B20 FINANCING GROWTH TASKFORCE POLICY PAPER

July 2016

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Taskforce constitution and working process

The Chinese government appointed the China Council for the Promotion of International Trade (CCPIT) to guide the work of B20 China in 2016 under the leadership of Mr. JIANG Zengwei, Chairman of CCPIT and Mr. YU Ping, B20 Sherpa. B20 China continues the momentum started by the Turkish presidency of 2015, and under the auspices of the G20 China presidency the focus is on building an innovative, invigorated, interconnected and inclusive global economy. Finance is one of the priority areas. The others are trade and investment, infrastructure, SME development and employment. A forum on anti-corruption has also been established.

Leadership

The Financing Growth Taskforce was established under the leadership of Taskforce Chair, Mr. MIAO Jianmin, Vice Chairman and President of China Life Insurance (Group) Company and five Co-chairs: Mr. ZHANG Hongli, Senior Executive Vice President of Industrial and Commercial Bank of China (ICBC); Mr. Craig Meller, Chief Executive Officer of AMP Ltd; Mr. Andrey Kostin, CEO & President of VTB Bank; Mr. Bill Winters, CEO of Standard Chartered; and Mr. Laurence Fink, Chairman and Chief Executive Officer of BlackRock.

Membership

To ensure broad business representation in the taskforce, the 87 taskforce members currently represent all major countries in G20, as well as different sectors of the financial industry, including banking, insurance, asset management and financial conglomerates. PwC supports the taskforce as Knowledge Partner and the Institute of International Finance (IIF) supports as Network Partner.

Working process

The working process, or to be more specific, policy development process began with a scoping exercise to develop themes for investigation. Each theme was then deeply researched and debated within the taskforce to generate draft recommendations. The draft recommendations were refined in an iterative process and a series of actions developed to test the practicality of the recommendations. The taskforce met five times before the B20 Summit and exchanged ideas and materials between meetings. Please refer to the "Taskforce schedule and distribution of members" section for details.

Summary of recommendations

Context

Over the past years, the global economy continues to recover, but with increasingly divergent trends and diminished expectations for strong, sustainable and balanced growth. Downside risks and vulnerabilities have risen against the backdrop of volatile capital flows, a slump in commodity prices and escalating geopolitical tensions.

In the G20 Finance Ministers and Central Bank Governors Meetings this year, the consensus was that while the magnitude of recent market volatility has not reflected the underlying fundamentals of the global economy, governments do need to do more to support inclusive growth. This makes the B20's role more meaningful as an advisory body providing practical policy recommendations.

This is China's first time hosting the G20 and the B20 events. With China becoming the world's second largest economy and contributing to the majority of growth, the world naturally has greater expectations on China's role in addressing global issues. In order to address outstanding issues of the moment to mitigate short-term risk and develop forward-looking and creative policy ideas and take collective actions to steer the world economy towards an innovative, invigorated, interconnected and inclusive one, G20 China identified four policy areas in 2016, including: 1) breaking a new path for growth; 2) more effective and efficient global economic and financial governance; 3) robust international trade and investment; and 4) inclusive and interconnected development.

The B20 Financing Growth Taskforce focuses on the second area and proposes four policy recommendations in response to the G20's priorities, namely: 1) financial sector reforms; 2) green finance; 3) financial inclusion; and 4) international tax. These recommendations continue the momentum of the Antalya Summit and the outcomes of all previous summits in financial sector reforms and financial inclusion, as well as expanding the discussion into new areas, for example, call for leveraging digital technology in financial inclusion, and bringing in green finance and international tax as important issues for future action. The B20 believes that by implementing these recommendations the financial sector can contribute to strong, sustainable and balanced growth.

Challenges

1. Global financial regulatory reforms since the Washington Summit in 2008 have achieved most of the initial objectives. Yet as the global recovery slows down, it is also important to re-evaluate post-crisis financial regulations, particularly in relation to lessons learned during the implementation stage to remove the impediments for economic growth. On the other hand, in order to enhance the stability and resilience of the global financial system, the G20 needs to continue the reforms, implementing and reviewing standards and rules already agreed upon and further the work on setting appropriate standards for those rules which have recently been proposed. The B20 recognises the value of these recent proposals in balancing simplicity and risk sensitivity and promoting comparability in prudential regulation, and advises that the G20 and its member countries' policymakers to conduct independent cost benefit analysis to evaluate adverse effects of certain post-crisis reforms, as well as to assess potential economic costs and benefits in a holistic manner before introducing new reforms in the future.

2. The green finance market has been emerging rapidly around the world driven by policy objectives and business innovations. In April 2016, 170 parties signed the Paris Agreement

with the commitment to meet the 1.5°C target. Large amount of investments have to be mobilised for the renewable energy sector and for financing energy efficiency. Environmental clean-up and protection also requires significant global investments. Yet there are concerns in the markets about channelling funds from assets that deplete natural resources towards the green sector. The B20 is aware that the G20 recognises the pressing environmental challenges and the importance of mobilising green finance, and welcomes the establishment of the G20 Green Finance Study Group (GFSG) together with the progress it has made in identifying challenges to mobilise private capital for green investments. The B20 looks forward to being involved in this process and emphasises the importance of removing the obstacles by reaching a common understanding about green finance, putting in place incentives to create price difference and supporting a systematic approach of measuring risks arising from tightening climate policies.

3. Financial inclusion has been recognised by the G20 as one of the main pillars of global development since its Pittsburgh Summit in 2009, with the launch of G20 Financial Inclusion Experts Group (FIEG) and The Global Partnership for Financial Inclusion (GPFI) together with a concrete Financial Inclusion Action Plan endorsed in 2010. Despite the progress made, there is still more to be done, as there are more than 2.5 billion adults – about half of the world's adult population – who do not have a bank account according to a report by the World Bank. The B20 believes that digital technology can make financial services available to the underserved group and thus suggests the G20 governments to provide macro guidance and policy support to encourage financial institutions to embrace digital technology.

4. International tax is at the juncture of a historical change where globalisation and emerging industries pose challenges to tax rules, policies and administration systems. The Base Erosion and Profit Shifting (BEPS) problem undermines the tax systems' integrity and trust between governments and taxpayers, weakens investment confidence and, in turn, affects growth. The B20 supports the principles underlying the BEPS project but reminds that many of the proposals might potentially impose a significantly increased compliance burden and the likelihood of disputes and uncertainty, which may deter cross-border investment. As such, the B20 suggests the G20, the OECD and G20 countries properly weigh up such compliance costs against the likely benefits when enacting or implementing the BEPS related legislative amendments. In addition to the BEPS, the B20 believes that efforts should also be made to explore future development of taxation, and give full scope to the role of taxation in promoting investment and growth. On top of this, the B20 considers that this is an opportune time for governments to use the increased cooperation, coordination and information sharing between tax administrations to not only create benefits for tax authorities, but also taxpayers.

Summary of recommendations

Recommendation 1. Optimise global financial regulations to support growth

1.1 Re-assess the impact of recent and planned financial regulations on the global economy and conduct independent cost-benefit analysis on new global capital and liquidity standards, especially on trade finance, SME lending, market liquidity and insurance regulations

1.2 Adopt a more comprehensive and principles-based process for cross-border financial regulatory consultation in order to improve regulatory coherence

1.3 Promote global financial market integration and open access

Recommendation 2. Facilitate the development of green financing and investments markets

2.1 Create incentives and lower the financing costs of green investments

2.2 Develop green standards and encourage disclosure and reporting on investment impacts

2.3 Build institutional capacity and knowledge through a G20 international platform

2.4 Encourage or reward those taking actions to measure climate, environmental and social risks

Recommendation 3. Promote financial inclusion by embracing digital technology innovation

3.1 Leverage digital technologies to promote financial literacy and protect individual consumers

3.2 Increase accessibility of financial services to less privileged people through mobile money

3.3 Leverage mutual insurance and micro insurance to protect less privileged people

3.4 Coordinate credit database and introduce advanced technology to support financial inclusion

3.5 Improve regulatory governance of alternative finance

Recommendation 4. Tax as a means to support inclusive growth

4.1 Adopt tax policies which support cross-border debt financing and equity investment

4.2 Ensure that the tax policies in the implementation of the BEPS project are consistent and aligned between the developed countries and the developing countries

4.3 Develop tax policies with mutual benefits for tax authorities and taxpayers from increased cooperation, coordination and exchange of information between tax authorities

Recommendation 1. Optimise global financial regulations to support growth

Summary

Recommendation	Re-assess the impact of recent financial regulations on the global economy, ensure calibration of new financial regulation in accordance with the stated policy goal of no significant capital increase for the financial institutions and promote greater coordination, consistency and openness for future rule-making and market access to enable financial institutions to better support growth in the real economy
Owner	G20 countries, the Financial Stability Board (FSB), the Basel Committee on Banking Supervision (BCBS), the International Association of Insurance Supervisors (IAIS), Committee on Payments and Market Infrastructures (CPMI), International Organization of Securities Commissions (IOSCO)
Timing	December 2016
KPI	• **Trade finance:** change in global trade growth rate, breakdown by US/EU/APAC regions • **SME lending:** change in global SME lending as a percentage of total credit, breakdown by US/EU/APAC regions and bank versus non-bank channels • **Market liquidity:** turnover ratio and bid-ask spreads for main asset classes, breakdown by US/EU/APAC regions • **Cross-border regulation:** number of Memoranda of Understanding signed and regular monitoring of their implementation status • **Market Access:** new policy/standards to promote open market access among G20 countries

Context

Global financial regulatory reforms since the Washington Summit in 2008 have achieved most of the initial objectives, such as building more resilient financial institutions, ending too-big-to-fail moral hazards, and making derivatives markets safer. In order to enhance the stability and resilience of the global financial system, the G20 needs to continue implementing and reviewing standards and rules already agreed and further the work on setting appropriate new standards where required. Yet as the global recovery slows down, it is also important to re-evaluate the post-crisis financial regulations, particularly on lessons learned during the implementation stage and for potential negative impacts emanating from pending reforms. For the credit squeeze in trade finance, small and medium-sized enterprise (SME) lending and other underserved sectors, coupled with the decline in the depth of market liquidity are becoming impediments for economic growth.

