Making Access Possible

Measuring Progress

Financial Inclusion in selected ASEAN countries

2020

Unlocking Public and Private Finance for the Poor

About the cover

The cover design of this report extends the theme of the complex and evolving terrain of the landscape of financial inclusion. By collecting and accurately interpreting relevant data we are able to create an overview of the financial landscape that is layered with depth and dimension. Each new layer of information builds upon the next, revealing the peaks and troughs, growth and decline of financial inclusion in the region.

This report was developed with significant engagement and support from the ASEAN Member States (AMS), under the leadership and guidance of the Working Committee on Financial Inclusion (WC-FINC) DO1 Working Group. Two workshops were held in Brunei Darussalam and Cambodia, hosted by Autoriti Monetari Brunei Darussalam and the National Bank of Cambodia in 2019 and 2020 respectively. The workshops served as a crucial mechanism for experts from UNCDF and AMS to share expertise, experiences and views on the implementation of national financial inclusion strategies and M&E frameworks. The workshops facilitated inputs towards the development of the ASEAN Guidance Note on Developing a Monitoring and Evaluation Framework for Financial Inclusion, which can be read in conjunction with this report. The workshops also served as training and to seek agreement on the construction of regional financial inclusion indicators and the data collection that fed into the construction of this report.

The ASEAN Secretariat acknowledges the leadership and guidance of the current Chairs of the WC-FINC DO1 Working Group (Autoriti Monetari Brunei Darussalam and Bangko Sentral ng Pilipinas), the contribution and technical assistance from UNCDF in the coordination of inputs and the development of this report, and contributions from partner country Governments in ASEAN – both financial and technical – as we progress in the implementation of the ASEAN 2025 Blueprint. The intention with this report is to develop an annual series which allows for the ongoing tracking of financial inclusion progress in the ASEAN region, in contribution to making the ASEAN economic community a working reality.

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Making Access Possible

Making Access Possible (MAP) is a multi-country initiative and technical framework to support financial inclusion through a process of evidence-based country diagnostic and stakeholder dialogue, leading to the development of national financial inclusion roadmaps that identify key drivers of financial inclusion and recommended action. Through its design, MAP seeks to strengthen and focus the domestic development dialogue on financial inclusion. The global project seeks to engage with various other international platforms and entities impacting on financial inclusion, using the evidence gathered at the country level. In the ASEAN region, Implementation of the MAP framework is undertaken by UNCDF's Shaping Inclusive Finance Transformations (SHIFT) programme.

The role of financial inclusion in ASEAN 2025

Financial inclusion - defined as broad-based access to a range of welfare-enhancing financial services - while a lofty objective on its own, is also fittingly recognized as a means to an end. Financial inclusion leads to the improvement of the welfare of individuals, including their households and businesses, which in turn leads to a more sustainable and inclusive economy and creates an overall positive impact on financial sector development.

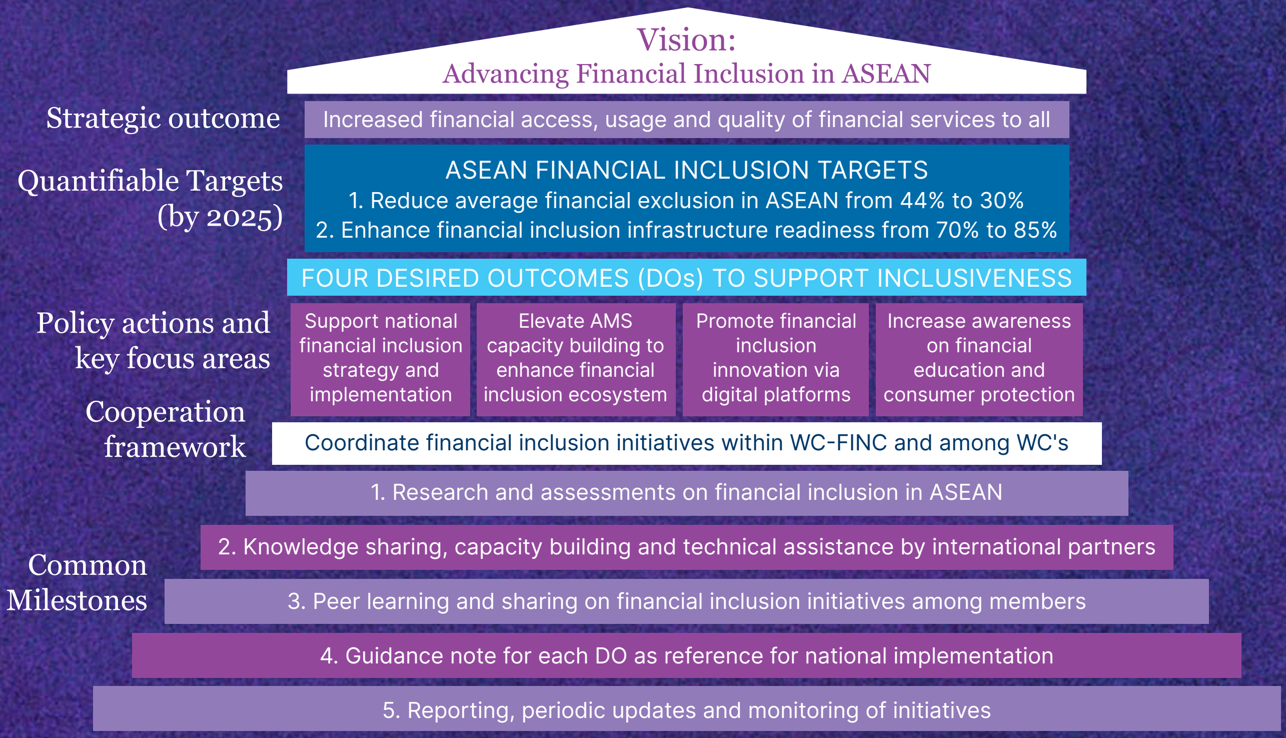


Figure 1. ASEAN Financial Inclusion Framework

More broadly, financial inclusion impacts economic growth by empowering consumers to make better and well-informed choices, thereby enabling them to make sound financial decisions and raise their standard of living. Financial inclusion's impact as a tool for economic opportunity, complements and supports the broader reforms aimed at addressing inequalities, climate change and other development goals.

Financial inclusion expands the access of low-income individuals, households and small businesses to appropriate financial services as tools to help achieve their goals and deal with shocks. By using formal financial services, poor people are able to lower their transaction costs, smooth consumption, accumulate assets, and lower their exposure to productive or personal risks. They also benefit from time savings, improved privacy and security, and increased informational records. This leads to an increase in disposable income, decreased opportunity costs, greater control of finances, increased traceability – and thereby increased welfare. On a broad enough basis, gradually and indirectly this increased welfare contributes to reduced inequality.

WC-FINC FRAMEWORK FOR ACHIEVING ASEAN FINANCIAL INCLUSION TARGETS

Ensuring that the financial sector is inclusive and stable

Enhancing the financing ecosystem in the region to benefit MSMEs

Expanding the scope of financial access and literacy

Intensifying implementation of financial education programmes and consumer protection mechanisms

Promoting the expansion of distribution channels which improve access to and reduce cost of financial services

Financial inclusion therefore plays a key role in achieving Vision 2025 in ASEAN, in terms of economic, human and social development. Financial inclusion initiatives in ASEAN serves to support the economic pillar of the Vision 2025 blueprint, by strengthening regulations and financial infrastructure, supporting the micro small and medium enterprises (MSMEs) sector, and facilitating the seamless movement of goods, services, capital, and labour. Financial inclusion also provides the building blocks to reduce inequality, drive inclusive growth and enable human development across the region.

To promote a cohesive and integrated economic community in ASEAN, financial integration, financial inclusion, and financial stability are seen as the critical triumvirate of economic drivers contributing to:

- Ensuring that the financial sector is inclusive and stable
- Enhancing the financing ecosystem in the region to benefit MSMEs
- Expanding the scope of financial access and literacy
- Intensifying implementation of financial education programmes and consumer protection mechanisms
- Promoting the expansion of distribution channels which improve access to and reduce cost of financial services

It is within this context that the ASEAN WC-FINC has set a framework for achieving the region's financial inclusion targets.

To achieve the vision set out in this framework, it will be crucial for member states to implement the National Financial Inclusion Strategy (NFIS) successfully (for those member states who has a NFIS in place), and to track financial inclusion across ASEAN countries on a periodic basis[1]. This will assist monitoring strategy implementation and establishing whether targets are being met at a national and regional level, while the platform for cooperation also serve to identify areas for knowledge exchange among ASEAN member states (AMS). To measure the progress of implementation, a monitoring and evaluation framework and reporting protocols have been put in place, in the form of a guidance note, under the leadership and guidance of the WC-FINC DO1 working group. During this process, countries put forward a core set of indicators, which serves as the basis for regional reporting[2]. This report serves as an annual reflection on progress on these measurable indicators on financial inclusion, based on an assessment of data availability and collection processes at national level. This reporting framework enables an assessment of the effectiveness of the implementation of the NFIS to achieve the desired outcome. This will aid policy making and inform if there are adjustments needed in the NFIS implementation.

1 ASEAN countries voluntarily developed their respective NFIS, and countries which already had high level of financial inclusion therefore did not necessarily develop an NFIS (e.g. Singapore and Brunei Darussalam). Countries who do have an NFIS are currently at different levels of implementation progress.

2 Although effort was made to align and agree on a core set, AMS were provided flexibility to adapt definitions and exclude indicators based on availability of data.

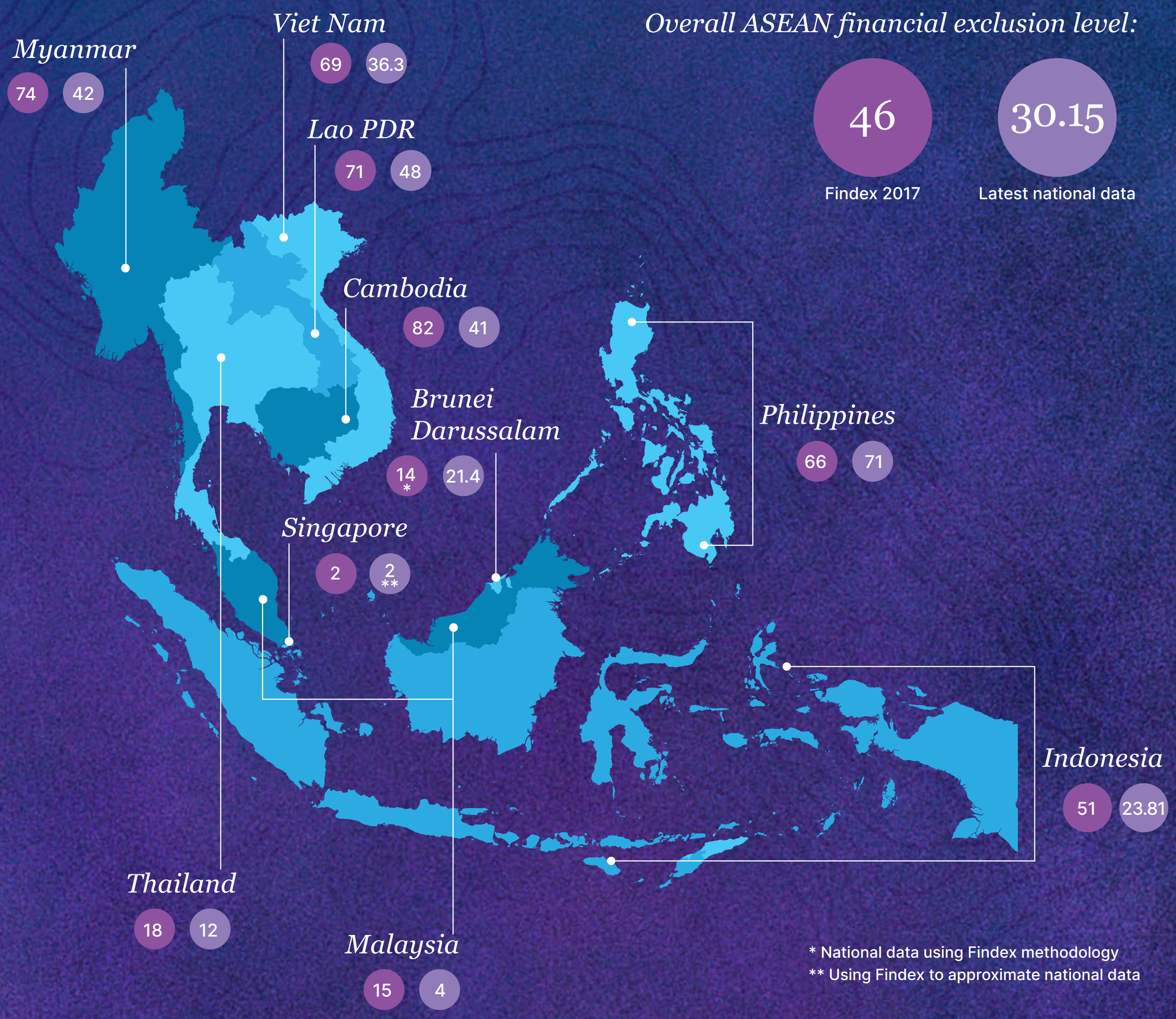


Figure 2. Current level of financial exclusion for ASEAN Member States (% of adults)

As submitted by AMS, August 2020

ASEAN Regional Context

ASEAN's growth story has been supported by greater traction in recent years in regional financial integration which will expand sources of financing and investments for economic activities, deepen the region's financial markets, and enhance the competitiveness of ASEAN businesses through efficiency gains (e.g. through lower costs of payments and settlements). Growth and development across the region however does not guarantee equal opportunities for all to improve their social and economic circumstances. For ASEAN, a key priority has therefore been to ensure that greater economic and financial integration progresses in lockstep with greater financial inclusion. The challenges are pressing – with 265 million or 44% of adults in ASEAN who are still unbanked, combined with high-levels of informal activities, these have wider implications for health, economic and social outcomes. At ASEAN level, a regional target of a 30% financial exclusion level by 2025 has been set and the latest reported figures by AMS as of August 2020 are shown in Figure 2. The progress of this is monitored periodically in order to achieve the vision of regional financial inclusion.

