) has focused on three objectives:

- bringing about an initial issue of a Wealth Preservation Unit[®] (WPU[®])-indexed long term fixed interest rate bond for infrastructure finance;
- making sure that potential investors are familiar with WPU[®]-indexed bonds and the benefits for their portfolios; and
- creating an underlying infrastructure for WPU[®]-indexed securities that would support their issuance, valuation, and secondary trading as well as other activities that would broaden the usage of WPU[®]-indexed securities.

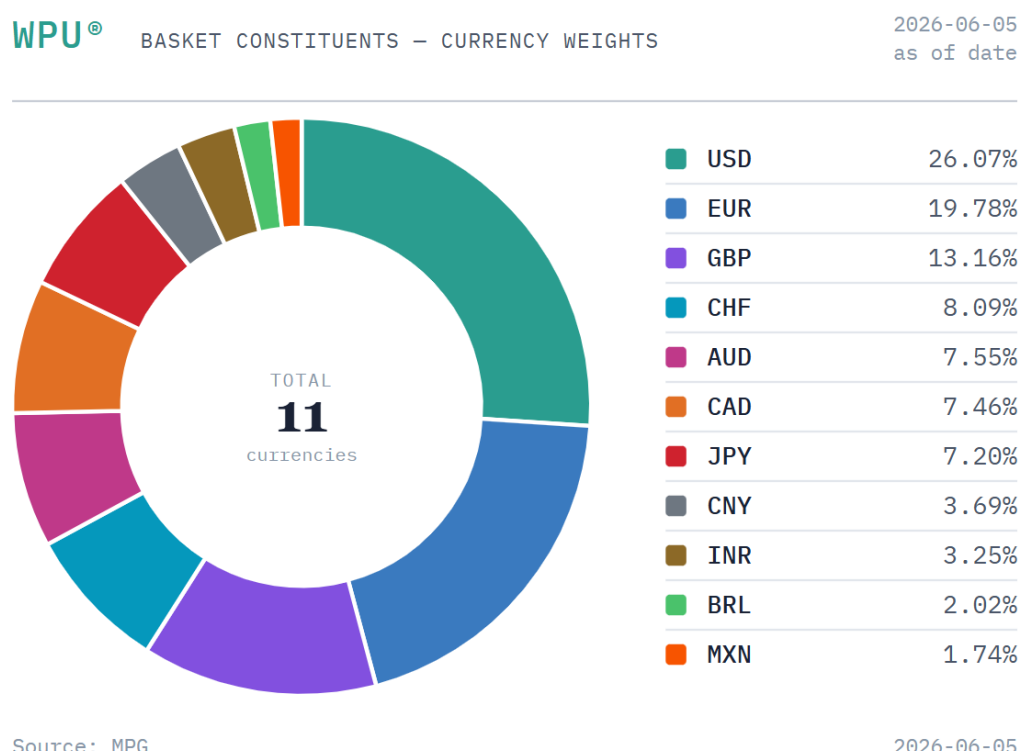
The APIP continued to brief officials from governments, financial regulatory agencies, and MDBs on the valuable role that WPU[®]-indexed bonds would play in infrastructure finance. Local capital markets in the majority of APEC members, and emerging and developing economies generally, are nowhere near the scale necessary to meet required energy transition and other infrastructure investments over the next decade. Only global private capital markets can provide the funds needed at the required scale.

However, tapping global capital markets inherently creates foreign currency risk, since the revenues from infrastructure investments are almost always in local currency. Foreign currency risk has been consistently identified by governments, multilateral institutions and private investors as a critical obstacle to infrastructure investment, substantially raising risks and – in the limited cases where

hedging or local currency debt issue is available – substantially raising project costs and making many potential investments unviable.

After decades of failed efforts by the international community to address the currency risk problem, APIP has concentrated on one component of foreign currency risk – the fact that external borrowing obligations are denominated in a single global currency (often the US dollar but also the yen and other currencies) – that can be diversified away at low cost and can substantially reduce the foreign currency risk of an external borrowing. The risk that the obligation currency appreciates sharply against global currencies generally, as the dollar or the yen have done in the past, can be largely eliminated by indexing repayment amounts to a suitably chosen basket of global currencies.

The Wealth Preservation Unit® (WPU®), a basket of 7 advanced economy and 4 emerging market currencies, was explicitly designed for addressing the single obligation currency risk, and indexation to WPU® typically reduces total foreign currency risk by one-quarter to one-third.



2026 Activities:

- APIP sherpas undertook a variety of activities with potential MDB issuers, potential investors, and financial institutions that could contribute to the development of a WPU® infrastructure. This included (a) a presentation in April on *Facilitating Access to Large-Scale Global Capital for Sustainable Investment by Addressing Currency Risk* at the ASEAN Business Advisory Council-ABAC APFF 2026 Southeast Asia Conference session on Accessing Global Finance for Energy and Green Transition in Manila; (b) meetings with ADB officials in Manila covering the technical and operational requirements necessary for ADB to issue a WPU®-indexed bond; and (c) meetings with the IMF, World Bank and ADB at the IMF/World Bank Spring Meetings in Washington DC, again focused on the technical and operational requirements of a multilateral development bank WPU®-indexed bond issue.
- On the investor and WPU®-infrastructure side, APIP sherpas held a series of meetings in Japan over several weeks with potential investors and officials at the Financial Services Agency, Bank of Japan, and FinCity Tokyo. In addition, they had discussions with a major investment bank on the technical and risk-related requirements for issuing WPU®/US dollar swaps with the aim of identifying and overcoming obstacles to participating in the WPU®-indexed securities market.
- These and previous meetings indicate that there would be investor demand for WPU®-indexed bonds, should they be introduced by a multilateral development bank or a AAA government borrower. The key to unlocking the market is to bring about the first issue.

APIP will continue to follow up on recommendations that ABAC had made to Finance Ministers, by

- Encouraging MDBs to issue fixed-rate, long-term bonds with servicing and repayment obligations indexed to a basket of major international currencies; and
- Working to establish a **Global Partnership for Sustainable Investment (GPSI) Bond Fund** to transact in these indexed securities in both primary and secondary markets. This initiative would reduce borrower and lender exposure to currency exchange-rate volatility and mobilize large-scale capital for infrastructure investment in developing economies.

C. Scaling Up Financing for the Circular Economy

The APFF Circular Economy Financing Working Group advanced work on the investment conditions needed to scale circular economy infrastructure across APEC. In partnership with APEC USA, a new project concept for the APEC Ocean and Fisheries Working Group (OFWG) was developed and submitted for APEC funding consideration. The project seeks to promote investment in recycling technologies through an in-person workshop and a Checklist of Enablers covering the regulatory clarity, financing tools, infrastructure readiness, and public-private partnership models needed to improve bankability and reduce plastic leakage into the marine environment. If approved for funding, the project would be implemented in 2027.

III. FINANCING RESILIENCE

APFF continues to promote financial resilience through its work on: (a) disaster risk financing and insurance; (b) strengthening preparedness for pandemic risks; (c) insurance regulation and accounting; (d) digital innovation in insurance; and (e) health care financing.

A. Disaster Risk Financing and Insurance

Since 2015, the APFF Disaster Risk Financing and Insurance (DRFI) Network has been assisting the APEC Working Group on Regional Disaster Risk Financing Solutions (APEC DRFI WG) to jointly promote DRFI in the region as envisaged in the Cebu Action Plan. The intensifying natural disasters globally is raising a concern on insurance protection gap, especially in the APEC region. In order to scale up DRFI, the importance of coordinated action among the public and private sectors cannot be overstressed.

Building resilience through DRFI is also highlighted as a key priority under the Incheon Plan, which was adopted upon the completion of the 10-year Cebu Action Plan, underscoring continued strong interest in the design and implementation of DRFI strategies. The following activities by the APFF DRFI Network provided practical insights to the APEC DRFI WG.

- *Mobilizing Private Capital for Innovative, Resilient & Sustainable Growth.* The roundtable was held in 2025 focusing on Enabling Innovation in Disaster Risk Financing and Insurance. As disaster risks continue to grow across the APEC region, there is increasing interest in mobilizing private capital to support more resilient and sustainable growth. In this context, the roundtable discussed the potential and challenges of catastrophe bonds and ways to strengthen regional cooperation and policy support. Key speakers emphasized the need for a combination of financial instruments beyond traditional insurance. From a global perspective and the future outlook, the roundtable concluded with a call for the involvement of experts from outside the insurance industry to leverage APFF's financial expertise and support the expansion of catastrophe bonds through capital market participation.
- *The Availability and Affordability of Home insurance.* A virtual workshop was held in November 2025 focusing on the availability and affordability of home insurance, based on the Geneva Association's report *Safeguarding Home Insurance*. Resulting losses and damages from large-scale events pose serious challenges for governments, local authorities, private sector entities, insurers and reinsurers—particularly in maintaining the availability and affordability of home insurance. The lead author of the report presented policy and institutional strategies to ensure the long-term sustainability of home insurance, while other speakers shared case studies from Japan, Australia, and the Philippines, highlighting efforts to reduce the financial impact of disaster risks and to strengthen the management of disaster risks through implementing a multi-

layered strategy.

B. Strengthening Preparedness for Pandemic Risks

The COVID-19 pandemic highlighted the urgent need for more effective mechanisms to enhance economic resilience and readiness for future health emergencies. Current modelling indicates a significant likelihood of recurrence, with estimates suggesting approximately a 25 percent probability of another severe pandemic occurring within the next decade. These projections are further reinforced by ongoing public health concerns such as avian influenza. In its 2022 report to APEC Finance Ministers, ABAC identified the Epidemic Risk Markets Platform as a promising framework for addressing pandemic risk through innovative financial tools. While this has initiated meaningful dialogue across APEC member economies on public-private partnership models, tangible implementation efforts within the region remain pending.