The G20 will continue to be vigilant concerning new risks and vulnerabilities of the global financial system, and respond by adopting timely measures. For example, the Basel Committee on Banking Supervision (BCBS) has been proposing fundamental changes across the board to the capital framework including, but not limited to, operational risk capital changes, reforms to the Standardized Approach for Credit Risk (SA), proposals on limitations on the Internal Ratings Based approach (IRB) and the introduction of capital

floors based on the SA, and implementation of parallel standards on the Fundamental Review of the Trading Book (FRTB).

The B20 recognises the value of these new proposals in advancing a balanced reform agenda, but reminds that the impact of these changes on banks' capacity to support the real economy could be substantial. The G20 and its member countries' policymakers are advised to conduct independent impact analysis to evaluate the adverse effects of certain post-crisis reforms, as well as to assess potential economic costs and benefits before introducing new reforms in the future and finalizing pending reforms in line with the policy goal of creating no significant capital increase for the financial institutions.

Actions

Ref	Action
1.1	Re-assess the impact of recent and planned financial regulations on the global economy and conduct independent cost-benefit analysis on new global capital and liquidity standards, especially on trade finance, SME lending, market liquidity and insurance regulations
1.2	Adopt a more comprehensive and principles-based process for cross-border financial regulatory consultation in order to improve regulatory coherence
1.3	Promote global financial market integration and open access

1.1 Re-assess the impact of recent and planned financial regulations on the global economy and conduct independent cost-benefit analysis on new global capital and liquidity standards, especially on trade finance, SME lending, market liquidity and insurance regulations

International organisations, such as the FSB and the BCBS, have issued a series of policy guidelines and standards in the aftermath of global financial crisis with an overarching objective to make financial institutions more resilient through higher capital buffers, lower leverage, improved risk management and governance practices. Nevertheless, the implementation of such measures seems to have caused structural changes in certain lending activities and trading behaviours, especially in the areas of trade finance, SME lending, market liquidity and insurance.

Apply the appropriate capital and/or liquidity treatment to trade finance and SME lending

Trade finance is typically at the short-term, low-risk and high-collateral end of the credit spectrum, and has a special role to play in boosting global trade. Differentiated capital treatments are deemed necessary by industry analysis and empirical study.

A survey conducted by International Chamber of Commerce (ICC) containing data from 13 million trade finance transactions from 2007 to 2014 suggests that export letters of credit (LC) have an exposure-weighted default rate of 0.02%, compared to the 0.11% default rate calculated by Moody's for the investment grade universe. The transaction default rate for export LCs was as low as 0.01%. Even medium to long-term trade finance has a default rate of less than 50% of Moody's published corporate default rate, with Export Credit Agency (ECA) coverage providing further insurance against default on such

transactions. The survey also concludes that trade finance products have a relatively low Probability of Default (PD) and Loss Given Default (LGD).

Potentially overestimated PD and LGD have led to a higher capital charge, which curtails banks' capacities to make loans and reduce the funds available to the economy. The B20 suggests that the BCBS collect official data and validate the findings from the survey, to conduct formal quantitative impact study (QIS) to analyse and re-calibrate capital rules under SA and potentially IRB approach, among others, and introduce a differentiated capital treatment for trade finance exposures to various corporate counterparties.

SME financing, which is critical for job creation and economic growth, remains an underserved sector. According to the Federal Reserve's data, the total loans and leasing outstanding have been growing steadily over the past decade, with the exception of 2009 (see Graph 1). On the other hand, small business loans as a percentage of total loans and leasing outstanding have been declining in the US during the same period, as capital market finance continues to develop. As banks are cutting back lending to the SMEs, alternative lenders, such as insurers, consumer finance companies and online marketplace lending companies, are eager to fill the gap. G20 policymakers are advised to consider introducing policies aimed at broadening financial services providers through the right incentives (e.g. licensing, capital and tax).

Graph 1: Small Business Loans as % of Total Loan and Leasing Assets

Source: Federal Reserve and PwC Analysis

Bank loans represent only 32% of total private sector debt in the US, whereas they represent 74% of total private debt in the Euro Area (see Table 1). As a result, the negative impact on growth and investments of current regulatory proposals will be disproportionately more harmful in Europe than in the US. The B20 welcomes the European Commission's Capital Market Union initiative, which aims at developing market based finance in Europe, as a complement to bank funding, and would support an acceleration of its implementation. In the meanwhile, the B20 warns that the calibration of the current Basel proposals should be more balanced, in order to avoid another wave of deleveraging which would endanger the nascent European recovery.

Table 1: Banking V.S. Non-Bank Lending – A Comparison of EU and US (2015, 3rd Quarter)

Sector	Euro Area	United States
Securities	10%	21%
Bank Loans	**74**%	**32**%
Other Loans	16%	46%
Total	100%	100%

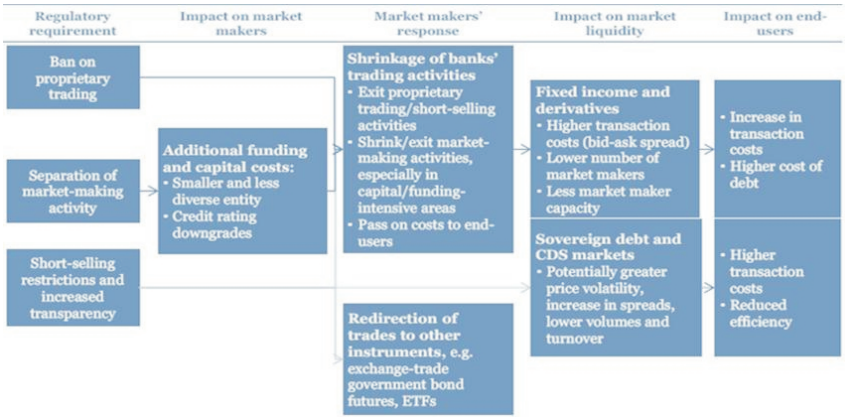
Source: Federal Reserve, European Central Bank and BNP Paribas Analysis

Review the liquidity of fixed income markets

A series of liquidity regulatory reforms that were designed to improve banks' liquidity positions have undoubtedly led to a more resilient banking industry. However, according to BlackRock's research, the liquidity for fixed income markets has declined between 2006 and 2013, particularly on agency mortgages. PwC has also undertaken a broad review on the liquidity of global financial markets, as evidenced by turnover ratio (the ratio of average daily trading volume to outstanding volume). The findings suggest both corporate and sovereign bonds' turnover ratios are declining as daily trading volumes failed to keep up with the increase in outstanding volume between 2010 and 2014. Although enhanced regulations are not the only reason for the observed decline in market liquidity, there are inherent tensions between different reforms which can stifle the effectiveness of individual reforms and add complexity of unintended consequences.

For example, policymakers have adopted regulations to distance certain trading activities from traditional banking activities, such as deposit-taking and loan-making (see Graph 2). As a result, many financial institutions have decided to shrink or even exit trading activities.

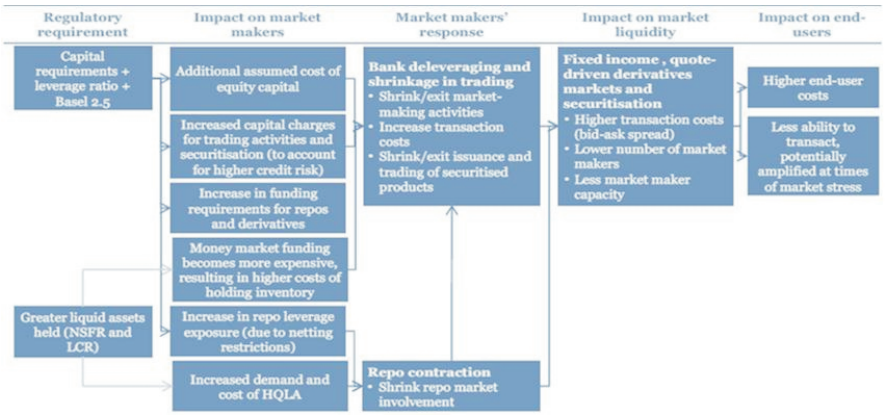
Graph 2: Regulations on trading activities and the implications



Another example is the lack of interaction of liquidity policy reforms on capital (see Graph 3). The leverage ratio requirement does not allow for the netting of repo exposures in interbank/inter-dealer repo transactions unlike risk-based capital requirements, which imposes a higher capital requirement than risk-based requirements. Within the G-SIBs framework, banks do not get reduced capital requirements following the implementation of the Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) and Total Loss-Absorbing Capacity (TLAC) requirements, which contributes to lower bank risks. Such layering of capital and liquidity requirements can be excessive in aggregate and detrimental to market liquidity, particularly the inventories of financial instruments held to

support market making activities.

Graph 3: Regulations on capital and the implications



The B20 suggests the G20 and policymakers conduct a review on market liquidity, and evaluate the market breadth and depth. When undertaking such review, it is important to pay attention to new developments in fixed income and asset management market structure, such as the growth of certain open-ended mutual funds and exchange trade funds (ETF) as well as bonds and other fixed-income securities held by insurers, pension funds and other market participants.

Cumulative effect of recently proposed reforms by the BCBS

The global regulatory reform agenda is heavily focused on capital requirements and their downstream impacts. The BCBS is proposing fundamental changes across the board to the capital framework including, but not limited to, operational risk capital changes, reforms to Credit Risk Standardized Approach (SA), limitations on the Internal Ratings Based approach (IRB) and capital floors, and implementation of parallel standards on the Fundamental Review of the Trading Book (FRTB). The B20 recognises the value of these proposals in balancing simplicity and risk sensitivity and promoting comparability by reducing variability in risk-weighted assets across banks and jurisdictions. However, taken in total, the impact of these changes on the banks' capacities to support the real economy could be substantial.

