



**Asia-Pacific  
Economic Cooperation**

**Advancing** Free Trade  
for Asia-Pacific **Prosperity**

# **Harnessing Fintech Skills of Women-led MSMEs in Promoting Inclusive Growth Against COVID-19**

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**APEC Policy Partnership on Women and the Economy**

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Department of Multilateral Economic Cooperation,  
Ministry of Foreign Affairs, Viet Nam

Prepared for:

Asia-Pacific Economic Cooperation Secretariat 35 Heng  
Mui Keng Terrace, Singapore 119616

Tel: (65) 68919 600

Fax: (65) 68919 690

Email: [info@apec.org](mailto:info@apec.org)

Website: [www.apec.org](http://www.apec.org)

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## INTRODUCTION

On 8-9 December 2020, an ***APEC Virtual Workshop on Harnessing Fintech Skills of Women-led MSMEs in Promoting inclusive Growth Against Covid-19 was held in Ha Noi, Viet Nam***, co-sponsored by Australia; Canada; Chile; China; Republic of Korea; Malaysia; Mexico; New Zealand; Philippines; Papua New Guinea; Russia; Chinese Taipei; and Thailand. The workshop was held under the Policy Partnership on Women and Economy Working Group in collaboration with Small and Medium Enterprises Working Group with a view to contributing to the implementation of the APEC Viet Nam 2017 Leader's commitments and aligns with APEC Action Agenda on Advancing Economic, Financial and Social Inclusion.

The workshop gathered about 100 participants, including representatives from APEC member economies, representatives of related ministries, agencies, women-led MSMEs of APEC economies, Policy Partnership on Women and the Economy (PPWE) representatives and other related Working Groups including Small and Medium Enterprises Working Group (SMEWG), Human Resources Development Working Group (HRDWG), APEC Business Advisory Council (ABAC) and international organizations such as World Bank, UNESCAP, IMF. The workshop was opened by H.E. MrBui Thanh Son, First Deputy Minister of Foreign Affairs of Viet Nam, with following remarks given by Tan Sri Dr Rebecca Sta Maria, Executive Director of the APEC Secretariat and MrFrancois Painchaud, IMF Resident Representative in Viet Nam and Lao PDR.

The objectives of the workshop were to: (i) Identify key opportunities and challenges that MSMEs are benefiting and facing in the Fintech field, which enhance the participants' understanding of the role of Fintech in MSMEs' development; (ii) Share best practices among APEC members, experts, NGOs, businesses, global and regional organizations on how women-led MSMEs can maximize the benefits and mitigate the potential risks of Fintech for their better capital; (iii) Identify focused areas of cooperation in MSMEs' Fintech; and (iv) Develop a set of recommendations for policy makers or government officials in designing and implementing policies/regulations that mandate non-discrimination in access to credit based on gender and marital status, help create favorable environments to accelerate the development of Fintech and the ease-of-doing-business for enterprises providing Fintech services. Recommendations will also be reported to WEF, SMEWG, and related sub-fora to contribute to the implementation of the APEC Post-2020 Vision.

## KEY ISSUES DISCUSSED

The workshop was opened by the remarks of Dr. Rebecca Fatima Sta Maria, Executive Director of APEC Secretariat, Mr Francois Painchaud, Resident Representative of IMF in Viet Nam and Mr Bui Thanh Son, First Deputy Minister of Ministry of Foreign Affairs Viet Nam.

The two-day workshop was divided into 4 sessions.

***The First Session on Fintech Revolution in the 21<sup>st</sup> century: Opportunities and Challenges for Women-led MSMEs*** was chaired by Ms Grisel Santos, Executive Director of the Fintech Alliance PH, Philippines, with speakers from IMF, WB, UNESCAP.

**Mr Ulric Eriksson von Allmen from International Monetary Fund (IMF)** talked about the promise of Fintech in advancing financial inclusion in the post COVID-19 era. He highlighted some disproportionate impacts of Covid-19 on women, notably: (i) Regressive impact of COVID-19 on gender equality; and (ii) Women's access to traditional finance remaining low, limiting their ability to cope with the impact of COVID-19.

Mr Ulric Eriksson von Allmen pointed out that Fintech can help to mitigate the economic impact of COVID-19 and support the recovery in many ways, including by: (i) Ensuring continued access to financial services; (ii) Delivering government support effectively and securely; and (iii) Supporting consumption, innovation and productivity through digital economy developments. His studies showed that Asia-Pacific and Africa overall are leading in adoption of Fintech payments and Fintech lending (China case particularly).