In contrast, other markets have seen concrete progress. The West African Development Bank (BOAD) has successfully executed a transaction to strengthen financial resilience across its jurisdictions, demonstrating how risk transfer instruments can become operational tools for preparedness. In Latin America, the pandemic business interruption insurance arrangement for a major airport in the Dominican Republic has been renewed, with larger-capacity transactions subsequently added to the portfolio. These developments reflect growing institutional engagement, although the majority of active contracts globally remain concentrated in the private sector. In Australia, the first pandemic insurance deal within the private market has been completed, marking a key advancement in market development.

Most pandemic-related business interruption insurance policies continue to be underwritten in the United States and Europe. The Thai pilot project, initiated in 2022, remains operational, though it continues to be privately led and does not yet address affordability through public co-financing. There is growing interest from private sector actors in Thailand and the Philippines with initial outreach under way. In parallel, discussions were undertaken with public sector stakeholders in Indonesia to explore potential areas of collaboration.

To support broader dialogue and advance policy engagement, a chapter on Pandemic Risk Management and Insurance was contributed to the recently released *Handbook of Insurance* (Vol. I) in collaboration with the Ludwig Maximilian University München. The chapter explores practical strategies for expanding risk transfer solutions and establishing effective public-private partnerships within the context of pandemic preparedness.

As in previous years, the second half of the calendar year typically allows for allocation of additional resources and renewed stakeholder engagement to advance pilot development. Notably, there is increasing interest from private sector actors in bundling pandemic solutions with coverage for other perils, reflecting the reality that business interruption losses are often linked to physical damage events. During the reporting period, stakeholder engagement also focused on further developing the Epidemic Risk Markets Platform concept and exploring pathways to scale solutions through the integration of contingent credit. Engagement through industry, public health and policy forums highlighted growing interest in hybrid approaches combining pandemic insurance and contingent credit to strengthen preparedness and financial resilience. Strong collaboration in particular has developed with stakeholders such as the WHO Berlin Hub and the Pandemic Fund.

In the broader context, the APFF Pandemic Insurance Working Group continues to prioritize identifying practical pilot opportunities that can demonstrate feasibility and build market momentum. Looking ahead, the Working Group will continue to support public and private sector stakeholders in advancing pilot implementations under the Epidemic Risk Markets Platform framework, with particular emphasis on hybrid solutions combining pandemic insurance and contingent credit. Even small-scale or technically straightforward initiatives (whether focused on outbreak response or the resilience of critical investments) can serve as meaningful proof points and help shape a broader regional response architecture.

C. Insurance Regulation and Accounting

Since 2013, the APFF has been working on promoting the roles of insurers and pension funds in supporting the growth and development of the Asia-Pacific region. The APFF has promoted the adoption of regulatory and accounting regimes in line with the Cebu Action Plan by exchanging

experiences in facilitating long-term investment in infrastructure and encouraging increased pension and insurance industry investment in infrastructure through the APFF Insurance, Health, and Retirement Income Network.

With the APEC Finance Ministers' launching of the Incheon Plan in October 2025, the Network will continue its work under this framework going forward. The APFF continued its outreach and dialogue with policymakers, authorities, standard setters, international and regional organizations, and stakeholders, advocating for regulatory and accounting regimes that do not discourage long-term investment in infrastructure, capital markets, and funding innovations.

Accounting

The APFF continues to support the effective adoption and implementation of IFRS 17 Insurance Contracts across APEC economies. While the standard became effective globally in January 2023, several economies, including Indonesia, Thailand (2025), Chinese Taipei (2026), the Philippines (2027), Viet Nam (2027 or later), and non-listed companies in mainland China (2026), are adopting IFRS 17 at a later stage. The APFF is working closely with stakeholders to provide technical assistance, share good practices, and promote regional knowledge exchange tailored to the needs of these jurisdictions.

In view of the upcoming Post-Implementation Review (PIR) of IFRS 17, the APFF will continue to engage in dialogue with the IASB and other stakeholders to ensure that issues relevant to the Asia-Pacific are considered. One important topic is the treatment of unrealized gains and losses on equity instruments under IFRS 9, specifically the prohibition of recycling these amounts through profit or loss²³. It may influence insurers' incentives to make long-term equity investments. Given the close interrelationship between insurance liabilities under IFRS 17 and financial assets measured under IFRS 9, The APFF believes it is essential to revisit this topic during the upcoming reviews and has initiated collaboration with key industry stakeholders.

Solvency regime

The APFF continues to engage with policymakers, regulatory authorities, and international and regional institutions—together with industry bodies—to ensure that global solvency discussions appropriately reflect the long-term nature of the insurance sector and do not discourage insurers from supporting long-term economic growth, including quality infrastructure investment.

The International Association of Insurance Supervisors (IAIS) finalized the Insurance Capital Standard (ICS) at its 2024 Annual Conference, concluding a five-year monitoring period. Furthermore, following the adoption of the ICS, the IAIS conducted a public consultation from November 2025 to February 2026 on updates to the Common Framework for the Supervision of Internationally Active Insurance Groups. (ComFrame) standards to establish clear requirements for supervisory reporting and public disclosure.

The APFF will continue assisting regional authorities and insurers in preparing for practical ICS implementation through capacity building and technical dialogue. In line with previous recommendations, the APFF will also continue monitoring the treatment of long-term equity investments, which remains a key issue under the ICS. Unlike the European Solvency II framework, the ICS does not yet incorporate adjustments recognizing the lower risk profile of long-term equity holdings, resulting in comparatively high capital charges that may affect insurers' investment decisions. The APFF will maintain engagement with stakeholders to explore approaches that better align prudential standards with long-term investment objectives.

Other regulatory matters

In November 2025, the IAIS published its Issues Paper on structural shifts in the life insurance sector. This paper highlights key trends across four areas: alternative assets, asset-intensive reinsurance

²³ ABAC submitted the following comment on recycling to IASB in 2015: Items of income and expenses presented in OCI should be permitted to be recycled, since it often reflects how an entity conducts its business and leads to a faithful representation of the performance for the period. It would also build a clearer linkage between financial performance and financial condition. We are not persuaded why the recycling criteria are different for debt and equity instruments. The absence of recycling of equity investments may dis-incentivize the institutional investors to engage in such investment as a possible unintended consequence arising from this inconsistency.

(AIR), macroprudential considerations, and the review of supervisory materials. Recognizing that these activities drive real economic growth, the APFF will actively participate in these discussions to maintain a balanced regulatory framework that supports the long-term roles of the insurance sector.

Sustainable Finance and Investment

The APFF aims to advocate ABAC high-level recommendations and coordinate with APIP and SFDN and the Health Financing Working Group to promote sustainable investment by insurers, pension funds, and other long-term institutional investors.

Following the global implementation of the ISSB's IFRS S1 and IFRS S2, the APFF has expanded its capacity-building initiatives and continuous dialogue with insurers to align disclosure practices with risk management and product innovation. Furthermore, the APFF maintains strong collaborations with key industry bodies and international platforms to ensure that the voice of long-term institutional investors actively shapes evolving global standards for sustainable investment, which includes working alongside The Geneva Association, the OECD, the Principles for Responsible Investment (PRI), the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD), among others.

Recent and planned Activities for 2026 and 2027

- APFF convened its *Roundtable on Sustainability Reporting and Capital* on 20 April 2026 in Hong Kong, China, bringing together policymakers, academics, and industry practitioners to review progress in implementing IFRS-based sustainability and accounting standards and advancing solvency reforms across the Asia-Pacific region. With a keynote from the ISSB underscoring the role of IFRS S1/S2 in enhancing transparency and comparability, participants examined insurers' dual role as preparers and users of sustainability-related data and discussed the integration of climate, nature, and social factors into risk management and capital allocation. The roundtable emphasized the need for regulatory frameworks to reflect the long-term characteristics of insurance liabilities and investment horizons and benefited from the sharing of transition-related initiatives by several insurers, including approaches to scenario analysis and engagement-based transition planning. Participants also noted persistent challenges such as data gaps, regulatory divergence, and project-level constraints, underscoring the importance of coordinated regional efforts to strengthen sustainability reporting, enhance solvency frameworks, and mobilize long-term capital to support resilience and energy transition in the Asia-Pacific region.
- Support for the implementation of IFRS 17, the ICS, and sustainability reporting standards will continue to be a core focus of APFF's work. In parallel, the APFF will expand capacity-building efforts through technical workshops and expert exchanges to assist economies in strengthening supervisory, accounting, and disclosure practices. The APFF will also continue to provide a forum that brings together governments, regulatory agencies, the private sector, and civil society to share challenges, identify practical solutions, and disseminate good practices that promote sustainable finance and long-term investment across the region.

D. Digital Innovation in Insurance

The APFF has initiated efforts focused on digital innovation in insurance, including the responsible use of digital technologies and artificial intelligence to address the growing impact of digital technologies and AI on the sector, which also reflects the new priorities in the Incheon Plan. This initiative promotes the beneficial and responsible use of digital technologies in areas such as AI-driven underwriting, risk assessment, preventive healthcare, marketing, customer engagement, and claims management, while addressing potential risks and challenges.

An APFF workstream on digital innovation in insurance has been launched by the APFF Insurance, Health, and Retirement Income Network and its first working meeting convened in Singapore in a hybrid format on 28 May 2026 to discuss its priorities and work plans. It aims to promote responsible digital innovation and use of AI in insurance and healthcare and to develop regulatory and governance frameworks that ensure consumer protection without hindering innovation. The workstream is composed of a diverse group of experts from the insurance and healthcare sectors, the public sector, and advisory and consulting communities, ensuring balanced perspectives and policy-relevant outcomes.