For example, the BCBS has acknowledged under their own assessment that the FRTB revisions will increase the trading book capital by 40 percent. Significant changes in the final iteration of the standard will affect trading in the areas of fixed income, foreign exchange, equities and securitization. Changes in the approach to certain currencies as well as the treatment of equities could also negatively and disproportionately impact banks in emerging markets.

Under changes currently proposed for the treatment of operational risk, the replacement of the Advanced Measurement Approach (AMA) with a simpler, less risk sensitive Standardized Measurement Approach (SMA) will likely to increase the amount of capital to be allocated to operational risk, with extremely significant increases in some instances. This is not only the case for banks using AMA, but also for banks that are using any of the other options actually available for measuring operational risk. This is shown in an impact study recently carried out by ORX (Operational Risk data exchange Association) among its members, where 75% of the banks surveyed saw an increase in Pillar I operational risk capital under the SMA, with a median increase of 33% in capital needs and a mean

increase of 61%.

Changes to the SA for corporate counterparties may also not provide a risk sensitive or capital neutral outcome. In conjunction with Global Credit Data (GCD), the Institute of International Finance (IIF) conducted a quantitative survey showing that the majority of the large corporate exposures, and nearly all exposures for SMEs, are actually not externally rated, with only a small proportion (18.5%) of the investment grade corporate exposures (rating of AAA to BBB-) being rated. As such, a flat 100% risk-weighting would apply in these circumstances (with 85% to SMEs) and would result in unwarranted higher risk weighted assets (RWAs) for high quality corporate counterparties.

These effects are multiplied when adding on the possibility of moving significant customer segments and asset classes from the IRB approach to the SA, as currently proposed by BCBS. In this case, the B20 believes it is critical to consider situations where the SA (in its current proposed format) is distinctly inappropriate for large and diverse banking groups. These changes could introduce new distortions to the relationship between risk and capital by decreasing risk sensitivity and providing the perverse incentive to invest in higher risk asset classes rather than in high quality portfolios.

Lastly, we have concerns when setting capital floors based on the SA for IRB banks. We believe that a potentially overly simplistic standard such as a floor may in the end reduce risk sensitivity overall and that targeted solutions should be explored to preserve the benefits of internal models while addressing undesired shortcomings. The effect of a floor at the high calibration currently envisioned by Basel will be to over-ride the risk-based approach for almost all but the weakest of credits. This will materially raise capital requirements for strong assets (but not weak ones) across the whole industry.

The B20 strongly encourages G20 policymakers to take these factors into consideration and conduct independent economic cost-benefit analysis. A measured and iterative review of these reforms should be encouraged in a holistic manner before finalization of new proposals to avoid unintended consequences for the real economy. In that regard, the B20 is committed to contribute to the ongoing Basel Quantitative Impact Study (QIS) which aims to analyse the effect of the current proposals, and to provide a basis for final calibration of the new framework. We also welcome the G20 mandate to the FSB to provide a cost/benefit analysis in order to contribute to the delicate balancing act between financial stability and growth. However, it is important to emphasize the concerns we have with the current process. Specifically, despite the large time and effort committed by participants, the quality and consistency of the QIS exercise is likely to be below expectations, given the extremely tight timeframe and the magnitude of modelling changes at stake, which may translate into major issues for interpretation. As such, the cost and benefit analysis must be conducted with the view of assessing the marginal benefit of additional capital requirements (following the unprecedented capital accumulation that has already occurred since the financial crisis), compared to the cost of increasing even more capital in the financial system at the expense of other industry sectors.

Taking into account lessons learned to avoid disincentives for insurers

Inappropriate and/or wrongly calibrated regulations may discourage insurers from engaging in certain investment activities. In Europe, insurers are the largest institutional investors with almost €10tn of assets under management (more than 60% of GDP in EU) at the end of 2014. Most of the assets are invested with a long-term perspective in a wide range of products, including government bonds, corporate bonds, infrastructure projects, asset-backed securities, real estate and equity of listed companies. G20 and other policymakers should address regulatory issues affecting the insurance industry with a specific objective to enable their roles as long-term investors. For example, if capital rules

are calibrated based on the assumption that insurers invest like traders who act on short-term market price movements, the capital requirements will be unnecessarily high, which creates disincentives for insurers to invest in the long term investment that can support growth. Moreover, from the perspective of asset and liability matching, some regimes use discount rates for assets and liabilities derived under different methodologies. This creates an artificial mismatch between assets and liabilities, which in periods of market stress amplifies and creates so-called artificial balance sheet volatility. The International Association of Insurance Supervisors (IAIS) has been developing the global insurance capital standards (ICS). The B20 reminds that IAIS should be mindful of recommending appropriate methodologies for valuing insurers' assets and liabilities as well as for calibrating capital requirements.

1.2 Adopt a more comprehensive and principles-based process for cross-border financial regulatory consultation in order to improve regulatory coherence

Greater financial stability has been achieved by the FSB and BCBS, e.g. with the Basel III and TLAC standards, but the detailed application of the international framework at a national/ regional level varies. Regulatory inconsistencies raise significant concerns for lenders who have to contend with different regulations across jurisdictions and face heightened financial and reputational risks from unintended non-compliance. These inconsistencies complicate cross-border activities and alter competitive equilibria. They give rise to regulatory arbitrage and to business models that are more difficult to supervise and resolve. The net effect is that systemic risk is amplified.

Greater regulatory consistency would allow financial institutions to operate more efficiently, without unnecessary impediments, and would limit opportunities for regulatory arbitrage. An enhanced level playing field, moreover, would improve competition among banks and other financial institutions, with entry and operational costs standardized across jurisdictions, sectors, and asset classes.

The B20 recognises the work that the G20 and its partner organizations, such as the FSB and Basel Committee, have done over the past few years to advocate cross-border cooperation and collaboration, but notices that the effort at improved cooperation seems to focus primarily on cross-border supervision and issue-specific policy development, as the detailed application of such framework at a national/regional level varies considerably. What has yet to be addressed by the G20 is the process by which new regulations are drafted and implemented.

For example, one of the key policy focuses post financial crisis is on systemically important financial institution ("SIFI") regulation. The national regulators where such SIFIs are based have acted according to their respective mandates to establish standards that they believe meet, if not exceed, the international standards and guidelines agreed upon by the Basel Committee, the G20 or other international standards setters. Such regulatory actions are nationally focused, whereas, given the lessons learned from the financial crisis, regulations in a globalized financial system should also be taking into account cross-border impact and seeking to nurture mutual recognition when appropriate. This weakness in cross-border regulatory consultation contributes to compliance burdens for financial institutions with cross-border operations and undermines the objective of providing a level playing field for financial institutions in different jurisdictions.

Cross-jurisdictional exercise of SIFI resolution powers, and OTC derivatives implementation raise even more complex practical and legal questions and are good examples of where a more formalized process of cross-border financial regulatory consultations can be a useful mechanism for better-informed regulatory action. B20 believes that these regularly occurring cross-border issues can be more effectively

addressed by cross-border consultations among national regulators, supported by inter-governmental understandings that set out basic principles to guide the consultations and decisions made by the regulators in a given dialogue regarding financial regulatory actions. A more comprehensive process of financial regulatory consultation can mitigate the fragmentation.

- **Transparent -** Industry and policymakers would need to be open and forthcoming as to their domestic initiatives. A well-defined timetable for the coordination of regulations shall be established with reasonable timelines for market participants to respond to regulatory proposals.
- **Timely -** Identifying cross-border issues early in the regulatory drafting process would be an important advancement compared with the existing ad-hoc frameworks where international dialogues occur too late to improve outcomes.
- **Evidence-based -** Understanding the domestic and cross-border consequences of proposed regulatory actions should be paramount in evaluating options.
- **Aimed towards conflict mitigation -** While important and useful dialogues do exist between regulators, at present there are no processes in cross-border financial regulation to systematically manage divergences in well-understood ways. The absence of such a mechanism potentially delays and even prevents countries from moving towards mutually satisfactory outcomes.
- **Outcomes-oriented –** Deference to or mutual recognition of other regimes is an important component of coordinated regulation across borders. This shared principle will help motivate dialogue and mitigate the risk of extraterritoriality and duplicative rules. Clear, detailed standards for comparability assessments, as well as mechanisms for the ongoing assessment of regimes as rulemaking and implementation progress, will be necessary to avoid the risk of inconsistent determinations.

The B20 believes that a permanent, well-defined consultative process, guided by principles such as those noted above, is recommended. Such a process would alleviate the need for ad-hoc consultations, and would be a practical acknowledgment that financial regulation with cross-border consequences is inevitable and constant. The B20 recommends the G20 use cross-border Memoranda of Understanding (MoU). Such MoUs could establish a process for consultations before implementing new regulatory measures that would take into account the effects on real sector funding and on economic growth and implementation considerations for emerging and advanced economies. The underlying rationale shall aim to maximize mutual recognition of regulators and reduce conflicts with adverse effects on financing for SMEs and larger firms. Regarding establishment of mutual-recognition mechanisms, regulators should agree to base such decisions on whether other regimes achieve comparable regulatory outcomes, not on whether they have identical rules. This approach would allow for truly cross-border regulation and increase the credibility, efficiency, and effectiveness of financial regulatory reform. More specifically, the recently implemented Regulatory Consistency Assessment Program (RCAP) of the BCBS should focus more on the fulfilment of regulatory outcomes instead of specific rule adoption. In summary, the B20 believes that a well-coordinated financial regulatory framework will help provide a more level playing field and will contribute to efficient and stable financial markets and support global economic growth.

1.3 Promote global financial market integration and open access

The B20 observed that, following the global financial crisis, many large financial institutions have scaled back their global footprint for a more home-country focused strategy. The direct impact was the more strict licensing and market entry requirements

that have prevented foreign financial institutions from entering domestic markets. Such localisation is having a negative impact on global financial market integration and economic recovery growth.

