

Seventh APEC Finance Ministers Meeting

**Bandar Seri Begawan, Brunei Darussalam
9-10 September 2000**

Joint Ministerial Statement

Introduction

1. We, the Finance Ministers of Asia-Pacific Economic Cooperation (APEC)¹, met in Bandar Seri Begawan, Brunei Darussalam, to discuss the regional economy and measures to ensure the sustainable growth necessary for increased economic prosperity in our region. Representatives of the International Monetary Fund (IMF), the World Bank and the Asian Development Bank took part in our discussions.
2. The Deputy Sultan of Brunei Darussalam, His Royal Highness the Crown Prince, Prince Haji Al-Muhtadee Billah, granted an audience to the APEC Finance Ministers and Representatives of the International Financial Institutions (IFIs). His Royal Highness noted the improvements in the region's economic prospects, but stressed that APEC still had an important role in helping to build stronger foundations in the region.
3. We note that Brunei's theme for APEC 2000, "Delivering to the Community", reflects the fact that skills development continues to be of crucial importance for the regional economic recovery. It is essential that all the benefits of the revolution in information and communication technology be harnessed for the betterment of APEC member economies.
4. As the region's recovery from the 1997/98 financial crisis has gathered pace, the challenge of maximizing the benefits, and minimizing the risks, of technological change and closer economic integration has become more sharply etched. Taking full advantage of the significantly enhanced opportunities offered by globalization is fundamental to APEC's shared vision of stability, security and prosperity for our peoples. Experience around the world has demonstrated conclusively that growth is a key requirement for an economy to be able to raise incomes and reduce poverty. We therefore welcome the significant improvements in prospects for growth in the region since we last met at Langkawi in May 1999. We resolve to continue to pursue sound economic and financial policies and to carry out the structural reforms necessary to sustain this progress. We also reaffirm the importance of free and open trade and investment for sustainable growth.
5. But globalization may also increase our economies' susceptibility to external shocks and social dislocation. We need robust institutions and well trained people to ensure that the opportunities are fully exploited. We also need well designed social policies and programs if all our citizens, especially the least fortunate, are to share the benefits of increased economic prosperity.
6. Equally, if we are to take full advantage of the promise of technological change and the "new economy", we need a sustained commitment to structural policies which underpin flexible and dynamic national economies.

Economic and Financial Situation

7. We are encouraged by the improvement in economic and social conditions in the economies affected by the crisis of 1997/98, underpinned by continuing strong demand in major export

¹ Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; Republic of the Philippines; Russia; Singapore; Chinese Taipei; Thailand; United States of America; and Viet Nam.

markets. In all of these economies recovery has depended on the extent to which a credible commitment to the implementation of structural reforms, especially in the financial and corporate sectors, has underpinned the steady return of investor confidence.

8. In the United States, the economic expansion concluded a record 113 months in August with remarkable absence of the type of inflationary pressures that typically accompany long expansions. However, a risk remains of inflation pressures emerging from a gap between the growth of demand and potential supply. In Japan a modest recovery appears to be underway, supported by strengthening corporate profitability and investment. However, the output gap is still large and inflation is negative. Increases in personal consumption are key for further recovery. China continues to grow at a robust pace. Economic conditions in other APEC economies have also improved significantly.
9. However, there is no room for complacency. Continued strengthening of macroeconomic fundamentals and pursuit of structural reform are needed in order to secure financial stability and sustainable economic growth in the region. Much remains to be done to implement crucial financial and corporate sector restructuring and to strengthen key domestic financial, economic and judicial institutions. It will also be important to restore the region's tradition of prudent fiscal management, while remaining vigilant towards inflation as well as the needs of the poor and the vulnerable. In economies where there is a risk of overheating, macroeconomic policy would need to be tightened in the context of a consistent monetary policy and exchange rate regime. We note the risks posed by oil price volatility to the world economic recovery and for developing economies that are heavily dependent on oil market conditions, and the need to stabilize prices at sustainable levels. In the light of rising world demand, we call for appropriate increases in supplies and other necessary measures to promote long-term price stability in the mutual interests of consumers and producers.

