

FinTech and International Insurance Supervisory Cooperation

Yoshihiro Kawai

Professor

Kyoto University Graduate School of Management

27 July 2018 at IAFICO Conference



Introduction

What is the main character of FinTech?

Why do insurance supervisors care?

What should insurance supervisors be concerned about?

What cooperation should financial supervisors take?

What is the main character of Fintech?

Exponential

Global

Across the economy

Wide ranging impacts

Why do insurance supervisors care?

Can create new type of risk

Can create remarkable opportunities

Can create significant damage

What should insurance supervisors be concerned about?

Operational risk

Data protection

Consumer protection

What cooperation should financial supervisors take?

Global approach

Cross sectoral approach

Proactive and timely approach

International Academy of Financial Consumer
(2018 Annual Conference)

Financial Innovation and Financial consumer protection/Financial Inclusion

27 July 2018

Eiichiro KAWABE

Deputy Commissioner for International Affairs
President, Global Financial Partnership Center
Financial Services Agency, Japan

- * The views expressed in this presentation are those of the speaker, and are not those of the FSA or any other institution.*
- * The slides are prepared for the purpose of discussion at this meeting only.*

Global Financial Consumer under Digitalization in Demographic Change

Digitalization

Globalization

Global Financial Consumer equipped with Computers
- Transaction beyond distance and time difference

Making financial Innovation work for Consumers

- Better products/services
- New Risks
- Financial inclusion

International
Cooperation

Demographic Change: Populations are aging worldwide

Topics

- 1. JFSA's initiative to promote Financial Innovation and to ensure Consumer Protection/Financial Inclusion**
- 2. Global Financial Partnership Center (GLOPAC)**
- 3. Global Partnership for Financial Inclusion (GPFI)**

Promoting Financial Innovation

➤ Amendments to Banking Act (2017)

- Banks are called on to open their APIs; creating an environment in which FinTech companies can connect to banks' systems
- Requiring registration for some FinTech companies (similar to the EU PSD2)
 - Banking account information service providers
 - Payment initiation service providers (FinTech companies that provide electronic fund transfer services in the name of and on behalf of their customers)

➤ FinTech Support Desk (established in Dec 2015)

- Works as a one-stop contact channel for FinTech businesses

➤ FinTech PoC (established in Sep 2017)

- For each selected proof-of-concept (PoC) project, the FSA sets up a special working team within the FSA.
- A special working team will continually support a project by giving advice on issues related to compliance and supervision, etc. which parties to conduct a PoC project would like to clarify.

Crypt-asset

- Registration requirement for exchange service providers of crypto-currency by the amended Payment Services Act (effective from April 2017)
 - Ensure the confidence of users
 - Money laundering/terrorism financing countermeasures
- Recent issues
 - A Japanese crypto-currency exchange service provider under registration vetting process was accessed illegally in January 2018
 - Reporting order, on-site inspection, improvement/suspend orders to providers
 - Re-issuance of warning to users
- International understanding: significant benefits but raising issues

“Technological innovations, including those underlying crypto-assets, can deliver significant benefits to the financial system and the broader economy. Crypto-assets do, however, raise issues with respect to consumer and investor protection, market integrity, tax evasion, money laundering and terrorist financing.” (G20: 21-22 July 2018)

Global Financial Partnership Center (GLOPAC)

➤ GLOPAC Fellowship Program

- The JFSA invites foreign financial authority's officials/central bankers as visiting fellows to Japan and provide a program which they can learn about the Japanese financial market, regulatory/supervisory methods.
- This program is conducted three times a year, targeting officials of authorities of capital market, banking, and insurance. Each program lasts for 2-3 months.

➤ Visiting Fellows (as of July 2018)

115 officials from 29 jurisdictions

Capital market: 35

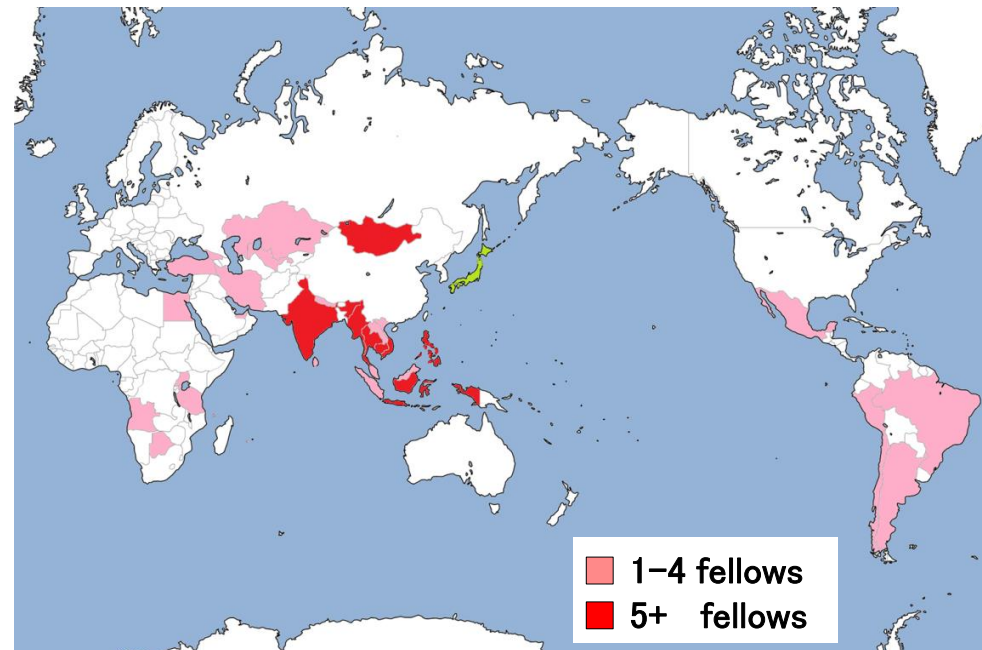
Banking: 55

Insurance: 25

➤ The views of GLOPAC Fellows

We asked the views on financial innovation of recent 28 GLOPAC Fellows.