This, in part, can be attributed to a trend towards "localisation" by regulators, as they operate under the assumption that such an approach will allow for better protection of their home countries from financial risks. As a result, direct cross-border lending as a share of total banking assets has declined, primarily because of retrenchment by European banks. A combination of bank clean-up and exit from certain market segments, reduced risk appetite, stricter regulations and adverse regional macroeconomic factors contributed to this outcome.

Based on G20 Nations Case Study data collected by Global Coalition for Efficient Logistics (GCEL), the financial industry is among the lowest in terms of supply chain integration (see Table 2 below).

Table 2: Financial Industry Integration Score (1 being the lowest, 5 being the highest)

Sector	Integration Score
Finance Industry	**1.07**
Insurance Industry	**1.16**
Average Score for All 19 Industry Clusters	**1.24**

Last but not the least, the B20 noticed that many large international banks have been withdrawing from emerging financial markets because there are uncertainties around the way they are treated from a capital perspective and in terms of a lack of regulatory clarity in the application of rules relating to financial crime and conduct compliance. The latter issues have led to a reduction specifically in correspondent banking activity.

The B20 strongly encourages the international community to address these issues by encouraging the official sector to tackle the legal and regulatory impediments to sharing data to fight financial crime; to remove the impression of a "zero tolerance" enforcement environment; to find ways to give the industry greater comfort about what would constitute adequate compliance measures in order to reduce incentives to "de-risk"; to assist respondent banks and their regulators to improve their compliance programs; and to institutionalize consultation with the private sector on ways to mitigate problems such as these in the future.

The B20 suggests the G20 policymakers engage in more dialogue that would promote the integration of and open global financial markets, as well as look closely at the landscape of financial market entry and operating requirements.

KPI

- **Trade finance:** change in global trade growth rate, breakdown by US/EU/APAC regions
- **SME lending:** change in global SME lending as a percentage of total credit, breakdown by US/EU/APAC regions and bank versus non-bank channels
- **Market liquidity:** turnover ratio and bid-ask spreads for main asset classes, breakdown by US/EU/APAC regions
- **Cross-border regulation:** number of Memoranda of Understanding signed and regular monitoring of their implementation status
- **Market Access:** new policy/standards to promote market open access among G20 countries

Recommendation 2. Facilitate the development of green financing and investments markets

Summary

Recommendation	Facilitate the development of green financing and investments markets with clear goals and measurement frameworks to maintain sustainable economic development
Owner	The FSB, the GFSG, finance ministries, central banks, financial institutions
Timing	December 2017
Value	US$ 10 trillion
KPI	International cooperation platform Disclosure and reporting mandate
Current (Target)	US$100 billion

Context

The green finance market has been emerging rapidly around the world driven by policy objectives and business innovations. With the increasing concern about climate change and environmental issues, the global green bond market has been growing considerably since 2013, but the total scale is still full of potential. Accompanied by growth in India and China, it is estimated that the green bond issuance will amount to US$ 100 billion in 2016.

In April 2016, 170 parties signed the Paris Agreement with the commitment to meet the 1.5°C target. On average, efforts need to be doubled in reducing carbon emissions. Large amounts of investment has to be mobilised into the renewable energy sector and financing energy efficiency. Environmental clean-up and protection also requires significant global investment. The gap in clean energy alone is around US $500 billion by 2020. Yet there are concerns in the markets in channelling funds from assets that deplete natural resources towards the green sector, mainly due to: 1) Misplacement of incentives; 2) Lack of institutional capacity and understanding/standards on green finance; 3) Perceived views that green investment is riskier; 4) Lack of pricing mechanism for carbon and other environmental externalities.

The B20 notices that the G20 has recognised the pressing environmental challenges and the importance of mobilising green finance, and welcomes the establishment of the G20 Green Finance Study Group (GFSG) together with the progress it has made in identifying challenges to mobilise private capital for green investment. The B20 has also noticed that GFSG has been preparing a synthesis report, which will draw from the findings on selected research subjects, before the July G20 finance minister and central bank governor meeting. The B20 looks forward to being engaged in this process and emphasises the importance of removing obstacles by reaching a common understanding of green finance, placing incentives to create price difference and supporting a systematic approach of measuring risks arising from tightening climate policies.

Value

To avoid "catastrophic" climate change and get the world on a 2°C emissions trajectory requires US$ 53 trillion in cumulative investment in energy supply and energy efficiency up to 2035. [1] The 1.5°C target agreed in Paris requires more investments. In addition, major economies face a US$ 10 trillion investment deficit annually by 2020. [2]

Actions

Ref	Action
2.1	Create incentives and lower the financing costs of green investments
2.2	Develop green standards and encourage disclosure and reporting on investment impacts
2.3	Build institutional capacity and knowledge through a G20 international platform
2.4	Encourage or reward those taking actions to measure climate, environmental and social risks

2.1 Create incentives and lower the financing costs of green investments

The B20 believes that the lack of real incentives in investing in green projects needs to be addressed urgently. Explicit commitments are advised to be made to provide fiscal support in achieving a step-change in the provision of green finance.

These commitments can be funded by removing subsidies from polluting and fossil fuels producing industries, or through a special government fund for renewable energy development. Following the 2015 Paris Climate Conference (commonly known as the 21st session of the Conference of the Parties, or COP 21), country leaders should look into subsidies that go into coal. Activities would be aligned with stringent environmental standards or climate obligations. The financial pledge made by the countries in COP 21 particularly should be made available to the capital markets either through fiscal transfer to reduce the additional costs of issuance, or third party guarantee to eliminate upfront costs. Examples include subsidised loans, tax-free coupons, tax credits, and tax advantages for green projects and green bonds.

Policy support can also be offered through non-financial means such as lowering the capital reserve ratio, sharing risks among different stakeholders, and simplifying the bond issuing procedures. Reducing capital charges for insurance companies and offering benefits in liability matching calculation for pension funds investing in long-term green projects will accelerate green financing as well.

Fiscal incentives will have an immediate impact on boosting the use of green financing. In the longer run, we should look at a more systematic approach that prices environmental and climate risks.

[1] International Energy Agency (IEA)
[2] UNEP Inquiry

Country practices

An example of tax credit bonds in the area of clean energy is the U.S. federal government Clean Renewable Energy Bonds (CREBs) and Qualified Energy Conservation Bonds (QECBs) program. In these programs, 70% of the coupon from the municipal entity is provided by a tax credit or subsidy to the bondholder from the federal government.

In Brazil, bond investors are exempted from paying income tax on interest income from green bonds on wind projects, so issuers enjoy lower borrowing costs.

In China, the government has sent a very clear signal on green finance and released green bond guidelines at the end of 2015, encouraging both financial institutions and companies to finance green projects through the bond markets.

In France, the amendment of the ***Act on Liquidity Coverage Requirement*** is under discussion, which will include preferential treatment for green bonds in banks, e.g. a lower high quality liquid assets (HQLA).

2.2 Develop green standards and encourage disclosure and reporting on investment impacts

The B20 believes that the success of new markets will rely greatly on solid data and transparent information. Regulators from many countries require certain industries to disclose and publicise their sustainability performance, but more efforts are required, such as verifying the green impacts of each green investment project, requiring each investor to report how their investment decision-making processes take environmental, social and governance criteria into consideration, and contributing to the financing of ecological and energy transition. This can be achieved through stock exchanges, moving from voluntary to compulsory reporting, as well as green indices and credit ratings.

The B20 encourages asset owners and their managers to study the potential risks of investment portfolios associated with climate change and environmental issues. This may require the alignment of investment processes and policies with best practices on environmental, social and governance (ESG) management and disclosure.

The FSB launched the industry-led Task Force on Climate-Related Financial Disclosures (TCFD) in December 2015. The TCFD will develop a set of recommendations for consistent, comparable, reliable, clear and efficient climate-related disclosures by companies. The G20 has this vital continued role to converge definitions to the FSB and exemplify good practise, harmonize standards in green finance. This will lead to a substantial increase in green investment. The B20 suggests the G20 to keep tracking the progress and include the voice of the B20.

2.3 Build institutional capacity and knowledge through a G20 international platform

The B20 finds that financial sectors in many countries do not have enough data and relevant knowledge for assessing green projects. The scope of green finance should also be clearly defined. International corporations are in great need to share best practices in order to build consistent standards of judging the quality of each green project and of evaluating the proceeds of the investments.

The B20 believes that one potential mechanism to achieve the commitments made at the Finance Ministers and Central Banks Governors meeting in Shanghai is to have international organisation(s) such as the OCED and/or World Bank establish a database for all green projects and is accessible to investors in all regions together with knowledge sharing programmes where lessons can be drawn upon. Both the public and private

sectors are encouraged to participate in green finance through engaging bodies, such as Multilateral Development Banks (MDBs), in risk-sharing at scale. MDBs can address regional issues where efforts made solely at national level are not enough. G20 leaders can have joint commitment on green finance through MDBs and work more closely with private investors through scaling up deployment of proven instruments and mechanisms, while also designing new funds and tools to attract private finance for new investment opportunities. Other forms of public investment, such as procurement, should take into account environmental considerations too. The UK has set an example in establishing a successful business model for large, dedicated green infrastructure projects.

Uk's Green Investment Bank

The UK Green Investment Bank (GIB) is the world's first investment bank dedicated to greening the economy. GIB was created by the UK government with public funding of £3.8 billion, and invests in innovative, environmentally-friendly areas for which there is a lack of demand from private markets. This includes offshore wind power generation, waste-handling plants, energy efficiency measures, biofuels, biomass, carbon capture and storage, marine energy and renewable heat generation.

The establishment of GIB is a key part of the UK's efforts to achieve its legally binding climate change and environment targets and to support energy market reform. Its business model is to invest in commercial terms and to be both green and profitable. It aims to invest in a way that demonstrates the attractiveness of the opportunities to others.

By far, the GIB has backed 65 green infrastructure projects, committing £2.6 bn to the UK's green economy into transactions worth £10.6 bn.