FINANCIAL INCLUSION INFRASTRUCTURE		READINESS LEVEL	
		AS OF FEBRUARY 2020	
		NO.	%
1	Public credit registry/credit bureau	10/10	100%
2	Credit guarantee for Agri and MSMEs[b]	7/9	77.7%
3	Debt resolution and redress mechanism	7/10	70%
4	Financial inclusion monitoring framework[a b]	5/8	62.5%
5	National strategy for financial inclusion[a b]	7/8	87.5%
6	National strategy for financial education	5/10	50%
7	Legislation, regulations, platforms to support financial inclusion (ie. enabling infrastructure) Including digital financial services (DFS)	10/10	100%
8	Specific institution to support financial inclusion mandate[a]	9/9	100%
9	Consumer protection regulation framework	9/10	90%
10	Digital ID	6/10	60%
TOTAL			79.77%

a. Excluding Singapore; b. Excluding Brunei Darussalam

Figure 3: ASEAN Financial Inclusion infrastructure readiness

For financial inclusion to fully serve its envisaged function, enabling infrastructure for financial inclusion is considered as a key foundational requirement by the AMS. Thus, key performance indicators (KPI) have been set to determine the infrastructure readiness for financial inclusion in the region, with an overall readiness target of 85% by 2025. The identification of the necessary infrastructure has, as much as possible, considered commonalities across the region, but when necessary has reflected unique country contexts (i.e. some countries are not included in certain individual targets). In addition, financial infrastructure relevant to digital financial services have been recently included in recognition of the importance of digital technology in pushing financial inclusion, but data collection for new targets has not yet started (and is therefore excluded below). The latest reported figures by AMS are shown in Figure 3.

In order to keep track and ensure that the KPIs set within the working groups are met, there is a need for a coherent and harmonized regional monitoring system in ASEAN. Additionally, as the levels of financial inclusion increases, the markets become more sophisticated and as such, the need to continue building capacities of regulators in monitoring and evaluation in the area of financial inclusion remains important.

OVERVIEW OF THE APPROACH

Monitoring financial inclusion across the region

The WC-FINC has been mandated to accelerate regional initiatives to elevate the level of financial inclusion in ASEAN. Particular emphasis is given to capacity building and peer learning activities.

An especially interesting part of this journey has been ASEAN's incredible diversity that presents an opportunity to draw lessons from every country on specific challenges faced and measures pursued to increase financial inclusion. For some ASEAN countries, the geographic barriers to financial inclusion are the most urgent, for others, cost or knowledge and trust are more significant barriers. In different ways, ASEAN countries have something to learn from each other's experience on strategies that worked or did not work so well.

At a regional level

Key common indicators across the countries were developed and agreed together with other regional financial inclusion data available among ASEAN countries, during two regional workshops in October 2019 and January 2020.

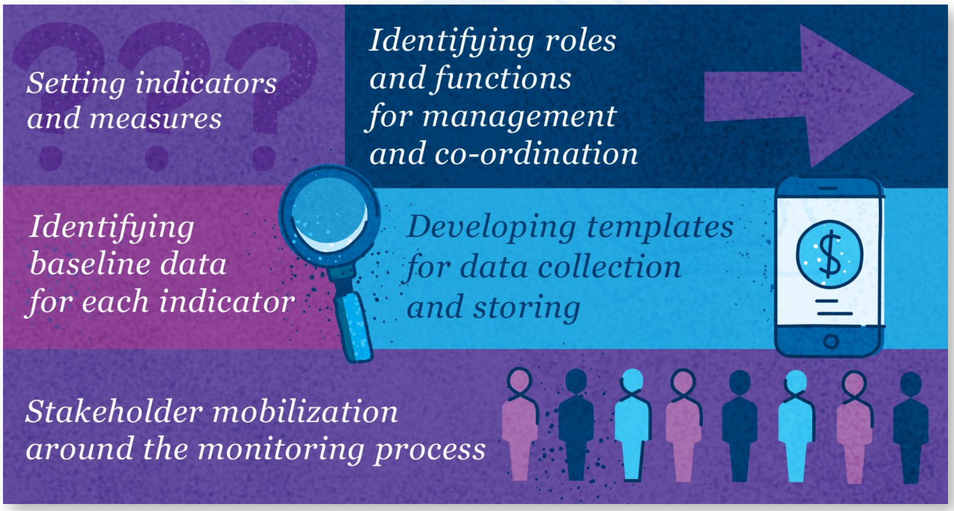
At a national level

Indicators were developed to track national financial inclusion progress as well as market level changes as identified in the national financial inclusion strategy or roadmap development process.

In Myanmar, Cambodia and Lao PDR, for instance, the process at country level was stakeholder driven and started with the development of a multi-year vision (five to seven years) for financial inclusion contained in the national roadmap, with the implementation of UNCDF's MAP technical framework[3], which was used as input to develop the NFIS. Other countries were ahead in the process in some ways and tended to have national processes and supporting structures, while countries like Singapore and Brunei Darussalam opted not to develop an NFIS based on their already advanced levels of financial inclusion. Across the region, each national roadmap integrates an M&E framework which includes:

- setting indicators and measures,
- identifying baseline data for each indicator,

3 Implemented by UNCDF programmes: MAP and SHIFT in ASEAN, and Making Access to Finance more Inclusive for Poor People (MAFIPP) in Lao PDR, and Expanding Finance Access (EFA) in Myanmar.



- developing templates for data collection and storing,
- identifying roles and functions for management and co-ordination,
- stakeholder mobilization around the monitoring process.

Regional financial inclusion measurement framework

In order to address the need for consistent financial inclusion data across ASEAN countries, the framework includes a core set of indicators that capture the state of financial inclusion. This will allow for a quick assessment of progress and enable region-wide diagnosis, targets and policy recommendations, towards a cohesive and collaborative regional approach, working alongside countries. The core set was developed using the Alliance for Financial Inclusion (AFI) core set of indicators, as well as the G20 Financial Inclusion Indicators as a starting point, adjusting for country relevance and data constraints at a country level. Although effort was made to align and agree on a core set, member states were provided flexibility to adapt definitions and exclude indicators based on availability of data. Further work can therefore be done in the future should greater alignment between indicators become necessary.

These core indicators address basic access and usage dimensions of financial inclusion consumers, while other quality and market specific indicators will differ to reflect more accurately unique local conditions and are reflected in the country specific indicators.

Setting the regional indicators

For the ASEAN region, the tables of indicators below were suggested as the core set of indicators to be adopted in each country within the monitoring and evaluation framework. These indicators focus on access and usage, though some countries have also opted to use some quality indicators which have been included in the respective country sections. Quality indicators will be added over time as data availability improves. Therefore these have not been comprehensively included in this year's publication. Data for other areas such as risk have also not yet been collected. These indicators measure the progress made in financial inclusion at national level through the collective effort of all stakeholders, providing a national level monitoring framework for this important sector.

Access dimension:

Access refers to the ability to use the services and products offered by formal financial institutions. Data on access will be obtained from information provided by financial institutions, and will include:

ACCESS INDICATORS

1	*Points of service*
	i. Number of branches per specified number of adults
	ii. Number of ATMs per specified number of adults
	iii. Number of point of sale (POS) terminals per specified number of adults
	iv. Number of mobile money agents or similar financial services agents
2	*Access points*
	i. Number of access points per specified number of adults at a national level (Access points as nationally defined)
3	*Connectivity*
	i. Access to internet (% of specified age group, i.e. 15+ or 18+) Percentage of adults with internet access anywhere
	ii. Mobile phone penetration (active mobile phones per specified unit of the population, i.e. 1,000; 10,000 or 100,000)

An access point is generally defined as any physical entity where an individual can perform cash-in and cash-out transactions with a regulated financial institution, e.g. bank branches, ATMs, agents and POS devices. However, countries vary in terms of the exact definition, and therefore used country specific definitions in some instances. In the data, adults are also defined at country level, with some countries using the "adults aged 15+" definition, while others use the "adults aged 18+" definition. Similarly, denominators were used based on country standards, either per 1,000 adults, 10,000 adults, or per 100,000 adults.

Denominators were used based on country standards:

PER 1,000 ADULTS OR PER 10,000 ADULTS OR PER 100,000 ADULTS

Usage dimension:

Usage refers to the depth or extent of financial services and product use. Ideally, determining usage requires data on regularity, frequency and duration of use of products and services over time. However, the below provides a basic set of indicators, which can be expanded for future iterations of data publication.

These indicators were adapted at a country level based on data availability and nationally accepted standards and realities (as noted in previous section). For instance, in Malaysia, e-money accounts is the reporting standard, rather than mobile money, which include a broader set of digital channel products. Similarly, Viet Nam does not report on mobile money, as there are currently no legal regulations on mobile money or mobile money providers.

USAGE INDICATORS

4	*Adults with an account*
	i. Percentage of adults who report having an account at a bank (% of specified age group) ii. Percentage of adults who report having an account with a formal financial institution or a mobile money provider (% of specified age group)
5	*Savings*
	Number of deposit accounts with banks or deposit taking institutions per specified unit of the adult population (i.e. 1,000; 10,000 or 100,000)
6	*Credit*
	Number of loan accounts with banks or other credit providers per specified unit of the adult population (i.e. 1,000; 10,000 or 100,000)
7	*Payments*
	i. Number of debit cards per specified unit of the adult population (i.e. 1,000; 10,000 or 100,000) ii. Number of registered mobile money accounts per specified unit of the adult population (i.e. 1,000; 10,000 or 100,000) iii. Number of mobile money transactions (during the reference year) per specified unit of the adult population (i.e. 1,000; 10,000 or 100,000)
8	*Insurance*
	Insurance policy holders per specified unit of the adult population (i.e. 1,000; 10,000 or 100,000), disaggregated by life and non-life insurance

Data on access indicators typically come from supply side data submissions to regulators, and this has been the case in the ASEAN M&E data collection process. Similarly, data on usage can be populated through supply side data, although this does not always allow for multiple ownership – leading to overstated figures. Although the elimination of duplications in the data is possible, this requires regulatory implementation which largely does not yet exist. Demand side data therefore provides an opportunity for comparison to supply side data, which allows for insight on the degree of duplication. However, given the frequency of demand side data, countries agreed that supply side data can be used as proxies to provide more frequent updates on demand side indicators on usage.

Furthermore, disaggregated indicators by gender, age and location (rural or urban) can be included in future, but would require adaptations in regulatory templates in some instances, and has therefore been excluded in the first year of collection.

The national financial inclusion strategies lay out a plausible vision for the enhancement of financial inclusion in the respective countries. By setting clear goals and targets combined with the support of coordination among public and private sector stakeholders, it provides an organized framework for financial inclusion policies and regulations to be implemented while also cementing the efforts taken by Government and donors to enhance access to financial services. With increasing focus on financial inclusion, it becomes critical to have a mechanism that provides ongoing feedback to the Government and all stakeholders to get a sense of progress being made in this area. The NFIS and its subsequent implementation in country is aimed at ensuring the existence of an inclusive financial sector that broadens access to and the use of financial services by all, with the view of engendering social and economic development. It also defines the parameters for ongoing measurement and evaluation of the impact of specific actions and monitoring of progress over the roadmap period.

National M&E and progress reports

All countries with an NFIS participating in the M&E reporting framework have adopted similar approaches to data collection and monitoring within their countries.

Following the adoption of the NFIS, detailed engagements with stakeholders were undertaken to review local relevance for each of the proposed indicators, resulting in a finalized indicator set for adoption.

The data for the core set of regional indicators were collected at country level, and indicators were adapted as per country availability and nationally accepted standards and definitions. Countries were asked to report on their national focus and approach to financial inclusion, and key trends in financial inclusion, were analysed and highlighted. Countries also set a baseline year for their respective indicator sets, based on historically important landmarks like financial inclusion policy approval. Some countries have set targets over the period of their financial inclusion strategies or action plans.

A key issue arising is that while the baseline has been obtained to a large extent, from a number of sources including from regulators and industry, the available demand side data rely on the MAP research in Myanmar, Cambodia and Lao PDR and national data in other countries, which is not updated regularly. Thus, there is need for an ongoing process to further update the data, using other available sources (e.g. MSME surveys), targeted financial service provider engagement, and regulator capacity building to collect relevant and up to date data that enables more frequent regular monitoring by the working group.

Therefore the timeframe for each country varies based on national priorities and cycles in their policy framework. Countries set their own baselines based on nationally informed timelines, and for the latest year of reference, 2019 was selected. Where data points are not 2019, this will be indicated accordingly.

As this process is new for all AMS countries, a number of challenges with data availability were expected, as some of these data points have never been collected by the regulators. Central banks, for example, collect mostly prudential data which are useful but not sufficient as financial inclusion indicators. They also do not generally disaggregate the data to enable a gender breakdown. Although these data gaps exist, the process of populating the indicator templates were able to proceed. The current report has already had an important impact in that it has allowed national stakeholders to have a strategic conversation based on the trends emerging from the data collected to date. This joint learning is key to sustaining the interest, commitment and momentum for financial inclusion from local stakeholders at country level.

Brunei Darussalam

Notwithstanding the relatively high financial inclusion rate in Brunei Darussalam as of end 2019, financial inclusion remains a fundamental aspect and initiative in line with the Brunei Darussalam Financial Sector Blueprint 2016 – 2025 prepared by Autoriti Monetari Brunei Darussalam. The latest figures on access and usage indicators illustrate the high level of financial inclusion in Brunei Darussalam.

Notwithstanding the relatively high financial inclusion rate that stood at 78.6%[4] in Brunei Darussalam as of end 2019, financial inclusion remains a fundamental aspect and initiative in line with the Brunei Darussalam Financial Sector Blueprint (FSBP) 2016 – 2025 prepared by Autoriti Monetari Brunei Darussalam (AMBD). The FSBP also aims to guide AMBD in its initiatives towards developing the financial services sector as the enabler of economic growth. The strategic framework laid out in the FSBP supports the objectives of the Brunei Vision 2035. As member of the ASEAN WC-FINC, AMBD continuously monitors the latest financial inclusion developments domestically and internationally.