(Banking: 11, Insurance: 8, Capital market 9)



The views of GLOPAC Fellows on financial innovation

- The financial innovation gives better services in cheaper, faster, easier, and more secure way. It will improve financial inclusion, especially the remittance and payment in rural area.
- Big data/AI/IoT could be used to monitor and analyze customers' behaviors to give more suitable services although there is the risk of data privacy issues.
- The potential risks are cyber-risk such as hacking data, financial crime such as cross-border money laundering, and misconduct. Financial providers, authorities and consumers would find it difficult to understand the feature and the risk of services.
- The regional and international corporations such as information sharing and supervision are required.
- Financial literacy/education programs for society are needed.

Global Partnership for Financial Inclusion (GPFI)

➤ Financial Inclusion

- Effective access to financial services by formal institution at affordable cost

➤ What is the GPFI?

- A platform to discuss financial inclusion under G20.
- Next year (2019): G20 Japan's presidency, 10 years of G20's engagement.

➤ Issues of Financial Inclusion

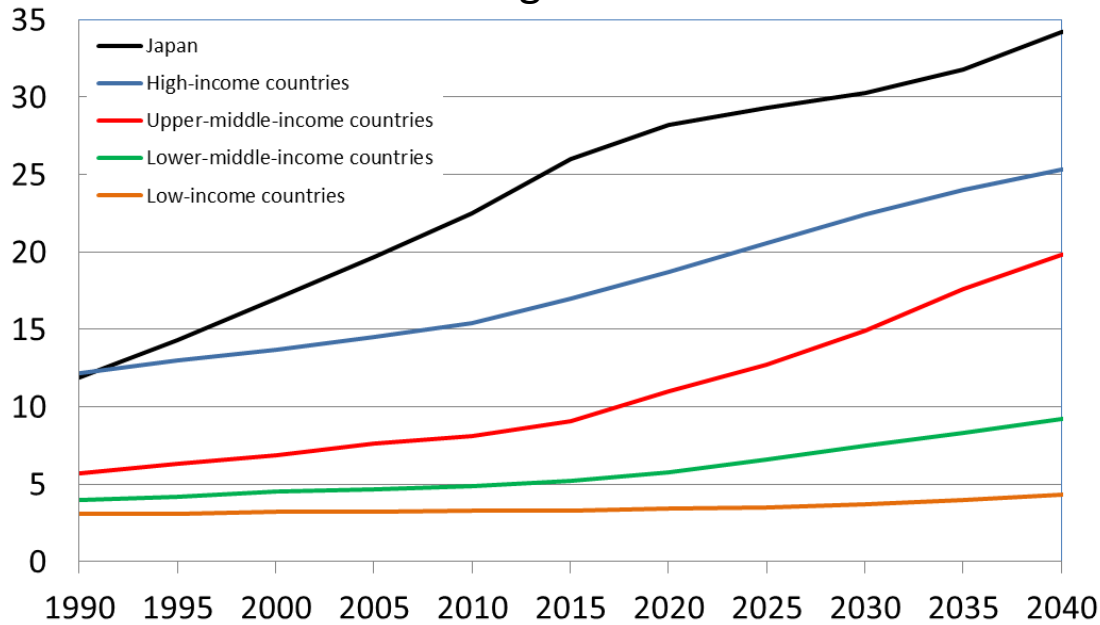
- The "Unbanked" is an essential issue.
- Recent priorities
 - "G20 High Level Principles for Digital Financial Inclusion" (2016)
 - "Financial inclusion of Forcibly Displaced Persons" (2017)
 - "Digitisation and informality" (2018)

➤ Japan's Priority for 2019 GPFI

Financial Inclusion in Population Aging

Populations are aging worldwide

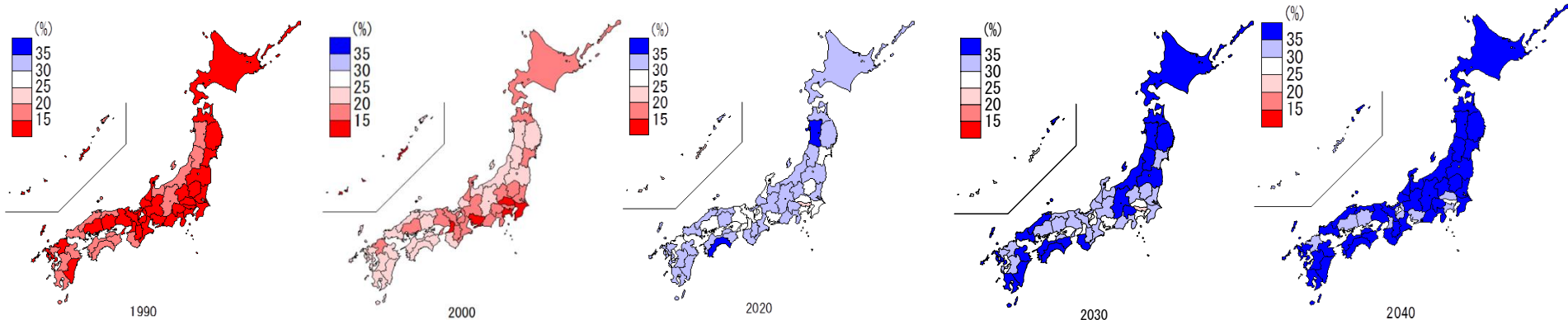
Percentage of 65+



(Source) United Nations, World Population Prospects 2017

- High-income countries including Japan are already aged.
- Upper-middle income countries will catch up soon.
- Lower- middle-income and Low-income countries will remain relatively young.

