2018 IAFICO Annual Conference
Global Forum for Financial Consumers

The Fourth Industrial Revolution and Financial Consumer Protection

Date : July 27-28, 2018

Venue : International Conference Center, Waseda University, Tokyo, Japan

Host : IAFICO

School of Commerce of Waseda University

Research Institute of Business Administration of Waseda University

Insurance and Risk Management Institute of Waseda Unvieristy

Organizer : SKK University (Center for Insurance& Pension Reseasrch)

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Words of Invitation

In recent years, there has been a major reform of the industry due to the fourth industrial revolution which is technological innovation represented by IOT (Internet of Things) and AI (Artificial Intelligence). On the other hand, these changes have promoted the development of financial technology called Fintech or InsurTech, and have caused a huge impact on the financial industry. For example, the virtual currency has no border and regulatory agencies, and complex financial products have exceeded the boundary of banks, insurance and securities.

The rapid development of such FinTech and InsurTech makes it difficult to protect financial consumers through the existing supervisory system, and the protection of financial consumers in each country has not been keeping up with the progress of FinTech or InsurTech. In order to respond to the necessity of protecting financial consumers, the International Academy of Financial Consumers (IAFICO) was formed as an international organization and attracted attention from the world's regulatory agencies and the mass communication.

This International Academic Conference aims at gathering experts and academics from different countries focusing on themes related to a fourth industrial revolution and protection of financial consumers and exchanging opinions and research outcomes. Sharing the outcomes of this academic event with the financial supervisors of each country in the financial industry and scholars is significant for protecting financial consumers.

Words of Invitation

近年、IOT(モノのインターネット)とAI(人工知能)に代表される技術革新による第4次産業革命による産業の大変革が起きている。一方、これらの変化は、フィンテック(Fintech)とインシュアテック(InsurTech)と呼ばれる金融技術の発展を促進し、金融業界に大きな影響を及ぼしている。例えば、仮想通貨は国境と監督機関を持たないものとなり、また、銀行・保険・証券という垣根を超える複合的金融商品が発売されている。

このようなフィンテックとインシュアテックの急速な発展は、既存の監督体制による金融消費者保護を困難にしており、各国の金融消費者保護はフィンテックやインシュアテックの進展に追いついていない状況にある。このような金融消費者保護の必要性にも対応するため、国際金融消費者学会(IAFICO)が国際的な組織として結成され、世界の監督機関やマスコミからも注目を集めてきた。

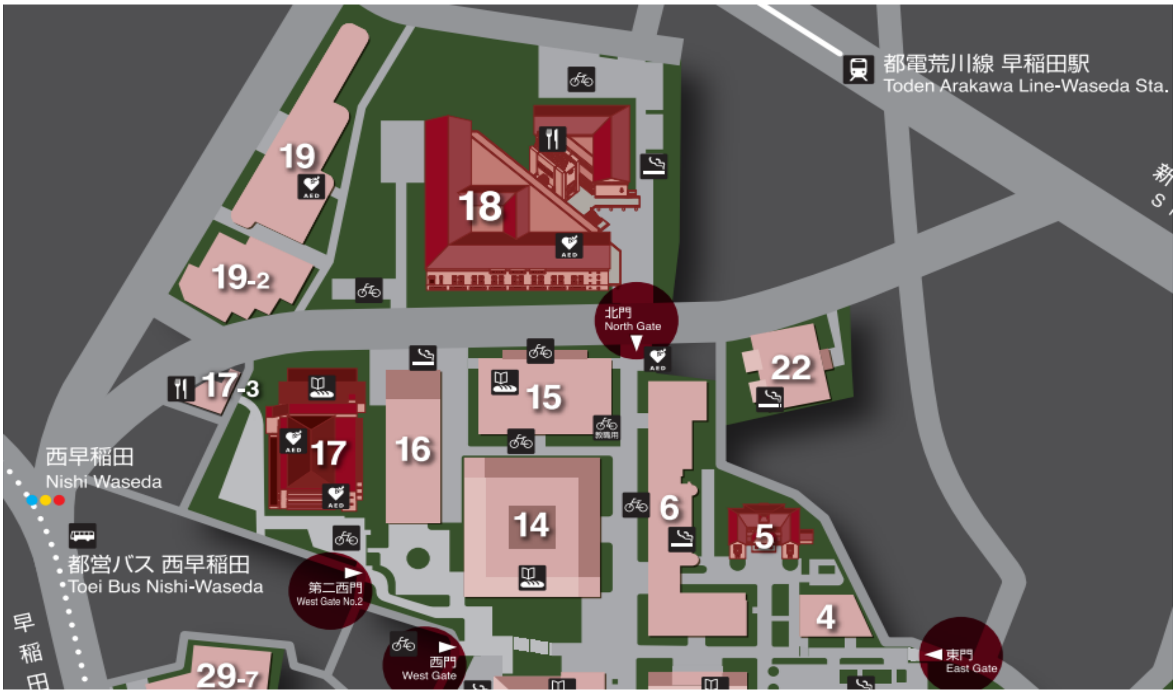
本国際学術大会は、このような第4次産業革命と金融消費者保護をテーマに、各国の専門家と学者が集まり、意見と研究成果を交換することを目的としている。この学術大会の成果を各国の金融監督者と金融業界、学者が共有することは、金融消費者保護のために持つ意義は大きい。

General Information

- **Venue**

早稲田大学
WASEDA University

Waseda University
Waseda Campus
International Conference Center
1-104 Totsukamachi, Shinjuku-ku
Tokyo, 169-8050, Japan



No.18 - International Conference Center

• Registration Fee(+Membership Fee)

Regular Member: US$100 (+US$50)

Student Member: US$50 (+US$50)

Non-Member: US$500

Bank Information : Wooribank, 1006-901-439342

* Lunches(July 27-28) and Dinners(July 27) are included in the registration fee

* If you have a problem with bank transfer, **you can pay on-site.**

• Registration Desk Open Time

July 27 am 8:00-9:30 / pm 13:20-14:00 / pm 17:00-17:30

If you would like to pay for the registration fee, membership fee or BOD membership fee, please come to the desk at the time above.

• Emergency Contact

IAFICO Secretariat ; iafico@skku.edu

Forum Schedule at a glance

July 27	
Time	**Venue : International Conference Center, Waseda University**
09:00-10:00	Registration (1st floor, International Conference) BOD meeting (BOD Members only, Room 1, the 3rd floor)
10:00-10:40	**Opening Session (Main Room, 1st floor)** Hongmu Lee (President of 2018 IAFICO, Waseda University, Japan) : Opening Announcement Hongjoo Jung (Chairperson of BOD, IAFICO, SKK University, Korea) : Welcoming Remark Aiji Tanaka (Next President of Waseda University, Japan) : Congratulatory Remark Sri Mulyani Indrawati (Minister of Finance, Indonesia) : Keynote Speech
10:40-11:00	Coffee Break
11:00-12:30	Finance for Global Economy and Society(Main Room, 1st floor)
12:30-14:00	Lunch & General Meeting (Room 1, the 3rd floor) Special Speech : Eduardus Tandelilin (Gadjah Mada University, Indonesia)
14:00-15:30	Financial Consumer in New Technological Development(Main Room, 1st floor)
15:30-15:50	Coffee Break
15:50-17:20	International Cooperation in Finance(Main Room, 1st floor)
17:20-17:50	Photo Session
18:00-19:00	Social Dinner

July 28	
Time	**Venue : International Conference Center, Waseda University**
09:00-10:20	InsurTech and Financial Industry(Main Room, 1st floor)
10:20-10:40	Coffee Break
10:40-12:00	Global Financial Consumers 1(Main Room, 1st floor)
12:00-13:30	Lunch
13:30-15:00	Global Financial Consumers2(Room 1, 3rd floor)
	Ethics and Development(Room 2, 3rd floor)
	ERM, CSR & Social Safety(Room 3, 3rd floor)
15:00-15:20	Break
15:20-16:40	Economy, Society and Finance(Room 1, 3rd floor)
	Finance and Supervision(Room 2, 3rd floor)
	Development Cooperation(Room 3, 3rd floor)
16:40-17:00	Closing Ceremony

Forum Schedule

July 27

Venue: Main Room, the 1st floor

MC : Maji Rhee(Waseda U., Japan)

SESSION 10:00-10:40	Opening Ceremony & Key Note Speech

- **Moderator**: Satoshi Nakaide (Waseda U., Japan)

  Opening Announcement
  | Hong Mu Lee (President of 2018 IAFICO, Waseda U., Japan)

  Welcoming Remark
  | Hong Joo Jung (Chairperson of BOD, IAFICO, SKKU, Korea)

  Congratulatory Remark
  | Aiji Tanaka (Next President of Waseda U., Japan)

  Keynote Speech
  | Sri Mulyani Indrawati (Minister of Finance, Indonesia)

SESSION 11:00-12:30	Finance for Global Economy and Society

- **Moderator**: Michelle Kelly-Louw (U. of South Africa, South Africa)
- **Presentation**

