



ANNUAL REPORT OF THE COMMITTEE ON TRADE IN FINANCIAL SERVICES TO THE COUNCIL FOR TRADE IN SERVICES (2016)

Since its previous Annual Report to the Council for Trade in Services¹, the Committee on Trade in Financial Services held four formal meetings, on 14 October 2015, 16 March 2016, 15 June 2016, and 5 October 2016.²

1 ACCEPTANCE OF THE FIFTH PROTOCOL TO THE GATS

1.1. On 18 March 2016, Brazil accepted the Fifth Protocol to the GATS. In terms of paragraph 3 of the Protocol and pursuant to the Decision of the Council for Trade in Services (reproduced in document S/L/411), the Protocol entered into force for Brazil on 18 March 2016. The Protocol has now been accepted by all its parties.

2 TRADE IN FINANCIAL SERVICES AND DEVELOPMENT

2.1. The Committee focused on the issue of financial inclusion, on the basis of a Background Note by the Secretariat on Barriers to Financial Inclusion and Trade in Services (S/FIN/W/88/Add.1). The Note provides an overview of barriers to financial inclusion (e.g. supply-side and demand-side constraints, inadequate regulatory frameworks, institutional weaknesses and deficient financial infrastructure), shows – through various original case studies – how trade in services contributes to overcoming those obstacles, and discusses the role of trade policy in services in that context. As part of this discussion, Members also exchanged information on their respective financial inclusion initiatives and policies.

3 REGULATORY ISSUES IN FINANCIAL SERVICES

3.1. In the context of the Committee's review of recent developments in global financial regulatory reform and the implications for trade in financial services, representatives of the Global Forum on Transparency and Exchange of Information for Tax Purposes, the International Monetary Fund and the Islamic Financial Services Board made presentations on recent developments in their respective areas of competence. The presentations were followed by discussions with Members.

3.2. The Committee also considered a Note by the Secretariat overviewing recent standard-setting activities by the Basel Committee on Banking Supervision, the Financial Stability Board, the International Association of Insurance Supervisors, the International Organization of Securities Commissions, as well as the Islamic Financial Services Board, over the last two years (document S/FIN/W/90 and Add.1).

4 RECENT DEVELOPMENTS IN FINANCIAL SERVICES TRADE

4.1. At the meetings in June and October 2016, the representative of Jamaica, on behalf of the members of the Caribbean Community (CARICOM), drew Members' attention to the impact of "de-risking" on correspondent banking relationships in the region.

¹ S/FIN/30, dated 14 October 2015.

² The reports of the formal meetings are contained in documents S/FIN/M/86 to 89, and should be read in conjunction with this report.