The speeds of aging are different in one country. Some consideration would be needed.



(Source) Ministry of Internal Affairs and Communication, National Institute of Populations and Social Security Research

Financial Inclusion in Population Aging

➤ Key Questions

- **Decline in Cognitive Capacity and FinTech**
How will digitization technologies support elderly people instead of exclude them?
- **Improvement of Financial Services targeting the Elderly**
How should financial services be customized for the elderly given longer life expectancy?
- **Financial Literacy of Elderly People**
How will the elderly be more literate and educated of financial activities?
- **Financial Education and Life Planning for All Generations**
What are the better financial education/life planning in response to a longer life?
- **Consumer Protection of Elderly People**
How will the society respond to financial crimes/misconduct involving the elderly?
- **Improvement of Social Systems to Support the Elderly**
What kind of social system (e.g., adult guardianship) will be needed in financial activity?
- **Sustainability of SMEs**
What kind of role should financial institutions play to support communities and SMEs?
- **Impact on financially underserved or socially vulnerable people**
What kind of impacts will the population aging give to underserved/vulnerable groups?

Thank You!

Impact of the implementation of the Insurance Distribution Directive (IDD) on consumer protection in Poland

Jacek Lisowski, Piotr Manikowski
Department of Insurance, Poznań University of Economics and
Business, Poland

2018 IAFICO Global Forum for Financial Consumers
Financial Consumer, Tokio, July 27, 2018



Goals of presentation

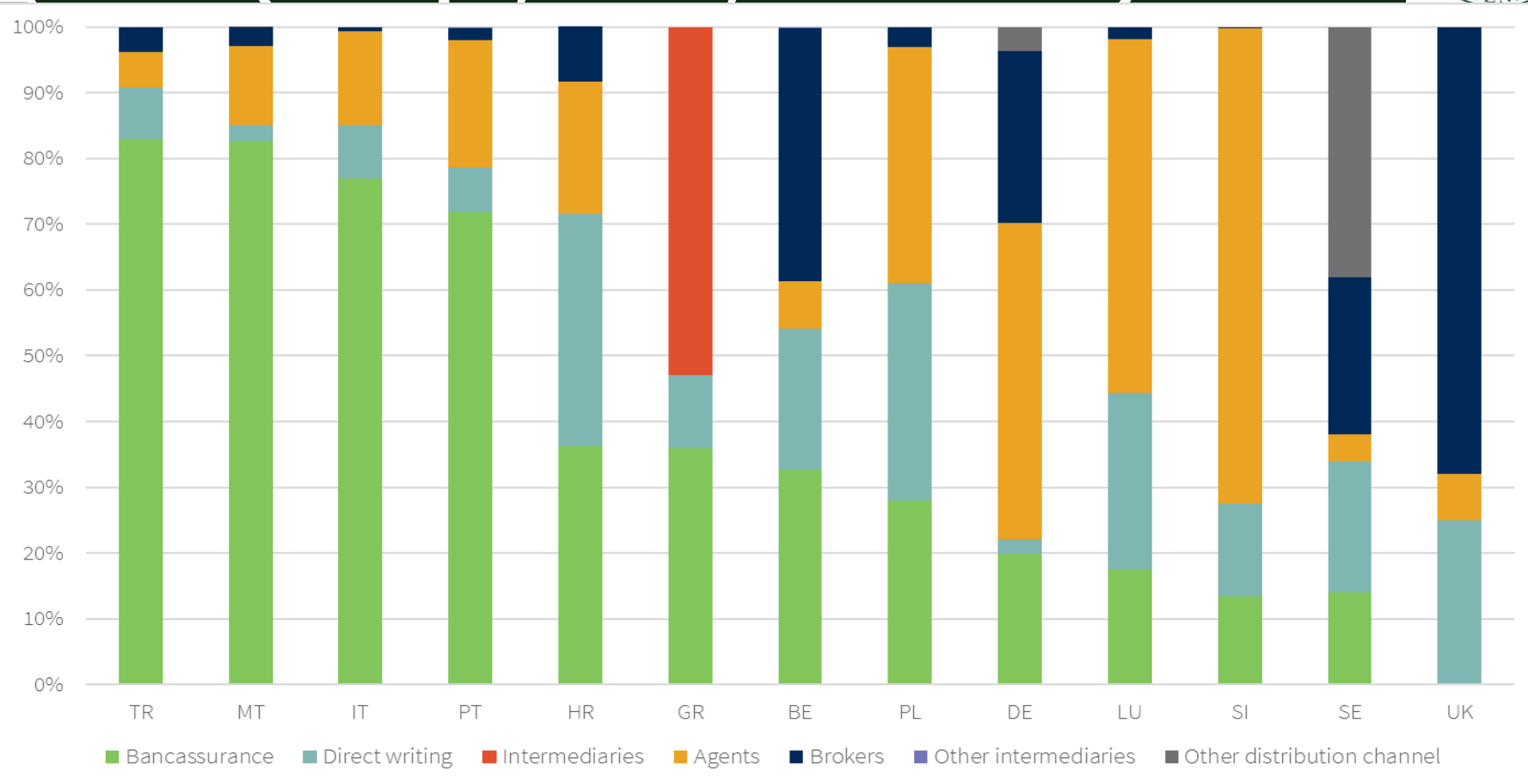


- ❖ The main goal of our presentation is to describe the impact of the implementation of the Insurance Distribution Directive (IDD) on consumer protection in Poland from the demand-side (consumers) and the supply-side (insurers) point of view.