  FinTech and International Insurance Supervisory Cooperation
  | Yoshihiro Kawai (Former Secretary-General of IAIS, Japan)

  Financial Innovation and Financial Consumer Protection /Financial Inclusion
  | Eiichiro Kawabe (Deputy Commissioner for International Affairs, FSA, Japan)

  An Impact of the Implementation of the Insurance Distribution Directive (IDD) on Consumer Protection in Poland
  | Jacek Lisowski and Piotr Manikowski (Poznan University of Economics & Business, Poland)

  Gender Issues and Retirement-age Delay in China : From the Perspective of Gender Differences in Pensions
  | Dongmei Chen (Fudan U., China)

〈Discussant〉 Hong Joo Jung (SKKU, Korea)

SESSION
14:00-15:30

Financial Consumer in New Technological Development

- **Moderator**: So Jung Park(Seoul National U., Korea)
- **Presentation**

  Regulatory Aspects of Financial Credit Scoring in the Age of Big Data

  | Michael R. Powers(Professor, Tsinghua U., China)

  Financial Education Renaissance in Japan

  | Shinichi Yoshikuni (Chairman, The Central Council for Financial Services Information, Japan)

  Development of FinTech Industry and FinTech Regulations in ASEAN : A Review

  | Long Quang Trinh (Asian Development Bank Institute,Vietnam)

  | Ken Kawai (Anderson Mori & Tomotsune, Japan)

〈Discussant 〉 So Jung Park (Seoul National U., Korea)

SESSION
15:50-17:20

International Cooperation in Finance

- **Moderator**: Eduardus Tandelilin (Gadjah Mada U., Indonesia)
- **Presentation**

  Successes & Challenges in Collaboration with Stakeholders for Promoting Financial Inclusion in the Lao PDR

  | Pamouane Phetthany (Micro Finance Association, Laos)

  Citizens' Perspective of Corporate Social Presonsibility (CSR) Activities by the Financial Insitiution of Bangladesh : Are They Societal or Promotional?

  | MZ Mamun (U. of Dhaka, Bangladesh)

  Mobile Payments in Indonesia: How far we are to become Cashless Society?

  | Rofikoh Rokhim (U. of Indonesia, Indonesia)

  | Cong Tam Trinh (Deakin U., Australia/Vietnam)

〈Discussant 〉 Man Cho (KDI School, Korea)

July 28

Venue: Main Room, the 1st floor

MC : Satoshi Nakaide(Waseda U., Japan)

SESSION 9:00-10:20

InsurTech and Financial Industry

- **Moderator**: Satoshi Nakaide (Waseda U., Japan)
- **Presentation**

| Satoru Hiraga(Chairman and Representative Director, Marsh Broker Japan,Inc., Japan)

4th Industrial Revolution and Financial Insurance : Japan's Response Strategy and Case

| A Reum Choi (Waseda U., Japan/Korea)

The Impact of Digitalization on the Insurance Industry

| Michio Kitahara (Executive Officer, Aioi Nissay Dowa Insurance Co., Japan)

InsurTech in Japan

| Kazy Hata (CEO, justInCase, Japan)

〈Discussant〉 Alexander Bohnert (Friedrich-Alexander U., Germany)

SESSION 10:40-12:00

Global Financial Consumers 1

- **Moderator**: Sang Ho Kim (GIST, Korea)
- **Presentation**

Financial Stress and Consumer Behavior

| Wook Jae Heo (South Dakota State U., USA)

Private Information and Satisfaction in Health Insurance

| Patricia Born (Florida State U., USA.)

The Necessity of Submitting Payslips and Bank Statements During Affordability Assessments

| Michelle Kelly-Louw (U. of South Africa)

Financial Regulatory Structure : Defining Conflicts between Consumer Protection and Prudential Regulation

| You Kyung Huh (Virginia U., Korea)

Indonesia's Financial Consumer Protection and Customer Satisfaction

| Wardatul Adawiyah (U. of Indonesia)

〈Discussant〉 Jacek Lisowski and Piotr Manikowski (Poznan University of Economics & Business, Poland)

Venue: Room 1, the 3rd floor

SESSION 1
13:30-15:00

Global Financial Consumers 2

- **Moderator**: Sung Sook Kim (Kyemyung University, Korea)
- **Presentation**

Singaporean Licensed Financial Advisor's Duties to Clients
| Yong Qiang Han (Shanghai Jiao Tong U., Singapore/China)

Ownership Structure, Company Value, and Company Risk Taking in the Indonesian Capital Market
| Friderica Widyasari Dewi (Gadjah Mada U., Indonesia)
| Naoyuki Yoshino(Dean, Asian Development Bank Institute, Japan)

Need to Protect SME Financial Consumers
| Moon Yun Hwang (Financial Supervisory Service, Korea)

〈Discussant〉 You Kyung Huh (Virginia U., Korea)

Venue: Room 2, the 3rd floor

SESSION 2
13:30-15:00

Ethics and Development

- **Moderator**: Young Seok Park (Sogang U., Korea)
- **Presentation**

The Application of Semi-Online Simulation Method in Stochastic Volatility Models
| Chao Lu (Waseda U., Japan/China)

The trend of Fin-tech in Korea
| Jung Hyun Sohn (SKKU, Korea, Korea)

Corporate Social Responsibility(CSR) Reporting Standards in China : Overview and Prospects
| Han Yi Zhang / Heng Bin Yin (Qingdao Technological U., Ocean University of China, China)

Corporate Social Responsibility as a driver for Consumer's Satisfaction and Loyalty
| Maria Ulpha (U. of Indonesia)

〈Discussant〉 Dongmei Chen (Fudan U., China)

Venue: Room 3, the 3rd floor

SESSION 3
13:30-15:00

ERM, CSR & Social Safety

- **Moderator**: Sun Young Hwang (Sookmyung U., Korea)
- **Presentation**

The Drivers and Value of Enterprise Risk Management
: Evidence from ERM Ratings
| Alexander Bohnert(Friedrich-Alexander U., Germany)

Research for Consumer Protection of Private Health Insurance
: Focusing on Korea
| Hyun Bok Lee (Jeonju U., Korea)

Stewardship Code, Issue of Interest Conflict ; Investor, Shareholder, Management
| Kwan Seol Son (Samsung Life, Korea)

Madated Spending on Socially Relevant Schemes
| Sankarshan Basu (Indian Institute of Management, India)

〈Discussant〉 Maji Rhee (Waseda U., Japan)

Venue: Room 1, the 3rd floor

SESSION 4
15:20-16:40

Economy, Society and Finance

- **Moderator**: Sang Rim Lee (Mokpo University, Korea)
- **Presentation**

Supervisory and Accounting Standards in Insurance
: An On-Going Revolution
| Philippe Maeder (U. of Lausanne, Switzerland)

Comparison of Loss Reserve Models in Korea n WCI
|Chanmi Lee (SKKU, Korea)

FATCA and the Republic of Korea
| Maji Rhee (Waseda U., Japan)

Bail-in in Korea and Financial Consumer Protection Issues
| Gi Jin Yang (Chonbuk Nat'l U., Korea)

〈Discussant〉 Mi Soo Choi(Seoul Digital U., Korea)

Venue: Room 2, the 3rd floor

SESSION 5
15:20-16:40

Finance and Supervision

- **Moderator:** Tadayoshi Otsuka (Waseda U, Japan)
- **Presentation**

Necessity of Insurance Development for Emerging Economies Proposal for an integrated Diamond Model

| Hong Joo Jung/Mi Soo Choi (SKKU/SDU, Korea)

Does Financial Literacy Determine How Consumers Handle Financial Disputes?

| Ida Ayu Agung Faradynawati (U. of Indonesia, Indonesia)

The Effect of Reforming Pension Tax Incentives in Korea

| Hee Soo Jung (KEB Hana Bank-Hana Institute of Finance, Korea)

The Effect of Audit Committee and GCG's Determinants on Earnings Management for Indonesian Listed Companies ; A Dynamic Panel Data Model Approach

| Ronald Tauviek Andi Kasim (Gajah Mada U., Indonesia)

〈Discussant〉 Eiichiro Kawabe (Deputy Commissioner for International Affairs, FSA, Japan)

Venue: Room 3, the 3rd floor

SESSION 6
15:20-16:40

Development Cooperation

- **Moderator:** Man Cho (KDI School, Korea)
- **Presentation**

The effects of ODA on Economic Growth - Using a Panel Threshold Model

| Hsuan Hui Wang (SKKU, Korea/Taiwan)

Current Statue of Microfinance in Developing Countries and Implication for Credit Scoring System

| So Young Lim (SKKU, Korea)

Microfinance Scoring System, XMI's Approach

| Khanthaly Saenvilayvong (Micro Finance Association , Laos)

Retirement Savings Crisis: Why Indonesian Aren't Preparing for Their Old Days?

| Melia Retno Astrini (U. of Indonesia)

〈Discussant〉 Satoshi Nakaide(Waseda U., Japan)

Abstract

July 27	11:00-12:30
Author	Yoshihiro Kawai
Title	FinTech and International Insurance Supervisory Cooperation

Abstract

I describe FinTech as technologically enabled financial innovation that is giving rise to new business models, applications, processes and products. This would have a material effect on financial markets and institutions and the provision of financial services. I'd like to answer several key questions related to Fintech and international insurance supervisory cooperation.