Participants also discussed the rapid evolution of AI technologies, including emerging agentic AI systems and advanced foundation models, and noted the need to address associated governance, security, and cyber risk considerations. In addition, concerns were raised regarding the emergence of new digital platforms that may extend beyond traditional insurance regulatory boundaries, potentially creating regulatory perimeter challenges and risks of regulatory arbitrage, with implications for consumer protection and market integrity. The discussion highlighted the importance of agile and future-ready regulatory approaches that can respond to rapidly evolving technologies while safeguarding trust, resilience, and consumer protection.

The following themes will guide the future work of the workstream, which will continue its discussions through quarterly meetings, fostering ongoing dialogue among stakeholders, with the aim of progressively refining more concrete and policy-relevant recommendations over the coming year, to be reflected in future reports:

- *AI Governance and Security:* As AI becomes central to insurance operations, this workstream addresses governance and cybersecurity as the foundation of trust. Regulators, insurers, AI platforms, digital platforms, and other ecosystem participants are collectively responsible for strengthening these frameworks to ensure resilience. Key priorities include transparency and explainability of AI-driven outcomes across customer interactions, underwriting, pricing, and claims; robust data governance, including appropriate accountability for data ownership, privacy protection, and cybersecurity; model risk management and bias mitigation; fairness and bias audits; robust validation of AI outputs; mechanisms to prevent and detect hallucination-related errors; clear escalation and grievance mechanisms; and clear accountability structures. A key principle is ensuring meaningful human accountability in high-stakes and complex cases, supported by trained professionals with appropriate oversight responsibilities. These expectations should apply not only to insurers but also to relevant third-party providers that materially influence outcomes and customer decisions. The workstream participants also recognize the importance of interoperability of governance approaches across jurisdictions to support innovation while maintaining trust, safety, and resilience.
- *Regulatory Design and Implementation:* Regulation is positioned as a design principle that enables responsible innovation. Regulators, policymakers, and industry participants must collaborate to implement principles-based, risk-based, technology-neutral, and adaptable regulatory approaches, with clear roles defined for each to ensure effective integration into operational and control frameworks. The use of regulatory sandboxes and experimental tools should be jointly pursued to maintain flexibility, accommodate emerging technologies and evolving business models while ensuring appropriate safeguards for consumers, market integrity, and financial stability.
- *Operational Transformation and Organizational Change:* Transformation across insurance operations, decision-making structures, and workforce models is being driven by AI. Insurance companies and industry participants are spearheading this transition through the redesign of core processes, enhanced human–AI collaboration, strengthened operational resilience and risk controls, workforce reskilling, and improved AI literacy across organizations, supported by both top-down and bottom-up adoption approaches.
- *Expanding Access to Insurance and Health Care:* Digital technologies are used to expand access to insurance and healthcare. Policymakers, insurers, and ecosystem partners are leveraging these digital tools to advance broader access. This includes greater access to services, reduction of information asymmetry through multilingual and AI-enabled tools and addressing protection and access gaps while bridging the digital divide. Particular attention is given to underserved populations. Efforts focus on advancing health as a key policy priority and reducing disparities in access to healthcare and financial protection, thereby supporting fairer outcomes.
- *Digital Assets, Support for Energy Transition, and Ecosystem Collaboration:* Digital assets and cross-sector collaboration are leveraged to address ecosystem challenges and support energy transition. Cross-sector stakeholders, including insurers, financial institutions, healthcare providers, technology providers, startups, and infrastructure actors, are utilizing these tools to enhance transparency and efficiency in financing energy transition, including through carbon markets. This effort includes improving incentive design to encourage energy efficiency and

investment in energy diversification and security, strengthening capital allocation toward finance aligned with these goals, and promoting robust collaboration among ecosystem participants. The framework also highlights the importance of maintaining strong cybersecurity and risk management protocols within digital asset systems and related Infrastructure.

The workstream will continue to facilitate exchanges of views on AI governance and related regulatory developments with supervisory authorities, industry stakeholders, and technology developers across the region, while supporting capacity building and knowledge sharing to promote the safe, effective, and human-centric application of AI in addressing broader social and economic challenges. The Geneva Association has published a series of relevant reports on artificial intelligence in insurance, including *Regulation of Artificial Intelligence in Insurance*²⁴, *Gen AI in the Insurance Customer Journey*²⁵, and *Gen AI Risks for Business*²⁶, and is developing further work on agentic AI. Workstream participants intend to explore collaboration and continued engagement with the Geneva Association in these areas. They will also seek to maintain close dialogue with international standard-setting bodies, including the IAIS²⁷ and the OECD²⁸, which are advancing work on AI, digital innovation, and their implications for insurance and financial markets, to support coherence and consistency in global policy development.

Recent and planned Activities for 2026 and 2027

- APFF plans to convene its *Roundtable on Responsible Digital Innovation and Artificial Intelligence* in Singapore; Hong Kong, China; or Shanghai in Q4 2026 or Q1 2027, bringing together policymakers, supervisors, regulators, academics, and industry practitioners to examine developments across AI governance and security, regulatory design, operational transformation, financial and health inclusion, and digital-asset-enabled ecosystem collaboration in the financial and insurance sectors. Discussions will focus on opportunities and risks from accelerating AI adoption and the need for sound governance, effective operational-risk controls, human-AI collaboration, and workforce reskilling. The roundtable will also review responsible-AI initiatives by insurers and financial institutions and consider how regulatory and supervisory approaches can support safe, transparent, and interoperable digital ecosystems that contribute to financial stability, consumer protection, and sustainable growth in the region.
- APFF will establish a *Digital Innovation Dialogue Series* as a multi-stakeholder platform focusing on key policy developments and practical challenges in AI regulation, RegTech, InsurTech, and HealthTech across the Asia-Pacific region, as well as the effective use of AI consistent with regulatory frameworks. In parallel, APFF is considering sending representatives to relevant conferences and APEC-related meetings to engage with policymakers, supervisors, regulators, and industry experts, helping ensure the Dialogue Series benefits from relevant APFF working-group work and remains broadly aligned with their priorities, while supporting

²⁴ Geneva Association Report “Regulation of Artificial Intelligence in Insurance: Balancing consumer protection and innovation” (September 2023) analyses regulatory developments for AI applications as well as their impact on the insurance sector and evaluates how regulators and policymakers can work to manage AI-related risks in a way that balances customer protection and innovation; <https://www.genevaassociation.org/publication/public-policy-regulation/regulation-artificial-intelligence-insurance-balancing>

²⁵ Geneva Association Report “Gen AI in the Insurance Customer Journey” (November 2025) draws on a survey of 6,000 customers across the world’s six largest insurance markets (China, France, Germany, Japan, the UK, and the US), this report provides unique insights into customers’ awareness of, experiences with, and attitudes toward Gen AI; <https://www.genevaassociation.org/publication/public-policy-regulation/regulation-artificial-intelligence-insurance-balancing>

²⁶ Geneva Association Report “Gen AI Risks for Businesses: Exploring the role for insurance” (October 2025), based on a survey of 600 firms in China, France, Germany, Japan, the UK, and the US, explores the adoption of Gen AI among businesses, their awareness of the risks posed by this technology, and demand for related insurance coverage; <https://www.genevaassociation.org/publication/public-policy-regulation/regulation-artificial-intelligence-insurance-balancing>

²⁷ IAIS published the *Application Paper on the Regulation of Artificial Intelligence* in July 2025, which covers the topics, such as Governance and Accountability, Robustness, Safety and Security, Transparency and Explainability, Fairness, Ethic and Redress; <https://www.iais.org/uploads/2025/07/Application-Paper-on-the-supervision-of-artificial-intelligence.pdf>

²⁸ OECD (2025), *Sharing Trustworthy AI Models with Privacy-Enhancing Technologies (PETs)* (June 2025), noting that privacy-enhancing technologies (PETs) enable the collection, analysis, and sharing of information while protecting data confidentiality; https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/06/sharing-trustworthy-ai-models-with-privacy-enhancing-technologies_5df6fd05/a266160b-en.pdf

coordination and the sharing of practical insights and good practices that advance responsible digital innovation and regional regulatory cooperation.

E. Health Care Financing

APFF continues to collaborate with APEC's Health Working Group to help finance and health officials translate prevention, resilience, and health system strengthening into practical fiscal and economic strategies. This work supports a broader shift in how economies evaluate health spending, from a near-term fiscal cost to a strategic investment in human capital, workforce participation, household financial security, and long-term fiscal sustainability.

In 2026, this agenda is being advanced through the *Health as an Investment* initiative, developed in partnership with ADB. The initiative supports China's Fiscal Policy Supporting Households priority by helping finance ministries assess how targeted health investments can strengthen household resilience, improve productivity, and contribute to sustainable growth. A central feature of the initiative is the Health ROI Index, which captures the economic, health, productivity, and fiscal returns of health investment and provides finance ministries with a shared, evidence-based tool to prioritize health and human capital investments within economies' budgets. The project will convene a virtual consensus workshop to align APEC economies around the methodology and application of the framework, followed by a stakeholder event on the margins of the APEC Finance Ministers' Meeting to build support among senior decision-makers.

APFF is also advancing work on sustainable immunization financing with the Health Working Group's Vaccines Task Force (VTF). This includes a hands-on immunization financing workshop in Thailand, planned for Q4 2026, bringing together health and finance stakeholders to conduct a structured bottleneck analysis of the economy's current financing landscape and build consensus around viable mechanisms for expanding life-course vaccination coverage. In parallel, the VTF is developing an AI-powered immunization financing diagnostic tool to help APEC economies identify and close financing gaps. Using economy-specific data on coverage, health expenditure, and fiscal context, the tool will generate tailored financing scenarios and match economies to mechanisms ranging from domestic budget strategies and dedicated budget lines to blended finance, performance-linked funding, earmarked revenues, and results-based approaches.

Together, these initiatives strengthen APFF's role as a bridge between health priorities and finance-ministry decision-making, helping APEC economies link health investment to productivity, household resilience, and sustainable growth.