The latest figures on access and usage indicators illustrate the high level of financial inclusion in Brunei Darussalam. Although the data showed a decline in the percentage of adults with an account at a commercial bank from 2018 to 2019, this is mostly due to a greater increase in the adult population compared to the increase in the number of unique account holders. For the usage indicator based on insurance, the data on insurance policy holders per 1,000 adults cover only products related to life insurance. This ratio has declined from 76 in 2018 to 70 in 2019 and this is likely due to the maturity of policies under term, endowment and investment-linked insurance products.

INDICATORS	2018	2019
ACCESS INDICATORS		
1 *Points of service*		
i. Number of branches per 100,000 adults	15	15
ii. Number of ATMs per 100,000 adults	69	68
USAGE INDICATORS		
2 *Adults with an account*		
i. Percentage of adults who report having an account at a commercial bank (% age 15+)	81.8%	78.6%
3 *Savings*		
i. Number of deposit accounts with commercial banks or deposit taking institutions per 100,000 adults	146,332	159,181
4 *Payments*		
i. Number of debit cards per 1,000 adults	1,197	N/A
5 *Insurance*		
i. Insurance policy holders per 1,000 adults (Coverage of this insurance usage indicator include only term, whole life, endowment and investment-link insurance policies)	76	70

Given Brunei Darussalam's relatively high levels of access and usage, the focus on advancing financial inclusion is mostly through the innovation and improvement of the quality of financial products and services, the strengthening of consumer protection, and the enhancement of financial literacy.

In line with this focus on financial education and literacy, the National Financial Literacy Council (NFLC) was established in 2017, signifying the collaborative

4 Based on AMBD financial inclusion supply-side data as of 31 December 2019, the rise in adult population is higher than the rise in the number of unique account holders.

The strategic framework laid out in the FSBP supports the objectives of the Brunei Vision 2035.

The latest figures on access and usage indicators illustrate the high level of financial inclusion in Brunei Darussalam.

In line with this focus on financial education and literacy, the National Financial Literacy Council was established in 2017.

effort of relevant government ministries and agencies. The NFLC is chaired by the Minister of Education and members of this council include the Prime Minister's Office (PMO), Ministry of Finance and Economy (MOFE), Ministry of Religious Affairs (MORA), Ministry of Home Affairs (MOHA), Ministry of Education (MOE), Ministry of Culture, Youth and Sports (MCYS), AMBD, the Employee Trust Fund (TAP), Brunei Association of Banks (BAB), Brunei Insurance and Takaful Association (BITA), the Financial Planning Association of Brunei Darussalam (FPAB), and Brunei Darussalam Capital Market Association (BCMA). AMBD, MOE and TAP also act as the Secretariat to this Council. Among the Council's objectives are set to: (1) steer and develop the National Financial Literacy Strategy; (2) monitor the implementation of the National Financial Literacy Strategy; (3) evaluate the effectiveness of the National Financial Literacy Strategy; (4) engage and coordinate with relevant stakeholders in the implementation of the National Financial Literacy Strategy; and (5) report the progress of the National Financial Literacy Council activities to the Patron of the Council.

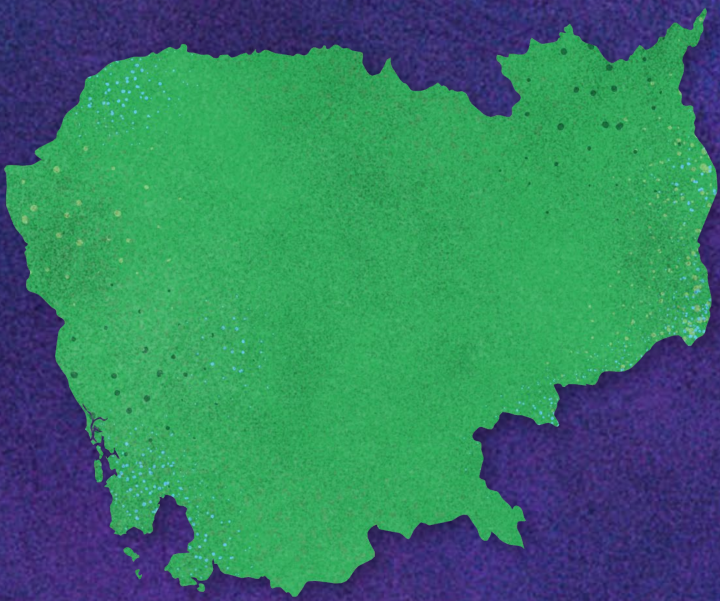
In line with this initiative to raise the level of financial literacy and inclusion in the nation, AMBD actively conducts regular financial literacy courses, talks, roadshows and events to target various audiences and age groups. The financial literacy initiatives cover informative, practical and interactive financial-related activities centred on comprehensive concepts of financial management, such as savings, takaful/insurance, smart investments and awareness on how to avoid financial scams. AMBD also collaborates with other relevant agencies and financial institutions in facilitating access to financial products and services available in Brunei Darussalam.

AMBD leverages on the developments of financial technology to promote digital financial inclusion in the nation through the FinTech Regulatory Sandbox which was introduced in 2017. To date, the FinTech Regulatory Sandbox houses six approved FinTech sandbox participants focusing on online payment solutions and remittances. Additionally, AMBD published the Digital Payment Roadmap in 2018, which focuses on three key strategic areas: (1) balancing regulation and innovation; (2) adoption of open digital payment; and (3) public awareness and education. This roadmap plays a role in the innovation of digital payment products and services that can help improve the level of digital financial inclusion. Since the outbreak of the COVID-19 pandemic, AMBD has urged financial institutions to promote its digital financial products and services, as well as to encourage the general public through social media to utilize technology in managing their finances and transactions online while remaining cautious of any COVID-19-related financial scams.

According to the Global Digital Overview 2020, Brunei Darussalam has a high internet penetration rate of 95%, mobile connections of 130% and 94% social media penetration of the total population. Therefore, digital literacy and using digital means to promote financial inclusion are key considerations. Moving forward, Brunei Darussalam sets out to enhance its financial literacy initiatives to incorporate digital literacy and financial inclusion for its identified target audience, particularly for youths and the elderly.

The financial literacy initiatives cover informative, practical and interactive financial-related activities centred on comprehensive concepts of financial management.

According to the Global Digital Overview 2020, Brunei Darussalam has a high internet penetration rate of 95%, mobile connections of 130% and 94% social media penetration of the total population.



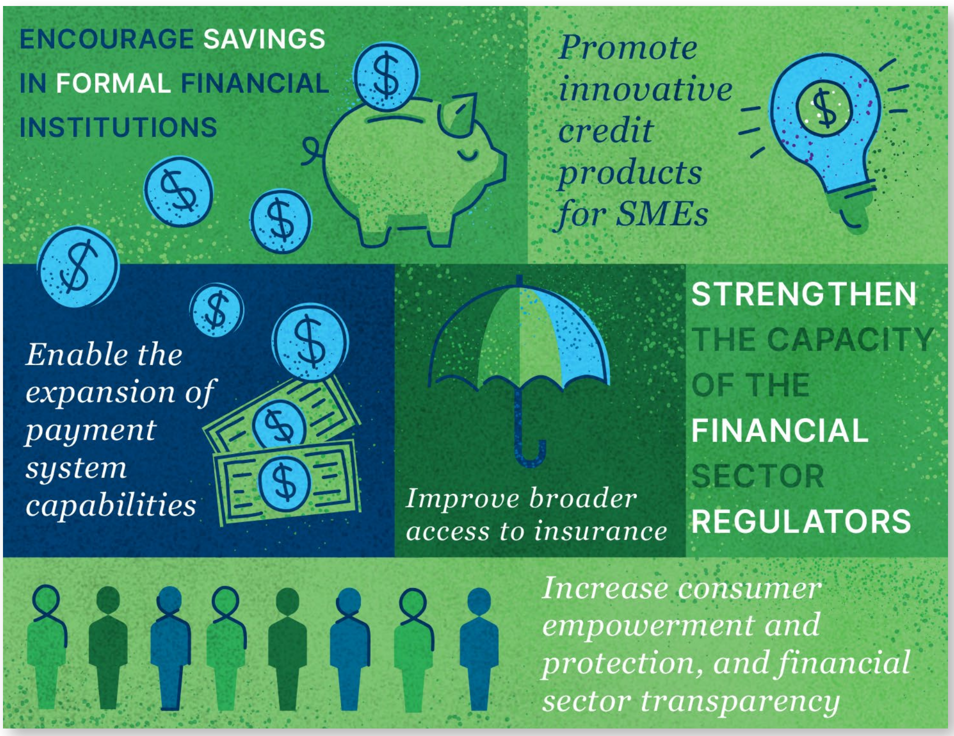
Cambodia

Financial inclusion plays a crucial role in poverty reduction in Cambodia. Enabling the unserved population or small and medium enterprises (SMEs) to access affordable financial services would create and broaden potential economic activities across sectors.

Financial inclusion plays a crucial role in poverty reduction in Cambodia. Enabling the unserved population or small and medium enterprises (SMEs) to access affordable financial services would create and broaden potential economic activities across sectors. This has been well acknowledged by the Royal Government of Cambodia and relevant stakeholders, in which Cambodia has made great efforts in promoting financial inclusion through countrywide and market-oriented financial sector development, enhancement of financial literacy through all means, reduction of cost in using financial services to a reasonable level, and enabling financial infrastructure and FinTech development for more convenient and more efficient access to financial services.

Based on the MAP Diagnostic, Cambodia developed a National Financial Inclusion Strategy (NFIS 2019-2025), which proposes a policy target, with the objective of enhancing financial inclusion by increasing access to quality formal financial services, reducing financial exclusion of women by half from 27% to 13%, and increasing usage of formal financial services from 59% to 70% by 2025 as well as improving household welfare and supporting economic growth. To achieve these objectives, various priority activities have been identified including:

- Encourage savings in formal financial institutions,
- Promote innovative credit products for SMEs,
- Enable the expansion of payment system capabilities,
- Improve broader access to insurance,
- Strengthen the capacity of the financial sector regulators, and
- Increase consumer empowerment and protection, and financial sector transparency.



Cambodia has made great efforts in promoting financial inclusion through countrywide and market-oriented financial sector development.

Cambodia developed a National Financial Inclusion Strategy (NFIS 2019-2025), which proposes a policy target, with the objective of enhancing financial inclusion by increasing access to quality formal financial services.

The NFIS 2019-2025 provides guidance on the action plans to achieve the vision of the Royal Government of Cambodia in enhancing financial inclusion in Cambodia as stated in the Financial Sector Development Strategy 2016-2025.

For the M&E framework, the selection of indicators has been carefully adopted with international and regional best practices, especially those identified in the ASEAN Guidance Note on Developing a M&E Framework for Financial Inclusion in consultation with development partners such as UNCDF and AFI. In addition, all the indicators have been framed within the country context taking into consideration the practical realities of implementation in Cambodia. As a result, all core indicators have been completed based on available data for the baseline and most recent years tracked; however, there have also been a few challenges on data availability related to some additional indicators, which should be addressed in the near future.

In terms of implementation, there has been significant progress regarding all three main indicators, namely access, usage and quality, illustrating an enhanced level of financial inclusion in Cambodia, as well as positive market movement which demonstrates an active marketplace. For Access, POS terminals showed the largest increase, followed by mobile money agents[5], but ATM's also increased over the period (2017 to 2019). As a result, overall access points almost doubled from 445 to 888 per 100,000 adults during the period. For Usage, the number of registered mobile money accounts showed the largest increase, while all indicators showed an increase, including adults who report having an account at a bank or number of deposit or loan accounts with formal financial institutions, although debit cards and insurance are still very low overall.

For the next step, Cambodia hopes to continue working with both private sector market players and development partners on improving the current framework, as well as closely cooperating with relevant stakeholders, in order to implement NFIS 2019-2025 in a timely and efficient manner. Given the rapid development of technology, it is also important to make best use of FinTech especially in payment services in order to realize further opportunities in enhancing financial inclusion by expanding financial access to under-served populations in rural areas.

There has been significant progress regarding all three main indicators, namely access, usage and quality, illustrating an enhanced level of financial inclusion in Cambodia.

Cambodia hopes to continue working with both private sector market players and development partners on improving the current framework, as well as closely cooperating with relevant stakeholders.

5 POS devices include POS devices used by Agents and Merchants, for instance some banks process money transfers through a POS device placed with Merchants and Agents.

