



# 2024

## ASEAN MONITORING PROGRESS

Brunei  
Darussalam

Cambodia

Indonesia

Lao PDR

Malaysia

Myanmar

Philippines

Thailand

Viet Nam





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## Acknowledgements

The Association of Southeast Asian Nations (ASEAN) Secretariat acknowledges the leadership and guidance of the current Chairs of the Working Committee on Financial Inclusion (WC-FINC) Desired Outcome 1 Working Group (Bank of Thailand, Brunei Darussalam Central Bank), as well as the contributions from past Co-Chairs (Bank of the Lao People's Democratic Republic and the Monetary Authority of Singapore and National Bank of Cambodia and Bank Indonesia), in helping set up the monitoring and evaluation framework across the countries, as well as the contribution and technical assistance of the United Nations Capital Development Fund (UNCDF) in the coordination of inputs and the development of this report. It also acknowledges the contributions of partner country governments in ASEAN both financial and technical as implementation of the ASEAN 2025 Blueprint progresses. Danielle Hopkins, Financial Capability advisor, helped conduct research, define the inclusive green finance indicators and develop the publication.

## Acronyms and abbreviations

<b>ACCMSME</b>	ASEAN Coordinating Committee on MSMEs
<b>AFI</b>	Alliance for Financial Inclusion
<b>AFMGM</b>	ASEAN Finance Ministers and Central Bank Governors Meeting
<b>AML/CFT</b>	Anti-Money Laundering and Countering the Financing of Terrorism
<b>AMS</b>	ASEAN Member State
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ATM</b>	automated teller machine
<b>BDA</b>	basic deposit account
<b>BDCB</b>	Brunei Darussalam Central Bank
<b>BI</b>	Bank Indonesia
<b>BNM</b>	Bank Negara Malaysia
<b>BOL</b>	Bank of Lao PDR
<b>BOT</b>	Bank of Thailand
<b>BSP</b>	Philippines Central Bank (Bangko Sentral ng Pilipinas)
<b>CBM</b>	Central Bank of Myanmar
<b>DFI</b>	development finance institution
<b>DFS</b>	digital financial services
<b>DITO</b>	Digital insurers and takaful operators
<b>DNKI</b>	National Council for Financial Inclusion (Indonesia)
<b>DO</b>	Desired outcome
<b>DTI</b>	Department of Trade and Industry (Philippines)
<b>ESG</b>	environmental, social and governance
<b>FCPA</b>	Financial Products and Services Consumer Protection Act (Philippines)
<b>FEN</b>	Financial Education Network
<b>Fintech</b>	Financial technology provider
<b>FLM</b>	Financial Literacy Month (Malaysia)
<b>FSP</b>	financial service provider
<b>G2B</b>	Government to business
<b>G2C</b>	Government to consumer
<b>G2G</b>	Government to government
<b>GDP</b>	Gross domestic product
<b>GHG</b>	greenhouse gas
<b>ID</b>	identification
<b>ILO</b>	International Labour Organization
<b>IGF</b>	inclusive green finance
<b>INFE</b>	International Network on Financial Education
<b>KNLIK</b>	National Committee for Financial Literacy and Inclusion (Indonesia)
<b>JC3</b>	Joint Committee on Climate Change
<b>KLM</b>	Macroprudential Liquidity Incentive Policy, Indonesia (Kebijakan Likuiditas Makroprudensial)
<b>KPI</b>	key performance indicator
<b>KUR</b>	Kredit Usaha Rakyat (credit subsidy scheme)
<b>KYC</b>	Know your customer
<b>Lao PDR</b>	Lao People's Democratic Republic

<b>LCTF</b>	Low Carbon Transition Facility
<b>LGU</b>	local government unit
<b>M&amp;E</b>	monitoring and evaluation
<b>MFI</b>	Microfinance institution
<b>MMO</b>	mobile money operator
<b>MSME</b>	micro, small and medium-sized enterprise
<b>MSMED</b>	MSME Development Council
<b>MYR</b>	Malaysian ringgit
<b>NBC</b>	National Bank of Cambodia
<b>NFES</b>	National Financial Education Strategy
<b>NFIS</b>	National Financial Inclusion Strategy
<b>NSFI</b>	National Strategy for Financial Inclusion (Philippines)
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OJK</b>	Financial Services Authority, Indonesia (Otoritas Jasa Keuangan)
<b>P2P</b>	peer to peer
<b>PHP</b>	Philippine peso
<b>PMF</b>	Performance Measurement Framework
<b>POS</b>	point of sale
<b>QR</b>	Quick response
<b>QRIS</b>	Quick Response Code Indonesian Standard
<b>RTGS</b>	real-time gross settlement
<b>SCM</b>	Securities Commission Malaysia
<b>SDG</b>	Sustainable Development Goal
<b>SIAPIK</b>	Sistem Informasi Aplikasi Pencatatan Informasi Keuangan (system of digital tools for financial reporting)
<b>SFTG</b>	Sustainable Finance Taxonomy Guidelines
<b>SME</b>	small and medium-sized enterprise
<b>SRI</b>	sustainable and responsible investment
<b>Telco</b>	telecommunications company
<b>TPLIKD</b>	Regional Acceleration Team for Financial Literacy and Financial Inclusion
<b>Umi</b>	Ultra Micro Financing Programme (Ultra Mikro)
<b>UNCDF</b>	United Nations Capital Development Fund
<b>UNSGSA</b>	United Nations Secretary-General's Special Advocate for Financial Health
<b>WC-FINC</b>	Working Committee on Financial Inclusion

## Currency codes

<b>BND</b>	Brunei dollar	<b>MMK</b>	Myanmar kyat
<b>IDR</b>	Indonesian rupiah	<b>PHP</b>	Philippine peso
<b>KHR</b>	Cambodian riel	<b>THB</b>	Thai baht
<b>LAK</b>	Laotian kip	<b>VND</b>	Viet Nam dong
<b>MYR</b>	Malaysian ringgit	<b>\$</b>	U.S. Dollar

# 1. Introduction

This report is the fifth in a series of annual reports produced by the United Nations Capital Development Fund (UNCDF). It presents learning and reflection on progress against the financial inclusion indicators included in the 2020, 2021 and 2022 reports, along with the introduction of new indicators for 2023.

In 2020, following the development of a guidance note by the Working Committee on Financial Inclusion (WC-FINC) Desired Outcome (DO) 1 Working Group, the Working Group identified that the Association of Southeast Asian Nations (ASEAN) requires a regional monitoring and measurement system with standardized indicators for financial inclusion. As a result, WC-FINC developed a regional framework and report in close partnership with UNCDF and in collaboration with the ASEAN Member States (AMS) during an iterative process of engagement and feedback.

In 2021, UNCDF provided support in the drafting of a follow-on report to assess the progress made by AMS towards the financial inclusion targets and indicators agreed, particularly those added for the 2021 report around inclusive growth. The reporting framework used for this series enabled an assessment of market progress and the effectiveness of the implementation of National Financial Inclusion Strategies (NFISs) to achieve the desired outcome.

In 2022, WC-FINC and UNCDF hosted various meetings and workshops to develop new financial capability indicators with AMS, using a staged approach of pre-formulation, formulation and implementation. These meetings helped AMS identify their current stages of financial capability; review examples and databases of financial capability indicators based on global best practices; and share challenges and opportunities with other AMS as they relate to advancing the financial capabilities of the region's citizens.

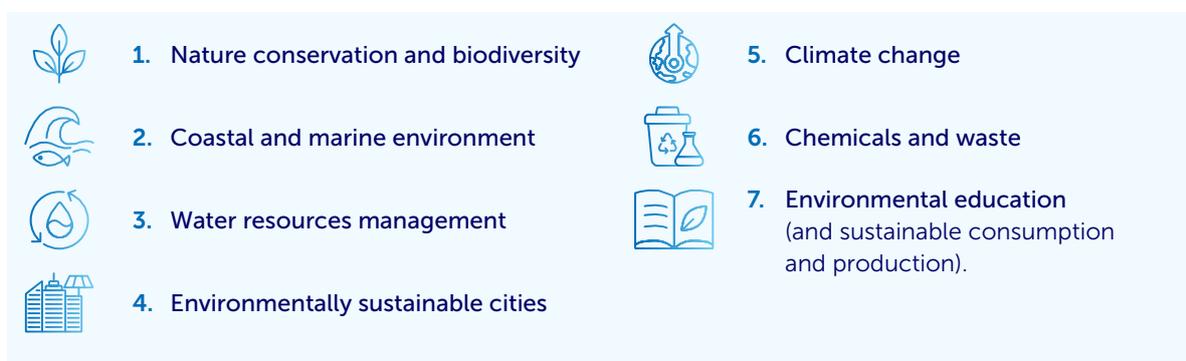
In 2023, AMS identified micro, small and medium-sized enterprise (MSME) finance as a key priority during the fifteenth meeting of ASEAN WC-FINC held in Bali, Indonesia in February. This focus area aligns with one of the key milestones of the ASEAN Blueprint 2025, which aims to 'promote financial inclusion to deliver financial products and services to a wider community that is underserved, including MSMEs' and to 'enhance financing ecosystems in the region to benefit MSMEs, including through cross-collaboration among various working groups in ASEAN'. It also aligns with the ASEAN Strategic Action Plan for Small and Medium-Sized Enterprise (SME) Development (2016–2025),

which aims to ‘create globally competitive, resilient and innovative SMEs who are integrated into the ASEAN community and inclusive development in the region’ by 2025. One of the four key pillars of this action plan includes increasing access to finance for MSMEs. WC-FINC and UNCDF followed this same co-creation process with AMS to identify new MSME indicators and corresponding categories for this current report.

In 2024, AMS interest identified inclusive green finance (IGF) as an additional priority during the eighteenth meeting of ASEAN-WINC held in Hanoi, Viet Nam in August. This focus area aligns with the ASEAN Sociocultural Community (ASCC) Blueprint 2025, which envisions an ASEAN community that engages and benefits the people and is ‘inclusive, sustainable, resilient and dynamic.’ It focuses on the following key ‘sustainable’ areas: conservation and sustainable management of biodiversity and natural resources; environmentally sustainable cities; sustainable climate; and sustainable consumption and production.

The ASEAN Economic Community Blueprint 2025 aims to ‘facilitate the use of green technology’ and ‘promote green development by developing a sustainable growth agenda that promotes the use of clean energy and related technologies, including renewable energy through green technology, as well as enhances sustainable consumption and production, and including it in national development plans.’

It also aligns with the ASEAN Strategic Plan on Environment (ASPEN) 2016–2025, which has seven strategic priorities. They are:



The objective of this report is to allow for the ongoing tracking of progress in financial inclusion in the ASEAN region as a contribution to making the ASEAN economic community a working reality. The intended audience for this report is government, policymakers and regulators, along with other key stakeholders in the development community.

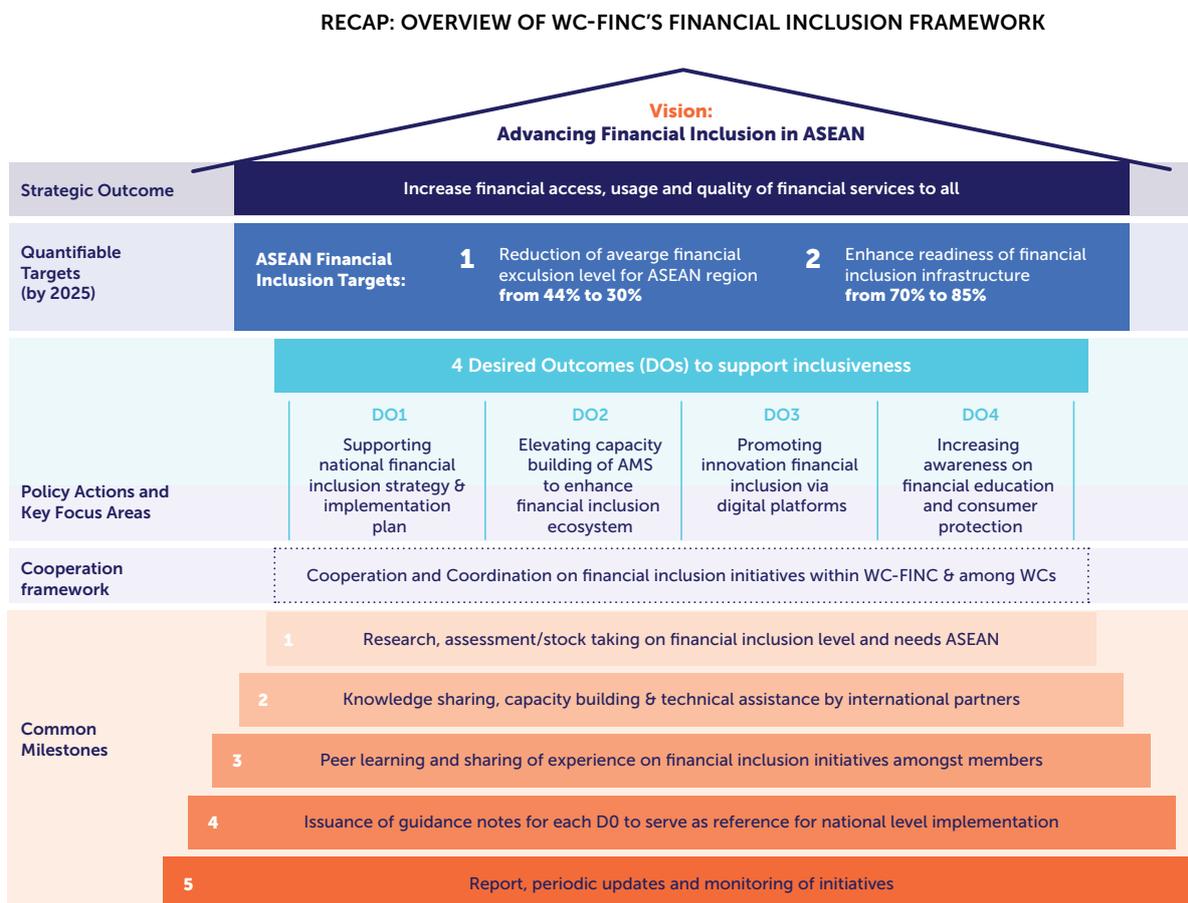
This report is based on the UNCDF methodology to support financial inclusion in Africa and Asia through a process of evidence-based country diagnostics and stakeholder dialogues, leading to the development of national financial inclusion roadmaps that identify key drivers of financial inclusion and recommended action. Through its design, UNCDF seeks to strengthen and focus the domestic development dialogue on financial inclusion. For more information, please visit Homepage - UN Capital Development Fund (UNCDF).

# ASEAN 2025 enabling environment: Financial inclusion and inclusive green finance

The themes of this report, now in its fifth year, and corresponding integration of new measurement indicators build towards the desired outcomes of financial inclusion identified in the ASEAN Financial Inclusion Framework (see Figure 1):



**FIGURE 1:**  
Framework for achieving ASEAN financial inclusion targets



At the ASEAN level, a regional target of 30 percent financial exclusion by 2025 was set, and the latest figures reported by AMS as of March 2023 (see Table 1) indicate that this goal was achieved in 2020. Progress is monitored periodically to achieve the vision of regional financial inclusion. There were improvements in financial exclusion rates among five AMS in 2023 as compared to 2022 (Brunei Darussalam, Malaysia, Myanmar, Thailand and Viet Nam) with the most noticeable improvements in Myanmar and Viet Nam.

**TABLE 1:**  
**ASEAN regional-level targets for financial exclusion (%)**

AMS	2017	2019	2020	2021	2022	2023
Brunei Darussalam	14	14	21	21	14	13.35
Cambodia	82	41	41	41	33	33
Indonesia	51	44.3	23.8	18.6	14.9	14.9
Lao PDR	71	69	48	48	42	42
Malaysia	15	5	4	4	4	3.1
Myanmar	74	52	42	42	35	30
Philippines	66	71	71	44	44	44
Singapore	2	2	2	2	2	2
Thailand	18	16	12	5.7	5.6	2.7
Viet Nam	69	42	36.3	36.03	34.1	22.59
<b>ASEAN TOTAL</b>	<b>46</b>	<b>36.3</b>	<b>30.15</b>	<b>29</b>	<b>22.62</b>	<b>20.77</b>
<b>Data source</b>	Findex 2017	AFMG M April 2019	AFMG M October 2020	SLC October 2021	SLC March 2023	As of Dec 2023

AMS consider that enabling infrastructure is a key driver of financial inclusion. Thus, they have set key performance indicators (KPIs) to determine the enabling environment and national infrastructure readiness for financial inclusion in the region, with an overall target of 85 percent readiness 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 (DFS) has been included in recognition of the importance of digital technology in driving financial inclusion.

The latest figures reported by AMS are shown in Table 2 and indicate that AMS achieved and surpassed their regional target of 85 percent in 2023 (up from 83.57 percent from 2022) with improvement in indicators for credit guarantees for agricultural and SME financing and debt resolution/redress mechanisms (indicators #2 and #3).

**TABLE 2:**  
**ASEAN national infrastructure/enabling environment readiness KPIs for financial inclusion**

FINANCIAL INFRASTRUCTURE		READINESS LEVEL AS OF DECEMBER 2023	
		NO.	%
1	Credit registry or credit bureau	10/10	100
2	Credit guarantee for agricultural or SME financing	9/9	100
3	Debt resolution and redress mechanism	8/10	80
4	Financial inclusion monitoring framework	5/8	62.5
5	National Strategy for Financial Inclusion	8/8	100
6	National Strategy for Financial Education	5/10	50
7	Legislation, regulations, platforms supporting financial inclusion (moveable assets collateral registry, basic deposit account regulation, e-money regulation, agent banking regulation)	10/10	100
8	Institution to support financial inclusion mandate	9/9	100
9	Consumer protection regulations/framework	9/10	90
10	National digital identity (ID)	7/10	70
<b>TOTAL</b>			<b>86.57</b>

## Global enabling environment: Inclusive green finance

As of 2023, the ASEAN economy is the fifth largest in the world and third largest in all of Asia, valued at \$3.6 trillion. The growth in the services (e.g. tourism, processing, transport) and industrial sectors (e.g. oil and gas, mining, electronics) have facilitated economic growth in the region but at the same time have created a range of social and environmental challenges. These include poor air quality, water pollution, greenhouse gas (GHG) emissions, inadequate water and waste management, overextraction of natural resources, and poor sanitation. Seven out of 10 AMS are among the top 50 most polluted countries in the world (Air Quality Life Index, AQLI). The volume of waste is estimated to double by 2030 (United Nations Environment Programme, 2017). In addition, a large proportion of the 695 million people of the region who live at or close to sea level are threatened by some of the recent impacts of climate change, such as flooding, sea level rise, and increased storm frequency and severity.

The United Nations Secretary-General's Special Advocate for Financial Health (UNSGSA) defines inclusive green finance as 'Access to and usage of financial services and products that build resilience to the negative impacts of climate change, loss of biodiversity, and ecosystems; and facilitate participation of low-income households, small businesses and vulnerable groups in the green and low-carbon economy' (UNSGSA, 2023). 'IGF is a holistic approach that aligns with the United Nations Sustainable Development Goals (SDGs), particularly those related to poverty (SDG 1), clean water and sanitation (SDG 6), affordable and clean energy (SDG 7), sustainable cities and communities (SDG 11), and climate action (SDG 13).

IGF can help support and mitigate negative environmental impacts such as climate change, and address the risks climate change poses to social inclusion and poverty reduction, as well as environmental risks to the financial system. IGF products can build the resilience of vulnerable target groups to prepare for or respond to climate shocks by helping them manage risks, smooth consumption and make investments. These products include pay-as-you-go (PAYGO) loans for renewable energy sources (e.g. bottled liquid propane gas), payment for ecosystem services,<sup>1</sup> 'green' loans in the agriculture sector,<sup>2</sup> credit, savings, digital payments for social protection programmes after natural disasters, and agricultural insurance (e.g. weather index insurance).

Climate change and financial inclusion are inextricably linked. Overall, 41 percent of adults in the most climate-vulnerable countries are unbanked (compared to 11 percent in less climate-vulnerable countries and 24 percent globally) (UNSGSA, 2023). Even for those with access to financial services, financial resilience is still a significant challenge in climate-vulnerable countries. Of the nearly 3 billion adults living in the most climate-vulnerable countries, 1.7 billion are not financially resilient (i.e. they could not come up with additional money in 30 days with little to no difficulty). In these countries, 58 percent of adults are not financially resilient (compared to 25 percent in less climate-vulnerable countries and 41 percent globally) (UNSGSA, 2023). Overall, 73 per cent of adults in the most climate-vulnerable countries are either unbanked or not financially resilient (UNSGSA, 2023).

Climate change and environmental degradation can affect financial inclusion and financial stability in three major ways: through physical risks (decreased value of financial assets and increased insurance liabilities due to floods and storms), liability risks (compensation requested from carbon extractors/emitters by those affected), and transition risks (reassessment of assets in transition to a low-carbon economy; regulatory and technology shifts) (UNSGSA, 2023).

Low-income households, MSMEs and smallholder farmers are disproportionately impacted by climate change because they often live and work in areas affected by climate change (Knaack & Zetterli, 2023; Intergovernmental Panel on Climate Change (IPCC), 2022). MSMEs also contribute to climate change as emissions from MSMEs are more difficult to measure and govern by environmental laws and regulations, especially as most MSMEs are in the informal sector and outside the reach of most laws and regulations (Alliance for Financial Inclusion (AFI), 2020). MSMEs also face challenges in obtaining financing for investments in green technology (Knaack & Zetterli, 2023), and with mandatory regulations and laws regarding climate response initiatives, if they cannot include adaptation and mitigation initiatives into their own operations (AFI, 2022b).

1 Those who provide positive ecological services, such as biodiversity, carbon sequestration, or watershed management, get paid by those who benefit from these services.

2 Those that promote sustainable agricultural practices and climate-smart agriculture.

## ASEAN enabling environment: Inclusive green finance

In addition to being linked to the SDGs, IGF is linked to the Paris Agreement of 2016, which has the following long-term goals:

- 1 Keep global average temperature increase well below 2°C compared to pre-industrial levels; pursue efforts to limit the temperature increase to 1.5°C.
- 2 Improve the ability of countries to adapt to the impact of climate change, to maintain a low GHG emissions trajectory, and climate resilience in a way that does not threaten food production.
- 3 Direct financial flows in line with a low-emissions and climate-resilient pathway.

By September 2017, all AMS were signatories of the Paris Agreement. In addition, all AMS have submitted Intended Nationally Determined Contributions (INDCs) and a range of voluntary targets for GHG reduction to implement the Paris Agreement. The target year for most of these reductions is 2030. Countries will communicate new or updated Nationally Determined Contributions (NDCs) every five years starting in 2020. In a survey conducted in 2021 by the ASEAN Taxonomy Board (ATB), AMS expressed challenges to addressing climate change related mainly to funding, technological capacity and general awareness (AFI, 2022b).

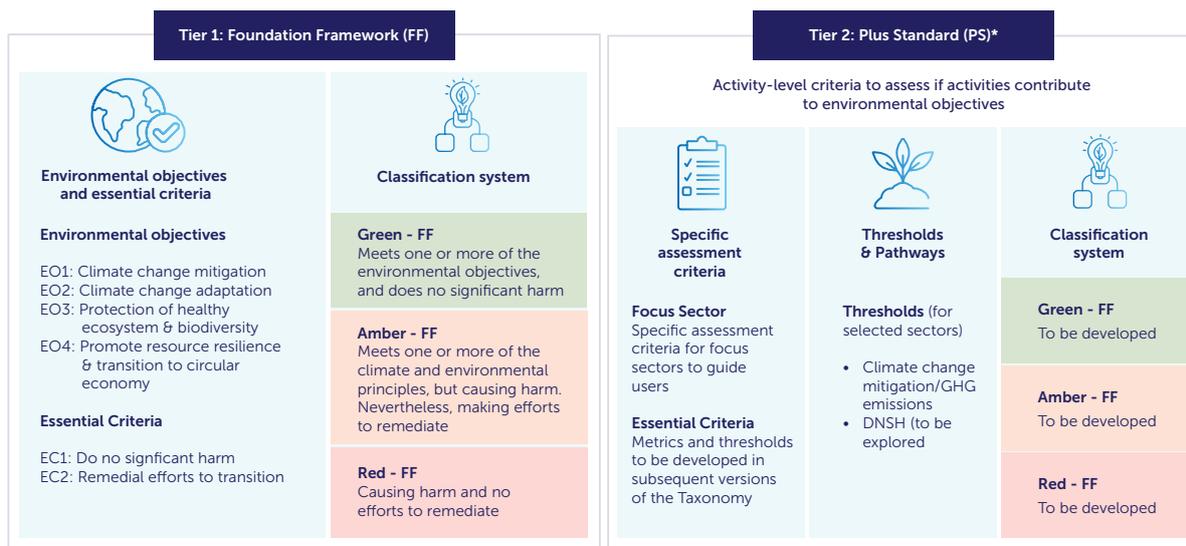
ASEAN 2025: Forging Ahead Together – which contains the ASEAN Political Security Community (APSC), ASEAN Economic Community (AEC), and ASEAN Sociocultural Community (ASCC) Blueprints 2025 – forms the current policy framework for ASEAN cooperation until 2025. ASEAN priority areas of cooperation on environment are outlined mainly in the ASEAN Sociocultural Community (ASCC) Blueprint 2025, which envisions an ASEAN community that engages and benefits the peoples and is ‘inclusive, sustainable, resilient and dynamic.’ It focuses on the following key ‘sustainable’ areas: conservation and sustainable management of biodiversity and natural resources; environmentally sustainable cities; sustainable climate; and sustainable consumption and production. The ASEAN Economic Community Blueprint 2025 aims to “facilitate the use of green technology” and “promote green development by developing a sustainable growth agenda that promotes the use of clean energy and related technologies, including renewable energy through green technology, as well as enhances sustainable consumption and production, and including it in national development plans.”

The ASEAN Strategic Plan on Environment (ASPEN) 2016–2025 translates the relevant characteristics and key result areas of ASEAN 2025: Forging Ahead Together into more detailed plans of action. The Strategic Plan consists of action plans for seven agreed strategic priorities with selected programmes, outputs and activities based on existing cooperation, emerging needs of AMS, and commitments to address relevant issues in the global agenda. The seven strategic priorities under the ASPEN are: 1. Nature conservation and biodiversity 2. Coastal and marine environment 3. Water resources management 4. Environmentally sustainable cities 5. Climate change 6. Chemicals and waste 7. Environmental education [and sustainable consumption and production.

The role of sustainable finance was recognized by the ASEAN Finance Ministers and Central Bank Governors’ Meeting (AFMGM) in 2019. The AFMGM endorsed the need for a credible regional sustainable finance taxonomy, which is interoperable with other regional and international taxonomies, to attract and orient capital towards sustainable investments. As a result, the ASEAN Taxonomy Board (ATB) was established in March 2021 to develop, maintain and promote the ASEAN Taxonomy. The four ASEAN financial sector workstreams – the ASEAN Capital Markets Forum (ACMF), the ASEAN Insurance Regulators Meeting (AIRM), the Senior Level Committee (SLC), and the Working Committee on Capital Market Development (WC-CMD) collaborated to drive this effort. Additionally, sustainable finance became a permanent agenda topic at the ASEAN Finance and Central Bank Deputies’ Meeting (AFCDM) and AFMGM, starting in 2021.

Due to the varying standards of development and economic activity, and different challenges in addressing climate change, a ‘one-size fits all’ taxonomy was not regarded as the best solution for ASEAN. As a result, a multi-tiered framework was developed (see Figure 2).

**FIGURE 2:**  
**ASEAN Taxonomy for Sustainable Finance, 2021**



The Foundation Framework is grounded in ASEAN’s commitment to:

- 

1. Limit the global average temperature increase to well below 2°C, preferably 1.5°C, above pre-industrial levels;
- 

2. Make each AMS climate-resilient; and
- 

3. Protect the environment, whereby the guiding principles for the assessment of economic activities act as the foundation to safeguard the climate and environment.

The Plus Standard provides additional guidance and scope for AMS to further qualify and benchmark eligible green activities and investments. It also sets activity-level criteria and thresholds to determine if an activity contributes to the environmental objectives of the Taxonomy and can therefore be considered Taxonomy-aligned. The focus sectors include:

- Agriculture, forestry and fishing;
- Transportation and storage;
- Electricity, gas, steam and air-conditioning supply;
- Water, supply, sewerage and waste management;
- Manufacturing;
- Construction and real estate.

The enabling sectors are information and communication; professional, scientific and technical; and carbon capture, storage and utilization.

Aside from the ATB there are other regional coordinating bodies that create an enabling environment for IGF. The following working groups were created under the ASEAN Strategic Plan on Environment:

- ASEAN Working Group on Climate Change
- (AWGCC) ASEAN Working Group on Nature Conservation and Biodiversity
- (AWGNCB) ASEAN Working Group on Coastal and Marine Environment
- (AWGCME) ASEAN Working Group on Water Resources Management
- (AWGWRM) ASEAN Working Group on Environmentally Sustainable Cities
- (AWGESC) ASEAN Working Group on Chemicals and Waste
- (AWGCW) ASEAN Working Group on Environmental Education.

Other relevant working groups include the ASEAN Capital Markets Forum (ACMF). There is also the ASEAN Center for Climate Change (ACCC).

The ASEAN Catalytic Green Finance Facility (ACGF) was launched in April 2019 to accelerate green infrastructure investments in Southeast Asia. It is an initiative of the ASEAN Infrastructure Fund (AIF) and is owned by the finance ministries of the 10 AMS as well as the Asian Development Bank (ADB), which also manages the facility. The ACGF provides ASEAN Member governments with technical assistance and access to over \$1 billion in loans from co-financing partners. Its technical assistance helps to strengthen the regulatory environment and build the capacity of governments to identify and prepare commercially viable green infrastructure projects (e.g. those that promote renewable energy, energy efficiency, sustainable urban transport, water supply and sanitation, waste management and climate-resilient agriculture), while its loans cover upfront capital investment costs. This two-pronged approach derisks green infrastructure projects, making them more attractive to private capital investors.

## IGF policy responses and recommendations for ASEAN

IGF policies and regulations can drive a cycle of increasing financial inclusion, resilience and stability. They can help the economy manage climate shocks and stresses (resilience), which in turn reduces the risks facing the financial sector, thus enhancing financial stability. As this leads to higher risk-adjusted returns for financial institutions, IGF policies and regulations align with the incentives of market participants (Knaack & Zetterli, 2023; IPCC, 2022).

The Consultative Group to Assist the Poor presents three pathways for policy responses to promote IGF that include the following (Knaack & Zetterli, 2023; IPCC, 2022):

- Policy instruments for mitigating climate risk (e.g. loan guarantee schemes; prioritization of climate-vulnerable businesses and projects; public-private partnerships in agricultural insurance; and climate insurance products).
- Reducing transaction costs linked to climate risk management and green financing (e.g. risk management and reporting requirements that are proportional to loan size; building a green finance database for MSMEs or smallholder farmers; providing an enabling regulatory environment for DFS).
- Scaling up affordable green finance (e.g. targeting refinancing operations at preferential interest rates that reward banks for lending to vulnerable sectors and with longer loan periods that match climate investment horizons; adjusting existing targeted monetary policy such as mobilizing financing for MSMEs for green purposes; making transition funds available for MSMEs in polluting sectors of the economy; grants for technical experts to train both local financial institutions and end-borrowers).

Credit guarantees can help bridge the initial uncertainty around MSME financing of green projects by (AFI, 2022b):

- Improving the bankability of transactions due to lack of collateral.
- Encouraging lenders to provide financing to target groups by sharing credit risk.
- Creating market learning opportunities for green businesses and technologies.
- Improving the ability of lenders to price risk for MSMEs and green projects.
- Helping banks to develop and grow their green lending business by attracting new clients.

Box 1 presents different policy recommendations that are based on global best practices and recommendations by AFI, Center for Financial Inclusion (CFI), the Consultative Group to Assist the Poor (CGAP) and the Organisation for Economic Co-operation and Development (OECD).

**TABLE 3:**  
**IGF policy recommendations**

THEME	RECOMMENDATIONS
<b>Information and data</b>	<ul style="list-style-type: none"> <li>• Research and evidence (e.g. IGF demand and supply-side data, unintended consequences on financial inclusion)</li> <li>• Green finance taxonomies that include key target groups (e.g. MSMEs)</li> <li>• Green finance database</li> <li>• Use cases of green finance products, activities/interventions and benefits at micro level</li> <li>• Green investment opportunities that build resilience and incomes for key target groups</li> </ul>
<b>Product development, access and usage</b>	<ul style="list-style-type: none"> <li>• IGF products (e.g. green bonds/investments, green loans, green savings, green insurance to prevent climate-related risks)</li> <li>• Usage of financial products for climate change events</li> <li>• Access to credit for green purposes/resilience building (by target groups)</li> <li>• Relative size of green finance penetration</li> <li>• Credit guarantee schemes</li> <li>• Digital and financial education to encourage uptake of green finance products</li> </ul>
<b>Integration of IGF at national level</b>	<ul style="list-style-type: none"> <li>• National financial inclusion strategies (NFIS)s</li> <li>• National financial sector strategies</li> <li>• Sustainable banking principles</li> <li>• Sustainable finance roadmaps</li> <li>• Social protection programmes</li> </ul>
<b>Enabling environment</b>	<ul style="list-style-type: none"> <li>• Higher loan to value ratios for green homes and/or energy investments for MSMEs</li> <li>• Expanded digital payment infrastructure for inclusive green use cases</li> <li>• Tiered sustainability disclosure requirements</li> <li>• Targeted monetary policy for vulnerable sectors and segments</li> <li>• Risk management guidelines</li> <li>• Adjusted risk management and reporting requirements proportional to loan size</li> <li>• Regulatory enablers for green sectors (e.g. pay-as-you-go loans for solar, green housing, climate-resilient agriculture, transportation)</li> </ul>
<b>Collaboration/coordination</b>	<ul style="list-style-type: none"> <li>• Form working groups to develop and update standards and disseminate guidance on IGF</li> <li>• Partnerships with public-private sector for IGF products and activities</li> <li>• Coordination with existing ASEAN bodies (e.g. AWGCC, ACMF)</li> </ul>

## Challenges to promoting IGF

There are challenges regulators may face in integrating IGF at the national level such as through an NFIS. These include the following (AFI, 2021):

- Building consensus among key stakeholders on nationally accepted definitions of sustainable finance, green finance and IGF;
- Establishing efficient coordination mechanisms to ensure policy alignment and coherence between IGF and mainstream policies on climate change;
- Developing IGF products and services, and adopting criteria that will be used to describe and include IGF products from different financial subsectors, including climate-related and IGF disclosures;
- Establishing a monitoring and evaluation (M&E) framework, gathering information and data and setting indicators.