To conclude, he highlighted the role of policymakers to tap the high potential of Fintech in closing gender gaps in financial inclusion with key recommendations as: (i) Support equal access to necessary digital infrastructure: including mobile phone, high-speed internet, and digital IDs; (ii) Enhance financial and digital literacy; (iii) Invest in human capital: I.e.STEM education; (iv) Address inherent cultural biases; and (v) Keep up regulations and supervision: consumer and data protection, financial integrity, cyber security; and (vi) Ensure sufficient competition among men and women.

**Ms Sheirin Iravantchi from the World Bank** represented the impacts of COVID-19 on transformation with Fintech as a key driver of innovative financial solutions. According to Ms Iravantchi, COVID-19 is reshaping the global economy in the following ways: by causing widespread and persistent drop in revenue, especially for smaller business; and by accelerating digitization as social distancing measures have been tightened. Ms Sheirin Iravantchi pointed out some impacts of COVID-19 such as: (i) Limited availability of cash and cash-based payment services; (ii) Increasing demand for digital payments; (iii) Potential disruptions to the smooth functioning of payment and settlement systems, and potential credit and liquidity risks linked to disruption; and (iv) Unavailability of critical staff as well as services providers. Therefore, COVID-19 has heightened the urgency of using Fintech and digital financial services to keep financial systems functioning and avoid disruptions.

She stated that new technologies and Fintech impact a wide range of financial services including payment services, distributed ledger, deposits, lending and capital raising, alternative data, AI, etc. Her study revealed an increase in Fintech usage and in the prioritization of Fintech among regulators in light of COVID-19. For example, he has observed that the digital payments and remittances have seen the largest increase in usage and offering, particularly in emerging markets and developing economies (EMDEs). He also stated that 37% of regulators have undertaken at least one measure targeting one or more specific Fintech activities or sectors.

Ms Sheirin Iravantchi proposed the following recommendations: (i) Increase Fintech usage and prioritization of Fintech within regulators; (ii) Double down on increasing access and usage of digital payment; (iii) Place attention to critical enablers (Customer due diligence, customer protection and education...); (iv) Accelerate rollout of fast payment systems; (v) Accelerate shift to unified Government to Person (G2P) architecture; and (vi) Progress rapidly on the journey of financial inclusion, through increased usage of digital financial services.

**Ms Mia Mikic, Director of Trade, Investment and Innovation Division, UNESCAP** presented on the topic “Enhancing financial inclusion for women through harnessing Fintech for Women-led MSMEs”. Ms Mia Mikic introduced the funding program “Catalyzing Women’s Entrepreneurship” aimed at supporting 20,000 women entrepreneurs to have improved ability, knowledge, skills and financing to start-up or expand their business by 2023 through policy, ITC and business skills development, and access to finance. Targeted economies of the funding program are Bangladesh, Cambodia, Fiji, Nepal, Samoa and Viet Nam.

Under the framework of this innovation fund approach, UNESCAP co-funds and provides technical support to companies to pilot innovative digital solutions and/or digital financial solutions which support women entrepreneurs.

Presently in Viet Nam, COVID-19 has brought 3 main difficulties to women-led MSMEs, which are (i) 96% of business activities have decreased, along with aggregate demand; (ii) 33% of firms have been facing labour shortage; and (iii) 42% in shortage of working capital for production and business. In addition, there are also challenges in place for women MSMEs such as reduced access to collateral, confidence, and ability to present business plan to banks, etc. In this situation, women leaders of MSMEs can rely on investments through the Women Enterprise Recovery Fund which offers a digital solution for enhancing women enterprise growth and resilience.

Key findings and recommendations are: (i) Platforms have helped women entrepreneurs adapt business models quickly; (ii) Tap into investments and impact funds in the region; (iii) Pay attention to digital divide.

During the discussion session, all the participants agreed that the Fintech revolution has come at the right time with the proliferation and fast growth of digital economy transformations. Adapting quickly and efficiently with all new aspects of digital economy, especially with its technology development, will bring benefits for women-led MSMEs and help mitigating available risks arise.

**Session II on Best practices for driving the Fintech Digital transformation in APEC Economies** was chaired by Dr Can Van Luc, Chief Economist of Bank of Investment and Development of Viet Nam JSC (BIDV), also member of Vietnamese Committee for PECC (VNCPEC); speakers are from Korea, Chile and Philippines

**Ms Carmen Vicelich, CEO & Founder of Valocity, New Zealand** shared the idea of transforming through innovation. She highlighted the accelerated changes of technology across the globe, which are technology revolution, cloud storage, and increased volume of data, and pointed out that new technologies are reshaping all interactions and processes. Given that business models are vastly affected by COVID-19, delivering agile solutions to enable business continuity through digital connectivity is vital, which enable customers to embrace digital technologies. In that sense, Ms Carmen Vicelich introduced the Valocity platform. Valocity streamlines, automates and digitises the complex world of mortgage valuations and helps bank to validate the value of the property through one smart platform.