IV. OUTREACH TO MEMBER ECONOMY STAKEHOLDERS

One of the key learnings from APFF's experiences in collaborating with member economies is the need for high-level government support and a whole-of-government approach in undertaking reforms and the need to overcome coordination challenges arising from the siloed structure of government in many economies. Support for specific reforms from the business sector, especially in those industries that will be most affected as beneficiaries, is also an important success factor that can facilitate policy action. In this context, the APFF introduced a new mechanism, namely domestic or sub-regional networks, to build wider and stronger stakeholder support for specific reform initiatives in member economies to implement APEC FMP deliverables as part of its work plan.

These networks aim to bring relevant high-level government and business sector stakeholders together to discuss: (a) current initiatives being undertaken or planned by APFF in individual member economies and (b) priorities of individual member economies and how APFF's work to promote APEC FMP deliverables align with and support their goals. In addition, activities are open to participation by APEC, ABAC and APFF networks to understand developments more deeply in individual economies/sub-regions and to learn experiences and insights that can be useful for other member economies.

In 2021 in Beijing, ABAC and APFF collaborators in China arranged to co-organize with APFF the first of such activities, which was the APFF China Conference. In 2023, the Second APFF China Conference was held in Beijing. In 2024, the first ABAC-ASEAN BAC-APFF Southeast Asia Conference was held in Bangkok.

The 2026 ABAC-ASEAN BAC-APFF Southeast Asia Conference

APFF, together with ABAC and the ASEAN Business Advisory Council (ASEAN BAC) collaborated to hold on 8 April 2026 the ASEAN BAC-ABAC APFF 2026 Southeast Asia Conference, hosted in Manila by ASEAN BAC Philippines in collaboration with APIP and APFIF. The conference, bearing the theme *Financing a Digital, Inclusive, Sustainable and Resilient Future for Southeast Asia*, provided a platform for public-private, cross-industry, cross-agency and cross-border dialogue by bringing key stakeholders together to discuss collaboration in advancing key priority areas for Southeast Asia's economies – financial health, digital payments connectivity, insurance against natural disasters and pandemics and mobilizing finance for energy and green transition and innovation.

The 2026 APFF Conference

The APFF China Conference Host Committee is preparing to co-host with ABAC the 2026 APFF Conference on 22 October in Hong Kong, China, following the holding of the 2026 APEC Finance Ministers' Meeting.

CONCLUSION

As this Progress Report shows, the activities of APFF, APFIF and APIP continue to provide support to economies in undertaking important reforms, especially in expanding access to finance, mobilizing capital for growth and financing the region's resilience. Individual economies as well as APEC fora are coming forward to make full use of these platforms for public-private collaboration to advance various initiatives. In this context, we look forward to working with APEC Finance Ministers and other relevant authorities in seizing opportunities for undertaking concrete reforms and capacity building measures that will help our region build a better future by enabling financial services to promote strong and resilient growth.

APPENDICES

ASIA-PACIFIC FINANCIAL INCLUSION FORUM

**Policies and Innovation to Expand Financial Access - Proposed Actions for
Policymakers and Regulators**

ASIA-PACIFIC FINANCIAL FORUM DIGITAL TRADE FINANCE LAB

Measures to Implement the Legal Entity Identifier for Digital Trade Finance



Policies and Innovation to Expand Financial Access

Chengdu, People's Republic of China
10 June 2026

Proposed Actions for Policymakers and Regulators



INTRODUCTION

Expanding meaningful financial access and opportunity for all remains a critical priority for APEC economies as they seek to promote more inclusive, resilient, and people-centered economic development. Rapid advances in digital finance, financial technology, artificial intelligence (AI), and data-driven services are creating new opportunities to improve access, reduce costs, and support economic participation. At the same time, these developments are introducing new challenges relating to consumer protection, trust, privacy, cybersecurity, governance, and financial stability.

As part of the APEC Finance Ministers' Process (FMP), the Asia-Pacific Financial Inclusion Forum (APFIF) provides a platform for policymakers, regulators, financial institutions, technology providers, and development partners to exchange practical experiences, examine emerging trends, and identify policy approaches that can help ensure financial innovation contributes to broader access and opportunity. In doing so, APFIF supports the 2026 priorities identified by the People's Republic of China as host economy by advancing people-centered and inclusive development through expanded financial access, digital innovation, and the exchange of policy experiences and good practices across APEC economies.

The 2026 APFIF Seminar, co-organized by the Ministry of Finance of the People's Republic of China, the Asian Development Bank (ADB), and the Asian Development Bank Institute (ADBI), was held in Chengdu alongside the APEC Senior Finance Officials' Meeting. The seminar examined the policy, institutional, and market drivers that enable financial institutions and financial service providers to expand access to finance while also exploring how innovation can be encouraged in a manner that safeguards financial stability, consumer protection, and trust.²⁹

Discussions highlighted that while significant progress has been made in expanding access to financial services across APEC economies, important challenges remain in ensuring that individuals and businesses can meaningfully access, use, and benefit from financial services in ways that support economic participation and opportunity. Many individuals and businesses now have access to financial accounts and digital payment services, yet barriers relating to affordability, product suitability, financial literacy, financing availability, and trust continue to limit meaningful participation in financial systems. At the same time, the growing use of digital finance, AI, and data-driven services is creating new opportunities to expand access while also introducing challenges relating to consumer protection, cybersecurity, digital fraud, governance, privacy, and the potential for exclusion arising from the use of data and algorithms³⁰. These challenges are particularly evident for MSMEs, which remain critical drivers of employment, innovation, and economic growth across the region³¹.

The proposed actions presented in this document are based primarily on the discussions, experiences, and insights shared by participants during the 2026 APFIF Seminar. Preliminary findings from the APEC FMP Compendium on Financial Access and Opportunity for All are referenced where relevant to illustrate how emerging themes identified through the APFIF seminar are reflected across APEC economies³². The proposed actions are intended to support APEC policymakers and regulators in developing financial systems that are innovative, inclusive, trusted, and resilient, while helping to ensure that the benefits of financial innovation are broadly shared across society.

²⁹ Participants included the Ministry of Finance of the People's Republic of China, the Asian Development Bank (ADB), the Asian Development Bank Institute (ADBI), the Organisation for Economic Co-operation and Development (OECD), the APEC-APFF Financial Infrastructure Development Network (FIDN), the Industrial and Commercial Bank of China Limited (ICBC), Philippines Securities and Exchange Commission (SEC), the United Nations Development Programme (UNDP), and Sumitomo Mitsui Banking Corporation.

³⁰ See *Cybersecurity for Sustainable and Digital Economic Transformations*, <https://www.adb.org/sites/default/files/institutional-document/1052731/adpr2025bp-cybersecurity-digital-economic-transformations.pdf>

³¹ See *Asia Small and Medium-Sized Enterprise Monitor 2025*, <https://www.adb.org/publications/asia-sme-monitor-2025>

³² The proposed actions in this document were developed through discussions held during APFIF 2026. References to the APEC FMP Compendium on Financial Access and Opportunity for All, which remains under development as of June 2026, are intended to provide supplementary evidence and illustrative examples and should not be interpreted as formal findings of the Compendium, which remains under development.

PROPOSED ACTIONS FOR POLICYMAKERS AND REGULATORS

The following proposed actions outlined below reflect the key messages and policy priorities emerging from the APFIF 2026 Seminar discussions. References to preliminary findings from the APEC FMP Compendium on Financial Access and Opportunity for All are included where relevant to demonstrate how these issues are also being observed across a broader range of APEC economies. While implementation approaches will vary across economies, reflecting differences in financial sector development, institutional capacity, market structures, and policy priorities, these actions highlight practical areas where policymakers and regulators may wish to focus efforts to expand meaningful financial access and opportunity. Not all recommendations will be equally relevant in every context; rather, they are intended to provide a range of policy considerations and options that economies may adopt to their own circumstances and development needs.

Proposed Action 1: Strengthen financial infrastructure ecosystem

Strong financial infrastructure is a critical enabler of financial access and opportunity. Payment systems, digital identity frameworks, credit information systems, secured transaction frameworks, and secure data infrastructure can reduce transaction costs, improve risk assessment, facilitate customer onboarding, and support the delivery of innovative financial services. Seminar participants emphasized that investments in financial infrastructure have been among the most important drivers of expanded financial access across APEC economies.

Policymakers and regulators should consider:

- Continuing investments in core financial infrastructure, including interoperable payment systems, digital identity frameworks, and credit information systems that support low-cost and efficient financial services for individuals and businesses.
- Strengthening digital identity and electronic verification systems to simplify customer onboarding while maintaining appropriate safeguards.
- Expanding the coverage, quality, and accessibility of credit information systems and movable asset finance to improve risk assessment and loan structuring, particularly for MSMEs and first-time borrowers.
- Supporting secure and trusted data-sharing frameworks that enable responsible use of data while protecting privacy and consumer rights, drawing on examples such as the People's Republic of China's use of public data-sharing platforms, including tax, invoice, financial statement, and settlement data, to support MSME credit assessment and improve lending efficiency.
- Promoting interoperability, common technical standards, new data infrastructure, and coordination across financial infrastructure providers and regulatory authorities to reduce fragmentation, improve efficiency, and support innovation.
- Encouraging collaboration among regulators, infrastructure providers, financial institutions, and technology firms to maximize the benefits of infrastructure investments.

These findings are reinforced by the preliminary results of the FMP Compendium on Financial Access and Opportunity for All, which similarly identified MSME access to finance as one of the most commonly cited challenges across APEC economies. The Compendium also highlights how economies are increasingly adopting a broader range of financing approaches to complement traditional bank lending, including credit guarantee and risk-sharing mechanisms, targeted lending programs, collateral support and risk-sharing mechanisms, promoting alternative and capital-market-based financing, expanding local access points, and blended social finance. At the same time, participants noted that infrastructure investments alone are insufficient and must be supported by effective governance arrangements, institutional capacity, and coordination among public and private stakeholders.