Forging a Stronger Global Financial System

10. Efforts to strengthen the international financial architecture have been intensified in the aftermath of the financial crisis. We welcome the progress that has been made since we met at Langkawi and urge continued implementation of reforms, including at a regional and national level. It is important to get the views of all economies in discussions on global financial issues, and APEC Finance Ministers have sought broader representation in this debate. In this regard, dialogue at the new forum of the G-20 is welcome.
11. Progress has been made in developing international standards, codes and best practice guidelines in a wide range of areas, including regulation and supervision of banking, securities, and insurance; corporate governance; economic data dissemination; and transparency of monetary, financial and fiscal policies. In particular, we support the key standards identified by the Financial Stability Forum and encourage APEC economies to implement them in accordance with their circumstances and priorities. These standards will assist our efforts to evaluate and improve the legal, institutional and regulatory frameworks for our economies. In this regard, we urge focused and targeted technical assistance to assist countries in the implementation of key standards.
12. We affirm the importance of and encourage participation in the IMF/World Bank Financial Sector Assessment Program (FSAP) and Reports on Observance of Standards and Codes (ROSC) to strengthen financial systems by assessing countries' implementation of key financial and economic policy standards. These processes will contribute to adapting the IMF's surveillance role and the World Bank's developmental role. Voluntary disclosure of ROSCs can serve to promote policy transparency while enabling more effective measurement of progress towards meeting key standards. We note the importance of basing these assessments on the substantive quality of policies taking account of the circumstances of each economy.
13. It is imperative that the recommendations set out in the reports of the Financial Stability Forum (FSF) Working Groups on highly leveraged institutions (HLIs), Capital Flows and Offshore Financial Centers (OFCs) be implemented. We support the recommendations of better risk management by HLIs and their counterparties, better disclosure practices by HLIs

and a review by foreign exchange market participants of existing good practice guidelines. We note that the FSF did not recommend direct regulation of HLIs at this stage but emphasized that it could be considered if, upon review, the implementation of the Report's recommendations did not adequately address the concerns identified. In the light of the growing importance of cross-border capital mobility we emphasize the significance of strengthening the collection, dissemination and publication of aggregate data on cross-border capital flows to cover both debt and non-debt flows. We also welcome recognition of the importance of managing economies' balance sheet risks, and encourage the rapid finalization of the draft IMF/World Bank guidelines for public debt and reserve management with special attention to the risk created by short-term foreign currency liabilities. Regarding OFCs, we urge the IMF, together with other relevant international bodies, to make concrete progress in its plan of action to conduct assessment of these jurisdictions' compliance with relevant international standards. We emphasize the importance of constructive engagement to assist economies to strengthen regulatory and supervisory frameworks.

14. In addition, there is recognition in APEC that economies' integration with world capital markets requires exchange rate policies that are highly credible and consistent with broader economic and financial policies. In this regard, there have been movements towards a mix of exchange rate regimes and macroeconomic policies more compatible with stability and avoidance of financial crises.
15. Private sector participation in the prevention and resolution of crises remains a major challenge. We note the progress that has been made in developing a framework for appropriately involving private creditors for that purpose and we urge the IMF and other relevant bodies to continue their efforts in this field of endeavour.
16. We support the efforts of the IMF and its members to engage in a comprehensive review of its core facilities to enhance its effectiveness. In this context we hope that consensus will soon be reached to make contingency facilities operational. Efforts to improve program design should continue. We also endorse the work of the Multilateral Development Banks to increase their focus on programs and policies directed at reducing poverty. In addition we encourage the international community, including heavily indebted countries themselves, to facilitate the effective implementation of the enhanced HIPC initiative.
17. All the IFIs should continue their efforts to strengthen their own governance and accountability, and to improve transparency. We emphasize the importance of ensuring that representation on the Boards of the IMF and the World Bank and quota/share allocation appropriately reflect the current world economy.
18. We welcome the recent developments in the area of regional cooperation. In the Asian region, ASEAN+3 Finance Ministers agreed on closer cooperation to monitor capital flows, enhance regional surveillance and implement the "Chiang Mai Initiative" that enlarges existing swap arrangements and establishes a network of bilateral swaps. A similar swap arrangement, the North American Framework Agreement, already exists in North America. Cooperative financing arrangements at the regional level designed to complement resources provided by the IFIs in support of IMF programs can be effective in crisis prevention and resolution. We are pleased to note the good progress in negotiations between Singapore and New Zealand to conclude a Closer Economic Partnership.