Other challenges to developing and implementing IGF policies might include a lack of capacity and knowledge of IGF among stakeholders in the financial sector and the government, insufficient information, high perceived risks and lack of suitable financing instruments and funds (e.g. long-term debt capital).

Bank Indonesia (BI), in collaboration with the Faculty of Economics and Business, Gadjah Mada University, conducted a comprehensive study on the green financing ecosystem for MSMEs. The study examined both the demand side (MSMEs) and the supply side (financial institutions) to identify opportunities and constraints within the current financing landscape. The findings reveal that, despite the existence of regulatory support for green financing, several barriers persist. These include complex financing requirements, limited supporting infrastructure and incentives, as well as insufficient knowledge and capacity among MSMEs to adopt green business practices.

## 2.

# A framework for deepening the monitoring of inclusive green finance

### Proposed new indicators

The regional financial inclusion framework expands on the frameworks established in 2020 and 2021. In 2020, the indicators focused on measuring:



- **Access** (e.g. points of service, access points and connectivity)



- **Usage** (e.g. adults with an account, savings, credit, payments and insurance)



- **Quality** (e.g. appropriateness, value, affordability, financial literacy, consumer protection, indebtedness and choice)



- **Impact** (e.g. segmental, national and global) of financial inclusion.

In 2021, this framework was expanded to measure inclusive growth indicators (e.g. macroeconomic context, education, access to basic services, health care, entrepreneurship, redistribution, financial sector development and unemployment). In 2022, the framework was expanded further to measure financial capabilities based on a staged approach, while in 2023 it was expanded to measure MSME finance. For 2024, new indicators have been added to measure IGF.

Indicators measuring financial subsectors, target groups (households, farmers, MSMEs, rural), sex (male, female) and priority economic sectors (energy, transport, agriculture) can also be established to measure annual uptake of IGF products (AFI, 2021).

Monitoring and evaluation of IGF can be carried out on two levels (AFI, 2021):

- 1 The financial sector level, which measures the impact of specific IGF policies; and
- 2 The national level, which measures the overall environment and climate change indicators (e.g. GHG emissions and quality of air/water due to IGF policies).

For financial regulators, there are two main perspectives on IGF reporting. The first is the monitoring of credit risks in the context of environmental and social risk, and the second is monitoring the provision and uptake of inclusive and green financial services in the economy.

Box 2 presents the proposed IGF indicators for consideration by AMS. These indicators focus on the financial sector level and the provision and uptake of IGF products and services. The new proposed IGF indicators are based on the previously cited recommendations aligned with global best practices and existing proposed indicators by AFI, CFI, CGAP, and OECD (see Box 2).

The proposed IGF indicators are broken down into four categories:



**TABLE 3:**  
**Proposed IGF indicators**

INDICATOR CATEGORY	INDICATOR
<b>Access to finance</b>	# standardized definitions/taxonomies for IGF
	% achievement of objectives in ASEAN Taxonomy for Sustainable Finance
	% of focus sectors reached in ASEAN Taxonomy for Sustainable Finance
	# of use cases of IGF products, activities or interventions
	% of population with access to IGF products (e.g. green savings, credit for green purposes/resilience building; green insurance, green bonds/investments)
	Higher loan to value ratios for green homes and/or energy investments for MSMEs
<b>Usage</b>	# of IGF products
	% of population using financial products for climate change events
	Value of IGF products
	Volume of digital payments for IGF products
<b>Public support for IGF</b>	# of national policies/strategies that prioritize IGF
	# of national programmes that prioritize IGF (e.g. social protection, financial education)
	# sustainable finance roadmaps/principles
	# risk management guidelines
	# adjusted risk management and reporting requirements relative to loan size
	# tiered sustainability disclosure requirements
	# regulatory incentives for green sectors
	IGF loan guarantees as % of total loans
	IGF loan guarantees (value)
<b>Collaboration/coordination</b>	# Working Groups for IGF
	# public-private partnerships for IGF
	# regulatory meetings, forums, roundtables, etc. focused on IGF
	# capacity-building sessions for regulators on IGF
	# capacity-building sessions for private sector on IGF

# 3.

## Financial inclusion progress

### Financial and digital financial inclusion rates continue to rise among AMS

Financial inclusion rates – as measured by the number of adults with an account at a financial institution – continued to rise across most AMS in 2023 compared to the previous year. Cambodia showed the most significant increase with a more than doubling of the rate (from 14.73 percent to 30.46 percent), while Lao PDR showed a significant 20 percent increase (from 73.8 per cent to 94.4 percent), followed by a 12 percent increase in Viet Nam (from 77.41 percent to 87.08 percent) and a 5 percent increase in Brunei Darussalam (from 82.9 percent to 86.69 percent). Indonesia had a 17 percent increase from 2021, as it tracks financial inclusion rates biennially. Other AMS also track this indicator biennially, such as the Philippines and Thailand.

**TABLE 4:**  
**Financial inclusion rates of AMS (2022–2023) (%)**

COUNTRY	2022	2023
Brunei Darussalam	82.9	86.69
Cambodia	14.73	30.46
Indonesia	65.4 (2021)	76.3
Lao PDR	73.8	94.4
Malaysia	96.8	97.3
Myanmar	73	77
Philippines	59.6 (as of 2021)	N.A.
Thailand	89.6	N.A.
Viet Nam	77.41	87.08

As in 2022, the growth in financial inclusion can be attributed to growth in digital access points, such as automated teller machines (ATMs), debit cards, mobile money agents and mobile banking. In total access points, there was a 27 percent increase in Myanmar (from 958 to 1,307 per 100,000 adults) compared to the previous year, while there was a 20 percent increase in Cambodia (from 797 to 929 per 100,000 adults).

For point-of-sale (POS) terminals, there was a 27 percent increase in Thailand (from 546 to 700 per 100,000 adults) compared to 2022, while there was 21 percent increase in Indonesia (from 866 to 1,046 per 100,000 adults). Lao PDR showed a 14 percent increase in the number of debit cards (from 4,522 to 5,143 per 10,000 adults). This increase in digital access points is most often accompanied by a decrease in physical access points across most AMS (except for Cambodia and Viet Nam, where there was a slight increase).

## **Growth in mobile money drives financial and digital financial inclusion**

Growth in mobile money (e.g. mobile money wallets, branchless banking, digital microfinance and QR code-enabled merchant payments) among AMS is evident through various reported indicators, such as the number of mobile money agents and mobile money accounts, and the volume of mobile money transactions and digital payments. For example, Myanmar showed a 36 percent increase in the number of mobile money agents in Myanmar (from 350,000 in 2022 to 475,327 in 2023). The number of registered mobile money accounts nearly tripled in Viet Nam (from 3,766 to 9,376 per 100,000 adults). This growth was facilitated by the enormous increase in mobile money agents in Viet Nam (from 15,092 in 2022 to 250,847 in 2023).

In the Philippines there was a 50 percent increase in the number of mobile money accounts (from 328,192 to 493,546 per 100,000 adults), indicating that each adult has nearly five mobile money accounts. In Myanmar there was a 30 percent increase in the number of mobile money transactions per 100,000 adults (from nearly 4 million to over 5 million). This growth was facilitated by an increase in mobile phone penetration greater than 100 percent (nearly 113 percent of total population). In Lao PDR there was also a nearly 30 percent increase in the number of registered mobile accounts (from 8,408 to 10,800 per 10,000).

The volume of mobile money transactions nearly quadrupled in Viet Nam (from 25,313 to 91,550 per 100,000 adults) and nearly doubled in Lao PDR (from 517,388 to 943,610 per 100,000 adults). Mobile banking transactions per 100,000 adults surpassed 50 million in Thailand (a 28 percent increase from the previous year).

The volume of digital payments showed 52.8 percent year-on year growth in the Philippines. This is due mainly to the Paleng-QR Ph Plus initiative, which promotes QR Ph payments in public markets and local transportation. The programme supports local government units (LGUs) to issue policies encouraging market vendors, community shopkeepers and public transport drivers to use digital payments through unified QR codes. By the end of 2023, 64 LGUs had launched or issued ordinances related to the Paleng-QR Ph Plus initiative or adopted similar measures. In addition, the Central Bank in the Philippines (BSP) conducted 49 financial literacy sessions for participating LGUs in 2023, reaching 7,163 vendors, MSME owners and drivers across various localities.

In Viet Nam, cashless payment transactions reached 11.3 billion transactions with a total value of VND 222 million billion (an increase of 49.36% in volume and 1.28% in value). Transactions via Internet banking totalled 2.1 billion transactions, with a value of VND 58.8 million billion (an increase of 54.77% in volume and 6.5% in value). Transactions via mobile banking reached 7.9 billion transactions with a value of VND 55.1 million billion (an increase of 59.86% in volume and 12.73% in value). Transactions via QR codes amounted to 262.8 million transactions with a total value of VND 192 trillion (an increase of 242.46% in volume and 157.2% in value). Transactions via POS terminals totalled 728.88 million transactions with a value of VND 1.23 million billion (an increase of 16.96% in volume and 18.66% in value).

In Malaysia, DuitNow QR, a centralized QR payment system, has gained widespread acceptance and popularity among businesses. As of 2023, within four years following its introduction, the number of DuitNow QR registrations has more than doubled the number of POS terminals (2023: 2 million QR code registration and 875,504 POS terminals).

In Indonesia, the Bank of Indonesia continues to promote the use of the Quick Response Code Indonesian Standard (QRIS) to enhance both digital payment transaction value and payment velocity through expanding the base of QRIS users and merchants, implementing a favourable merchant discount rate (MDR) policy for micro enterprises (Usaha Mikro Ultra Micro Financing Programme/ UMI), and rolling out the QRIS TUNTAS feature, enabling cash withdrawals, transfers and deposits via QRIS. As of the latest reporting period, QRIS transaction value surged by 170 percent year-on-year, reaching IDR 82.70 trillion. The number of registered users grew to 45.78 million, while the number of merchants reached 30.41 million, of which 30.12 million were MSME merchants.

## Enhancing consumer protection

In Brunei Darussalam, as of December 2023, the Credit Bureau had 17 reporting data providers, comprising both financial and non-financial institutions, government agencies and telecommunications companies (telcos). The total number of credit reports generated increased by 15.12 percent, from 81,438 in 2022 to 94,307 in 2023. Of these, 96.21 percent of credit reports were requested by consumers and 3.79 percent were for commercial entities. Most reports were used for new credit applications, particularly for hire purchase, personal loans/financing and credit cards. A total of 3,646 Self-Inquiry Reports (SIRs) were generated in 2023, compared with 3,083 in 2022, reflecting an 18.26 percent increase. Some 99.59 percent of the Reports generated were from online applications.

In the Philippines, the number of complaints lodged via the Philippines Central Bank (Bangko Sentral ng Pilipinas (BSP)) Consumer Assistance Mechanism almost doubled to 43,115 in 2023, from 22,142 in 2022. The Financial Products and Services Consumer Protection Act (FCPA), enacted on 6 May 2022, establishes a comprehensive legal framework to safeguard consumers engaging with financial products and services: equitable and fair treatment; disclosure and transparency; protection against fraud and misuse; data privacy and protection; and complaint handling and redress. The FCPA mandates that financial service providers (FSPs) adhere to established standards of conduct and implement risk management systems. FSPs are also encouraged to develop educational programmes to improve consumers' financial literacy.

## Expanded outreach in financial capability initiatives

In Malaysia, during Financial Literacy Month (FLM), the Financial Education Network (FEN) reached more than 6.3 million Malaysians. This included more than 350,000 through the one-month FLM Roadshow and 3.4 million through social media platforms in 2023. In 2023, FEN introduced annual KPIs to its programmatic roadmap, focusing on four areas of Solutions, Access, Awareness and Applications. These KPIs ensure that fin-ed initiatives remain inclusive and impactful.

In Indonesia, the financial literacy index reached 65.43 percent in 2023, a significant increase (32 percent) from 49.7 percent in 2022. The Financial Services Authority (OJK) attributes this improvement to various outreach programmes. For example, in 2023, a total of 3,734 financial education activities were implemented in Indonesia, reaching 3,445,023 participants across various demographic segments, aligned with the priority target groups identified in the NFIS. These initiatives included topics such as the introduction and responsible use of financial products and services, access to formal financing, awareness of illegal online lending practices, financial planning, gold savings instruments, prudent investment strategies, and empowerment of MSMEs.

In the Philippines up to 82 percent of BSP stakeholders achieved 50 percent of the commitments outlined in their respective memorandums of agreement by the end of 2023, up from 60 percent in 2022. In 2023, BSP conducted three hybrid learning sessions and 335 client-requested/on-demand exclusive learning sessions for various schools, government agencies and private institutions, collectively reaching 46,221 attendees. The central bank also launched the BSP E-Learning Academy (BELA) in 2023 to further leverage digital platforms, producing its first batch of online modules on Financial Planning, Budgeting and Saving, and Debt Management.

Another indicator that demonstrates improved financial capabilities is a decline in over-indebtedness. In the Philippines, households with loan payments behind schedule dropped significantly to 5.3 percent in 2023 from 8.2 percent in 2022, a 55 percent decrease. In Viet Nam this same indicator dropped from 5.51 percent to 5.29 percent.

## Improved access for MSMEs, with a focus on women MSMEs

In the 2023 report, AMS proposed new indicators to measure MSME finance. AMS have shown improvements in some of these indicators or have been able to report on some of them for 2023, demonstrating a stronger financial ecosystem for MSMEs. For example, four AMS showed an increase in the proportion of SMEs in the total loan portfolio. For 2023, this proportion was 26 percent for Cambodia, 20.32 percent for Indonesia, 18.31 percent for Viet Nam, and 16.7 percent for Malaysia. Malaysia also showed an increase in the share of new MSME lending in the total portfolio (22.3 percent compared to 20.7 percent), an increase in the proportion of MSMEs with outstanding loans or credit (32.2 percent compared to 29.2 percent) and an increase in the proportion of secure MSME loans (53.5 percent compared to 50.24 percent). Brunei Darussalam showed a significant decrease of 30 per cent in the proportion of MSMEs with non-performing loans (from 13.4 percent to 9.3 percent).

The value of MSME loans nearly doubled in Myanmar (from MMK 77,991 million to MMK 143,757 million), while it increased by nearly 20 percent in Viet Nam (from VND 2,056,068 billion to VND 2,411,828 billion) and 10 per cent in Malayasia (from MYR 355,234 billion to MYR 386,108 billion) and Brunei Darussalam (from BND 335.8 million to BND 357.2 million). In Indonesia, there was a significant volume of peer-to-peer (P2P) lending as a portion of the total portfolio (38 percent), while there was a 42 percent increase in the P2P/crowdfunding lending volume in Thailand, from THB 4,329 million to THB 6,156 million.

Indonesia has a financing scheme targeting MSMEs. Indonesia Kredit Usaha Rakyat (KUR) is a government-backed financing scheme aimed at facilitating access to affordable credit for MSMEs. The programme offers subsidized loans with lower interest rates and more flexible collateral requirements. The KUR programme is delivered through designated partner banks and financial institutions, with the government providing subsidies for interest or margin payments. As of 26 December 2023, KUR disbursements reached IDR 255.8 trillion, benefiting 4.57 million borrowers, while maintaining a non-performing loan (NPL) ratio of 2.03 percent, which is below the national gross NPL average of 2.42 percent.

Some AMS have also shown improvements in access to and usage of finance for female MSMEs. For example, in Lao PDR, the value of women-owned loans is LAK 6,914 billion, which is 37 percent of the total loan portfolio. The percentage of non-performing loans for women-owned MSMEs is also low in Lao PDR (only 4.16%). In Myanmar the values of loans to women MSMEs increased from MMK 9,401 million to MMK 9,870 million.

In Malaysia, the number of loan funds targeting female-led MSMEs increased from six to nine<sup>3</sup>, most of which are under the government's guarantee scheme (e.g. Semarak-Nita BSN, Tekunita under Tekun, Dananita programme under Mara, and Bizlady Bank Rakyat) introduced during Budget 2023 with an allocation of MYR 235 million. In the Philippines, there are four partnerships/programmes targeting female MSMEs. One programme, the E-TAAS ang Pinay (Empowering Local MSMEs and Women Entrepreneurs), Train for Success, Access a Wider Market, Amplify Philippine-made Products, and Sustain Growth) offers comprehensive training, mentoring and promotion support to on-board women entrepreneurs to digital platforms and help them grow their customer base, increase their sales and connect with their community. It has two components – the Integrated Digital Marketing Training Programme (IDMTP) and the Digital Promotion Support Strategy. The SheTrades Hub hosted by the Department of Trade and Industry (DTI) – Export Marketing Bureau (EMB) in collaboration with the International Trade Centre (a joint agency of the UN and World Trade Organization), promotes women-led MSMEs to access global markets and participate equally in international trade. The Investing in Women Asia programme provides four loan funds to female MSMEs, including those engaged in agriculture.

3

These figures are based solely on BNM's compilation and may not include an exhaustive list.

## Increased access to finance for vulnerable groups

Some AMS have shown improved access to finance in 2023 for vulnerable groups such as farmers and rural populations. For example, in Viet Nam, 25 percent of the total outstanding credit is for agriculture and rural areas. In Indonesia, the Government of Indonesia has introduced a key policy to expand access to KUR (government backed financing scheme) for small-scale farmers. The policy provides recurring access to Micro KUR for farmers cultivating land areas of up to 20,000 m<sup>2</sup>, with tailored incentives to address their specific financing needs. Under this scheme, eligible farmers are exempted from the standard Micro KUR access limitations (typically ranging from IDR 10 million to IDR 100 million) and benefit from a fixed interest rate or margin of 6 per cent. These favourable terms are designed to enhance farmers' access to affordable working capital, reduce their financial burden, and support continuous agricultural production.

In the Philippines, there was nearly a 60 percent increase in the number of basic deposit accounts BDAs compared to the prior year (24.2 million BDAs in 2023, up from 15.3 million in 2022). The BDA is a low-cost, easy-to-open account designed for the unbanked and low-income earners. The BDA has simplified documentary requirements for account opening and a minimum opening deposit capped at PHP 100 (approximately \$1.72), with no maintaining balance and no dormancy charges.

## Current state of inclusive green finance

### Sustainable/green finance roadmap and taxonomy

Most AMS are in the early stages of developing and implementing IGF policies, products, regulations and programmes. Some AMS have sustainable finance/green finance roadmaps or taxonomies. For example, the Philippine Sustainable Finance RoadMap and Guiding Principles were released by BSP in 2021. The Philippines then standardized its definitions and taxonomies for IGF with the release of the consultative document of the Philippine Sustainable Finance Taxonomy Guidelines (SFTG) in September 2023. Financial institutions, particularly banks, are required to use the SFTG when extending credit, making investment decisions, or designing sustainable financial products and services. Furthermore, the SFTG offers additional guidance on evaluating eligible green projects, such as determining the substantial contribution of projects towards meeting environmental objectives.

Malaysia has the Climate Change and Principle-based Taxonomy (CCPT), Sustainable and Responsible Investment (SRI) Taxonomy, Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF). In June 2023, the Bank of Thailand (BOT) launched Thailand Taxonomy Phase 1, which is focused on the energy and transportation sectors. In Thailand, the taxonomy for the energy and transportation sectors was launched in June 2023, while the taxonomy for manufacturing, agriculture, building and real estate, and waste management is scheduled to be launched in 2025.

Indonesia launched the Sustainable Finance RoadMap II (2021–2025), and in 2022 developed the Indonesian Green Taxonomy Version 1 to provide an economic activity classification that supports environmental protection and management efforts, as well as mitigation and adaptation to climate change. It provides guidelines for disclosures, risk management, and development of innovative sustainable finance products and/or services for Financial Services Sector (FSS) and green bond issuers.

### Regulatory incentives

Regulatory incentives are important to promote IGF in the financial sector. In Cambodia, 19 sectors and activities are entitled to investment incentives. The Philippines increased financial institutions' single borrower limit (SBL) by an additional 15 percent of net worth to promote financing of eligible green and sustainable projects, including decarbonization initiatives. In addition, BSP eliminated the reserve requirement on sustainable bonds for both new and outstanding issuances. Indonesia provides a reduction in a bank's reserve requirement of up to 5 percent if they extend credit to green sectors (green housing and electric vehicles) and provide ultramicro, green credit. As of December 2023, the realization of Macroprudential Liquidity Incentive Policy (*Kebijakan Likuiditas Makroprudensial/KLM*) liquidity incentives for green financing reached IDR 14.6 trillion, disbursed through 34 banks.

### Coordination among stakeholders

Working groups promote coordination of IGF policies and programmes. Cambodia has the Sustainable Finance Working Group within the National Bank of Cambodia (NBC), and NBC is a member of AFI's IGF Working Group, Networking for Green Financial Systems and the ASEAN Task Force on Sustainable Finance. In Indonesia there is the Financial Instruments Working Group, Sustainable Finance Committee (with the Ministry of Finance and BI), Sustainable Finance Task Force (in the financial services sector), Indonesian Green Taxonomy Improvement Team and the Green Calculator Development Team.

In Malaysia the Joint Committee on Climate Change (JC3), a collaborative platform co-chaired by Bank Negara Malaysia (BNM) and the Securities Commission Malaysia (SCM), has played a crucial role in driving climate-related initiatives among financial and capital market players. JC3 convenes regularly at various levels (e.g. plenary, interagency, outreach) to discuss and strategise financial sector response to climate change. In Thailand, the Thailand Taxonomy Board was established to develop the Thailand Taxonomy, a classification system of economic activities deemed as environmentally sustainable. The Board is comprised of agencies from both the public and private sectors, with sponsorship from the International Finance Corporation (IFC), and the Climate Bonds Initiative (CBI).

## IGF products

IGF products available in most AMS include mainly green credit and green bonds. By the end of 2023, outstanding green credit accounted for approximately 4.5 percent of total loans in Viet Nam, primarily directed towards renewable and clean energy sectors (accounting for nearly 45 percent) and green agriculture (around 30 percent). Additionally, loans assessed for environmental and social risks represented over 20 percent of total outstanding credit in the economy. In 2023, the value of sustainable bonds (i.e. green, social, blue and sustainability bonds) in the Philippines was \$4.42 billion, PHP 256.69 billion, while the value of green bonds was \$1.52 million in Cambodia.

## IGF for SMEs

In Malaysia, BNM and SCM have taken significant steps to support SMEs in accelerating their transition to greener practices and building climate resilience. BNM's Low Carbon Transition Facility (LCTF) and High Tech and Green Facility (HTG), with a combined fund total of MYR 3.1 billion, provide concessionary financing for SMEs to adopt and enable others to transition towards greener and more resilient practices. By the end of 2023, both facilities had approved more than MYR 1.2 billion combined in financing, enabling more than 550 SMEs to begin adopting sustainable and low-carbon practices.

Also in Malaysia, JC3 created a dedicated SME Focus Group (SFG) to provide a more targeted focus and strategy, with the aim of accelerating the transition and adoption of sustainable practices and business models by SMEs. The JC3 SFG has delivered several key initiatives for SMEs, such as the Environmental, Social and Governance (ESG) Jumpstart Portal, a one-stop online information hub for SMEs to access foundational information, resources, tools and guidance to jump-start their sustainable journey. Pilot projects such as the Greening Value Chain programme (GVC) were also introduced to support transition efforts by SMEs. The GVC pilot programme employs a blended approach of facilitation to SMEs, comprising technical training, and access to measurement and reporting tools as well as to financing (e.g. Low Carbon Transition Facility). The programme has supported more than 400 SMEs in domestic supply chains in measuring and reporting their GHG emissions.

Additionally, the SCM has improved ESG data availability among SMEs in Malaysia. In 2023, its affiliate Capital Markets Malaysia (CMM) released the Simplified ESG Disclosure Guide (SEDG) to help SMEs meet disclosure expectations within global supply chains, making Malaysia the first country to offer such standardized guidelines.

## Challenges for financial inclusion progress

Despite the progress among AMS in financial inclusion, challenges remain. While DFS such as payments greatly enhance financial access, they also present ongoing risks such as online scams, fraud and cybersecurity threats. Advanced technologies, such as artificial intelligence and deepfakes, have increased the risk of scams and cyberattacks, requiring FSPs to strengthen their safeguards. Another challenge is the 'painless payment' phenomenon, where easy access to online shopping coupled with the rise of buy-now-pay-later (BNPL) schemes may lead to over-indebtedness among consumers. Furthermore, vulnerable segments continue to face barriers to accessing and using DFS, such as the digital divide and digital literacy, highlighting the need for more inclusive solutions and digital literacy programmes.

Most MSMEs continue to face difficulties obtaining traditional financing because they often lack significant collateral, seek different loan amounts, and struggle to meet the requirements or repay the loans on time. In addition, many MSMEs still remain in the informal sector. A key challenge in expanding credit accessibility within the formal financial system to MSMEs and other key target groups is doing so at a reasonable cost while at the same time ensuring responsible lending and borrowing practices.

Uptake beyond basic savings accounts remains low, such as for insurance products. Uptake of insurance is on the decline among some AMS. This is mainly due to the limited availability of affordable insurance products in the market and a knowledge gap and a lack of awareness of the importance of risk protection, also indicating the need for financial capability programmes. Additionally, some vulnerable groups, such as those in remote areas and persons with disabilities, (PWDs), face additional challenges in accessing these services, requiring targeted interventions to encourage broader adoption.

There are data gaps, particularly related to green finance metrics, fraudulent and criminal financial activities and climate-related risks. It was difficult for the AMS to collect data on many of the new proposed IGF indicators because this data was not readily available. In addition, many of the AMS are in the nascent stages of developing IGF policies, programmes and products. Lastly, some AMS collect data on the indicators on a biennial basis, making it difficult to report annually on these indicators.

BRUNEI  
DARUSSALAM

CAMBODIA

INDONESIA

LAO PDR

MALAYSIA

MYANMAR

PHILIPPINES

THAILAND

VIET NAM



# Brunei Darussalam

## Financial inclusion in Brunei Darussalam

As of 30 June 2023, access to financial services remained strong, with 92.84 percent of the adult population maintaining an active account with at least one financial institution – a bank, the Islamic trust fund, finance company, life insurance company or family takaful operator, or non-life/general insurance company or takaful operator. Specifically, 86.69 percent of the adult population hold accounts with banks and the Islamic trust fund, totalling to 306,800 unique accounts, a 3.79 percent increase from the previous year. In terms of active credit facilities, 35.71 percent of the adult population have loans/financing with a bank, the Islamic trust fund or a finance company. The most common types of credit facilities are motor vehicle loans/financing, followed by personal loans/financing and credit cards.

The distribution of banking facilities remains concentrated in the Brunei-Muara district, the most populated district and centre of economic and financial activities. To maintain accessibility, financial services are available across all four districts, with a total of 51 bank branches, including head offices, 112 single-function machines such as ATMs, cash deposit machines (CDMs), and cheque deposit machines (CQMs), and 74 multifunction machines. In addition to these physical banking options, the financial sector has expanded access through digital channels such as internet and mobile banking, ensuring the widespread availability of essential financial services.

## Financial infrastructure

Brunei Darussalam Central Bank (BDCB) operates real-time gross settlement (RTGS) and automated clearing house (ACH) systems to facilitate the clearing and settlement of interbank fund transfer transactions, with the RTGS system handling real-time settlement of large and urgent payments, while the ACH system processes lower-value payments.

In 2023, the number of direct credit transfer transactions through RTGS decreased by 31.9 percent year-on-year to 230,180, while the number of ACH transactions grew by 29.8 percent, with a total of 690,497 transactions. This is likely due to some banks reinstating their RTGS charges to consumers in the second half of 2023, while charges for the ACH system continued to be waived or reduced by some banks, leading to customers favouring ACH system for non-urgent payments.

As one of the flagship projects under the national Digital Economy Master Plan, BDCB is collaborating with the National Digital Payments Network Sdn Bhd (ndpx) on the Digital Payments Hub (DPH) project. This initiative aims to establish an instant retail payment hub that enables individuals and businesses to send and receive funds seamlessly across banks, digital wallets and other financial service platforms. As part of this project, an assessment was conducted in 2023 to ensure that the payment services provided by these system providers are safe and reliable, and meet regulatory requirements including compliance, governance, financial and risk management frameworks. Active discussions are also under way to develop national QR code standards for secure and interoperable digital payments. These efforts support the broader goal of enhancing financial inclusion by providing access to more affordable and efficient payment options.

Brunei Darussalam has also made notable progress in developing its fintech ecosystem to enhance access to financial services. In 2023, BDCB initiated efforts to establish a fintech association aimed at fostering collaboration among fintech industry stakeholders, while the Fintech Innovation Centre sought to create a supportive environment for financial technology solutions through co-working spaces, community initiatives and regulatory guidance. These initiatives align with the White Paper on the State of Fintech and are expected to enhance access to affordable and inclusive financial services across the country.

## Market conduct and consumer protection

Since its establishment in 2012, the Credit Bureau has supported financial inclusion by helping financial institutions assess borrowers' creditworthiness using both traditional and non-traditional data sources. The introduction of the self-inquiry report (SIR) and dispute resolution service further empowered consumers by providing access to their own credit information, helping them better understand and manage their financial health.

As of December 2023, the Credit Bureau had 17 reporting data providers, comprising both financial and non-financial institutions, government agencies and telcos. The total number of credit reports generated increased by 15.12 percent from 81,438 in 2022 to 94,307 in 2023. Of these, 96.21 percent of credit reports were requested by consumers and 3.79 percent were for commercial entities. Most reports were used for new credit applications, particularly for hire purchase, personal loans/financing and credit cards. A total of 3,646 SIRs were generated in 2023 compared to 3,083 in 2022, reflecting an 18.26 percent increase. Some 99.59 percent of the SIRs generated were from online applications.

As part of BDCB's initiative to enhance MSMEs' access to finance, reforms were introduced to modernize Brunei Darussalam's secured transactions framework, leading to the establishment of a Collateral Registry. Operational since 2016, the Collateral Registry has served as a national electronic platform for registering security interests over movable assets and identifying the parties holding such claims. It allows individuals and businesses to use personal property as collateral, thereby expanding financing options beyond traditional forms of lending. As of December 2023, 33 institutions – including banks, finance companies, law firms and businesses – had registered as users. Registered collateral mostly consisted of motor vehicles (85.2%), followed by general collateral (10.6%) and other movable assets (4.3%). In terms of usage, 3,860 registry searches were conducted, an increase from 3,783 in 2022, reflecting growing reliance on the system to support secure and inclusive credit access.

To strengthen financial consumer protection, BDCB introduced the Notice for the Establishment of a Complaints Handling Function Within Financial Institutions, requiring financial institutions to set up formal mechanisms to manage consumer complaints. These mechanisms must offer accessible, affordable, fair and timely redress for issues related to financial products and services, or institutional conduct.

In parallel, BDCB maintains an Alert List, which identifies individuals or entities that may be wrongly perceived as licensed, authorized or regulated by BDCB. As of 31 December 2023, a total of 236 unauthorized companies and individuals were listed in the Alert List, of which 62 were added in 2023. Most of the cases received were investment-related, followed by moneylending and foreign exchange-related investment activities.

In 2023, BDCB also introduced several initiatives to enhance market conduct and protect consumers in the financial sector, including a Notice on Selling and Offering of Complex Securities, which limits their sale to sophisticated investors only. Additionally, the Guidelines on Product Development and Pricing ensure fair design and pricing of insurance products, while the Notice on Investment-Linked Insurance Business (ILIB) mandates insurers to provide accurate information and fair treatment to policyholders. The Guidelines on Online Distribution safeguards consumers engaging in online insurance transactions, reinforcing BDCB's commitment to a transparent, fair and accountable financial system.

## Financial literacy and capability

BDCB has remained active in promoting financial literacy in Brunei Darussalam, recognizing the importance of having financially informed and empowered residents. Efforts are dedicated to the publication of various awareness materials and the delivery of targeted programmes.

Throughout the year, BDCB published various types of financial literacy materials to cater to different segments of the population, including social media posts, awareness videos, radio ads, television tickers and booklets. The materials encompassed a wide range of topics from the core responsibilities of BDCB to financial management topics such as savings, debt management, takaful/insurance, investment and financial consumer protection.

BDCB continues to offer financial literacy workshops and courses designed to empower participants with essential knowledge and skills to make sound financial decisions, particularly on financial planning, budgeting, inflation, debt management, takaful/insurance, investments, financial scams awareness and understanding the Brunei currency. These modules and courses were delivered to the public, private sector and educational institutions.

In addition, BDCB successfully organized various programmes that were carried out in conjunction with key financial literacy events, such as National Financial Literacy Day, World Investor Week and ASEAN Savings Day. During these events, BDCB issued numerous social media posts and videos, as well as organized several competitions. These programmes were designed to equip participants with relevant knowledge and skills in central banking and financial management. The success of these programmes was achieved through collaborations with BDCB's stakeholders, particularly government agencies, financial institutions and associations.

## Way forward

Cyberthreats and increasing incidents of fraud – particularly financial scams that involve investment schemes/foreign exchange and moneylending services – continue to pose significant risks to the financial standing of individuals and their confidence in financial institutions. In response, BDCB has continued to reinforce its risk management frameworks, enhance reporting mechanisms and strengthen public-private collaboration.

On the digital front, Brunei Darussalam 's active participation in regional cross-border payment initiatives is paving the way for more efficient, affordable and inclusive payment systems across ASEAN, enhancing regional economic integration and access to financial services.

BDCB remains committed to expanding DFS to improve access, particularly for the underserved population in Brunei Darussalam. Looking ahead, key initiatives include the official launch of the Tarus instant payment system by the National Digital Payments NetworkSdn Bhd (ndpx), which will support a more efficient domestic payment system and facilitate cross-border payments, boosting regional connectivity and financial inclusion. The adoption of technologies such as e-KYC (electronic Know Your Customer) by payment service providers is expected to simplify digital onboarding, making financial services more accessible and efficient. At the same time, the growing interest from fintech companies offering innovative solutions is expected to further broaden access to DFS across various sectors.

To ensure secure digital transactions and foster public trust, relevant authorities are working together to further strengthen the legislative framework, including data protection laws. In conclusion, Brunei Darussalam has made significant progress in advancing financial inclusion through its continued commitment to financial literacy, digital finance and a supportive regulatory framework, all contributing towards achieving Brunei Vision 2035.