Goals of presentation

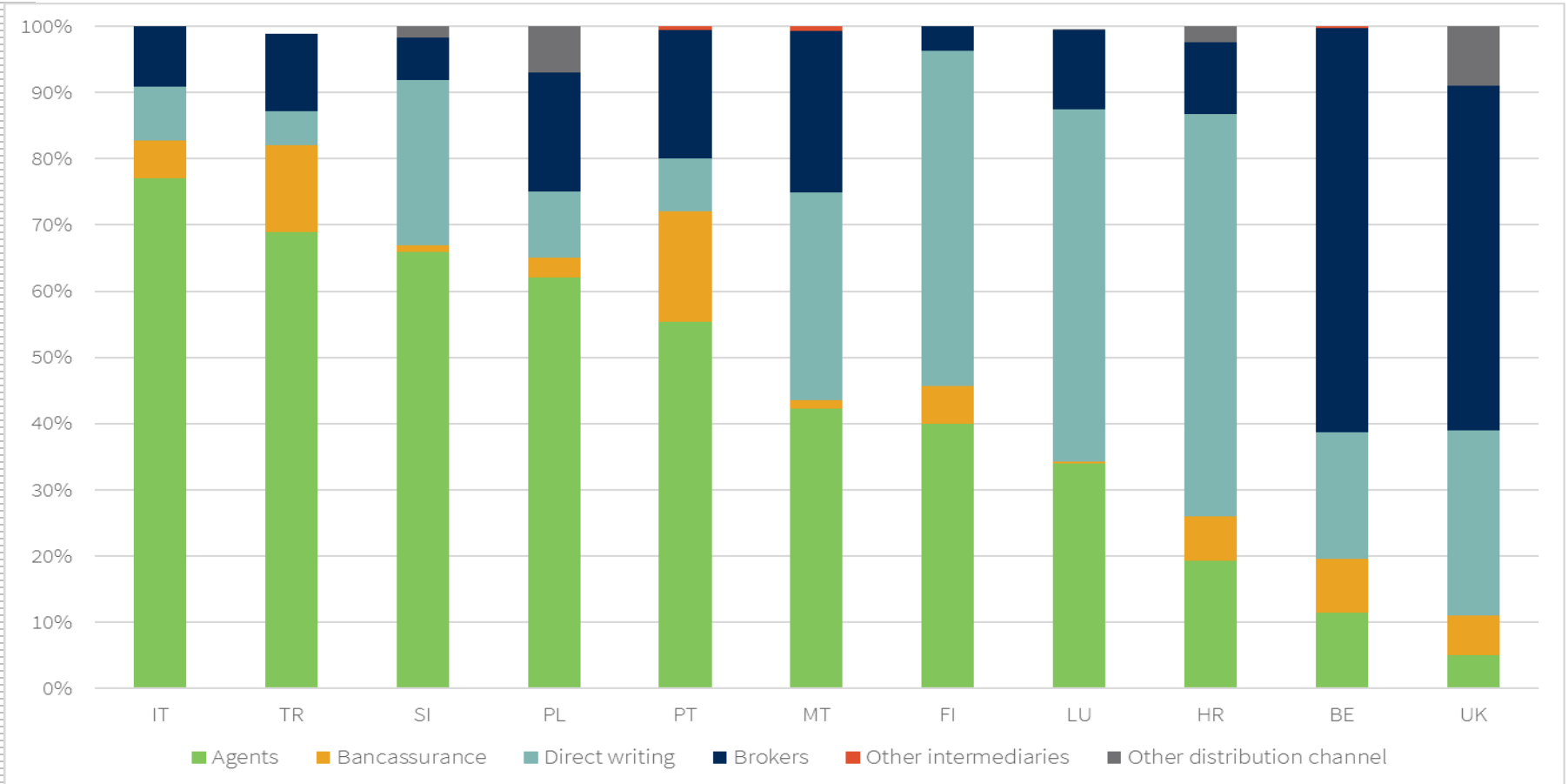
- ❖ Various types of persons or institutions, such as agents, brokers and 'bancassurance' operators, insurance undertakings, travel agents and car rental companies can distribute insurance products.

Life insurance distribution channels (Europe, 2016, % of GWP)



❖ Bancassurance is the main life distribution channel in Europe, while agents in Poland.

Non-insurance distribution channels (Europe, 2016, % of GWP)



❖ Non-life insurance policies are mainly distributed through agents and brokers in Poland, as in Europe.

Introduction



- ❖ The popularity of each channel varies depending on both the market and the insurance product.
- ❖ This diversity of channels, which makes it possible for insurers to adjust to different cultures, needs and preferences in different markets, is in the interest of consumers.

Introduction



- ❖ Equality of treatment between operators and customer protection requires that all those persons or institutions be covered by one legal act.
- ❖ Provisions that provide consumer protection in insurance in Poland and EU countries are scattered throughout several legal acts.
- ❖ Consumers should benefit from the same level of protection despite the differences between distribution channels.

Introduction



- ❖ 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.

Introduction



- ❖ 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 EU.