Building Stronger Foundations

19. Our long-term objective remains to build stronger foundations for sustainable growth in the region by further developing financial and capital markets. Through the APEC process we are building the capacity of our institutions and our labor forces to enable economies in the region to do so. Taken together, our work in APEC on capital flows, strengthening financial markets, corporate governance, insolvency regimes, and financial disclosure and accountability is therefore very timely. Details of the collaborative initiatives we have been pursuing in APEC, as well as new initiatives for the coming year, are contained in the Annex.

Promoting freer and more stable capital flows

20. Fundamental to the development of reliable and efficient financial markets are sound and credible financial policies. In that regard, we endorse the policy conclusions of the Voluntary Action Plan for Promoting Freer and More Stable Capital Flows. In particular, we note that economies are likely to derive substantial benefits from opening to cross-border capital flows provided that sound and credible economic and financial policies are adopted, and robust structures are established to manage risks effectively. We therefore resolve to continue policy reforms that enable us to take advantage of the opportunities available in international capital markets. We will establish in APEC a voluntary policy dialogue on strengthening financial markets, particularly focusing on issues related to the implementation of international financial standards and codes, and we look forward to a report on the results of this initiative when we next meet.

Strengthening financial systems

21. We need to be able to manage difficulties in our financial systems should they occur. We therefore instruct our Deputies to undertake a study of APEC economies' experiences in managing bank failures, with the goal of developing a set of recommendations based on case studies that illustrate the various lessons drawn from the management of bank failures in our region, and to report back to our next meeting.
22. Over the previous two years, APEC economies have made significant progress towards strengthening financial supervisory systems through the development of training programs for banking supervisors and securities regulators. Given the progress being made in this initiative, we will extend it for a further two years, focusing on more intensive work to assist national regulatory organizations to implement model curricula, and continued provision of regional courses. In addition, to improve the skills and knowledge of life insurance regulators in the region, we welcome Australia's offer to lead a three-year project on managing regulatory change in life insurance and pensions.

Strengthening economic and corporate governance

23. Sound economic and corporate governance will encourage the return of capital to the region. We welcome the efforts of the OECD and the World Bank to raise the awareness of and the commitment to corporate governance reforms in the region through Roundtable discussions. APEC will undertake a policy dialogue on strengthening corporate governance in this region, starting in early 2001. As part of these efforts, we note the importance of insolvency law reform, and we welcome Indonesia's offer to host a conference in early 2001 to build on the November 1999 conference in Australia and work carried out in other international forums on insolvency law reform. We will assess progress on these initiatives at our next meeting.
24. Financial transparency in the private sector is an important ingredient in risk management and sound corporate governance. We have formed a taskforce on company accounting and financial reporting to improve the quality of financial disclosure and auditing practices in APEC economies.
25. The development of good practices in APEC is facilitated by policy forums directed at experts and practitioners who are able to share experiences and explore common issues. We welcome the contribution to developing sound economic management made by the APEC forums on privatization, pension fund reform and public sector management, held since we last met.
26. An increased private sector role is an important strategy to achieve structural adjustment, particularly in emerging economies. We note the development of a network of public officials, through the Privatization Forum and its cooperation with the OECD Privatization Network, to support and strengthen the capabilities of APEC economies to involve the private sector in government enterprises and services. We also welcome the ongoing development by the Forum of a Compendium of Best Practices for Privatization.

27. We recognize the importance of strengthening transparency and disclosure standards for all market participants for the effective functioning of markets. In this regard, we look forward to the finalization of the report on the results of the survey of Credit Rating Agencies (CRAs) that has been undertaken. A Workshop will be held in Manila next month to discuss the results of the survey among representatives from APEC economies, multilateral financial institutions, CRAs and the investor community.

Fighting Financial Crimes

28. We welcome the agreement to establish an APEC working group that would conduct a survey of the domestic legal and regulatory frameworks for fighting financial crime, building on work already completed by APEC members of the Asia/Pacific Group on Money Laundering (APG). We recognize the need for strong measures to combat money laundering, tax evasion, financial fraud and other criminal or unethical activities. We welcome the work of international groups in combating financial crimes, including the Asia/Pacific Group on Money Laundering (APG), and related efforts by the Financial Action Task Force on Money Laundering (FATF), the OECD, the FSF, and the Committee on Hemispheric Financial Issues (CHFI). In this respect we encourage the International Financial Institutions to work further with their members in developing sound financial and capital markets and good governance.