Proposed Action 2: Promote more diversified financing ecosystems for small businesses

MSMEs remain critical drivers of economic growth, employment, and innovation across the Asia-Pacific region. However, many continue to face significant financing constraints due to limited immovables collateral, insufficient credit histories, high transaction costs, and perceived lending risks. Participants

highlighted that traditional bank lending models alone are unlikely to meet the diverse financing needs of all businesses, particularly smaller firms operating in underserved markets.

Policy makers and regulators should consider:

- Strengthening legal and regulatory frameworks that support movable asset and alternative finance providers, including non-deposit-taking lenders (NDTLs) such as specialized finance companies, leasing companies, factoring companies, and online lending platforms, which can complement traditional bank lending and expand financing options for MSMEs.
- Supporting the development of supply chain finance, trade finance, receivables finance, leasing, factoring, and other movable asset financing products to expand financing options for MSMEs that may lack traditional forms of collateral or access to conventional bank lending, including by learning from experiences in the People's Republic of China and Viet Nam where movable asset finance and ecosystem-based lending models have helped scale MSME finance.
- Encouraging the development of 3rd party support services for the financial sector such as collateral management, digital platforms for receivables and inventory finance, trade credit insurance, data and analytics providers, and environmental, social and governance (ESG) rating services.
- Promoting innovation and a diverse range of financing providers by addressing structural barriers that limit the ability of financial service providers to expand financing options available to MSMEs, including constraints relating to data access, collateral frameworks, excessive restrictions on NDTL licensing, and financial infrastructure.
- Identifying and addressing regulatory barriers that unnecessarily constrain the development of alternative financing models such as restrictions on non-bank lenders, limitations on the use of movable assets as collateral, or regulatory uncertainty surrounding digital finance platforms.
- Supporting initiatives that improve MSME financial capability and readiness to engage with a broader range of financial products and providers, including through financial literacy programs, digital skills development, improved financial record-keeping, and greater awareness of available financing options and eligibility requirements.

These observations are consistent with the findings of the FMP Compendium, which similarly identify MSME access to finance as one of the most commonly cited challenges across APEC economies. The Compendium also stresses that economies are increasingly adopting a broader range of financing approaches, including credit guarantees, targeted lending programs, and other innovative financing mechanisms designed to complement traditional banking services.

Proposed Action 3: Adopt proportionate and adaptive regulatory approaches

Financial innovation is transforming the way financial services are delivered, creating new opportunities to expand access while introducing new forms of risk. Digital finance, fintech partnerships, embedded finance, platform-based business models, AI, and data-driven services are becoming increasingly important components of modern financial ecosystems. Participants emphasized that regulatory and supervisory frameworks must evolve alongside these developments to support innovation while preserving financial stability, consumer protection, and market integrity.

Policy makers and regulators should consider:

- Applying proportionate and activity-based regulatory approaches that align requirements with the risks posed by specific activities and business models. This means ensuring that regulatory obligations are commensurate with the scale, complexity, and risk profile of an activity, rather than applying the same requirements across all providers. Similar activities should be subject to similar regulatory treatment regardless of provider type, while avoiding unnecessary compliance burdens that may discourage responsible innovation. Policy makers can draw upon experiences such as the Philippines' regulation of financing companies, lending companies, and online lending platforms, where enabling legislation and regulatory oversight have supported non-bank financing while maintaining consumer protection safeguards.
- Reviewing existing regulations to identify areas where unnecessary barriers may impede responsible innovation, including the responsible deployment of AI-enabled products and services, while

ensuring appropriate safeguards for consumers and financial stability.

- Strengthening supervisory capacity and expertise relating to digital finance, fintech business models, and emerging technologies.
- Encouraging innovation through pilot programs, innovation offices, regulatory sandboxes, or similar mechanisms.
- Improving coordination among financial regulators and relevant agencies responsible for competition, consumer protection, data governance, and cybersecurity, including through coordinated approaches across financial regulators, tax authorities, public data providers, and other government agencies that can help financial institutions better target and serve MSMEs.
- Exploring the use of supervisory technologies and data analytics to strengthen oversight and improve regulatory effectiveness.

Several findings from the FMP Compendium also illustrate how economies are using regulatory innovation to support financial access, including open banking regulation, simplified account frameworks, virtual banking licenses, and consumer data rights frameworks. These experiences suggest that regulatory frameworks can support innovation while maintaining appropriate safeguards when designed using proportionate and risk-based principles.

Proposed Action 4: Advance inclusive AI and data governance frameworks

AI and data-driven technologies are increasingly being integrated into financial services, including customer onboarding, fraud detection, risk assessment, credit underwriting, and product design. These technologies have significant potential to improve efficiency and expand access to financial services. However, participants emphasized that AI should be treated as an increasingly important consideration within financial sector policy, and highlighted growing concerns regarding algorithmic bias, data quality, transparency, explainability, and the risk that certain groups may be excluded due to limited digital footprints or poor data representation.

Policymakers and regulators should consider:

- Developing AI governance frameworks that promote responsible, transparent, and accountable use of AI within financial services, including measures to improve transparency in automated decision-making, strengthen accountability, protect consumer rights, and ensure that AI systems do not inadvertently exclude underserved individuals or small businesses. The People's Republic of China's experience with technology-enabled MSME lending, including ICBC's use of automated and sector-specific credit models supported by tax, invoice, financial statement, settlement, and other data, illustrates both the potential of AI-enabled finance and the importance of strong governance, data quality, and human oversight. Given the rapidly evolving nature of AI technologies, policymakers should also encourage ongoing collaboration among regulators, industry, academia, and technology providers to support the development of practical and effective governance approaches.
- Encouraging financial institutions to assess and mitigate risks of algorithmic bias and unintended exclusion, particularly as regulators are beginning to observe risks associated with AI-enabled fraud and potential bias in credit assessment models.
- Strengthening data quality, interoperability, and representativeness to improve the reliability and fairness of AI-enabled services, including by ensuring that datasets adequately reflect the characteristics and circumstances of underserved populations, such as women, rural communities, informal workers, and MSMEs, whose financial activities may be less visible within traditional data systems.
- Supporting consumer rights relating to data access, portability, consent, and redress.
- Providing clear regulatory guidance on the relationships between regulated financial institutions and third-party data and analytics providers, particularly where alternative data sources are used to support credit assessment, risk management, and automated decision-making.

The preliminary findings of the FMP Compendium highlight that secure and trusted use of data, together with effective consumer consent mechanisms, are among the most frequently identified priorities across

APEC economies. The Compendium also notes the growing interest in data-sharing frameworks, data portability arrangements, and governance approaches that enable data to be used responsibly while maintaining trust, privacy, and consumer confidence. These foundations are likely to become increasingly important as financial institutions expand the use of AI and advanced analytics across financial services.

Proposed Action 5: Strengthen trust and resilience in digital financial ecosystems

Trust is a fundamental prerequisite for meaningful participation in digital financial systems. While digital finance offers significant opportunities to improve access and convenience, participants emphasized that rising levels of fraud, scams, cybersecurity incidents, misinformation, and misuse of personal data risk undermining consumer confidence. These challenges are particularly relevant for first-time users, vulnerable populations, and smaller businesses with limited digital capabilities.

Policymakers and regulators should consider:

- Strengthening consumer protection frameworks to ensure financial products and services are transparent, fair, and user-centric, including through, for example, clear disclosure requirements, transparent pricing, responsible product design, effective complaint and redress mechanisms, and safeguards against fraud, scams, and other forms of consumer harm. The Philippines' experience with interest rate ceilings, fair debt collection rules, online lending platform disclosure requirements, and enforcement actions against abusive lenders provides a useful example of how consumer protection measures can support trust in digital finance.
- Enhancing cybersecurity preparedness and resilience across financial systems, particularly in response to risks such as fake lending applications, impersonation scams, identity theft, unauthorized digital loans, misuse of personal information, and cyber-enabled fraud identified through the Philippines' digital lending experience.
- Supporting financial literacy and digital capability programs that help consumers and businesses safely navigate digital financial services.
- Establishing effective complaint handling, dispute resolution, and redress frameworks, including requirements for financial service providers to maintain accessible and timely complaint resolution processes, alongside independent mechanisms that allow consumers and small businesses to escalate unresolved disputes where necessary.
- Promoting responsible product design that takes into account user needs, capabilities, and vulnerabilities, such as through simplified product features, clear and understandable terms and conditions, accessible user interfaces, appropriate communication channels, and safeguards that help consumers make informed financial decisions.
- Expanding and engaging in regional cooperation and peer learning opportunities on emerging digital financial risks, fraud prevention, consumer protection, and supervisory approaches.
- Encouraging public-private collaboration on consumer protection, fraud prevention, cybersecurity, financial literacy, and trust-building initiatives, recognizing that trust in digital financial ecosystems depends on the collective actions of regulators, financial institutions, technology providers, and consumers.

The FMP Compendium similarly identifies consumer protection, fraud prevention, and financial literacy as some of the key challenges affecting financial access across APEC economies, and further highlights some initiatives focused on promoting financial education, onboarding support, and stronger consent mechanisms designed to build trust and encourage sustained usage of financial services.



Asia-Pacific Financial Forum

Digital Trade Finance Lab

Measures to Implement the Legal Entity Identifier for Digital Trade Finance

Publication Date: June 2026

Introduction

Trade finance is fundamentally about financing and managing claims linked to sale and purchase of goods and services in the real economy. Trade has increasingly been digitalized in the areas of communications, documentation and payments:

- **Communications:** Moving from emails and scanned attachments to structured exchanges through use of procurement platforms, APIs and other system-to-system channels. Agentic AI is beginning to be adopted in communications.
- **Documentation:** Trade-relevant documents such as purchase orders, invoices, certificates of origin and transport documents are increasingly created, submitted, transferred and stored electronically.
- **Payments:** Expansion of payments beyond traditional electronic bank transfers to newer and emerging payment rails such as QR payments, digital wallet transfers, tokenised deposits, stablecoins and CBDCs.