Ms Carmen Vicelich introduced a case study: Transforming the India Mortgage Valuation Market.

Context: mortgage valuation process in India was completely manual with no risk management or quality control.

Solution: Valocity has delivered standardisation, innovation and efficient financial solutions through key digital modules, by connecting, automating and analyzing, to transform the mortgage valuation process in India.

Ms Carmen Vicelich stressed the important role of digital connectivity in a COVID-19 world, which helps to deliver agile solutions to enable business continuity. Consumers now tend to support digital technologies and therefore companies and business should adapt to this change.

**Ms Hyemin Lee, CEO & Co-Founder of Finda Inc, Korea** highlighted a transition from traditional financial models to innovative technological platforms, with the story of women entrepreneurship. At the outset, Ms Hyemin Lee introduced FINDA, which was established in 2015, with an objective to support people in accessing and benefiting from information about finance.

Specifically, FINDA's document automation and system integration is recognized as the innovative financial service of the 1<sup>st</sup> loan recommendation application platform. FINDA provides a total solution that is optimized in digital loan services. Its platform enables users to apply for the most appropriate loan to their needs with a fast processing time.

According to Ms Hyemin Lee, FINDA also serves as a loan management platform, which enables users to manage their loans and credit. In this field, FINDA has been recognized as one of the top three most promising Fintech companies from the amendment of credit information law by 2021. FINDA's competitiveness is based on its key metrics such as UX (User experience design), tech & infrastructure and data modeling. FINDA currently has the highest rate in the app store among other Fintech services and scored a high level of satisfaction from customers.

**Ms Griselda (Gay) Santos, Financial Inclusion Specialist and Advocate, Philippines** shared the views of barriers for women-led MSMEs to access Fintech (Global indicators and in Philippines). Barriers can be defined in term of access to finance and financial products, access to technology (ownership), and access to financial – digital literacy, given gender considerations, cultural aspects, and enabling policies. Key recommendations are: (i) Having the gender focus in enabling greater access to financial technology for Female-led MSMEs; (ii) A focus on promoting greater financial inclusion is equal to promoting greater Fintech inclusion among women; (iii) Female-led Fintechs are more likely to target female clients and other underserved population.

In a global landscape, gaps have been recognized in the customer base served by Fintech, particularly the gaps in term of financial and digital literacy involving women are wider in South Asia, East Africa, etc. Figures showed that women in developing economies are 9 percentage points less likely to have bank account than men, 8 percentage points less likely to own a mobile phone than men, and 7 percentage points less likely to be equipped with financial literacy. Specifically, speakers highlighted 4 main barriers, namely (i) Access to finance and financial products; (ii) Access to Technology (Ownership and access); (iii) Financial literacy and digital literacy; and (iv) Overall mindset on gender focus – on cultural aspect and enabling policies.

To address the above-mentioned barriers, Ms Griselda (Gay) Santos stressed some key recommendations, which are (i) Enabling a shift in mindset toward a fair share in the economic rights of women and men; (ii) Having a gender focus in enabling greater access to financial technology for female-led MSMEs; particularly a focus on promoting greater financial inclusion is equal to promoting greater Fintech inclusion among women; (iii) Female-led Fintechs are structured to target female clients and other underserved populations; (iv) Financial inclusion for Female-led MSMEs is often aligned with sustainability.

**Ms Imelda C Tiongson, President and CEO of Opal Portfolio Investment, Philippines** gave a presentation on "Difficulties in accelerating the ease-of-doing-business, especially Women-led Fintech start-ups (Fintech role)". Her presentation was divided into 3 parts. First, statistics on women in tech generally showed that only 11% of tech companies have women in senior leadership, and the technology field is lacking in the representation of women overall. Studies also showed that tech companies led by women have a 35% ROI (Return on Investment), and sparked a question on why there is only a small investment in women-led start-ups regardless of higher profit in return.

Second, Ms Tiongson pointed out that MSMEs are the key factor that contributed to Southeast Asia's recovery during COVID-19 as they are the driving force in Southeast Asia's economies, accounting for an average of 97% of all enterprises and 69% of the economy's labour force. However, statistics in the Philippines showed that only 9% of total

business loans were given to MSMEs. In this endeavour, new Fintech-based approaches can unlock finance and drive economic recovery by addressing key challenges to women-led start-ups: (i) no money; (ii) no time to start a business; (iii) no family support; and (iv) no confidence in one's own ability.

