



**Asia-Pacific
Economic Cooperation**

2021/FMM/010
Agenda Item: 5.8

**2021 Progress Report of Asia-Pacific Financial
Forum, Asia-Pacific Financial Inclusion Forum and
Asia-Pacific Infrastructure Partnership - Regaining
Momentum: Enabling Financial Services to Catalyze
Inclusive, Innovative and Sustainable Recovery**

Purpose: Consideration
Submitted by: ABAC



28th Finance Ministers' Meeting
22 October 2021

REGAINING MOMENTUM: ENABLING FINANCIAL SERVICES TO CATALYZE INCLUSIVE, INNOVATIVE AND SUSTAINABLE RECOVERY

2021 Progress Report

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

Full Report: [https://www2.abaonline.org/assets/2021_Progress_Report_of_APFF_APFIF_and_APIP_2021-07-22_Final.pdf]

EXECUTIVE SUMMARY

With its wide-ranging economic impact, the COVID-19 pandemic posed an unprecedented challenge to governments and businesses all over the world. Vigorous responses from governments and central banks have succeeded in averting a major global crisis, but the pandemic and the responses to it have left various medium and long-term challenges in their wake. However, there are also opportunities that can be seized to find new paths to stronger growth. The pandemic has highlighted the importance of digital technology and provided a strong political impetus to address policies that can enable its wider application. The imperative to stimulate recovery through the financing of infrastructure offers opportunities to invest in a more sustainable future.

Many initiatives proposed by business that the APEC Finance Ministers have endorsed over the years were focused on reforms that can expand access to finance, modernize financial markets and enhance resilience and sustainability. This Progress Report covers the work and achievements of the Asia-Pacific Financial Forum (APFF), the Asia-Pacific Financial Inclusion Forum (APFIF) and the Asia-Pacific Infrastructure Partnership (APIP) in promoting the implementation of these reforms since the last APEC Finance Ministers' Meeting until the present and provides information on planned activities until the end of 2021.¹ It focuses on three areas: (a) sustainable finance; (b) inclusive finance; and (c) financial resilience.

Achieved Policy Reforms

Several *policy reforms* improving MSMEs' access to finance proposed by ABAC in the past were completed by member economies with direct collaboration and support from APFF. These included the following:

- *The Philippines*: Launch of the secured transactions collateral registry in April 2021.
- *Viet Nam*: The issuance of Decree 21, which brings the secured transactions reform in line with the new Civil Code 2015, including the explicit recognition of transfer of claims, which is critical for the development of the factoring market.
- *China*: Consolidation of its moveable property registration into a single agency (Credit Reference Center of the People's Bank of China) on 1 January 2021. This completely replaced local level filings on inventory and other related assets.

¹ The Asia-Pacific Financial Forum (APFF), the Asia-Pacific Financial Inclusion Forum (APFIF) and the Asia-Pacific Infrastructure Partnership (APIP) were established by the APEC Finance Ministers to serve as platforms for collaboration among the private sector, the public sector and international organizations to implement proposals that the Ministers have endorsed. These policy initiatives are under the umbrella of the APEC Finance Ministers' Process (FMP) and the management of the APEC Business Advisory Council (ABAC).

Capacity-Building Activities

Capacity-building activities are important tools to ***provide member economies access to expertise and other economies' experiences in implementing priorities*** that form part of the FMP work plan. To this end, various dialogues and webinars were held to assist economies in the following areas:

- sustainable finance;
- financial inclusion;
- credit reporting, secured transactions and digital supply chain finance systems;
- valuation practices and standards;
- open banking;
- catastrophe bonds;
- circular economy infrastructure;
- innovative health care financing solutions; and
- digital market infrastructure.

Promoting Asia-Pacific Perspectives in Global Processes

The APFF participated in international discussions with global regulatory and industry organizations to share lessons and perspectives from its work in APEC economies and ***contribute to the shaping of global standards, frameworks and model laws*** that incorporate insights from the region into their formulation, and thus promote their applicability to the region's economies. These included discussions on:

- international alignment around sustainable finance and taxonomy;
- electronic registry design and operation;
- coordinated implementation of international standards on receivables finance;
- international standards on credit reporting;
- model law for factoring;
- coordination in practice of secured transactions reform and enhancing access to credit;
- framework to access ESG Value Creation;
- framework for digital trust and use of privacy enhancing technologies for cross-border activities;
- engaging the private sector in financial protection of critical infrastructure services;
- international accounting standards for insurance contracts and financial instruments; and
- insurance capital standards.

Tools for Reforms and Cooperation

The following documents were developed to ***provide tools for policy makers and regulators*** in translating high-level recommendations into concrete policies, regulations, collective actions and capacity building measures:

- *APEC Sustainable Finance Development Roadmap (first iteration)*;
- *Asia-Pacific Financial Inclusion Forum: Emerging Priorities in the COVID-19 Era – Proposed Actions for Policymakers and Regulators*;
- *APFF Digital Trade Finance Lab Combating Trade-Based Money Laundering Whitepaper*;
- *APFF Financial Market Infrastructure Whitepaper on the Legal Entity Identifier*;
- *APFF Whitepaper on Digital Identity*;
- *APFF Whitepaper on eSignatures*;
- *Suggested Actions to Implement eKYC*

- *Philippine Credit Information Study;*
- *Defining Resilient Futures for Micro and Small Enterprises through Digital Transformation; and*
- *APEC Health Care Financing Roadmap.*

The APFF work program also included a pilot project to test solutions for digitalizing micro and small enterprises in the Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) and to identify possible policy and structural reform responses to support inclusive growth.

Support for ABAC in the Formulation of Recommendations

The APFF convened in partnership with ABAC four roundtables to ***assist the Council in formulating recommendations*** to Finance Ministers and Leaders. These focused on medium- and long-term monetary and fiscal stimulus for sustained growth, financial sector climate leadership, disaster risk insurance, and the role of finance in MSMEs’ digital transformation. The APFF also organized the session on digitalizing trade of the ABAC Digital Symposium.

Conclusion

The pandemic and its aftermath have injected a sense of urgency representing an opportunity that is there to be seized. The APEC Finance Ministers’ Process can take the lead in translating this sense of urgency into individual and collective actions to advance the implementation of these deliverables in the Finance Ministers’ multi-year agenda. Much can be achieved by coordinating this with the work of the multilateral organizations and the business sector, as well other relevant APEC fora. Critical areas include measures to restore sustainable fiscal structures that will enhance the credibility and preparedness of economies to deal with future crises and measures to accelerate structural reforms that promote inclusion, digitalization and sustainability.

While much of the work of the APFF, APFIF and APIP was disrupted last year by COVID-19, the stakeholders of these initiatives have been able to rapidly embrace technology and innovation, and in 2021 the pace has increased with the growing uptake of these new ways of doing things by our counterparts in the public sector. As this Progress Report shows, these initiatives continue to provide support to economies in undertaking important reforms, especially in expanding access to finance. Individual economies and APEC fora are coming forward to make full use of these platforms for public-private collaboration to advance various initiatives related to digitalization and sustainability. 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 regain its momentum by enabling financial services to catalyze inclusive, innovative and sustainable recovery.