<table>
<tr><th colspan="2">INDICATORS</th><th colspan="2">2017</th><th colspan="2">2019</th></tr>
<tr><td colspan="6">ACCESS INDICATORS</td></tr>
<tr><td>i.</td><td>Number of branches per 100,000 adults[6]</td><td colspan="2">22</td><td colspan="2">23</td></tr>
<tr><td>ii.</td><td>Number of ATMs per 100,000 adults</td><td colspan="2">18</td><td colspan="2">25</td></tr>
<tr><td>iii.</td><td>Number of POS Terminals per 100,000 adults</td><td colspan="2">149</td><td colspan="2">478</td></tr>
<tr><td>iv.</td><td>Number of mobile money agents or similar financial services agents per 100,000 adults</td><td colspan="2">255</td><td colspan="2">387</td></tr>
<tr><td>v.</td><td>Number of access points per 100,000 adults at a national level (As nationally defined)</td><td colspan="2">445</td><td colspan="2">888</td></tr>
<tr><td>vi.</td><td>Mobile phone penetration (Active mobile phones/total population)</td><td colspan="2">1.18</td><td colspan="2">1.33</td></tr>
<tr><td colspan="6">USAGE INDICATORS</td></tr>
<tr><td>i.</td><td>Percentage of adults who report having an account at a bank</td><td colspan="2">9.7%</td><td colspan="2">12.7%</td></tr>
<tr><td>ii.</td><td>Percentage of adults who report having an account at other formal financial institutions or payment service providers[7]</td><td colspan="2">17.4%</td><td colspan="2">27.3%</td></tr>
<tr><td>iii.</td><td>Number of deposit accounts with formal financial institutions per 100,000 adults</td><td colspan="2">51,574</td><td colspan="2">71,670</td></tr>
<tr><td>iv.</td><td>Number of loan accounts with formal financial institutions per 100,000 adults</td><td colspan="2">25,246</td><td colspan="2">28,991</td></tr>
<tr><td>v.</td><td>Number of debit cards per 100,000 adults</td><td colspan="2">2,361</td><td colspan="2">5,478</td></tr>
<tr><td>vi.</td><td>Number of registered mobile money accounts per 100,000 adults</td><td colspan="2">16,183</td><td colspan="2">49,075</td></tr>
<tr><td>vii.</td><td>Number of mobile money transactions (during the reference year) per 100,000 adults</td><td colspan="2">977,830</td><td colspan="2">1,803,502</td></tr>
<tr><td rowspan="2">viii.</td><td rowspan="2">Insurance policy holders per 100,000 adults disaggregated by life and non-life insurance</td><td>Life</td><td>Non-life</td><td>Life</td><td>Non-life</td></tr>
<tr><td>1,701</td><td>911</td><td>6,914</td><td>1,638</td></tr>
<tr><td colspan="6">QUALITY INDICATORS</td></tr>
<tr><td>i.</td><td>Percentage of adults who have knowledge on basic financial terms: interest rate, risk, inflation and diversification</td><td colspan="2">18%[8]</td><td colspan="2">N/A</td></tr>
<tr><td>ii.</td><td>Average monthly cost (USD) to have a basic account in banks</td><td colspan="2">0.5-0.8[9]</td><td colspan="2">N/A</td></tr>
<tr><td>iii.</td><td>Percentage of borrowers who are more than 30 days late with loan payment</td><td colspan="2">2.9%</td><td colspan="2">2.0%</td></tr>
<tr><td>iv.</td><td>Number of complaints per 100 bank accounts[10]</td><td colspan="2">0.0113</td><td colspan="2">0.0095</td></tr>
</table>

6 Defined as those who are 18 years old or older

7 Excluding banks

8 This figure has been based on the MAP Diagnostic report while there is no available data for 2019 yet.

9 This figure has been based on the MAP Diagnostic report while there is no available data for 2019 yet.

10 Complaints received by the National Bank of Cambodia's hotline team, which receive calls from the public on any complaints or if they want any clarifications on financial contracts with formal financial institutions.

Indonesia

Economic and financial inclusion policy still faces various challenges to foster strong, sustainable, balanced, and inclusive economic growth. Achieving full financial inclusion for underserved people, youth, women, and MSMEs remain challenging.

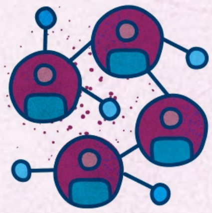
Economic and financial inclusion policy still faces various challenges to foster strong, sustainable, balanced, and inclusive economic growth. Achieving full financial inclusion for underserved people, youth, women, and MSMEs remain challenging. Lower-income households are difficult to serve in an economically sustainable way. Economic disparity in a developing country is one of the challenges to build economic and financial inclusion. To encourage high and sustainable economic growth, Indonesia need to carry out structural reforms and increase productivity, including increasing opportunities for access to education, financial services, and health services.

Achieving economic and financial inclusion requires prerequisites, including economic conditions and a financial inclusion program that are integrated with digital innovation. This becomes a challenge for financial service providers in Indonesia to provide financial services that reach all segments of society. The geographical conditions of Indonesia as an archipelago necessitates efforts to reach unbanked and underserved people, especially in remote areas. In addition, Indonesia's demographic conditions imply various degrees of economic development, so that all households have not been served with full financial access yet. Considering financial exclusion in Indonesia, the majority of households without access to finance live in rural areas. Digital technology helps financial service providers overcome challenges related to Indonesia's infrastructure, as well as its geographical and demographic conditions. FinTech and digital platforms play an important role in integrating economic and financial inclusion.

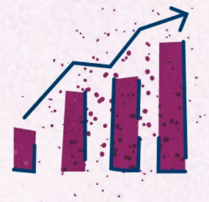
The demographic shifts in Indonesia between 2020 and 2030 will present an opportunity to boost economic growth. The contribution of financial inclusion to inclusive economic growth needs to be improved, by enhancing financial access for underserved groups, MSMEs, women, and youth. Access to public finance could be increased when the community are economically empowered and increasingly become participants in economic activities.

Efforts to improve access to better public welfare through the development of digital technology are faced with challenges in in the form of changes in employment, low levels of financial inclusion, and lack of infrastructure. Technological developments open up opportunities to encourage financial inclusion, both in terms of providing financial services and increasing the capacity of payment systems. For this reason, authorities have to monitor the risks of technology utilization in the financial sector, digital financial literacy and consumer protection. Consumer protection is important, to anticipate the impact of economic development and digital finance in various forms of financial services through FinTech and unbundling digital financial services within the same financial institutions.

The Government of Indonesia has made significant efforts and progress in deepening financial inclusion. The Indonesian Financial Literacy Index has increased from 29.7% in 2016 to 38.03% in 2019. However, the figure is still relatively low. Meanwhile the Financial Inclusion Index also increased from 67.8% in 2016 to 76.19% in 2019. In term of access, financial inclusion is enhanced by



Achieving economic and financial inclusion requires prerequisites, including economic conditions and a financial inclusion program that are integrated with digital innovation.



The demographic shifts in Indonesia between 2020 and 2030 will present an opportunity to boost economic growth. The contribution of financial inclusion to inclusive economic growth needs to be improved, by enhancing financial access.

the growing availability of financial services that can be accessed by all levels of society. In term of usage, the growth of account ownership would have led to faster economic progress.

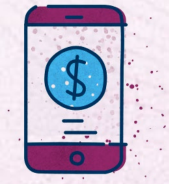
Digital financial services could overcome barriers for unbanked and underserved groups to access financial services. Mobile phones and the internet can drive financial inclusion when they are supported by the necessary infrastructure. In Indonesia, the percentage of adults with internet access has reached 54%, while active mobile phone penetration achieved 173%. These numbers indicate an opportunity to increase account ownership using mobile phones. Despite a decline in the number of POS devices, debit card penetration remains high and mobile payments are therefore not dominating the payment landscape yet. However, the number of mobile money transactions is increasing rapidly, allowing the economy to switch directly to mobile payments. This is also supported by increasing access to the internet, and an increase in the number of mobile money agents and financial services agents. The latter is especially important to reach the unbanked and underserved people in remote areas, considering the geographical conditions of Indonesia, and the fact that people still need to deposit and withdraw cash, whether through bank agents, mobile money agents, or ATMs.

FinTech also enables the provision of access to a wide range of affordable financial services to unbanked and underserved groups. To ensure that people benefit by using digital financial services, government still needs to monitor the risk of using technology in the financial sector and increase digital financial literacy and consumer protection. At present, changes in economic behaviour driven by the millennial generation (youth) remain a challenge to develop financial inclusion.

The Government of Indonesia launched the National Financial Inclusion Strategy (SNKI) in 2016 to expand access to financial services. SNKI focuses on five pillars to accelerate financial Inclusion in Indonesia. The pillars of SNKI consist of financial education, public poverty rights, financial intermediary facilities and distribution channels, financial services at government sector level, and consumer protection. To support the implementation of SNKI, the Government of Indonesia established the National Council for Financial Inclusion (DNKI) led by the Coordinating Ministry for Economic Affairs, Bank Indonesia, and Financial Services Authority (OJK), in collaboration with 13 other implementing ministries/agencies. DNKI is advocated by eight working groups (based on the pillars and foundations of SNKI) to develop and coordinate financial inclusion programs among stakeholders.

Currently, Bank Indonesia is proposing the revision of the Presidential decree on The National Financial Inclusion Strategy (SNKI) to become The National Economic and Financial Inclusion Strategy (SNEKI) as economic and financial inclusion must be accomplished together. When the inclusive economy is experienced by all society levels, economic growth would improve, and financial inclusion would also rise and improve in quality.

Bank Indonesia also responds to challenges and opportunities through a strategy that integrate digital finance and economic inclusion. The development of digital



Mobile phones and the internet can drive financial inclusion when they are supported by the necessary infrastructure.

54 %

In Indonesia, the percentage of adults with internet access has reached 54%, while active mobile phone penetration achieved 173%.

The Government of Indonesia launched the National Financial Inclusion Strategy (SNKI) in 2016 to expand access to financial services.

technology innovation will strengthen the integration process between economic development and financial inclusion. To support the improvement of financial inclusion, encourage income equality, reduce poverty, and increase access to opportunities, policy focus is taken not only for financial inclusion, but also to economic inclusion. The pillars of The National Economic and Financial Inclusion Strategy consist of (1) economic empowerment, (2) access and financial literacy expansion, and (3) policy harmonization. The focus of this national strategy is on subsistence groups (lower-income society, cross-group society, vulnerable groups including youth and women) and SMEs.

Efforts to develop the economic and financial capacity of SMEs are carried out through three policy pillars, namely Corporatization, Capacity and Financing. The pillar of Corporatization is carried out through strengthening MSME institutions and encouraging the creation of supporting ecosystems such as ease of doing business, licensing, certification, access to finance, etc. This can be done through harmonizing policies and partnerships and cooperation between relevant stakeholders. The pillar of Capacity is to encourage the improvement of SMEs in terms of human resources and business potential so they can be more competitive. This policy is carried out through, among others, education, training, assistance, etc. The pillar of Financing is a strategy to expand alternative sources of MSME capital in accordance with MSME business scale. This strategy can be conducted through cooperation with ecosystem players.

The Government of Indonesia believes that expanding access to finance and economic empowerment will reduce poverty and income inequality which would impact on improving welfare. As an initiative to develop economic and financial inclusion, the National Strategy for Financial Inclusion (SNKI) will include the development of economic inclusion. In addition, due to gender disparity especially access to financial products and services, The National Council for Financial Inclusion (DNKI) has launched The National Strategy for Financial Inclusion for Women (SNKIP). This strategy is also motivated by the level of women labour force participation which is lower than it is for men. It consists of three pillars, namely (1) women economic independence, (2) gender equality, and (3) the creation of a women-friendly ecosystem.

The Government of Indonesia has carried out many programs and policies related to the development of SMEs. To accelerate the digital transformation of SMEs (especially through online marketplaces), the Ministry of Cooperatives and SMEs has conducted online marketing and training programs. This program aims to encourage SMEs to develop their business through e-commerce. In addition, the government also provides interest rate subsidies for financing to support SMEs whose businesses are affected by the COVID-19 pandemic.

In order to create an integrated digital ecosystem, Bank Indonesia released the Quick Response Code Indonesia Standard (QRIS) that aims to universalize cashless payment in the country. It was launched to facilitate payments to be interconnected and interoperable. In line with the Blueprint of the Indonesian Payment System 2025, the implementation of the electronification program

3

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supports the development of financial inclusion. It consists of the distribution of non-cash social assistance, electronification of regional government transactions, and the use of the QRIS. The QRIS has been implemented widely, especially in traditional market merchants, in collaboration with financial institutions and market managers. The QRIS can also be extended to SME clusters and educational institutions such as religious boarding schools (pesantren). The QRIS expansion has helped increase digital financial literacy and create better financial records for SMEs. The financial record works as credit scoring to access financing/ credit services. Digital innovation presents opportunities to integrate economic and financial inclusion.

INDICATORS	2017	2018	2019
ACCESS INDICATORS			
1 *Points of service*			
i. Number of branches per 100,000 adults	15.8	15.8	15.7
ii. Number of ATMs per 100,000 adults	56	55	54
iii. POS Terminal per 100,000 adults	646	538	542
iv. Number of mobile money agents or similar financial services agents per 100,000 adults	107	198	255
2 *Access points*			
i. Number of access points per 100,000 adults at a national level (branches, ATM's, mobile money agents)	178	269	324
3 *Connectivity*			
i. Access to internet - Number of individuals with internet access anywhere	84.0m	95.2m	107.2m
ii. Mobile phone penetration (active mobile phones)	435.2m	319.4m[11]	341.3m
USAGE INDICATORS			
4 *Savings*			
i. Number of deposit accounts with banks or deposit taking institutions per 100,000 adults	156,497	158,899	163,250
5 *Credit*			
i. Number of loan accounts with banks or other credit providers per 100,000 adults	22,186	23,047	24,103
6 *Payments*			
i. Number of debit cards per 100,000 adults	85,847	82,933	92,817
ii. Number of registered mobile money accounts per 100,000 adults	13,087	11,966	17,583
iii. Number of mobile money transactions (during the reference year) per 100,000 adults	492,353	1,502,453	2,644,823
7 *Insurance*			
i. Insurance policy holders (life and non-life) per 100,000 adults	25,931	24,436	N/A[12]

11 The decline in mobile phone penetration (2018) occurred because of the simcard registration policy

12 Insurance data for 2019 is not yet available, awaiting audit results by the FSA/OJK

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Digital innovation presents opportunities to integrate economic and financial inclusion.

Lao PDR

Between 2013 and 2015, under supervision of the Government of Lao PDR, Bank of the Lao PDR joined forces with relevant ministries to implement the Making Access Possible diagnostic and programme. The research demonstrated that a high proportion of the adult population have access to financial services.

Between 2013 and 2015, under supervision of the Government of Lao PDR (GoL), Bank of the Lao PDR (BoL) joined forces with relevant ministries to implement the Making Access Possible (MAP) diagnostic, with an accompanying representative national survey on financial inclusion (FinScope). The research demonstrated that a high proportion of the adult population have access to financial services, with overall financial inclusion standing at 75% (including formal and informal services) and only 25% exclusion in 2015. Formal inclusion was 47% and the banked population was 36%.