IDD vs. IMD (1)

- ❖ Expanding the scope from agents and brokers by adding all sellers of insurance products, including insurance manufacturers that sell directly to customers and market participants who sell insurance on an ancillary basis (subject to the proportionality conditions).
- ❖ Stricter requirements surrounding conflicts of interest and remuneration disclosures.
- ❖ Special disclosure requirements for bundled products.

IDD vs. IMD (2)

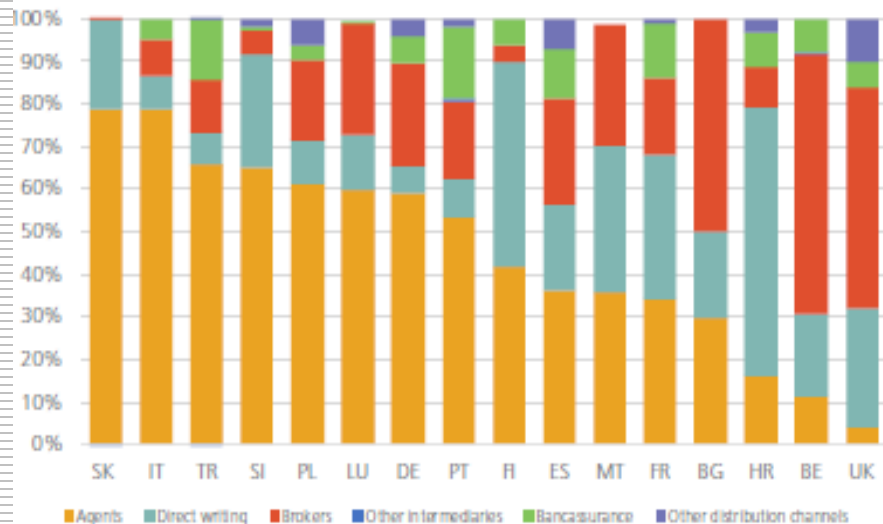


- ❖ Product oversight requirements similar to those of MiFID II.
- ❖ Additional requirements for insurance-based investment products (IBIPs) and the introduction of an Insurance Product Information Document (IPID) for non-life insurance products.
- ❖ New provisions regarding cross-border activity (freedom to provide services and freedom of establishment).
- ❖ Stricter administrative sanctions and other measures, including pecuniary sanctions.

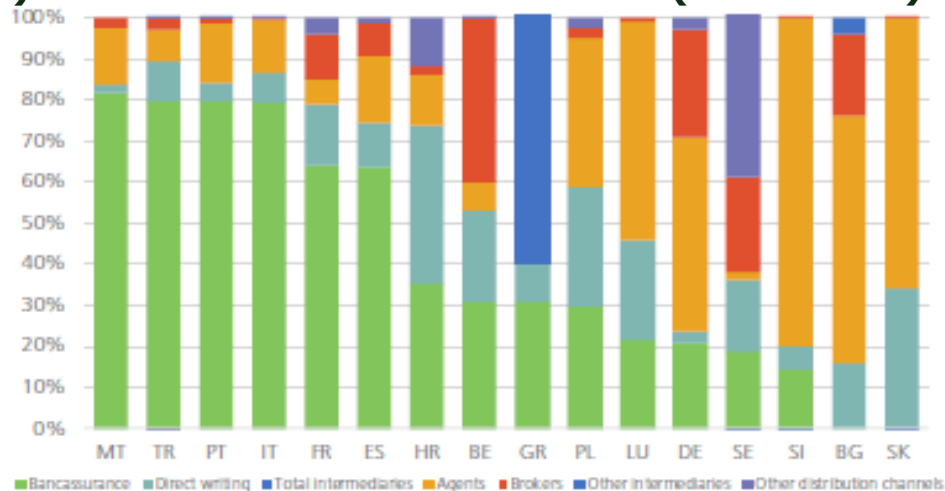
Definition of the insurance distributor

- ✓ "Insurance distributor" means not only any insurance intermediary, but also ancillary insurance intermediary or insurance undertaking.
- ✓ Around 3 500 insurance companies were active in Europe in 2016
- ✓ The number of employees in the European insurance is around 944 000.

Non-life distribution channels (% of GWP)



Life distribution channels (% of GWP)



Key areas of the insurance consumer protection in IDD



- ✓ Arrangements for distributors
- ✓ Insurance Product Information Document (IPID) and other product information disclosure requirements
- ✓ Insurance based investment products – IBIP
- ✓ Demands and needs
- ✓ Remuneration disclosures
- ✓ Training and competence
- ✓ Product Oversight and Governance arrangements for manufacturers

Key areas of IDD – impact and selected issues (1)



- Arrangements for distributors:
- Insurance distributors that do not manufacture products are subject to product distribution arrangements that include establishing measures and procedures for the products they intend to distribute, obtaining all relevant information from the manufacturer and defining a distribution strategy.
- Intermediaries must obtain appropriate knowledge about the approval process of the manufacturer, its target market and other information to be able to distribute the product.
- The rules include an enhancement to the exchange of information, this might lead to distributors communicating relevant information to manufacturers about sales made outside target market, summary of information on complaints per product, etc.

Key areas of IDD – impact and selected issues (2)



- Insurance based investment products – IBIP:
 - ✓ IDD includes specific requirements for distribution of IBIPs.
 - ✓ Determining what 'in good time' before conclusion of the contract means for the purposes of communicating disclosures to customers.
 - ✓ Complex versus non-complex IBIPs. These will need to be identified to ensure that the right procedures are in place to sell them.
 - ✓ Ensure systems are in place to provide all required information and carry out periodic assessments of suitability.