Source: www.greeninvestmentbank.com

2.4 Encourage or reward those taking actions to measure climate, environmental and social risks

The B20 encourages the financial sector and other sectors to transform their business practices and profit models with a focus on green finance and enhance their sustainable competitiveness with great guidance. The role of G20 in achieving this aim is to ensure a level playing field for all, as well as to ensure that the investors are protected through proper risk management of their investments. In many countries, regulators have already encouraged or released guidance on the reporting of environmental, social and governance risk. The B20 suggests the GFSG to engage and work with the private sector to develop useful tools to measure and manage new risk factors.

Many studies keep pointing out the fact that the potential damage of "stranded assets" standing in conventional areas (such as high carbon, energy intensive sectors) would suffer from unanticipated or premature write-downs and devaluation if factoring in environmental risks. The B20 believes that there is potential for integrating environmental risks into the Basel regulations. Citigroup has estimated that in a low-carbon scenario the value of "un-burnable" fossil fuel reserves could amount to over US$ 100 trillion out to 2050.

In an increasingly carbon-constrained world, the value of low carbon assets is expected to increase over time. New valuation methods have been applied in project financing in many sectors. Some banks have started exploring this field through stress testing.

ICBC Environmental Stress Testing Programme

ICBC has been conducting stress test research regarding the impact of environmental factors on credit risks. It measures external environmental risks in a monetised approach to assess financial impacts on enterprises and calculate the increment of credit risk exposure in various stress scenarios. The method ICBC developed connects external factors with internal capital requirements, expanding the bank's capital management to environmental and social risks in addition to credit risk, market risk and operational risk. The method has been tested in thermal power and cement sectors.

Insurance companies are expected to take an active role in providing a wider range of risk transfer solutions, recognising the importance of insurance as an integral part of national climate risk management strategies and the high potential for building financial resilience.

KPI

- International platform endorsed by the GFSG to further sharing of best practices and knowledge by 2016
- Establish a green investment facility, committed by G20 members and managed by MDBs (such as the World Bank) with the goal of leveraging 10 times private capital

Recommendation 3. Promote financial inclusion by embracing digital technology innovation

Summary

Recommendation	Promote financial inclusion by embracing digital technology innovation
Owner	G20 countries
Timing	December 2018
Value	Microloan growth rate increase 10% Americas/10% EMEA/15% Asia Pacific Global Account Ownership increase 6% Americas/ 10% EMEA/ 12% Asia Pacific Number of people who buy mutual insurance grows 300 million Americas/ 300 million EMEA/ 400 million Asia Pacific Financial crime rate decreases 8%
KPI	Micro loan volume (by region); Global Account Ownership (by region); Number of people who buy mutual/micro insurance (by region); Financial crime rate
Current (Target)	Microloan growth rate in 2014 : 12.5% Americas/11.7% EMEA/32.5% Asia Pacific (14% Americas/13% EMEA/37% Asia Pacific) Global Account Ownership in 2014: 75.7% Americas/82.3% EMEA/66.7% Asia Pacific (80% Americas/90% EMEA/75% Asia Pacific) Number of people who buy mutual insurance in 2014 (in million): 52141 Americas/54407 EMEA/22036 Asia Pacific (52441 Americas/54707 EMEA/22436 Asia Pacific) Financial crime rate in 2016: 36% (33%)

Context

Financial inclusion has been recognised by the G20 as one of the main pillars of global development since its Pittsburgh Summit in 2009, with the G20 Financial Inclusion Experts Group (FIEG) launched to help identify innovative approaches to provide financial services to different groups. In 2010, the leaders at G20 Seoul Summit endorsed The Global Partnership for Financial Inclusion (GPFI) and a concrete Financial Inclusion Action Plan, which was updated in 2014, to meet the challenge of promoting access to finance for individuals and businesses. Although the action plan has made strong progress, more needs to be done. In Global Financial Development Report 2014: Financial Inclusion, the World Bank indicated that more than 2.5 billion adults – about half of the world's adult population – do not have bank accounts. While some of these people exhibit no demand for accounts, more are excluded because of barriers such as cost, travel distance, amount of paperwork, as well as understanding of the financial services.

In the era of advanced digital technologies, continuous innovation of technology can make financial services available to less privileged people and those in less developed areas, especially when those advanced technologies are applied to areas related to credit

database, financial literacy, consumer protection, mobile finance and micro financing. The B20 suggests the G20 governments provide macro guidance and policy support to encourage financial institutions to embrace digital technologies.

Value

- Microloan volume increases by 10% in Americas / 10% in EMEA / 15% in Asia Pacific
- Global Account Ownership increases by 6% in Americas / 10% in EMEA / 12% in Asia Pacific
- Number of people who buy mutual/micro insurance volume increases by 300 million in Americas / 300 million in EMEA / 400 million in Asia Pacific
- Financial crime rate declines by 8 percentage points

Actions

Ref	Action
3.1	Leverage digital technologies to promote financial literacy and protect individual consumers
3.2	Increase accessibility of financial services to less privileged people through mobile money
3.3	Leverage mutual insurance and micro insurance to protect less privileged people
3.4	Coordinate credit database and introduce advanced technology to support financial inclusion
3.5	Improve regulatory governance of alternative finance

3.1 Leverage digital technologies to promote financial literacy and protect individual consumers

An increasing number of governments have recognized the importance of financial literacy and developed national planning for financial education. Financial literacy mostly benefits vulnerable groups, such as the elderly, at-risk children and the youth, and also benefits the low-income group, the working class, and even the middle class. Financial literacy will not only allow access to financial services for people, but will also protect their consumer rights and prevent them from becoming victim of financial fraud cases.

Encourage schools to include financial education into early-age courses: The OECD's "Principles and Good Practices for Financial Education and Awareness" recommends that financial education should start as early as possible and should be taught in schools. Developing financial education for children as part of the school curriculum is a solid and efficient policy tool for fostering adequate self-protection awareness starting at young age. Financial education is a long-term process. Governments should encourage schools to include relevant courses into early-age curriculum and assist the youth to develop responsible financial behaviours. In addition, governments should put emphasize on funding source and adequately trained lecturers.

Provide funding to encourage community-based financial education: For elderly people, trusted entities in their communities, such as community-based organizations, could play a

significant role in raising the awareness of consumer protection and helping them avoid becoming victims of unfair business practices and fraud. These communities are more likely to understand particular needs of local residents and are able to break the barriers of income, age and ethnic issues. Governments should provide necessary funding to encourage community-based organizations to play a crucial role in financial education, as well as use mobile and digital means to provide relevant, ongoing and actionable information to help less privileged people manage their daily financial lives and weather unexpected emergencies.

Encourage financial institutions to provide clearer explanation of financial products: G20 governments should make effort to create a healthier financial environment for end customers by encouraging financial institutions to design simple products and services, as well as provide clearer definition of products and services. This will allow people with less financial knowledge to have an easier understanding of benefits and risks of financial products and choose financial services that best match their needs.

Financial education across the globe

The Programme for International Student Assessment (PISA) is a worldwide study launched by the Organization for Economic Co-operation and Development (OECD) in member and non-member nations and repeats every three years. The study aims to improve education policies and outcomes. **PISA 2012, the sixth volume – Students and Money** examines 15-year-old students' performance in financial literacy in the 18 countries and economies who participate in this optional assessment. The volume explores students' access to money and their experience with financial matters and provides an overview of the current status of financial education in schools. The result of students' performance in financial literacy shows that Shanghai is the highest-performing city among the 18 participating economies.

Figure 3.1 Financial Literacy Performance Among Participating Countries/Economies (partial)

Country	Mean Score	Rank
Shanghai (China)	603	1
Flemish Community (Belgium)	541	2
Estonia	529	3
Australia	526	4
New Zealand	520	5
Czech Republic	513	6
Poland	510	7
Veneto (Italy)	501	8
Friuli Venezia Giulia (Italy)	501	8
Latvia	501	8
Bolzano (Italy)	500	11

Source: PISA 2012 Results: Students and Money (Volume VI), 2014, OECD.

The study result is closely related to the advanced financial education of middle schools in Shanghai. An OECD survey showed 8.9 percent of Shanghai students took financial education courses at school, while 46 percent learned financial knowledge at other classes. More than a quarter of the students said they gained financial knowledge outside of schools. The director of basic education department of the education commission in Shanghai said that about 20

percent of middle and high schools in Shanghai have optional courses in finance.

In the United States, the North Carolina Department of Public Instruction (NCDPI) continues to offer professional development resources on financial literacy, including a series of regional workshops supported by a federally funded formula College Access Challenge Grant (CACG). NCDPI has also sponsored a Personal Financial Literacy Summit in conjunction with the Jumpstart Coalition to provide teachers and administrators numerous resources and trainings from state and national experts.

In February 2016, Visa announced that it will team with local organizations in China to promote financial inclusion and education through mobile technology. Visa CEO has signed a memorandum of understanding with China Union Pay (CUP) to establish the China Foundation for Development of Financial Education (CFDFE), which will bring financial education to nearly five million people in farming households. Created by the Federal Reserve Bank of Chicago in 2002, Money Smart Week is a yearly public awareness campaign designed to help consumers better manage their personal finances. In 2014, the Australian government initialled MoneySmart Week as a non-profit national programme to promote the importance of financial literacy. In the same year, Australian Securities & Investments Commission (ASIC) designed the National Financial Literacy Strategy 2014-17. These activities aim to encourage Australians to improve personal finances, to foster partnership across government, business and community sectors, and to publicly recognize and promote good delivery of financial literacy programmes and research.

Source: OECD, NCDPI, VISA, ASIC

3.2 Increase accessibility of financial services to less privileged people through mobile money

Mobile money is a proven effective financial means that could benefit people in less developed areas. Mobile money overcomes geographical and technological limitation by leveraging mobile phones. Due to the development and penetration of mobile technology, mobile phones were made available to people in less developed areas. Popularizing mobile money is one of the most convenient and appropriate ways to allow financial inclusion. Governments should : 1) encourage mobile phone manufacturers and mobile network operators to improve the penetration of affordable mobile phones and mobile services; 2) encourage companies, hospitals and schools to offer mobile money as a convenient way for customers to make payments. For instance, globally, more than 20 percent of unbanked adults receive salaries or government transfers in cash. Where necessary, salaries and government benefits could be paid into phone accounts rather than in cash.

