



ANNUAL REPORT OF THE COMMITTEE ON TRADE IN FINANCIAL SERVICES TO THE COUNCIL FOR TRADE IN SERVICES (2017)

Since its previous Annual Report to the Council for Trade in Services¹, the Committee on Trade in Financial Services held three formal meetings, on 24 November 2016, 15 March 2017, and 13 June 2017, as well as an informal meeting on 2 October 2017.²

1 REGULATORY ISSUES IN FINANCIAL SERVICES

1.1. In the context of the Committee's review of global financial regulatory reform and the implications for trade in financial services, representatives of the Committee on Payments and Market Infrastructures (CPMI), the Financial Stability Board (FSB) and the International Association of Insurance Supervisors (IAIS) made presentations on recent developments in their respective areas of competence. The presentations were followed by discussions with Members.

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 entitled "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 may help overcome those obstacles; and discusses the potential role of trade policy in services. As part of this discussion, China and Chinese Taipei provided information on their respective financial inclusion initiatives and policies.

2.2. The representative of China proposed that Members focused discussions, and exchanged information, on payment services directly supporting cross-border trade in goods. In that connection, China provided an overview of recent domestic market trends and regulatory developments in the electronic payment services sector. Members are still considering China's proposal.

2.3. The representative of Costa Rica, speaking on behalf of the Friends of E-commerce for Development or FED (Argentina, Chile, Colombia, Costa Rica, Kenya, Mexico, Nigeria, Pakistan, Sri Lanka and Uruguay), briefed the Committee on the Seminar on Digital Payments and Financial Inclusion, which was open to all Members and held in the WTO premises on 13 March 2017. Together with China, the FED group stressed that the main take-away from the seminar was the positive linkage between electronic payments, financial inclusion, and trade.

¹ S/FIN/31, dated 24 November 2016.

² The reports of the formal meetings are contained in documents S/FIN/M/90 to 92, and should be read in conjunction with this report.

3 RECENT DEVELOPMENTS IN FINANCIAL SERVICES TRADE

3.1. The representative of Jamaica, on behalf of the Members of the Caribbean Community (CARICOM), submitted a draft proposal for a seminar on de-risking and correspondent banking (JOB/SERV/244). Consultations on this proposal, between the proponents and a number of delegations as well as within the CARICOM group, are still on-going.