What is the main character of FinTech?

Exponential

FinTech has already played a key role in the financial industry. The development is not steady but exponential—accelerating month-by-month and year-by-year. This is different from many of the financial technology developments of the past.

Global

FinTech not only impacts developed markets but also emerging markets. In fact, some emerging markets have benefited from FinTech more than the developed markets have because traditional financial institutions are less developed in the emerging markets. FinTech has also facilitated significant cross-border financial transactions. Technology is accelerating the trend towards a borderless economy.

Across the financial industry and economy

Block-chain, significant increase in mobile and smart phone-holders, and digitized money would certainly impact all financial sectors and the overall economy. However, once incidents occur in this new financial world, it is likely to affect a wide range of consumers, financial institutions and the broader economy.

Wide ranging impacts on the insurance business

For insurance business, FinTech impacts the life cycle of a wide range of insurance products.

- *Pre sales:* product design, risk assessment [more granular and more deterministic (as opposed to statistical) risk assessment], risk management.
- *During the contract period:* risk mitigation or prevention through constant
- monitoring of policyholder behaviour (eg health, driving).
- *At the time of accident:* faster service with risk mitigation measures (eg incident report and rescue).

Why do insurance supervisors care?

Insurance supervisors care because of the creation of new types of risk. New financial technology can create remarkable opportunities for financial market players, consumers and the economy. However, if misused, it could also create significant damage to these same entities. Opportunities are exponential, but risk could similarly increase in an exponential manner (eg in the areas of consumer protection, data confidentiality, fraud and other cyber risk).

What should insurance supervisors be concerned about?

Certainly no list is exhaustive, but should include the following:

<u>Operational risk</u>

- Cyber-attacks on insurance companies—business interruption, insurance fraud.
- New financial technology not working properly; for example, if telematics or smart contracts or new technologies are widely applied and then do not function properly (for whatever reason), this could cause a large operational disturbance.
- These are not the typical information technology risk management issues, but are instead risk management issues affecting the whole financial institution.

<u>Data protection</u>

- Consumer confidential data or private data protection could be compromised due to a cyber-attack. FinTech would allow access to a significant amount of personal data.
- The data ownership framework is not developed globally—who owns which data?
- How is private data protected? Those that hold private and confidential consumer data should follow solid measures to protect the data.
- Regulation in this area is still not well established in many countries and not globally harmonised.

<u>Consumer protection</u>

- FinTech could impact on a significant number of consumers in a short period of time. Supervisors should pay due attention.

What cooperation among financial supervisors could the take?

Global approach

FinTech is not a matter limited to a single jurisdictional issue—it is global in scope. As it is a global concern, we need a global solution.

The IAIS (International Association of Insurance Supervisors) has recently created a network of insurance supervisors to discuss and monitor development of Fintech and supervisory approaches to Fintech. The IAIS has also a working group that is analysing cyber risk. The group has recently developed a draft application paper on cyber insurer cybersecurity. The group is likely to develop supervisory standards in the near future. Key regulatory principles should not be compromised due to technological development.

Cross-sectoral approach

Standard-setting entities such as the Financial Stability Board (FSB) have decided to discuss developments on a regular basis. The FSB developed a paper on Financial Stability Implications from Fintech in June 2017 and Report on Financial Sector Cybersecurity Regulations, Guidance and Supervisory Practices in October 2017.

Proactive approach

Although the impact of FinTech on the financial sector is still in an emerging stage in many countries, it could have a significant impact on business and regulation in many markets in the near future. Regulators and financial authorities need to monitor and, if necessary, take a proactive approach.

These developments may pose substantial supervisory and regulatory challenges. Supervisors need to adapt, to foresee potential risks and to act in a timely and appropriate manner.

July 27	11:00-12:30
Author	Eiichiro Kawabe
Title	Financial Innovation and Financial Consumer Protection/Financial Inclusion

Abstract

For several decades, development of information technology has had impacts on various industries, including financial sectors. Recent rapid financial innovation caused by information technology, so-called FinTech, is changing financial industries and products/services. Financial regulators and supervisors are required both to promote financial innovation and to ensure consumer protection/financial inclusion, although they could have different views on suitable frameworks. For example, the treatment of crypto-asset is just going to be discussed among international financial community. I explore these issues with recent initiatives of the Japan Financial Services Agency (JFSA).

The JFSA invites foreign financial authority's officials/central bankers to provide a program which they can learn about Japanese financial market, regulatory/supervisory methods (GLOPAC fellowship program). We surveyed their views on recent financial innovation. Almost all of them considered that financial innovation definitely gave better products/services with lower cost and would improve financial inclusion, although some of them suggested the potential risks including market misconduct and financial crimes.

As the G20 Japanese presidency in 2019, the JFSA proposes "Financial Inclusion in Changing Demographics" as a priority theme of the Global Partnership for Financial Inclusion (GPFI). Demographic change, especially aging population, is an important issue not only in Japan. Among other important subtopics including "finance and sustainability of SMEs" and "financial education for all generations", the essential subtopic is "decline in cognitive capacity and FinTech." Digitalization technology would support the elder people while it has a risk to exclude them. This subtopic is strongly linked with consumer protection and financial literacy of the elderly. We would discuss these topics with GPFI community to formulate brief principles.

July 27	11:00-12:30
Author	Jacek Lisowski, Piotr Manikowski
Title	Impact of the Implementation of the Insurance Distribution Directive (IDD) on Consumer Protection in Poland

Abstract

Insurance and reinsurance intermediaries play a central role in the distribution of insurance products in the European Union and Poland. Various types of persons or institutions, such as agents, brokers and 'bancassurance' operators, insurance undertakings, travel agents and car rental companies can distribute insurance products. Equality of treatment between operators and customer protection requires that all those persons or institutions should be covered by one legal act. Consumers should benefit from the same level of protection despite the differences between distribution channels. In order to guarantee that the same level of protection applies and that the consumer can benefit from comparable standards, in particular in the area of the disclosure of information, a level playing field between distributors is essential. All the above-mentioned issues gave rise Directive (EU) 2016/97 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 January 2016 on insurance distribution (IDD), which should be implemented in all EU countries from October 1, 2018. Current and recent financial turbulence has underlined the importance of ensuring effective consumer protection across all financial sectors. It is appropriate, therefore, to strengthen the confidence of customers and to make regulatory treatment of the distribution of insurance products more uniform in order to ensure an adequate level of customer protection across the Union. This article describes impact of the implementation of the Insurance Distribution Directive (IDD) on consumer protection in Poland from the demand-side (consumers) and the supply-side (insurers) points of view.

July 27	11:00-12:30
Author	Dongmei Chen
Title	Gender Issues and Retirement-age Delay in China: from the Perspective of Gender Differences in Pensions

Abstract

Under the pressure of shrinking labour force, China has set timelines to raise the official retirement age and formalized plans will be unveiled in 2017. The current retirement age is 60 for man, 55 for women in state enterprises and 50 for women in other sectors. The gender different is comparably significant and there has no consensus on whether to increase female retirement age to be the same as male. This paper combines retirement-age delay with gender issues and provides a new perspective to view the unification of retirement age for both genders. The study examines the gender differences in pensions, which is comparably less discussed in academic papers. Upon the basis, the study further discusses the influence of retirement-age delay on pension gender bias. These studies will provide a new viewpoint to inspect female rights and interests under the issue of retirement-age delay.

July 27	14:00-15:30
Author	Shinichi Yoshikuni
Title	Financial Education Renaissance in Japan

Abstract

Financial education became a global agenda after the global financial crisis, and is one of the important elements of the SDGs. In Japan, although we have established a holistic system of financial education, the level of financial literacy is not high in comparison to the other advanced economies.

The rapid aging of the society and the increase in financial fraud further strengthened the need for enhancing the financial literacy of general public. The Central Council for Financial Services Information has responded by publishing the Financial Literacy Map which provides the necessary knowledge regarding money targeted at different age groups. We also conducted the Financial Literacy Survey, the result of which was widely reported in the press. Based on the aforementioned products of our work, the Council is conducting various seminars and publishing materials aimed at enhancing financial literacy to protect financial consumers from financial fraud and providing necessary knowledge and skills to live in the age of the 100-year life.

In this connection, we are faced with the issue of how to enhance the financial literacy of teachers in times of rapid financial innovation, as well as the unprecedented financial events such as the zero/negative interest rates. In particular, FinTech has the effect of causing the reverse literacy gap between teachers and students. In order to cope with such challenges, the Council is collaborating with relevant public and private institutions, e.g., the FSA, local governments, representatives of financial institutions, to revive the spirit of Meiji era, when prominent figures stressed the importance of money in life. We should aim at a financial education renaissance in Japan.