Mobile Money Contributes to Financial Inclusion

Mobile money uses SIM cards, instead of bank accounts, as the recognition of user' identification. Mobile money is operated by mobile network operators that are not classified as banking institutions, and it aims at offering financial services to people without bank accounts, and technique convenience to people with bank accounts.

Sub-Saharan Africa is the leading region of the world in the mobile money industry: The earlier estimation by Global Findex Database indicates that in 2014, 12 percent of adults in Sub-Saharan Africa area have a mobile money account, compared to only 2 percent worldwide. One of the most successful mobile money financial services in Sub-Saharan Africa is M-PESA, developed in Kenya in 2007. Safaricom and Vodacom operate M-PESA application, providing financial services including:

- Deposit and withdraw money
- Transfer funds to other users and non-users

- Transfer money to bank accounts
- Pay bills and make other purchases

Findex data analysis 2014 shows, only 34 percent of adults have bank accounts in Sub-Saharan Africa. Lack of access to commercial banks is a critical driver for the booming mobile money industry in Africa. Mobile money can help households smooth cash flows, learn to plan savings and allow access to credit and insurance. The increased usage of mobile money contributes to financial inclusion due to its efficiency, transparency, and easy access of the services.

Source: Global Findex Database

3.3 Leverage mutual insurance and micro insurance to protect less privileged people

Mutual insurance/micro insurance, a risk transfer device, increasingly leverages digital platforms and technologies, characterised by low premiums and low coverage limits, targets less privileged people who are not served by mainstream commercial insurance and social insurance schemes. The vulnerable group gains self-protection against risk such as accident, illness, death in the family, natural disasters. in exchange for insurance premium payments tailored to their needs, income, and level of risk. However, among the commercial insurance companies who participate in the business, quite a few take it within core business strategy. Also, the quantity of NGOs that focusing on micro insurance is limited. To offer such institutions a moderate environment for continuous growth, policymakers and regulators should also leverage reinsurance business to enable risk transfer mechanism.

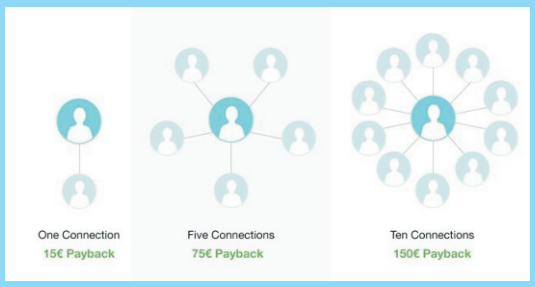
Peer-to-peer mutual insurance – Friendsurance/ ICMIF 5-5-5 Mutual Micro insurance Strategy

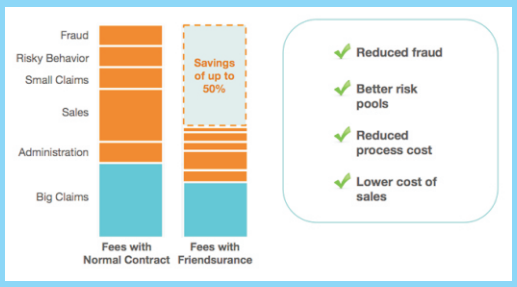
Peer-to-peer mutual insurance – Friendsurance

Friendsurance has developed a revolutionary peer-to-peer insurance concept via creating a unique proposition and competitive approach to calculating premiums. Customers connect and support each other via a small contribution. The amount pooled towards the payback for a claim increases as the customer's referral network increases.

The vision of Friendsurance is to make insurance easier and more affordable for customers. Without any additional costs, the claims-free bonus allows policy owners to get back up to 40% of their premiums if no claims are submitted. Thereby insurance not only becomes cheaper for the consumer but also provides a clear financial benefit for careful and fair behaviour, which in turn reduces fraud. Accordingly, Friendsurance records a claim frequency below market average.

Benefits to Friendsurance include reduced cost of acquisition through viral growth, and reduced risk as customers choose whom they connect with.





Source: PwC " Digital Future of Insurance_Case Studies_PwC Thought Leadership_CHINA_2015"

ICMIF 5-5-5 Mutual Microinsurance Strategy

International Cooperative and Mutual Insurance Federation (ICMIF) and Blue Marble Microinsurance are working together under the auspices of the newly formed Insurance Development Forum (IDF) to meet the G7 private sector target of 100 million people to be covered for disaster risk and resilience insurance by 2020. This project aims to build resilience in vulnerable communities.

In January 2015, ICMIF launched the 5-5-5 Mutual Microinsurance Strategy to help mutual microinsurance reach its full potential scale in a number of emerging markets and thereby having a positive impact on the lives of millions of low-income households. The strategy is focused on communities most vulnerable to disasters and climate change, and women in remote rural areas and urban slums, who are the primary policyholders.

Over the next five years, ICMIF plans to develop mutual microinsurance in five countries (Colombia, India, Kenya, the Philippines, and Sri Lanka), reaching out to 5 million uninsured low-income households, which will equate to 25 million people in total.

Source: ICMIF

3.4 Coordinate credit database and introduce advanced technology to support financial inclusion

Aggregating credit-related information from various resources will allow a more sophisticated and complete borrower's profile. Besides credit records from official organizations such as central banks and credit bureaus, third party organizations gradually show strong potential to carry large amount of credit information. With extensive transaction information on existing consumers and businesses, many third parties have launched their own credit assessment and built credit profiles. For instance, with the booming development of E-commerce, many E-commerce companies have developed big data analytics model using structured (e.g. transaction data) and unstructured data (e.g. social media data) to understand their customers' behaviours and characteristics, in order to assess their credit worthiness.

In addition, cooperating with E-commerce platforms, Micro Finance Institutions (MFIs) can offer borrowers an ecosystem that provides financing, raw materials purchasing, cross boarder sales and distribution channels, and even education and knowledge sharing forums. On the other hand, with enhanced data availability and transparency, banks could track the fund flow, forecast repayments, monitor credit risk, and reduce associated costs.

To obtain more complete and accurate credit information for risk assessment, as well as make credit services more available to people with blank credit information, G20 countries should support the introduction of advanced data technology, encourage organisations to coordinate credit database and increase the accessibility of credit data.

However, privacy protection should be treated as an important issue when various data sources are involved. Governments should set guidelines and boundaries for usage of private data, and request related parties to ensure data security and privacy protection.

Credit Bureau Singapore's operating model
World Bank credit reporting principles
Harbin Bank's agricultural loan App

Credit Bureau Singapore's operating model

Globally, the business models regarding individual credit record fall into four categories: Market-oriented, Government-oriented, Membership and Mixture:

	Market-Oriented	Government-Oriented	Membership	Mixture
Operating Organization	Credit bureaus	Governments, Central Banks, Financial Supervisory Institutions	Credit bureaus of industry associations	All together
Characteristics	For profit Not Mandatory	Non-profit Mandatory	For profit Not Mandatory	For profit Not Mandatory
Data Source	Credit providers, public service agencies	Financial institutions under supervision	Membership Committees	Many sources
Degree of Openness	High, open to public	Low, usually only open to financial institutions	Medium, open to committee members	Depends
Typical Countries	The US, The UK	Germany, France, Brazil, Italy	Japan	Singapore, Korea, India

In Singapore, creditworthiness architecture is operated by private credit bureaus under the supervision of Monetary Authority of Singapore (MAS). The Credit Bureau Singapore set up in November 2002 is one of the major players. It is Singapore's most comprehensive consumer credit bureau and it plays the role as a credit information integrator and a financial risk management tool.

The Credit Bureau Singapore has information from all retail banks and major financial institutions. It aggregates credit-related information offered by participating financial institutions and other available public sources, and provides them with credit reports that include information such as borrower's credit history and credit repayment record. Besides participating institutions, individuals can also access their own credit reports from the Credit Bureau Singapore. This mechanism is arranged so that consumers are aware of their credit conditions and can report any errors regarding the given record to the Credit Bureau Singapore.

Prior to the launch of the Credit Bureau Singapore, banks mostly relied on informally shared information and records of judiciary to assess the credit risk of borrowers. The establishment of this credit bureau not only improved and streamlined the way financial institutions share credit information, but also helped financial institutions obtain more comprehensive and accurate creditworthiness data. In addition, the creation of a centralized data and information system helped financial institutions assess loan applications with higher efficiency and lower costs, enhancing their overall risk assessment capabilities.

World Bank credit reporting principles

The World Bank has suggested principles concerning credit reporting to generally guide the key considerations to help cross-border credit systems operate better. According to the principles, credit information should be relevant, accurate, timely and sufficient and the related data source should be reliable and appropriate. The World Bank also recommend credit bureaus and authorities strive to increase the degree of convergence and harmonization of key characteristics of credit data that is shared across borders to ensure that such data is useful.

Source: MAS, World Bank

Harbin Bank's agricultural loan App

Headquartered in Harbin, China, Harbin Bank was founded in 1997 with 16 branches and 24 village and town banks. With the development of mobile finance and mobile technology, the bank seized opportunities and explored online loans for farmers. It launches a series of loan products for farmers and attracts customers, especially those in less developed areas, via mobile App based on Android platform. Since the App is linked with suppliers, farmers can not only submit loan applications via this app, but also purchase seed, fertilizer, pesticide, etc., funded by the loan. This App provides benefits to all participating parties:

- Higher loan approval rate because the bank can monitor the fund flow to ensure it is merely used for farming;
- Cost saving for farmers, since the online procurement is lower priced than in the store and the platform enjoys a volume discount in addition.
- Appealing to suppliers, as they can access to a large customer base with low cost and don't have to worry about receiving payment from the farmer.

As of 30 June 2015, the Bank had 167,000 loan customers who are farmers, and the balance of loans to farmers was RMB 12,285 million, representing an increase of 29.73% over 31 December 2014.