Key areas of IDD – impact and selected issues (3)



- Insurance Product Information Document (IPID) and other product information disclosure requirements:
 - ✓ The IDD introduces a requirement for non- life insurance distributors to provide the customer with a standardised Insurance Product Information Document (IPID), prior to the conclusion of a contract.
 - ✓ The IPID should provide standardised information about non-life insurance products, before the conclusion of the contract.
 - ✓ Incorporating all the necessary information in the IPID format will require some effort from firms. The IPID format is highly prescriptive.
 - ✓ How to judge when the information will be most useful to the customer?
 - ✓ Summary policy information to be provided to commercial customers.
 - ✓ How will IPID measures apply to members of group policies?

Key areas of IDD – impact and selected issues (4)



➤ Demands and needs:

- ✓ Firms need to offer customers products that are consistent with their insurance demands and needs.
- ✓ Although similar to prior requirements, IDD requires a stricter approach to the process of identifying the customer specific demands and needs and then only offering products that are consistent with those.
- ✓ The challenge is to identify the individual customer demands and needs and map it to the products on offer.
- ✓
- ✓ It might lead to product and value chain simplifications.
- ✓
- ✓ How will demands and needs requirements apply to members of group policies?

Key areas of IDD – impact and selected issues (5)



- Remuneration disclosures:
 - ✓ New requirements for pre-contract disclosure of information about distributors' remuneration.
 - ✓ Requirement to disclose nature and basis of the remuneration received related to the insurance contract.
 - ✓ Intermediaries within a chain might find it difficult to obtain the relevant information.
 - ✓ For aggregators it is also unclear how the disclosures should apply.

Key areas of IDD – impact and selected issues (6)



- **Training and competence:**
- ✓ Minimum requirements apply to employees with responsibility for insurance distribution.
- ✓ Minimum knowledge criteria covers areas such as product coverage, the claims process and insurance regulation. The NSA expects insurers to train their employees in these areas.
- ✓ Challenge to identify the people captured by the training and competence requirements and who will be ultimately responsible for training policies and reporting to the NSA.
- ✓ HR and compliance functions to undertake a cross referencing exercise to ensure that employee knowledge, ability and competency requirements align with both NSA and IDD requirements.

Key areas of IDD – impact and selected issues (7)



- Product Oversight and Governance arrangements for manufacturers (POG):
 - ✓ It applies to insurers and intermediaries that manufacture insurance products. The requirements include: identifying a target market, carrying out product analysis and reviews to check product performance and potential consumer detriment, identifying relevant distribution channels, monitoring distribution channels and providing appropriate information on the product to distributors.
 - ✓ How will the new regulations impact current design governance?
 - ✓ What products are in scope?
 - ✓ Manufacturer definition: when is an intermediary in scope of POG?
 - ✓ Governance over distribution chains – How will firms ensure all distributors are offering the right products to the right clients?

Conclusions



- ❖ The IDD intends to strengthen consumer protection, improve the competitive landscape of the European insurance industry, and reduce cross-sectoral inconsistencies.
- ❖ Will consumers use the possibilities of new regulations without improving their insurance and financial awareness and knowledge?

Thank you for your attention.



Pension Gender Difference in Urban China

Dongmei CHEN

Department of Risk Management and Insurance

dmchen@fudan.edu.cn



Outline

- **Gender difference of urban pension in China**
- Analysis on the factors influencing the gender difference
- Suggestion
- Summary



Pension coverage rate

- The pension coverage rate is calculated by comparing the number of people receiving pensions after retirement to the total number of retirees.
- In China, there is an enormous difference between men and women in terms of pensions, with the female receiving more than 10% less than the male.
- The gender differences between men and women are below 10% in more than 70% of the 85 countries with data, suggesting that the gender differences in pension in China are relatively more significant when compared with other countries.
- The source of this discrepancy may be concentrated in rural areas. According to the survey conducted by the ACWF(中国妇联), 73.3% of women with urban residents have access to old-age social security, and the figure for men is 75.9%.



Level of pension benefits

- This paper calculates the absolute level of pensions for urban men and women, using the Chinese Family Finance survey (CHFS) and the Chinese Urban Household Survey.
- In 2011, in all of the personal samples, a total of 464 people received the basic social pension insurance in the month before the survey, there were 177 men and 287 women.
- The average pension for men is 1611 RMB, and for women is 1330 RMB, the total average is 1437 RMB. Men's pensions are more than 20% higher than women's.
- There were significant differences in pension benefits for men and women in the four surveyed provinces (Shanghai, Sichuan, Guangdong, Liaoning), with men having at least 25% higher pension levels than women. And this gap is more pronounced in Liaoning Province, which is almost as high as 40%.



Table 1 Pension levels in different gender (2011)

	Pension received last month (RMB)
Male	1611
Female	1330
Total	1437



Table 2 Pension benefits in four provinces (2014)

Pension benefits (month/RMB)	Male	Female	Total
Shanghai(East)	2994	2380	2600
Sichuan(West)	2160	1646	1861
Guangdong(South)	2805	2123	2393
Liaoning(North)	2386	1714	1969

Actuarial model of substitution rate of urban employee pension

$$R^1 = \begin{cases} \frac{1\% * n * (\bar{W}_{r-1} + \frac{\bar{W}_{r-1}}{n} \sum_{k=e}^{r-1} \frac{W_k}{\bar{W}_K})}{2 W_{r-1}} & n \geq 15 \\ 0 & n < 15 \end{cases} \quad (1)$$

$$R^2 = \frac{\frac{c}{m} \ddot{a}_{k=e}^{r-1} W_k \tilde{O}_{k=e}^{r-1} (1+i_j)}{W_{r-1}} \quad (2)$$



Actuarial model of substitution rate of urban employee pension

- Assuming that both men and women start to work and pay their pensions at the age of 20, and those men and women retire at the age of 60 and 55 respectively. So when they retired, the payment years of men is 40, and 35 of women.
- The contribution rate of the personal account is 8% as stipulated by the State Council.
- Assuming the wage growth rate is 8%, the number of men and women in urban areas is equal, and women's average wage is 80% of men's.