July 27	14:00-15:30
Author	Long Quang Trinh
Title	Development of FinTech Industry and FinTech Regulations in ASEAN: A Review

Abstract

Since late 1990s, digital technology has already emerged as a game-changing enabler across many industries and is now beginning to create a similar impact in financial services. Digital innovation has the potential to fundamentally change the way in which traditional incumbents conduct their businesses since digital technology is being adopted by new entrants. They have the potential to disrupt and disintermediate, thus disaggregating the financial sector value chain. There are numerous examples of uses of the new technologies including alternative financial platforms (mobile phones and digital platforms); alternative digital information, such as biometrics data; mobile wallets developed by non-banks, such as MNOs, to improve the customer experience in savings and payments.

The financial services industry in the Association of Southeast Asian Nations (ASEAN) region is rapidly evolving as a result of disruption from new-age Financial Technology companies (FinTechs). FinTechs, which combine innovative business models with digital technologies to render financial services, are witnessing a visible ascendance in ASEAN, as well as around the world. Various factors led to the rapid adoption of FinTech innovation in this region, including rapidly expanding economies, young-urban-digitally-savvy population, increasing mobile and internet penetration, and largely underserved, small- and medium-sized enterprises (SME) and consumer markets by traditional financial institutions.

However, little has been discussed about the opportunities and challenges facing the FinTech industry in the region. We also have limited information regarding FinTech regulations across ASEAN countries and how such regulations have implications for the development of FinTech in the region. This study analyzes FinTech ecosystem in ASEAN, key factors that shape the development of FinTech in ASEAN. We also examine the policies that governments in ASEAN have implemented and how such policies have implications for the development of the FinTechs in the regions.

July 27	15:50-17:20
Author	Pamouane Phetthany
Title	Successes & Challenges in collaboration with stakeholders for promoting Financial Inclusion in the Lao PDR

Abstract

The predecessor of the Microfinance Association (MFA), the Microfinance Working Group for the Lao PDR (MFWG), was founded in May 2007 by a group of microfinance practitioners as an informal platform to exchange experience, represent microfinance sector interests and coordinate donor activities. In October 2013, the MFWG obtained its temporary license as a non-profit association (NPA) from the Ministry of Home Affairs (MoHA). As a consequence, its name changed to Microfinance Association (MFA).

As the sole national umbrella organization of the Lao microfinance sector that has official recognition, high sector representativeness and approximately 5 years' experience in representing and serving the sector, the MFA will strive to "facilitate and support the provision of sustainable, demand-driven, efficient and high quality services by microfinance practitioners" by fulfilling the following three functions:

(i) Providing a platform to coordinate stakeholders and their clients;
(ii) Providing direct services to practitioners and disseminate information & research;
(iii) Promoting an enabling environment for sector development;
(iv) Expand service to the largest microfinance service provider - village banks/village funds

For my presentation topics will focus mainly on followings:

Part 1: LMFA core activities and technical services;

Part 2: Milestones/Key Successes of LMFA 2014- Jul 2018;

Part 3: challenges and action plan to promote financial inclusion in the Lao PDR.

July 27	15:50-17:20
Author	MZ Mamun
Title	Citizens' Perspective of Corporate Social Responsibility(CSR) Activities by the Financial Institutions of Bangladesh : Are They Societal or Promotional?

Abstract

This research tried to find out the citizens' perception of the CSR activities of the Business organizations. Specifically, this study tried to see whether these CSR activities are done for promotion purpose to increase profitability or for contributing to social welfare. Our hypotheses include business organizations' positive attitude towards the social development and thus engagement in CSR activities aiming at both societal and promotional benefit. The study is conducted among 194 citizens of Bangladesh. A convenience sampling technique was adopted for the sample survey. The responses are found reliable and valid.

The study focused on citizens' perception regarding (i) health, (ii) educational, (iii) socio-cultural, (iv) infrastructural, and (v) public awareness development related CSR activities. The citizens' perspective about CSR activities involving health sector contains seven simple variables. Overall the citizens' view regarding the health-related CSR activities are more societal than profit-oriented. The citizens' perspective about CSR activities involving education sector contains three simple variables. The overall mean indexes of the variables are found to be more societal than profit driven. The citizens' perspective about CSR activities involving socio-cultural events contains five simple variables. The overall mean indexes of the variables are found to be more profit driven than societal.

The citizens' perspective about CSR activities involving infrastructural development programs contains six simple variables. The overall mean indexes of the variables are found to be more societal than profit driven. This indicates that the peoples' think that CSR activities related to infrastructure undertaken by the companies are mostly for the sake of the society and not promotion oriented. The citizens' perspective about social awareness related CSR activities contains six simple variables. The overall mean indexes of the variables are found to be more societal than profit driven. This indicates that the people think that environmental CSR activities undertaken by the companies are mostly for the sake of the society and less promotion oriented. Demography wise (Gender, age, education, occupation, etc.) not

much difference is observed in the responses.

The factor analysis has found that the initial grouping of variables made from the schema and the variables found under the factors are quite consistent. As noted factor titled “Health” contains 6 of the 7 variables considered in previous health related grouping; whereas factor titled “socio-cultural” includes all 5 of initial socio-cultural variables. Both the factor “social awareness” and “infrastructural initiatives” has 4 out of 6 variables in common from previous similar groups. The factor “education” has 2 out of 3 variables from previous education group. The variables of factor “Aesthetic” are a combination of 1 or 2 variables from different groups developed earlier.

July 27	15:50-17:20
Author	Rofikoh Rokhim
Title	Mobile Payments in Indonesia: How far we are to become Cashless Society?

Abstract

Currently, Indonesia is on track to become cashless society in the near future. For the last couple of years, Indonesian government has enhanced POS payment structure and has been promoting the use of mobile payments across the country, to support the growth of e-commerce industry and to bring their payment economy in line with other Asian countries. For example, Central Bank Indonesia initiated a movement called "National Cashless Movement" back in 2014 with goals to provide a convenience to users in using payment systems and reduce handling cost. Furthermore, with increasing trend of smartphone penetration, Indonesia is said to be the hottest mobile payment battleground. Research conducted by Research and Markets in 2017 predicted that mobile payment market in Indonesia will record a CAGR of 72.3% during 2017-2021 to reach US$ 14,465 million in transaction value terms by 2021.

In this paper, we will examine the challenges that may hinder the achievement of cashless society in Indonesia. Furthermore, we will also discuss the opportunities that may support the growth of mobile payment industry in Indonesia.

July 28	09:00-10:20
Author	A Reum Choi
Title	The Fourth Industrial Revolution and Financial Insurance: Focus on Case of Japan

Abstract

In Japan, the fourth industrial revolution was highlighted the core of the growth strategy in 2016. It started with discussions on "Japan Revitalization Strategy 2016", "Basic Policy on Economic and Fiscal Management and Reform", and "Japan's 100 million Total Action Plan". Japan presents the goal of realizing Society 5.0 for the first time in the world. Growth Strategy 2017 presents the reform of realizing Society 5.0. "Society 5.0" resolves various social challenges by incorporating the innovations of the fourth industrial revolution (e.g., IoT, big data, artificial intelligence (AI), robot, and sharing economy), which has recently been taking place rapidly, into every industry and social life. Major efforts of the forth industrial revolution present environmental improvement for data utilization, fostering and acquiring human resources, increasing flexibility in employment system, acceleration of innovation technology development, enhancement of finance, flexibility of transition in industrial structure and employment, ripple effect of small and medium sized business, regional economic effect, development of economic and social system.

In respect of financial sector, Fintech which combines finance and technology is proposed. In respect of Fintech, the government will achieve the sophistication of financial services while keeping in mind the protection of users, etc., and accelerate initiatives so that FinTech will lead to the growth of Japan's economy and finance in terms of improvement of user convenience and productivity of companies. Major efforts of Fintech present development of the environment for innovation, cooperation with international human resources and overseas authorities, FinTech action plan for strengthening companies' growth potential, advancement a cashless society and sharing and utilization of consumption data.

In respect of insurance sector, insurance companies have set up a digital strategy division and is introducing InsurTech which combines insurance business and technology. The insurance companies are trying to create of innovation. Specially, there are development and sales of medical insurance products (such as premium based on health age standard) by utilizing medical big data, health promotion services (healthcare service), automation of insurance business, driving diagnostic

service using drive recorder and pricing of car insurance, introduction of speech recognition and summary technology of call center, customer correspondence by humanoid robot. Major efforts of insurance sector present that it is required to integrate a wide range of insurance business with the latest information processing technologies and to reach the innovation level as soon as possible.

July 27	09:00-10:20
Author	Michio Kitahara
Title	The Impact of Digitalization on the Insurance Industry

Abstract

Automation vs Digitalization

- Automation is to reduce the amount of work currently being done by people by using technologies, but it is nothing more than improving the efficiency of business operations.
- We will realize digitalization not only by improving the efficiency of business operations but also by focusing on delivering new values using unprecedented approaches.

Approaches toward digitalizing our business process

- After establishing an information infrastructure through data enrichment and integration, we will review our business process to change from the conventional analog-based one to a technology-focused business process.