INDICATORS	LIST OF QUANTITATIVE OBSERVATIONS	2018	2019	2020	2021	2022	2023
		<b>Access indicators</b>					
<b>Points of service</b>	Number of branches per 100,000 adults	15	15	14	14	13	13
	Number of ATMs per 100,000 adults	69	68	70	74	70	64
	Number of POS terminals per 100,000 adults	N.A.	10,574	N.A.	N.A.	N.A.	1,567
<b>Access points</b>	Number of access points per 100,000 adults at a national level	N.A.	N.A.	N.A.	89	83	83
<b>Connectivity</b>	Access to the Internet (percentage of adults aged 18+ with Internet access anywhere)	95%	95%	N.A.	95%	95%	98%
	Mobile phone penetration (number of active mobile phones per 100,000 population)	120 796	129 119	125 000	132 139	128 491	160 312
<b>Usage indicators</b>							
<b>Adults with an account</b>	Percentage of adults who report having an account at a commercial bank (age 15+) <sup>4</sup>	81.8%	78.6%	81.0%	85.0%	82.9%	86.69%
	Percentage of adults who report having an account with a formal financial institution or mobile money provider (age 15+) <sup>5</sup>	86.3%	N.A.	83.6% M: 55.0% F: 30.5%	89.9% M: 48.9% F: 40.9%	88.9%	
<b>Savings</b>	Number of deposit accounts with commercial banks or deposit-taking institutions per 100,000 adults	146 332 M: 275 541 F: 312 057	159 181 M: 296 660 F: 343 501	181 282 M: 338 825 F: 389 881	211 213 M: 400 904 F: 446 389	204 687	217 846 M: 107 528 F: 110 318
<b>Credit</b>	Number of loan accounts with commercial banks per 100,000 adults	119 761	112 456	108 515	80 684	69 979	70 556 M: 38 911 F: 26 635
<b>Payments</b>	Number of debit cards per 1,000 adults	1 197	1 394	1 590	1 661	2 027	2 062
<b>Insurance</b>	Number of insurance policyholders per 100,000 adults (coverage of this insurance usage indicator includes only term, whole-life, endowment and investment-linked insurance policies)	34 784	29 542	28 576	28 563	28 001	30 191 Life/ family: 21 251 Non- Life: 8 940

4 Based on supply-side financial inclusion data.

5 Based on demand-side financial inclusion data using the World Bank Findex methodology.

INDICATORS	LIST OF QUANTITATIVE OBSERVATIONS					
	2018	2019	2020	2021	2022	2023
<b>Quality indicators</b>						
Remittance costs as a proportion of the amount remitted <sup>6</sup>	N.A.	4%	4%	N.A.	N.A.	N.A.
1. Existence of third-party complaint-handling entity (persons) <sup>7</sup>	N.A.	70	70	72	N.A.	N.A.
2. Number of complaints per 100,000 bank accounts	N.A.	350	369	77	722	1,162
3. Percentage of resolved complaints					99%	100%
Percentage of borrowers who are more than 30 days late with a loan repayment	3.6%	3.8%	5.2%	3.7%	3.9%	3.9%
<b>Inclusive growth indicators</b>						
Proportion of population living below national poverty line	N.A.	N.A.	3.6%	N.A.	N.A.	N.A.
Annual growth rate of real gross domestic product (GDP) per capita		2.8%	0.2%	3.8%	N.A.	N.A.
Number of student/educational loans		44	30	24	24	24
Proportion of population living in households with access to basic services				100%	100%	100%
Proportion of population with access to electricity		99.9%	99.9%	99.9%	100%	100%
Proportion of population with primary reliance on clean fuels and technology		100%	100%			100%
Number of MSME loans from banks				2,131	2,312	2,465
Value of MSME loans from banks (BND)				332 million	335.8 million	357.2 million
Proportion of population covered by social protection floors/systems		36.9%	38.5%			N.A.
Unemployment rate		6.9% F: 8.3% M: 6.0%	8.4%	4.9% F: 6.4% M: 3.9%	5.2%	5.2%
Remittance costs as proportion of amount remitted		4%	4%	3.5%		2.3%
<b>Outcome and impact indicators</b>						
Percentage of adults using at least one formal financial service			86%	89.9%	88.9%	92.8%
Number of legal, policy or de facto barriers to financial inclusion removed or addressed			25	22	23	32
Percentage of women using at least one formal financial service			92%	87%	N.A.	N.A.
Percentage of youth with an account				84%	N.A.	N.A.
Average national growth rate	2%	2.6%	-0.70%	-1.6%	-1.6%	1.4%

6 Within the range of BND 250 to BND 300.

7 The number of complaint-handling officers from all licensed financial institutions – i.e. banks, finance companies, takaful operators, insurance companies, money changers and remittance companies.

**TABLE 5:**  
**Financial capability indicators, Brunei Darussalam**

INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
<b>Governance / coordination</b>	Pre-formulation	Number of stakeholders / key priority target groups identified	12/4	12/4	14/4
	Formulation	Formation of a financial capability working group	4	4	4
	Formulation	Number of quarterly meetings held by the financial capability working group	1	0	3
	Formulation	Percentage of stakeholders at regulatory level that develop an action or implementation plan for financial education	83%	83%	86%
	Implementation	Number of stakeholders at regulatory level that execute the action or implementation plan for financial education	N.A.	66.7%	71.4%
<b>Enabling environment</b>	Pre-formulation	Number of draft policies to promote financial capability	2	2	2
	Formulation	Number of policies developed to promote financial capability (e.g. NFIS, consumer protection frameworks/policies, policies promoting inclusion of specific marginalized segments)	13	14	20
	Formulation	Number of meetings with the Ministry of Education to promote the integration of financial education into the national curriculum	2	0	4
	Implementation	Number of schools that integrate financial education-ed into the curriculum	100%	100%	100%
<b>Policy alignment</b>	Pre-formulation	Number of key terms defined at national level (e.g. financial capability, financial education, financial literacy)	2	2	2
	Formulation	Establishment of policy priority to develop a National Financial Education Strategy (NFES) or prioritize financial education in an NFIS	4	4	4
	Implementation	Number of quarterly meetings held by the financial capability working group to discuss NFES target/outcomes	1	2	5
<b>Regional collaboration</b>	Pre-formulation/ formulation	Number of virtual workshops to learn from countries at a more advanced stage of developing or implementing an NFES	9	2	3
	Implementation	Number of virtual workshops to share lessons learned with countries at a less advanced stage of developing or implementing an NFES	4	1	1
<b>Supply-side mapping</b>	Pre-formulation	Number of existing initiatives identified that promote financial capability	12	12	N/A
	Pre-formulation	Number of government programmes identified to reach each target group (touch points)	N.A.	13	16
	Formulation	Number of stakeholders identified during the supply-side mapping that form part of the financial capability working group	N.A.	4	5
<b>Demand-side diagnostic</b>	Pre-formulation	Number of secondary sources that measure levels of financial capability within the country	N.A.	N.A.	N.A.
	Pre-formulation	Number of key target groups identified that have low financial capabilities	N.A.	N.A.	6
	Pre-formulation	Number of proposals reviewed to conduct a national financial capability survey	N.A.	N.A.	N.A.
	Formulation	Number of policies and programmes developed from national financial capability survey results	N.A.	N.A.	N.A.

BRUNEI DARUSSALAM	CAMBODIA	INDONESIA	LAO PDR	MALAYSIA	MYANMAR	PHILIPPINES	THAILAND	VIET NAM
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INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
<b>Financial knowledge</b>	All stages	Arithmetic score as per national definitions; percentage of adults who know definition of basic financial terms (i.e. importance of saving in a bank account, has a bank account, borrows responsibly, plans ahead, knows how to access and use the best financial services, etc.)	N.A.	N.A.	N.A.
<b>Financial skills</b>	All stages <sup>8</sup>	Percentage of adults who are able to use an account at a bank or financial institution without help if opened	N.A.	N.A.	N.A.
<b>Financial behaviour</b>	All stages	Percentage of adults coming up with emergency funding in 30 days, possible and not difficult at all (disaggregated by sex, age and geographic location)	N.A.	N.A.	N.A.
		<ul style="list-style-type: none"> <li>• Female,</li> <li>• Male</li> </ul>	N.A.		
		<ul style="list-style-type: none"> <li>• 15–24 years (youth)</li> <li>• 25+ years (adults)</li> </ul>	N.A.		
		<ul style="list-style-type: none"> <li>• Poorest 40%</li> <li>• Richest 60%</li> </ul>	N.A.		
		<ul style="list-style-type: none"> <li>• Rural,</li> <li>• Urban</li> </ul>	N.A.		
		<ul style="list-style-type: none"> <li>• Out of labour force</li> <li>• In labour force</li> </ul>	N.A.		
	All stages	Main source of emergency funding (%)	N.A.		
		<ul style="list-style-type: none"> <li>• Family or friends</li> </ul>	N.A.		
		<ul style="list-style-type: none"> <li>• Loan from bank, employer or private lender</li> </ul>	N.A.		
		<ul style="list-style-type: none"> <li>• Sale of assets</li> </ul>	N.A.		
		<ul style="list-style-type: none"> <li>• Savings</li> </ul>	N.A.		
		<ul style="list-style-type: none"> <li>• Work</li> </ul>	N.A.		
		<ul style="list-style-type: none"> <li>• Other</li> </ul>	N.A.		
	All stages	Percentage of adults who save for old age (disaggregated by sex, age and geographic location)	N.A.		
		<ul style="list-style-type: none"> <li>• Female</li> <li>• Male</li> </ul>	N.A.		
	<ul style="list-style-type: none"> <li>• 15–24 years (youth)</li> <li>• 25+ years (adults)</li> </ul>	N.A.			
	<ul style="list-style-type: none"> <li>• Poorest 40%</li> <li>• Richest 60%</li> </ul>	N.A.			
	<ul style="list-style-type: none"> <li>• Rural</li> <li>• Urban</li> </ul>	N.A.			
	<ul style="list-style-type: none"> <li>• Out of labour force</li> <li>• In labour force</li> </ul>	N.A.			
<b>Programme level</b>	Implementation	Percentage of stakeholders integrating financial education at the programme level	N.A.		93%
	Implementation	Percentage of stakeholders using digital channels for financial education	N.A.		76%
	Implementation	Percentage of outcomes achieved at programme level	N.A.		

8 No data available from the Global Findex Database (World Bank) for Brunei Darussalam for the financial skills and financial behaviour indicators.

**TABLE 6:**  
**MSME finance indicators, Brunei Darussalam**

INDICATOR CATEGORY	INDICATOR	2022	2023
Access to finance	Standardized definitions of MSMEs [yes/no]	Yes	Yes
	Percentage of MSME loans in total banking system loans	5.3%	5.0%
	Percentage of MSMEs with account at financial institution	3.8%	3.7%
	Share of new MSME lending as a percentage of total loans	2.6%	0.3%
	Percentage of MSME borrowers with collateral	89.8%	91.1%
	Interest rate spread between small and large enterprises		
	Number of SMEs with deposit accounts		
	Number of moveable collateral registries		
	SME financing gap		
	QR systems [yes/no]		
Usage	Percentage of MSMEs that report using an account at a financial institution		
	Percentage of MSMEs that report using a mobile account		
	Number of MSME loans/MSME borrowers		
	Percentage of MSMEs with outstanding loan or credit		
	Value of MSME loans	335.8m	357.2m
	Volume of digital payments for MSMEs		
Public support for MSME finance	Number of policies/strategies that prioritize MSMEs as a key target group (NFIS/NFES)		
	MSME loan guarantee as a percentage of MSME loans		
	MSME loan guarantees (value)		
	MSME direct government loans/loan funds (BND billions)		
	Number of tax incentives for MSMEs	3	
Digital finance/ alternative finance	Number of pre-shipment export guarantee funds for export-based MSMEs		
	P2P lending (volume, percentage share of total loans)		
	Venture and growth capital investments (volume, percentage of total financing)		
	Leasing and hire purchases (volume, percentage of total financing)		
	Factoring and invoice discounting (volume, percentage of total financing)		
Coordination	Number of MSME-related products/services being tested in regulatory sandbox	2	2
	Number of working groups for MSMEs		
	Number of regulatory meetings focused on MSMEs annually		
	Number of capacity-building sessions for regulators/FSPs on MSME finance		
Collaboration	Number of ministries working together to promote financial inclusion of MSMEs		
	Number of policy dialogues, roundtables, forums on MSME topics <sup>9</sup>		
	Number of partnerships with MSME-focused organizations/business associations		
Collaboration	Number of partnerships with fintechs, mobile money operators (MMOs), telcos, e-commerce platforms, digital payment providers		

9

These can serve as platforms for sharing best practices, guidelines and frameworks in areas such as protection and security of cross-border data flows, competition, taxation, trade and logistics infrastructure.

BRUNEI DARUSSALAM	CAMBODIA	INDONESIA	LAO PDR	MALAYSIA	MYANMAR	PHILIPPINES	THAILAND	VIET NAM
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INDICATOR CATEGORY	INDICATOR	2022	2023
Financial capabilities	Percentage of MSMEs with non-performing loans (i.e. 90 days)	13.4%	9.3%
	Percentage of MSMEs that have at least one formal financial service		
	Number of government programmes to promote financial and digital financial capabilities of MSMEs		
Gender	Number of loans to women-owned MSMEs		
	Percentage of women MSMEs that have at least one formal financial service <sup>10</sup>		
	Value of loans to women-owned MSMEs		
	Percentage of women MSME loans in total banking system		
	Number of partnerships with female-focused organizations/women's business associations		
	Percentage of non-performing loans from women-owned MSMEs		

**TABLE 7:**  
**Inclusive green finance indicators, Brunei Darussalam**

INDICATOR CATEGORY	INDICATOR	2023
Access to finance	# standardized definitions/taxonomies for IGF	
	% achievement of objectives in ASEAN Taxonomy for Sustainable Finance	
	% of focus sectors reached in ASEAN Taxonomy for Sustainable Finance	
	# of use cases of IGF products, activities or interventions	
	% of population with access to IGF products (e.g. green savings, credit for green purposes/resilience building; green insurance, green bonds/investments)	
	Higher loan to value ratios for green homes and/or energy investments for MSMEs	
Usage	% of population using IGF products (savings, credit, insurance, bonds/investments)	
	% of population using financial products for climate change events	
	Value of IGF products	
	Relative size of green finance penetration	
	Volume of digital payments for IGF products	
Public support for IGF	# of national policies/strategies that prioritize IGF	2
	# of national programmes that prioritize IGF (e.g. social protection, financial education)	
	# sustainable finance roadmaps/principles	1
	# risk management guidelines	
	# adjusted risk management and reporting requirements relative to loan size	
	# tiered sustainability disclosure requirements	
	# regulatory incentives for green sectors	
	IGF loan guarantees as % of total loans	
IGF loan guarantees (value)		
Collaboration / coordination	# Working Groups for IGF	
	# public-private partnerships for IGF	
	# regulatory meetings, forums, roundtables, etc. focused on IGF	
	# capacity building sessions for regulators on IGF	
	# capacity building sessions for private sector on IGF	

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This is revised from the current indicator of percentage of women MSMEs enabled through financial inclusion.

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LAO PDR

MALAYSIA

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PHILIPPINES

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# Cambodia

## Overview of key achievements in financial inclusion

Financial inclusion plays a key role in alleviating poverty and fostering future economic progress as prudent use of financial services has been shown to increase household income, particularly for families with financially educated women as the heads of households. NBC, in conjunction with the NFIS 2019–2025, has been making progress towards improving financial inclusion through expanding operations and creating new products in response to market demands, promoting financial literacy through various initiatives, strengthening transparency in the provision of financial services, and developing favourable financial infrastructure that enables the public to quickly access and use formal financial services at a reasonable cost and with legal protection. NBC has also worked closely with pertinent national and international stakeholders to advance financial inclusion in Cambodia and held a workshop on implementation of the NFIS for stakeholders to promote efficient cooperation and implementation of the action plans.

## Progress in access, usage and quality of financial inclusion

The access ecosystem has continued to grow steadily when compared to the base year of 2017. This covers all access points, including branches, ATMs, POS systems, mobile money agents and more. ATMs continued to see the biggest growth, with mobile money agents close behind. Furthermore, there are now more ATMs per 100,000 adults. Consequently, the total number of access points nearly doubled from 445 to 929 compared to the reference year.

In 2023, every usage indicator showed growth. The most notable progress in terms of financial inclusion usage is more than a doubling of the proportion of adults in Cambodia who have an account at a bank as compared to the previous year (from 14.73 percent in 2022 to 30.46 percent in 2023). The number of registered mobile money accounts and transactions (from 4.2 million per 100,000 adults to 5.3 million per 100,000 adults) and the number of deposit accounts (from 138,669 to 174,599 per 100,000 adults) both increased by 26 percent, demonstrating the growing acceptance of mobile payments, particularly with the recently launched 'Bakong' backbone payment platform coupled with the use of more traditional accounts.

Due to prolonged impacts of the COVID-19 pandemic, geopolitical uncertainties and conflicts on Cambodia's economy, the quality benchmark has revealed a continued increase in the number of customers who are 30 days past due on loan repayment. Despite the impact of COVID-19 and slow economic recovery on customers, the volume of customer complaints has stayed under control.

Since 2017, there has been a discernible improvement in inclusive growth. In particular, the GDP growth rate increased by 5.5 percent annually in 2023, and the unemployment rate has remained minimal as well.

## Progress in financial capability

On an ongoing basis, several initiatives have shown progress in financial capability, which are:

- Dissemination workshops on the 'Microfinance Sector in Cambodia'.
- Cooperation with the Ministry of Education, Youth and Sport (MoEYS) on integrating financial literacy into Cambodia's national curriculum for grades 1 to 12, which is nearing the final stage of implementation.
- Cooperation with the Ministry of Women's Affairs (MoWA) to finish the 'Financial Literacy for Women and Women Entrepreneurship' project, focusing on women entrepreneurship and aimed at training female trainers in schools and enabling them to share financial knowledge to their communities.
- In partnership with AFI, there are also initiatives to develop a financial literacy road map and sex-disaggregated data-collection framework to promote financial inclusion in Cambodia and contribute to the implementation of the NFIS 2019–2025. The approved projects focus on consumer protection and market conduct, DFS, financial inclusion data and sex-disaggregated financial inclusion.
- A project with Good Return targeting adults, rural women and women entrepreneurs. NBC worked with Good Return on the 'Let's Talk Money: Little by Little' campaign to promote financial literacy through a series of short educational videos, radio shows and face-to-face trainings with garment workers and women entrepreneurs. The second phase of this campaign was launched in December 2021 and focuses on the importance of intensive thinking, selection of financial products and services, awareness of rights and obligations, and joint decision-making between men and women in the family. The campaign was conducted via three main channels, including social media broadcasting of four short educational videos; radio broadcasting with participation from audiences and experienced speakers on financial education; and face-to-face trainings with female garment workers, especially those who are working in the capital.

## Progress in consumer protection

Additionally, as part of its consumer protection mission, NBC has been improving its complaint-handling system and promptly and consistently addressing complaints from bank and financial institution customers via its hotline phone lines. There were 578 complaints/seeking information and inquiries in 2023, an increase to some extent from 2022. Of these, 565 cases were resolved, while the other cases remain in process. Additionally, NBC has been enhancing the skills of hotline officers by holding knowledge-sharing sessions regarding the development of the banking and financial industry in Cambodia and creating a document called 'Supportive Materials for Hotline Officers' to educate officers on how to respond to complaints correctly and consistently. To guarantee the efficiency and equity of market conduct, NBC has been fortifying the process for handling and resolving bank and financial institution complaints.

Promotion of the microfinance sector has also been a top priority for NBC. Its goal is to increase public awareness of the microfinance sector, including its advantages, financial services knowledge, NBC's role in the sector, and the duties and responsibilities of local authorities. The MFI Awareness campaign, which reached specified districts and provinces in Cambodia six times in 2023 – twice at provincial level and four times at district level – aims to prevent the public from becoming overly indebted and to improve their standard of living.

## Progress in DFS

Cambodia's payment system has advanced dramatically and transformed into a digital platform in response to shifting consumer preferences for cutting-edge, practical, secure and reasonably priced payment services. Through the development of payment infrastructure and a regulatory framework, and collaboration with pertinent stakeholders, these accomplishments have fostered a favourable environment and encouraged the growth and application of fintech to support the innovation of payment systems. As the need for digital payments has grown since the COVID-19 pandemic, one significant achievement is the Bakong system, which serves as the backbone payment system in Cambodia and aims to achieve full interoperability for the payment system, either domestically or regionally.

To ensure sustainable development, authorities and stakeholders must carefully manage technological risks and the degree of digital financial literacy, even though fintech presents many innovative opportunities for payment systems and payment services. As such, NBC is in the process of creating a regulatory framework that promotes digital financial literacy and improves the security of using digital payment services to reduce risk and safeguard consumer interests.

## MSME finance

Since MSMEs create 70% of all jobs in Cambodia, they are the foundation of the nation's economy (Annual Report 2018 of Ministry of Industry, Science, Technology and Innovation). According to a 2020 Open Development Cambodia study, MSMEs in Cambodia are categorized into three main sectors: manufacturing, services and trading (wholesale and retail), as well as production (agricultural processing, manufacturing and mining).

In 2023, the proportion of SME loans compared to total loan outstanding amounted to nearly 26 percent, a large contribution to the growth of the sector that demonstrates a significant commitment from formal financial institutions to provide more formal access to finance for SMEs. However, the proportion of overdue loans shows a concerning figure of around 5.64%.

On the policy side, rather than depending entirely on foreign direct investment, the Royal Government of Cambodia (RGC) has taken important steps to diversify the economy and support SMEs as a key pillar of economic growth. These include:

- New tax and Customs incentives for SMEs (such as 0% income tax for three years for newly established businesses or from the date of tax registration update for existing businesses, etc.) and milled rice exporting businesses;
- An SME Bank for financing;
- The Techo Startup Center and Khmer Enterprise to assist entrepreneurs;
- A Skills Development Fund to empowering human resources; and more.

Promoting productivity, technology and innovation; encouraging entrepreneurship and the development of human capital; improving the MSME policy and regulatory environment; enhancing foreign market access and internalization; and increasing access to finance are the objectives of the Small and Medium Enterprise Development Policy and Five-Year Implementation Plan (2020–2024).

Many obstacles still exist and mandate additional work and dedication from pertinent parties, despite the numerous initiatives put in place to support SMEs. These challenges include issues with technical expertise and knowledge, financial accessibility, lack of assistance and facilitation, rivalry in domestic and international markets, and MSMEs' informality.

## IGF

Cambodia is still at an early stage of IGF development. NBC has been actively involved in the process of developing initiatives and launching several strategies to promote sustainable financing, in line with the Royal Government's development strategy, which has identified energy, climate and the environment as priority policy agenda, as reflected in 'Cambodia Climate Change Strategic Plan 2014–2023', 'Pentagon Strategy Phase 1' and 'The Circular Strategy on Environment 2023–2028'.

The Association of Banks in Cambodia (ABC), in collaboration with the Ministry of Environment and NBC, adopted the Cambodian Sustainable Finance Initiative (CSFI) in 2016 to develop and strengthen finance sector safeguards and risk management standards on social and environmental impacts. The initiative has taken a bottom-up approach led and owned by the banks to develop and design environmental and social standards appropriate for Cambodia's national context. In 2019, ABC published the Cambodian Sustainable Finance Principles Implementation Guidelines.

In 2023, NBC and United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) co-developed a Sustainable Finance Roadmap that aims to align Cambodia's financial system with its broader sustainable development goals, specifically addressing climate change, promoting environmental sustainability, and including considerations to enhance economic and social well-being.

The formulation of a Sustainable Finance RoadMap will provide the Cambodian government and major private-sector entities, such as banks, with a clear framework outlining the necessary policies, regulations and systems to operationalize sustainable finance. This includes directing green finance and investments towards climate action initiatives. Sustainable finance road maps typically set forth priorities and targets while identifying the requisite policies and regulatory frameworks needed to implement these strategies effectively. Additionally, they advocate for the establishment of robust monitoring and reporting mechanisms to track progress against climate targets and assess financial risks associated with climate change, thereby enhancing transparency in measuring progress.

NBC has formed a partnership with the (IFC) to develop the Cambodia Green Finance Taxonomy, a national taxonomy of green assets that aims to help Cambodia transition to a green economy. The taxonomy will help the country address climate change and create a supportive financial ecosystem for green investment. It is expected to be completed by 2025.

## Way forward

Cambodia remains committed to working with development partners and private-sector market participants, as well as collaborating closely with pertinent stakeholders to enhance the financial inclusion agenda. This will help to improve the timely and effective implementation of the NFIS 2019–2025 and the current M&E framework. It is critical to utilize fintech to its fullest potential – given the speed at which technology is developing, particularly in payment services – to leverage new opportunities to increase underserved populations' access to financial services in rural areas.

Additionally, the payment system can be further refined to support the digital economy and inclusive growth by facilitating trade and investment and promoting financial inclusion. Digital payments and transfers are seen as the cornerstones of a digital economy and are essential in attracting low-income migrant workers and residents of distant locations to the formal financial sector, where they may obtain financial services simply, cost-effectively and securely. NBC will continue to support the development of the banking system's digital infrastructure, which will help to promote commerce and investments in this digital age, as the pandemic has forced individual and corporate behaviour towards digitalization.

NO.	INDICATORS	2017	2019	2020	2021	2022	2023
<b>Access</b>							
1	Number of branches per 100,000 adults <sup>11</sup>	22	23	24	24	24	25
2	Number of ATMs per 100,000 adults	18	25	28	34	37	49
3	Number of POS Terminals per 100,000 adults	149	478	537	449	268	334
4	Number of mobile money agents or similar financial services agents per 100,000 adults	255	387	428	421	468	532
5	Number of access points per 100,000 adults at a national level	445	913	1017	928	797	929
6	Mobile phone penetration (active mobile phones/total population)	1.18	1.33	1.28	1.31	1.29	1.30
<b>Usage</b>							
7	Percentage of adults who report having an account at a bank	9.7%	12.7%	17.4%	20.6%	14.73%	30.46%
8	Percentage of adults who report having an account at other formal financial institutions or payment service providers <sup>12</sup>	17.4%	27.3%	26.3%	25.8%	22.38%	19.38%
9	Number of deposit accounts with formal financial institutions per 100,000 adults	51 574	71 670	82 575	115 289	138 869	174 599
10	Number of loan accounts with formal financial institutions per 100,000 adults	25 246	28 991	29 630	31 053	33 707	35 888
11	Number of debit cards per 100,000 adults	2 361	5 478	7 267	18 226	40 898	45 663.93
12	Number of registered mobile money accounts per 100,000 adults	16 183	49 075	88 418	123 781	173 870	173 174
13	Number of mobile money transactions (during the reference year) per 100,000 adults	977 830	1 803 502	2 464 181	3 125 707	4 178 544	5 285 688
<b>Quality</b>							
14	Percentage of borrowers who are more than 30 days late with loan payment	2.9%	2.0%	3.2%	3.8%	1.13%	1.86%
15	Number of complaints per 100 bank accounts <sup>13</sup>	0.0113	0.0095	0.0335	0.0032	0.0016	0.0025
<b>Inclusive growth</b>							
16	Annual growth rate of real GDP per capita	4.0%	5.5%	-4.6%	1.29%	2.91%	3.6%
17	Annual growth rate of GDP	7.0%	7.1%	-3.1%	3.0%	5.1%	5.5%
18	Unemployment rate	0.14%	0.15%	0.33%	0.61%	0.70%	0.24%

11 Defined as those who are 18 years old or older.

12 Excluding banks.

13 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.

**TABLE 8:**  
**Financial capability indicators, Cambodia**

INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
<b>Governance/ coordination</b>	Pre-formulation	Number of stakeholders/number of key priority target groups identified	3/5	3/5	3/5
	Formulation	Formation of a financial capability working group	Yes	Yes	Yes
	Formulation	Number of quarterly meetings held by the financial capability working group	4	4	4
	Formulation	Percentage of stakeholders at regulatory level who develop action or implementation plan for financial education	100%	100%	100%
	Implementation	Percentage of stakeholders at regulatory level who achieve at least 50% of goals/activities established in action plan	67%	67%	67%
<b>Enabling environment</b>	Pre-formulation	Number of draft policies to promote financial capability	1	1	1
	Formulation	Number of policies developed to promote financial capability (e.g. NFIS, consumer protection frameworks/ policies, policies promoting inclusion of specific vulnerable segments)	2	2	2
	Formulation	Number of meetings with Ministry of Education to promote integration of financial education into national curriculum	2	2	2
	Implementation	Percentage of schools that integrate financial education into curriculum	N.A.	N.A.	
<b>Policy alignment</b>	Pre-formulation	Number of key terms defined at national level (e.g. financial capability, financial education, financial literacy)	N.A.	N.A.	
	Formulation	Establishment of policy priority to develop NFES or prioritize financial education in NFIS	N.A.	N.A.	
	Implementation	Number of high-level/inter-agency meetings to discuss NFES targets/outcomes with key regulatory stakeholders	N.A.	N.A.	
<b>Regional collaboration</b>	Pre-formulation/ Formulation	Number of virtual workshops to learn from countries in more advanced stage of developing or implementing NFES	N.A.	N.A.	
	Implementation	Number of virtual workshops to share lessons learned with countries in less advanced stage of developing or implementing NFES	N.A.	N.A.	
<b>Supply-side mapping</b>	Pre-formulation	Number of existing initiatives identified that promote financial capability	3	3	3
	Pre-formulation	Number of government programmes identified to reach each target group (touch points)	3	3	3
	Formulation	Number of stakeholders identified during supply-side mapping that form part of the financial capability working group	3	3	3

INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
Demand-side diagnostic	Pre-formulation	Number of secondary sources that measure levels of financial capability within country	1	1	
	Pre-formulation	Number of key target groups identified that have low financial capabilities	5	5	
	Pre-formulation	Number of proposals reviewed to conduct national financial capability survey	N.A.	N.A.	
	Formulation	Number of policies and programmes developed from national financial capability survey results	N.A.	N.A.	
Financial knowledge	All stages	Arithmetic score as per national definitions; percentage of adults who know definition of basic financial terms (i.e. importance of saving in a bank account, has bank account, borrows responsibly, plans ahead, knows how to access and use the best financial services etc.)	N.A.	N.A.	
Financial skills	All stages	Percentage of adults able to use account at bank or financial institution without help if opened	N.A.	N.A.	
Financial behaviour	All stages	Percentage of adults coming up with emergency funding (disaggregated by sex, age, and geographic location)	N.A.	N.A.	
	All stages	Source of emergency funding	N.A.	N.A.	
	All stages	Percentage of adults who save for old age (disaggregated by sex, age, and geographic location)	N.A.	N.A.	
Programme level	Implementation	Percentage of stakeholders integrating financial education at the programme level	67%	67%	67%
	Implementation	Percentage of stakeholders using digital channels for financial education	67%	67%	67%
	Implementation	Percentage of outcomes achieved at programme level	67%	67%	67%

**TABLE 9:**  
**MSME finance indicators, Cambodia**

INDICATOR CATEGORY	INDICATOR	2022	2023
Access to finance	Standardized definitions of MSMEs [yes/no]	Yes	Yes
	% MSME loans in total banking system loans		
	% of MSMEs with account at financial institution		25.80%
	Share of new MSME lending as % of total loans		
	% of MSME borrowers with collateral		
	Interest rate spread between small and large enterprises		
	# of SMEs with deposit accounts		
	# movable collateral registries		
	SME financing gap		
	QR systems [yes/no]		

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INDICATOR CATEGORY	INDICATOR	2022	2023
Usage	% of MSMEs who report using an account at a financial institution		
	% of MSMEs who report using a mobile account		
	# MSME loans/MSME borrowers		695,065
	% of MSMEs with outstanding loan or credit		
	Value of MSME loans		
	Volume of digital payments for MSMEs		47,996,985.04
Public support for MSME finance	# of policies/strategies that prioritize MSMEs as key target group (NFIS/NFES)	10	10
	MSME loan guarantee as % of MSME loans		
	MSME loan guarantees (value)		
	MSME direct government loans/loan funds (Kyat in billions)		
	# tax incentives for MSMEs	3	3
Digital finance/ alternative finance	# of Pre-shipment export guarantee funds for export-based MSMEs		
	P2P lending (volume, % share of total loans)		
	Venture and growth capital Investments (volume, % of total financing)		
	Leasing and hire purchases (volume, % of total financing)		
	Factoring and invoice discounting (volume, % of total financing)		
Coordination	# MSME-related products/services being tested in regulatory sandbox		
	# of Working Groups for MSMEs		
	# of regulatory meetings focused on MSMEs annually		
	# of capacity-building sessions for regulators/FSPs on MSME finance		
Collaboration	# of ministries working together to promote financial inclusion of MSMEs	6	6
	# policy dialogues, roundtables, forums on MSME topics <sup>14</sup>		
	# of partnerships with MSME-focused organizations/business associations		
Financial	# of partnerships with fintechs, MMOs, telcos, e-commerce platforms, digital payment providers		
	% of MSMEs with non-performing loans (i.e. 90 days)		5.64%
	% of MSMEs who have at least one formal financial service		
Gender	# of government programmes to promote financial and digital financial capabilities of MSMEs		
	# of loans to women-owned MSMEs		
	% of female MSMEs who have at least one formal financial service <sup>15</sup>		
	Value of loans to women-owned MSMEs		
	% of female MSME loans in total banking system		
	# of partnership with female-focused organizations /women's business associations		
% of non-performing loans from women-owned MSMEs			
	# of loan funds/ loan schemes targeting women-owned MSMEs		

14 These can serve as platforms for the sharing of best practices, guidelines and frameworks in areas such as protection and security of cross-border data flows, competition, taxation, trade and logistics infrastructure.

15 This is revised from the current indicator of % of female MSMEs enabled through financial inclusion.

**TABLE 10:**  
**Inclusive green finance indicators, Cambodia**

INDICATOR CATEGORY	INDICATOR	2023
<b>Access to finance</b>	# standardized definitions/taxonomies for IGF	0 <sup>16</sup>
	% achievement of objectives in ASEAN Taxonomy for Sustainable Finance	N/A
	% of focus sectors reached in ASEAN Taxonomy for Sustainable Finance	0%
	# of use cases of IGF products, activities or interventions	0
	Higher loan to value ratios for green homes and/or energy investments for MSMEs	N/A
<b>Usage</b>	# of IGF products	1 <sup>17</sup>
	% of population using financial products for climate change events	N/A
	Value of IGF products	\$1.52m
	Volume of digital payments for IGF products	N/A
<b>Public support for IGF</b>	# of national policies/strategies that prioritize IGF	1
	# of national programmes that prioritize IGF (e.g. social protection, financial education)	0
	# sustainable finance roadmaps/principles	0 <sup>18</sup>
	# risk management guidelines	0
	# adjusted risk management and reporting requirements relative to loan size	0
	# tiered sustainability disclosure requirements	N/A
	# regulatory incentives for green sectors	3
	IGF loan guarantees as % of total loans	N/A
IGF loan guarantees (value)	0	
<b>Collaboration/ coordination</b>	# Working Groups for IGF	1
	# public-private partnerships for IGF	2
	# regulatory meetings, forums, roundtables, etc. focused on IGF	0
	# capacity building sessions for regulators on IGF	0
	# capacity building sessions for private sector on IGF	0

16 In 2023, NBC and the International Finance Corporation formed a partnership to develop the national Taxonomy of Green Finance, which is expected to be completed by 2025. The taxonomy includes energy, transportation and building, which covers 50% of focus sectors.