Improving social safety nets

29. The social impact of the crisis revealed the need for well-designed, flexible, targeted, and cost effective social safety net policies and programs to respond to the needs of the poor and vulnerable. The experiences in administering social safety nets of the APEC economies are the subject of an on-going study. Three main themes have emerged from this review so far. First, the need for adequate pre-crisis safety net planning. Second, the importance of accurate and timely information on the poor and vulnerable groups. Third, the need to have a range of instruments to ensure adequate targeting and coverage. On the basis of this study we will develop a set of guidelines for responsive and fiscally manageable social safety nets to present to APEC Leaders.

Creating new opportunities with information technology

30. We recognize that information technology (IT) has the potential to increase economic growth. A stable, non-inflationary macroeconomic environment will help businesses and consumers exploit the advantages presented by IT. We note that IT lowers the costs and speeds up delivery of financial services products, thereby contributing to overall greater efficiency and convenience of the financial sector. In this regard, we call on economies to formulate and implement appropriate policies and arrangements to facilitate electronic financial transactions. We also support efforts by APEC member economies and the International Financial Institutions to ensure that the benefits of IT are as widely shared as possible.
31. We welcome the work by the APEC E-Commerce Steering Group, in conjunction with the Subcommittee on Customs Procedures, the Transportation Working Group and other related forums, for "Paperless Trading" as defined in APEC Blueprint for Action on Electronic Commerce. We agree that, building on work in other competent bodies, a working group on electronic financial transactions systems, consisting of financial experts from member economies, will be established to develop and implement programs to foster paperless trading in collaboration with the E-Commerce Steering Group.
32. We also welcome the progress made by the Sub-Committee on Customs Procedures (SCCP) towards trade facilitation, including the elevation of "Paperless Trading" and "Integrity" as new SCCP Collective Action Plans. We urge APEC customs authorities to enhance harmonization of customs data elements, taking into account the outcomes of the G-7 Experts' work. Reaffirming that trade facilitation and enforcement must be well coordinated, we encourage customs authorities to continue strengthening their cooperation.

Achieving APEC's vision

33. We value the contribution of the private sector to our discussions. We welcomed the opportunity for a dialogue with the APEC Financiers' Group, the APEC Business Advisory Council's Financial Architecture Task Force and the Pacific Economic Cooperation Council. We note their views on strengthening economies against future crises, including their work on corporate governance, financial standards and private sector involvement in resolution of financial crises. We task our Deputies to work with the private sector to continue consideration of their recommendations with a view to incorporating them in our on-going work. ABAC will present its final recommendations to Leaders in November.
34. The APEC Seoul Forum on Shared Prosperity and Harmony was successfully held March 31st – April 1st, 2000. In this Forum, senior officials and distinguished scholars discussed policies to prevent the recurrence of economic crises and to alleviate economic and social disparities among APEC economies. We welcome the Forum and hope that this kind of policy dialogue will continue among APEC economies.
35. Effective co-ordination and management of work across the APEC process is important to achieving our goals. We endorse proposals from our Deputies to improve information sharing and coordination between APEC forums and within capitals, including on crosscutting issues. Building closer linkages across APEC's work programs will be made easier for the People's Republic of China with the alignment of the APEC Finance Ministers' process with the rest of the APEC process.
36. We would like to thank the people and Government of Brunei Darussalam for the hospitality extended to all delegations and the excellent arrangements they have made to make the 7th APEC Finance Ministers Meeting a success. We also thank the Co-Chairs of our meeting, Pehin Dato Abdul Rahman Taib of Brunei Darussalam and Hon Dr Michael Cullen of New Zealand.
37. APEC Finance Ministers will next meet in Suzhou, People's Republic of China, in September 2001.

APEC Finance Ministers Collaborative Initiatives

Voluntary Action Plan for Promoting Freer and More Stable Capital Flows: At the 1997 APEC Finance Ministers' Meeting in Cebu, Ministers agreed that Deputies would prepare a Voluntary Action Plan (VAP) for promoting the freer and more stable flow of capital in the APEC region. The objectives of the VAP include enhancing APEC economies' understanding of the benefits and risks associated with cross-border capital flows; developing a sound understanding of the policies needed to maximise the benefits and minimise the risks associated with cross-border capital flows; and encouraging the implementation of policies to promote robust and open economies in the APEC region.