Third, Fintech-related approaches to support MSMEs discussed were: (i) Fintech lending, Fundraising, P2P Platform; (ii) Digitalization, online businesses; (iii) Tech tool support; (iv) Reskill and retool.

### **Discussion session**

**Ms Alison L. Eskesen, Vice President, Asia Pacific, Mastercard Center for Inclusive Growth**, shared the idea of a positive effect of COVID-19 by creating the opportunity to close the digital divide. Mastercard Center for Inclusive growth's objective is to advancing sustainable and equitable economic growth and financial inclusion worldwide.

Ms Eskesen focused on means and support to unlock the economic potential of women entrepreneurs through 3 main tasks such as: (i) Research: identifying the need/learning area to develop non-financial services including diagnostic tools, such as industrial forecasts and webinar training services to enrich users' experience; (ii) Partnership: work with other financial institutions to tailor financial service products to the unique needs of women entrepreneurs, to provide wrap-around advisory services to women-led businesses and to collaborate on awareness-raising campaigns within the entrepreneur ecosystem; and (iii) Networking: Building stronger community among women entrepreneurs including through mentoring services; challenging social norms through positive examples of women leadership and contribution; and encouraging coalition action when presenting views.

Regarding the MasterCard project in Indonesia, Ms Eskesen introduced the theme 'Helping Indonesia go digital for a lifetime' and its work to build technology aptitude and skills across ages and education levels in order to transform the Indonesian workforce, with 5 objectives and different entities including building STEM skills, developing vocational training, providing an SME toolkit, organizing expert speaker series, and mentoring.

***Session III on Exploring Fintech solutions for women-led MSMEs toward financial inclusion and economic recovery in the Asia-Pacific Region*** was chaired by Ms Nguyen Thuy Duong, Chairwomen of Ernst & Young Viet Nam, Vice President of Viet Nam Fintech Association (Viet-Fintech), with speakers from Malaysia SME Bank, Asian Development Bank and World Economic Forum.

**Mr Mohammad Hardee Ibrahim, Chief Banking Officer, SME Bank Malaysia** gave an update on multilateral commitments for harnessing Fintech to revitalize finance for women-led MSMEs, and provided a case study on Malaysia.

There has been a wide and diversified financing landscape for MSMEs in Malaysia. According to Bank Negara Malaysia, Fintech businesses in Malaysia have huge participation of the Leading Entrepreneur Accelerator Platform (LEAP) market, Equity Crowdfunding Framework (ECF), Peer-to-Peer (P2P) networks, and Investment Account Platforms (IAP). Malaysia has developed specific financing programs for women MSMEs such as the Women Netpreneur program, SME hub, and the Women Exporters Development Program (WEDP). From the government side, the National MSME Digital Platform, which is steered by the National Development Council and the National Entrepreneur & SME Development Council, has been a cornerstone of Malaysia MSMEs digital platform strategy. SME Bank Malaysia's transformation program currently is part of the National MSME Digital Platform. Under the National MSME Digital Platform, SME



Bank Malaysia developed Odela, which is a leading Fulfilment Digital Platform for customer-approved purchase channels, and designed to maintain the MSME ecosystem.

Mr Mohammad Hardee Ibrahim proposed key recommendations including: (i) Establishment of a High Level Task Force (HLTF) specifically for Women-led MSMEs globally in formulating a global framework on the 4<sup>th</sup> Industrial Revolution; (ii) Facilitating women MSMEs' participation in international trade by lowering barriers to entry; (iii) Effectively enhancing Women-led MSMEs knowledge in Fintech via virtual learning platforms, and increasing digital adoption in ecosystems; and (iv) Establishment of a centralized databank for sharing of sex-disaggregated data across the region, which is aimed at setting up a special Fintech Fund targeted for women-led MSMEs globally.

**Ms Yan Xiao, Project Lead of Digital Trade, International Trade and Investment, World Economic Forum**, presented views on existing policy measures to create an enabling Fintech ecosystem.

With her main focus in Fintech through the process of cash digitization, MsYan Xiao introduced the case and lesson in China since the outbreak of SARS. China witnessed a surge of digital payments transactions in 2018 with total value of nearly \$1,270 billion USD; and ranked first among economies with the highest digital payment transactions, followed by United States, Japan, UK, and Germany. With regard to user penetration in the mobile point-of-sale segment in 2019, China also ranked first in penetration rate and average annual transaction value per user.

Ms Yan Xiao highlighted the proliferation and potential of Fintech-related business in China representing: (i) 1.94 trillion USD of the e-commerce market; (ii) 1.6 trillion USD of the logistics market; (iii) 1.2 trillion of the digital payments market; (iv) together creating 48 million of jobs.