Initiatives in non-life service domain

1) Establish a document search function
   Convert a variety of existing paper documents to electronic formats and put a system in place to enable cross-sectional document search with AI ⇒ Reduce the time required for a document check at the office.
2) Claims inspections
   Shift the means of visually checking damage from visiting a repair shop to real-time sharing of video images on mobile phones. ⇒ Reduce the time required for claims inspection.
3) Response to wide-area disasters
   Use drones for prompt payment of claims in the event of a large-scale natural disaster. ⇒ Reduce the time to payment of claims

Initiatives in telematics automobile insurance business

1) Automotive technologies have been making remarkable progress in recent years, giving the insurance industry new business opportunities. Connected cars, vehicles that have constant Internet access, are currently on the increase and are expected to achieve explosive growth in the future.

2) Telematics technologies will allow us to give all customers more security and safety from the aspects of both preventive safety and active support in the event of an accident.
3) We have worked on the telematics business as a pioneer in the area of telematics insurance and will expand the business in our four key business regions: Japan, Europe, the U.S. and Asia.
4) We will continue to pursue new mobility businesses while strengthening our partnership with Toyota Motor.

July 28	10:40-12:00
Author	Wook Jae Heo
Title	Importance of Financial Consumers' Financial Stree?

Abstract

Financial consumers' well-being is not only established by monetary asset but also established by psychological/social features. Specifically, financial stress is the one of the main issue of psychological feature for financial consumers' well-beings. However, very few empirical researches have been done in the field of personal finance and organizational psychology (Sinclair & Cheung, 2016).

According to the American Psychological Association (2010), nearly three out of four Americans have recently experienced or currently are experiencing anxiety resulting from money management issues. The money worry is often called financial stress (Starrin, Åslund, and Nilsson 2009) and there is a certain phenomenon that is related to financial stress. For instance, financial stress can be defined as a reaction to the status of one's personal financial situation (Grable, Heo, and Rabbani, 2014). In addition, financial stress may stem from a person's perception that his financial situation is inadequate or worrisome.

Understanding the financial stress is an important issue for financial professionals and policy makers, especially since the financial stress can be possibly associated with financial help seeking behavior as well as financial consumer decision making (Grable, Heo, and Rabbani, 2014). By having appropriate understanding of the financial stress level among their financial consumers, financial professionals and policy makers can give better advice and legislative service tailored for consumers.

To assist financial professionals and policy makers to better understand financial stress, this study has three major purposes, (a) to introduce a comprehensive understanding about financial stress with literature review, (b) to introduce a newly developed, 24-item comprehensive financial stress scale, and (b) consumers' personalities by financial stress level and socioeconomic status. This study will explain the comprehensive concept by showing previous researches about financial stress. In addition, this study used a psychometric scale development method for developing a new comprehensive financial stress measurement scale. With the newly developed measurement, this study employed a survey method for checking the validity and reliability of the scale. The sample size for the survey was 506. Furthermore, this study used a clustering model to demonstrate the clients' profiles based on their financial stress level.

For the of the first purpose, a few research findings about financial stress will be introduced in presentation. For the second purpose, by utilizing a procedure of

psychometric scale development method, this study developed a 24-item scale to measure financial stress from affective, interpersonal, and physiological dimensions. All questions were asked with a 5-point Likert scale (i.e, 1=Strongly Disagree; 5 = Strongly Agree). A reliability was checked with internal consistency or correlation among measures representing each dimension and were 0.953, 0.914, and 0.943 respectively for each category (i.e., affective reaction, interpersonal behavior, and physiological responses). A validity of the new scale was checked by using related criterion measures, such as financial anxiety scale (Archuleta, Dale, and Spann, 2013) and financial self-efficacy scale (Lown, 2011). The correlation between new measurement and the related scales were 0.82 and -0.75, respectively. For the third purpose, the study found the association between financial stress level and personalities. For instance, those who were categorized as Cluster C showed the highest financial stress. These people showed (a) the highest introversion personality, (b) lower level of agreeableness, (c) the lowest level of conscientiousness, (d) the highest level of neuroticism, and (e) lower level of openness. Also, Table 3 shows the socio-economic status of each cluster. It can help financial planners to understand the financial stress level of their clients. Tables can be given by request as well as on presentation file.

The explanation about financial stress will give intuitive stimuli for financial professionals and policy makers to understand the importance of consumers' psychophysiological responses in the market. This study introduced a new, multidimensional financial stress scale. The new comprehensive measurement scale for financial stress will give a tool for financial professionals and policy makers to understand the consumers' current financial stress status. Further, a possible clustering of consumers based on their level of financial stress and personality was demonstrated. By seeing the four clusters, it is possible for financial professionals and policy makers to identify the level of financial stress among their clients based on personality observations.

July 28	10:40-12:00
Author	Michelle Kelly-Louw
Title	The Necessity of Submitting Payslips and bank Statements During Afford Ability Assessments

Abstract

In South Africa credit supplied to consumers are strictly regulated by the National Credit Act of 2005. The Act aims to encourage responsible borrowing and avoid over-indebtedness and reckless lending. The 2007/2008 global financial crisis clearly demonstrates that a wrong appreciation of the lending risks and a wrong assessment of a consumer's ability to pay back a loan can start a chain reaction and endanger economic growth in a large part of the world. The South African National Credit Act together with the Affordability Assessment Regulations make it compulsory for credit providers wanting to conclude a credit agreement with a prospective consumer to first do a pre-assessment of the consumer's situation (eg, assessing his or her affordability, debt re-payment history and general understanding of the risks and obligations of the agreement).

Initially there were no standardised guidelines in South Africa as to how the assessments were to be done by credit providers. There was also no guidance as to what the correct information was that the credit providers needed to be able to conduct proper affordability assessments. Credit providers could therefore generally determine their own assessment procedures/models, just as long as they were fair. Later amendments were made to the National Credit Act and Affordability Assessment Regulations were introduced providing that credit providers had to adhere to certain minimum requirements when conducting affordability assessments. For instance, regulation 23A(4) provides that a credit providers is obliged to take practicable steps to verify the gross and discretionary income of a consumer by considering the last three payslips and/or bank statements, and/or documented proof of income, depending on the circumstances.

On 16 March 2018 a South African High Court in *Truworths Limited and Others v The Minister of Trade and Industry and Others* (unreported, case no 4375/2016, WCC, 16 March 2018) made a ruling that consumers no longer had to provide payslips or bank statements when applying for credit. The court case was brought by a group of clothing retailers challenging the validity of regulation 23A(4). They argued inter alia that "proof of income" should not be a prerequisite for credit applications. In South Africa a high number of consumers to do not have bank accounts and are not necessarily formally employed and therefore it was felt that, for example, informal traders and consumers who could not supply documentary proof of income by way of bank statements or pay slips were discriminated against when it

came to applying for credit. The court agreed with the arguments put forward by the clothing retailers and set aside regulation 23A(4).

The judgment has caused mixed reactions and it is expected that the National Credit Regulator, responsible for the regulation of the industry, will appeal the judgment. Mr Lesiba Mashaba, the National Credit Regualtor's company secretary, said in the media that the main purpose of regulation 23A(4) was to enable credit providers to lend to consumers on the basis of validated income. He added "[i]t was an important tool in the fight against reckless lending and borrowing". Scrapping of this requirement would mean that even consumers who were formally employed and were able to produce payslips and bank statements would no longer have to do so. My paper will consider the workability and correctness of this controversial judgment.

July 28	10:40-12:00
Author	You Kyung Huh
Title	Financial Regulatory Structure; Defining Conflicts Between Consumer Protection and Prudential Regulation

Abstract

The global financial crisis of 2008 (GFC) exposed a significant weakness in regulatory architecture. In response, a renewed emphasis was made on improving the regulatory structure of financial regulation. Prominent changes occurred in various nations including in the U.S. and the U.K, the countries with the largest and most developed financial markets.

Another noteworthy development since the GFC is the move of financial consumer protection from the periphery to the center of financial regulatory reform. Inadequate consumer protection, as demonstrated in the U.S. subprime mortgage market, was cited as a significant contributor to the global financial crisis. As a result, financial regulators are increasingly focusing attention and resources on financial consumer protection institutions, and topics such as fairness, financial inclusion, and financial literacy have gathered significant traction in recent years.

In the United States, these developments culminated in the Dodd-Frank Act which brought significant structural innovations in the financial regulatory structure. Among them was the creation of the Consumer Financial Protection Bureau (CFPB), a stand-alone agency responsible for financial consumer protection. Likewise, in the United Kingdom, a significant rearrangement of the existing system – among them, the Financial Conduct Authority (FCA), a standalone consumer protection agency, was created.

The surge in the regulatory architecture debate and the escalation of financial consumer protection, collectively, has brought a movement around the world to reconsider institutional arrangements for financial consumer protection. This brings us to a more specific and central inquiry of this paper-- whether consumer protection objectives should be carried out separately from the prudential regulator.