Overall inclusion is mainly driven by widespread use of savings, and there is much less use of payments and remittances, credit and insurance. However, mobile money (MM) and potentially other DFS have the potential to fill some of the gaps in the financial sector and make available a broader range of financial products and services to those who have limited choices at present, whether because of proximity barriers, lack of product understanding, cost barriers or lack of suitability of some formal financial services to lower income groups. Mobile money can directly offer a range of payments, remittance and savings services to customers and can also act as a distribution mechanism for products offered by other service providers (such as micro-credit and micro-insurance).

The informal sector plays a major role in delivering financial services, with 28% of adults using informal financial services. Hence access to finance is broad (a high level of inclusion) but not deep (not much use of multiple products). Furthermore, access is still an issue in certain segments of the population, particularly rural and low-income households.

Although women face burdens in terms of lower levels of education and lower income, women have a slightly higher level of financial access (76%) compared to men (72%). In Lao lowland culture, women are commonly responsible for family finances' administration, and most men perceive that women are better in dealing with money. In light of these socio-cultural factors, it is not surprising that slightly more women are using financial services. Nonetheless, women use slightly less

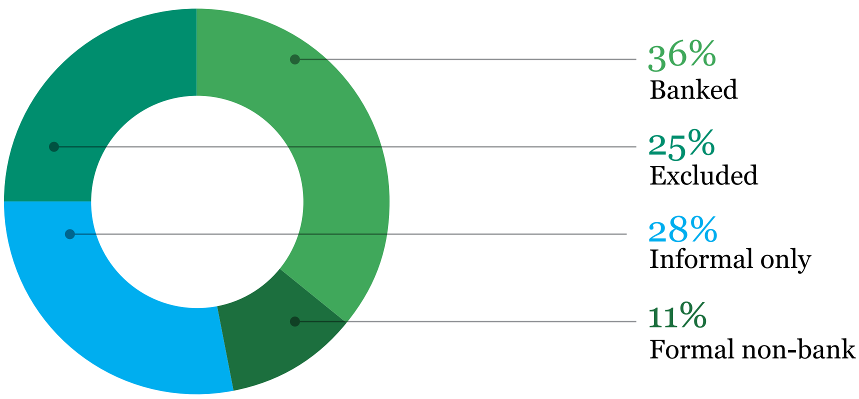

Figure 4: Lao PDR Financial access strand

Source: FinScope Lao PDR, 2015

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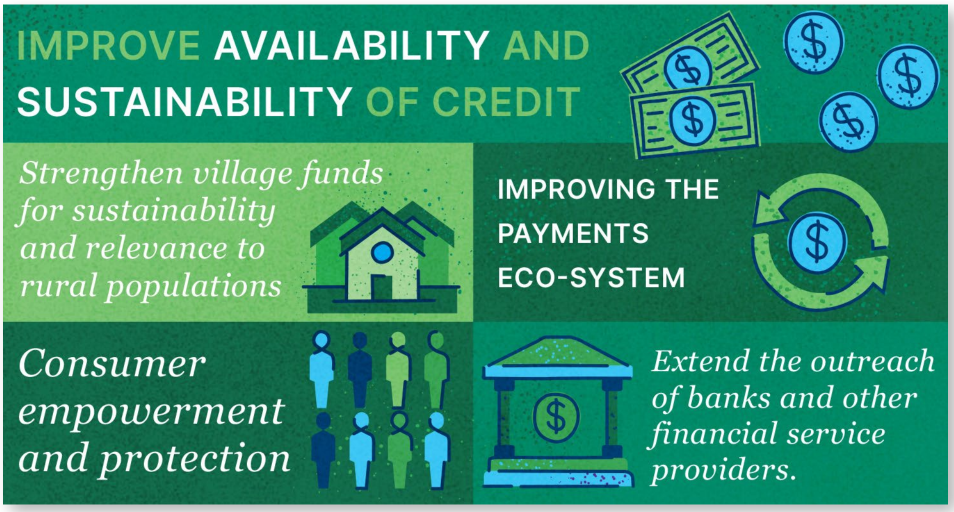

formal services than men, but use informal services more, particularly village funds and rotating savings and credit associations (ROSCAs).

Based on these findings, BoL decided to develop the Lao PDR Financial Inclusion Roadmap 2018-2020 with the vision to "improve household welfare by improving their access to financial services so the access is broad, convenient and deep, meeting the needs for livelihoods development; assist households and enterprises to increase economic efficiency and support growth by improving financial inclusion". Furthermore, the Plan for Strengthening Financial Education 2018-2025 was formulated as well as issuing the Decree on Financial Consumer Protection to support and contribute to financial inclusion development in Lao PDR.

The outcomes as captured in the Roadmap include increasing overall access to 85% by 2025, and formal access to 52%. Access to more than one type of financial product (credit, savings etc.) is aimed to increase from 29% to 60%, and access for adult women from 76% to 85% over the same period. A planned mobile survey on key financial inclusion indicators in 2020 should provide an update on progress towards reaching these targets. The Roadmap highlights five priorities: (1) Improve availability and sustainability of credit; (2) Consumer empowerment and protection; (3) Strengthen village funds for sustainability and relevance to rural populations; (4) Improve the payments eco-system; and (5) Extend the outreach of banks and other financial service providers.

Despite high levels of overall financial access, indicators on access points remain relatively low. The largest increase in access points between 2014 and 2018 was mobile money agents, but other forms of access points also showed a slight increase, and access to the internet and mobile phones continues to increase in Lao PDR. In terms of usage, deposit accounts with banks are relatively high, but other indicators like loan accounts with banks, debit cards and insurance policy holders remain extremely low. In fact, deposit accounts is 14 times as high as credit accounts per 10,000 adults, which demonstrates restricted access to credit.

Mobile money accounts are still fairly low but increasing rapidly. This can be seen by the rapid increase in the number of mobile money accounts from 2014 to 2018

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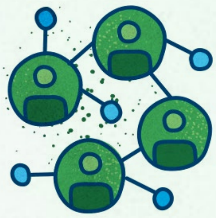

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(increasing eight fold), and an even higher increase in the amount of transactions (increasing 24 fold). Lao PDR is at a stage of economic and financial development – particularly with the coming on stream of digital financial services – where there is an opportunity for taking large strides toward reaching significantly higher levels of financial inclusion. However, a key element in achieving greater financial inclusion will be the broadening of credit channels, to a point where access to credit on reasonable terms is available in accordance with borrowers' capability to service debt, and against a range of forms of collateral. In addition, consumers of financial services will need to be financially literate and well protected from ill-minded service providers.

INDICATORS	2014	2018
ACCESS INDICATORS		
1 *Points of service*		
i. Number of branches per 10,000 adults	0.22	0.25
ii. Number of ATMs per 10,000 adults	2.02	2.67
iii. POS Terminal per 10,000 adults	6.56	8.50
iv. Number of mobile money agents or similar financial services agents	NA	230
2 *Access points*		
i. Number of access points per 10,000 adults at a national level (As nationally defined)	9.63	13.53
3 *Connectivity*		
i. Access to internet, Percentage of total population with internet access anywhere	29%	47%
ii. Mobile phone penetration (active mobile phones of total population)	85%	92%
USAGE INDICATORS		
4 *Savings*		
i. Number of deposit accounts with banks or deposit taking institutions per 10,000 population	3,209	4,802
5 *Credit*		
i. Number of loan accounts with banks or other credit providers per 10,000 population	247	337
6 *Payments*		
i. Number of debit cards per 10,000 population	NA	67.60
ii. Number of registered mobile money accounts per 10,000 population	97	758
iii. Number of mobile money transactions (during the reference year) per 10,000 population	1,061	25,253
7 *Insurance*		
i. Insurance policy holders per 10,000 population, disaggregated by life and non-life insurance	Life: 25 Non-life: 325	Life: 29 Non-life: 384

Lao PDR is at a stage of economic and financial development where there is an opportunity for taking large strides toward reaching significantly higher levels of financial inclusion.

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Malaysia

In line with the nation's approach to encourage shared prosperity across all groups of society, Bank Negara Malaysia continued to take active steps towards advancing financial inclusion in the country.

In line with the nation's approach to encourage shared prosperity across all groups of society, Bank Negara Malaysia (BNM) continued to take active steps towards advancing financial inclusion in the country. The Financial Sector Blueprint (2011 – 2020) has identified ten key action plans based on the strategic outcomes of innovative channels and products and services, empowering the underserved with increased financial literacy and strengthening the financial institutions and infrastructure. These action plans are currently being implemented and are at various stages of completion. BNM has since introduced a comprehensive plan outlining the strategy for the development of an inclusive financial system via the Financial Inclusion Framework.

A Financial Inclusion Index was developed, combining both supply-side data from financial institutions and demand-side data through the Financial Inclusion Demand-Side Survey to measure the level of financial inclusion in Malaysia. Four desirable outcomes are tracked to measure the progress and impact of financial inclusion policies:

- Convenient accessibility - measures the availability of financial access points at district and sub-district levels with at least 2,000 populations. Currently, all districts and 94% sub-districts have access to essential financial services.
- Take-up rate - represents the population's usage of specific financial services namely deposit accounts, financing accounts and insurance policies. As of 2019, 96% of adults have active deposit accounts, 40% have financing accounts and 48% have life insurance.
- Responsible usage - measures whether financial products are utilized appropriately and responsibly. To date, banking customers with performing financing accounts remained high at 98%.
- Satisfaction level – measures percentage of customers of financial institutions who are satisfied with the overall financial services. The latest 2018 demand side survey indicates 73% are satisfied with the overall services.

To further enhance convenient access to financing, an online financing aggregator platform 'imSME' was developed by Credit Guarantee Corporation (CGC) Malaysia in February 2018 to enable financing applications by SMEs to reach multiple financial institutions simultaneously. A total of 25 conventional and Islamic financial institutions currently provide financing solutions through this platform.

Additionally, the Bank regularly conducts outreach programs nationwide together with the banking industry to enhance public awareness and confidence in the usage of financial services and promote take-up by Malaysians. In 2019, five Karnival Kewangan – a series of carnival-style events aimed at raising the public's awareness on financial products and services, financial literacy and strengthen the community's financial management capabilities - were held and attended by over 81,000 people.

In ensuring continued responsible usage of financial products particularly among SMEs and low-income segments, BNM has collaborated with the Credit Counselling and Debt Management Agency to roll out an online financial education module called Rumahku Portal to help potential first-time home buyers in making prudent and smart financial decisions before committing to

A Financial Inclusion Index was developed, combining both supply-side data from financial institutions and demand-side data through the Financial Inclusion Demand-Side Survey to measure the level of financial inclusion in Malaysia.

25

A total of 25 conventional and Islamic financial institutions currently provide financing solution through the 'inSME' financing aggregator platform.

home financing. Another financial advisory assistance launched in 2019 was the Khidmat Nasihat Pembiayaan or MyKNP (Financing Advisory Services) established to help SMEs and homebuyers improve their eligibility for financing. MyKNP functions as a one-stop-centre to help prospective borrowers better understand factors behind their unsuccessful financing applications and receive advice on how to improve their chances of securing financing in the future.

To enhance users' satisfaction of financial products and services, the banking experience has become more seamless with the introduction of the Interoperable Credit Transfer Framework, to enable sharing of payment infrastructure among the banks and e-money issuers. A policy document on electronic Know-Your-Customer (e-KYC) technology was issued in June 2020 to allow for the opening of individual bank accounts without the need to go to the bank, which will reduce friction and cost in accessing banking services in a secured manner.

BNM has released an exposure draft on licensing of digital banks, where they are expected to further contribute towards financial inclusion. Innovation in the digital banking models is aimed at targeting unmet customer needs, particularly those of underserved and unserved segments. The digital banks will be able to operate within a simplified regulatory framework in the early stages with less stringent compliance requirements before they transition gradually into a full-fledged licensed bank.

BNM has embarked on a Geographic Information System initiative to enhance monitoring and analysis of financial access points in the country. A centralized database and online portal has been developed to gather information on bank branches, agents and self-service banking machines located in all sub-districts. With more than 90% of sub-districts currently served by at least one access point, BNM continues to ensure all citizens have access to at least basic banking services.

BNM has also been enhancing its analytics using the credit registry data, which provides rich information about the state of the country's borrowers. Some of the successful applications of analysing the credit registry include determination of the number of unique SME borrowers in the country that eliminates duplication of information submitted by different financial institutions. This method was previously used in determining unique depositors in the country. More recently, data from the credit registry has helped BNM understand the distribution and profile of the beneficiaries of COVID-19 SME relief facilities on a real time basis. In particular, BNM was able to gauge the level of 'reach' of these facilities by identifying beneficiaries who did not have an active outstanding financing account with financial institutions.

In light of COVID-19, BNM is leveraging various surveys conducted by other organisations, such as the Department of Statistics, developmental agencies, and business associations to ascertain business challenges and their financing needs. This will support informed policy making in a time where high frequency data is much needed.

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INDICATORS	2015	2018	2019
ACCESS INDICATORS			
1 *Points of service*			
i. Number of branches per 10,000 adults	1.4	1.3	1.3
ii. Number of ATMs per 10,000 adults	5.0	4.5	4.4
iii. POS Terminal per 10,000 adults	120	209	268
iv. Number of mobile money agents or similar financial services agents[13]	6,902	6,254	5,532
2 *Access points*			
i. Number of access points per 10,000 adults at a national level (As nationally defined: bank branches and agent banks)	4.4	3.9	3.5
USAGE INDICATORS			
3 *Adults with an account*			
i. Percentage of adults who report having an account at a bank (% age 15 years old & above)[14]	92	95	96
Number of e-money accounts (banks and non-banks)[15]	53.2m	49.8m	71.0m
Number of active e-money accounts (i.e. accounts with at least one financial transaction in the past six months)	6.1m	9.3m	11.9m
Number of inactive e-money accounts	47.0m	39.7m	59.1m
Number of e-money accounts per 10,000 adults (banks and non-banks)	22,886	20,163	28,409
Number of active e-money accounts per 10,000 adults (i.e. accounts with at least one financial transaction in the past six months)	2,645	3,765	4,756
Number of inactive e-money accounts per 10,000 adults	20,241	16,067	23,652
4 *Savings*			
i. Number of deposit accounts with banks or deposit taking institutions per 10,000 adults	31,141	31,429	30,640
5 *Credit*			
i. Number of loan accounts with banks or other credit providers per 10,000 adults	8,424	8,335	8,321
6 *Payments*			
i. Number of e-money purchase transactions	1.6b	1.9b	2.7b
ii. Number of e-payment transactions per capita[16]	83	125	147
7 *Insurance*			
i. Life Insurance policy holders per 10,000 adults	7,373	7,140	7,171

13 Refers to only number of bank agents. Data on mobile money agents is not available.

14 Refers to the percentage of Malaysian adults with deposit accounts at a financial institution.

15 Refers to network-based or card-based payment instruments that store funds electronically.

16 Includes all financial transactions made through credit transfer, payment cards, direct debit and e-money which services offered by banks and/or non-banks.