Digital trade finance can be availed for trade done digitally. The remit of digital trade finance may expand to secondary market participation in the form of tokenized real-world assets such as financed trade receivables and payment obligations, for distribution of risks and improved liquidity.

Inherent in all the above areas is identity – of parties to the transactions, or of parties referred to in the transaction data.

KYC and KYT

International trade involves an elaborate network of actors that include buyers, suppliers, logistics providers, banks, insurers and public authorities. The parties issue and may require documents issued by other parties — invoice, transport document, certificates and other records.

Identification of the parties involved in the transaction documents for purpose of name screening is needed for the know-your-customer (KYC) and know-your-transaction (KYT) processes performed by the actors. These are done for financial crime compliance required of the institutions and parties.

Precision in identifying the parties may be challenging based on name alone, especially when they are located across borders. This often results in false positives which need to be resolved in order for the transactions to be allowed. False negatives can also result.

The consequences of frictions in the KYC and KYT processes include increased costs for transactions and delays in execution. Critically, KYC has been identified as a key reason for the exclusion of many small and medium enterprises (SMEs) from access to trade finance.

A globally standard system of identification for parties would make the KYC and KYT processes more precise, robust and efficient. Such a system exists. This whitepaper explores the utility of the Legal Entity Identifier (LEI) system as a common identity layer for cross-border digital trade and financing.

Need for a Trusted Digital Infrastructure

The benefits of transitioning from paper-based to digital trade finance are more than the mere substitution of documents with electronic equivalents for speedier transmission. Digital trade finance can expand access to financing (particularly for SMEs) by enabling data-driven, more scalable and more secure financing.

Trusted digital identity, secure data exchange mechanisms and standardization of data formats are components that create functional digital infrastructure that supports digital trade finance. Financial institutions, logistics providers and business enterprises benefit from the confidence that electronic records are authentic, and attributable to verified entities.

Adoption of a globally recognized identification framework for digital trade finance enables participants to anchor transactions to verifiable entities, thereby enhancing trust, reducing friction in KYC and KYT, and increasing scalability through greater straight-through processing.

The utility of trusted digital identity for digital trade finance has reliance on the integrity of the

transaction data, that the parties identified therein are true parties in the transaction. Digital identity by itself does not safeguard against all frauds (a party correctly identified retains capacity for fraud or could be fraudulently referenced in a transaction it is not involved in); this however does not diminish the usefulness or need for such digital identity.

The Post-2008 Financial Crisis Reforms

The 2008 financial crisis exposed a critical gap: The inability to accurately and consistently identify legal entities involved in financial market transactions across jurisdictions.

When Lehman Brothers collapsed in September 2008, market participants and regulators struggled to understand and aggregate exposures of its many subsidiaries and group entities across jurisdictions, products and booking entities. Lehman Brothers became the emblematic case for why the financial system needed a common way to identify legal entities. The same legal entity could appear under different names, abbreviations or internal customer identifiers in different systems, while different entities within the Lehman group could be confused with one another.

The experience demonstrated that transparency in financial markets depends not only on collecting more data, but on having reliable, standardized identifiers that allow data to be connected, compared and aggregated across institutions and borders.

Between 2011 and 2012, the G20 and the Financial Stability Board (FSB) championed the development of the Global Legal Entity Identifier System (GLEIS) – a collaborative effort between regulatory authorities and private-sector stakeholders. The Legal Entity Identifier (LEI) was conceived as a foundational data standard to improve risk aggregation, regulatory reporting and market transparency. In 2014, the Global Legal Entity Identifier Foundation (GLEIF) was established by the FSB to support the worldwide implementation and use of the LEI.

With financial stability being the policy impetus, the LEI has become embedded in several capital markets regulatory reporting regimes, where it is used to identify counterparties, issuers, obligors and reporting entities with greater consistency across institutions, products and jurisdictions. In areas such as swaps and derivatives reporting, securities financing transaction reporting and MiFID/MiFIR transaction reporting, the LEI has moved from being merely a useful identifier to a regulatory requirement for specified transactions and reporting obligations.

The Legal Entity Identifier (LEI)

The Legal Entity Identifier (LEI) is a 20-character alphanumeric code that uniquely identifies legal entities that have been issued an LEI. More than just an identifier, the LEI connects to key reference data that provides the information on a legal entity identifiable with an LEI.

The LEI adheres to four necessary principles of ISO 17442:

- A global standard
- A single unique identifier assigned to each legal entity
- Supported by high-quality data
- A public good, available free of charge to all users

The ISO 17442 standard developed by the International Organization for Standardization defines a set of attributes or LEI reference data that comprises the most essential elements of identification. It specifies the minimum reference data, which must be supplied for each LEI:

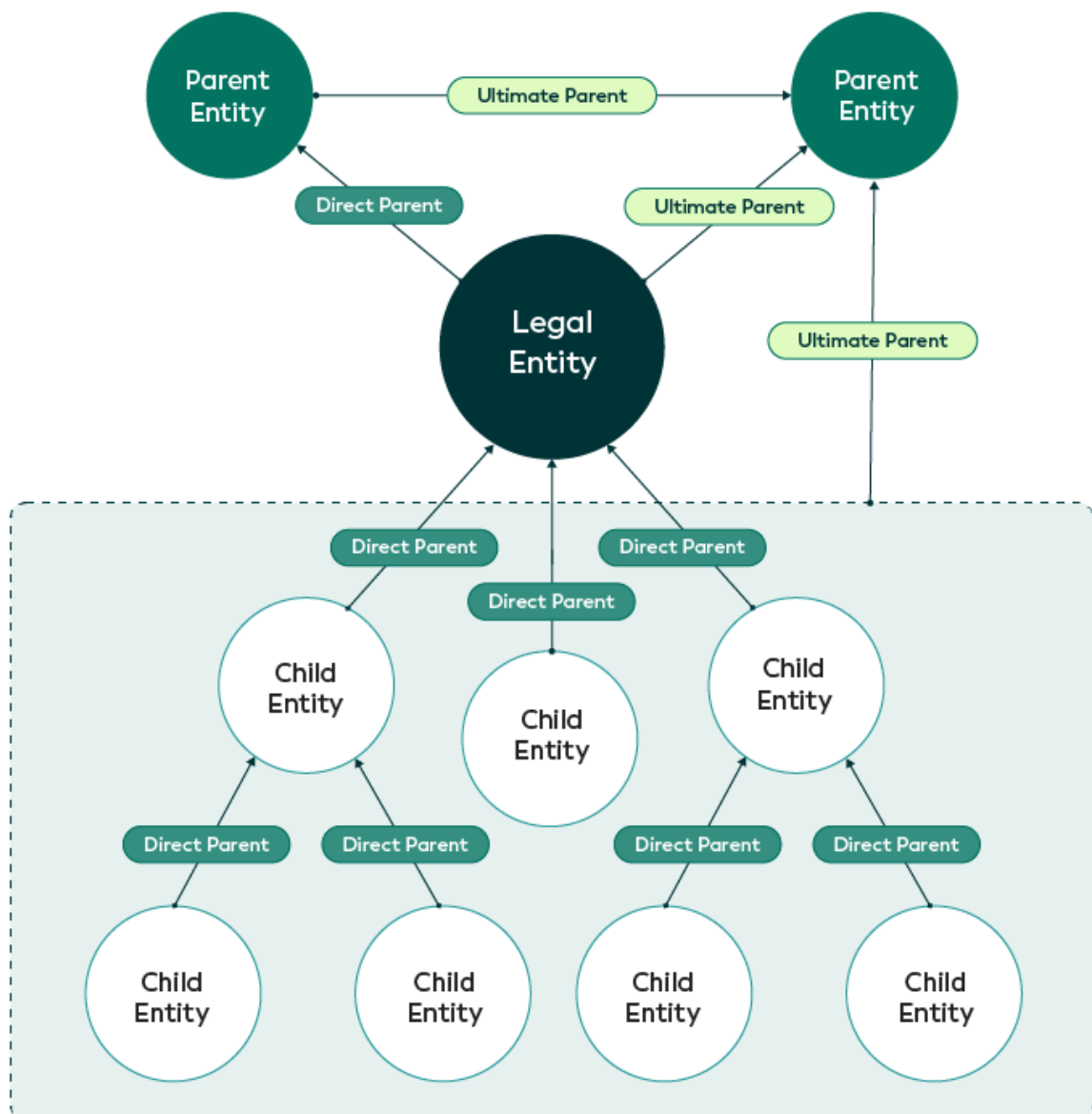
- The official name of the legal entity as recorded in the official registers.
- The registered address of that legal entity.
- The location of formation.
- The codes for the representation of names of jurisdictions and their subdivisions.
- The date of the first LEI assignment; the date on which the legal entity first established; the date of last update of the LEI information; and the date of expiry, if applicable.

The above form the ‘business card information’ or ‘Level 1’ data of the LEI, providing the answer to

the question of ‘who is who’.

The LEI data pool additionally includes ‘Level 2’ data that answers the question of ‘who owns whom’. If the parent of an LEI registrant has obtained an LEI, the LEI of the parent is published together with the LEI record of the child entity. Likewise, the LEI record of an organization that is the direct or ultimate parent of another organization that has an LEI will display the LEI of the child entity or entities.

As a result of the aforesaid, LEI data allows corporate dots to be connected globally based on open, standardized and high quality data. This is illustrated in the diagram below (Source: <https://www.gleif.org/en/lei-data/access-and-use-lei-data/level-2-data-who-owns-whom> [Accessed 1 June 2026])



The complete LEI data pool is publicly accessible to any party free of charge without the need to register. At the most basic level, LEI records are searchable using the ‘LEI Search’ website <https://search.gleif.org/#/search/> of the Global Legal Entity Identifier Foundation (GLEIF). GLEIF offers other means of access, which include the GLEIF Application Programming Interface (API).