The inquiry is closely related to a theoretical debate surrounding the search for optimal regulatory architecture and focuses explicitly on the validness of the "regulation by objectives model" or the "Twin Peaks model," a term coined by Michael Taylor in 1995. The regulation by objectives model aligns the regulators by the goals or objectives they are to achieve through financial regulation. The primary objectives identified by this model are prudential regulation on the one hand and consumer protection on the other hand. This model is considered as a strong option among the range of institutional arrangements for better consumer protection.

Although proponents of the regulation by objectives model believe that potential

conflicts among regulatory objectives should be a central concern of agency design, they do not categorize these conflicts or elaborate on their precise nature. The existing theories have also failed to analyze how such conflicts arise with varying degrees in different jurisdictions and circumstances.

Thus, in this paper, I furst identify the differences between consumer protection prudential regulation. Historically prudential regulation has a single-minded rationale - keeping the banking institutions safe and sound. Prudential regulators overseeing financial institutions have a well-developed uncontested regulatory methodology--bank examination—and stable jurisdictional boundaries. For bank examination, regulators tend to adopt a more amicable and cooperative approach to institutions under their oversight. Prudential regulation is also considered technical; thus, likely to be more independent from political actors. In contrast, when compared to prudential regulation, consumer protection has a more diverse scope of theoretical underpinnings and assumptions, namely, the traditional market failure rationale, the newer behavioral economics, and non-market goals or social goals. Consumer protection mechanisms have developed more recently and were built atop regulatory methods (i.e., bank examination) originally designed for prudential regulation. These mechanisms conflict with conventional means of consumer protection such as enforcement, complaint compilation, education and public affairs. Conflicting rationales and methodologies create an intra-agency rivalry for limited resources (i.e., dedicated staff and design of internal organizations). In sum, conflicts between consumer protection and prudential regulation arise, not only from different missions, incentives or regulatory rationales but also from conflicting methodologies and intra-agency competition for skilled staff and resources.

Based on the differences between prudential regulation and consumer protection, I categorize the types of conflicts that could potentially arise between the two goals. The first type of conflict between consumer protection and prudential regulation is a conceptual, theoretical or perceived conflict that is related to goals, missions, or incentives of each regulator (Type 1 Conflict). Type 1 conflicts cause agencies to subordinate consumer protection (a secondary goal) in favor of prudential regulation (a primary goal). The second type of conflict is a procedural, technical or methodological conflict which arises from the differences in strategies or approaches in discharging consumer protection and prudential objectives (Type 2 Conflict). Type 2 conflicts make it difficult for agencies to develop the skill to carry out the tasks needed for secondary (subordinate) goals (i.e., consumer protection). The third type of conflict between prudential regulation and consumer protection is the conflict arising from rivalry for resources between the goals (Type 3 Conflict).

A clear statement of the dimensions of conflicts will allow aid diagnosis of alternative remedies to dealing with such conflicts and assessing the merits and the limits of institutional structural reforms.

July 28	10:40-12:00
Author	Wardatul Adawitah
Title	Indonesia's Financial Consumer Protection and Customer Satisfaction

Abstract

Based on McKinsey report in 2015, compound annual growth rate (CAGR) of consumers market of Indonesia's financial services (saving and investment) is expected to reach 10.5% in 2030. Financial services (saving and investment) have the highest CAGR compare to other Indonesian consumer markets. At the same time, the rapid growth should be a point to have strong financial regulation especially related to consumer protection. The consumer protection in financial services may increase the trust of the consumers, which can lead consumer satisfaction in using services offered by its financial institutions. This research aims to analyze the financial consumer protection, to examine the customer satisfaction and later identify the factors of financial consumer protection lead customer satisfaction in Indonesia's commercial banks. The research will use purposive sampling method to identify the sample respondents and use statistical tools such as factor analysis and discriminant analysis to analyze the data. This research will be based on research from Selvakumar & Sathyalakshmi (2016), to analyze the factors influencing financial consumer protection through identification of 44 statements in 5-point likert type structured questionnaire. The analysis relied on a sample of 250 respondents aged 19-50 that lives in Jakarta and the region near Jakarta. The research approach and findings have significant implications for managing customer satisfaction in the banking industry related to financial consumer protection scheme.

July 28	13:30-15:00
Author	Yong Qiang Han
Title	Singaporean Licensed Financial Advisor's Duties to Clients

Abstract

Different from statutory laws in civil-law jurisdictions, the Singaporean Financial Advisors Act does not (intend to) set in full a financial advisor's obligation to its clients. But the Act sets the basic and general, the most important of which is the duty of disclosure and the duty not to misrepresent. In this respect, it is always necessary to mind the gap between legal traditions (civil v common law). A financial advisor's many other obligations, such as confidentiality and fiduciary duties are to be found in other relevant statutes and in case/common law. The general tort liability for pure economic loss_sets the framework for compensation arising from the breach of obligations.

July 28	Session 1 13:30-15:00
Author	Friderica Widyasari Dewi
Title	Ownership Structure, Company Value, and Company Risk Taking in the Indonesian Capital Market

Abstract

This study aims to provide empirical evidence for giving policy advice on the Indonesian capital market related to the ownership structure of companies. The motivation of this research starts with the phenomenon of Indonesia capital market growth which is relatively slow in term of the issuers and investors numbers growth, compared to other countries in Asia. This study hypothesizes that one of the major growth inhibitors is corporate governance, particularly when it is related to hierarchical or pyramidal Indonesian ownership structures where there is high potential for expropriation by the ultimate owners. Thus, this study examines the relationship between company ownership, including ultimate ownership, company value and risk. With a five-year observation period from 2011 to 2015, this study shows that the more concentrated a company's ownership structure, the lower the value of the company. Then, the potential for expropriation by the ultimate owner, as measured by the difference between control rights and cash flow rights, is shown to decrease the value of the company, while on the other hand, the greater this difference is, the greater the risk for the company. The results of this study provide empirical evidence, specific to the case of the Indonesian capital market, that an improvement in policy regarding ownership is certainly necessary

July 28	Session 1 13:30-15:00
Author	Moon Yun Hwang
Title	Need to Protect SME Financial Consumers

Abstract

In late February 2009, GXX Korea recorded 4 trillion won in red because of the huge loss of forward transactions the company asked their related banks to extend the settlement maturity of them, however, they restarted the rescue program once again this year the reasons for derivatives debacles were overestimating hedge, risk tolerance, delaying debt collection.

While KIKO products were designed for the export companies to hedge foreign exchange risk, they suffered the huge loss on the contracts up to now, they have claimed the banks' violation of the principle of suitability and duty to explain KIKO contracts had complex structures, over-hedging and too excessive risk for the companies

517 companies involved in KIKO transactions. 471 Small and Mid-sized Enterprises(SMEs) consisted of the transactions. The total amount of SMEs' damages recorded 2,400 billion won

With respect to the principle of suitability large firms could purchase the financial products and design the structured vehicles to meet their needs under their own decision. However, KIKO and customized forward exchange products were not suitable for SMEs.

July 28	Session 2 13:30-15:00
Author	Chao Lu
Title	The Application of Semi-Online Simulation Method in Stochastic Volatility Models

Abstract

This paper estimates the return volatility by stochastic volatility (SV) and realized st ochastic volatility (RSV) models, respectively. Bayesian based simulation techniques s uch as Markov chain Monte Carlo (MCMC) and particle filters (PF) methods are genera lly applied for such state space models. The former, however, is not an efficient algo rithm for filtering sequential states for the reasons that it needs to be restarted at each time point and the dimension of the vector to be simulated increases with time (Storvik (2002)), while PF approaches allow the sequential updating of the po sterior distribution, but have problem in handling the unknown static parameters.

To account for the problems of sequential updating and static parameters estim ation simultaneously, this paper considers a semi-online algorithm which is the c ombination of MCMC and PF algorithms. Specifically, by applying the current dat a to the offline MCMC method, the associated latent volatilities along with the sta tic parameters can be estimated, based on which new volatilities will be obtained with the online PF method when the latest observations are added to the dataset. Furthermore, the models are also applied to generate the one-day-ahead volatility forecasts, based on which the risk measures of one-day-ahead value-at-risk (VaR) and expected shortfall (ES) are predicted and back-tested to evaluate the predictiv e performance of the investigated models and simulation methods.

July 28	Session 2 13:30-15:00
Author	Jung Hyun Sohn
Title	The Trend of Fin-Tech in Korea

Abstract

Fin-Tech is a combination of finance and technology, which means introducing ICT into finance and providing financial services in a faster and more convenient way. The important background of Fin-Tech is the technological environment where one can access the Internet anywhere, not at home or office.

In Korea, Naver Pay, which was released by Naver in June 2015, is a type of Fin-Tech provided by Naver and is easily paid through payment method that registered bank account, check card, or credit card in advance. Naver has been expanding its users since its inception by combining its various services including Naver Webtoons and Naver Music. With one Naver ID, it can easily be paid at 110,000 online stores. Kakao also introduced Kakao Pay in all of its services, including Kakao Driver, and recently released a bill service for Kakao Pay. The government can pay and manage local taxes, such as car taxes and resident taxes, as well as utility bills such as city gas and electricity bills. You can manage your bills in one place. Its advantage is that it can also make payments through Kakao Pay.