Myanmar

Since 2013, the Government of Myanmar has prioritized the critical role of financial inclusion in uplifting the quality of life for households as well as strengthening economic development at national and community levels.

Since 2013, the Government of Myanmar has prioritized the critical role of financial inclusion in uplifting the quality of life for households as well as strengthening economic development at national and community levels. A national financial inclusion agenda, or Roadmap, toward expanding formal access to the financial sector has guided financial inclusion development and expansion since 2015.

The 2019–2023 Myanmar Financial Inclusion Roadmap (FIRM) was approved by the Cabinet in March 2020, to guide the sector over the next five years. The 2019–2023 FIRM has been developed during 2019 based on extensive research and has undergone further extensive stakeholder feedback to ensure it reflects realistic priorities going forward. It sets forth a renewed vision and targets for the years ahead based on the baseline from FinScope survey 2018 and progress made to date in implementing the 2015 Roadmap. The Roadmap vision for 2019–2023 is to "increase formal financial inclusion in Myanmar from 48% in 2018 to 60% by 2023, and adults with more than one financial product category from 17% to 25%, with a full range of affordable, quality and effective financial services (which comply to internationally recognized standards on responsible finance) by getting all stakeholders to work together in an integrated manner, in order to support job creation, poverty alleviation and household resilience".

With the development of the updated Roadmap also came the need to set new national targets. The initial target set in 2014 was to increase the number of adults (>18 years old) with access to at least one formal financial product from 30% to 40% by 2020 and those with access to more than one product from 6% to 15%. With FinScope 2018, it became clear that both of these targets were achieved by 2018 already, the actuals being 48% and 17% respectively, and thus there was a need to recalibrate the targets going forward to reflect this new reality. Extensive consultations were held among stakeholders, to determine suitable targets for the planning period to 2023, both in terms of their definition

INITIAL TARGET SET IN 2014:
Increase the number of adults with access to at least one formal financial product from 30% to 40% by 2020 and those with access to more than one product from 6% to 15%.

FINSCOPE 2018 SHOWED BOTH TARGETS WER MET:

48% adults with access to at least one formal financial product

17% adults with access to more than one financial product

NEW TARGET SET FOR 2023:
To further increase the percentage of adults with financial access

48% TO *60%*
adults with access to at least one formal financial product

17% TO *25%*
adults with access to more than one financial product

The 2019–2023 FIRM was approved by the Cabinet in March 2020, to guide the sector over the next five years.

With the development of a new indicator set also came the need to set new national targets.

Additional targets were also set to further support this top level target, including to increase the percent of the population actively using DFS from 4% in 2018 to 25% in 2023.

as well as in determining quantitative values. A new target was therefore agreed by stakeholders, to increase the percent of adults with access to at least one formal financial product from 48% to 60% by 2023, and those with access to more than one product from 17% to 25%.

Additional targets were also set to support this top level target, including to increase the percent of the population actively using DFS from 4% in 2018 to 25% in 2023, and to improve the access to formal financial services for women to be on par with men by 2023 from a 4% adverse difference in 2018.

M&E Framework Development

During 2017, an initial national financial inclusion M&E Framework was developed, with the aim of providing a comprehensive set of indicators to track progress throughout all areas of financial inclusion. However, some government and private agencies were unable to provide comprehensive data across many of the indicators and with this in mind a new streamlined framework has been developed, forming the core component of an expanded strategy to regularly assess financial inclusion performance aligned with the 2019–2023 FIRM.

Myanmar's updated financial inclusion indicator set is based on four fundamental criteria, in order of importance:

- Availability to regularly measure indicator performance
- Alignment with the G20 usage (adults) and access indicators
- Commonality with ASEAN member state financial inclusion indicators
- Alignment with Myanmar National Indicator Framework

During the October 2019 WC-FINC meetings in Brunei Darussalam, Myanmar collaborated with other regional neighbours in identifying financial inclusion indicators of shared importance and availability. These indicators are featured prominently in the Myanmar financial inclusion indicator set. As an active ASEAN WC-FINC member, the FIRM Secretariat (led by FRD) looks forward to ongoing engagement in sharing developments on a national scale and to learn from its ASEAN colleagues in financial inclusion advancement.

Data Sourcing and Measurement

The ASEAN Common Indicators baseline and reference indicator values reported during June 2020 are a result of recent data collection across various Government and private agencies. Most indicators are available on an annual or semi-annual basis with the exception of the percentage of adults who report having an account. This top line indicator emerged from the FinScope and Making Access Possible (MAP) nationwide financial inclusion surveys conducted in 2014 and 2018. Looking forward, a similar survey, led by FRD and the Central Statistical Office, is planned in the years ahead.

Myanmar collaborated with other regional neighbours in identifying financial inclusion indicators of shared importance and availability.

Most indicators are available on an annual or semi-annual basis with the exception of the percentage of adults who report having an account.

DATA SOURCE	FINANCIAL INCLUSION SECTOR
Financial Regulatory Department (FRD)	Insurance, Microfinance
Central Bank of Myanmar	Private Banks, Mobile Financial Services, Point of Sale Terminals, ATMs, Financial Companies
Ministry of Planning, Finance, and Industry	State Owned Banks, Stock Exchange
Ministry of Post and Tele-Communications	Telecommunications
Ministry of Agriculture, Livestock, and Irrigation (MOALI)	Cooperatives
Myanmar Payment Union	Debit Cards

Data sources for financial inclusion M&E framework

Financial Inclusion Advancement

The two-year period (2018 to 2020) between the baseline and reference years showed significant progress across the vast majority of indicators. Much of this advancement is due to an improving regulatory framework enabling formal service expansion within traditional and contemporary sectors.

A key financial inclusion growth catalyst is the emergence of mobile money and its rapid uptake in terms of accounts and transactions (increasing between 13 and 15 times). This impressive surge is expected to continue as the mobile money agent network expands to outlying regions. Likewise, mobile transactions are seen to maintain a notable pace of expansion as DFS extend in breadth and depth throughout the public and private arenas.

Within the traditional services of savings and loans, most access and usage indicators advanced at a double-digit pace. In the years ahead more and more of these services will be delivered on digital platforms by traditional and non-traditional players as DFS adoption increases in scale and integration with traditional services. Preceding the rapid growth in mobile money is the rise in use of debit cards that are now offered by most private banks. Debit cards, though, may be supplanted by mobile payment apps that are gradually finding acceptance by Myanmar consumers and retailers.

Contrary to the widespread acceptance of savings and credit, insurance services have typically received little attention from the general public. Recently, however, the insurance sector has experienced liberalization with licenses awarded to international insurance firms and joint-ventures between local and international firms. Within this broadened context, meaningful consumer acceptance and uptake is seen over the foreseeable future.

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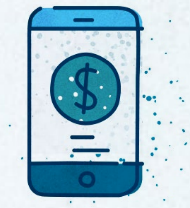

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Within the traditional services of savings and loans, most access and usage indicators advanced at a double-digit pace.

INDICATORS	2017/18	2019/20
ACCESS INDICATORS		
1 Points of service		
i. Number of MFI branches per 100,000 adults[17]	1.1	1.4
ii. Number of state and private bank branches per 100,000 adults	5	7
iii. Number of financial cooperative branches per 100,000 adults	98	114
iv. Number of ATMs per 100,000 adults	9	11.6
v. POS Terminal per 100,000 adults	40	55
vi. Number of mobile money agents or similar financial services agents	5,969	142,102
2 Access points		
i. Number of access points per 100,000 adults at a national level (As nationally defined)	164	457
3 Connectivity		
i. Access to internet (% age 18+) as percentage of adults with internet access anywhere	31%	62%
ii. Mobile phone penetration (active mobile phones per 100,000 population)	113,000	126,022
USAGE INDICATORS		
4 Adults with an account		
i. Percentage of adults who report having an account at a bank (% age 18+)	25%	56%
ii. Percentage of adults who report having an account with a formal financial institution or a mobile money provider (% age 18+)	48%	54%
5 Savings		
i. Number of deposit accounts at private banks per 100,000 adults	30,945	41,427
6 Credit		
i. Number of loan accounts at private banks per 100,000 adults	682	1,642
7 Payments		
i. Number of debit cards per 100,000 adults	12,857	32,857
ii. Number of registered mobile money accounts per 100,000 adults	1,930	24,642
iii. Number of mobile money transactions (during the reference year) per 100,000 adults	107,755	1,589,628
8 Insurance		
i. Life Insurance policy holders per 100,000 adults	39,379	46,364
ii. Non-life Insurance policy holders per 100,000 adults	443	20,154

17 With regards to G20 conformity, alignment of the gross data collection to the percentage of adults per 100,000 is based on 35 million adults. This represents a 15% increase in adults since the 2014 census. Adults are defined as individuals who are 18 years or older.

Philippines

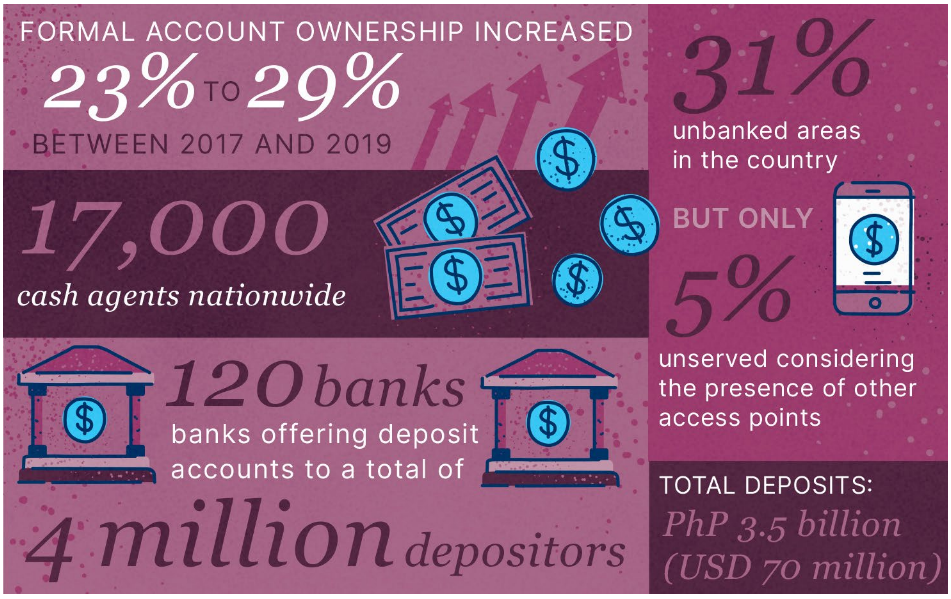
Financial inclusion efforts in the Philippines have been largely geared toward developing the enabling policy and regulatory environment that allows a variety of players to cater to unserved and vulnerable markets.

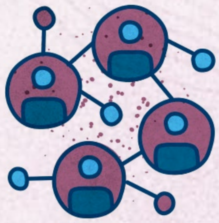
Financial inclusion efforts in the Philippines have been largely geared toward developing the enabling policy and regulatory environment that allows a variety of players to cater to unserved and vulnerable markets. The strategy has greatly progressed through the years – from enabling microfinance for the country's small entrepreneurs in the early 2000's to recent efforts in promoting an inclusive digital finance ecosystem.

The underlying goal of recent key regulations is to embrace digital innovations to significantly expand participation in the financial system. Over the past three years, the Bangko Sentral ng Pilipinas (BSP) focused on democratizing access to transaction accounts, expanding the network of low-cost touch points, and promoting an efficient retail payment system. Beyond these enabling regulations, financial inclusion has also progressed with the development of adequate digital and financial infrastructure, promotion of shared awareness and trust in financial services, and the creation of compelling value propositions for formal account ownership.

In 2015, the National Strategy for Financial Inclusion (NSFI) was launched to foster a comprehensive, coordinated, and whole-of government approach in promoting the shared vision of financial inclusion. Under the guidance of the Financial Inclusion Steering Committee (FISC)[18], the NSFI has been successful in providing a clear framework for action, serving as a platform for multi-stakeholder engagement, and enabling clear identification of potential areas for development partner support. In 2018, the FISC adopted two focal areas on digital finance and agriculture value chain finance (AVCF). Current initiatives aim to deepen collaboration in financial education, implement a digital ID system, increase the use of transaction accounts, as well as focus on agriculture value chain and MSME financing.

The combined efforts of the Philippine government led to encouraging results. Access to finance continues to improve as a result of an increase in the number





In 2015, the National Strategy for Financial Inclusion was launched to foster a comprehensive, coordinated, and whole-of government approach in promoting the shared vision of financial inclusion.

The combined efforts of the Philippine government led to encouraging results. Access to finance continues to improve as a result of an increase in the number and reach of banks and other financial institutions.

18 The FISC is the governing body tasked to drive the implementation of the NSFI. It is currently composed of 19 government agencies, with BSP as Chair and Secretariat.

and reach of banks and other financial institutions. Formal account ownership increased by six percentage points from 22.6% in 2017 to 28.6% in 2019 which represents an additional five million Filipinos opening an account within the two-year period. Growth was largely driven by e-money and microfinance institution accounts.[19] To date, 31.2% of areas in the country remain unbanked, but only 4.6% remain unserved considering the presence of other access points. Access is further enabled by over 17,000 cash agents nationwide which allows low-cost, convenient, and non-intimidating touch points for low-income and rural residents.