To conclude, Ms Yan Xiao indicated 5 following issues in enabling Fintech: (i) Access to basic infrastructure (electricity, internet access); (ii) Interoperability (Interoperability between traditional financial institutions and Fintech and among Fintechs; Interoperability within the region/globally; Standardization; Digital Economy Partnership Agreements; and the Global Financial Innovation Network (GFiN)/Fintech partnership agreement); (iii) Trust (Cybersecurity & data privacy; Financial/digital literacy education; and Robust and inclusive credit system); (iv) Innovation (Government champions for adoption of innovation; Promoting competition; and innovation hubs/sandbox/limited licensing); (v) Regulatory reform (Recognition of e-signature, e-documents & e-KYC; and Clarity over licensing and operational requirements; Harmonization: model laws; and agile governance and public-private collaborations).

**Mr Adnan Rafiq, Investment Specialist, Asian Development Bank** gave a presentation on "*Fostering Technological and Infrastructure Development to Harness Innovation for inclusive Finance.*" At the outset, Mr Adnan Rafiq provided a definition of Financial Technology (Fintech) which redefines a specific sector at the intersection of financial services and technology. According to Mr Adnan, innovation in technology and financial services serves as crucial foundation for the development of Fintech.

Mr Adnan Rafiq shared his views that Fintech has the potential to be improved and promoted to be a more inclusive financial tool. In that sense, key recommendations are: (i) Managing technological innovation to promote greater financial inclusion; (ii) Developing an ecosystem to support creation diffusion, and scaling up of the technology and innovation; (iii) Strengthening the role of central banks and financial regulators in managing risks and developing the regulatory environment; and (iv) Identifying the role of the international financial institutions and regional cooperation.

**Ms Drew Propson, Head of Technology and Innovation in Financial Services, WEF** presented on the issue of promoting human resources development: “In-demands skills in Fintech era: the human factor.”

According to Ms Propson, SMEs represents nearly 90% of business and more than 50% of employment worldwide, but their access to finance remains low and creates large barriers to growth. For women-led MSMEs, the global finance gap is estimated at 1.7 trillion USD. She identified some technology and innovation solutions for women-led MSMEs, advocating for involvement from multiple sectors such as private firms (Fintechs), policy makers, regulators, customers, and MSME management/owners.

Specifically talking about the role of MSME management/owners, she underlined key skills for harnessing potential which are categorized as (i) Reality: Ability to seek and consolidate information; information sharing; adaptability; (ii) Assumed: extensive digital and technology literacy; coding skills; in-depth understanding of cybersecurity; and (iii) Ecosystem support: resource centers; tech-based feedback loops; and secure infrastructure.

**Session 4 on Policy Recommendations** was chaired by Ms Nguyen Minh Hang, Director-General of Multilateral Economic Cooperation Department, Ministry of Foreign Affairs, with speakers from BIDV of Viet Nam and E&Y Viet Nam.

**Dr. Can Van Luc, Chief Economist of the Bank for Investment and Development of Vietnam’s and member of Vietnam National Committee for Pacific Economic Cooperation** presented about the need to strengthen APEC cooperation in Fintech development for financial inclusion and economic recovery following COVID-19.

Starting with Fintech development in the APEC region, Dr. Luc pointed out that Asia and the United States took the lead in attracting venture capital investments in Fintech. Total investments in Fintech in the Asia Pacific region stood at 8.1 billion USD in 2020 (source: KPMG, CB insights 2020). Fintech development in Viet Nam has been showcased with 140 Fintech companies (in 2019) with 2 main activities including payment and P2P lending. Also, the surge of the number of Fintech firms in ASEAN has played a key role, which stands at 2,590 firms as of 2019.

With regard to Fintech’s connection to Financial inclusion, Dr. Luc affirmed that Fintech helps to address key issues including (i) Improving financial inclusion; (ii) Enhancing customer experience; (iii) Increasing transparency; (iv) Providing security and compliance; and (v) Providing support and guidance.

In the final part of his presentation, Dr. Luc stressed the need to strengthen APEC cooperation in Fintech development in terms of (i) Information sharing on market trends and developments; (ii) Coordination for cross-border applications of Fintech; (iii) Cooperation on permitting and regulating Fintech giants (Alipay, SamsungPay, ApplePay, for example) and Fintech cross-border transactions and digital currencies; (iv) Sharing experiences on consumer protection, privacy, cyber-security, and regulatory sandboxes; (v) Knowledge sharing for promotion of financial inclusion; (vi) Enhancing cooperation with various international organizations (i.e. ADB, WB, IFC, AFIN) in developing Fintech for financial inclusion (such as MiBank and Women’s Microbank supported by ADB); (vii) Harmonisation of consumer and data protection policy for Fintech cross-border implications; and (viii) Capacity building.