Actuarial model of substitution rate of urban employee pension

- For personal accounts, the substitution rate for men was 12.7%, and 9.91% for women
- The difference can be attributed to two factors, the years of working and the issue period.
- First, the model assumes that men and women begin to work at the same time, but women retire earlier than men, so that women pay fewer years than men, resulting in less personal accounts accumulation. On the other hand, due to the early retirement of women, the number of months of pension is higher than that of men.
- In the case of the social pooling account, there is little difference in substitution rate between men and women.



Table 3 Pension substitution rate results statistics

	Personal account	Social pooling account	Total
Male	12.70%	38.00%	50.70%
Female	9.91%	37.19%	47.10%



Outline

- Gender difference of urban pension in China
- **Analysis on the factors influencing the gender difference**



Employment rate

- There are significant differences in the employment rate between men and women in China's labor market.
- According to the third issue of Chinese Women's Social Status survey, the 18 to 64-year-old female employment rate in the town was 60.8%, compared to 80.5% for men. This reflects that women's willingness to work is significantly lower than that of men.
- The proportion of women employed in the informal sector is also higher than that of men in the working population.
- According to the 2013 China Population and Employment Statistics Yearbook, which has done a sample survey of the labor force in 2012, in urban employment, 24.5% of men are self-employed workers, and 1.1% are domestic helpers, while 24.6% of women are self-employed workers, 5% are the family helper, both propotion are higher than that of men.



Employment rate

- The difference between the employment rate and employment sectors will be reflected in the difference in pension coverage.
- The informal parts of employment such as the flexible employment personnel have lower rate of participating pension than the enterprise workers. Moreover, The system of pension for them operates on a voluntary basis, and the grade of payment can be chosen by themselves.
- As a result, women's employment in the formal sector is lower than that of men, and that is an important reason for the gender disparity in pension coverage.



Wage levels

- According to the Global Gender Report published by the World Economic Forum, the average income of Chinese men and women is 16,177 and 10,049 dollars, respectively (after purchasing-power parity adjustment), and women's average income is only 62% of men's, ranking 59th in the world. In the same work, women's income is only accounts for 65% of men's, and this index ranked 70th in the world.
- Chinese women are facing a strong "glass ceiling" in their careers, and women make up just 17% of legislators, senior staff and managers, so China scores unimpressively low in this indicator and ranks only 103th in the world.
- China's urban workers pension system is linked to the payment system, and payment's calculation is based on the proportion of wages. The personal account part issue the pension completely according to the accumulation value of the account, therefore, men will receive higher personal account pension than women because of higher average wage.



working years

- The current legal retirement age in China is set at 60 years old for men, 55 for women cadres and 50 for women workers. Of the 155 countries that set the legal retirement age, more than 60% of the countries do not have a retirement age difference between men and women. Of the 59 countries with gender differences in retirement age, China's difference is the largest, which is as high as 10 years.
- Career disruption is another issue women have to face. 1/3 of the women in the urban and rural areas have interrupted their careers, the main reason is the birth and care of their children. The two-child policy has been fully liberalized since 2016, which means that the impact of childbearing on women's work would increase.
- It is more difficult to meet the pension requirement for women with fewer working years because they are eligible to receive a pension only for a 15-year pension payment.
- Table 4 shows that, in the same wage situation, the pension substitution rate for individual accounts and pooling accounts will both increase with the number of years worked.



Table 4 Pension replacement rate of different retirement age statistics

Replacement rate	50 years old	55 years old	60 years old
Individual account	8.12%	9.91%	12.70%
Social pooling account	30.00%	35.00%	40.00%
Total	38.12%	44.91%	52.70%



Suggestions

- In the long-term, labor market equality should be improved
- In the short to medium term, the pension system should be improved.



labor market equality

- The first is social awareness. Although the Labor Law in China clearly stipulates gender equality in employment, gender discrimination in practice is very common. The traditional pattern that men play the key role in society and women mainly take care of family chores is difficult to change. Men still have more job opportunities and women still bear more family responsibilities and housework.
- The government should consider gender equality in institutional design. For example, In China, women legally enjoy 98 days of maternity leave, but men do not have legally paid holidays, which implies that women are the main care-givers. Maternity leave encourages men to share the responsibility of raising children. The government should learn from Northern Europe to give equal paid leave to both genders.
- At present, the most direct and operationally feasible change in institutional design is to unify the retirement age of men and women. It can be expected that the plan to delay retirement age, though not yet been officially introduced, will narrow or even smooth out the retirement age difference between men and women.



pension system: Non-contributory

- The urban pension system currently implemented in China is a contributory pension, which means the pension treatment is based on the contribution during the work period. The main source of funds is the payment by employers and individuals.
- Corresponding to the contributory pension is a non-contributory pension, the source of which is the state financial subsidy. Non-contributory pensions originated in Denmark in 1891. By 2012, 105 non-contributory pension systems have been established worldwide, covering 99 countries or regions.
- Non-contributory pensions are called the “zero pillar” in the pension insurance system, and their main purpose is to provide the lowest level of protection for the elderly. Since the source of funds for non-contributory pensions is national finance, non-contributory pensions as a supplement to contributory pensions can reduce gender differences in the pension system.