LEI Governance

The Global LEI System is overseen by the Regulatory Oversight Committee (ROC) and operated by the Global Legal Entity Identifier Foundation (GLEIF). GLEIF is a not-for-profit Swiss foundation established by the Financial Stability Board (FSB) in 2014. The system has three main components:

- The Regulatory Oversight Committee (ROC), a group of public authorities from around the world, coordinates and oversees the Global LEI System and ensures that GLEIF upholds the system's principles.
- GLEIF acts as the central operating body, responsible for supporting the operational integrity, quality and transparency of the Global LEI System.
- LEI Issuing Organizations, also known as Local Operating Units (LOUs), are accredited by GLEIF to issue LEIs and maintain the associated reference data for legal entities.

Local Operating Units (LOUs) are responsible for validating LEI reference data provided by legal entities against authoritative local sources, such as business registries and other official registration authorities, before assigning an LEI. They also maintain LEI records and support their renewal, normally on at least an annual basis, to ensure that the reference data remains accurate over time.

By decentralizing registration through accredited local entities while applying common global data standards, the LOU network makes the LEI system scalable, reliable and accessible across jurisdictions. As of early 2026, there are 39 accredited LEI Issuers providing LEI services globally.

Financial Institutions can be Validation Agents for LEI Issuance

As financial institutions already hold large databases of client information and perform customer due diligence, they can partner with LOUs as Validation Agents to help their corporate and SME clients obtain and maintain LEIs.

A Validation Agent is an organization that obtains and maintains LEIs for its clients in cooperation with accredited LEI Issuers (LOUs) by leveraging their business-as-usual client identification procedures in KYC and client onboarding processes. This combination of Validation Agent and LEI Issuers facilitates a more efficient LEI issuance process.

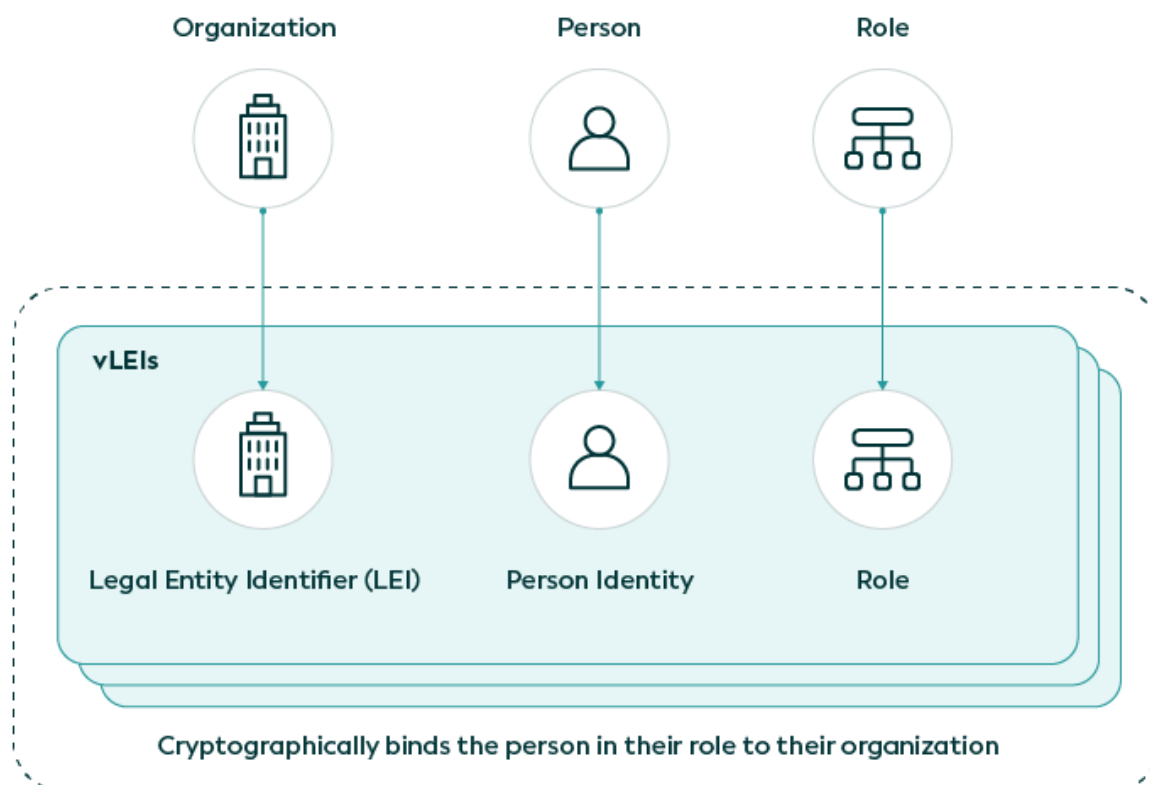
By acting as Validation Agents, financial institutions can accelerate the voluntary adoption of LEI for their business client base, contributing to promoting and mainstreaming a global standard for identity management.

At the end of 2025, GLEIF reported 23 Validation Agents globally, spanning Africa, Australasia, China, Europe, India, the Middle East and North America.

Verifiable Legal Entity Identifier (vLEI)

While the LEI identifies and links verified reference data to a legal entity, the vLEI provides cryptographically verifiable digital credentials that allow an LEI-issued entity and its authorized representatives to prove identity, roles and authority in digital interactions.

By embedding the LEI into verifiable digital credentials, the vLEI provides instant, automated identity verification and those acting on the organization's behalf. The vLEI cryptographically combines three identity sources: the entity's identity, confirmed by their LEI, an individual's personal identity, and the official organizational role they hold.



As a secure, user-controlled, digital counterpart to an entity's LEI, the vLEI can be used in any kind of digital interaction, transaction, or e-signature scenario, from signing regulatory filings and reports to authorizing business payments and expediting supply chain due diligence.

vLEIs are issued by a GLEIF-qualified vLEI Issuer, also known as a Qualified vLEI Issuer (QVI), at the request of a legal entity that has an LEI, and may include credentials for the entity itself as well as for individuals whose official organizational roles or authority to act for the entity have been validated.

The revocability of a vLEI credential allows parties referring to it to verify its current status before accepting it – a vLEI can be revoked by the entity holding the LEI, is subject to expiry, and when the underlying LEI is no longer valid.

The emergence of the vLEI creates the potential for the LEI to serve as a key component identification and authorization in digital trade finance, as the LEI allows authentication that the business entity is indeed who it claims to be and that those who act on its behalf, can.

Usefulness of the LEI for Digital Trade Finance

The usefulness of the LEI to digital trade finance, particularly for cross-border trade, is found in its ability to provide a common, globally recognized identity anchor for business legal entities participating or named in trade transactions, enabling them to be identified with greater precision and consistency.

In cross-border trade, financial institutions may need to perform compliance screening on counterparties and other parties appearing in trade documents or data. In current trade finance practice, the reliance on names alone is a cause of ambiguity, false positives and resource-intensive investigations. The use of LEIs in trade data is an opportunity to reduce these frictions.

The vLEI extends the utility of the LEI from entity identification to digitally verifiable authority. This is particularly pertinent to digital trade finance, by enabling parties to know that the person, system or agent acting for a counterparty is authorized to do so.

In digital trade finance processes, the LEI contributes to the creation of a trusted data environment in which financing can be increasingly straight-through and automated. It is envisaged that the

usefulness of the LEI becomes even more pronounced in an agentic digital trade finance environment, where AI agents may assist financial institutions and their clients in financing transactions' workflows.

Digital trust requires that parties must be able to verify the legal entity to which transaction data relates, the entity on whose behalf an instruction is submitted, and the authority of any person or system acting for that entity. The LEI can provide the legal entity anchor for these agent-assisted workflows, while the vLEI can support verifiable assertions of organizational role and authority.

(It has to be noted that while the LEI is a method to correctly identify parties, it does not provide all the information that may be needed for a KYC on the entity – such information would still need to be obtained from the entity or from other public sources.)

The use of LEI enables digital trade finance processes to be connected to identifiable and accountable legal entities, reducing the risks of impersonation, misattribution, unauthorized instructions and unreliable counterparty data. When a trade or financing transaction leads to a payment, paying to a bank account or a digital address tied to an LEI enhances security that payments are effected to the true party the payment is intended for.

Challenges to LEI Use for Trade Finance

Despite the aforesaid usefulness of the LEI to support digital trade finance, it is to be noted that actual use of LEI in trade finance is currently low. The key challenges to wider use of LEI in trade finance are:

- Unlike capital market activity, trade finance has not been subject to widespread regulatory mandates requiring LEIs to be used in transaction processing or reporting.
- While many large corporates have obtained LEIs, many SMEs do not have LEIs.
- Voluntary adoption for the LEI may be limited due to fees payable for registrations and renewals, besides lack of awareness about the LEI.
- The legacy Trade Finance information systems used by many financial institutions may not have a structured data field for LEI.

As of end of May 2026, the number of LEIs in existence globally was 3.325 million. The number of LEIs has been increasing; however, they still represent a small percentage of the number of legal entities worldwide. (As a comparison, 45 million companies are represented by the International Chamber of Commerce.)

If the penetration rate of the LEI among business entities active in trade is low, that acts as a limiting factor on the mainstream use of the LEI for trade finance.