Source: 2015 Interim Report, Harbin Bank

3.5 Improve regulatory governance of alternative finance

Alternative finance includes various innovative financial channels and instruments such as crowdfunding, Peer-to-peer (P2P), payday loan, and shadow banking. Benefited from disintermediation enabled by Fintech, alternative finance has grown into a considerable industry

globally. Regulating fast-moving technology is a complex task, fraught with conflicts between potential winners and losers, incumbents and challengers. Today's financial regulators have to be cautious and deliberate carefully about how innovation should be handled, considering all angles lest they destabilise the financial system and/or damage innocent parties. Market requires a robust supervisory regime, that mitigates risks posed by alternative finance but is flexible enough to not stifle innovation. A continuous step-by-step approach, which should not hamper a healthy development of innovative business models, should be introduced.

The supervision and regulation of alternative finance vary by countries. In some developing countries, lack of clear framework for regulation and supervision may generate worrying effects that directly threaten the health of the alternative finance industry. Whilst individual countries face different challenges in balancing innovation and regulation and have different needs of emphasizing governance, G20 countries should bring together different stakeholders including banks, regulators, Fintech companies, policymakers, and consumer groups. This is to help regulators to closely follow Fintech related industry trends and at the same time, the regulated parties can better understand the regulations. A few rounds of adjustments may be required for the regulations in order to keep pace with the fast-changing Fintech business models.

In order to keep the consistency principle, the governance of alternative finance should be based on services provided and clients served, rather than the nature of institutions. Governments should establish a regulatory framework on investor protection to clearly identify the responsibilities and obligations to all market participants, and build an

arbitration process to handle disputes. Rules and regulations should be detailed to the level of data sharing, information disclosure, and risk transparency etc. E.g. governments should establish a clear standard of public information disclosure for alternative finance products, including investment scope, management strategy and risk assessments. Insufficient information disclosure may mislead investors to overreact with financial loss and associated risks.

The explosive growth of alternative finance has also raised concerns of system risks. In the past, inadequate supervision and governance have caused huge financial loss and damage to the financial eco-system. For example, the financial crisis in 2008 has led to a disaster for the global economy causing loss of 8.8 million jobs and US$19.2 trillion in household wealth. Governments should continuously take it as a warning and stay alert to system risks. Governance and supervision that limit risk-taking activities and ensure sufficient liquidity are necessary. To ensure stability of the financial system and to encourage prudent practice of risk management on innovative financial products, governments should impose clear standards of penalties on players who break negotiable terms or rules.

Last but not least, G20 governments should encourage regulators to closely collaborate with international organizations and institutions in the areas of business surveillance, risk analysis and cross-boarder rule definitions etc.

P2P and Crowdfunding

Peer-to-peer (P2P)

High risk exposure and frequent risk events in P2P business have drawn great attention from G20 governments. The UK Treasury launched a consultation for P2P lending for Individual Saving Account (ISA) to put P2P lending on the same level as banks' investments and products.

In China, around 1000 P2P platforms were shut down in 2015. Ezubao, a growing P2P platform once among the top 4 in industry rankings, was involved in illegal financing. It collected approximately RMB 50 billion (USD 7.6 billion) from about 900,000 investors in 1.5 years. The downfall of Ezubao caused panic in the P2P market. Some P2P platforms suspended their businesses and some shut down. Proven to be a Ponzi Scheme, Ezubao promised an unrealistically high guaranteed return to attract participants to invest in the fake programme they provided by bribing corporations and registering shell companies on the platform. It transferred the invested funds into affiliated companies to repay the principal and interest and to support the luxurious lifestyles of the company's executives. It is necessary to tighten up the supervision of the P2P market and introduce regulations to strengthen governance.

Crowdfunding

The World Bank estimated that in the crowdfunding market, households have the ability to deploy up to USD 96 billion a year by 2025. In 2012, the USA government published Jumpstart Our Business Startups Act (JOBS Act) to encourage fund raising for small businesses by easing securities regulations. In 2015, the USA allowed equity crowdfunding but set restrictions on large businesses that related files should be reported as a public company.

In the UK, the market size of equity-based crowdfunding has reached £84 million by the end of 2014. Thus in March 2014, the Financial Conduct Authority (FCA) released PS14/4: the FCA's regulatory approach to crowdfunding over the internet and the promotion of non-readily realizable securities by other media that outline the new regime that will apply to firms operating loan-based crowdfunding platforms (including peer-to-peer lending platforms). In May 2016, FCA launched Regulatory Sandbox, a 'safe space' in which businesses can test innovative products, services, business models and delivery mechanisms without immediately incurring all the normal regulatory consequences of pilot activities.

Source: Xinhua News, Cambridge research, FCA

KPI

- Microloan volume, breakdown by Americas/EMEA/Asia Pacific regions
- Global account ownership*, breakdown by Americas/EMEA/Asia Pacific regions
  According to the World Bank Global Findex Data, the definition of the account ownership is having an account either with a financial institution or through a mobile money provider. People without an account is recognized as "unbanked".
- Number of people who buy mutual/micro insurance, breakdown by Americas/EMEA/Asia Pacific regions
- Financial crime rate
  Define "financial crime" as economic crime that occurs in financial service industry. Financial crime rate is based on the "Global Economic Crime Survey" annually published by PwC.

Recommendation 4. Tax as a means to support inclusive growth

Summary

Recommendation	Tax as a means to support inclusive growth
Owner	The G20 Countries
Timing	Provide a status update by the G20 2017 Summit
Value	Improving the administration and efficiency of tax systems to encourage and increase cross-border debt financing and equity investment flows.
KPI	• A commitment from the G20, OECD and G20 governments by the end of December 2016 to undertake further work on how tax systems can be improved to support inclusive growth; • To set up a working party to further explore the means by which tax systems can be used to support inclusive growth and develop terms of reference by end of June 2017

Context

Taxation plays a major role in achieving inclusive growth as it is a generator of revenue for governments and can be used as a mechanism to redistribute income and wealth. Tax is also an important consideration in the context of long-term project and infrastructure financing and investment, and can play a favourable role in making cross-border debt financing and equity investment easier.

International tax is at the juncture of a historical change where globalization and emerging industries pose challenges to tax rules, policies and administration systems. Tax rules have not always kept up with developments in the global economy, which has led to opportunities for multinational companies (MNC) to use legal arrangement to shift their profits to no- or low-tax locations, an issue referred to by the OECD as Base Erosion and Profit Shifting (BEPS). BEPS undermines the tax systems' integrity and trust between governments and MNC/taxpayers, weakening investment confidence and in turn, affects growth. The BEPS Reports finalised in October 2015 have identified proposals to deal with 15 key areas of concern. Since then, the OECD has developed an inclusive framework with the involvement of interested non-G20 and non-OECD member countries and jurisdictions for BEPS implementation.

The B20 supports the principles underlying the BEPS project and recommendations and notes that they will encourage appropriate business competition through levelling the playing field and thus avoiding pressure on countries to compete through engaging in potentially harmful tax competition. Additionally, the B20 appreciates that the BEPS final reports recognised the importance of balancing a country's need for better and timely information with the compliance burdens for taxpayers. As such, the B20 suggests the G20, the OECD and G20 countries properly weigh up such compliance costs against the likely benefits when enacting or implementing BEPS related legislative amendments.

In addition, the B20 believes that efforts should be made to explore the future development of taxation, and give full scope to the role of taxation in promoting investment and growth. On top of this, the B20 also considers that this is an opportune time for governments to leverage the increased cooperation, coordination and information sharing between tax administrations to creates benefits not only for tax

authorities, but also taxpayers.

Value

Improving the administration and efficiency of tax systems to encourage and increase cross-border debt financing and equity investment flows.

Actions

Ref	Action
4.1	Adopt tax policies which support cross-border debt financing and equity investments
4.2	Ensure that the tax policies in the implementation of the BEPS project are consistent and aligned between the developed countries and the developing countries
4.3	Develop tax policies with mutual benefits for tax authorities and taxpayers from increased cooperation, coordination and exchange of information between tax authorities

4.1 Adopt tax policies which support cross-border debt financing and equity investment

Tax is an important consideration in the context of cross-border transactions, especially in respect of infrastructure and investments, and can play a favourable role as a catalyst to encourage debt financing and equity investment for inclusive growth. However, unreasonable tax arrangement sometimes can be an impediment for inclusive growth, the B20 recommends individual governments to work together to ensure that tax systems do not act as a burden on economic growth. The B20 suggests governments give consideration to using tax as a tool to support growth and encourage institutional investment, particularly in relation to long-term infrastructure projects.

An important first step in preventing tax from inhibiting financing or investment for inclusive growth is to ensure that tax systems function in a way where the tax base broadly reflects the economic outcome of a business activity and that where a business or transaction operates across borders, there is an appropriate sharing of tax revenues between countries. The need for an appropriate tax base is particularly important in infrastructure projects, particularly public-private partnerships (PPP) and build-operate-transfer (BOT) projects where taxpayers are often required to incur large up-front costs for which, in some jurisdictions, tax relief is not granted.

Additionally, again notably in relation to long-term infrastructure projects, it is important to recognise that debt financing and equity investment comes predominantly from particular classes of institutions and that the tax profiles and considerations of those institutions are in some ways unique. As such, those tax profiles need to be addressed and appropriate tax policies should be put in place to ensure those institutions are willing to continue to provide the necessary finance and investment without adversely impacting the terms and conditions on which that debt and/or equity finance is granted. To achieve this, the B20 suggests that the G20 and G20 countries consider adopting specific tax provisions or concessions where appropriate to ensure such a result is achieved. This can be specific to certain types of investments, or targeted to certain types of investors, key sources of finance, or drivers of growth.