pension system: Non-contributory

- Non-contributory pensions can be divided into means-tested and universal pensions.
- Means-tested pensions subsidize people according to their economic conditions and provide financial assistance to older people whose income is below a certain standard. Such institutional design is beneficial for older women, who are more likely to fall into poverty, and to some extent compensate for the gender differences in contributory pensions. However, under means-tested scheme, it is necessary to review the income of the recipients and cover the people who meet the conditions for receiving. This leads to high administrative expenses and the outcomes in practice are not as good as expected .
- Universal pensions are a system of granting a certain amount of pension to all elderly people without discrimination. From a gender perspective, universal pensions are paid to all men and women and factors in the labor market are ignored. Therefore, this system smooths out gender difference. Besides, it is also easy to implement because age is the only factor that needs to be considered. As there are more aging female population than male, the females actually benefit more from universal pensions on the whole.



pension system: Family-related

- In the traditional family mode, women take care of more housework. According to the China Woman's Status Survey, the housework hours of urban men and women on the working day are 43 minutes and 102 minutes respectively. Establishing a family-related pension system can effectively convert woman's investment in the family into pension return.
- Under the US public pension system, people can enjoy their spouse's retirement benefits. The US public pension system considers the family as a whole and balances the pension benefits of both spouses.
- First, after reaching the retirement age, a non-working party can receive at most half of his or her spouse's pension. If one of the spouses has a lower income, in addition to receiving their own pension benefits, they can also receive additional pensions from their spouse's account.
- Second, after the marriage breaks down, the right to share the pension of the other party is still protected by law. If the marriage lasts for at least 10 years and one does not remarry at the age of 60, then he or she can receive a pension under the social insurance record of the divorced spouse.



pension system: Family-related

- In addition, a spouse can receive a pension from a deceased spouse's account, known as a widow or widower's retirement benefit, which guarantees the retirement of a widow or widower who lives alone.
- In 1980, American scholars put forward a idea that during the marriage, half of the social security contributions of both spouses enter their accounts and the other half enter the spouse's account. This system design is called Earnings-sharing.
- Under the Earnings-sharing system, the increase in the accounts of both spouses during the marriage period equals half of the total family income, completely eliminating the difference between husband and wife.
- However, this proposal has not been implemented so far, because under this system, the pension of divorced men will be lower than the current pension benefits. Difficulty to balance the interests of different groups hinders the implementation of Earnings-sharing.



Summary

- There are obvious gender differences in urban pensions in China. In terms of coverage, although the implementation of pension for urban residents has reduced the gap between men and women in pension coverage, the gender difference persists in pension coverage since the pension for urban residents is not mandatory.
- As for the level of pension benefits, since the current pension system is mainly linked to the salary and contribution period, women on average enjoy less benefit than men due to lower average wages and shorter working years. The pension replacement rate of female simulated by the actuarial model is also lower than that of male.
- Gender inequality in pensions mainly comes from gender inequality in the labour market. Urban women perform worse than urban men in terms of employment rate, average wage and working years. Those who do not have formal jobs will not be forced to participate in pensions, resulting in differences in coverage between men and women. For the insured people, the calculation basis for the pension for men and women is the same, and the differences in average wage and working years are directly reflected in the pension treatment level.



Summary

- In order to narrow the gender gap in pensions, there is a need to improve gender equality in the labour market. Social movements can shake current gender system, and institutional design should be more gender neutral.
- However, changes in the labour market are slow and time-consuming. Therefore, the gender balance in the short and medium term can be achieved by changing the design of the pension system.
- One of the internationally effective methods is to promote universal pensions, which can effectively improve the economic status of old women. On the other hand, it is possible to link the pensions of both spouses and increase women's pension benefits through the redistribution of pensions between husband and wife.

A decorative graphic on the left side of the slide, consisting of a vertical black line intersecting a horizontal black line, with a blue square above and a yellow square below the intersection, and a red-to-white gradient bar to the left.

Thanks

Dongmei CHEN

Department of Risk Management and Insurance

dmchen@fudan.edu.cn

Discussion on the session 1 :

Finance for Global economy & society

By Hongjoo JUNG

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

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

3. 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)

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

1. FinTech and International Insurance Supervisory Cooperation | Yoshihiro Kawai

<summary>

- What is the main character of FinTech?
- Why do insurance supervisors care?
- What should insurance supervisors be concerned about?
- What cooperation should financial supervisors take?

<Question>

How to develop both financial and technological literacy for financial consumer protection ? Any country examples?

2. Financial Innovation and Financial Consumer Protection /Financial Inclusion | Eiichiro Kawabe

<summary>

- JFSA's initiative to promote Financial Innovation and to ensure Consumer Protection/Financial Inclusion
- Global Financial Partnership Center (GLOPAC)
- Global Partnership for Financial Inclusion (GPFI)

<Question>

- How to develop financial/technological literacy among elderly people ? And JFSA staff members in technological literacy ?
- Focus/Policy Priority of Global Partnership for Financial Inclusion ?

3. An Impact of the Implementation of the Insurance Distribution Directive (IDD) on Consumer Protection in Poland | Jacek Lisowski and Piotr Manikowski

<Summary>

<Question>

4. Gender Issues and Retirement-age Delay in China : From the Perspective of Gender Differences in Pensions

| Dongmei Chen (Fudan U., China)

<Summary>

<Question>