**Ms Nguyen Thuy Duong, Chairwoman of Ernst & Young (E&Y) Consulting Viet Nam, Vice President of Viet Nam Fintech Association (Viet-Fintech)** presented recommendations for PPWE and the Ministerial Women and the Economy Forum. She made clear key challenges posed by COVID-19 that Women-led MSMEs face, which are:

(i) Economic downturn hampering growth prospects; (ii) MSMEs and SMEs are still largely underserved by Banks; and (iii) Women are disproportionately vulnerable to economic disruption.

To address those challenges posed by COVID-19 generally, global responses to COVID-19 in terms of regulatory actions can be identified as: (i) promotion of resilience; (ii) direct economic stimulus or measures to support lending and lending forbearance; (iii) measures to enhance market stability; and (iv) disclosures, reporting, and corporate governance. E&Y recently completed a summary of measures taken by governments and central banks to support national economies in response to COVID-19.

Her key recommendations were (i) develop a strategy to promote collaboration among women-led MSMEs with other financial institutions for financial inclusion purposes, such as banks; (ii) streamline government policies and regulations that can support the development of Fintech ecosystems, through the promotion of the adoption of Fintech-related technologies among citizens and government institutions, work closely with the private sector, increase access to digital services, and develop a positive legal framework to facilitate the growth of Fintech for women-led MSMEs; and (iii) Focus on human resource training and funding.

**Ms Chih Shan Luo, Managing Director, FintechSpace, Chinese Taipei speaker** presented “Recommendations for the PPWE and Ministerial Women and the Economy Forum” topic and showcased the participation of women in Chinese Taipei’s economy with key indicators as followed:

(i) Population: 23.6 millions; (ii) Proportion of women population ages 15 and older that is economically active: 51.1%; (iii) Loan from a financial institution for Female (age above 15): 22.3%; (iv) Female participation in ownership of firms: 36.8% (2018); and (v) Fintech roadmap (8/2020): Inclusive financing.

Ms Chih Shan Luo highlighted the need to harness Fintech Skills of women-led MSMEs for promoting inclusive growth, and stressed the importance of 02 key policies:

(1) Help to start with credit building from alternative credit data, including alternative lending payments, rental payment, telecom payments, etc., which could help to secure a loan for potential borrowers and enhance the access of most existing borrower to lower interest rate credit lending; and

(2) Help to sustain through community-based microfinance such as Village savings and Loan Association (VSLAs), Self-help groups (SHGs), Financial Cooperatives and Credit Unions, informal savings groups linked with Banks and MFIs.

### **Discussion session**

**Ms Mia Mitchell, Director, Women’s Economic Empowerment Unit, U.S. Department of State**, presented on the Women Entrepreneurs Finance Initiative (We-Fi). She pointed out that women's access to finance networks and mentorship is vital to promote women's ability to engage and participate in the economy fully and freely. Increasingly, women's access to finance, especially digital financial tools, is critical to success.

Ms Mitchell noted that the U.S. State Department has focused on addressing legal and regulatory reforms that present barriers to women's economic empowerment. On legal reforms, she focused on how to enhance women's ability to access institutions to build credit, and the importance of women's ability to own and manage property to travel freely and to work in the same jobs and sectors as men. Ms Mitchell shared the success of the We-Fi initiative, which seeks to mobilize funding for women entrepreneurs. She further noted that the United States has mobilized significant capital for women-owned, women-led and women-supporting investments through the U.S. Development Finance

Corporation (DFC) which has catalyzed 3 billion US dollars to date. The DFC plans to mobilize an additional \$6 billion USD over the next three years for global women's economic empowerment.

The We-Fi, or Women Entrepreneurs Finance Initiative, was launched by the World Bank in 2017 with the support of the United States and 13 other economies. The main objective of We-Fi is to address the credit gap facing women-owned and women-led SMEs. We-Fi has done a tremendous amount of work to increase women's access to finance into markets or technology, supporting women to enter the networks necessary to start and grow their businesses. We-Fi has supported over 130,000 women-led businesses and is active in nearly 40 economies around the world. We-Fi has also mobilized close to \$3 billion USDs in financing for women, and garnered a number of successes and achievements to date in supporting global women's economic empowerment.