The VAP is structured in two parts. Part 1 comprises a report analysing the benefits and risks associated with cross-border capital flows and the policies that can assist economies to derive maximum benefit from accessing international capital markets while minimising the risks. Part 2 of the VAP is intended to actively encourage the implementation of policies to promote robust and open economies within the APEC region through a process of policy dialogue. It is envisaged that this process will assist economies to implement key international standards and to explore approaches to the promotion of sound and efficient financial markets. The policy dialogue will be based on particular policy issues or international standards, depending on the priorities identified by economies. It is proposed that the first stage of policy dialogue occur in the second half of 2001.

Development of Domestic Bond Markets: This initiative was launched in 1998 to promote the development of domestic debt markets for more efficient financial intermediation within APEC economies and the global financial system. An initial survey of the state of economies' bond markets identified various impediments to their development. A workshop in Hong Kong, China in December 1998 recommended preparation of a compendium of sound practices and a website to serve as a resource center and facilitate information exchange. Another workshop held in Hong Kong, China in August 1999 finalized the "Compendium of Sound Practices: Guidelines to Facilitate the Development of Domestic Bond Markets in APEC Member Economies", which was published in September 1999.

Bank Failure Management: Recent international financial crises have highlighted the importance of sound domestic financial systems and the need for strong, safe and reliable supervisory and regulatory frameworks. Much of the work being undertaken regarding banking regulation and supervision has focused on ways to prevent bank failure and financial system distress. This initiative plans to address the issue of how to manage bank failures when they occur. A report on bank failure management will be prepared, based on how different economies, in different stages, faced financial sector instability and the results they obtained. The report will be presented to APEC Economic Leaders in 2001.

Financial Regulators Training Initiative: The Finance Ministers in 1998 endorsed the APEC financial regulator initiative. Supported by the ADB, this initiative has been steered by advisory groups of bank supervisors and securities regulators. In the first phase of this initiative, the Advisors sponsored an Action Plan for the training of the bank supervisors and securities regulators. This action plan has formed the basis of implementation of the training programs over 1998-2000. The major emphasis of this training initiative has been to develop sustainable and cost effective training process and standardized courses. Specialized training programs have been held to disseminate guidelines and best practices for management of the national training process and to impart training in bank supervision and regulation and securities regulation. The initiative has further encouraged cooperation between international and regional providers of training and among regulators and training providers.

The Finance Ministers have extended this initiative for a period of two years. The advisory groups are to meet in November 2000 to finalize the action plans for training of bank supervision and securities

regulators for Phase 2. Carrying forward the work undertaken in Phase 1, Phase 2 is expected to broaden the scope of the training initiative in order to amplify and deepen its impact. In the banking sector, model courses and self study materials will be developed for banking regulations and supervision, credit and market analysis, bank examination, and treasury management and operations. Similarly, materials will be developed for primary and secondary markets, securities regulations and enforcement. These model courses will be prepared in line with the international best practices and will be disseminated through the website. To support the regional training programs, the ADB will be assisting, on a pilot basis, with national level training programs in Philippines, Indonesia and People's Republic of China. The ADB has subcontracted a bank supervision expert to coordinate the course material and training. Simultaneously, model courses will be developed for training regulators in primary and secondary market issues, and enforcement and investigation areas.

Managing Regulatory Change in Life Insurance and Pensions: In recent years, the life insurance industry has become an important component of financial systems in Asia, and there is potential for further growth. The industry can play a significant role in deepening domestic capital markets, better marshalling domestic savings to meet national objectives, and better developing self-financing, private safety nets. This new initiative aims to encourage a well-functioning life insurance industry in the region. Good prudential regulation would assist capital market stability and efficiency, while leaving the industry free to grow strongly. A series of targeted symposiums and training programs will be held over the coming three years to promote improved regulation and actuarial standards and to assess international best practices in risk management, disclosure and accountability.

Strengthening Corporate Governance in the APEC region: This initiative, launched by APEC Finance Ministers at their 1998 meeting in Kananaskis, aims to help member economies of APEC respond to the challenge of achieving global best practice in corporate governance. At their 1999 meeting in Langkawi, Ministers endorsed the recommendations of the report on Strengthening Corporate Governance in the APEC region, which identified the leading issues in Asian corporate governance. Following on from this report, a policy dialogue will be held in March 2001 to promote understanding of corporate governance issues in the region.