17 Green bonds by one company.

18 NBC is drafting a Sustainable Finance Road map.

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# Indonesia

## Progress in financial inclusion and financial literacy

Indonesia has made substantial progress in enhancing financial inclusion and literacy. Based on the 2023 National Socioeconomic Survey (Susenas), 88.7 percent of the adult population reported using formal financial products or services, reflecting a notable increase from 85.1 percent in 2022. This improvement underscores the country's sustained efforts to broaden access to the formal financial system. Complementing this progress, OJK reported that Indonesia's financial literacy index reached 65.43 percent in 2023, a significant rise from 49.7 percent in 2022. The acceleration in both inclusion and literacy is attributed to expanded access to financial and payment services – including through digital platforms – improved quality and suitability of financial products, and the implementation of various policy initiatives and outreach programmes. These achievements are further supported by strong synergy and coordination among government institutions, regulatory bodies and private-sector stakeholders.

The NFIS, led by the National Council for Financial Inclusion, has served as a key policy framework in driving these outcomes. Moreover, the enactment of Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector has reinforced the legal and institutional foundations for advancing financial inclusion, strengthening consumer protection and improving public financial literacy. To ensure inclusive outreach, the implementation of NFIS prioritizes specific target groups, including:

- Low-income populations
- Micro and small business owners
- Students and university students
- *Santri* (Islamic boarding school students)
- Youth
- Residents in remote, outermost and border areas
- Socially vulnerable groups such as neglected children and persons with disabilities, Indonesian migrant workers and women.

## Advancement in financial capability

Ministries and institutions under the Financial Education Working Group of the National Council for Financial Inclusion have played an active role in advancing public financial literacy. In 2023, a total of 3,734 fin-ed activities were implemented, reaching 3,445,023 participants across various demographic segments, in line with the priority target groups identified in the NFIS. These initiatives encompassed a broad spectrum of topics, including the introduction and responsible use of financial products and services, access to formal financing, awareness of illegal online lending practices, financial planning, gold savings instruments, prudent investment strategies, and empowerment of MSMEs. The educational materials were carefully tailored to reflect the unique characteristics, needs and financial capacities of each participant group, thereby ensuring relevance, accessibility and effectiveness in delivering inclusive financial education.

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As part of its commitment to promoting financial literacy across the ASEAN region, BI led the development of the Implementation Guideline to Strengthen Digital Financial Literacy – a key Priority Economic Deliverable (PED) under Indonesia’s ASEAN Chairmanship in 2023. This initiative was carried out through close collaboration with AMS and the OECD, under the coordination of WC-FINC.

The Guideline offers concrete policy recommendations and practical measures aimed at enhancing both general and digital financial literacy across ASEAN. It integrates international best practices while acknowledging the diverse levels of digital and financial readiness among AMS. In doing so, the Guideline serves as a strategic tool to support AMS in developing inclusive and adaptive financial literacy frameworks. This initiative builds on and reinforces previous outputs of WC-FINC, including the Guidance Note on Financial Education and Consumer Protection (2018) and the Policy Note on Digital Financial Literacy (2021), thereby contributing to a more coherent and sustained regional approach to financial education and consumer empowerment.

To strengthen Islamic financial literacy and promote the development of the Islamic economy, BI, in collaboration with the National Committee for Islamic Economy and Finance (KNEKS), organized the Indonesia Sharia Economic Festival, (ISEF) from 25–29 October 2023. Held under the theme ‘Accelerating Sharia Economy and Finance Through Digitalization for Inclusive and Sustainable Growth’, the event served as a strategic platform to foster innovation, advance policy dialogue and promote digital transformation in the Islamic economic and financial sector. ISEF 2023 featured 62 seminars, talk shows and related events, attracting participation from a wide range of stakeholders. These included 22 government ministries and agencies, 37 industry associations, 1,003 business entities and 46 international partners. Through knowledge exchange, multi-stakeholder engagement and business collaboration, ISEF reinforced Indonesia’s commitment to enhancing the Islamic financial ecosystem while promoting inclusive and sustainable growth through digital innovation.

## Access to finance and improved financial literacy for MSMEs

Access to finance for MSMEs remains a key priority for financial authorities in Indonesia, given the sector’s vital role in supporting the national economy. MSMEs account for approximately 99 percent of total business entities in the country, contributing around 60.51 percent to national GDP and employing nearly 97 percent of the total workforce. Since 2007, the Government of Indonesia has consistently advanced efforts to improve MSME access to formal financing, primarily through the implementation of the KUR programme. KUR is a government-backed financing scheme aimed at facilitating access to affordable credit for MSMEs, cooperatives and productive individual businesses. The programme offers subsidized loans with lower interest rates and more flexible collateral requirements, addressing common barriers faced by small businesses in accessing traditional bank financing. The KUR programme is delivered through designated partner banks and financial institutions, with the government providing subsidies for interest or margin payments.

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As of 26 December 2023, KUR disbursements reached IDR 255.8 trillion, benefiting 4.57 million borrowers, while maintaining a non-performing loan ratio of 2.03 percent, below the national gross average of 2.42 percent. Aligned with the government's broader agenda of expanding formal financial access for MSMEs, the KUR programme continues to evolve into a strategic entry point to integrate MSMEs into the formal financial ecosystem. To improve borrower graduation and support sustainable financing for repeat borrowers, the government introduced a tiered interest rate and margin system starting in 2023. Furthermore, revisions to the Coordinating Minister for Economic Affairs Regulation on KUR Implementation Guidelines are being prepared for 2024.

As part of its continued commitment to inclusive economic development, the Government of Indonesia has introduced a key policy to expand access to KUR for small-scale farmers. The policy provides recurring access to Micro KUR for farmers cultivating land areas of up to 20,000 m<sup>2</sup>, with tailored incentives to address their specific financing needs. Under this scheme, eligible farmers are exempted from the standard Micro KUR access limitations (typically ranging from IDR 10 million to IDR 100 million) and benefit from a fixed interest rate or margin of 6 percent. These favourable terms are designed to enhance farmers' access to affordable working capital, reduce their financial burden and support continuous agricultural production. By targeting smallholder farmers, this policy seeks to strengthen rural economic resilience, improve livelihoods in the agricultural sector, and ensure broader participation in the formal financial system. The government anticipates that this initiative will positively impact a substantial portion of the farming population across Indonesia.

In 2023, BI implemented KLM to promote access to finance for MSMEs and other priority sectors. The policy is designed to encourage bank lending by providing additional liquidity incentives, thereby advancing economic and financial inclusion, supporting green finance and contributing to a sustainable economic transition. Effective from April 2023, BI raised the liquidity incentive from 1.5 percent to a maximum of 2.8 percent of third-party funds, while expanding the target sectors beyond the initial 46 priority subsectors to explicitly include MSMEs and green finance. In a further policy enhancement, the incentive ceiling was increased to 4 percent of third-party funds in October 2023.

The policy emphasis was also broadened to cover strategic sectors such as downstream industries (e.g. minerals and coal, agriculture, plantations, fisheries and livestock), affordable housing, tourism (hotels, restaurants and cafés), financial inclusion (MSME financing, KUR and ultramicro financing), and sustainable finance. The implementation of the KLM policy has shown positive traction, with growing utilization by the banking sector in line with credit and financing growth. As of December 2023, banks had accessed a total of IDR 163.28 trillion in KLM liquidity incentives across 120 banks. Specifically, incentives disbursed for MSME and KUR financing reached IDR 33.75 trillion, utilized by 76 banks. Additionally, ultramicro financing received support amounting to IDR 18.83 trillion, distributed through 91 banks.

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To accelerate the adoption of digital payments among MSMEs and the broader public, BI continues to drive innovation and expand the use of digital payment systems. These efforts aim to strengthen the national digital financial economy ecosystem and ensure the resilience and stability of the payment system infrastructure. As part of this initiative, BI continues to promote the use of QRIS to enhance both transaction value and payment velocity. Key strategies include expanding the base of QRIS users and merchants, implementing a favourable merchant discount rate (MDR) policy for micro enterprises (Usaha Mikro or UMI), and rolling out the QRIS TUNTAS feature – enabling cash withdrawals, transfers and deposits via QRIS.

As of the latest reporting period, QRIS transaction value surged by 170 percent year-on-year, reaching IDR 82.70 trillion. The number of registered users grew to 45.78 million, while the number of merchants reached 30.41 million, of which 30.12 million were MSME merchants – demonstrating strong MSME participation in the digital economy. To support this growth, BI also expanded the reach and functionality of payment infrastructure through broader adoption of BI-FAST, with increased participation from financial institutions and service channels. Furthermore, BI continues to foster regional integration through the Regional Payment Connectivity (RPC) initiative, which advances cross-border payment cooperation among AMS.

On the demand side, BI continues to bridge the information gap between MSMEs and financial institutions by implementing various initiatives aimed at strengthening MSMEs' financial readiness and visibility. These efforts focus on improving financial literacy – particularly in financial record-keeping – developing databases of bankable MSMEs and facilitating business matchmaking with formal financial institutions.

To support MSME digital financial management, BI has developed a digital financial reporting tool known as Sistem Informasi Aplikasi Pencatatan Informasi Keuangan (SIAPIK). Developed in collaboration with the accounting profession association, SIAPIK is accessible via mobile and web platforms, offering flexibility and user-friendliness. In 2023, SIAPIK enabled 2,124 MSMEs to access financing from banking and non-banking financial institutions, with total disbursements reaching IDR 480 billion.

In parallel, BI has strengthened MSME financial literacy through targeted education programmes for MSME trainers and mentors. These programmes promote the adoption of DFS, using a comprehensive set of training modules developed in collaboration with the World Bank in 2022. The curriculum covers topics such as an introduction to financial products, opening DFS accounts (including savings and electronic money), onboarding as QRIS merchants, utilizing social commerce and marketplaces, and understanding P2P lending mechanisms. Tailoring these modules to MSME needs equips them with the knowledge and skills necessary to integrate DFS into their operations, thereby supporting business growth and financial inclusion.

In addition, BI conducted a 2023 survey to identify MSMEs with strong financing potential. The survey resulted in a database of 1,990 MSMEs that are not currently receiving bank lending but require financing to support their business development. This MSME profiling initiative is expected to significantly enhance financial institutions' ability to assess and extend credit to previously underserved MSMEs, ultimately accelerating their integration into the formal financial system.

## Green finance initiatives

Indonesia is committed to promote sustainable finance through collaboration between several regulatory bodies, especially in the financial sector. The issuance of the Indonesia Financial Sector Omnibus Law<sup>19</sup>, empowers OJK, BI and the Ministry of Finance (MOF) to coordinate and collaborate on sustainable finance development in Indonesia.

In 2015, OJK developed the Sustainable Finance Roadmap Phase I (2015–2019), which established a foundational framework for sustainable finance policies in Indonesia by focusing on awareness building, capacity development, and regulatory frameworks for financial institutions. This road map was then continued with Phase II (2021–2025), which aims to accelerate the integration of ESG principles into Indonesia’s financial sector and to build a more comprehensive sustainable financial ecosystem. This phase focuses on developing a green/sustainable taxonomy, embedding ESG into risk management, and fostering innovative sustainable financial products. It also strengthens regulations and enhances stakeholder engagement through a national communication strategy. As part of the road map’s implementation, various initiatives have been formulated and issued by OJK, including:

- OJK Regulation No. 51/2017 on the Implementation of Sustainable Finance for Financial Institutions, Issuers and Public Companies. This regulation requires financial institutions, issuers and public companies to adopt sustainable finance principles as well as the requirement to submit an annual Sustainable Finance Action Plan (RAKBand publish a Sustainability Report (SR) to demonstrate their commitment.
- OJK Regulation No. 60/2017 on the issuance of green bonds/sukuk. This regulation was amended by OJK Regulation No. 18/2023 concerning Issuance and Requirements for Debt Securities and Sukuk Based on Sustainability, which expands sustainable financial instruments to include green, social, and sustainable bonds/sukuk; sukuk waqf; sustainability-linked bonds/sukuk; and other sustainability-related bonds/sukuk.
- OJK Regulation No. 14/2023 on Carbon Trading, supporting the government’s commitment to reducing GHG emissions. This led to the launch of IDX Carbon in 2023, marking a milestone in Indonesia’s carbon trading ecosystem.
- OJK Regulation No. 17/2023 on Commercial Banks’ Governance, which integrates climate risks into banks’ governance frameworks. Banks must now identify and manage environmental and climate-related risks as part of their broader risk management strategies.
- Indonesia Green Taxonomy (2022).<sup>20</sup>
- Climate Risk Management and Scenario Analysis (CRMS) for banking sector.

19 Refers to Law No. 4 of 2023 on Financial Sector Development and Strengthening (UU P2SK).

20 In 2024, OJK redefined the 2022 Indonesia Green Taxonomy into the Indonesia Taxonomy for Sustainable Finance, which provides a standardized classification system for sustainable activities, striking a balance between economic, environmental and social aspects.

- Incentives introduced by OJK, including those for financing the electric vehicle industry, reductions in green bond/sukuk issuance costs, and accelerator programmes designed to alleviate verification costs associated with the issuance of green or sustainable bonds/sukuk.

In accordance with its mandate, BI is committed to promoting sustainable finance currently through three macroprudential policies applied to the banks. First, BI has launched loan-to-value policy for green property loans and down payment requirements for green automotive loans since December 2019. Loan-to-value (LTV) for financing green buildings is set at up to 100 percent, while the minimum down payment requirement for electric vehicles has been reduced to 0 percent, in accordance with the bank's risk assessments. These accommodative LTV and down payment policies are expected to increase demand for and access to green loans and thus encourage consumer preferences for green property and vehicles.

Second, BI continues to strengthen its commitment to promoting inclusive and sustainable financing through the green Macroprudential Inclusive Financing Ratio (RPIM) policy. PIM<sup>21</sup> is set to encourage banks to increase their level of financial inclusion while maintaining prudential risk management. The green RPIM essentially provides flexibility for banks in fulfilling the RPIM policy requirement for financing sustainable projects, one of which is through banks' ownership of sustainable bonds and/or financing to *Sarana Multi Infrastruktur* is the special Mission Vehicle (SMV) set by Indonesian Ministry of Finance as the manager of SDG Indonesia One, a blended finance platform for sustainable financing.

Third, BI has also implemented the KLM<sup>22</sup> policy to the banks by providing a liquidity incentive for banks that extend their loans to green sectors (green housing and electric vehicles) of up to 0.5 percent of third-party funds. This incentive is designed to encourage greater participation among banks in financing green sectors that contribute to sustainability and financial inclusion. As of December 2023, the realization of KLM liquidity incentives for green financing reached IDR 14.6 trillion, disbursed through 34 banks.

BI and OJK have conducted a series of workshops, training sessions and other forms of capacity building to enhance awareness and strengthen the financial sector's capabilities related to sustainable finance and its associated issues. These capacity-building efforts have also been carried out in collaboration with stakeholders, including relevant ministries, government agencies and international organizations. BI has participated in several green international forums, including the Network for Greening the Financial System (NGFS) and Sustainable Banking and Finance Network (SBFN).

21 Refers to a ratio or share of financing that banks are required to attain to inclusive sectors like MSMEs and low-income individuals, based on a bank's self-assessment, and subject to end-of-year evaluation.

22 The green KLM policy is applied to the banks as part of the KLM policy (relaxation to the banks' average reserve requirements up to 5 per cent of third-party funds, effective from 1 April 2025) applied to priority sectors as set out by BI to promote government projects; among others, labour-intensive sectors and the housing sector.

These initiatives reflect the growing potential to expand both inclusive and green financing while addressing structural challenges in Indonesia's financial ecosystem. Green investment in Indonesia remains significantly underfunded, particularly considering existing fiscal constraints. It is estimated that the government can meet only approximately 34 percent of the total financing required for the green transition. This creates a substantial opportunity for domestic banks to play a larger role in supporting sustainable financing, especially considering that green financing currently accounts for only around 8 percent of total bank lending.

BI is actively advancing the development of green MSMEs through targeted research on business models and implementation strategies. Considering the growing impact of climate change on resource management and MSME operations, there is an urgent need to promote sustainable practices across the sector. MSMEs are increasingly required to adapt to environmental challenges while aligning with rising public environmental awareness and evolving regulatory frameworks. This transition calls for a fundamental shift in both resource utilization and economic management, integrating environmental sustainability into business practices. Recognizing this need, BI has initiated studies to establish a shared understanding of the definition, scope and strategic development of green MSMEs. The objective is to support their long-term viability and enhance their contribution to Indonesia's sustainable economic growth. The research draws upon international best practices while tailoring its framework to Indonesia's economic context. It places particular emphasis on the agriculture and handicraft sectors, which together represent a significant proportion of the national MSME landscape. Green MSME practices are classified into three categories:

- Eco-Adopters – MSMEs that integrate basic eco-friendly practices.
- Eco-Entrepreneurs – MSMEs that actively develop sustainable business models.
- Eco-Innovators – MSMEs that create innovative green products and solutions.

The assessment of green MSMEs is guided by key sustainability indicators across four core dimensions: production, marketing, human resources and finance. Each dimension is evaluated using specific criteria tailored to different stages of MSME development. This comprehensive approach aims to capture the multifaceted nature of sustainability within MSME operations. The findings from this study are expected to enhance understanding of the characteristics and development pathways of green MSMEs. They will serve as a reference for defining and classifying green MSMEs, identifying the urgency of their development, and formulating a robust policy framework and implementation strategy. By providing structured insights, the study supports the efforts of policymakers, business owners, financial institutions, and other stakeholders in fostering a more sustainable, inclusive and resilient MSME sector in Indonesia.

To advance the development of a green economy and promote sustainable finance, BI, in collaboration with the Faculty of Economics and Business, Gadjah Mada University (FEB-UGM), conducted a comprehensive study on the green financing ecosystem for MSMEs. The study examined both the demand side (MSMEs) and the supply side (financial institutions) to identify opportunities and constraints within the current financing landscape. Utilizing a mixed-methods approach, the study incorporated both qualitative and quantitative methodologies, including literature reviews, focus group discussions (FGDs), and a nationwide survey involving more than 500 MSMEs.

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The findings reveal that, despite the existence of regulatory support for green financing, several barriers persist. These include complex financing requirements, limited supporting infrastructure and incentives, as well as insufficient knowledge and capacity among MSMEs to adopt green business practices. In response, BI is collaborating with relevant ministries and institutions to design inclusive business models and supportive ecosystems aimed at increasing MSME readiness for green transformation. A proposed integrated business model includes coordinated assistance and the involvement of off-takers to ensure market absorption, while simultaneously facilitating access to financing.

Through enhanced collaboration, it is expected that government bodies and financial institutions will develop more accessible green financing products tailored to the specific needs of MSMEs. Additionally, partnerships with aggregator institutions will be strengthened to further support MSMEs in improving their capacity, expanding market access and adopting environmentally sustainable practices.

## Way forward

BI will continue to strengthen its inclusive and green economic/financial development programmes and foster the growth of the sharia economy and finance sector to support sustainable and pro-growth economic development while ensuring financial system stability. These efforts will prioritize financing to strategic sectors that drive economic expansion and employment, in line with prudent risk management. The MSME development programme focuses on supporting downstream development in agriculture and fisheries to create jobs while helping to control inflation. It also focuses on developing MSMEs in the traditional textile sector, promoting initiatives in exports and digitalization, and strengthening tourism activities as a source of national foreign exchange.

To support compliance with inclusive and green financing requirements, BI is extending KLM to banks that provide loans to MSMEs, KUR and ultramicro enterprises. This policy is designed to encourage financial institutions to channel credit towards sectors that promote inclusive growth and environmental sustainability. To increase its effectiveness, KLM is being enhanced by aligning sectoral priorities with the pace of recovery and targeting sectors with greater value added and broader economic impact. The refocused KLM aims to strengthen the national industrial structure, support small corporations through robust backward and forward links, increase the availability of affordable housing, and stimulate growth in sectors with strong interconnections across the economy.

Indonesia's national digital transformation is accelerating, driven by shifting consumer preferences towards digital platforms and the increasing participation of the younger generation in adopting digital services on a large scale. This transformation trend is projected to strengthen further in the future. In response, BI issued the Indonesia Payment System Blueprint (BSPI) 2030, aimed at creating an efficient, inclusive and integrated digital financial ecosystem to support the achievement of Indonesia's Vision 2045. BSPI 2030 represents BI's commitment to and efforts to support the integration of the digital financial economy and to sustain the national digital transformation, particularly in the payment systems area. Through BSPI 2030, BI continues to strengthen the national payment system to contribute to economic stability and financial system stability, thereby supporting sustainable economic growth.

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INDICATORS	INDICATOR DEFINITIONS	BASELINE					
		(2018)	2019	2020	2021	2022	2023
<b>Points of service</b>	1. Number of bank branches per 100,000 adults	16	16	18	23	15	13
	2. Number of ATMs per 100,000 adults	55	54	53	50	50	50
	3. Number of POS terminals per 100,000 adults	538	542	689	892	866	1 046
	4. Number of DFS agents per 100,000 adults	198	255	306	431	458	479
<b>Access points</b>	Number of access points per 100,000 adults at the national level <sup>23</sup>	269	324	376	504	523	542
<b>Connectivity</b> (by age group)	• Age >15	22.42%	31.23%	N.A.	62.01%	N.A.	N.A.
	• Age 15–24	77.05%	83.58%	N.A.	91.83%	N.A.	N.A.
	• Age 25–64	38.11%	46.83%	N.A.	59.64%	N.A.	N.A.
	• Age >64	3.97%	5.32%	N.A.	10.71%	N.A.	N.A.
<b>Penetration</b>	Mobile phone penetration (total number of active mobile phones)	319 434 605	341 277 549	N.A.	N.A.	N.A.	N.A.
<b>Adults with an account</b>	Percentage of respondents who report having an account at a formal financial institution (age 15+) <sup>24</sup>	55.70%	N.A.	61.70%	65.40%	N.A.	76.3%
<b>Savings</b>	Number of account third-party funds in banks per 1,000 adults	1 589	1 632	1 909	2 186	2 574	2 906
<b>Credit</b>	Number of loan accounts with banks per 100,000 adults	23 052	24 108	24 753	44 684	62 507	43 490
<b>Payments</b>	1. Number of debit and ATM cards per 100,000 adults	82 933	92 817	108 090	114 514	118 612	117 456
	2. Number of electronic money accounts per 1,000 adults	860	1 479	2 187	2 911	3 698	4 203
	3. Volume of electronic money transactions per 100,000 adults	1 502 453	2 644 823	2 340 706	2 758 494	3 504 593	4 014 249
<b>Insurance</b>	Number of insurance policyholders (life insurance) per 100,000 adults	24 436	22 318	30 814	48 423	43 785	29 929
<b>Value</b>	Proportion of credit with certain guarantee to total credit	2.57%	2.88%	3.21%	5.42%	7.03%	6.05%
<b>Indebtedness</b>	Non-performing loans: Percentage of borrowers who are more than 90 days late with a loan repayment	2.37%	2.53%	3.06%	3.00%	2.44%	2.19%

INDICATOR CATEGORY	INDICATOR DEFINITIONS	AGGREGATION	BASELINE					
			(2018)	2019	2020	2021	2022	2023
<b>Macroeconomic context</b>	Proportion of the population living below the national poverty line	Male	9.59%	9.18%	9.59%	9.92%	9.40%	9.23%
		Female	10.06%	9.63%	9.96%	10.37%	9.68%	9.49%
		Age <18	12.05%	11.76%	12.23%	12.64%	11.80%	11.44%
		Age >18	8.77%	8.32%	8.65%	9.09%	8.60%	8.05%
	Annual growth rate of real GDP per capita		3.93%	3.82%	-3.15%	2.51%	4.13%	3.92%

23 Bank branches + ATMs + DFS agents.

24 Survei Nasional Keuangan Inklusif (National Survey for Financial Inclusion), 2018 and 2020.

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	AGGREGATION	BASELINE					
			(2018)	2019	2020	2021	2022	2023
Education	Completion rate	Elementary school	94.68%	95.48%	96.00%	97.37%	97.82%	97.83%
		Junior high school	84.96%	85.23%	87.89%	88.88%	90.13%	90.44%
		High school	61.84%	58.33%	63.95%	65.94%	66.13%	66.79%
Access to basic services	Proportion of the population living in households with access to basic services	Access to a basic drinking water service	31.75%	42.84%	42.31%	43.81%	44.94%	44.95%
		Access to an improved sanitation service	69.27%	77.39%	79.53%	80.29%	80.92%	82.36%
		Access to basic hygiene facilities	78.87%	76.07%	78.30%	79.59%	79.33%	80.15%
	Proportion of the population with access to electricity		98.30%	98.89%	99.20%	N.A.	97.73%	N.A.
Health care	Proportion of the population with large household expenditures on health care as a share of total household expenditure or income	Expenditure >10%	N.A.	2.53%	2.23%	1.97%	N.A.	1.75%
		Expenditure >25%	N.A.	0.53%	0.43%	0.35%	N.A.	.34%
(Asset-building and) entrepreneurship	1. Number of MSME credit accounts (millions)		14.62	15.92	15.97	33.46	40.73	25.16
	2. Outstanding MSME credit (IDR billions)		1 032 643	1 111 340	1 091 232	1 223 433	1 351 249	1 460 164
	3. Outstanding MSME credit to the agriculture, hunting and forestry sector (IDR billions)		94 110	109 544	130 012	161 456	214 198	244 970
Redistribution	Proportion of the population covered by social protection floors/systems		87.17%	90.02% 25	90.11% 26	N.A.	N.A.	N.A.

25 Estimated.

26 Estimated.

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	AGGREGATION	BASELINE						
			(2018)	2019	2020	2021	2022	2023	
Unemployment and income inequality	Proportion of informal employment in total employment, at national level	Male	53.90%	52.81%	57.29%	56.61%	56.03%	55.81%	
		Female	61.90%	60.81%	65.35%	63.80%	64.43%	64.25%	
	Total unemployment		5.30%	5.23%	7.07%	6.49%	5.86%	5.32%	
	Proportion of people living below 50% of median income	Total		12.63%	11.93%	11.99%	11.61%	10.16%	9.44%
		Persons without disabilities		12.42%	11.67%	11.77%	N.A.	N.A.	9.24%
		Persons with disabilities		14.17%	14.33%	14.35%	N.A.	N.A.	12.16%

**TABLE 11:**  
**Financial capability indicators, Indonesia**

INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
Governance/ coordination	Pre-formulation	Number of stakeholders/key priority target groups identified	7	7	7
	Formulation	Formation of a financial capability working group	1	1	1
	Formulation	Number of quarterly meetings held by the financial capability working group	4	4	4
	Formulation	Percentage of stakeholders at regulatory level that develop an action or implementation plan for financial education			
	Implementation	Number of stakeholders at regulatory level that execute the action or implementation plan for financial education	13	15	15
Enabling environment	Pre-formulation	Number of draft policies to promote financial capability			
	Formulation	Number of policies developed to promote financial capability (e.g. NFIS, consumer protection frameworks/policies, policies promoting inclusion of specific marginalized segments)	5	N.A.	N.A.
Enabling environment	Formulation	Number of meetings with the Ministry of Education to promote the integration of financial education into the national curriculum			
	Implementation	Number of schools that integrate financial education into the curriculum	460 532		
Policy alignment	Pre-formulation	Number of key terms defined at the national level (e.g. financial capability, financial education, financial literacy)			2
	Formulation	Establishment of policy priority to develop an NFES or prioritize financial education in an NFIS	1	1	1
	Implementation	Number of quarterly meetings held by the financial capability working group to discuss NFES targets/ outcomes	4	4	

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INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
<b>Regional collaboration</b>	Pre-formulation/ formulation	Number of virtual workshops to learn from countries at a more advanced stage of developing or implementing an NFES	N.A.		
	Implementation	Number of virtual workshops to share lessons learned with countries at a less advanced stage of developing or implementing an NFES	N.A.		
<b>Supply-side mapping</b>	Pre-formulation	Number of existing initiatives identified that promote financial capability	1 057 <sup>27</sup> 4 585 <sup>28</sup>	1 940 <sup>29</sup> 3 198 <sup>30</sup>	2 724 (DNKI) 9 219 (FSPs)
	Pre-formulation	Number of government programmes identified to reach each target group (touch points)		7	7
	Formulation	Number of stakeholders identified during the supply-side mapping that form part of the financial capability working group			15
<b>Demand-side diagnostic</b>	Pre-formulation	Number of secondary sources that measure levels of financial capability within the country			
	Pre-formulation	Number of key target groups identified that have low financial capabilities	10		
	Pre-formulation	Number of proposals reviewed to conduct a national financial capability survey			
	Formulation	Number of policies and programmes developed from national financial capability survey results	1		
<b>Financial knowledge</b>	All stages	Arithmetic score as per national definitions; percentage of adults who know definitions of basic financial terms (i.e. importance of saving in a bank account, has a bank account, borrows responsibly, plans ahead, knows how to access and use the best financial services, etc.)	38.03% (2019)	49.68% <sup>31</sup>	
<b>Financial skills</b>	All stages	Percentage of adults who are able to use an account at a bank or financial institution without help if opened	29%		

27 Working Group of National Council for Financial Inclusion (Indonesia)DNKI.

28 Financial industries.

29 Working Group of National Council for Financial Inclusion (Indonesia)DNKI.

30 Financial industries.

31 SNLIK OJK 2022.

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INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023	
Financial behaviour	All stages	Percentage of adults coming up with emergency funding in 30 days, possible and not difficult at all (disaggregated by sex, age and geographic location)	92%			
		<ul style="list-style-type: none"> <li>Female</li> <li>Male</li> </ul>	N.A			
		<ul style="list-style-type: none"> <li>15–24 years (youth)</li> <li>25+ years (adults)</li> </ul>	93% 92%			
		<ul style="list-style-type: none"> <li>Poorest 40%</li> <li>Richest 60%</li> </ul>	90% 93%			
		<ul style="list-style-type: none"> <li>Rural</li> <li>Urban</li> </ul>	90% 93%			
		<ul style="list-style-type: none"> <li>Out of labour force</li> <li>In labour force</li> </ul>	93% 91%			
		All stages	Main source of emergency funding (%)			
		<ul style="list-style-type: none"> <li>Family or friends</li> <li>Loan from a bank, employer or private lender</li> <li>Sale of assets</li> <li>Savings</li> <li>Work</li> <li>Other</li> </ul>	44% 5% 6% 13% 18% 5%			
		All stages	Percentage of adults who save for old age (disaggregated by sex, age and geographic location)	25%		
			<ul style="list-style-type: none"> <li>Female</li> <li>Male</li> </ul>	26% 24%		
			<ul style="list-style-type: none"> <li>15–24 years (youth)</li> <li>25+ years (adults)</li> </ul>	30% 23%		
			<ul style="list-style-type: none"> <li>Poorest 40%</li> <li>Richest 60%</li> </ul>	16% 31%		
	<ul style="list-style-type: none"> <li>Rural</li> <li>Urban</li> </ul>		22% 26%			
	<ul style="list-style-type: none"> <li>Out of labour force</li> <li>In labour force</li> </ul>		18% 29%			
	Programme level		Implementation	Percentage of stakeholders integrating financial education at the programme level		
Implementation		Percentage of stakeholders using digital channels for financial education				
Implementation		Percentage of outcomes achieved at programme level				

**TABLE 12:**  
**MSME finance indicators, Indonesia**

INDICATOR CATEGORY	INDICATOR	2022	2023
Access to finance	Standardized definitions of MSMEs [yes/no]	Yes	Yes
	Percentage of MSME loans in total banking system loans	20.8%	20.32%
	Percentage of MSMEs with account at financial institution		
	Share of new MSME lending as a percentage of total loans		
	• Commercial banks	1%	1%
	• Rural banks	31.13%	31%
	% of secured loans to total MSME bank loans outstanding		
	• Commercial banks	54%	53%
	• Rural banks	86%	87%
	Percentage of MSME borrowers with collateral		
	Interest rate spread between small and large enterprises		
	Number of SMEs with deposit accounts		
	Number of moveable collateral registries		
	SME financing gap		
QR systems [yes/no]	Yes	Yes	
Usage	Percentage of MSMEs that report using an account at a financial institution		
	Percentage of MSMEs that report using a mobile account		
	Number of MSME loans/MSME borrowers		
	Percentage of MSMEs with outstanding loan or credit at bank	22%	21%
	Outstanding MSME loans (IDR billions)	1 351 249	1 460 164
	Volume of digital payments for MSMEs		
Public support for MSME finance	Number of policies/strategies that prioritize MSMEs as a key target group (NFIS/NFES)		2 (SNKI, KUR)
	MSME loan guarantee as a percentage of MSME loans		
	Guaranteed MSME loans (IDR billions)		
	• Commercial banks	456 613	435 114
• Rural banks (non-sharia)	25 378	26 935	
Public support for MSME finance	MSME direct government loans/loan funds (IDR billions)		
	Number of tax incentives for MSMEs		
	Number of pre-shipment export guarantee funds for export-based MSMEs		
Digital finance/ alternative finance	P2P lending (volume, percentage share of total loans)		37.95%
	Venture and growth capital investments (volume, percentage of total financing)		
	Leasing and hire purchases (volume, percentage of total financing)		
	Factoring and invoice discounting (volume, percentage of total financing)		
	Number of MSME-related products/services being tested in a regulatory sandbox		

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INDICATOR CATEGORY	INDICATOR	2022	2023
<b>Coordination</b>	Number of working groups for MSMEs	2	
	Number of regulatory meetings focused on MSMEs annually		
	Number of capacity-building sessions for regulators/FSPs on MSME finance	5	
	Number of ministries working together to promote financial inclusion of MSMEs		
<b>Collaboration</b>	Number of policy dialogues, roundtables, forums on MSME topics <sup>32</sup>		
	Number of partnerships with MSME-focused organizations/business associations		
	Number of partnerships with fintechs, MMOs, telcos, e-commerce platforms, digital payment providers		
<b>Financial capabilities</b>	Percentage of MSMEs with non-performing loans (i.e. 90 days)		
	<ul style="list-style-type: none"> <li>Commercial banks</li> </ul>	3.41%	3.71%
	<ul style="list-style-type: none"> <li>Rural banks</li> </ul>	11.0%	12.8%
	Percentage of MSMEs that have at least one formal financial service		
	Number of government programmes to promote financial and digital financial capabilities of MSMEs		
<b>Gender</b>	Number of loans to women-owned MSMEs		
	Percentage of women MSMEs that have at least one formal financial service <sup>33</sup>		
	Value of loans to women-owned MSMEs (IDR millions)	373 776 715	428 253 498
	Percentage of women MSME loans in total banking system	5.75%	5.96%
	Number of partnerships with female-focused organizations/women's business associations		
	Percentage of non-performing loans from women-owned MSMEs		
	Number of loan funds/loan schemes targeting women-owned MSMEs		

32 These can serve as platforms for sharing best practices, guidelines and frameworks in areas such as protection and security of cross-border data flows, competition, taxation, trade and logistics infrastructure.