Usage likewise improved with formal account ownership on an uptrend. There is a stark growth in bank deposits, driven by low-value accounts worth PhP 40,000 (USD 800) and below. Continuous promotion of basic deposit accounts[20] starting its issuance in 2018 has also resulted in positive gains, with 120 banks offering the account to four million depositors with total deposits of PhP 3.5 billion (USD 70 million). The significant uptake in bank and e-money accounts stems from the development of the country's digital payments landscape, which positions formal accounts not only as store-of-value but also for use in day-to-day transactions. It can in turn create a credit profile, especially valuable to those unable to provide conventional credit history requirements such as the agriculture and MSME sector.

Moving forward, the Philippines will continue to build on and optimize the gains of the current enabling regulatory environment and monitor results. With sustained efforts, the BSP strongly believes that the inclusion figure on formal account ownership will increase by more than double from the current 28.6% to 70% by 2023.

The significant uptake in bank and e-money accounts stems from the development of the country's digital payments landscape, which positions formal accounts not only as store-of-value but also for use in day-to-day transactions.

INDICATORS	2017[21]	2019[22]
ACCESS INDICATORS		
1 *Points of service*		
i. Number of banking offices (domestic) per 100,000 adults[23]	16.0	17.1
ii. Number of ATMs per 100,000 adults	27.6	29.0
iii. POS Terminal per 100,000 adults	163.0	106.0
iv. Number of mobile money agents or similar financial services agents, disaggregated by type of agent[24]:		
E-money agent	49,532	43,740
Cash agent	N/A	17,057

Moving forward, the Philippines will continue to build on and optimize the gains of the current enabling regulatory environment and monitor results.

19 More information on demand-side data on financial inclusion may be obtained from the 2019 Financial Inclusion Survey which can be accessed through this link: http://www.bsp.gov.ph/downloads/Publications/2019/2019FISToplineReport.pdf

20 A basic deposit account is designed specifically for the unbanked market with a zero maintenance balance, below PhP 100 (USD 2) opening deposit, no dormancy charges, and simplified document requirements.

21 Baseline data used is as of 2017, except for Number of cash agents (2019) and Unique mobile user penetration (2018)

22 Reference data used is as of 2019, except for Insurance data (2018)

23 Adults are defined as those aged 15 years old and above.

24 Figures reported are number of registered agents. Number of active e-money agents are lower, with 42,345 and 28,446 active agents in 2017 and 2019, respectively. Number of active cash agents may also be lower than registered.

INDICATORS	2017[21]	2019[22]
2 Access points		
i. Number of access points (cash-in and cash-out) per 100,000 adults	134.8	122.9
3 Connectivity		
i. Access to internet: Percentage of individuals with internet access	60.1%	N/A
ii. Mobile phone penetration		
Unique mobile user penetration	58%	N/A
Smartphone penetration	63%	N/A
USAGE INDICATORS[25]		
4 Adults with an account		
i. Percentage of adults who report having an account at a bank	11.5%	12.2%
ii. Percentage of adults who report having an account with a formal financial institution or a mobile money provider	22.6%	28.6%
5 Savings		
i. Number of deposit accounts with banks per 100,000 adults	77,505	98,035
6 Credit		
i. Percentage of adults with at least one type of regulated credit account	14.0%	19.0%
7 Payments		
i. Number of debit cards per 100,000 adults, disaggregated by type of card:		
ATM debit card	52,826	57,148
Credit card	10,886	11,995
Prepaid cards linked to e-money	34,371	27,356
ii. Number of registered mobile money accounts (e-money wallets) per 100,000 adults	11,745	54,701
iii. Number of mobile money transactions per 100,000 adults, disaggregated by type of transaction:		
Inflow	99,943	237,336
Outflow	431,965	597,654
8 Insurance		
i. Insurance policy holders including dependents, disaggregated by life and non-life insurance, and insurance provider:		
Life Insurance Companies	Insurers: 34,285,680 Microinsurers: 9,096,444	Insurers: 39,076,260 Microinsurers: 11,846,716
Non-life Insurance Companies	Insurers: 18,666,430 Microinsurers: 4,309,547	Insurers: 9,836,676 Microinsurers: 4,286,313

25 Data for indicators 4 (account) and 6 (credit) are sourced from the BSP 2019 Financial Inclusion Survey. For indicators 4.ii. and 6, the BSP also refers to data from the World Bank Findex.

Thailand

The importance of promoting financial inclusion in Thailand has been significantly recognized by the government and public sectors. Especially in recent years, there was a great collaborative effort from all relevant authorities to promote individuals' access to financial services both in terms of usage and quality.

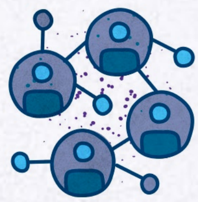
The importance of promoting financial inclusion in Thailand has been significantly recognized by the government and public sectors. Especially in recent years, there was a great collaborative effort from all relevant authorities to promote individuals' access to financial services both in terms of usage and quality. In the second half of the last decade, two major financial inclusion-related plans were introduced by the Ministry of Finance and the Bank of Thailand, followed by a variety of initiatives to promote the country's level of financial inclusion. These collaborations contributed to the country's overall level of financial access of 88.0% in 2018[26].

At the national level, Thailand's National Financial Inclusion Strategy (NFIS) (2017–2021) initiated by the Ministry of Finance was launched with three strategic pillars: (1) generating income and improving financial capacity for low-income people (2) enhancing the capabilities of financial service providers to improve financial inclusion and (3) improving financial infrastructure to accommodate financial inclusion. Various initiatives under the NFIS, and linked to each pillar, gradually help improve the country's financial inclusion in different aspects. These initiatives have been implemented in the form of projects. One of them includes the recently endorsed People's Financial Institutions (PFIs) Act that would allow eligible community-based financial institutions to be registered as PFIs, thus easing individuals' access to secured financial services within the local community.

In parallel, the Financial Sector Master Plan Phase III (2016–2020) developed by the Bank of Thailand also places a great emphasis on inclusivity as it becomes one of the plan's four key pillars with an aim to satisfy diverse needs of businesses and individuals with appropriate financial services delivered through a variety of channels at fair prices. From the beginning of the plan, there were a number of initiatives and developments that helped improve the national level of financial inclusion. Thailand's faster payment system (PromptPay) became one of the highlights as it enables individuals and businesses to transfer

26 According to the biennial Financial Access Survey of Thai Households in 2018, it included the households that used at least one financial service from either formal or semi-formal financial service providers.

At the national level, Thailand's National Financial Inclusion Strategy (2017 – 2021) initiated by the Ministry of Finance was launched with three strategic pillars.



There were a number of initiatives and developments that helped improve the national level of financial inclusion.

funds in real-time at zero-cost by using mobile phone or ID numbers. In 2017, commercial banks were also allowed to appoint agents to perform basic financial transactions on their behalf, causing an increase in the total number of customer access points. During the same period, the Basic Banking Account initiative was launched to enable the elderly as well as low-income people to open bank accounts without a minimum balance or other maintenance fees. In addition, other relevant measures launched in 2019 to promote individuals' and businesses' greater access to funding included regulations on the establishment of a P2P lending platform and the introduction of the information-based lending for SMEs.

Going forward, Thailand expects to leverage the power of digital technology to enhance financial inclusion with several game-changing initiatives e.g. the national identity cross-verification platform being tested in the national regulatory sandbox.

INDICATORS	2017	2019
ACCESS INDICATORS		
1 *Points of service*		
i. Number of commercial bank branches per 100,000 adults[27]	12.7	12.1
ii. Number of ATMs per 100,000 adults	104	106
iii. POS Terminal per 100,000 adults	1,334	1,623
2 *Access points*		
i. Total number of points of service (S.N. 1) per 100,000 adults	1,450	1,741
3 *Connectivity*		
i. Percentage of population using internet	53%	57% (2018)
ii. Percentage of mobile cellular subscriptions	176%	180% (2018)
USAGE INDICATORS		
4 *Adults with an account*		
i. Percentage of adults who report having an account at a formal or semi-formal financial institutions	71% (2016)	79% (2018)
ii. Number of e-money account per 100,000 adults	101,777	165,500
5 *Savings*		
i. Number of deposit accounts with commercial banks per 100,000 adults	177,873	188,426
6 *Credit*		
i. Percentage of adults that have access to lending services provided by formal or semi-formal financial institutions[28]	93% (2016)	94% (2018)
7 *Payments*		
i. Number of debit cards per 100,000 adults	101,889	119,990
ii. Number of registered mobile banking accounts per 100,000 adults	60,281	111,304
iii. Number of mobile banking transactions per 100,000 adults	2.45m	9.12m

27 In this context, adults are generally defined as Thai population with the age of equal to or older than 15 years old

28 Included self-exclusion

Thailand's faster payment system (PromptPay) became one of the highlights as it enables individuals and businesses to transfer funds in real-time at zero-cost by using mobile phone or ID numbers.

Going forward, Thailand expects to leverage the power of digital technology to enhance financial inclusion with several game-changing initiatives.

Viet Nam

Over the past few years, the Government of Viet Nam has actively been promoting financial inclusion in an effort to enhance accessibility for the people and firms through focusing on developing and diversifying institutions providing financial products and services.

Over the past few years, the Government of Viet Nam has actively been promoting financial inclusion in an effort to enhance accessibility for the people and firms through focusing on developing and diversifying institutions providing financial products and services, with notable results as follows:

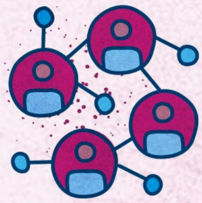
- The network of Viet Nam's credit institutions is growing widely. By the end of 2019, the banking system had nearly 11,000 branches and transaction offices; over 19,000 ATMs; 270,000 POS; 1,182 People's Credit Funds and over 500 active microfinance organizations, programs and projects;
- A growing number of mobile banking applications and e-wallets have been offered by banks and payment intermediaries that allow people and businesses, including those in rural and remote areas, to carry out money transfers and bill payments in a safe, convenient and timely manner at affordable costs.

However, certain challenges remain, namely

- the proportion of adults having bank accounts is low: the figure stood at around 63% in 2018;
- the level of access to finance is uneven in urban and rural areas: while the accessibility is quite easy and convenient in cities and urban areas, the opposite situation is witnessed in rural and remote areas; financial service points are mainly concentrated in cities and developed regions;
- financial products and services are not diversified, failing to meet the needs of certain customer segments. In rural areas, credit products dominate while savings, payment and insurance services are neither adequate nor is demand satisfied;
- cash payment is rather habitual even in urban areas. Monthly payments for utilities, school fees and social security are still largely conducted in cash in rural regions.

In this context, developing and implementing a National Financial Inclusion Strategy (NFIS) has become a pressing requirement. After nearly two years of preparation, on January 22, 2020, the NFIS was approved by the Prime Minister. The strategy covers five main viewpoints in development and implementation of the NFIS, with particular emphasis on the facts that financial inclusion requires the engagement and close coordination from both public and private sectors; and that the application of modern and advanced technology and innovation is a crucial element to promote financial inclusion.

The overall objective of the Strategy is that all people and businesses have secured and convenient access and use of financial products and services aligned with their needs at reasonable costs, provided by licensed entities in a responsible and sustainable manner.



The Government of Viet Nam has actively been promoting financial inclusion in an effort to enhance accessibility for the people and firms through focusing on developing and diversifying institutions providing financial products and services.

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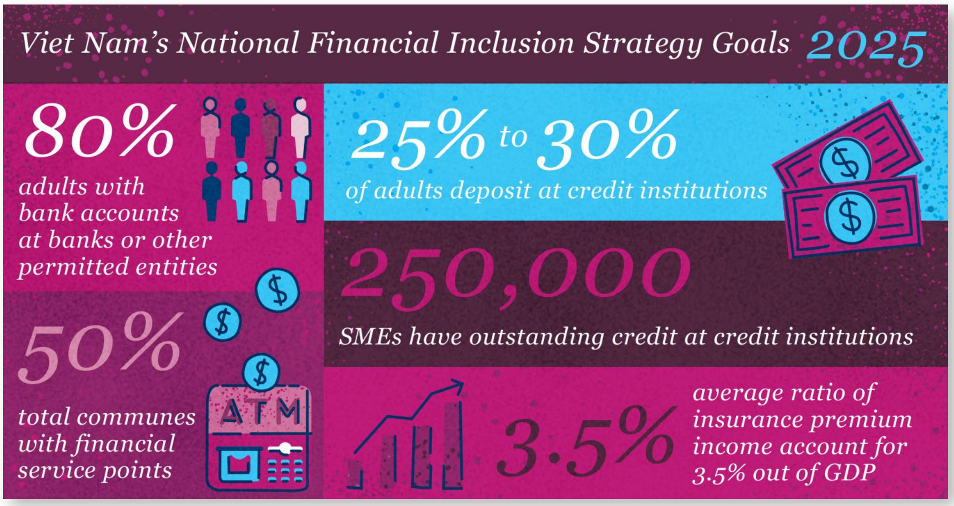


To this end, the Strategy sets out tasks and solutions related to:

- improving the legal framework for financial inclusion including regulations on banking agents, basic bank accounts, procedure simplification of e-KYC, e-money, etc.;
- diversification of financial service providers and distribution channels by leveraging digital platforms to increase service coverage of credit institutions in rural and remote areas;
- developing a variety of fundamental financial products and services to better meet the needs of targeted groups, with a focus on promotion of agricultural production and business for MSMEs, SMEs and cooperatives;
- improving and enhancing efficient use of financial infrastructure via accelerating the development of database systems of the national population, financial inclusion and credit information;
- promoting financial education and capacity building.

The Government of Viet Nam has actively been promoting financial inclusion in an effort to enhance accessibility for the people and firms.