In the banking industry, the change has started since the opening of the K-bank and Kakao bank in 2017. Major innovation points are focused on improvement of user experience such as differentiated payment service, credit evaluation using big data, and authentication of non-size users. Because of the nature of non-face transaction banks that use the Internet as their main business channel, it is also advantageous to collect big data that is needed for credit evaluation since ICT technology and mobile access are the foundation. The two banks are targeting customers who have been heading to existing commercial banks by offering easy account opening, money transfer, high interest rates and low lending rates, low fees and convenient services.

Insur-tech is a combination of insurance and information technology, which means insurance products and services that maximize the convenience of consumers through convergence between the two.

Crowd-based Insurance services are a form of peer-to-peer (P2P) contract that is used by people with the same insurance needs that are not provided by the existing insurance market.

Insurance Curation Service recommends insurance products tailored to your lifestyle to customers who cannot compare thousands of different guarantees and special products individually. The insurance promotion service analyzes the coverage, subscription amount, and insurance premium of financial consumers, which are

difficult to understand, and provides stars and graphs.
Insurance management services are designed to help consumers manage the details of subscription insurance products at a glance and manage them directly through applications.

There are active reviews on introducing Watson Explorer that has AI function at the center of major insurance companies. The main business of Watson Explorer is to determine whether (or how much) to pay insurance claims when they receive them. It is a loss assessment work service.

The Korean government is also actively seeking to create the Fin-Tech ecosystem. As the government plans to actively improve regulations on Fin-Tech, including the introduction of sandbox system, chances are high that the Fin-Tech market will be activated. Regulatory sandboxes are an institution that exempts regulatory application for a period of time to allow demonstration of new technologies and services. It is predicted that new industries such as shared economy and Fin-Tech will become more active due to complicated regulations.

July 28	Session 2 13:30-15:00
Author	Han Yi Zhang, Heng Bin Yin
Title	Corporate Social Responsibililty Reporting in China : Overview and Prospects

Abstract

The localization of corporate social responsibility is an important strategy for foreign invested companies. Surprisingly, however, there are very few local CSR reports released by foreign companies in China. The Chinese Academy of Social Sciences published CASS-CSR 4.0, a government-led guideline for China's CSR report, at the end of last year. Although it is very different from the global standard, such as Global Reporting Initiative(GRI)'s G4, the relevant researches are almost non-existent. This shows that both the industry and academics are not fully aware of the value and role of the CSR report written on Chinese local standards in stakeholder communication. In order to contribute to the literature in this area, this study reviews the policies, laws and regulations on CSR practices, the current status of CSR reporting standards and guidelines in China. After that, introduce CASS-CSR 4.0 comparing it to the previous versions and GRI's G4. In a summary prospect the trends of CSR practice of China and some suggestions are proposed for foreign-invested companies in China.

July 28	Session 2 13:30-15:00
Author	Maria Ulpha
Title	Corporate Social Responsibility as a driver for Consumer's Loyalty

Abstract

The objective of this paper is to find out whether consumer's perception of Corporate Social Responsibility (CSR) policy of bank will affect the consumer's loyalty. We tried to see the direct effect of CSR to consumer's loyalty and the indirect effect to loyalty by using two mediating variables, namely satisfaction and trust, We split the CSR aspect into two main aspects, namely Business CSR and Philanthropic CSR. To test the hypotheses, we carried survey for bank customer who has bank account for more than 3 years. The result found that business CSR had a direct effect and indirect effect to consumer's loyalty. However, the philanthropic CSR did not have affect the consumer's trust.

July 28	Session 4 15:20-16:40
Author	Alexander Bohnert, Nadine Gatzert, Robert E. Hoyt, Philipp Lechner
Title	The Drivers and Value of Enterprise Risk Management Evidence From ERM Ratings

Abstract

In the course of recent regulatory developments, holistic enterprise-wide risk management (ERM) frameworks have become increasingly relevant for insurance companies. The aim of this paper is to contribute to the literature by analyzing determinants (firm characteristics) as well as the impact of ERM on the shareholder value of European insurers using the Standard & Poor's ERM rating to identify ERM activities. This has not been done so far, even though it is of high relevance against the background of the introduction of Solvency II, which requires a holistic approach to risk management. Results show a significant positive impact of ERM on firm value for the case of European insurers. In particular, we find that insurers with a high quality risk management (RM) system exhibit a Tobin's Q that on average is about 6.5% higher than for insurers with less high quality RM after controlling for covariates and endogeneity bias.

July 28	Session 4 15:20-16:40
Author	Hyun Bok Lee
Title	Research for Consumer Protection of Private Health Insurance ; Focusing on Korea

Abstract

This study aims to propose consumer protection measures for the market of private health insurance in Korea. For this we analyzed a coverage of private health insurance of France and Japan. And compare it to that of Korea. France and Japan have a similarity to national health insurance system with Korea.

National health insurance's guarantee level in France is high. France government gives the subsidy money for getting private health insurance. and prohibits an insurance company to limit health fragility hierarchy to join a health insurance.

All private health insurance of Japan has the exceptive clause about the intentional deed. And guarante sufficiently the part not to guarantee in the nation health insurance. Most of the private health insurance in Japan operates in the form of paying the defined benefit.

National health insurance of Korea has low guarantee level and situation which does not reflect the desire of the individual sufficiently. Most of the private health insurance in Korea is operated as insurance that guarantees actual damages that is not guaranteed by public insurance.

This study insists that the nation health insurance should lower a burden level of the medical treatment usage efficiently through a role triangular position of the private health insurance. It is necessary to increase the guarantee level of public insurance. And The scope of qualification for private health insurance should be broadened and consumer protection regulations should be strengthened.

July 28	Session 4 15:20-16:40
Author	Philippe Maeder
Title	Supervisory and Accounting Standards in Insurance ; An On-Going Revolution

Abstract

After implementing a new solvency regulation that enhances consumer protection, the insurance industry is now required to adjust its public reporting and adapt it to the new International Financial Reporting Standard IFRS 17 "Insurance" that will be fully in force in 2021. It brings along various challenges because it will have a deep impact in the presentation of the Balance Sheet and the Profit and Loss account of all companies that comply with IFRS standards (Japanese ones in particular).

This presentation shall present the principles underlying this new set of reporting rules.

July 28	Session 4 15:20-16:40
Author	Chan Mi Lee
Title	Comparison of Loss Reserve Models in Korean Workers' Compensation Insurance

Abstract

The financial management of South Korean Workers' Compensation Insurance follows the method of cash basis with Pay-As-You-Go scheme, and accordingly, the total amount of benefit in the previous year is defined as the size of the legal reserve requirement each year. However, due to the accumulated increase of the number of pensioners of Workers' Compensation Insurance and the problem of aging, it is expected that it would be difficult for the present legal reserve to meet the amount of benefit necessary in the future.

Thus, this study aims to build up a model for the estimation of loss reserves on the accrual basis and compared with the result of the cash basis model.

In addition, through a discussion on the method for the financial management of the major advanced countries, including Japan, this study proposed a policy direction for the Korean Workers' Compensation Insurance.

July 28	Session 4 15:20-16:40
Author	Maji Rhee
Title	FATCA and the Republic of Korea

Abstract

This article analyzes the intergovernmental agreement between the United States and the Republic of Korea focusing on the Foreign Account Tax Compliance Act. The agreement has impacted the tax reporting obligations to both Korean nationals living in the United States and the U.S. citizens and corporations in Korea. This article examines the changes of the Korean legal framework, prospective anti-money laundering laws, and the impacts on the Korean inheritance law. Also, several hypotheticals are introduced for the tax amount computations particularly in cases related to passive foreign investment firms.

July 28	Session 4 15:20-16:40
Author	Gi Jin Yang
Title	Bail-in in Korea and financial consumer protection issues

Abstract

Since the global financial crisis, to address the issue of too big to fail of systemically important banks (SIBs), the Financial Stability Board (FSB) has announced the 'Key Attributes of Effective Resolution Regimes for Financial Institutions' (Key Attributes) which set out the core elements for an effective resolution regime and it was endorsed by the G20 in 2011.

Instead of bailing out failed SIBs, this Key Attributes put emphasis on preparing bail-in options for SIBs facing impending failure whereby creditors and depositors take a loss on their holdings. Therefore, the FSB's Key Attributes provide 'Bail-in within resolution' which consist of resolution authorities' powers to carry out bail-in and possibility of applying bail-in in conjunction with other resolution powers within resolution.

Bank resolution regime aims not only to maintain overall financial stability but also to protect covered consumers (depositors and investors). In the process of SIBs resolution, there are the issues of protected depositors' scope and creditors' extent subject to administrative bail-in. Nowadays lots of SIBs are doing their businesses cross the borders while countries have different policies over these issues. So there is a need to check Korea's current position and to analyze which policies are desirable as Korea is expected to introduce bail-in regime soon.

July 28	Session 5 15:20-16:40
Author	Hong Joo Jung, Mi Soo Choi
Title	Necessity of Insurance Development for Emerging Economies ; Proposal for an Integrated Diamond Model

Abstract

Despite voluminous research and belief of its importance for economic development, insurance is not yet generally accepted as critical or urgent by development economists or developing countries.