33 This is revised from the current indicator of percentage of women MSMEs enabled through financial inclusion.

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**TABLE 13:**  
**Inclusive green finance indicators, Indonesia**

INDICATOR CATEGORY	INDICATOR	2023
<b>Access to finance</b>	# standardized definitions/taxonomies for IGF	5
	% achievement of objectives in ASEAN Taxonomy for Sustainable Finance	100%
	% of focus sectors reached in ASEAN Taxonomy for Sustainable Finance	100%
	# of use cases of IGF products, activities or interventions	4
	Higher loan to value ratios for green homes and/or energy investments for MSMEs	Yes
<b>Usage</b>	# of IGF products	22
	% of population using financial products for climate change events	
	Value of IGF products	
	Volume of digital payments for IGF products	
<b>Public support for IGF</b>	# of national policies/strategies that prioritize IGF	10
	# of national programmes that prioritize IGF (e.g. social protection, financial education)	3
	# sustainable finance roadmaps/principles	2
	# risk management guidelines	4
	# adjusted risk management and reporting requirements relative to loan size	
	# tiered sustainability disclosure requirements	
	# regulatory incentives for green sectors	1
IGF loan guarantees as % of total loans		
<b>Collaboration/ coordination</b>	# Working Groups for IGF	6
	# public-private partnerships for IGF	
	# regulatory meetings, forums, roundtables, etc. focused on IGF	8
	# capacity building sessions for regulators on IGF	13
	# capacity building sessions for private sector on IGF	15

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# Lao PDR

## Overview of implementation of the Financial Inclusion RoadMap

The financial inclusion framework in Lao PDR remains focused on promoting household welfare by facilitating easier access to financial services and promoting access to financial resources for households and businesses facing barriers to funding. The Bank of Lao PDR (BOL) has made significant strides in promoting progress in the Financial Inclusion Road Map by increasing access to financial services among the adult population from 75 percent to 94 percent in 2023, surpassing its goal of 85 percent for 2025.

### Financial inclusion progress and financial access

Financial services function as instruments that increase financial inclusion and funding accessibility, thereby supporting sustainable economic advancement. Taking this into account, the Lao PDR Government has consistently promoted the development of a more extensive financial services sector. As a direct consequence, the financial sector has undergone an impressive and swift transformation, aimed at ensuring that every individual can gain access to necessary capital. This evolution has also prioritized the provision of adequate services and a clear comprehension of financial products, which is crucial for individuals to engage with these tools responsibly and effectively.

In terms of access, the number of ATMs per 10,000 adults has decreased slightly from 3.22 in 2022 to 3.20 in 2023, while the number of POS terminals per 10,000 adults has increased slightly from 10.10 to 10.68. The number of access points per 10,000 adults at the national level has also decreased slightly from 27.44 in 2022 to 23.31 in 2023. In terms of usage, the number of loan accounts with banks or credit providers decreased slightly from 699 to 671 per 10,000 population, while there was an increase in the number of deposit accounts from 9,110 per 10,000 in 2022 to 9,438 per 10,000 in 2023. The number of debit cards also increased from 4,522 to 5,143 per 10,000 people. The number of registered mobile accounts increased nearly 30 per cent, from 8,408 to 10,800 per 10,000 people while the number of mobile money transactions nearly doubled from 517,388 to 943,610 per 10,000 people. A growing segment of the population in Lao PDR is progressively adopting digital payment systems to make payments for the products and services they require efficiently.

### Digital financial access

The strategic plan for the development of the payment system over the next five years is designed to establish connections both within the domestic market and on an international scale. This initiative aims to actively promote and robustly support the expansion of the digital economy, while also playing a significant role in contributing to the formulation of monetary policy and ensuring the maintenance of financial stability. Furthermore, based on the number of mobile money transactions in 2023 – which nearly doubled from the previous year – the growth of electronic money has expanded rapidly, including mobile money wallets, branchless banking, digital microfinance and QR code-enabled merchant payments.

The Government of Lao PDR is actively working to substantially elevate the competition and expand the diversity of offerings in digital payment services, creating a more robust and multifaceted market landscape. Currently, the financial landscape remains dominated by major commercial banks, while a wave of innovative fintech firms is beginning to emerge, poised to launch novel payment solutions that cater to a variety of applications. Despite these advancements, several challenges endure, such as the insufficient embrace of digital payment options, regulatory and security apprehensions, and the looming threats of fraud and cybersecurity vulnerabilities.

## Government supports special loans for MSMEs in Lao PDR

In Lao PDR, MSMEs play a crucial role in driving economic and social progress by promoting production, trade and services; creating job opportunities; and improving living standards, thereby facilitating industrial growth. The Ministry of Industry and Commerce is the governmental agency responsible for the regulation and development of industrial and commercial sectors in Laos. The organization plays a crucial role in diligently overseeing and actively promoting various aspects of manufacturing, trade, and import and export activities. Additionally, it serves as a vital representative of Laos and the interests of Laotians within the broader international business community, ensuring that their voices are heard and their needs are addressed. The Department of SME Promotion, within the Ministry of Industry and Commerce, held four meetings in 2023 focused on MSME finance.

MSME loans as a proportion of total banking system loans decreased from 12 percent in 2022 to 11 per cent in 2023 due to increasing inflation, which caused a decrease in the monetary value of loans. However, the total value of MSME loans increased by nearly 20 percent from LAK 15,476 billion to LAK 18,813 billion, a sizeable increase. BOL also measured the value and proportion of loans to women MSMEs in 2023 (LAK 6,913 billion, and 37 percent of the total MSME loan portfolio.)

As a next step, BOL will develop policies for institutions to implement, improve credit structures and design various types of financial products to provide credit to SMEs. For example, BOL is still in the process of establishing a Credit Guarantee Facility for MSMEs in collaboration with the Ministry of Industry and Commerce and the Ministry of Finance.

## Early stages of IGF

Lao PDR is in the early stages of promoting IGF. Lao PDR has a robust planning framework for promoting resilient and sustainable economic growth, including the Green Growth Strategy to 2030, the National Strategy on Disaster Risk Reduction 2021–2030, and the country's National Biodiversity Strategy and Action Plan for 2016–2025 for forest conservation, greener production and consumption, and effective regulatory enforcement. IFC and BOL are working together to promote green finance in Lao PDR, with a focus on three priority sectors: energy, transport and water management.

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## Key challenges and potential solutions

To address persistent challenges such as limited rural access to financial services, low financial and digital literacy, and weak financial infrastructure, Lao PDR's 2024/2025 plans include expanding village-level financial institutions, promoting tailored MSME products, improving digital access, and launching a nationwide financial literacy initiative that includes school curriculum integration, community training, and digital education tools to empower citizens with essential financial knowledge.

## Way forward

The next steps include disseminating, implementing, monitoring and evaluating the Lao PDR Financial Inclusion Roadmap (2018–2025). BOL also plans to conduct a Lao PDR financial inclusion survey in 2025 to provide updates to the previous survey conducted in 2021. BOL also plans to encourage key public and private stakeholders to implement the Financial Inclusion Road Map (FIR).

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	2018	2019	2020	2021	2022	2023
<b>Access indicators</b>							
<b>Points of service</b>	1. Number of branches per 10,000 adults	0.25	0.31	0.31	0.31	0.28	.30
	2. Number of ATMs per 10,000 adults	2.67	2.80	2.83	3.11	3.22	3.20
	3. Number of POS terminals per 10,000 adults	8.5	8.28	9.7	9.6	10.10	10.68
<b>Access points</b>	Number of access points (including mobile money agents) per 10,000 adults at a national level	13.53	15.21	18.01	27.84	27.44	23.31
<b>Connectivity</b> (by age group)	1. Access to the Internet (percentage of total population with Internet access anywhere)	47%	50%	52%	63%	63%	63%
	2. Mobile phone penetration (active mobile phones as percentage of total population)	92%	92%	95%	100%	100%	100%
<b>Usage indicators</b>							
<b>Adults with an account</b>	Percentage of adults who report having an account at a bank				68.5%	73.8%	94.4%
	Percentage of adults who report having an account at a formal financial institution or mobile money provider				58%	58%	
<b>Savings</b>	Number of deposit accounts with banks or deposit-taking institutions per 10,000 population	4 802	5 464	5 985	7 484	9 110	9 438
<b>Credit</b>	Number of loan accounts with banks or other credit providers per 10,000 population	337	478	695	745	699	672
<b>Payments</b>	1. Number of debit cards per 10,000 population	68	1 707	1 733	3 366	4 522	5 144
	2. Number of registered mobile money accounts per 10,000 population	500	535	1 173	1 898	8 408	10 801
	3. Number of mobile money transactions (during the reference year) per 10,000 population	25 253	73 280	115 453	354 599	517 389	943 610
<b>Insurance</b>	Population access to insurance	0.90%	1.00%	0.75%	0.53%	0.43%	
<b>Outcome and impact indicators as per the Guidance Note</b>							
<b>Impact</b>	Segmental	Percentage of financing and loans issued to SMEs	20.2%	18.1%	N.A.	N.A.	N.A.
	National goals	Average national growth rate	6.29%	5.46%	3.28%	3.48%	4.40%

INDICATOR CATEGORY	INDICATOR DEFINITIONS	2018	2019	2020	2021	2022	2023
<b>Access indicators</b>							
<b>Macroeconomic context</b>	Proportion of population living below the national poverty line, by sex and age (2013)	24.6%	18.3%	N.A.	N.A.	N.A.	
	Annual growth rate of real GDP per capita (2016)	7.02%	6.29%	3.28%	2.50%	2.70%	3.1%

**TABLE 14:**  
**Financial capability indicators, Lao PDR**

INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
<b>Governance/ coordination</b>	Pre-formulation	Number of stakeholders/key priority target groups identified			
	Formulation	Formation of a financial capability working group			
	Formulation	Number of quarterly meetings held by the financial capability working group			
	Formulation	Percentage of stakeholders at regulatory level that develop an action or implementation plan for financial education			
	Implementation	Number of stakeholders at regulatory level that execute the action or implementation plan for financial education			
<b>Enabling environment</b>	Pre-formulation	Number of draft policies to promote financial capability			
	Formulation	Number of policies developed to promote financial capability (e.g. NFIS, consumer protection frameworks/ policies, policies promoting inclusion of specific marginalized segments)	3 <sup>34</sup>	3	3
	Formulation	Number of meetings with the Ministry of Education to promote the integration of financial education into the national curriculum	1	1	
	Implementation	Number of schools that integrate financial education into the curriculum			
<b>Policy alignment</b>	Pre-formulation	Number of key terms defined at the national level (e.g. financial capability, financial education, financial literacy)	1	1	1
	Formulation	Establishment of policy priority to develop an NFES or prioritize financial education in an NFIS			
	Implementation	Number of quarterly meetings held by the financial capability working group to discuss NFES target/ outcomes			
<b>Regional collaboration</b>	Pre-formulation/ formulation	Number of virtual workshops to learn from countries at a more advanced stage of developing or implementing an NFES	1	1	
	Implementation	Number of virtual workshops to share lessons learned with countries at a less advanced stage of developing or implementing an NFES			
<b>Supply-side mapping</b>	Pre-formulation	Number of existing initiatives identified that promote financial capability	1	1	
	Pre-formulation	Number of government programmes identified to reach each target group (touch points)			
	Formulation	Number of stakeholders identified during the supply-side mapping that form part of the financial capability working group			
<b>Financial knowledge</b>	All stages	Arithmetic score as per national definitions; percentage of adults who know definitions of basic financial terms (i.e. importance of saving in a bank account, has a bank account, borrows responsibly, plans ahead, knows how to access and use the best financial services, etc.)			

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LAO PDR Financial Inclusion Roadmap (2018–2025), Decree on Financial Consumer Protection (2020), Decision on Resolving Financial Disputes.

INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
<b>Financial skills</b>	All stages	Percentage of adults who are able to use an account at a bank or financial institution without help if opened	39%		
	All stages	Percentage of adults coming up with emergency funding in 30 days, possible and not difficult at all (disaggregated by sex, age and geographic location)	17%		
<b>Financial behaviour</b>		<ul style="list-style-type: none"> <li>Female</li> <li>Male</li> </ul>	13%		
		<ul style="list-style-type: none"> <li>15–24 years (youth)</li> <li>25+ years (adults)</li> </ul>	11%		
		<ul style="list-style-type: none"> <li>Poorest 40%</li> <li>Richest 60%</li> </ul>	6%		
		<ul style="list-style-type: none"> <li>Rural</li> <li>Urban</li> </ul>	14%		
		<ul style="list-style-type: none"> <li>Out of labour force</li> <li>In labour force</li> </ul>	22%		
			17%		
		All stages	Main source of emergency funding (%)		
		<ul style="list-style-type: none"> <li>Family or friends</li> <li>Loan from a bank, employer or private lender</li> <li>Sale of assets</li> <li>Savings</li> <li>Work</li> <li>Other</li> </ul>	33%		
			4%		
			10%		
			15%		
			15%		
		0%			
	All stages	Percentage of adults who save for old age (disaggregated by sex, age and geographic location)	24%		
		<ul style="list-style-type: none"> <li>Female</li> <li>Male</li> </ul>	24%		
<ul style="list-style-type: none"> <li>15–24 years (youth)</li> <li>25+ years (adults)</li> </ul>		15%			
<ul style="list-style-type: none"> <li>Poorest 40%</li> <li>Richest 60%</li> </ul>		18%			
<ul style="list-style-type: none"> <li>Rural</li> <li>Urban</li> </ul>		23%			
<ul style="list-style-type: none"> <li>Out of labour force</li> <li>In labour force</li> </ul>		17%			
		25%			
<b>Programme level</b>	Implementation	Percentage of stakeholders integrating financial education at the programme level			
	Implementation	Percentage of stakeholders using digital channels for financial education			
	Implementation	Percentage of outcomes achieved at programme level			

**TABLE 15:**  
**MSME finance indicators, Lao PDR**

INDICATOR CATEGORY	INDICATOR	2022	2023
Access to finance	Standardized definitions of MSMEs [yes/no]	Yes	Yes
	Percentage of MSME loans in total banking system loans	12.04%	11.33%
	Percentage of MSMEs with account at financial institution		
	Share of new MSME lending as a percentage of total loans		
	Percentage of MSME borrowers with collateral		
	Interest rate spread between small and large enterprises		
	Number of SMEs with deposit accounts		
	Number of moveable collateral registries		
	SME financing gap		
	QR systems [yes/no]		
Usage	Percentage of MSMEs that report using an account at a financial institution		
	Percentage of MSMEs that report using a mobile account		
	Number of MSME loans/MSME borrowers		
	Percentage of MSMEs with outstanding loan or credit		
	Value of MSME loans (LAK billions)	15 476.53	18 813.12
	Volume of digital payments for MSMEs		
Public support for MSME finance	Number of policies / strategies that prioritize MSMEs as a key target group (NFIS/NFES)		
	MSME loan guarantee as a percentage of MSME loans		
	MSME loan guarantees (value)		
	MSME direct government loans / loan funds (LAK billions)		
	Number of tax incentives for MSMEs	1	1
	Number of pre-shipment export guarantee funds for export-based MSMEs		
Digital finance/ alternative finance	P2P lending (volume, percentage share of total loans)		
	Venture and growth capital investments (volume, percentage of total financing)		
	Leasing and hire purchases (volume, percentage of total financing)		
	Factoring and invoice discounting (volume, percentage of total financing)		
	Number of MSME-related products/services being tested in regulatory sandbox		
Coordination	Number of working groups for MSMEs		
	Number of regulatory meetings focused on MSMEs annually	2	4
	Number of capacity-building sessions for regulators/FSPs on MSME finance		
	Number of ministries working together to promote financial inclusion of MSMEs		
Collaboration	Number of policy dialogues, roundtables, forums on MSME topics <sup>35</sup>		
	Number of partnerships with MSME-focused organizations/business associations		

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These can serve as platforms for sharing best practices, guidelines and frameworks in areas such as protection and security of cross-border data flows, competition, taxation, trade and logistics infrastructure.

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INDICATOR CATEGORY	INDICATOR	2022	2023
<b>Collaboration</b>	Number of partnerships with fintechs, MMOs, telcos, e-commerce platforms, digital payment providers		
	Percentage of MSMEs with non-performing loans (i.e. 90 days)	13.4%	
<b>Financial capabilities</b>	Percentage of MSMEs that have at least one formal financial service		
	Number of government programmes to promote financial and digital financial capabilities of MSMEs		
<b>Gender</b>	Number of loans to women-owned MSMEs		
	Percentage of women MSMEs that have at least one formal financial service <sup>36</sup>		
	Value of loans to women-owned MSMEs (LAK billions)		6 913.49
	Percentage of women MSME loans in total banking system		37%
	Number of partnerships with female-focused organizations/women's business associations		
	Percentage of non-performing loans from women-owned MSMEs		4.16%
	Number of loan funds/loan schemes targeting women-owned MSMEs		

**TABLE 16:**  
**Inclusive green finance indicators, Lao PDR**

INDICATOR CATEGORY	INDICATOR	2023
<b>Access to finance</b>	# standardized definitions/taxonomies for IGF	In progress
	% achievement of objectives in ASEAN Taxonomy for Sustainable Finance	
	% of focus sectors reached in ASEAN Taxonomy for Sustainable Finance	
	# of use cases of IGF products, activities or interventions	
	Higher loan to value ratios for green homes and/or energy investments for MSMEs	
<b>Usage</b>	# of IGF products	
	% of population using financial products for climate change events	
	Value of IGF products	
	Volume of digital payments for IGF products	
<b>Public support for IGF</b>	# of national policies/strategies that prioritize IGF	1
	# of national programmes that prioritize IGF (e.g. social protection, financial education)	
	# sustainable finance roadmaps / principles	
	# risk management guidelines	
	# adjusted risk management and reporting requirements relative to loan size	
	# tiered sustainability disclosure requirements	
	# regulatory incentives for green sectors	
	IGF loan guarantees as % of total loans	
IGF loan guarantees (value)		
<b>Collaboration/coordination</b>	# Working Groups for IGF	
	# Public-private partnerships for IGF	
	# regulatory meetings, forums, roundtables, etc. focused on IGF	
	# capacity building sessions for regulators on IGF	
	# capacity building sessions for private sector on IGF	

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Financial inclusion and capability remain as key priorities in Malaysia to enable households and businesses to improve their overall financial wellbeing and foster resilience within communities. In 2023, BNM began implementation of the strategies and initiatives under the new Financial Inclusion Framework (FIF) 2023–2026.

## Overview of financial inclusion progress in 2023

In 2023, Malaysia continued to maintain a high level of financial inclusion, with 97.3 percent of adults holding at least one active deposit account at a banking institution, higher than the 96.8 percent rate in 2022. The overall usage of financial services – including savings, credit and payments – has also increased over the year, reflecting improved access and engagement.

Usage of DFS continued to register growth in 2023, with e-money accounts increasing to 168.9 million, compared to 152.1 million in 2022. This expansion was further supported by the rising adoption of Internet and mobile banking. The Internet banking penetration rate reached 140 percent from an already high rate of 134.3 percent in 2022, while mobile banking penetration rate grew to 64.6 per cent, which reflects increased digitalization.

## Expansion of physical financial access points

While reliance on physical financial access points (FAP) for financial services has declined in line with digitalization trends, they remain essential in remote and rural areas where internet connectivity is limited. Given the continued preference for face-to-face interactions within these communities, efforts will continue to provide alternative physical channels, such as agent banks and mobile branches (Bank Bergerak).<sup>37</sup> These physical touchpoints – at least in the medium term – continue to play a key role in bridging access gaps until these segments attain the necessary connectivity and digital literacy to support a transition to digital financial channels.

Efforts to preserve physical FAPs will continue to expand accessibility for the low-income, elderly and rural communities, while digital connectivity and digital literacy of these communities continue to be enhanced to better embrace DFS options. Beyond basic banking services, these physical FAPs are also critical in ensuring the underserved obtain information regarding other products, such as financial risk protection products like insurance and takaful, as well as facilitating transition towards digitalization and increasing usage of DFS to benefit these communities.

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The deployment of mobile branches has been supported by government funding since 2021.

## Advancing the digitalization of financial services

In response to emerging 'digital-first' trends and their potential to advance financial inclusion, BNM has implemented strategies to foster innovative solutions. One of the key initiatives is the introduction of digital banks, which are required to prioritize financial inclusion as a value proposition, as part of their licensing commitments. In 2023, one digital bank (GXBank) successfully launched its operations, and the remaining digital banks will commence service in upcoming years. These banks are gradually launching their services, starting with basic deposit and payment solutions. As part of their strategic expansion, they are set to introduce other financial offerings in coming years, including financing and loans.

Like digital banks, new digital insurers and takaful operators (DITOs) are set to reshape Malaysia's insurance landscape. The entrance of these new players will foster greater market competition, as well as enhance financial inclusion. In 2023, BNM gathered input from over 50 stakeholders on the proposed Licensing and Regulatory Framework for Digital Insurers and Takaful Operators (DITO Framework), and the final policy document was released in 2024.

BNM continued to accelerate e-payment adoption through e-Duit programmes. In collaboration with the financial industry, more than 110 e-Duit programmes were conducted nationwide in 2023 to promote awareness and usage of digital payments. Additionally, DuitNow QR, a centralized QR payment system, has gained widespread acceptance and popularity among businesses. As of 2023, within four years following its introduction, the number of DuitNow QR registrations is more than double the number of POS terminals (2023: 2 million QR code registration and 875,504 POS terminals). This growth signifies Malaysia's progress in adopting QR payment systems, as evidenced by its rising global ranking in QR code payment adoption.

## Promoting and achieving financial capability

The 2016 OECD/ International Network on Financial Education (INFE) International Survey of Adult Financial Literacy Competencies revealed that Malaysia lagged behind global benchmarks in financial literacy. This significant finding led to the establishment of FEN<sup>38</sup> in November 2016 as an inter-agency platform to drive coordinated efforts in addressing financial literacy gaps. Since then, Malaysia has made commendable progress, showing consistent improvements in financial literacy levels. By 2023, Malaysia's financial literacy level had risen to above average at 61 percent, surpassing the international average (60 percent) and narrowing the gap with the OECD average (63 percent).

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FEN is an interagency platform co-chaired by Bank Negara Malaysia and Securities Commission Malaysia, and with members comprising the Ministry of Education, Ministry of Higher Education, *Perbadanan Insurans Deposit Malaysia*, Employees Provident Fund, *Agensi Kaunseling dan Pengurusan Kredit* and *Permodalan Nasional Berhad*.

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To enhance the financial literacy level and improve the financial well-being of Malaysians, BNM drives the implementation of the financial education initiatives with the members and partners under FEN.<sup>39</sup> Through events, roadshows, programmes and dialogues, FEN engaged diverse stakeholders to raise awareness and foster discussions on financial literacy. FEN's flagship event, FLM, reached more than 6.3 million Malaysians, including more than 350,000 through the one-month FLM Roadshow and 3.4 million through social media platforms in 2023. This growth was driven by expanded content on social media platforms and a wider range of educational programmes with customized content to meet the needs of the target audience, with an emphasis on cyber-hygiene. One of the key highlights during FLM is the nationwide roadshow that aims to raise awareness about the importance of financial education and enhance accessibility to suitable financial products and services.

In 2023, FEN introduced annual KPIs in its programmatic road map, focusing on four areas of Solutions, Access, Awareness and Applications. These KPIs ensure that financial education initiatives remain inclusive and impactful. The Financial Education Measurement and Evaluation (FEME) Framework was also developed in 2023 and published in 2024. Aligning financial education initiatives with its strategic outcomes allows financial education providers to monitor progress and make meaningful changes that help to track and assess the impact of these initiatives.

In its ongoing efforts to enhance financial resilience and improve financial well-being, BNM remains committed to encouraging usage of a variety of financial products and services. Beyond basic banking accounts which ensure fundamental banking services at minimal costs, inclusive microinsurance and microtakaful solutions such as *Perlindungan Tenang*<sup>40</sup> and *MySalam*<sup>41</sup> offer affordable plans and protection tailored for underserved segments. Efforts to improve the accessibility of *Perlindungan Tenang* have been actively pursued, including exploring strategic partnerships with government agencies, e-hailing companies, e-wallet providers and the Employees Provident Fund (EPF). These engagements have enabled BNM to gain valuable insights into protection gaps, risks faced by consumers and the behavioural patterns of the unserved and underserved segments.

## Progress in MSME finance

In 2023, credit intermediations from banks and development finance institutions (DFIs) remained supportive of financing needs, with growth of business financing expanding at 3.7 percent (2022: 3.4 percent). For MSMEs in particular, the outstanding financing growth remained strong at 8.7 percent (2022: 5.7 percent), supported by continued disbursement financing mainly for working capital purposes, reflecting an improvement in MSMEs' business activity. A similar trend was observed for new financing lending approved to MSMEs, with continued growth over RM187 billion, for more than 235,000 SME accounts (2022: RM150 billion for nearly 231,000 accounts).

39 At the end of 2023, FEN had 8 members and 26 partners supporting FEN's efforts in driving implementation of the National Strategy for Financial Literacy.

40 *Perlindungan Tenang* is a national initiative established in aims to provide simple and affordable insurance and Takaful plans to meet the needs of the unserved and underserved segments in promoting their financial and social resilience.

41 *MySalam* is a government-initiated Takaful Protection Scheme designed to support the lower-income community in Malaysia.

DFIs continued to complement the banking system by bridging financing gaps, particularly for unserved and underserved MSMEs such as start-ups and first-time borrowers, reaching more than 30,000 MSMEs. In addition, DFIs also remain the main credit provider for microenterprises, constituting 87 percent of total microfinance accounts, further strengthening support for MSMEs.

In the same year, BNM realigned the BNM Fund for SMEs to focus on helping MSMEs grow and increase business resilience. Notably, some of the targeted facilities<sup>42</sup> aim to incentivize or crowd-in private financing into identified new growth areas and encourage the transition towards a greener, low-carbon future, while also diversifying the funding ecosystem to include more sustainable financing options for MSMEs. To note, BNM's Fund is provided as a complementary source of financing to MSMEs, with total allocation under BNM's Fund accounts for only 8 percent of total outstanding financing to MSMEs. This is in line with its intended role to crowd-in financing by banks to the unserved and underserved segments. Subsequently, financial institutions have also contributed to National Investment Aspirations (NIA)<sup>43</sup> initiatives, with notable growth of SME outstanding financing of 23.9 percent in 2023, outpacing the growth rate in previous years (end-2022: 7.2 percent; end-2021: 7.6 percent). The observed trend was mainly driven by higher financing to the information and communications technology and chemical and pharmaceutical subsectors.

Meanwhile iTEKAD,<sup>44</sup> a social finance initiative, also continued to show promise as a financial solution to support the unserved and underserved segments. In 2023, the iTEKAD initiative expanded to include 12 participating banks (2022: 9) and over 70 implementation partners. Up to end-2023, the initiative has aided more than 6,019 microentrepreneurs since its inception in 2020 and delivered tangible benefits to participants that include improvements in business growth, job creation, financial resilience and digital adoption.

## IGF

Malaysia, like many countries worldwide, is increasingly exposed to climate risks that have wide-ranging effects on communities and businesses. SMEs, the backbone of Malaysia's economy, are particularly susceptible to the impact of climate change mainly due to limited adaptive capacity and resources. Recognizing this, both BNM and SCM have taken significant steps to support SMEs in accelerating their transition to greener practices and building climate resilience.

42 Low Carbon Transition Facility (LCTF), High Tech and Green Facility (HTG) and SME Automatization and Digitalization Facility (ADF). Details of BNM's Fund for SMEs: [BNM's Fund for SMEs - Bank Negara Malaysia](#).

43 NIA refer to overarching strategic developmental objectives to increase economic complexity, create high-value jobs, extend domestic industry linkages and develop new and existing clusters. Strategic sectors deemed to be aligned with the NIA include the manufacturing of electrical and electronic products, chemicals, medical devices and pharmaceuticals, machinery and equipment, and transport equipment (e.g. aerospace); information and communication technology; research and development; and higher education.

44 iTEKAD is a blended social finance programme that provides seed capital, structured training and microfinancing. iTEKAD targets the low-income segment of aspiring and existing microentrepreneurs.

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BNM's Low Carbon Transition Facility (LCTF) and High Tech and Green Facility (HTG), with a combined fund total of RM3 3.1 billion, provide concessionary financing for SMEs to adopt and enable others to transition towards greener and more resilient practices. By the end of 2023, both facilities had approved more than RM1.2 billion combined in financing, enabling more than 550 SMEs to begin adopting sustainable and low-carbon practices.

On the other hand, SCM has also been pivotal in advancing SRI within the Malaysian capital market. Identified as a key growth area in the Capital Market Master Plan 2 (2011–2020) and emphasized in Master Plan 3 (2021–2025), SRI supports the transition to a low-carbon and climate-resilient economy.

In 2014, SCM introduced the SRI Sukuk Framework to facilitate the financing of SRI initiatives. The SCM later launched the SRI-linked Sukuk Framework in 2022, enabling issuers to raise funds while being tied to sustainability performance targets. To further incentivize issuances, the SRI Sukuk and Bond Grant Scheme was introduced in 2018 and later expanded to cover SRI-linked sukuk, offering up to RM300,000 per issuance to defray external review costs.

The SCM also issued Guidelines on SRI Funds in 2017 to facilitate and encourage greater growth of SRI funds in Malaysia, which were updated in 2023 to align with the ASEAN Sustainable and Responsible Fund Standards. These efforts highlight SCM's firm commitment to building a conducive ecosystem to spur the growth of SRI in Malaysia, which was also encapsulated in the SRI Roadmap for the Malaysian Capital Market (SRI Roadmap), launched in 2019.

Additionally, SCM has improved ESG data availability among SMEs. In 2023, its affiliate Capital Markets Malaysia (CMM) released the Simplified ESG Disclosure Guide (SEDG) to help SMEs meet disclosure expectations within global supply chains, making Malaysia the first country to offer such standardized guidelines.

JC3, a collaborative platform co-chaired by BNM and SCM, has played a crucial role in driving climate-related capacity building and awareness among SMEs. A dedicated SME Focus Group has now been established under JC3 to provide a more targeted focus and strategy, with the aim of accelerating the transition and adoption of sustainable practices and business models by SMEs. The JC3 SME Focus Group has delivered several key initiatives to help SMEs get started on and advance their transition journey. This includes the ESG Jumpstart Portal, a one-stop online information hub for SMEs to access foundational information, resources, tools and guidance to jump-start their sustainable journey. Pilot projects such as the Greening Value Chain programme (GVC) were also introduced to support transition efforts by SMEs. The pilot programme employs a blended approach of facilitation to SMEs, comprising technical training with access to measurement and reporting tools as well as to funding via LCTF. The programme has supported more than 400 SMEs in domestic supply chains in measuring and reporting their GHG emissions.

These efforts underscore Malaysia's commitment to advancing IGF and supporting SMEs' orderly transition towards a low-carbon economy while building long-term resilience.

## Key challenges to financial inclusion

Malaysia has made significant strides in promoting financial inclusion over the past decades, yet several barriers remain, and new ones have emerged. Some challenges include:

### 1 Navigating digital payments

While digital payments have brought convenience and efficiency, they also introduce new risks. Advanced technologies, such as artificial intelligence and deepfakes, have heightened the risk of scams and cyberattacks, requiring FSPs to strengthen safeguards. Another challenge is the 'painless payment' phenomenon, where seamless online shopping experiences may lead to overspending coupled with the rise of buy-now-pay-later (BNPL) schemes may also lead to excessive debt among consumers. Furthermore, vulnerable segments continue to face barriers in accessing DFS, highlighting the need for more inclusive solutions.

### 2 Uptake beyond basic saving accounts remain low

Malaysia has a high ownership of basic banking accounts, yet the uptake of other financial products, such as insurance and takaful, remains low. The number of insurance policyholders per 10,000 adults declined from 5,752 in 2022 to 5,151 in 2023, indicating a potential drop in insurance uptake or retention. This is mainly due to a knowledge gap and a lack of awareness of the importance of risk protection, and the availability of affordable insurance and takaful options available in the market. Additionally, some vulnerable groups, such as those in remote areas and persons with disabilities (PWDs), face additional challenges in accessing these services, requiring targeted interventions to encourage broader adoption.

## Going forward: Reaching the last mile

To address these gaps, Malaysia's financial inclusion strategies will continue to be guided by the Financial Inclusion Framework 2023–2026 introduced in June 2023. This framework builds on the success of the first Financial Inclusion Framework 2011–2020, which significantly improved access to basic financial services. Aligned with the goals in the Financial Sector Blueprint 2022–2026, the new framework provides a strategic road map, which includes four desired outcomes and seven policy objectives in supporting and enhancing the financial well-being of households and businesses.

One of the key elements include a structured M&E Framework. This framework aims to establish a set of KPIs to track and assess the effectiveness of strategies, ensuring continuous improvement and accountability among financial industry players.

BNM will also enhance efforts to understand and address underlying barriers faced by the unserved and underserved segments with greater outreach to the grassroots. By leveraging the trust built among implementation partners, such as Non-Governmental Organisations (NGOs) and social enterprises, BNM could ensure targeted financial inclusion initiatives effectively deliver and reach the last mile of financial inclusion.

