

## CPTPP Committee on Financial Services

### Committee Report

1. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Financial Services Committee was held virtually on 21 July 2022. Delegates from the following CPTPP members participated: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. Ms Luz Foo, Executive Director of the Monetary Authority of Singapore, chaired the Committee Meeting.

2. The Committee Meeting agenda is attached in the **ANNEX**.

3. A summary of the Committee's discussion and any outcomes agreed under the respective agenda items are set out below.

#### 4. AGENDA ITEM 1: OPENING REMARKS FROM THE CHAIR AND ADOPTION OF AGENDA

As Chair of the Committee on Financial Services, Singapore proposed the agenda for the session and requested for members' comments. The approval of the agenda took place by consensus with no amendments.

#### 5. AGENDA ITEM 2: UPDATES ON "TRANSFER OF INFORMATION" (ANNEX 11-B SPECIFIC COMMITMENTS, SECTION B)

Singapore shared that the "Transfer of Information" provision in Annex 11-B of the CPTPP agreement was a forward-looking commitment that had established a strong foundation to support the growth of digital financial services and sought members' views and updates on the domestic implementation of this commitment.

Canada shared its experience with the CPTPP "Transfer of Information" (TOI) commitment and details on its financial regulatory framework on cross-border data flows.

Japan also shared its experience with the TOI and its cross-border Data Free Flow with

Trust (DFFT) framework.

Mexico shared its approach and challenges on implementing the CPTPP TOI provision domestically.

Singapore thanked Canada, Japan and Mexico for sharing their views.

#### 6. AGENDA ITEM 3: FREE DISCUSSION ON CHALLENGES AND OPPORTUNITIES ASSOCIATED WITH THE GROWTH OF THE DIGITAL ECONOMY

Singapore invited members to share their experiences in facilitating the growth of opportunities created by the digitalization of financial services, challenges that could impede progress and development, and areas where multilateral cooperation would be important to address these impediments.

During the session, lead speakers shared the following views:

Canada shared information on its multipronged project to modernize the Canadian payment system, which includes enhancing the oversight of payment service providers, improving core payment clearing and settlements infrastructure, and expanding access to core payment infrastructure. Canada also discussed its work on a new retail payments oversight framework.

Mexico shared its legislative framework to create robust systems for cybersecurity, as well as its payments landscape plan, which included strategies to grow the digital economy, especially in electronic payments. Mexico also discussed its payment strategy and the changes to its payments system regulatory framework.

Japan shared its experience of facilitating cross-border flow of data through advocating the concept of Data Free Flow with Trust (DFFT). Japan also shared its plan to expand access of its domestic payments network system, ZENGIN, to non-bank financial institutions.

Australia shared its experience with the Singapore-Australia Digital Economy Agreement (SADEA), which was a good example of promoting cross-border interoperability of payment systems and enhancing cross-border data flows. Australia

also discussed how the SADEA covered the broader sphere of e-payments and helped foster international standards by including commitments on innovation and competition and promoted interoperability of systems and infrastructure.

Singapore suggested that the CPTPP should strive to be a living agreement to keep it relevant and forward looking. For example, members could consider updating the rules around data flows, which could already be found in several other bilateral agreements and would benefit all CPTPP members. Singapore shared that the payments landscape had also evolved significantly since the CPTPP was negotiated, extending beyond just credit cards into various e-payment modes. Singapore opened the floor to members where the following views were shared:

Canada spoke about the benefits of data transfer commitments in enabling information to flow freely across borders.

Vietnam shared its masterplan for digital transformation of the banking sector and its collaboration with other ASEAN countries on creating multilateral and bilateral payment linkages. Vietnam also spoke about financial stability considerations arising from cross-border data flows/data storage.

Mexico shared its experience on promoting cross-border data flows, including the steps it took to commit to the prohibition of data localization under the US Mexico Canada Agreement (USMCA). Mexico also discussed the importance of effective cooperation amongst authorities in different jurisdictions on data transfers from a regulatory perspective.

Malaysia shared its financial sector blueprint to advance the digitalization of the financial sector, its initiatives to connect Malaysia's real time retail payment platform with other ASEAN countries to enable cross-border QR payments and transfers, and its multiyear project to explore the possibility of issuing a CBDC.

Singapore thanked CPTPP members for sharing their experiences and noted that members had shared views on the importance of facilitating cross-border data flows and cross-border payments in the growth and development of the digital economy. Summarizing the interventions by members, Singapore opined that the sharing of ideas and insights at this meeting had provided food for thought as members

continued to work towards ensuring that the CPTPP remained relevant, dynamic and forward-looking as a comprehensive and high-standard agreement for all parties.

7. AGENDA ITEM 4: OTHER ISSUES (IF ANY)

No other issue was raised.

8. AGENDA ITEM 5: NEXT MEETING AND COMMITTEE REPORT

Singapore expressed appreciation to members for their active participation at the meeting and said that the various suggestions raised on cross-border data flows, prohibition of data localization, and cross-border payments were a useful source of ideas to futureproof the CPTPP and to help seize new growth opportunities for all members.

The next CPTPP Financial Services Committee Meeting would be chaired by New Zealand in 2023.

## ANNEX

<b>CPTPP Committee on Financial Services</b>	
<b>Date and time:</b>	21 July 2022, 9.00am Singapore Time
<b>Venue:</b>	Virtual meeting
<b>Meeting Agenda</b>	
<b>Item 1:</b>	<b>Opening remarks from the Chair and Adoption of agenda</b>
<b>Item 2:</b>	<b>Updates on “Transfer of Information” (Annex 11-B Specific Commitments, Section B)</b>
<b>Item 3:</b>	<b>Free Discussion on Challenges and Opportunities Associated with the Growth of the Digital Economy</b>
<b>Item 4:</b>	<b>Other issues (if any)</b>
<b>Item 5:</b>	<b>Next meeting and Committee Report</b>