## **APEC WORKSHOP ON HARNESSING FINTECH SKILLS OF WOMEN-LED MSMEs IN PROMOTING INCLUSIVE GROWTH AGAINST COVID-19**

### **COMPENDIUM OF RECOMMENDATIONS**

- I. **Draw special attention to the need to harness skills for women to encourage their financial inclusion through Fintech in a fast-growing digital age of economy development in APEC region.**
  1. Initiate APEC-wide policies that support labour market adaptability, life-long learning, and workforce participation, and promote innovation and entrepreneurship in the digital age.
  2. Improve the presence of women in leadership positions via regulators, financial sector businesses and Fintechs<sup>1</sup>. More women CEOs, more women board members, and more women in decision-making positions are recommended to make closing the gender gap attainable and a key financial industry and ecosystem objective. As new market entrants, Fintechs should be encouraged to take a lead in this area as they grow and scale<sup>2</sup>.
  3. Support digital and financial literacy of women-owned or led MSMEs and access to working capital financing for women, using data via financial reports, banking history, and data-driven credit assessment and monitoring.
- II. **Pursue active engagement and outreach initiatives to help women stay up to date on the latest Fintech trends in MSMEs management.**
  4. Promote a synergy of new technology, collaboration, and regulation.
  5. Provide resources for learning in data sciences and related technologies like Machine Learning, Artificial Intelligence, Big Data, and Deep Learning.
  6. Undertake more innovative initiatives to develop the capabilities of women leaders in response to emerging Fintech-related work, especially in the promotion of digital economy in the face of the COVID-19 pandemic in APEC region.
  7. Promote more dynamic connections between education, training and the world of work. Enhance the use of comprehensive skills development frameworks that meet both educational standards and labour market realities.
  8. Prioritize skills development among vulnerable and underrepresented groups which are at higher risk of exclusion and marginalization in the digitalized world to reduce the

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<sup>1</sup> Extracted from report 'Financial Inclusion for Women: A Way Forward' – G20-Insights.org;

<sup>2</sup> Extracted from report 'Financial Inclusion for Women: A Way Forward' – G20-Insights.org;

digital divide and other gender gaps, and widen access to education and skills across all ages<sup>3</sup>.

### **III. Exploring Fintech solutions for women participation in MSMEs toward financial inclusion and economic recovery in the APEC region**

9. Continuously build technical skills, capacity and organizational cultures for regulators and government officials to keep up with new Fintech business models; embrace and nurture innovation and appropriate regulations.
10. Continue providing governments' COVID-19 financial relief programs and consider development of finance programs targeted specifically for women. Develop a post-monitoring program to identify impacts and subjects that need financial assistance.
11. Explore offer loans that enable smooth loan application processes for recovery and financial sustainability, especially for SMEs without credit scores, steady cashflow, or required collateral to access formal financing.
12. Tap the high potential of Fintech in closing gender gaps in financial inclusion by: (i) Supporting equal access to necessary digital infrastructure: mobile phone, high-speed internet, and digital IDs; (ii) Enhancing financial and digital literacy and education; (iii) Investing in human capital and STEM education; (iv) Addressing inherent cultural biases; (v) Keeping up regulations and supervision: consumer and data protection, financial integrity, cyber security; (vi) Ensuring sufficient competition among men and women; (vii) Encouraging interconnectivity; (viii) and Include cyber-security and inclusion in long-term plans<sup>4</sup>.

### **IV. Encourage gender-inclusive Fintech ecosystems with a defined regulatory framework**

13. Encourage harmonization of consumer and data protection policies for Fintech cross-border implications<sup>5</sup>.
14. Explore and encourage the participation of women leaders in the Women MSME Fintech Innovation Fund, which is part of the regional program "Catalyzing Women's

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<sup>3</sup> Extracted from report "*Bridging the Gap Between Digital Skills and Employability for Vulnerable Populations*" published at G20-insights.org by Alessia Zuccheti (Center for Research Ceibal Foundation), Cristobal Cobo (Center for Research Ceibal Foundation), Josephine Kass-Hanna (Saint-Joseph University of Beirut), Angela C. Lyons (University of Illinois at Urbana-Champaign) (October 2020)

<sup>4</sup> sExtracted from various authors, which are: (a) "Financial education may be key to encouraging more underserved communities to engage further in digital finance" – extracted from research paper with title "*Closing the Gender Gap in Financial Inclusion through Fintech*" – published by Eric Paula Sioson, Research Associate and Chul Ju Kim, Deputy Dean – ADB Institute (April, 2019); (b) Financial Stability Institute (FSI) Insights on policy implementation "*Policy responses to fintech: a cross-country overview*" by Johannes Ehrentraud, Denise Garcia Ocampo, Lorena Garzoni, Mateo Piccolo (January, 2020); (c) Extracted from presentation of Ulric Eriksson von Allmen from International Monetary Fund (IMF) presented at APEC Workshop on Harnessing Fintech Skills of Women-led MSMEs in Promoting inclusive growth against Covid-19 (December, 2020).