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	2018	2019	2020	2021	2022	2023
<b>Access indicators</b>							
<b>Points of service</b>	1. Number of branches per 10,000 adults	1.3	1.3	1.2	1.2	1.2	1.1
	2. Number of ATMs per 10,000 adults	4.5	4.4	5.6	5.5	5.4	5.3
	3. Number of POS terminals per 10,000 adults	209	268	295	317	333	339
	4. Number of mobile money agents or similar financial services agents <sup>45</sup>	6 254	5 532	4 696	4 119	3 829	3 501
<b>Access points</b>	Number of access points per 10,000 adults at national level <sup>46</sup>	3.9	3.5	3.1	2.9	2.7	2.5
<b>Connectivity</b>	Access to the Internet (percentage of adults with Internet access anywhere)	87.4%	N.A.	88.7%	N.A.	N.A.	N.A.
<b>Usage indicators</b>							
<b>Adults with an account</b>	1. Percentage of adults who report having an account at a bank <sup>47</sup>	95.5%	96.0%	95.9%	95.7%	96.8%	97.3%
	2. Number of e-money accounts (banks and non-banks; millions)	61.1	81.5	107.5	128.6	152.1	168.9
	3. Number of active e-money accounts <sup>48</sup> (millions)	11.10	14.8	15.9	22.6	24.9	31.9
	4. Number of inactive e-money accounts (millions)	49.88	66.6	91.5	106.1	127.3	137.0
	5. Number of e-money accounts (banks and non-banks) per 10,000 adults	25 534	33 538	43 565	51 664	60 682	65 388
	6. Number of active e-money accounts <sup>49</sup> per 10,000 adults	4 639	6 090	6 484	9 079	9 934	12 350
	7. Number of inactive e-money accounts per 10,000 adults	20 895	27 407	37 081	42 625	50 788	53 038
<b>Savings</b>	Number of deposit accounts with banks or deposit-taking institutions per 10,000 adults	31 429	30 640	30 999	30 698	31 009	31 303
<b>Credit</b>	Number of loan accounts with banks or other credit providers per 10,000 adults	8 335	8 321	8 914	8 752	8 993	9 027
<b>Payments</b>	1. Number of debit cards per 10,000 adults	17 218	18 123	18 956	18 532	19 225	19 831
	2. Number of e-money purchase transactions (i.e. refers to transaction volume) (millions)	1 900	2 091	1 828	2 108	3 187	4 023
	3. Number of e-payment transactions per capita <sup>50</sup>	125	150	170	221	291	291 <sup>51</sup>
<b>Insurance</b>	Number of life insurance policyholders per 10,000 adults	4 883	4 928	4 964	4 994	5 752	5 151
<b>Quality indicators</b>							
<b>Affordability</b>	Average cost as a percentage of a low-value remittance transaction <sup>52</sup>	4.75%	4.00%	4.18%	N.A.	N.A.	N.A.

45 Refers to the number of bank agents only. Data on mobile money agents are not available.

46 As nationally defined: includes only bank branches and agent banks.

47 Refers to the percentage of Malaysian adults (15 years and above) with deposit accounts at a financial institution.

48 Refers to users with at least one transaction made during the reporting month.

49 Accounts with at least one financial transaction in the past six months.

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

51 Proxy data as 2023 data is not published.

52 Average transaction cost of sending remittances from a specific country.

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	2018	2019	2020	2021	2022	2023
<b>Indebtedness</b>	Percentage of borrowers who are more than 90 days late with a loan repayment	1.48%	1.60%	1.56%	1.50%	1.72%	1.65%
<b>Inclusive growth indicators</b>							
<b>Digital financing</b>	Internet banking penetration rate (percentage of population)	91.1%	97.6%	112.5%	122.4%	134.8%	140.6%
	Mobile banking penetration rate (percentage of population)	44.6%	52.9%	61.8%	73.2%	88.8%	97.1%
	Number of mobile banks					19	24
	Subdistricts served by mobile agents					9.1%	9.6%
<b>Impact indicators</b>							
<b>Segmental</b>	Percentage of adult women using at least one formal financial service		96.66%	96.49%	96.08%	97.57%	97.95%
	Percentage of MSMEs using at least one formal financial service				99%		

**TABLE 17:**  
**Financial capability indicators, Malaysia**

INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
<b>Governance/ coordination</b>	Pre-formulation	Number of stakeholders/key priority target groups identified			
	Formulation	Formation of a financial capability working group			
	Formulation	Number of quarterly meetings held by the financial capability working group			
	Formulation	Percentage of stakeholders at regulatory level that develop an action or implementation plan for financial education			
	Implementation	Number of stakeholders at regulatory level that execute the action or implementation plan for financial education			
<b>Enabling environment</b>	Pre-formulation	Number of draft policies to promote financial capability			
	Formulation	Number of policies developed to promote financial capability (e.g. NFIS, consumer protection frameworks/ policies, policies promoting inclusion of specific marginalized segments) <sup>53</sup>	1	1	1
	Formulation	Number of meetings with the Ministry of Education to promote the integration of financial education into the national curriculum			
	Implementation	Percentage of schools that integrate financial education into the curriculum	100%	100%	100%
<b>Policy alignment</b>	Pre-formulation	Number of key terms defined at the national level (e.g. financial capability, financial education, financial literacy)			
	Formulation	Establishment of policy priority to develop an NFES or prioritize financial education in an NFIS			
	Implementation	Number of high-level/inter-agency meetings to discuss NFES targets/outcomes with key regulatory stakeholders	2	2	2

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INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
<b>Regional collaboration</b>	Pre-formulation/ formulation	Number of virtual workshops to learn from countries at a more advanced stage of developing or implementing an NFES			
	Implementation	Number of virtual workshops to share lessons learned with countries at a less advanced stage of developing or implementing an NFES	2	3	2
<b>Supply-side mapping</b>	Pre-formulation	Number of existing initiatives identified that promote financial capability			
	Pre-formulation	Number of government programmes identified to reach each target group (touch points)			
	Formulation	Number of stakeholders identified during the supply-side mapping that form part of the financial capability working group <sup>54</sup>	8	8	8
<b>Demand-side diagnostic</b>	Pre-formulation	Number of secondary sources that measure levels of financial capability within the country			
	Pre-formulation	Number of key target groups identified that have low financial capabilities			
	Pre-formulation	Number of proposals reviewed to conduct a national financial capability survey			
	Formulation	Number of policies and programmes developed from national financial capability survey results			
<b>Overall financial literacy</b>	All stages	Sum of scores on financial knowledge, financial behaviour and financial attitudes.	59.7%		61.0%
<b>Financial skills</b>	All stages	Percentage of adults who are able to use an account at a bank or financial institution without help if opened	24%		
<b>Financial behaviour</b>	All stages	Percentage of adults coming up with emergency funding in 30 days, possible and not difficult at all (disaggregated by sex, age and geographic location)	25%		
		<ul style="list-style-type: none"> <li>Female</li> <li>Male</li> </ul>	25% 25%		
		<ul style="list-style-type: none"> <li>15–24 years (youth)</li> <li>25+ years (adults)</li> </ul>	11% 29%		
		<ul style="list-style-type: none"> <li>Poorest 40%</li> <li>Richest 60%</li> </ul>	10% 34%		
		<ul style="list-style-type: none"> <li>Rural</li> <li>Urban</li> </ul>	N.A		
		<ul style="list-style-type: none"> <li>Out of labour force</li> <li>In labour force</li> </ul>	21% 27%		
	All stages	Main source of emergency funding in 30 days (%)			
		<ul style="list-style-type: none"> <li>Family or friends</li> <li>Loan from a bank, employer or private lender</li> <li>Sale of assets</li> <li>Savings</li> <li>Work</li> <li>Other</li> </ul>	29% 1% 9% 40% 8%		

BRUNEI DARUSSALAM	CAMBODIA	INDONESIA	LAO PDR	<b>MALAYSIA</b>	MYANMAR	PHILIPPINES	THAILAND	VIET NAM
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INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
Financial behaviour	All stages	Percentage of adults who save for old age (disaggregated by sex, age and geographic location)	52%		
		<ul style="list-style-type: none"> <li>Female</li> <li>Male</li> </ul>	51% 54%		
		<ul style="list-style-type: none"> <li>15–24 years (youth)</li> <li>25+ years (adults)</li> </ul>	38% 57%		
		<ul style="list-style-type: none"> <li>Poorest 40%</li> <li>Richest 60%</li> </ul>	41% 60%		
		<ul style="list-style-type: none"> <li>Rural</li> <li>Urban</li> </ul>	N.A.		
		<ul style="list-style-type: none"> <li>Out of labour force</li> <li>In labour force</li> </ul>	36% 61%		
	Programme level	Implementation	Number of financial education initiatives	222	395
Implementation		Percentage of stakeholders integrating financial education at the programme level	100%	100%	100%
Implementation		Percentage of stakeholders using digital channels for financial education	100%	100%	100%
Implementation		Percentage of outcomes achieved at programme level	N.A.	N.A.	N.A.

**TABLE 18:**  
**MSME finance indicators, Malaysia**

INDICATOR CATEGORY	INDICATOR	2022	2023
Access to finance	Standardized definitions of MSMEs [yes/no]	Yes	Yes
	Percentage of MSME loans in total banking system loans	16.2%	16.7%
	Percentage of MSMEs with account at financial institution	90%	N.A.
	Share of new MSME lending as a percentage of total loans	20.7%	22.3%
	Percentage of secured MSME loans to total MSME outstanding loans <sup>55</sup>	50.24%	53.5%
	Percentage of MSME borrowers with collateral		
	12-month average of lending rates (%) on new SME loans approved	4.98%	5.78%
	Number of SMEs with deposit accounts		
	Number of moveable collateral registries		
	SME financing gap		
QR systems [yes/no]	Yes	Yes	
Usage	Percentage of MSMEs that report using an account at a financial institution	90%	N.A.
	Percentage of MSMEs that report using a mobile account	65%	N.A.
	Number of MSME loans/MSME borrowers	>1million	>1million
	Percentage of MSMEs with outstanding loan or credit	29.2%	32.2%
	Value of MSME loans (MYR billions)	355 234	386 108
Volume of digital payments for MSMEs			

55 Reflects SME loan accounts with newly approved loans backed by collateral during the year, as a share of total SME loan accounts with newly approved loans from banks and DFIs.

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INDICATOR CATEGORY	INDICATOR	2022	2023
<b>Public support for MSME finance</b>	Number of policies/strategies that prioritize MSMEs as a key target group (NFIS/NFES)	9	9
	MSME loan guarantees (value)	22 700	N.A.
	MSME direct government loans/loan funds (MYR billions)	21 200	22 388
	Number of tax incentives for MSMEs		
	Number of pre-shipment export guarantee funds for export-based MSMEs		
<b>Digital finance/ alternative finance</b>	P2P lending (volume, percentage share of total loans)		
	Venture and growth capital investments (volume, percentage of total financing)		
	Leasing and hire purchases (volume, percentage of total financing)		
	Factoring and invoice discounting (volume, percentage of total financing)		
	Number of MSME-related products/services being tested in regulatory sandbox	1	1
	Percentage of MSMEs with digital payment capabilities <sup>56</sup>	92%	N.A.
<b>Coordination</b>	Number of working groups for MSMEs		
	Number of regulatory meetings focused on MSMEs annually		
	Number of capacity-building sessions for regulators/FSPs on MSME finance		
	Number of ministries working together to promote financial inclusion of MSMEs		
<b>Collaboration</b>	Number of policy dialogues, roundtables, forums on MSME topics <sup>57</sup>		
	Number of partnerships with MSME-focused organizations/business associations		
	Number of partnerships with fintechs, MMOs, telcos, e-commerce platforms, digital payment providers		
<b>Financial capabilities</b>	Percentage of MSMEs with non-performing loans (i.e. 90 days)	3.6%	3.8%
	Percentage of MSMEs that have at least one formal financial service	99%	N.A.
	Number of government programmes to promote financial and digital financial capabilities of MSMEs		
<b>Gender</b>	Number of loans to women-owned MSMEs		
	Percentage of women MSMEs that have at least one formal financial service <sup>58</sup>		
	Value of loans to women-owned MSMEs		
	Percentage of women MSME loans in total banking system		
	Number of partnerships with female-focused organizations/women's business associations		
	Percentage of non-performing loans from women-owned MSMEs		
	Number of loan funds/loan schemes targeting women-owned MSMEs <sup>59</sup>	6	9

56 This is a new indicator and reflects the share of 1,000 surveyed Malaysian SMEs reporting using some form of digital payments (Paypal, 2023).

57 These can serve as platforms for sharing best practices, guidelines and frameworks in areas such as protection and security of cross-border data flows, competition, taxation, trade and logistics infrastructure.

58 This is revised from the current indicator of percentage of women MSMEs enabled through financial inclusion.

59 These loan schemes are from financial institutions only.

**TABLE 19:**  
**Inclusive green finance indicators, Malaysia**

INDICATOR CATEGORY	INDICATOR	2023
<b>Access to finance</b>	# standardized definitions/taxonomies for IGF	4
	% achievement of objectives in ASEAN Taxonomy for Sustainable Finance	
	% of focus sectors reached in ASEAN Taxonomy for Sustainable Finance	100% and 50% <sup>60</sup>
	# of use cases of IGF products, activities or interventions	1
	Higher loan to value ratios for green homes and/or energy investments for MSMEs	
<b>Usage</b>	# of IGF products	2
	% of population using financial products for climate change events	
	Value of IGF products	
	Volume of digital payments for IGF products	
<b>Public support for IGF</b>	# of national policies/strategies that prioritize IGF	1
	# of national programmes that prioritize IGF (e.g. social protection, financial education)	3
	# sustainable finance roadmaps/principles	
	# risk management guidelines	7
	# adjusted risk management and reporting requirements relative to loan size	1
	# tiered sustainability disclosure requirements	3
	# regulatory incentives for green sectors	
	IGF loan guarantees as % of total loans	
IGF loan guarantees (value)		
<b>Collaboration/coordination</b>	# Working Groups for IGF	1
	# public-private partnerships for IGF	3
	# regulatory meetings, forums, roundtables, etc. focused on IGF	5
	# capacity building sessions for regulators on IGF	0
	# capacity building sessions for private sector on IGF	2

60

Climate Change and Principle-based Taxonomy (CCPT) and ASEAN Taxonomy Foundation Framework are sector-agnostic as both are principle-based taxonomies and therefore cover all sectors. Meanwhile, the ASEAN Taxonomy Plus Standard has only published thresholds for three sectors (i.e. power, transportation and storage; construction; and real estate).

BRUNEI  
DARUSSALAM

CAMBODIA

INDONESIA

LAO PDR

MALAYSIA

**MYANMAR**

PHILIPPINES

THAILAND

VIET NAM



# Myanmar

## Overview on Myanmar Financial Inclusion RoadMap

The Ministry of Planning and Finance, Ministry of Industry, Central Bank of Myanmar (CBM), private financial institutions and relevant organizations have been collaborating to improve financial inclusion in Myanmar since 2014. The current strategic action plans are based on the Financial Inclusion Roadmap (2019–2023) (UNCDF, 2018), whose main objective is to raise the financial inclusion rate from 48 percent in 2019 to 60 percent in 2023, as well as increase the usage of more than one financial service by adults from 17 per cent in 2019 to 25 percent in 2023. Myanmar has been implementing the critical five pillars of the roadmap. DFS is one key pillar that is playing a vital role in the country's economic development. The financial inclusion rate in Myanmar reached 77 percent in 2023 due mainly to the strong leadership and management of policymakers and service providers, and engagement with customers.

### Financial inclusion progress and financial access

Financial services are critical for individuals, households, businesses and corporate and government agencies for their daily activities and business operations. In 2023, most people in rural and urban areas in Myanmar reported access and use of basic financial access (loans, savings, mobile banking and e-remittance) through different channels. There was a 4 percent increase in adults who reported having a financial institution account from 2023 (from 73 percent to 77 percent). This is due mainly to the recent growth of microfinance companies and cooperatives. It is also due to growth in the number of access points, a 27 percent increase from the previous year (from 958 in 2022 to 1,307 in 2023).

The main objective in enhancing financial access is to provide effective, flexible and reliable financial services for low-income households, MSMEs and farmers. In the microfinance sector, microfinance companies (MFCs) provide financial services to low-income people, segmented by 38 percent for the trade sector, 36 percent for agriculture, 13 percent for the services sector, 7 percent for livestock and fisheries, 5 percent for the productive sector, and 1 percent for the education sector.

In 2023, 92 percent of adults reported having an account at a financial institution or with an MMO, an increase of 2 percent from the previous year. This is due primarily to more than a 35 percent increase in mobile money agents (from 350,000 in 2022 to 475,327 in 2023) and a 30 percent increase in the number of mobile money transactions per 100,000 adults (from nearly 4 million to over 5 million). This growth was facilitated by an increase in mobile phone penetration greater than 100 percent (nearly 113 percent of the total population). It may also be due to cash shortages, mistrust in formal financial institutions, internal displacement, and service disruptions in Myanmar.

## Barriers to financial inclusion and economic development

One of the key challenges to progress in financial inclusion in Myanmar is that authorities need to improve the legislative and regulatory framework to govern the relevant sectors (fiscal and monetary) effectively. To help mitigate against these concerns, it is important to focus on consumer protection, information privacy, security of financial transactions, digital literacy and protection from cybercrimes. Digital infrastructure development is essential to facilitate higher online payment penetration and digital transformation in Myanmar. In addition, Myanmar has been facing high inflation, unemployment and entrenched poverty. Shortages of imported inputs and electricity, and labour disruptions, have affected the manufacturing sector as well as decreased real incomes and weakened household savings. This will spill over to the retail trades and services sector due to the consequent impact on consumption.

## DFS development

DFS is based on innovation and new technology that provides flexible products for end users. Enhancing digital financial inclusion requires information and communications technology infrastructure projects, as well as e-governance initiatives such as G2B (government-to-business), G2G (government-to government) and G2C (government-to-consumer) services; handling e-payments; e-remittance; and mobile financial services. A programme to reform and restructure state-owned banks has been implemented in Myanmar since 2018 and includes some DFS programmes.

The Myanmar Payment Union (MPU) was established through a collaboration between state-owned and private banks in 2011 and has played a major role in enhancing e-remittances. Its purpose is to provide ATMs and POS switch services among the banks. Moreover, the process of CBM-Net has helped to achieve a certain level of interoperability between the banks and the clearing house. According to CBM data, the mobile banking system is operational and handling 5.1 million mobile payments per 100,000 adults. The most popular payments are P2P lending, e-commerce, online shopping and using phone apps to place buy/sell orders. Recently, a few companies in Myanmar have been preparing to engage in DFS (P2P, e-wallet, mobile banking, and equity crowd funding).

DFS have increased dynamically every year. As of December 2024, the number of ATMs was 4,642; the number of POS systems was 36,969; there were 13 e-banking operators, 3 telcos (Telenor-Atom, Mytel, MPT) and 10 banks. DFS are provided through 475,327 mobile money agents. (MPU) issues debit cards and credit cards as well as foreign currency access cards such as Visa, JBC and MasterCard.

## Early stages of IGF

Myanmar is currently in the early stages of promoting and implementing IGF programmes, policies and products. Myanmar has formally endorsed the ASEAN Taxonomy but remains in early implementation stages. The Taxonomy focuses on six key sectors: (1) agriculture, forestry, and

fishing; (2) electricity, gas, steam and air-conditioning supply; (3) manufacturing; (4) transportation and storage; (5) water supply, sewage and waste management; and (6) construction and real estate. The implementation of the ASEAN Taxonomy in Myanmar, like other AMS, aims to promote sustainable investments and financial flows towards environmentally friendly projects. The Government of Myanmar has been promoting a green lending policy that encourages business loans to invest in green industries.

## Focus areas in financial inclusion progress in 2024

In FY 2023/24, Myanmar's GDP was MMK140.190 trillion. The agriculture sector contributed MMK 31.854 trillion; industry sector contributed MMK 52.702 trillion; and services and trade sector contributed MMK 55.634 trillion. The authorities from the relevant organizations, the Ministry of Planning and Finance and CBM have outlined intentions to focus on three areas in FY 2024/25. The first is to improve the Myanmar Digital Economy Roadmap and the use of DFS by customers. The second is to support digital financial literacy and awareness programmes, and the final one is to enhance e-governance and the national digital ID system around the country.

Myanmar developed a Policy Framework for Digital Economy and Digital Economy Roadmap (2030) (Myanmar Ministry of Planning and Finance, n.d.) with the support of the Digital Economy Development Committee in 2017. This is aligned with the government's Economic Policy (2016). To reach the goals outlined in these documents, the digital ecosystem and its functions are critical to improve the country's economy. In addition, the digital ecosystem will create a more sustainable financial sector by enabling DFS and digital ID, which will ultimately provide the foundation for innovative digital services in governmental organizations, private-sector organizations and enterprises.

Financial literacy and awareness programmes are essential to promote a healthy financial ecosystem, as financial literacy plays a vital role in financial inclusion. In 2024, Myanmar policymakers will focus on digital financial literacy and awareness programmes through different television channels, and different media channels and social media platforms, with the support of private-sector organizations.

CBM, the Ministry of Planning and Finance (MOPF), Ministry of Immigration and Population (MOIP), and Ministry of Transport and Communication (MOTC) have been coordinating efforts to improve the e-governance and national digital ID system. In this regard, a strong personal data protection system must be created before the e-ID system. In addition, it is important to align with the anti-money-laundering and countering the financing of terrorism (AML/CFT) process. This is one of the main reasons CBM developed the National Payment System Strategy (2020–2025). To improve the mobile financial services and e-remittance, e-KYC is important for regulators and financial services providers. Thus, CBM requires a double-checking process on customers' data and information with the e-ID Database with the support of MOPI and SIM Registration Databased and the Posts and Telecommunications Department (PTD) under the MOTC.

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	2018	2019	2020	2021	2022	2023
<b>Access indicators</b>							
<b>Points of service</b>	1. Number of branches per 100,000 adults	5	7	7	6	6.7	4.9
	2. Number of ATMs per 100,000 adults	9	12	12	11	10.8	10.7
	3. Number of POS terminals per 100,000 adults	40	55	65	60	101	103.4
<b>Access points</b>	Number of access points (cash-in and cash-out) per 100,000 adults	31	433	644	840	958	1307
<b>Connectivity</b>	1. Percentage of adults using the Internet	31%	62%	124%	88%	95%	96%
	2. Mobile phone penetration (active mobile phones per 100,000 adults)	113 000	126 022	137 520	104 120	103 580	112 600
<b>Usage indicators</b>							
<b>Adults with an account</b>	1. i. Percentage of adults who report using an account at a bank	31%	56%	58%	62%	73%	77%
	2. ii. Percentage of adults who report using an account with a formal financial institution or a mobile money provider	48%	56%	84%	88%	90%	92%
<b>Savings</b>	Number of deposit accounts with banks per 100,000 adults	30 945	41 427	45 106	50 314	61 760	65 278
<b>Credit</b>	Number of loan accounts with commercial banks per 100,000 adults	628	1 642	6 596	1 227	2 953	3 313
<b>Payments</b>	1. Number of debit cards per 100,000 adults	12 857	32 857	23 288	23 146	21 547	19 976
	2. Number of registered mobile money accounts (e-money wallets) per 100,000 adults	1 930	24 642	N.A.	N.A.	12 612	15 566
	3. Number of mobile money transactions per 100,000 adults, disaggregated by type of transaction: inflow	107 755	1 589 628	1 692 607	2 053 918	3 977 982	5 166 873
<b>Insurance</b>	Total number of persons with insurance coverage, disaggregated by life and non-life insurance						
	Life insurance companies	79	46 364	11 265	1 541	4 569	7 113
	Non-life insurance companies	148	20 154	21 886	4 585	9 148	12 881
<b>Quality indicators</b>							
<b>Appropriateness</b>	Number of BDAs	855	987	1,248	1,334	20,464	22,365
<b>Value</b>	MSME loans with guarantee	-	-	-	10.39%	9.56%	9.38%
<b>Affordability</b>	Average bank fees for domestic remittance income (MMK millions)	N.A.	N.A.	N.A.	2 851	3 118	2 776
<b>Financial literacy</b>	Percentage of adults who obtained a perfect score in a financial literacy quiz	10.77%	15.29%	19.09%	24.3%	30.9%	32.6%
<b>Consumer protection</b>	Number of complaints	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Indebtedness</b>	Percentage of households with loan repayments behind schedule	1.0%	1.2%	6.55%	6.15%	10.64%	9.84%

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	2018	2019	2020	2021	2022	2023
<b>Choice</b>	Percentage of cities and municipalities with access to all types of financial services: savings, credit, insurance, payments and remittances	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Macroeconomic context</b>	Proportion of population living below the national poverty line	24.8%	N.A.	N.A.	N.A.	N.A.	N.A.
	Annual growth rate of real GDP per capita	5.8%	6.1%	2.5%	-6.7%	2.5%	2.7%
<b>Education</b>	Completion rate (primary education)			76.69%		39.93%	40.03%
	Completion rate (lower secondary education)			81.24%		40.88%	39.95%
	Completion rate (upper secondary education)	90.8% (2016)	95.1% (2019)	19.22%		78.85%	26.12%
<b>Access to basic services</b>	Proportion of population with access to electricity				56%	66%	66%
	Proportion of population with primary reliance on clean fuels and technology					29.6%	29.6%
<b>Health care</b>	Proportion of adults with health/ medical insurance				25%	13%	15%
<b>(Asset-building and) entrepreneurship</b>	Total MSME loans (MMK millions)	N.A.	N.A.	N.A.	431 513	480 187	600 277
	Total number of MSME loans				4 439	4 725	5 170
	Proportion of the urban population living in slums, informal settlements or inadequate housing	N.A.	N.A.	N.A.	9.5%	9.5%	N.A.
<b>Redistribution</b>	Number of beneficiaries receiving social protection payments						
	Older persons				248 322	206 887	N.A.
	Persons with disabilities				38 238	2 159	N.A.
	Pregnant women, newborns				473 150	461 364	N.A.
	Work injury victims				4 052	2 981	N.A.
<b>Unemployment and income inequality</b>	Unemployment rate		0.5%			2.5%	N.A.
	Proportion of informal employment in total employment		82.8%				
	Remittance costs as a proportion of the amount remitted			10.59%			
<b>Outcome indicators</b>	Proportion of adults using at least one formal financial service	48%	56%	84%	88%	90%	92%
<b>Impact indicators: segmental</b>	Proportion of MSMEs/farmers enabled through financial inclusion				6.05%	18.36%	14.78%
<b>Global development goals</b>	Proportion of people living below the international poverty line	19.3% (2017)				40%	N.A.
<b>National goals</b>	Average national growth rate	6.4%	6.8%	3.2%	-5.9%	3.4%	3.5%

**TABLE 20:**  
**Financial capability indicators, Myanmar**

INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
<b>Governance/ coordination</b>	Pre-formulation	Number of stakeholders/key priority target groups identified			
	Formulation	Formation of a financial capability working group			
	Formulation	Number of quarterly meetings held by a financial capability working group			
	Formulation	Percentage of stakeholders at regulatory level that develop an action or implementation plan for financial education		25%	
	Implementation	Number of stakeholders at regulatory level that execute the action or implementation plan for financial education		25%	
<b>Enabling environment</b>	Pre-formulation	Number of draft policies to promote financial capability	1 <sup>61</sup>	1	1
	Formulation	Number of policies developed to promote financial capability (e.g. NFIS, consumer protection frameworks/ policies, policies promoting inclusion of specific marginalized segments)	1 <sup>62</sup>	1	1
	Formulation	Number of meetings with the Ministry of Education to promote the integration of financial education into the national curriculum			
	Implementation	Number of schools that integrate financial education into the curriculum			
<b>Policy alignment</b>	Pre-formulation	Number of key terms defined at the national level (e.g. financial capability, financial education, financial literacy)	2	2	2
	Formulation	Establishment of policy priority to develop an NFES or prioritize financial education in an NFIS			
	Implementation	Number of quarterly meetings held by the financial capability working group to discuss NFES target/ outcomes			
<b>Regional collaboration</b>	Pre-formulation/ formulation	Number of virtual workshops to learn from countries at a more advanced stage of developing or implementing an NFES			
	Implementation	Number of virtual workshops to share lessons learned with countries at a less advanced stage of developing or implementing an NFES			
<b>Supply-side mapping</b>	Pre-formulation	Number of existing initiatives identified that promote financial capability			
	Pre-formulation	Number of government programmes identified to reach each target group (touch points)			
	Formulation	Number of stakeholders identified during the supply-side mapping that form part of the financial capability working group			
<b>Demand-side diagnostic</b>	Pre-formulation	Number of secondary sources that measure levels of financial capability within the country			
	Pre-formulation	Number of key target groups identified that have low financial capabilities			

61 Need to update Financial Literacy Strategy (2016).

62 National Consumer Protection Programme (2021–2025).

INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
<b>Demand-side diagnostic</b>	Pre-formulation	Number of proposals reviewed to conduct a national financial capability survey			
	Formulation	Number of policies and programmes developed from national financial capability survey results			
<b>Financial knowledge</b>	All stages	Arithmetic score as per national definitions; % of adults who know definitions of basic financial terms (i.e. importance of saving in a bank account, has a bank account, borrows responsibly, plans ahead, knows how to access and use the best financial services, etc.)	24.25%	30.90%	32.6%
<b>Financial skills</b>	All stages	Percentage of adults who are able to use an account at a bank or financial institution without help if opened	32%		
<b>Financial behaviour</b>	All stages	Percentage of adults coming up with emergency funding in 30 days, possible and not difficult at all (disaggregated by sex, age and geographic location)	33%		
		<ul style="list-style-type: none"> <li>Female</li> <li>Male</li> </ul>	33% 32%		
		<ul style="list-style-type: none"> <li>15–24 years (youth)</li> <li>25+ years (adults)</li> </ul>	28% 35%		
		<ul style="list-style-type: none"> <li>Poorest 40%</li> <li>Richest 60%</li> </ul>	21% 41%		
<b>Financial behaviour</b>		<ul style="list-style-type: none"> <li>Rural</li> <li>Urban</li> </ul>	N.A		
		<ul style="list-style-type: none"> <li>Out of labour force</li> <li>In labour force</li> </ul>	35% 32%		
	All stages	Main source of emergency funding (%)			
		<ul style="list-style-type: none"> <li>Family or friends</li> <li>Loan from a bank, employer or private lender</li> <li>Sale of assets</li> <li>Savings</li> <li>Work</li> <li>Other</li> </ul>	23% 1% 16% 12% 42% 1%		
	All stages	Percentage of adults who save for old age (disaggregated by sex, age and geographic location)	23%		
		<ul style="list-style-type: none"> <li>Female</li> <li>Male</li> </ul>	22% 25%		
		<ul style="list-style-type: none"> <li>15–24 years (youth)</li> <li>25+ years (adults)</li> </ul>	29% 21%		
		<ul style="list-style-type: none"> <li>Poorest 40%</li> <li>Richest 60%</li> </ul>	13% 30%		
		<ul style="list-style-type: none"> <li>Rural</li> <li>Urban</li> </ul>			
		<ul style="list-style-type: none"> <li>Out of labour force</li> <li>In labour force</li> </ul>	17% 25%		
	<b>Programme level</b>	Implementation	Percentage of stakeholders integrating financial education at the programme level		25%
Implementation		Percentage of stakeholders using digital channels for financial education		50%	
Implementation		Percentage of outcomes achieved at programme level		25%	

**TABLE 21:**  
**MSME finance indicators, Myanmar**

INDICATOR CATEGORY	INDICATOR	2022	2023
Access to finance	# standardized definitions of MSMEs		
	% MSME loans in total banking system loans	.82%	.82%
	% of MSMEs with account at financial institution	.04% <sup>63</sup>	
	Share of new MSME lending as % of total loans		
	% of MSME borrowers with collateral	71.04%	66.22%
	Interest rate spread between small and large enterprises	6.5% to 11.5%	6.5% to 11.5%
	# of SMEs with deposit accounts	432	432
	# moveable collateral registries		
	SME financing gap		
	# QR Systems		
Usage	% of MSMEs who report using an account at a financial institution	.04% <sup>64</sup>	N.A.
	% of MSMEs who report using a mobile account		
	# MSME loans (MMK millions)	29 317	23 667
	% of MSMEs with outstanding loan or credit	0.41%	0.83%
	Value of MSME loans (MMK, millions)	77 990.7	143 756.8
	Volume of digital payments for MSMEs		
Public support for MSME finance	# of policies/strategies that prioritize MSMEs as key target group (NFIS/NFES)		
	MSME loan guarantee as % of MSME loans	9.56%	10.17%
	MSME Loan guarantees (value)		
	MSME direct government loans/loan funds (Kyat in millions)	3 911	3 013
	# tax incentives for MSMEs		
Digital finance/ alternative finance	# of pre-shipment export guarantee funds for export-based MSMEs		
	P2P lending (volume, % share of total loans)		
	Venture and growth capital investments (volume, % of total financing)		
	Leasing and hire purchases (volume, % of total financing)		
	Factoring and invoice discounting (volume, % of total financing)		
Coordination	# regulatory sandboxes for MSME finance		
	# of Working Groups for MSMEs	5	5
	# of regulatory meetings focused on MSMEs annually	12	12
	# of capacity building sessions for regulators/FSPs on MSME finance		
Collaboration	# of ministries working together to promote financial inclusion of MSMEs		
	# of policy dialogues, roundtables, forums on MSME topics		
	# of partnerships with MSME-focused organizations/business associations		
Collaboration	# of partnerships with Fintechs, MMOs, Telcos, e-commerce platforms, digital payment providers		

63 This data is based on data solely from the Myanmar Economic Bank (MEB), a state-owned bank.

64 *Ibid.*

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INDICATOR CATEGORY	INDICATOR	2022	2023
Financial capabilities	% of MSMEs with non-performing loans (i.e. 90 days) (Data from only Myanma Economic Bank, not covering around the country)		
	% of MSMEs who have at least one formal financial service	0.04%	
	# of government programmes to promote financial and digital financial capabilities of MSMEs	1 (online/ media channels and workshops)	
Gender	# of loans to women-owned MSMEs		
	% of female MSMEs who have at least one formal financial service		
	Value of loans to women-owned MSMEs (MMK millions)	9 401	9 870
	% of female MSME loans in total banking system		
	# of partnership with female-focused organizations/women's business associations		
	% of non-performing loans from women-owned MSMEs	13.94%	13.82%
	# of loan funds/ loan schemes targeting women-owned MSMEs		

**TABLE 22:**  
**Inclusive green finance indicators, Myanmar**

INDICATOR CATEGORY	INDICATOR	2023
Access to finance	# standardized definitions/taxonomies for IGF	Yes
	% achievement of objectives in ASEAN Taxonomy for Sustainable Finance	
	% of focus sectors reached in ASEAN Taxonomy for Sustainable Finance	
	# of use cases of IGF products, activities or interventions	
	Higher loan to value ratios for green homes and/or energy investments for MSMEs	
Usage	# of IGF products	
	% of population using financial products for climate change events	
	Value of IGF products	
	Volume of digital payments for IGF products	
Public support for IGF	# of national policies/strategies that prioritize IGF	
	# of national programmes that prioritize IGF (e.g. social protection, financial education)	
	# sustainable finance roadmaps/principles	
	# risk management guidelines	
	# adjusted risk management and reporting requirements relative to loan size	
	# tiered sustainability disclosure requirements	
	# regulatory incentives for green sectors	
	IGF loan guarantees as % of total loans	
IGF loan guarantees (value)		
Collaboration/ coordination	# Working Groups for IGF	
	# public-private partnerships for IGF	
	# regulatory meetings, forums, roundtables, etc. focused on IGF	
	# capacity building sessions for regulators on IGF	
	# capacity building sessions for private sector on IGF	

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# Philippines

## Overview

The Philippines is making significant strides in advancing financial inclusion, financial education, financial capability, consumer protection and IGF. To this end, BSP – in collaboration with other government agencies, financial institutions and development partners – implements policies and programmes to sustain an inclusive, secure and resilient financial ecosystem.