The two breakthrough initiatives to boost financial inclusion are the implementation of a banking agent model and tier trading accounts depending on the level of risk of transactions. These are also the solutions that have been applied in most countries that have successfully implemented their respective NFIS. It is specifically targeted in the Strategy that by the end of 2025, several indicators reflecting the ability to access and use financial products and services will be achieved including:

- 80% of adults have bank accounts at banks or other permitted entities;
- 50% of total communes have financial service points;
- 25% to 30% of adults deposit at credit institutions;
- 250,000 SMEs have outstanding credit at credit institutions;
- the average ratio of insurance premium income account for 3.5% out of GDP;

The two breakthrough initiatives to boost financial inclusion are the implementation of a banking agent model and tier trading accounts depending on the level of risk of transactions.

In addition, it is strived to achieve an outcome where each adult would have at least one account at a bank or at another authorized organization by 2030.

Currently, the establishment of a National Steering Committee, a body that directs the implementation of the Strategy, has been underway. At the same time, ministries, localities and relevant stakeholders are urgently developing an Action Plan to implement their respective missions. The legal framework has been reviewed and improved with a view to create an enabling environment for implementation of financial inclusion goals. Among others, project proposals have been submitted to the Prime Minister for approval, for the trial use of telecom accounts to pay for other small-value services; a regulatory sandbox for FinTech; a peer-to-peer lending testing mechanism; and piloting new payment models.

When the stated tasks and solutions are fully, synchronously and effectively implemented, Viet Namese people, especially those who have not previously accessed or who have limited access to financial services, those living in rural and remote areas, as well as MSMEs and SMEs will be granted more opportunities to approach and use varied financial products and services that suit their needs, thereby helping improve their income and quality of life, reduce inequality and the gap between the rich and poor, prevent shark loans and address social security issues in Viet Nam, which in turn will promote the country's economic growth in a sustainable manner.

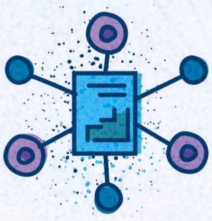
INDICATORS		2018	2019
ACCESS INDICATORS			
1	*Points of service*		
	i. Number of commercial banks' branches and transaction offices per 100,000 adults	15.1	14.6 *(June 2019)*
	ii. Number of ATMs per 100,000 adults	25.6	26.3
	iii. POS Terminal per 100,000 adults	335	381
3	*Connectivity*		
	i. Access to internet (% age 6+) Percentage of adults with internet access anywhere	70%	70.3%
	ii. Mobile phone penetration (active mobile phones per 100,000 population)	147,575	141,318
USAGE INDICATORS			
4	*Adults with an account*		
	i. Percentage of adults who report having an account at a bank (% age 15+)	63.7%	N.A
5	*Credit*		
	i. Number of loan accounts with banks or other credit providers per 100,000 adults[29]	52,221	59,969
6	*Payments*		
	i. Number of debit cards per 100,000 adults	110,591	111,424
7	*Insurance*		
	Insurance policy holders per 100,000 adults		
	i. Life insurance policy holders	12,220	14,435
	ii. Non-life Insurance policy holders	63,392	65,293

29 This figure represents number of customers as natural persons having credit history at Viet Nam's Credit Information Center in the last five years.

The legal framework has been reviewed and improved with a view to create an enabling environment for implementation of financial inclusion goals.

Viet Namese people will be granted more opportunities to approach and use varied financial products and services that suit their needs, thereby helping improve their income and quality of life.

Conclusions



Building a relevant national framework

As each national monitoring and evaluation framework is built for purpose at country level, taking into consideration specific national objectives and the roadmap context, the ASEAN Regional M&E framework was undertaken as a partnership with the UNCDF MAP and SHIFT ASEAN programmes to work with Governments to ensure relevance to the needs of local government stakeholders. It is owned at country level by the National Steering committee hosted within the auspices of the Ministry of Finance or the Central Bank, with technical assistance and coordination provided by UNCDF's Global, regional and country level programmes, using the MAP technical framework in Myanmar, Cambodia and Lao PDR specifically. It is hoped that in the future new metrics like the funding provided by Government for financial inclusion and the implementation of their national strategies, will introduce a sense of progress and measurability of the country's own commitment to financial inclusion as an enabler of poverty alleviation.

With global relevance

The ASEAN M&E framework has been developed in the context of global efforts to improve the measurement of financial inclusion interventions at national level. Of most relevance in regard to this is the G20 set of indicators developed under the leadership of the Global Partnership for Financial inclusion (GPFI), and preceding it the AFI Core Set of Financial Inclusion Indicators released in 2011 by AFI's Financial Inclusion Data Working Group (FIDWG). The basic G20 set was extended in 2013 and renamed the G20 Financial Inclusion Indicators. These were taken into consideration in the development of the regional indicator set and adjusted for national relevance. The ASEAN M&E framework therefore has regional indicators within the context of the ASEAN Blueprint that seeks to grow the regional economy and as such complements existing global indicators.

M&E as a tool to bring us closer to strengthen data collection by surfacing data limitations

During the data collection process, significant data gaps were noted which makes reporting against targets and indicators in the M&E frameworks difficult. It has also become clearer that nationally representative demand-side surveys are useful in collecting in-depth consumer data and allows for granular detail around interventions, but it is impractical and unaffordable for an annual measurement framework. While this report discussed how data limitations were dealt with for this round of collection, it also notes changes required over the longer term to address the limitations identified.

Regional M&E as a platform for collaborative learning and sharing.

In addition to allowing the assessment of progress, the ASEAN M&E engagements has been very successful in developing a collaborative regional learning and sharing environment, sensitizing regulators to the need to enhance capacity and the range of their data collection mechanisms, but perhaps more importantly the quality and relevance of their data to market building.

Financial inclusion is embedded within the ASEAN Blueprint 2025 within the economic pillar as an enabler for growth. Additionally, much has been written more recently about the potential of the real economy as an engine of growth. Between the larger financing system that helps fund and grow the economy, and the individual level of financial inclusion, lies a vital missing level and link: the real economy. It is in the real economy that the majority of a country's population (and especially the poor) generate their livelihoods. The real economy is the part of a country's economy that produces goods and services that people consume, rather than the part that consists of financial services such as banks and stock markets, which only supports production and consumption of goods and services. That is, the real economy consists of economic sectors and businesses outside of the financial sector, on which individuals and households rely for income and employment, and which add value to a country's economy and contribute to economic growth through production or the rendering of services.

Increasingly, market indicators are demonstrating the need to move beyond financial inclusion to focus more deeply on "inclusive finance" in order to better understand the functioning of the market beyond retail finance for the poor, to include other types of broader financial sector interventions. By blending sectoral insights from key sectors like MSMEs, agriculture and clean energy, financial inclusion demonstrates its potential as an enabler of better services, thus demonstrating market potential for investment. This enables us not to revert to the days of targeted investment and picking winners, but rather to blend sectoral insights which can yield better market development and poverty reduction. The following insights from the M&E process on financial inclusion and the related indicators, illustrates the potential for increased contribution from financial inclusion towards broader regional growth.

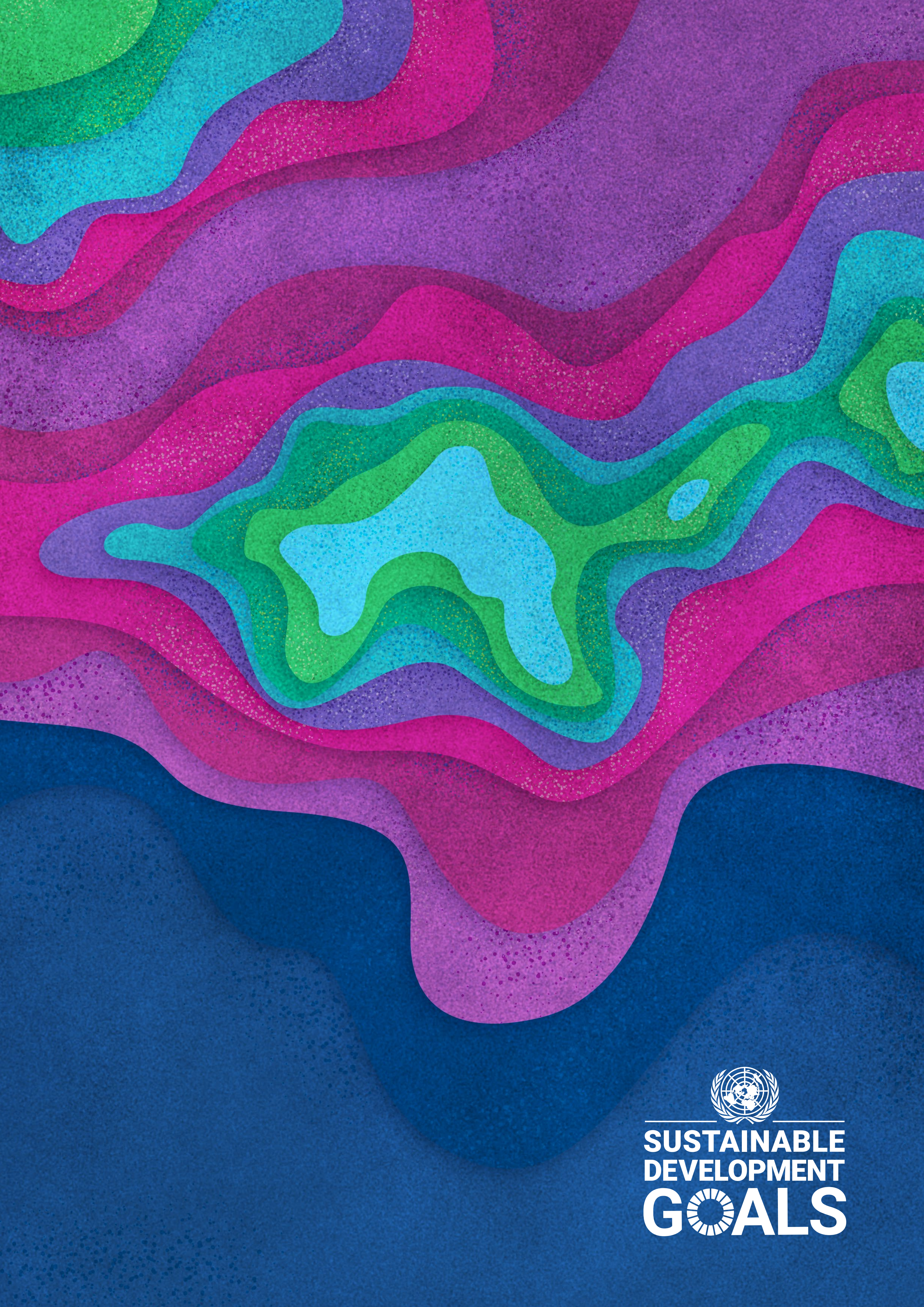
Historically, there have been large differences between the level of development and financial inclusion in the AMS. The M&E data shows that this gap still exists, but is getting smaller in some countries. For instance, Lao PDR has 2.5 branches per 100k adults, while Thailand, Malaysia, Brunei Darussalam, Viet Nam and Philippines has between 12 and 17 branches per 100k adults. Previously lagging countries are catching up on some indicators though. For instance, as of 2020, Myanmar has seven branches per 100,000 adults, closer to regional peers. At a product level, similar variances exist. Myanmar has 41,000 deposit accounts (per 100,000 adults) - which have increased drastically, but this figure is still far below countries like Brunei Darussalam and Thailand (159,000 and 188,000). For mobile money, a fast growing area in most ASEAN countries, the discrepancy is less pronounced, but nevertheless still exists. Cambodia for instance only has half the number of mobile money accounts per 100,000 adults compared to Thailand, but is on par with Philippines.

Given the high levels of overall market growth and investments in mobile money as a product and mobile network infrastructure, as well as other digital solutions like e-money accounts, these are starting to come through in the national indicators. It is interesting to note the decline in physical infrastructure versus the rise of agents pointing to the increasing relevance of digital networks in the ASEAN region. New innovations like the sandbox regulatory environment in Thailand provide an interesting basis of discussion for its replication in other countries to learn and share with each other. Furthermore, the active and ongoing investment and improvements in digital solutions point to increasing relevance and cohesion to meet the goals set out in Desired Outcome 3 on financial inclusion and digital in the ASEAN Blueprint.

The ascendancy of digital finance, in drastically modifying the size and shape of the financial sector, presents new opportunities for increasing financial inclusion and broadening the number of financial sector players: from telecommunications companies offering mobile money services, to Big Tech's online platforms offering banking and other financial services. Such fluidity, along with the challenge it presents to the traditional concept of market players and business sectors, has redefined much of the role of financial services – from being a sector in its own right to being more of a *facilitator* of real economic activity. By using technology better to identify growth activities closer to the ground as well as a financing channel for smaller funding activities, new impetus is created in the market.

There is also an increasing recognition that financial inclusion, including digital inclusion, has to be coupled with economic inclusion if it is to be effective as a mechanism for poverty reduction. The vast majority of MSMEs, and even SMEs are in the informal sector in ASEAN. and the levers that government typically have to support and spur economic growth (for instance tax and import subsidies) are therefore reduced in its effectiveness in most of these markets. Financial and digital inclusion could serve as a pathway to formal inclusion of these enterprises. Typically, transitioning only 1% of the entire pool of informal MSMEs to the formal sector through focused and ongoing support could have far-reaching and substantial impact on both the formal employment market and added value to GDP.

Given the significant levels of MSME activity in Asia, high levels of mobile usage and internet penetration, together with the high growth and adoption rates of digital services, there is potential to scale up the focus in contributing to the Desired Outcome 3 under the ASEAN Blueprint. Furthermore, digital financial services have drastically reduced marginal costs of inclusion, facilitated large-scale enrolment, and extended access to remote locations. ASEAN countries with currently high levels of informality with the intention of speeding real economic growth could leapfrog the typical development trajectory and focus strongly on DFS both as a channel mechanism as well as access to financing for new real economy businesses.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