<sup>5</sup> Reflecting view of authors from Chapter II - Impact/Considerations of Data Protection Regulations on Fintech for Personal Data, "Implication of Data Privacy for Financial Technology in Asia" –Asia Securities Industry and Financial Markets Association (ASIFMA) (October 2018);

Entrepreneurship: Creating a Gender-responsive Entrepreneurial Ecosystem” implemented by the UNESCAP<sup>6</sup>

- 15.** Enhance the role of regulatory and legal authorities to identify risks, issue rules, and perform the oversight necessary for the healthy development of the ecosystem. The role of Fintech companies is to explore innovative business models that will bring benefits to consumers. The role of all other actors is to support the development of the ecosystem by providing funding (financial institutions and venture capital firms), guidance and advice (incubators/accelerators, legal advisors and consultancy firms), research (academia) and regulatory guidance (international knowledge partners).

**V. Strengthening PPWE and APEC cooperation in harnessing Fintech for women-led MSMEs towards financial inclusion.**

- 16. Promoting initiatives in APEC for sharing:** (i) **Information** on market trends and developments, and helping Fintech companies to enter foreign markets (E.g: Money Authority of Singapore (MAS) has 33 agreements with other central banks and other organizations)<sup>7</sup>; (ii) **Experience** on consumer protection, privacy and cyber-security, regulatory sandboxes, balancing financial innovation and consumer protection, financial stability, and competition; (iii) **Knowledge** for promoting financial inclusion and innovation among SMEs, which could aid economies with similar policy objectives<sup>8</sup>.
- 17. Coordination for cross-border applications of Fintech** (Fintech regulations should be supportive and congruent with other global financial system rules on Know Your Client, anti-money laundering (AML), and counter-terrorism financing (CTF), and taxing of digital businesses)<sup>9</sup>;
- 18.** Cooperation on permitting and regulating Fintech giants (such as Alipay, SamsungPay, ApplePay) and Fintech cross-border transactions, digital currencies, digital identification, consumer protection, and data sharing<sup>10</sup>.
- 19. Increased cooperation with various international organizations** (e.g., the Alliance for Financial Inclusion (AFI), the ASEAN Financial Innovation Network (AFIN), ADB, WB, IFC...) in developing Fintech for financial inclusion<sup>11</sup>.
- 20. Capacity building:** (i) finding the balancing act, (ii) developing skills for related regulators, (iii) financial education and digital literacy in e-commerce platforms and (iv) leadership skills for women-led Fintech firms, especially women in the rural and remote areas in APEC economies.

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<sup>6</sup> Key recommendations from “Enhancing financial inclusion for women through harnessing the Fintech for Women-led MSMEs” - Ms Mia Mikic, Director of Trade, Investment and Innovation Division, UNESCAP presented at APEC Workshop on Harnessing Fintech Skills of Women-led MSMEs in Promoting inclusive growth against Covid-19 (December, 2020).

<sup>7</sup> Extracted from news including: (a) UNDP and MAS announce partnership to help SMEs in developing economies to access global opportunities which is published in website of mas.gov.sg (December 2020); (b) Cross-border business chapter at Fintech 2020 – Singapore at <https://www.globallegalinsights.com/practice-areas/fintech-laws-and-regulations/singapore>;

<sup>8</sup> Reflecting the view of authors from “APEC can promote financial inclusion through capacity building and partnerships” – “PROMOTING FINANCIAL INCLUSION THROUGH INNOVATIVE POLICIES” report compiled and edited by John D Conroy, Julius Caesar Parreñas and Worapot Manupiatpong, ADB.org (2009)

<sup>9</sup> Extracted from report “Advancing Digital Financial Inclusion in ASEAN: Policy and Regulatory enabler”, Main Findings

<sup>10</sup> Extracted from presentation of Dr Can Van Luc, BIDV Chief Economist and member of VNCPEC, Viet Nam presented at APEC Workshop on Harnessing Fintech Skills of Women-led MSMEs in Promoting inclusive growth against Covid-19 (December, 2020);

<sup>11</sup> Extracted from presentation of Dr Can Van Luc, BIDV Chief Economist and member of VNCPEC, Viet Nam presented at APEC Workshop on Harnessing Fintech Skills of Women-led MSMEs in Promoting inclusive growth against Covid-19 (December, 2020).

21. **Promoting dialogue among regulators, banks and women entrepreneurs** in order to better understand and take into consideration their needs and concerns.
  22. Leveraging global commitments and APEC economies' Leaders commitments to ***Inclusive Economic Participation through Digital Economy and Technology*** and ***the La Serena Roadmap for Women and Inclusive growth***.
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