## Enhancing financial inclusion

BSP recognizes the critical role of financial inclusion in driving economic growth and reducing poverty. Through comprehensive data collection and targeted initiatives, BSP proactively develops regulations and programmes enhancing access to, and usage and quality of financial services for all Filipinos. Highlights of the status of financial inclusion in the country include:

- Deposit accounts in commercial banks increased to 152,498 per 100,000 adults in 2023, from 129,503 in 2022.
- BDAs<sup>65</sup> rose to 24.2 million in 2023, a significant leap from 15.3 million in 2022. The BDA is a low-cost, easy-to-open account designed for the unbanked and low-income earners.<sup>66</sup>
- Households with loan payments behind schedule dropped significantly to 5.3 percent in 2023, from 8.2 percent in 2022.
- These positive developments suggest that targets will be achieved. The Consumer Finance and Inclusion Survey<sup>67</sup> will provide further insights when the results are published in 2025.

## Open data for financial inclusion and movable asset financing as strategic initiatives

The National Strategy for Financial Inclusion NSFI2022–2028 serves as both a road map and coordination platform for the country's financial inclusion goals and stakeholder commitments. In May 2023, two initiative-based core groups were formed to advance the NSFI's priority initiatives. The Core Group on Open Data for Financial Inclusion explores customer-permissioned sharing from FSPs and government agencies, driving inclusive innovations for the private sector and public cash assistance programmes. Meanwhile, the Core Group on Movable Asset Financing addresses collateral constraints among MSMEs by promoting goods and receivables as viable assets, improving credit access for MSMEs and farmers.

65 List of Banks Offering Basic Deposit Accounts: <https://www.bsp.gov.ph/Lists/Directories/Attachments/18/BDA.pdf>.

66 The BDA has simplified documentary requirements for account opening and a minimum opening deposit capped at PHP 100 (approximately \$1.72), with no maintaining balance and no dormancy charges.

67 This refers to the consolidated Financial Inclusion Survey and Consumer Finance Survey.

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## Making loan application forms borrower-friendly for MSMEs

Through its Circular entitled *Adoption of the Standard Business Loan Application Form (SBLAF)*, BSP mandated covered entities (CEs) in 2022 to simplify documentation requirements for MSME loans. The Standard Business Loan Application Form (SBLAF) helps businesses understand, complete and submit their loan application requirements more quickly, accelerating their access to credit. Standardized data collection through the Form also helps covered entities and regulators operate more efficiently, speed up credit evaluations and develop more responsive policies.

## Building the digital finance ecosystem

The Paleng-QR Ph Plus initiative aims to build the digital payments ecosystem in the country by promoting QR Ph payments in public markets and local transportation. The programme supports LGUs to issue policies encouraging market vendors, community shopkeepers and public transport drivers to use digital payments through unified QR codes. The programme gained traction after BSP and the Department of the Interior and Local Government (DILG) issued a joint memorandum in June 2022, enjoining LGUs to implement the Paleng-QR Ph Plus initiative.

In 2022, eight LGUs launched or issued ordinances related to the Paleng-QR Ph Plus initiative, beginning with Baguio City in August. By the end of 2023, 56 more LGUs adopted similar measures, bringing the number of LGUs which launched and/or issued ordinances on the programme to 64.

Financial literacy sessions are a key component of the Paleng-QR Ph Plus programme. In 2022, these sessions accompanied activities for six of the eight participating LGUs. In 2023, BSP significantly expanded these efforts, conducting 49 lectures for participating LGUs. These sessions reached 7,163 vendors, MSME owners and drivers across various localities (BSP, 2023a). BSP likewise offered technical assistance to LGUs, including guidance in the crafting of a Paleng-QR Ph Plus ordinance, conduct of account onboarding and financial literacy sessions.

## Enhancing financial capability through financial education

Improving financial literacy remains a top priority for the Philippines, as evidenced by expanded policies, programmes and partnerships to advance financial education (fin-ed). Following its Financial Education Partnerships Framework, BSP collaborates with various government agencies to deliver customized fin-ed capacity-building programmes and resources for their internal and external stakeholders.

These agencies were deliberately targeted for their expansive reach and high multiplier effect, focusing on priority groups such as overseas migrant workers, youth, farmers and fishers, MSMEs, educators, uniformed personnel and other civil servants.

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## Whole-of-nation approach

BSP partners with public and private institutions to develop modules and learning tools, policies and M&E frameworks on fin-ed for various sectors. As of 2023, nine out of 12 BSP institutional partners have issued policies requiring fin-ed training for students in the K-12 curriculum, educators, civil servants, uniformed personnel, overseas Filipino workers, social welfare beneficiaries, farmers and fisherfolk. Up to 82 percent of BSP stakeholders already achieved 50 percent of the commitments outlined in their respective memorandums of agreement (MOA) by the end of 2023, up from 60 per cent in 2022.<sup>68</sup>

## Leveraging learning events for financial literacy

BSP conducts fin-ed learning events via face-to-face, virtual and hybrid modalities, in a bid to reach more Filipinos nationwide. Since 2018, BSP has hosted the Financial Education Stakeholders' Congress (formerly the Financial Education Stakeholders' Expo), an annual learning and networking event convening fin-ed experts and advocates from public and private institutions, development partners, civil society and the media. Since its inception, the Congress has reached over 2,300 in-person participants, as well as over 520,133 virtual participants and fin-ed enthusiasts.

BSP also established the Economic and Financial Learning Programme (EFLP), comprising BSP-initiated and client-requested lectures for diverse stakeholders on economics, money management, digital financial literacy and cybersecurity. In 2023, the central bank conducted three BSP-initiated hybrid learning sessions and 335 client-requested/on-demand exclusive learning sessions from various schools, government agencies and private institutions, collectively drawing 46,221 attendees (BSP, 2023a).

## Financial literacy through social media engagement

Since 2017, BSP has also leveraged social media platforms to reach out to the younger segments of the population through its 'PisoLit' fin-ed social media page, providing tips and resources on money management and economic education. With over 64,000 combined followers (i.e. on Facebook, Instagram and X) as of end-December 2023, PisoLit publishes relatable and practical financial tips and resources, scam prevention reminders and consumer protection advisories for Filipino audiences (BSP, 2023d).

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10 out of 12 government partners already completed at least 50% of their MOA commitments: Armed Forces of the Philippines (AFP), Bureau of Fire Protection (BFP), Civil Service Commission (CSC), Department of Agriculture – Agricultural Credit Policy Council (DA-ACPC), Department of Agriculture – Bureau of Fisheries and Aquatic Resources (DA-BFAR), Department of Education (DepEd), Department of Social Welfare and Development (DSWD), Department of Migrant Workers (DMW), Department of Trade and Industry (DTI), and the Philippine National Police (PNP).

## E-learning as a catalyst and multiplier for financial education

The central bank also launched the BSP E-Learning Academy in 2023 to further leverage digital platforms, producing its first batch of online modules on Financial Planning, Budgeting and Saving, and Debt Management. The remaining six modules – Basics of Investing, Fraud and Scam Prevention, Financial Consumer Protection, Digital Financial Literacy, Personal Equity and Retirement Accounts, and Relevant Economic Indicators – are set to be launched in Q1 2025.

BSP is also co-developing e-learning modules on key fin-ed topics with various partners, namely credit card management with the Credit Card Association of the Philippines (CCAP), digital financial literacy for MSMEs with the Monetary Authority of Singapore (MAS), and digital payments with the International Labour Organization (ILO).

## Enhancing consumer protection

As financial services expand in scope and form, the Philippines develops mechanisms and policies that are appropriate and responsive to the ever-changing demands of financial consumers. The number of complaints lodged via the BSP Consumer Assistance Mechanism almost doubled to 43,115 in 2023, from 22,142 in 2022. Data shows that majority of complainants were women at 57 percent, compared with 43 percent for men. Despite the rapid rise in complaints volume, BSP managed to increase the percentage of resolved complaints, from 76.9 per cent in 2022 to 78.4 percent in 2023.

## Consumer rights at the forefront of financial consumer protection

Beyond operational metrics, the Philippines also made critical progress in consumer protection through the enactment of a landmark law safeguarding Filipinos' financial welfare. The FCPA, enacted on 6 May 2022, establishes a comprehensive legal framework to safeguard consumers engaging with financial products and services (Republic of the Philippines, 2022).

The Act enshrines consumer rights to equitable and fair treatment; disclosure and transparency; protection against fraud and misuse; data privacy and protection; and complaint handling and redress. The FCPA mandates FSPs to adhere to established standards of conduct and implement risk management systems. FSPs are also encouraged to develop educational programmes to improve consumers' financial literacy.

BSP issued two Circulars, namely the *Regulations on Financial Consumer Protection* (BSP, 2022c) and the *Rules of Procedure for the Consumer Assistance Mechanism, Mediation and Adjudication of Cases in the BSP* (BSP, 2023b) to serve as the main Implementing Rules and Regulations for the FCPA. These issuances expound on the rights of consumers; the duties and obligations of BSP-supervised institutions; and the redress procedures for complaints escalated to BSP.

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## Enhancing IGF

The Philippines implemented a series of regulatory measures to further apply and embed sustainability principles in the banking sector. These initiatives – led by BSP and related agencies such as the Securities and Exchange Commission (SEC) – aim to enhance financial institutions' resilience to environmental and social (E&S) risks, while opening market opportunities for green finance in the Philippines.

### Streamlining the sustainable finance framework and taxonomy

In April 2020, BSP established the Sustainable Finance Framework, requiring banks to integrate sustainability principles into their corporate governance, risk management and business strategy (BSP, 2020). The Philippine Sustainable Finance Roadmap (PSFR) and Guiding Principles were released by BSP in 2021 (BSP, 2022c). This initiative underscores the country's commitment to integrating sustainability into its financial system, aligning with global efforts to address ESG challenges.

The PSFR serves as a strategic plan to develop sustainable finance in the Philippines, focusing on three main pillars. The Policy Pillar recognizes the importance of strengthening policies to improve climate-related finance, develop sustainability risk management policies, and improve capacity-building and reporting on sustainable finance. The Financing Pillar aims to make sustainable finance mainstream through defining incentives and penalties, leveraging available financing, and establishing a sustainable insurance mechanism. For the Investment Pillar, the PSFR seeks to establish a sustainable pipeline database for the public and private sector, linked to the SDGs, the Philippine Development Plan (PDP), and Nationally Determined Contribution (NDC) targets.

The Philippines then standardized its definitions and taxonomies for IGF with the release of the consultative document of the Philippine Sustainable Finance Taxonomy Guidelines (SFTG) in September 2023 (BSP, 2024). The SFTG is designed to advance sustainable finance by providing a clear framework for classifying economic activities based on their environmental and social sustainability. By aligning with the Philippine Sustainable Finance Guiding Principles, the SFTG guides stakeholders – including investors, financial institutions and government entities – in making informed decisions that contribute to sustainable development.

Financial institutions, particularly banks, are required to use the SFTG when extending credit, making investment decisions, or designing sustainable financial products and services. Furthermore, the SFTG offers additional guidance on evaluating eligible green projects, such as determining the substantial contribution of projects towards meeting environmental objectives. The guidelines encourage transparency and credibility in financial activities, helping to reduce the risk of greenwashing.

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## Embedding green finance and sustainability in banking operations

BSP ensures that financial institutions – regardless of size or clientele – are empowered to promote an inclusive and climate-resilient economy. It followed up the PSFR with subsequent regulations, guiding banks on how to integrate environmental and social risks into their overall risk management practices, particularly in credit and operational risk assessments (BSP, 2021); incorporate ESG criteria into banks' investment activities and risk management (BSP, 2022a); and implement their environmental and social risk management systems based on the proportionality principle and international best practices (BSP, 2022d).

## Incentivizing green investments with relaxed capital requirements

Moreover, through BSP Circular No. 1185 issued in 2023, the central bank introduced critical amendments to regulations on credit exposure limits and reserve requirements (BSP, 2023c). BSP increased financial institutions' single borrower limit by an additional 15 percent of net worth to promote the financing of eligible green and sustainable projects, including decarbonization initiatives. Additionally, the Circular eliminates the reserve requirement on sustainable bonds for both new and outstanding issuances.

The effects of reducing the capital burden for banks are two-pronged: First, BSP incentivizes financial institutions to invest in more sustainability-centric projects. Second, BSP facilitates better access to funds for eco-conscious businesses and industries transitioning to greener operations. To fulfil these objectives, the Circular is expected to remain in effect for two years, followed by an assessment period.

## Diversifying green financing products

BSP monitoring shows that banks now offer a total of three IGF products – specifically green loans, sustainability-themed bonds and green deposits. Latest reports show that in terms of the value of IGF products, the volume of sustainable bonds (i.e. green, social, blue and sustainability bonds) issued in the Philippines reached about PHP 256.69 billion (\$4.42 billion).

Through these pioneering initiatives, the Philippines demonstrates a strategic commitment to advancing IGF and looks forward to engaging local stakeholders and other AMS in keeping with its national sustainability targets. These measures form part of BSP's broader strategy to scale up sustainable finance and support the Philippine Government's climate commitments under its NDCs (Philippines Climate Change Commission & Department of Environment and Natural Resources, 2023).

## Key challenges and potential solutions

Despite significant progress through its cornerstone policies and programmes, the Philippines continues to address roadblocks to achieving its financial inclusion and green finance goals. Challenges remain in terms of limited internet connectivity, digital and financial literacy gaps, data gaps, fraudulent and criminal financial activities, and climate-related risks.

### Digital financial inclusion

The prevalent digital divide among various stakeholders threatens to exacerbate financial exclusion for Filipinos without access to DFS. In response, BSP is currently exploring opportunities to launch programmes designed to educate and on-board the most financially vulnerable sectors, including youth, persons with disabilities, wage workers, agricultural workers and MSMEs.

Similarly, reports of rejection of digital national IDs highlight the need to raise public awareness among BSP-supervised financial institutions (BSFIs) and concerned parties on the acceptability of other recognized ID formats.

BSP also supports ICT policy reforms to enhance digital connectivity, including the *Konektadong Pinoy* ('Connected Pinoy') Act (Nineteenth Congress of the Republic of the Philippines, 2022). Also known as the Open Access in Data Transmission Bill, this legislative measure filed in May 2022 champions simplified licensing for service providers, efficient spectrum management and infrastructure sharing. Combining these reforms is projected to make internet access more convenient and affordable, thereby supporting BSP's initiatives in digital financial inclusion.

However, improved access to DFS is a double-edged sword. Gains in financial inclusion through digitalization go together with increased consumer risks, including fraud, theft and data leakage, among others. Furthermore, public concerns about online scams and cybersecurity gaps compromise consumers' trust and confidence in DFS and the financial system at large. The volume of client concerns left unaddressed or inadequately addressed by financial institutions also strain the central bank's consumer protection capabilities and resources. BSP hopes to address these issues with the implementation of FCPA.

### Green finance

For indicators on access to green finance, with the Sustainable Finance Taxonomy Guidelines SFTG still in its nascent stage, there is currently no available data on the achieved objectives or focus sectors reached in the ASEAN Taxonomy for Sustainable Finance or the national taxonomy. BSP provided a one-year observation period under the SFTG for financial institutions.

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It is worth emphasizing that BSP's IGF policies and initiatives do not exist in a vacuum. Other government agencies have set in place programmes that promote microfinancing of climate-resilient homes for low-income households (Kabagani, 2021); as well as green farming (DTI, 2023a), green energy technologies and practices (DTI, 2024), and sustainability capacity-building (DTI, 2023b) for MSMEs.

Despite these milestones, data gaps remain in various key green finance metrics. BSP is continuously improving its M&E framework, recognizing the importance of tracking data on:

- National programmes that prioritize IGF;
- Adjusted risk management and reporting requirements relative to loan size;
- Composition and value of IGF loan guarantees;
- Loan-to-value ratios for green homes and MSME-friendly energy investments;
- Uptake of financial products for climate change events; and
- The volume of digital payments for IGF products.

This underscores opportunities for BSP to deepen its partnerships with public sector stakeholders – including the Department of Human Settlements and Urban Development(DHSUD), Department of Trade and Industry (DTI), and other government agencies – to synergize sustainability data and initiatives for low-income communities, MSMEs and other financially vulnerable sectors.

## Conclusion

The Philippines has established a robust policy framework and various strategic initiatives to advance financial inclusion, consumer empowerment and green finance. While challenges remain – particularly in digital adoption, data gaps and regulatory compliance – dynamic and data-driven interventions continue to create opportunities for inclusive and sustainable financial growth.

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	2018 <sup>69</sup>	2019	2020	2021	2022	2023
<b>Access indicators</b>							
<b>Points of service</b>	1. Number of banking offices (domestic) per 100,000 adults <sup>70</sup>	16.9	17.2	17.1	17.0	16.8	16.7
	2. Number of ATMs per 100,000 adults	29.1	29.1	30.0	29.8	29.8	29.3
	3. Number of POS terminals per 100,000 adults	142.1	107.0				
<b>Access points</b>	Number of access points (cash-in and cash-out) per 100,000 adults	102.3	124.0	290.5	288.1	282.9	279.1
<b>Connectivity</b>	1. Percentage of adults with Internet access	42.0%	53.0%		76.7%	95%	96%
	• Female		54.1%		78.7%		
	• Male		52.5%		74.7%		
	2. Mobile phone penetration						
	• Mobile phone ownership		69.0%		92.2%		
	– Female		71.5%		93.7%		
	– Male		66.1%		90.8%		
	• Smartphone ownership		51.0%		81.5%		
– Female		53.0%		83.6%			
– Male		50.0%		79.4%			
<b>Usage indicators</b>							
<b>Adults with an account</b>	1. Percentage of adults who report having an account at a bank	11.5%	12.2%		23.4%		
	• Female	11.4%	10.7%		20.4%		
	• Male	11.6%	13.8%		26.3%		
	2. Percentage of adults who report having an account with a formal financial institution or a mobile money provider <sup>71</sup>	22.6%	28.6%		55.6%		
	• Female	29.1%	32.9%		57.4%		
• Male	15.4%	24.2%		53.8%			
<b>Savings</b>	Number of deposit accounts with banks per 100,000 adults	86 046.2	98 973.6	105 587.8	112 860.6	129 503.1	152 497.7
<b>Payments</b>	1. Number of cards per 100 000 adults, disaggregated by type of card:						
	• Debit cards	40 743.3	47 000.4	45 014.3	64 066.9	74 021.6	90 046.3
	• Credit cards	12 754.9	14 248.2	13 490.1	13 298.7	14 500.4	17 086.8
	• Prepaid cards linked to e-money	23 808.4	26 376.6	38 681.9	56 922.6	64 838	117 426.9

69 Baseline data used are from 2017, except for the number of cash agents and the volume of digital payments via InstaPay (2019).

70 Adults are defined as those aged 15 years and above.

71 BSP also refers to the World Bank Findex for data on these indicators.

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	2018 <sup>69</sup>	2019	2020	2021	2022	2023	
Payments	2. Number of registered mobile money accounts (e-money wallets) per 100,000 adults	73 470.4	113 911.3	141 494.4	221 866.2	328 191.8	493 545.5	
	3. Number of mobile money transactions per 100,000 adults, disaggregated by type of transaction:							
	• Inflow	162 667.3	239 607.8	660 664.6	209 474.3	541 841	739 539.4	
	• Outflow	555 017.9	603 375.9	1 591 637.5	603 560.7	1 496 866.3	1 838 704	
	• Percentage of adults making and receiving payments in various forms	88%	89.4%		91.2%			
	• Volume of digital payments via InstaPay (percentage year-on-year growth) <sup>72</sup>		1,274.3%	582.9%	93.9%	21.5%	52.8%	
Insurance	Total number of persons with insurance coverage, disaggregated by life and non-life insurance and insurance provider:							
	Life insurance companies	Insurers	34 285 680	45 194 096	43 513 663	47 426 349	46 621 782	
		Micro-insurers	9 096 444	14 018 366	14 697 338	15 427 792	16 463 658	15 637 709
		Insurers	18 666 430	19 326 604	30 261 108	26 536 250	42 427 403	
		Micro-insurers	4 309 547	8 774 453	6 691 351	8 997 426	12 263 325	12 367 085
	Non-life insurance companies	Insurers	18 666 430	19 326 604	30 261 108	26 536 250	42 427 403	
		Micro-insurers	4 309 547	8 774 453	6 691 351	8 997 426	12 263 325	12 367 085
		Percentage of adults with insurance	18.0%	23.0%		17.5%		
		• Female	20.0%	27.0%		20.3%		
	• Male	15.0%	19.1%		14.6%			
Appropriateness	Number of BDAs	658 868	4 019 559	6 594 673	7 850 390	15 341 202	24 177 039	
	<b>Quality indicators</b>							
Value	MSME loans with guarantee as a percentage of MSME loans			0.04%	1%			
Affordability	Range of Instapay fees per transaction (PHP) <sup>73</sup>	0.00–100.00	0.00–150.00	0.00–40.00	0.00–40.00	0.00–30.00	0.00–75.00	
Financial literacy	Percentage of adults who obtained a perfect score in a financial literacy quiz		8%		4.3%			

<sup>72</sup> InstaPay is an electronic fund transfer service launched in 2018; all first-semester data.

<sup>73</sup> PHP 40.00 is approximately \$0.75 [BSP (29 February 2024) Summary of Corresponding Transfer Fees through Digital Channels (<https://www.bsp.gov.ph/PaymentAndSettlement/Fees.pdf>).

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	2018 <sup>69</sup>	2019	2020	2021	2022	2023
Consumer protection	Number of complaints	10 644	9 250	23 275	19 181	22 142	43 115
	• Female			1 347	4 560	12 146	24 517
	• Male			1 163	4 480	9 961	18 595
	Percentage of resolved complaints					76.9% <sup>74</sup>	
Indebtedness	Percentage of households with loan repayments behind schedule	16.2%	13.9%	10.9%	8.5%	8.2%	5.3%
Choice	Percentage of cities and municipalities with access to all types of financial services: savings, credit, insurance, payments and remittances		84.3%	84.5%	84.5%	84.5%	84.5%

INDICATOR CATEGORY	INDICATOR DEFINITIONS	2018	2019	2020	2021	2022
Macroeconomic context	Proportion of the population living below the national poverty line			18.1%		15.5%
	Annual growth rate of real GDP per capita	4.6%	11.1%	4.9	6.7%	4.6%
Education	Completion rate (primary education)	101.0%	98.1%	91.1%	88.0%	80.7%
	• Female	101.6%	99.6%	92.8%	89.1%	80.9%
	• Male	100.5%	96.7%	89.5%	86.9%	80.5%
(Asset-building and) entrepreneurship	Total value of MSME loans (PHP billions)	588.8	488.0	470.1	492.6	503.0
	Percentage of MSME loans in total banking system loans	6.1%	4.9%	4.57%	4.3%	4.1%
Redistribution	Number of beneficiaries receiving social protection payments through digital channels (millions)		14.0 <sup>75</sup>			
Unemployment and income inequality	Unemployment rate	5.1%	10.3%	7.8%	5.4%	4.4%
	• Female	5.0%	9.9%	8.3%	5.8%	
	• Male	5.2%	10.7%	7.5%	5.1%	
	Proportion of people living below 50% of median income			16.7%		
	Remittance costs as a proportion of the amount remitted <sup>76</sup>	4.1%	3.8%	4.1%	4.4%	4.6%
Segmental	Percentage of farmers using at least one formal financial service	34.3%		27.2%		
	Percentage of women using at least one formal financial service	32.9%		57.5%		
	Percentage of youth using at least one formal financial service	13.1%		40.1%		
Global Development Goals	Percentage of people living below international poverty line	2.7% (2018)		3.0%		
National goals	Annual growth rate of GDP	6.1%	-9.5%	5.7%	7.6%	5.5%

74 Year 2022 complaints resolved as of December 2023.

75 Cash assistance given when community quarantine periods were imposed (i.e. the Social Amelioration Programme).

76 The indicator uses the cost of sending \$200 from the United States to the Philippines as a proxy for the average cost of remittances.

**TABLE 23:**  
**Financial capability indicators, Philippines**

INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
Governance/ coordination	Pre-formulation	Number of stakeholders/key priority target groups identified	12 <sup>77</sup>	12	10
	Formulation	Formation of a financial capability working group	8 <sup>78</sup>	10	12
	Formulation	Number of quarterly meetings held by the financial capability working group	66 <sup>79</sup>	110	72
	Formulation	Percentage of stakeholders at regulatory level that develop an action or implementation plan for financial education	67%	83%	100%
	Implementation	Percentage of stakeholders at regulatory level who achieve at least 50% of goal/activities in action plan	40%	60%	82%
Enabling environment	Pre-formulation	Number of draft policies to promote financial capability	2	2	2
	Formulation	Number of policies developed to promote financial capability (e.g. NFIS, consumer protection frameworks/policies, policies promoting inclusion of specific marginalized segments)	5	7	9
	Formulation	Number of meetings with the Ministry of Education to promote the integration of financial education into the national curriculum	3	2	4
	Implementation	Number of schools that integrate financial education into the curriculum	TBD <sup>80</sup>	TBD	
Policy alignment	Pre-formulation	Number of key terms defined at the national level (e.g. financial capability, financial education, financial literacy)	4	4	5 <sup>81</sup>
	Formulation	Establishment of policy priority to develop an NFES or prioritize financial education in an NFIS	1	1	1
	Implementation	Number of quarterly meetings <sup>82</sup> held by the financial capability working group to discuss NFES target/outcomes	2	2	0
Regional collaboration	Pre-formulation/ formulation	Number of virtual workshops to learn from countries at a more advanced stage of developing or implementing an NFES	N.A.	N.A.	
	Implementation	Number of virtual workshops to share lessons learned with countries at a less advanced stage of developing or implementing an NFES	1	1	
Supply-side mapping	Pre-formulation	Number of existing initiatives identified that promote financial capability	16 <sup>83</sup>	17	20
	Pre-formulation	Number of government programmes identified to reach each target group (touch points)	19	19	22
	Formulation	Number of stakeholders identified during the supply-side mapping that form part of the financial capability working group	39	39	39

77 Government agencies.

78 Government partners with an institutionalized financial education partnership.

79 Partnership meetings.

80 Nationwide adoption of financial education into the K-12 curriculum per Department of Education policy dated 3 June 2021.

81 Terms identified: financial education, financial literacy, financial capability, financial health, digital financial literacy.

82 Financial Inclusion Steering Committee meetings are semestral and not quarterly.

83 Among government agencies. There are various financial education initiatives in the private sector.

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INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
Demand-side diagnostic	Pre-formulation	Number of secondary sources that measure levels of financial capability within the country	2	2	2
	Pre-formulation	Number of key target groups identified that have low financial capabilities	5	5	5
	Pre-formulation	Number of proposals reviewed to conduct a national financial capability survey	2	2	2
	Formulation	Number of policies and programmes developed from national financial capability survey results	12	14	16
Financial knowledge	All stages	Arithmetic score as per national definitions; percentage of adults who know definitions of basic financial terms (i.e. importance of saving in a bank account, has a bank account, borrows responsibly, plans ahead, knows how to access and use the best financial services, etc.) <sup>84</sup>	69%		
		Percentage of adults who achieved a perfect score in a financial literacy quiz (age 15+) <sup>85</sup>	2.0%		
		Percentage of adults who correctly answered inflation and interest rate questions (age 15+)	4.3%		
Financial skills	All stages	Percentage of adults who are able to use an account at a bank or financial institution without help if opened	41.5%		
Financial behaviour	All stages	Percentage of adults coming up with emergency funding in 30 days, possible and not difficult at all (disaggregated by sex, age and geographic location)	14%		
		• Female	9%		
		• Male	19%		
		• 15–24 years (youth)	8%		
		• 25+ years (adults)	16%		
		• Poorest 40%	4%		
		• Richest 60%	20%		
		• Rural			
		• Urban			
		• Out of labour force	9%		
		• In labour force	16%		
All stages	Main source of emergency funding (%)				
	• Family or friends	41%			
	• Loan from a bank, employer or private lender	9%			
	• Sale of assets	2%			
	• Savings	19%			
	• Work	21%			
	• Other	6			

84 Respondents were asked six questions to measure their knowledge of financial concepts such as division, risk–return trade-off, diversification, inflation, and simple and compounded interest rates. Two thirds (69 per cent) of respondents were able to correctly answer half of the six questions. Only 2 per cent could answer all six questions correctly.

85 Includes questions on investment diversification and risk.

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INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
Financial behaviour	All stages	Percentage of adults who save for old age (disaggregated by sex, age and geographic location)	35%		
		<ul style="list-style-type: none"> <li>Female</li> <li>Male</li> </ul>	31% 39%		
		<ul style="list-style-type: none"> <li>15–24 years (youth)</li> <li>25+ years (adults)</li> </ul>	32% 35%		
		<ul style="list-style-type: none"> <li>Poorest 40%</li> <li>Richest 60%</li> </ul>	19% 45%		
		<ul style="list-style-type: none"> <li>Rural</li> <li>Urban</li> </ul>	N.A		
		<ul style="list-style-type: none"> <li>Out of labour force</li> <li>In labour force</li> </ul>	23% 40%		
	Programme level	Implementation	Percentage of stakeholders integrating fin-ed at the programme level	50%	
Implementation		Percentage of stakeholders using digital channels for fin-ed			
Implementation		Percentage of outcomes achieved at programme level			

**TABLE 24:**  
**MSME finance indicators, Philippines**

INDICATOR CATEGORY	INDICATOR	2022	2023
Access to finance	Standardized definitions of MSMEs [yes/no]	Yes	Yes
	Percentage of MSME loans in total banking system loans	4.3%	4.1%
	Percentage of MSMEs with account at financial institution	0.49%	.48%
	Share of new MSME lending granted by UB/KBs as a percentage of total loans		
	Percentage of secured MSME loans to total MSME outstanding loans <sup>86</sup>		
	Percentage of MSME borrowers with collateral		
	Interest rate spread between small and large enterprises		
	Number of SMEs with deposit accounts		
	Number of moveable collateral registries		
	% of MSME loans to GDP	2.2%	2.1%
QR systems [yes/no]	Yes	Yes	
Usage	Percentage of MSMEs that report using an account at a financial institution	52.3% (2021)	
	Percentage of MSMEs that report using a mobile account		
	Number of MSME borrowers	1 491 227	1 518 413
	Percentage of MSMEs with outstanding loan or credit		
	Value of MSME loans (PHP billions)	492.6	503.0
	Volume of digital payments for MSMEs		

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Reflects SME loan accounts with newly approved loans backed by collateral during the year, as a share of total SME loan accounts with newly approved loans from banks and DFIs, instead of percentage of MSME borrowers with collateral.

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INDICATOR CATEGORY	INDICATOR	2022	2023
Public support for MSME finance	Number of policies/strategies that prioritize MSMEs as a key target group (NFIS/NFES)	4	4
	Percentage of MSME loans with loan guarantee to total MSME loans	.3%	.2%
	# of MSMEs guaranteed	8 864	7 833
	MSME loan guarantees (PHP billions)	1.29	1.21
	MSME direct government loans/loan funds (PHP billions)		
	Number of tax incentives for MSMEs	7	7
	Number of pre-shipment export guarantee funds for export-based MSMEs		
Digital finance/ alternative finance	P2P lending (PHP millions)	2.36	2.4
	Venture and growth capital investments (volume, number of deals)	46% (2021)	
	Leasing and hire purchases (volume, percentage of total financing)		
	Factoring and invoice discounting (volume, percentage of total financing)		
	Number of MSME-related products/services being tested in regulatory sandbox		
	Percentage of MSMEs with digital payment capabilities [new]	34.7% (2021)	
Coordination	Number of working groups for MSMEs	3	3
	Number of regulatory meetings focused on MSMEs annually	3	3
	Number of capacity-building sessions for regulators/FSPs on MSME finance		
	Number of ministries working together to promote financial inclusion of MSMEs	21	21
Collaboration	Number of policy dialogues, roundtables, forums on MSME topics <sup>87</sup>	4	4
	Number of partnerships with MSME-focused organizations/business associations	4	5
	Number of partnerships with fintechs, MMOs, telcos, e-commerce platforms, digital payment providers	4 <sup>88</sup>	2 <sup>89</sup>
Financial capabilities	Percentage of MSMEs with non-performing loans (i.e. 90 days)	9.3%	10.3%
	Percentage of MSMEs that have at least one formal financial service	60.1% (2021)	
	Number of government programmes to promote financial and digital financial capabilities of MSMEs	38	38
Gender	Percentage of women MSMEs with outstanding loan or line of credit in financial institution	84.8% (2021)	
	Percentage of women MSMEs that have at least one formal financial service <sup>90</sup>	52.2% (2021)	
	Value of loans to women-owned MSMEs		
	Percentage of women MSME loans in total banking system		
	Number of partnerships with female-focused organizations/women's business associations	2	4
	Percentage of non-performing loans from women-owned MSMEs		
	Number of loan funds/loan schemes targeting women-owned MSMEs		4

87 These can serve as platforms for sharing best practices, guidelines and frameworks in areas such as protection and security of cross-border data flows, competition, taxation, trade and logistics infrastructure.