Real Example of LEI Use in Trade Finance

BlockPeer is a company based in the Abu Dhabi Global Market. Based on their submission for this whitepaper, they are a digital trade infrastructure platform enabling the issuance, management, and financing of electronic trade assets. Their platform comprises:

- BlockPeer easyBL – an electronic Bill of Lading (eBL) platform utilizing blockchain
- BlockPeer eTrade – a module enabling exporters to perform electronic presentations under letters of credit
- BlockPeer Cliq – a trade finance marketplace connecting SMEs with institutional liquidity providers

As part of the SME onboarding and pre-approval process, their initial KYB (know-your-business) checks involve using the GLEIF API to verify the legal existence of the entity, retrieve authoritative reference data (legal name, jurisdiction) and reduce reliance on fragmented KYB documentation. According to them, this ensures faster onboarding of borrowers, standardized identification across jurisdictions and increased confidence for financiers on BlockPeer Cliq evaluating counterparties.

In BlockPeer easyBL, LEIs are used to bridge on-chain identities (blockchain addresses) with real-world legal entities. LEIs are captured as structured data fields during eBL issuance and subsequent operations (transfer, endorsement, surrender); each party in the transaction (shipper, consignee, notify party, endorser) is associated with their LEI for enhanced transparency and auditability of all

participants.

The two images below are screenshots from BlockPeer easyBL – the first shows only blockchain addresses and the second shows party names resolved using GLEIF APIs.

Screenshot from eBL endorsement chain before LEI integration. Shows only the blockchain addresses, not possible to identify the party names:

Endorsement Chain			
Action/Date	Owner	Holder	Remark
Document has been issued 19th Jan 2026, 05:43 AM	0xfA73Af6eFe4706684137aFEDDDCb97986f4d5b6a	0x29CdD923C3cED5EA1e5Adaf6C5FAdEc0f4cAF40	
Transfer holdership 20th Jan 2026, 05:17 AM		0x474Fa9cb6235292Cd9967F24Bc4f12245229c628	transfer holder to Seller's Bank
Transfer holdership 20th Jan 2026, 09:13 AM		0xba76c60d77CA15C789D85a70dFBa8B3B88ea311E	c@tE@%@d@ f@\${ @ @=,@;@ G@S@W@z@W@d_ @!@P@
Transfer holdership 22nd Jan 2026, 10:25 AM		0xfA73Af6eFe4706684137aFEDDDCb97986f4d5b6a	Transfer holder to Buyer B
ETR returned to issuer 22nd Jan 2026, 10:39 AM			Surrender eBL to the issuer

Screenshot from Blockpeer platform after LEI incorporation:

Endorsement Chain			
View the endorsement chain for this document.			Refresh
Action/Date	Owner	Holder	Remark
Document has been issued Feb 20, 2026, 06:07 PM	ADANI COMMODITIES LEI: 335800IPRXYTLDVVKE73 0xfA73...4d5b6a	ADANI COMMODITIES LEI: 335800IPRXYTLDVVKE73 0xfA73...4d5b6a	document signed
Transfer ownership and holdership Feb 23, 2026, 02:03 PM	0x4E50...45bC1e	0x4E50...45bC1e	Transfer owner & holder
Transfer ownership and holdership Mar 4, 2026, 05:48 PM	ADNOC TRADING LTD LEI: 2549000EH0FKCU205217 0xfA73...4d5b6a	ADNOC GAS PLC LEI: 25490005NS03BDOOM362 0xfA73...4d5b6a	Docs release after payment

Parties reviewing the endorsement chain of the eBLs can rely on LEIs to validate who the parties are.

According to BlockPeer, the integration of LEIs across their platform serves as a foundational layer for trusted digital identity in trade transactions, interoperability across jurisdictions and platforms, and improved risk assessment and compliance for financial institutions.

Example of Regulatory LEI Push in China

In 2020, the People's Bank of China, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission and the State Administration of Foreign Exchange, issued the *Roadmap for the Application and Implementation of the Global Legal Entity Identifier in China (2020–2022)*.

The roadmap positioned the LEI as a means to align China with international financial standards, support high-level financial opening, facilitate cross-border trade and financial transactions, and improve the identification of legal entities participating in cross-border activities. It set out staged targets for LEI adoption, prioritizing wider coverage of financial institutions, listed companies,

financial infrastructure participants, importers and exporters, trade enterprises and non-financial enterprises involved in cross-border transactions.

The Roadmap also contemplated LEI use in areas such as RMB cross-border payments, digital RMB cross-border business, securities and derivatives transactions, listed company supervision, financial market transaction reporting and cross-border legal-entity digital identity. The regulatory authorities promoted the LEI as a “corporate passport” for Chinese entities participating in cross-border activity.

Following China’s 2020–2022 LEI Roadmap, LEI issuance to mainland China entities increased from approximately 37,000 active LEIs at the end of 2020 to around 100,000 by the end of 2022, meeting the roadmap target. By Q1 2026, the figure stood at approximately 101,000, suggesting that the strongest growth occurred during the roadmap period, with subsequent issuance largely stabilizing.

The aforesaid provides an important example of how regulatory activity can accelerate LEI adoption beyond capital markets and into cross-border trade, payments and digital identity use cases.

Example of Regulatory LEI Push in India

The Reserve Bank of India (RBI) has since 2017 issued a number of requirements requiring the use of LEI in financial and commercial transactions.

- In 2017, RBI issued requirements for large corporate borrowers with aggregate fund-based and non-fund-based bank exposure of INR500,000,000 and above to obtain the LEI.
- In 2021, RBI introduced LEI requirements for large-value transactions in centralized payment systems, requiring banks, with effect from 1 April 2021, to include remitter and beneficiary LEI information for non-individual entities undertaking single NEFT or RTGS payment transactions of INR500,000,000 and above.
- In 2021, RBI also issued guidelines introducing LEI requirements for cross-border transactions, requiring authorized dealer banks to record valid LEIs for resident non-individual entities undertaking capital or current account transactions of INR500,000,000 and above from 1 October 2022.

These measures are relevant to digital trade finance because trade-related import and export flows often involve bank-intermediated current account payments, large-value settlements and cross-border transaction reporting. By requiring LEIs in these payment and cross-border contexts, India has created a practical incentive for corporates engaged in significant cross-border activity to obtain and maintain LEIs.

It also encourages banks to build the operational capability to capture, validate and report LEIs within transaction processing systems, which can support future integration of LEIs into trade finance onboarding, screening, financing and payment workflows.

The effect of India’s regulatory approach is reflected in the growth of LEIs issued to Indian entities. Market statistics indicate that cumulative LEIs in India increased from approximately 77,000 in 2021 to approximately 364,000 in 2026.

This demonstrates how regulatory nudges, phased implementation and linkage to bank credit, financial markets, payments and cross-border transactions can scale legal-entity identity infrastructure more effectively than voluntary adoption alone.

Measures to Implement the LEI in APEC

The use of existing reference data standards including the LEI was proposed by ABAC and APFF in the Roadmap for the Development of APEC’s Financial Market Infrastructure (<https://www2.abaconline.org/content/download/22614235/>), particularly Recommendation 3-2b which called for collaboration among regulators and financial market Infrastructure to support new technologies, cross-border interoperability and technical and business data standardization. This was endorsed by APEC Finance Ministers in their 2018 Joint Ministerial Statement which encouraged relevant authorities to collaborate with ABAC and APFF in using them where appropriate (https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/finance/2018_finance).

The Asia-Pacific region is strong on cross-border trade and global supply chains. Small and medium

enterprises (SMEs) form a significant and substantial part of APEC economies. Access to trade finance is needed to support participation in international trade. Shortfall in trade finance constrains participation and results in less trade. Reports by the Asian Development Bank present a sizeable Trade Finance Gap, which affects SMEs and women-owned businesses the most.

Digital trade finance can expand access to financing. However, digital trade finance is constrained by fragmented identity systems, uneven adoption of digital trade standards, inefficient KYC and KYT processes, and limited interoperability across platforms. These constraints are inter-related, and use of a common digital identity can be a linchpin that helps resolve many of the issues.

The use of the LEI, and the strong governance that undergirds it, offer APEC economies a practical opportunity to strengthen the digital trade finance trust infrastructure and adopt digital trade standards that facilitate interoperability of digital systems.

In light of the above, the APFF Digital Trade Finance Lab suggests the following measures as practical steps to implement the adoption of LEI (as previously recommended by ABAC) for digital trade finance in APEC economies:

- I. Issue regulations and guidance to promote use of the LEI as a common legal-entity identity standard for digital trade and finance prioritizing areas such as financial institution onboarding, trade finance applications, digital trade platforms, e-invoicing, electronic transferable records, cross-border payments, sanctions screening and transaction monitoring. APEC economies should also encourage public-sector agencies and private-sector platforms to include LEI fields in digital trade data models where legal-entity identification is relevant.
- II. Support more efficient LEI adoption among SMEs by encouraging banks and other regulated institutions to act as Validation Agents, allowing LEI issuance and renewal to be integrated into existing KYC and onboarding processes. This would reduce duplication of validation, lower the cost of obtaining LEIs, and make trusted identity data more portable across banks, platforms and jurisdictions. Particular attention should be given to exporters, importers, logistics providers and suppliers participating in cross-border supply chains, as these are the entities most likely to benefit from a standardized identity layer in digital trade finance.
- III. Encourage pilot projects and participation therein involving LEI and vLEI in digital trade finance use cases. Possible pilots include LEI-enabled e-bills of lading, LEI-tagged electronic invoices, LEI-linked payment instructions, vLEI-based signing of transactions, and platform-based verification of parties in receivables finance or supply chain finance transactions. These pilots should involve banks, trade platforms, logistics providers, corporates, SMEs, regulators and standards bodies, so that technical feasibility, legal recognition, operational benefits and compliance value can be assessed in real-world workflows.
- IV. Treat LEI and vLEI adoption as part of the broader digital trade finance agenda, alongside legal reforms for electronic transferable records, data standardization, open and interoperable platforms, and secure digital payment infrastructure. The objective is to establish a common and verifiable identity anchor that improves the quality of trade data and supports more automated, inclusive and trusted financing, contributing to APEC's wider goals of improving financial connectivity, expanding SME access to finance, and strengthening the resilience and transparency of cross-border trade.

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