With the above in mind, the B20 suggests the G20 and G20 countries consider the following to bulid a better domestic and international tax environment to businesses:

- **Develop tax best practices for infrastructure financing and investment** – The G20 may consider developing tax standards or guidelines for financing and investment in various long-term infrastructure projects which individual governments seeking infrastructure financing and investment could refer to as "best practices". The B20 believes the tax best practices would bring tax stability and fairness (both in absolute terms and relative to the tax profiles of particular classes of investors) and increase the attractiveness of those countries adopting them to institutions seeking investment destinations. These tax best practices would provide consistent standards or guidelines to infrastructure projects and other cross-border transactions in relation to financing or investment for growth. These standards or guidelines would aim to ensure an appropriate tax base for corporate tax purposes which can be linked to the true economic results of the business (thereby ensuring that tax relief is always available on an amortisation basis for up-front lump sum expenditure by investors to obtain rights to undertake the project), and no or low rates of withholding tax on distributions of income or profit from qualifying long-term infrastructure projects or preferential tax rates for profits reinvested within the country in which such profits are earned. Adopting such rules will not only provide a conducive environment to cross-border financing or investment but also provide a level of stability in tax systems which will encourage investors to make appropriate investments on more favourable terms due to the reduced uncertainty as to after-tax returns. Moreover, consistency across countries will help avoid misallocation of resources due to different tax treatments in different jurisdictions.

- **Awareness of tax profiles of investor classes by investee countries** – Sovereign wealth funds, life insurance companies and pension funds are major sources of stable long-term capital, finance and investment in the private sector and will become even more significant in the future as the traditional financial sector continues to de-leverage. Such institutions, however, often have particular tax profiles in their home jurisdictions on the basis of their ownership or the long-term nature of their businesses. As an illustration, their profiles in their home countries mean that such institutions are often not able to obtain full tax credits for foreign tax paid on their investments (at investor and/or project level). In light of this, it is important for governments of investee countries to be aware of these investors' tax profiles and be cognisant of the increased sensitivity to taxation in investee countries and its impact on investment appetite and decisions. Moreover, the long-term investment perspective of these institutions and the long period over which returns are derived means that they are particularly sensitive to changes in taxation on those returns and are more favourably disposed to investing where a high level of stability and predictability of the tax consequences can be expected. In order to avoid the misallocation of resources which is otherwise apt to occur when tax systems differ, the proposed tax best practices for infrastructure financing and investment discussed above should be taken into account, among other things, the position of these, and other relevant, identified classes of investors when developing tax bases and tax rates for qualifying infrastructure projects and infrastructure financing and investment transactions. This could be reflected in concessional rates of corporate income tax and withholding tax for all investors in qualifying projects, for particular classes of investors in such projects, or at the project level.

- **Awareness of tax profile and position in the investors' country** – Although the tax best practices for infrastructure financing and investment are particularly aimed at establishing consistent and stable tax rules in the countries where the infrastructure

projects are carried out, the countries of residence of the investors should also ensure appropriate tax treatment by committing to a full tax credit for any foreign taxes paid. This would apply particularly to any interest withholding tax suffered where a full credit should be granted rather than limiting the credit to the domestic tax on the net profit margin on the relevant loan.

- **Ensure effective domestic implementation** – Where governments have committed to adopt the tax best practices for infrastructure financing and investment referred to above, they need to ensure that the terms thereof are interpreted and implemented by the domestic tax authorities in a correct, consistent, transparent, timely and efficient manner. There should be a peer review process in place to monitor and report on the extent to which these goals are met.

- **Ensure sufficient resources are available** – The B20 suggests the G20 continue to allocate resources to help tax authorities in emerging markets develop appropriate tax rules and administration systems to improve the development, interpretation, application and enforcement of rules in a manner whereby more correct, certain, appropriate and transparent outcomes are achieved, thus giving institutions providing financing and investment for inclusive growth more certainty as to the tax implications of their transactions. In turn, this would be expected to translate into a willingness to provide equity and debt finance on more favourable terms. A specific example of this may be through the Mutual Agreement Procedures (MAP). The B20 recognises that many emerging markets lack resources, expertise or experience to effectively carry out MAP under bilateral tax treaties. To promote greater consistency in how MAP issues are dealt with and improve the efficiency of the process, the B20 urges the G20 to explore options to support emerging markets, while ensuring that their interests are dealt with appropriately. Options could include the OECD or the UN providing resources from a "centre of excellence" leveraging investor experience to support emerging countries involved in the MAP process via consultation, or the setting up of an independent body or tribunal to undertake the MAP process on behalf of, but in consultation with, the emerging country.

4.2 Ensure that the tax policies in the implementation of the BEPS project are consistent and aligned between the developed countries and the developing countries

The BEPS project is now in the implementation phase and the architecture of the inclusive framework for BEPS implementation is being developed. While the B20 accepts the broad recommendations and proposals and acknowledges that the development of an inclusive framework for implementation is under way, the practical details of many aspects are yet to be finalised. As such, the B20 considers that it is timely for governments to ensure that the implementation of BEPS proposals is appropriate and consistent. In particular, the coherence aspects of the BEPS project call for alignment of certain aspects of domestic tax systems and the B20 is concerned that inconsistent legislation, interpretation or application could actually result in new forms of double taxation arising which would not necessarily be resolved through existing double taxation relief systems.

A related concern is that inconsistency in response to particular BEPS proposals may arise as a result of individual countries seeking to amend the BEPS proposals either because of particular interactions with existing domestic law provisions, because they do not agree with aspects of the proposals or because they want to amend other aspects of their domestic law at the same time. One of the fundamental principles of the BEPS proposals is that countries should more closely align their tax rules. This benefits both tax authorities and businesses because closer alignment should reduce the instances of both double non-taxation and double taxation. However, an increase in differences between countries'

tax rules that could result from unilateral action and inconsistent implementation of BEPS, could lead to double taxation and would have a significant adverse impact on cross-border trade and investment.

Moreover, BEPS proposals required to be implemented through domestic law changes are occurring at different paces which will effectively give rise to an extended transitional period where uncertainty, confusion and instances of double taxation may abound. While the B20 respects that individual governments should have the sovereign right to determine their own domestic tax laws, any new rules and/or the implementation process should encourage stability, predictability and certainty, and these goals may be undermined by inconsistent timing of implementation.

As such, the B20 believes that G20 countries can work together (whether as part of the OECD's Framework or not) to:

- **Ensure the alignment on domestic tax law changes and a common implementation timeline as practicable as possible.**
- **Focus on the value the framework is intended to bring to tax authorities and taxpayers by striking an appropriate balance between the benefits expected to arise from the proposals and the compliance burdens being imposed on taxpayers.** The B20 would like to see tax authorities and OECD to re-examine the rationale behind the call for more information. This is particularly important for developing countries, where resources are often constrained.
- **Ensure that double taxation does not arise as a result of different interpretation or application of new tax laws and ensure that those laws do not adversely impact the debt financing of or equity investment in infrastructure projects in relation to BEPS proposals, by ensuring accountability to taxpayers.** To achieve this, tax authorities should act reasonably and in accordance with the law, and they should also act in good faith when drafting new laws. This could include development of a peer review system or process at an OECD or international body level to assist interpretation of the BEPS proposals and/or assess the extent to which countries are complying with the proposals, to increase accountability to taxpayers.
- **With respect to dispute resolution, G20 countries should abide by the promises that they have made in Action 14 of the BEPS project.**

4.3 Develop tax policies with mutual benefits for tax authorities and taxpayers by increasing cooperation, coordination and exchange of information between tax authorities

A natural result of the implementation of BEPS should be increased cooperation, coordination and exchange of information between tax authorities. These consequences should benefit tax authorities as well as taxpayers, or at least lead to administrative efficiencies for both sides. The B20 encourages the G20 to recognise the need for such mutual benefits and develop policies and standards which draw on the increased collaboration between tax authorities.

Such policies and standards should benefit taxpayers through simplified processes and increased efficiencies. The increasing number of information requests (e.g. from the implementation of the Common Reporting Standard or CRS), means an expected increasing compliance burden on taxpayers. In order for business to provide information more efficiently, such information requests should be standardised. To foster a more inclusive framework, the B20 suggests developing a toolkit to help developing countries streamline their processes by identifying key stumbling blocks and suggest improvements

/implementation steps.

The B20 also suggests leveraging the increased collaboration between tax authorities by putting in place policies/standards to enable the faster processing of claims under double tax treaties. Traditionally, claims for reduced withholding tax rates under a DTA are sometimes very slow or denied because of lack of information from another tax authority. With increased cooperation and exchange of information between authorities, this process will not only be faster, but simpler and involve a lower compliance burden for taxpayers. Indeed, the B20 recommends that responsibility for processing such claims should shift towards tax authorities given their increased access to information and that claims should be automatically allowed if not rejected by a tax authority within a set number of days. More specifically, the B20 suggests that where a taxpayer is able to provide a tax identification number from country A to a payer or a tax authority in country B (assuming there is a double taxation agreement in effect between countries A and B), that such taxpayer should be deemed to be a tax resident of country A unless the tax authority of country B disputes such treatment with reasoned grounds within the set number of days.

KPIs

- A commitment from the G20, OECD and G20 governments by the end of December 2016 to undertake further work on how tax systems can be improved to support inclusive growth;
- To set up a working group to further explore the means by which tax systems can be used to support inclusive growth and develop terms of reference by end of June 2017

Taskforce schedule and distribution of members

Schedule of meetings

#	Date	Location	Theme
1	26 January 2016	Beijing	Kick-off meeting
2	3 February 2016	1st teleconference	Preliminary scoping of finance issues
3	16-17 April 2016	Washington DC	Review the first draft of policy paper
4	12 May 2016	2nd teleconference	Review the second draft of policy paper
5	31 May 2016	Paris	Review and fine tune the final draft of policy paper
6	22 June 2016	3rd teleconference	Share advocacy plans till September 2016 and what is needed from taskforce members
7	3-4 September 2016	Hangzhou	B20 Summit

Distribution of members

Country	#	Country	#	Country	#
Argentina	0	India	2	Saudi Arabia	0
Australia	4	Indonesia	1	South Africa	2
Brazil	0	Italy	1	Turkey	4
Canada	1	Japan	3	United Kingdom	8
China	27	Mexico	0	United States	11
France	10	Republic of Korea	0	European Union	6
Germany	1	Russia	4	Others	2
Total	87				

Taskforce members

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Note: Members are listed in the order of their family names

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