

## APEC 2019 Policy Outcomes – Financial Services

December 2019

### ABAC WORK ON FINANCIAL SERVICES IN 2019

The ABAC Report to leaders highlighted the following key areas:

- *Creating a digital and policy ecosystem for financial inclusion through:*
  - Public private regional platforms where banks and fin-tech can discover needs and solutions,
  - Creation of the APEC Roadmap for a New Financial Services Data Ecosystem,
  - Wider collection and sharing of data under frameworks consumers can trust,
  - Development of interoperable privacy regimes and environment for cross-border flow of data,
  - Capacity building for expanding individuals' literacy and access to financial tools.
- *Accelerating regional financial integration through:*
  - Cross border investment in currency bond markets,
  - Development of Asia Pacific catastrophe bond market (learning from Pacific Alliance version),
  - Promotion of interoperability between Asia Region Funds Passport and Pacific Alliance funds passport,
  - Development of interoperable real-time payment infrastructure.

### OUTCOMES FROM FINANCE MINISTERS MEETING 2019

The APEC Finance ministers meeting focused on the following topics:

- Global and Regional Economy – Ministers reaffirmed the role of macroeconomic and structural policies to support our efforts to achieve strong, sustainable, innovative, inclusive and balanced growth and emphasize the importance of international trade and investment to economic growth, innovation, job creation and development.
- Using the Digital Economy for Financial Integration and Inclusion – Ministers welcomed a new initiative to develop a voluntary APEC Roadmap on Digital Financial Inclusion for submission in 2020.
- Disaster Risk Financing and Insurance – Ministers recognized the participation of ministries of finance in coordination with other relevant public agencies and the private sector will contribute to financial resilience.
- Fostering Tax Certainty, Cooperation and Transparency – Ministers noted that the implementation of the G20/OECD Base Erosion and Profit Shifting (BEPS) Package remains a priority for APEC economies, and recognized the importance of delivering a solution to the tax challenges arising from digitalization of the economy in 2020 through the OECD/G20 Inclusive Framework on BEPS.
- Accelerating Infrastructure Development and Financing – Ministers remain committed to implementing the APEC Connectivity Blueprint for 2015-2025.
- Implementing the Cebu Action Plan.

## APEC & ABAC 2020 Policy Priorities – Financial Services

December 2019

### APEC

1. Sustainable Financing - The priority areas are in line with Pillar 3 of the Cebu Action Plan that is enhancing financial resilience. Malaysia plans to organise capacity building programmes in sustainable financing which includes sharing of information and best practices between APEC economies in assessing and managing climate-related risks and engaging with technical experts on the issues.

2. Competency, Accountability and Transparency (CAT) in Financial Governance –

The priority area is in line with Pillar 2 of the Cebu Action Plan that is advancing fiscal reforms and transparency. Malaysia plans to organise studies on policy issues confronting financial institutions and collaborate on initiatives to sustain and improve public debt, promote prudent spending, enhance revenues and reduce wastages and leakages of public resource allocation.

3. Democratising Digitalisation. The priority area is in line with Pillar 1 of the Cebu Action Plan that is promoting financial integration. Malaysia plans to focus discussions and organise seminars on enhancing and reinforcing the digital economy particularly cybersecurity networks to boost the confidence of industry players including MSMEs. Discussions would also focus on encouraging fintech sandboxes to promote conducive and innovative regulatory ecosystems among APEC economies.

### ABAC

*\*The below priorities are as proposed and may change depending on input received prior to ABAC I in February 2020*

1. Advancing financial inclusion, innovation and integration through financial connectivity. This includes:

- Promoting financial innovation for the Bottom of the Pyramid (informal sector, rural populations, subsistence farmers and micro-enterprises)
- Enabling the development of open banking in emerging markets to expand MSMEs' and consumers' access to finance through APIs connecting banks with innovative third-party service providers
- Enabling adoption of innovative solutions (e.g., RegTech) to lower costs and speed up the process of KYC and facilitate expansion of financial services to consumers and MSMEs, especially those participating in global supply chains.

2. Promoting ESG investment in APEC developing economies. This includes:

- Development of clear and commonly accepted ESG criteria that can effectively be used to facilitate investment in emerging markets by ESG investors. In 2020, ABAC FEWG will focus on:  
(a) identifying ESG criteria that can be effective in promoting progressive compliance with ESG

goals in APEC emerging markets; and (b) addressing specific issues affecting use of ESG criteria in developing economies such as availability of data and disclosure.

## 2020 NCAPEC POLICY RECOMMENDATIONS FOR MALAYSIA

Malaysia has the opportunity to advance APEC's financial services agenda during its host year. Toward that end, NCAPEC recommends Malaysia work with APEC officials to:

- Hold a public-private dialogue at the Finance Ministerial Meeting where ABAC members and other private sector stakeholders can discuss issues of importance to the region's financial sector, including promoting innovation, electronic payments, sustainable finance and capital market development, with Finance Ministers.
- Advance CAP's work agenda and collaborate closely with the private sector to help facilitate and achieve the action items developed under the Plan (e.g. through ABAC's Finance and Economics Working Group, the APFF, and APIP).
- Ensure the establishment of an open payments ecosystem and globally interoperable payment standards to enable deployment of new technologies (such as innovative payment solutions or security capabilities to manage fraud and cybersecurity risk) for the benefit of consumers and businesses to facilitate the growth of e-commerce and MSMEs.
- Assess the risks of e-commerce associated with transactional laundering, i.e. money laundering through emerging and electronic payment systems; adopt the Financial Action Task Force's risk-based approach in anti-money laundering and counter the financing of terrorism, as well as build relevant safeguards into the Cross-Border E-Commerce Facilitation Framework.