While UN SDG and development cooperation focuses on hunger, poverty, education and sanity, we believe that these goals can be reached by developing insurance system in underdeveloped countries.

Incorporating existing literature and experience, we propose a new descriptive Diamond model, different from Michael Porter's, to explain the role of insurance in economic and social development.

Based upon economic theory and development, the model explains how insurance help develop leading industry, human resource, financial market, and social protection.

July 28	Session 5 15:20-16:40
Author	Ida Ayu Agung Faradynawati
Title	Does Financial Literacy Determine How Consumers Handle Financial Disputes?

Abstract

Financial literacy has become increasingly popular and extensively researched subject in recent years. Nevertheless, there are limited number of studies that explore the relationship between financial literacy and financial disputes. Financial dispute resolution is an important aspect in the field of financial consumer protection. This study investigates the relationship between financial literacy and financial disputes in Indonesian context. The main objectives of this research are twofold: i) examining whether the level of financial literacy determines the probability of having financial disputes, and ii) testing the relationship between financial literacy and the aggression in handling financial disputes. Primary data collected through survey questionnaire administered on 250 respondents with various demographic characteristics is analyzed using both factor analysis and ordered logit model. The results of this study provide an overview for financial supervision agencies regarding the importance of financial education to increase consumer risk awareness and confidence towards financial products and services

July 28	Session 5 15:20-16:40
Author	Hee Soo Jung
Title	The Effect of Reforming Pension Tax Incentives in Korea

Abstract

The purpose of this paper is to analyze the changes in the saving behavior due to reforming pension tax incentives. Tax incentives are important because public pensions are compulsory savings, while private pensions are voluntary savings. In many countries, tax incentives are offered to expand personal pension. Korea is no exception. The personal pension scheme in Korea increased the deductible limit in 2011 and 2015, and changed the deductible type in 2014.

This paper examines the effect of changes in the pension scheme, including the extension of the deductible limit and the change of the deductible types. This paper used The Korean Labor and Income Panel Study's data(KLIPS) for last six years(2010-2015), and DID(Difference-In-Difference) method was used to estimate the effects.

The results of this study provided that the effects of the two tax benefits different, and there was a crowding-out effect in expanding the deductible limit

July 28	Session 5 15:20-16:40
Author	Ronald Tauviek Andi Kasim
Title	The Effect of Audit Committee and GCG's Determinants on Earnings Management for Indonesian Listed Companies: A Dynamic Panel Data Model Approach

Abstract

Learned from past and recent financial scandals involving companies around the world, it is suspected that earnings management practices could play an integral part in those scandals. According to Healy and Wahlen (1999) in Kassem (2012), earnings management is an activity executed by the firm to manipulate profits in order to benefit the management solely but could mislead other stakeholders in understanding the company's financials. One way to identify and prevent earnings management would be to form an audit committee.

This research analyzes the impact of regulation on audit committee issued by the country's financial services authority, the Otoritas Jasa Keuangan (OJK), on earnings management for Indonesian listed companies. The effect of several determinants of good corporate governance practices such as independent commissioner, ownership concentration, rating, and audit quality on earnings management are also studied. As previous period of earnings management is included as a lag variable, this study adopts a dynamic panel data regression model. Surveys and interviews with several stakeholders have been conducted to help understand the quantitative model's output. The research's sample has 1,719 observations taken from 191 non-financial companies listed in Indonesia during the 2008 to 2016 period.

Surprisingly, the study has found that the audit committee policy has no relationship with earnings management. The issuance of OJK's regulation on the formation of audit committee appears to have no impact to earnings manipulation practices. Another unexpected discovery would be our findings on positive relationship between audit quality and earnings management. Our model only confirms the hypothesis on a negative relationship between rating and earnings management. Insights from our respondents have proven to be very valuable in enlightening our study's initial quantitative findings.

July 28	Session 6 15:20-16:40
Author	Husan-Hui Wang
Title	Effect of Official Development Assistance on Economic Growth and Foreign direct investment: A Panel Threshold Approach

Abstract

This study aims to empirically analyze the effect of 'Official Development Assistance (ODA)' on economic growth and FDI inflows in recipient countries. In this study, we used a panel data set including 83 recipient countries during the period from 1990 to 2013. And the effects of ODA was analyzed by using fixed-effects panel regression, two-stage least squares, and panel threshold regression. The results show that there are two threshold levels between ODA and economic growth efficiency, and one threshold level between ODA and FDI efficiency. When the amount of ODA became larger, the effects of ODA on economic growth in recipient countries changed from a negative relationship to a positive relation. And the effect of ODA on FDI inflow in recipient countries is stronger positive relationships.

July 28	Session 6 15:20-16:40
Author	So Young Lim
Title	Current Status of Microfinance in Developing Countries and Implication for Credit Scoring System

Abstract

Finance has an indirect impact on poverty reduction and sustainable development in country. In particular, the use of appropriate financing provides opportunities for the poor to prevent risks or create new incomes. As finance is recognized as an important tool contributing to poverty reduction, “Financial Inclusion” is becoming a priority for policymakers, regulators and development agencies globally. Examples of financial inclusion include the development of digital financial services, the expansion of ATMs and bank branches, microfinance, microinsurance, financial education, and policy consulting.

According to the Consultative Group to Assist the Poor(CGAP), microfinance led poor households which existed outside institutional finance to receive financial services and now microfinance business has grown $80 billion, with 200 million customers. Microfinance works by lending and repaying microcredit to low-income individuals with poor or uncertain credit history. So it is essential to manage credit risk in order for microfinance institutions to operate continuously and efficiently. However, microfinance institutions, especially microfinance institutions in developing countries, rarely utilize a credit scoring model and most institutions are evaluating loan applicants based on their experience and intuition.

The purpose of this study is to examine credit scoring models as a way to reduce credit risk of microfinance institutions in developing countries and to pursue sustainable management. The composition of this study is as follows. First, the theoretical review on financial inclusion and credit scoring system. Second, literature reviews on the credit scoring system of general financial institutions and then literature reviews on the credit scoring system of microfinance institutions. After that drawing some implications for the development of credit scoring system in developing countries in the future.

July 28	Session 6 15:20-16:40
Author	Khanthaly Saenvilayvong
Title	Microfinance Scoring System ; XMI's Approach

Abstract

Xainiyom non deposit taking Microfinance Institution (XMI) had registered with Bank of Lao since 30 March 2010 after transition from the Oudomxay Community Initiatives Support Project (OCISP) – Rural Financial Services (RFS) component. There are two main objectives established XMI, first to continue provide technical support for 63 village banks had established during project period and second to directly providing microfinance service to new target clients in urban and rural appropriate areas. XMI is operating in the north of Lao P.D.R covered by three provinces: Oudomxay, Luangnamtha and Bokeo provinces, at cut off 31 December 2017 there are 71 staffs, 36 females, with 7 branches/service units, 35,388 clients, including 9,069 borrowers, total loan outstanding 45 billion kip (USD 5.4 billion), Portfolio At Risk (PAR) 4.5% and total asset 51 billion kip (USD 6.1 billion) ; in term of lending approach XMI was adapted "Center Meeting Methodology" from CARD Philippines as individual lending in weekly repayment and monthly repayment with maximum term 24 months or 54 weeks and loan quality was indicated by Portfolio At Risk (PAR); For my presentation topics will focus on followings;

Part 1: General introduce to XMI's center meeting approach and accomplishment;

Part 2: XMI's products and services and more details on loan products and loan product design;

Part 3: XMI's loan policy, procedure and loan analysis, lesson learnt on key success and challenges;

July 28	Session 6 15:20-16:40
Author	Melia Retno Astrini
Title	Retirement Planning Crisis in Indonesia ; Are People Preparing for Their Old Days?

Abstract

With a population of more than 250 million people and more than 60% of the total are people who are in productive age (15-64), Indonesia presents a big opportunity for the market of retirement savings product. However, according to the data from Indonesia Social Security Administrator (BPJS), Indonesia is one of the country which has lowest amount of retirement savings compare with other countries in the world. Furthermore, Indonesian Financial Services Authority noted that in 2017, the percentage of old workers who have retirement protection only reached about 3.7 million or 21 percent of the total 17.8 million formal workers in the country. Based on the data, as many as 90 percent of Indonesian workers are not ready to face retirement because they feel no financial sufficiency in the old days. This study aims to investigate the extent to which people in productive age range (22-50 years old) in Indonesia are planning for their retirement and to examine what factors might influence the current state of retirement planning behavior among employees in Indonesia. The data were collected from worker in the aged between 25-50 years (productive age) using self-administered questionnaire. Based on the investigation, employee in Indonesia are mostly rely on mandatory pension fund provided by employer, and they still lack knowledge and information regarding other type of pension funds and retirement planning in general. Furthermore, respondents tend to think about their future and have a clear goal towards the future, however their cognitive thinking is not in line with what they actually do as they score quite low in retirement planning activity. Implications from the results will be provided for related parties.

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