Insolvency Law: The Asian financial crisis highlighted weak enforcement and implementation of existing insolvency laws. In recent times measures have been introduced to substantially improve insolvency laws of many economies in the APEC region. The existence of sound insolvency laws will reduce uncertainty for investors and will further promote the process of free trade and investment liberalization. APEC Finance Ministers aim to raise awareness of the importance of establishing and implementing strong insolvency regimes in the region. Australia, in conjunction with the OECD and the World Bank, hosted a symposium on "Insolvency Systems in Asia – an Efficiency Perspective" in November 1999. The symposium was attended by policy makers, members of the judiciary, private sector practitioners, insolvency experts and academics from the region. Indonesia will host a follow-up symposium in early 2001.

Company Accounting and Financial Reporting Task Force: In the years leading up to the 1997/98 financial crisis, inadequate financial and accounting disclosures, auditing practices and regulatory enforcement played an important underlying role in contributing to weak market discipline. APEC Finance Ministers have established a Company Accounting and Financial Reporting Task Force to consider issues related to promoting high quality internationally acceptable standards of accounting and disclosure and auditing practices by business. The Task Force will report to Ministers in 2001. Chinese Taipei will host a workshop on the topic in 2001.

Supporting the Development of Credit Rating Agencies (CRAs) and Strengthening Disclosure Standards: APEC Finance Ministers launched this initiative at their 1997 meeting in Cebu in recognition of the important role CRAs play in developing capital markets in the region. Work on this initiative has progressed under the broader context of international financial architecture discussions, particularly in the area of strengthening transparency and disclosure standards by all market participants. Towards this end and to respond to APEC Economic Leaders' request for a review of the practices of international rating agencies, a survey was undertaken of the codes of conduct and practices currently in use by various CRAs. Interviews have been conducted among international and national CRAs operating in the APEC region on issues such as (a) transparency and accountability in the ratings process; (b) potential sources of conflicts of interest; (c) credibility and reliability of ratings;

and (d) unsolicited ratings. A Workshop will be held next month in Manila, the results of which will be reported to APEC Leaders.

Workshop on Public Sector Management: As part of APEC's work on strengthening markets, including efforts to improve private and public sector governance, New Zealand hosted a Workshop on Public Sector Management in May 2000. Given the importance of the public sector in all APEC economies, improving the management of the public sector is central to improving the broader economic performance of member economies. The Workshop provided the opportunity to share reform experiences, effective practices, particularly in financial management and improving public sector productivity, successes and challenges.

Privatization Forum: Thailand hosted the inaugural meeting of the APEC Privatization Forum in November 1999, and Indonesia hosted the second meeting in May 2000. The Forum aims to share experiences and expertise on privatization, including governance and regulation of state enterprises.

Third Regional Forum on Pension Fund Reform: Thailand hosted the Third Regional Forum on Pension Fund Reform in March 2000 following on from forums hosted by Mexico and Chile in 1998 and 1999 respectively. The Third Forum focused on the integration of social security, pension and provident funds together with supervisory and regulatory considerations.

Social Safety Nets: The social consequences of the Asian crisis and other economic and natural events have highlighted the importance of social safety nets as cornerstones of effective public policy. APEC Finance Ministers are seeking to establish a set of guidelines on the use and implementation of safety net policies and programs, taking into account recent economy experiences. Guidelines will be presented to APEC Economic Leaders at their meeting in November 2000.

APEC Initiative on Fighting Financial Crimes: At Bandar Seri Begawan, Ministers agreed that APEC can play a significant role in the fight against the abuse of the financial system. In this regard a collaborative initiative was launched which will conduct a survey of the adequacy of legal and regulatory frameworks in fighting financial crimes, building on work already completed by APEC members of the Asia-Pacific Group on Money Laundering (APG). Results of the survey will be reported to Ministers in 2001. It was further agreed to incorporate elements tied to detection and the combating of money laundering into the model curriculum being developed through the APEC Bank Supervisors Training Initiative, and to develop course content to address abuses of the financial system. The Working Group will promote a policy dialogue, as part of the VAP Part 2 initiative, on the FATF 40 Recommendations based on the APG mutual evaluation results.

Electronic Financial Transactions Systems: IT lowers the costs and speeds up delivery of financial services products, thereby contributing to overall greater efficiency and convenience of the financial sector. In the light of the growing importance attached to achieving "Paperless Trading" and as part of APEC's concerted initiatives towards that goal, Ministers agreed at Bandar Seri Begawan to launch a working group on electronic financial transactions systems. Building on the work of other competent bodies, the working group will formulate programs to foster the use of electronic means for conducting financial transactions.

The working group, consisting of financial experts from interested economies, will be co-chaired by Japan and Hong Kong, China.