88 These are limited to press releases published on the BSP website in 2021 and 2022.

89 This is limited to press releases published on the BSP website in 2023.

90 This is revised from the current indicator of percentage of women MSMEs enabled through financial inclusion.

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**TABLE 25:**  
**Inclusive green finance Indicators, Philippines**

INDICATOR CATEGORY	INDICATOR	2023
<b>Access to finance</b>	# standardized definitions/taxonomies for IGF	Yes
	% achievement of objectives in ASEAN Taxonomy for Sustainable Finance	
	% of focus sectors reached in ASEAN Taxonomy for Sustainable Finance	
	# of use cases of IGF products, activities or interventions	2
	Higher loan to value ratios for green homes and/or energy investments for MSMEs	
<b>Usage</b>	# of IGF products	3
	% of population using financial products for climate change events	
	Value of IGF products (Billion pesos)	256.69
	Volume of digital payments for IGF products	
<b>Public support for IGF</b>	# of national policies/strategies that prioritize IGF	1
	# of national programmes that prioritize IGF (e.g. social protection, financial education)	
	# sustainable finance roadmaps/principles	2
	# risk management guidelines	4
	# adjusted risk management and reporting requirements relative to loan size	
	# tiered sustainability disclosure requirements	1
	# regulatory incentives for green sectors	4
	IGF loan guarantees as % of total loans	
IGF loan guarantees (value)		
<b>Collaboration/ coordination</b>	# Working Groups for IGF	1
	# public-private partnerships for IGF	
	# regulatory meetings, forums, roundtables, etc. focused on IGF	2
	# capacity building sessions for regulators on IGF	
	# capacity building sessions for private sector on IGF	2

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# Thailand

## Overview of key achievements in financial inclusion in 2024

Through the joint efforts of all relevant authorities, significant strides have been made in enhancing financial inclusion in Thailand. These ongoing advancements have led to an impressive proportion of adults using at least one formal financial service of 97.3 percent.<sup>91</sup> Notably, gender-based usage remains equitable, with both men and women having equal levels of usage at 97.3 percent.

DFS have significantly improved financial inclusion by enhancing access, use and quality. In particular, the use of digital payment services has seen remarkable growth. In 2023, mobile banking transactions per 100,000 adults surpassed 50 million – a 28 percent increase from the previous year. Likewise, the number of registered mobile banking accounts per 100,000 adults maintained its strong upward trajectory, recording double-digit growth at 10 percent. These advancements highlight the accelerating shift towards DFS.

These accomplishments mark significant progress in financial inclusion, ensuring that most individuals can access at least one formal financial service with minimal gender disparities. While substantial advancements have been made, further efforts are needed to improve accessibility to credit, insurance and investment products such as mutual funds. Expanding these offerings will strengthen financial security and promote long-term economic well-being for the broader population.

## Progress in digitalization and digital financial inclusion

Thailand continues advancing towards inclusive digital finance, with sustained growth in digital payments and mobile banking transactions. The rapid development of digital finance provides a strong foundation for expanding financial inclusion. BOT has embraced digital strategies to strengthen the financial sector, encouraging the use of technology and data to close financial access gaps. This initiative follows three key strategic directions – known as the three ‘opens’ – that have driven notable progress. These efforts position Thailand as a leader in leveraging digital finance for greater economic inclusion.

### Open competition

BOT has launched a virtual banking licence to foster market competition and innovation. In 2023, BOT released two consultation papers to gather public input on the licensing framework and another consultation paper on the regulatory framework. Applications for the virtual banking licence began in 2024, with successful candidates to be announced by the Finance Minister in 2025. These new service providers are expected to enhance financial access at affordable rates, particularly benefiting unserved and underserved retail and SME customers. After the announcement, they are required to commence business operations within one year, contributing to a more inclusive and dynamic financial ecosystem.

91

Based on 2022 Financial Household Survey (biennial survey). The 2024 Edition will be launched by end of 2025.

BOT continues to assess regulations that may hinder financial institutions from adapting, competing, innovating or serving customers effectively. This ongoing review ensures that policies remain relevant and supportive of the evolving financial landscape while safeguarding stability in both normal and crisis conditions. By refining regulations, BOT aims to foster a more dynamic, competitive and resilient financial sector.

## Open infrastructure

BOT supports initiatives like PromptBiz, a centralized infrastructure designed to streamline digital trade transactions and payments for businesses, particularly MSMEs. By enabling data sharing and accessibility through the open global standard ISO 20022, PromptBiz enhances financial connectivity and transparency. The digital footprint created through this platform offers MSMEs improved access to finance, strengthening their growth potential. Launched in August 2023, the initiative began with five pilot banks, with additional banks and non-bank service providers set to participate in later phases, further expanding Thailand's digital financial ecosystem to benefit a broader business community.

PromptBiz is advancing towards broader adoption, with ongoing expansion of service providers and integration with various platforms, including government systems. The Comptroller General's Department plans to implement PromptBiz as the official payment processing solution in 2025, extending its use to government vendors by 2026. Infrastructure developments are also under way, aiming to link PromptBiz with payment systems like RTGS and PromptPay to accommodate high-value transactions. This integration will enhance efficiency and accessibility for businesses. The tentative implementation timeline is set for 2025–2026, marking a significant step towards a more connected and streamlined financial ecosystem in Thailand.

In addition, the Ministry of Finance and BOT are in the process of establishing the National Credit Guarantee Agency (NaCGA) in Thailand. The aim is for the NaCGA to be part of national infrastructure that will enhance financial inclusion for SMEs via integrated credit guarantee mechanisms; bolster economic resilience; and align financial support with Thailand's strategic development goals.

## Open data

BOT released its Consultation Paper on Open Banking for Consumer Empowerment in November 2023. This initiative seeks to establish a mechanism that enables consumers to securely and effortlessly transfer their stored data between providers, allowing them to apply for and receive better services from any provider, including financial services. Additionally, the mechanism will grant FSPs standardized access to data that they can use to improve financial services and digital infrastructure, minimizing redundancy and lowering costs. Ultimately, this framework aims to enhance financial services, ensuring they are more efficient and better tailored to meet consumer needs.

## Promoting and achieving financial capability and consumer protection

BOT, in collaboration with the National Statistical Office, conducted a financial literacy survey following the OECD framework. This assessment measured three key components: financial behaviour, knowledge and attitudes. The 2022 survey<sup>92</sup> indicated ongoing improvements in financial literacy among Thais, with an average score of 71.4 per cent – significantly exceeding the OECD average of 60.5 percent. These findings highlight Thailand's progress in fostering financial awareness and education, ensuring individuals are better equipped to manage personal finances and make informed economic decisions.

The Ministry of Finance of Thailand is actively advancing digital and financial literacy through the Financial Literacy Action Plan (2022–2027). This initiative aims to strengthen the financial literacy ecosystem, enabling Thai citizens to achieve individual financial well-being. The plan focuses on key areas, including financial literacy, digital financial literacy, and fraud awareness and prevention. To tailor educational efforts effectively, the population is divided into nine groups based on generation, occupation, income and education. These target groups include:

- 1 Children and youth;
- 2 Undergraduate students;
- 3 Workers (employees, freelancers and entrepreneurs);
- 4 Government officers;
- 5 Grass roots (low-income people and local financial units);
- 6 Elderly people and retirees;
- 7 The general public;
- 8 Financial literacy intellectuals; and
- 9 Financially vulnerable groups.

Among these, four priority groups require support in understanding financial health: over-indebted and low-income individuals, grass-roots communities, children and youth, and elderly people/retirees. By addressing the needs of these groups, the Ministry seeks to reduce financial vulnerability and empower individuals with the knowledge necessary to navigate the evolving financial landscape, ensuring financial stability and economic resilience for all citizens in Thailand.

The Ministry of Finance implemented a package of measures following the Financial Literacy Action Plan, with key highlighted measures as below:

- Mandating a national-level financial awareness campaign for the public – i.e. organizing the financial institutions and Fin Forum 2023 seminar.
- Developing the Financial Literacy Competency Framework for each target group.
- Promoting financial literacy through a foundational education curriculum, vocational education, non-formal education and self-learning.

92

Based on 2022 Financial Literacy Survey (biennial survey). The 2024 Edition will be launched by end of 2025.

- Integrating participation in training and successful completion of debt management tests as a condition of student loan approval from the Student Loan Fund (SLF).
- Targeting newly recruited government employees for financial literacy training.
- Advocating the development of a financial knowledge data system to inform targeted policies – i.e. Thai Household Money Map: Navigating the Path to Financial Wisdom.

Amid the ongoing digitalization trend, with growing concerns about fraud threats, BOT issued the Policy Guidelines for Management of Fraud Threats from Financial Transactions for all FSPs as minimum practices in March 2023. All FSPs under supervision shall upgrade their management of fraud threats as significant risks of their organizations, manage threat events, and protect their users adequately and properly, as well as promptly implement the following measures.

- 1 Preventive measures:** Banks must ban links in SMS and emails, restrict mobile banking users to one device and username, and require biometric authentication for transactions above THB 50,000 or limit changes. Mobile banking security must be continuously upgraded.
- 2 Detective and monitoring measures:** Financial institutions must detect and report suspicious transactions to the Anti-Money-Laundering Office. A near real-time monitoring system must freeze suspicious transactions upon detection.
- 3 Responsive measures:** Financial institutions must establish 24/7 fraud hotlines to assist victims.

These guidelines aim to prevent digital fraud, enhance financial security and protect consumers, while promoting financial inclusion. By reinforcing transaction security, Thailand is working towards a more secure financial ecosystem.

Recently, BOT strengthened fraud management by tightening mule account controls and enhancing transaction security. The enhancement of financial fraud management measures consists of two groups of measures:

- **Group 1: The elevation of mule account management** by shifting from an account level to a personal level, allowing faster detection of suspicious accounts. Banks must sweep mule accounts across all institutions and intensify screenings for new accounts, particularly for individuals with abnormal financial behaviour
- **Group 2: The provision of additional products or services to enhance the security of customer transactions.** BOT has mandated additional security measures for digital transactions, such as limiting mobile banking transfers to below THB 50,000, locking

transaction limits and requiring double authorization for certain transfers. Banks will also introduce recipient-specific transfer restrictions. These services are expected to be available starting from Q4/2024.

## Overview and analysis of MSME finance

Various indicators highlight the state of MSME finance in Thailand. As of 2023, approximately 40 percent of Thai MSMEs held active loans or credit with formal financial institutions. MSME loans account for 20.6 percent of the total loan portfolio within the banking system, representing a substantial share. Additionally, new lending to MSMEs demonstrated continued financial support and stronger engagement with the formal financial sector. Despite these advancements, the International Finance Corporation estimates a remaining financing gap of \$40 billion, equivalent to 10.3 percent of Thailand's GDP, underscoring the sector's unmet financial needs.

These indicators offer a clear picture of MSME finance in Thailand, highlighting both advancements and the ongoing need to improve credit accessibility. In particular, MSMEs in the underserved category continue to face difficulties in obtaining traditional financing. These smaller businesses often lack significant collateral, seek lower loan amounts, and struggle to provide comprehensive proof of income or debt repayment capacity. Addressing these challenges will require tailored financial solutions that ensure more inclusive access to funding, enabling MSMEs to grow and contribute more effectively to the broader economy.

The Thai government and relevant public agencies recognize the significance of access to affordable and reliable financial products and services for MSMEs and have worked and collaborated closely to achieve this goal. Current policy measures include, for example,

- **Promoting the utilization of data for better services through Your Data Project:** This initiative enables users to share their data held by financial service providers or other agencies with various financial service providers via convenient and secure digital channels. This project aims to improve SMEs' access to formal credit at reasonable costs by allowing financial service providers to assess the credit risk of customers lacking financial records, using alternative data that demonstrates their debt serviceability and good financial behaviour.
- **Enhancing credit guarantee mechanisms through the National Credit Guarantee Agency (NaCGA) BOT,** in collaboration with the Ministry of Finance, aims to increase the capability of existing credit guarantee mechanisms in the following aspects:
  - strengthen credit guarantee mechanisms by improving risk assessment capability through better access to individual customer data both pre- and post-guarantee period to allow guarantee fee adjustments based on changing risk profile, and by enhancing the stability of NaCGA funding sources from both public and private sectors; and
  - expand the scope of financing products eligible for credit guarantees beyond loans from banks, SFIs and banks' subsidiaries to include loans from other credit providers

and bond products. This will increase opportunities for businesses to access to diverse and suitable funding options. NaCGA's risk-sharing will enhance FSPs' willingness to lend to SMEs, especially those with insufficient or no collateral.

- **Introducing new players who could better serve the needs of diverse customer groups:** Examples include the licensing scheme for digital personal loan providers that utilize technology and alternative data in the credit approval process, which will improve access to formal credit for the self-employed or workers without regular income, or those without collateral; and the recent introduction of virtual banks, which operate more flexibly than traditional service providers and are able to leverage technology and data, both financial and alternative data, to create innovative financial services that better meet customer needs.

## Overview and analysis of IGF with new indicators

Thailand has set a target to achieve carbon neutrality by 2050 and net-zero GHG emissions by 2065. Thailand is also aiming to advance its GHG emissions reduction by 30-40 per cent from the business-as-usual level by 2030.

In February 2022, BOT issued a Financial Landscape Consultation Paper on Repositioning Thailand's Financial Sector for a Sustainable Digital Economy. The Consultation Paper sets the overall direction in developing the financial sector, with the aim to strike a balance between promoting innovation and managing risks to support the transition towards a digital and environmentally friendly economy. To supplement the Financial Landscape Consultation Paper, BOT has issued a Directional Paper on 'Transitioning towards environmental sustainability under the new Thai financial landscape' to provide guidelines in driving the financial sector to prepare for environment-related changes while also assisting the business sector and the public in transitioning smoothly towards an environmentally friendly economy, in accordance with Thailand's goal of achieving carbon neutrality and net-zero emissions.

Thailand's transition path towards sustainability may differ from that of developed countries due to its unique context. First, the Thai economy remains heavily reliant on traditional industries that emit high levels of GHGs, termed a brown economy. Suddenly transitioning to a green economy poses significant challenges. Second, Thailand is highly vulnerable to the effects of climate change, such as sea level rise, droughts, floods and storms, while its capacity to cope with natural disasters is still limited. Third, the Thai economy heavily depends on SMEs. These businesses are numerous yet have limited adaptive capacity. An abrupt shift to a green economy could harm these enterprises. Therefore, Thailand must balance timely transition (transition at a pace aligned with the global one) and economic impact. Thailand aims to transition its economy towards a 'less brown' economy rather than an immediate shift to a green economy.

BOT aims to achieve the following: (1) financial institutions can assess environmental opportunities and risks and integrate them into their business operations; and (2) financial institutions play a

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crucial role in providing funding for the business sector's transition. BOT's goal to drive Thailand's transition to a less brown economy involves two main pillars: (1) establishing a supportive ecosystem or building blocks; and (2) focusing on practical and measurable outcomes.

Under the first pillar, building a supportive ecosystem for environmental sustainability, the Thailand Taxonomy Board was established. BOT has been engaging with relevant agencies and has implemented key measures, namely:

- Thailand Taxonomy, which serves as a standardized reference tool for classifying economic activities based on their environmental impact. It will provide clear definitions of environmentally friendly and unfriendly activities. The Thailand Taxonomy for the energy and transportation sectors was already launched in June 2023, while the taxonomy for manufacturing, agriculture, building and real estate, and waste management is scheduled to launch in 2025.
- Setting clear expectations for financial institutions through a BOT-issued policy statement in 2023 requiring financial institutions to internalize environmental aspects into their business operations, including offering financial products to support businesses' transitioning. Financial institutions are also required to conduct a stress test to assess climate-related risks to their clients. Moreover, BOT collaborated with the Thai Bankers' Association to provide capacity building and develop an Industry Handbook as guidelines for the financial sector in addressing environmental and climate challenges.

Under the second pillar, focusing on practical and measurable outcomes, eight commercial banks, in collaboration with BOT, launched the 'Financing the Transition' initiative, offering financing products to support the transition from brown to less brown, which signifies a shift from operations that are highly vulnerable to/create high environmental impacts to operations that are less vulnerable to/create fewer environmental impacts. The financial products under this initiative cover key economic sectors that need to transition – such as manufacturing, construction, agriculture and food, and hospitality – and enable SMEs to transition, which could start with small steps. In the next phase, BOT plans to expand this initiative in terms of both the number of customers and the number of participating financial institutions, and to address key transition needs in a more holistic and tailored manner. A potential area of focus is SMEs that engage in export activities or are part of supply chains facing pressure from foreign regulations and trading partners.

## Key challenges and potential solutions

A key challenge is expanding credit accessibility within the formal financial system at a reasonable cost while ensuring responsible lending and borrowing practices. This approach allows creditworthy households and MSMEs to access financial services – both conventional and digital – without falling into debt traps. Beyond financial access, strengthening financial literacy is crucial in achieving financial well-being. By improving financial knowledge, individuals and businesses can

make informed decisions, manage risks effectively and build sustainable financial futures, ultimately contributing to economic stability and growth in Thailand.

The main obstacles to improving credit accessibility for households and MSMEs remain a challenge. To address this, BOT will continue promoting financial access through various initiatives, including its three 'opens' strategy. Additionally, government efforts will be made to enhance the efficiency of the government's credit guarantee mechanisms. By refining these systems, MSMEs will gain access to a broader range of financial sources at reasonable costs, aligned with risk levels, thereby fostering business growth and overall economic development in Thailand.

While digital initiatives greatly enhance financial access, they also pose ongoing risks such as online scams, fraud and cybersecurity threats. Financial institutions must strengthen fraud management, treat these risks as critical concerns, and implement effective protective measures to safeguard users and minimize victims. Alongside security concerns, the digital divide remains a challenge, as individuals without the necessary skills and knowledge struggle to engage with DFS. To support an inclusive transition to digitalization, BOT actively promotes digital financial literacy, aligning its efforts with the National Financial Literacy Action Plan.

By enhancing access and usage of financial services and products that build resilience to the negative impacts of climate change and facilitate participation of vulnerable groups in the green and low-carbon economy, BOT has outlined a sustainable finance strategy to encourage financial institutions to support businesses in transitioning towards environmental sustainability. This approach focuses on adapting at a pace suitable to Thailand's context, starting with practical, small-scale initiatives that can be expanded broadly. Initial collaboration will be with select financial institutions have facilitated green financing, with hopes that this effort will reduce environmental impact and inspire further participation from other institutions. Over time, broader collaboration between government agencies and the financial sector will drive Thailand's economic transition towards sustainability, ensuring financial inclusion and resilience for low-income households, small businesses and vulnerable groups in the green and low-carbon economy.

## Way forward

In collaboration with industry and relevant authorities, BOT remains committed to fostering a financial ecosystem that encourages healthy competition while balancing innovation and risk. By enabling various players to develop financial services tailored to consumer needs, BOT aims to enhance financial access for households and MSMEs, supporting economic growth and sustainability. Beyond financial inclusion, ensuring that individuals and businesses can access not only banking services, but also financial solutions will promote long-term security, resilience and prosperity in Thailand's evolving financial landscape.

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	BASELINE (2018)	2019	2020	2021	2022	2023
<b>Access indicators</b>							
<b>Points of service</b>	1. Number of commercial bank branches and service points per 100,000 adults	12.6	12.3	11.8	10.9 <sup>93</sup>	10.2	9.8
	2. Number of ATMs per 100,000 adults	105	104	118	118	114	110
	3. Number of POS terminals per 100,000 adults	1 588	1 588	1 602	1 656	1 969	1 686
<b>Access points</b>	Total number of points of service per 100,000 adults	1 706	1 705	1 732	1 784	2 092	1 806
<b>Connectivity</b>	1. Access to the Internet per adult (percentage of adults with Internet access anywhere)	57%	67%	73%	86%	88%	90%
	2. Mobile phone penetration (active mobile phones per adult)	176%	182%	163%	169%	176%	
<b>Usage indicators</b>							
<b>Adults with an account</b>	1. Percentage of adults who report having an account at a formal or semi-formal financial institution <sup>94</sup>	79.2%		87.2%		89.6%	
	2. Number of e-money accounts per 100,000 adults	167 406	165 500	195 903	217 802	223 560	
<b>Savings</b>	Number of deposit accounts with commercial banks per 100,000 adults	182 245	188 426	193 825	206 011	218 872	231 106
<b>Credit</b>	Number of adults with credit with formal financial institutions per 100,000 adults	28 015	29 142	33 749	34 752	34 766	37 757
<b>Payments</b>	1. Number of debit cards per 100,000 adults	104 746	119 990	116 433	117 355	110 509	101 952
	2. Number of registered mobile banking accounts per 100,000 adults	83 940	111 304	124 876	152 545	174 284	192 435
	3. Number of mobile banking transactions per 100,000 adults	5 284 012	9 123 618	17 430 218	29 030 714	41 166 623	53 028 351
<b>Insurance</b>	Life insurance policyholders as a percentage of the adult population	39.65%	39.92%	43.04%	39.55%	40.36%	40.01%
<b>Quality indicators</b>							
<b>Appropriateness</b>	Number of basic banking accounts (low-income product) in millions		2.2	2.3	2.1		
<b>Affordability</b>	Average bank fees for low-income/basic banking accounts (THB)		0	0	0		
<b>Financial literacy</b>	Arithmetic score as per national definitions; percentage of adults who know definitions of basic financial terms	66.2%		67.4%		71.4%	
<b>Inclusive growth indicators</b>							
<b>Macroeconomic context</b>	Annual growth rate of real GDP per capita	3.9%	1.8%	-6.3%	1.2%	2.5%	1.9%

93 Decreased by 0.9 per cent due to a shift in BOT's business models to digital channels.

94 Self-exclusion included.

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	BASELINE					
		(2018)	2019	2020	2021	2022	2023
<b>Education</b>	Completion rate of upper secondary education <sup>95</sup>	63.0%	66.0%	65.0%			
<b>Unemployment and income inequality</b>	Proportion of informal employment in total employment	64.4%			52%		
	Labour force participation rate (%)	68.3%	67.5%	67.8%	67.8%	68.1%	
	Unemployment rate (%)	1.1%	1%	1.7%	1.9%	1.3%	1.0%
	Proportion of people living in poverty (expenditure) (%)	9.9%	6.2%	6.8%	6.3%		
	Remittance costs as a proportion of the amount remitted	8.9%	4.8%	5.1%	4.8%	6.6%	3.6%
<b>Outcome and impact indicators as per the Guidance Note</b>							
<b>Overall</b>	Percentage of adults using at least one formal financial service	89.8%		95.6%		97.3%	
<b>Segmental</b>	Percentage of women using at least one formal financial service	90.3%		95.0		97.3	
<b>National goals</b>	Annual growth rate of GDP	4.2%	2.1%	-6.1%	1.6%	2.5%	1.9%

**TABLE 26:**  
**Financial capability indicators, Thailand**

INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
<b>Governance/ coordination</b>	Pre-formulation	Number of stakeholders/key priority target groups identified	9	9	9
	Formulation	Formation of a financial capability working group			
	Formulation	Number of quarterly meetings held by the financial capability working group			
	Formulation	Percentage of stakeholders at regulatory level that develop an action or implementation plan for financial education			
	Implementation	Number of stakeholders at regulatory level that execute the action or implementation plan for financial education			
<b>Enabling environment</b>	Pre-formulation	Number of draft policies to promote financial capability	8 measures, 19 action plans	8 measures, 19 action plans	8 measures, 19 action plans
	Formulation	Number of policies developed to promote financial capability (e.g. NFIS, consumer protection frameworks/policies, policies promoting inclusion of specific marginalized segments)			

INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
<b>Enabling environment</b>	Formulation	Number of meetings with the Ministry of Education to promote the integration of financial education into the national curriculum			
	Implementation	Number of schools that integrate financial education into the curriculum			
<b>Policy alignment</b>	Pre-formulation	Number of key terms defined at the national level (e.g. financial capability, financial education, financial literacy)			
	Formulation	Establishment of policy priority to develop an NFES or prioritize financial education in an NFIS	Prioritize fin-ed in an NFIS		
	Implementation	Number of quarterly meetings held by the financial capability working group to discuss NFES target/outcomes			
<b>Regional collaboration</b>	Pre-formulation/ Formulation	Number of virtual workshops to learn from countries at a more advanced stage of developing or implementing an NFES			
	Implementation	Number of virtual workshops to share lessons learned with countries at a less advanced stage of developing or implementing an NFES			
<b>Supply-side mapping</b>	Pre-formulation	Number of existing initiatives identified that promote financial capability		10	10
	Pre-formulation	Number of government programmes identified to reach each target group (touch points)		26	26
	Formulation	Number of stakeholders identified during the supply-side mapping that form part of the financial capability working group			
<b>Demand-side diagnostic</b>	Pre-formulation	Number of secondary sources that measure levels of financial capability within the country	2 <sup>96</sup>	2	2
	Pre-formulation	Number of key target groups identified that have low financial capabilities	4 <sup>97</sup>	4	4
	Pre-formulation	Number of proposals reviewed to conduct a national financial capability survey			
	Formulation	Number of policies and programmes developed from national financial capability survey results			
<b>Financial knowledge</b>	All stages	Arithmetic score as per national definitions; percentage of adults who know definitions of basic financial terms (i.e. importance of saving in a bank account, has a bank account, borrows responsibly, plans ahead, knows how to access and use the best financial services, etc.)	72% (2020)	71% (2022) <sup>98</sup>	
<b>Financial skills</b>	All stages	Percentage of adults who are able to use an account at a bank or financial institution without help if opened	N.A.		

96 BOT and National Statistical Office of Thailand.

97 Children and youth, grassroots (low-income people and local financial units), elderly and retired people, and financially marginalized groups.

98 OECD/INFE Financial Literacy Survey 2023.

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INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023	
Financial behaviour	All stages	Percentage of adults coming up with emergency funding in 30 days, possible and not difficult at all (disaggregated by sex, age and geographic location)	36%			
		<ul style="list-style-type: none"> <li>Female</li> <li>Male</li> </ul>	32% 41%			
		<ul style="list-style-type: none"> <li>15–24 years (youth)</li> <li>25+ years (adults)</li> </ul>	38% 36%			
		<ul style="list-style-type: none"> <li>Poorest 40%</li> <li>Richest 60%</li> </ul>	13% 52%			
		<ul style="list-style-type: none"> <li>Rural</li> <li>Urban</li> </ul>	N.A			
		<ul style="list-style-type: none"> <li>Out of labour force</li> <li>In labour force</li> </ul>	30% 38%			
	All stages	Main source of emergency funding (%)				
		<ul style="list-style-type: none"> <li>Family or friends</li> <li>Loan from a bank, employer or private lender</li> <li>Sale of assets</li> <li>Savings</li> <li>Work</li> <li>Other</li> </ul>	49% 9% 4% 10% 5% 1%			
	All stages	Percentage of adults who save for old age (disaggregated by sex, age and geographic location)	40%			
		<ul style="list-style-type: none"> <li>Female</li> <li>Male</li> <li>15–24 years (youth)</li> <li>25+ years (adults)</li> <li>Poorest 40%</li> <li>Richest 60%</li> <li>Rural</li> <li>Urban</li> <li>Out of labour force</li> <li>In labour force</li> </ul>	37% 43% 40% 40% 21% 53% 22% 26% 37% 41%			
	Programme level	Implementation	Percentage of stakeholders integrating financial education at the programme level			
		Implementation	Percentage of stakeholders using digital channels for financial education			
		Implementation	Percentage of outcomes achieved at programme level			

**TABLE 27:**  
**MSME finance indicators, Thailand**

INDICATOR CATEGORY	INDICATOR	2022	2023
Access to finance	Standardized definitions of MSMEs [yes/no]	Yes <sup>99</sup>	Yes
	Percentage of MSME loans in total banking system loans	21.9%	20.6%
	Percentage of MSMEs with account at financial institution		
	Share of new MSME lending as a percentage of total loans	8.7%	8.7%
	Percentage of MSME borrowers with collateral		
	Interest rate spread between small and large enterprises	1.2%	
	Number of SMEs with deposit accounts		
	Number of movable collateral registries		
	SME financing gap	10.3% <sup>100</sup>	10.3%
	QR systems [yes/no]	Yes	
Usage	Percentage of MSMEs that report using an account at a financial institution		
	Percentage of MSMEs that report using a mobile account		
	Number of MSME borrowers	1 299 378	1 300 000 <sup>101</sup>
	Percentage of MSMEs with outstanding loan or credit	40.9% (2021)	40% <sup>102</sup>
	Value of MSME loans (THB)	3 386 815	3 252 246
	Volume of digital payments for MSMEs		
Public support for MSME finance	Number of policies/strategies that prioritize MSMEs as a key target group (NFIS/NFES)	2	2
	% of MSME loans with loan guarantee to total MSME loans	12.4%	12.3%
	MSME loan guarantees (value) (THB)	651 121	535 996
	MSME direct government loans/loan funds (THB billions)		
	Number of tax incentives for MSMEs		
	Number of pre-shipment export guarantee funds for export-based MSMEs		
Digital finance/ alternative finance	P2P lending (volume, percentage share of total loans)	4 329	6 156
	Venture and growth capital investments (volume, percentage of total financing)		
	Leasing and hire purchases (volume, percentage of total financing)		
	Factoring and invoice discounting (volume, percentage of total financing)		
	Number of MSME-related products/services being tested in regulatory sandbox	8	8
Coordination	Number of working groups for MSMEs		
	Number of regulatory meetings focused on MSMEs annually		
	Number of capacity-building sessions for regulators/FSPs on MSME finance		
	Number of ministries working together to promote financial inclusion of MSMEs		

99 Definition of SMEs by Ministerial Regulation based on number of employees and annual revenue of SMEs.

100 Calculated using data from the International Finance Corporation as of 2018.

101 Estimate.

102 Estimate.

INDICATOR CATEGORY	INDICATOR	2022	2023
Collaboration	Number of policy dialogues, roundtables, forums on MSME topics		
	Number of partnerships with MSME-focused organizations/business associations		
	Number of partnerships with fintechs, MMOs, telcos, e-commerce platforms, digital payment providers		
Financial capabilities	Percentage of MSMEs with non-performing loans (i.e. 90 days)	7.4%	7.2%
	Percentage of MSMEs that have at least one formal financial service		
	Number of government programmes to promote financial and digital financial capabilities of MSMEs		
Gender	Number of loans to women-owned MSMEs		
	Percentage of women MSMEs that have at least one formal financial service		
	Value of loans to women-owned MSMEs		
	Percentage of women MSME loans in total banking system		
	Number of partnerships with female-focused organizations/women's business associations		
	Percentage of non-performing loans from women-owned MSMEs		
	Number of loan funds/loan schemes targeting women-owned MSMEs		

**TABLE 28:**  
**Inclusive green finance indicators, Thailand**

INDICATOR CATEGORY	INDICATOR	2023
Access to finance	# standardized definitions/taxonomies for IGF	1
	% achievement of objectives in ASEAN Taxonomy for Sustainable Finance	25%
	% of focus sectors reached in ASEAN Taxonomy for Sustainable Finance	33%
	# of use cases of IGF products, activities or interventions	2
	Higher loan to value ratios for green homes and/or energy investments for MSMEs	
Usage	# of IGF products	2
	% of population using financial products for climate change events	
	Value of IGF products (Billion pesos)	
	Volume of digital payments for IGF products	
Public support for IGF	# of national policies/strategies that prioritize IGF	
	# of national programmes that prioritize IGF (e.g. social protection, financial education)	
	# sustainable finance roadmaps/principles	
	# risk management guidelines	1
	# adjusted risk management and reporting requirements relative to loan size	
	# tiered sustainability disclosure requirements	
	# regulatory incentives for green sectors	
	IGF loan guarantees as % of total loans	
IGF loan guarantees (value)		
Collaboration/coordination	# Working Groups for IGF	1
	# public-private partnerships for IGF	
	# regulatory meetings, forums, roundtables, etc. focused on IGF	
	# capacity building sessions for regulators on IGF	5
	# capacity building sessions for private sector on IGF	5

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# Viet Nam

In the context of unpredictable global economic and political fluctuations, coupled with natural disasters and storms that have severely impacted production, businesses and livelihoods, the Government of Viet Nam has proactively implemented comprehensive macroeconomic policies and measures under the NFIS. These initiatives aim to address challenges, support citizens and businesses in stabilizing and expanding their activities and foster sustainable growth and development.

## Key achievements under the NFIS

- **Strengthening the legal framework:** The promulgation of key legal regulations – including the revised Law on Credit Institutions, the Law on Citizen ID, and the revised Law on Electronic Transactions – alongside government decrees on cashless payments, microinsurance, personal data protection and anti-money-laundering, has significantly improved the regulatory environment for advancing financial inclusion objectives.
- **Expanding access to financial services.** By the end of 2023, 87.08 percent of the population held bank accounts, compared to 77.41 percent at the close of 2022, a notable 12 percent increase.
- **Expanding financial service access points:** Efforts to extend the reach of financial services, particularly in rural and remote areas, have shown tangible progress. By the end of 2023, the proportion of communes with financial service access points (excluding those provided by the Viet Nam Bank for Social Policies) increased to 32.98 percent, up from 32.60 percent in 2022.
- **Accelerating digital transformation in banking:** Financial institutions have actively developed and deployed digital banking products and services, focusing on mobile solutions, improved security and consumer protection. Many banking processes are now fully digitized, offering simplified and expedited procedures that cater to rural and remote populations.
- **Promoting cashless payments:** The adoption of cashless payment methods, including e-commerce and public service payments, has expanded significantly. In 2023, compared to the same period in 2022:
  - cashless payment transactions reached 11.3 billion transactions, with a total value of VND 222 million billion (an increase of 49.36% in volume and 1.28% in value);
  - transactions via Internet banking totalled 2.1 billion transactions, with a value of VND 58.8 million billion (an increase of 54.77% in volume and 6.5% in value);

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- transactions via mobile banking reached 7.9 billion transactions, with a value of VND 55.1 million billion (an increase of 59.86% in volume and 12.73% in value);
  - transactions via QR codes amounted to 262.8 million transactions, with a total value of VND 192 trillion (an increase of 242.46% in volume and 157.2% in value);
  - transactions via ATMs reached 970.6 million transactions, with a total value of VND 2,797 trillion (a decrease of 9.34% in volume and 9.08% in value)
  - transactions via POS terminals totalled 728.88 million transactions, with a value of VND 1.23 million billion (an increase of 16.96% in volume and 18.66% in value).
  - This could be due large in part to the enormous increase in mobile money merchants (from 15,092 in 2022 to 250,847 in 2023).
- **Supporting businesses and sustainable development:** Policies designed to assist businesses include tax and fee relief, targeted credit programmes for specific sectors, reduced lending rates, debt restructuring, and maintaining debt classification to aid entities affected by natural disasters.
  - **Advancing financial support for agriculture and rural areas:** Financial policies have supported high-tech and clean agriculture, value chain production and unsecured loans for small enterprises, cooperatives and households. By the end of 2023, credit for agriculture and rural areas accounted for 24.29 percent of total outstanding credit, with unsecured loans comprising approximately 20 percent.
  - **Modernizing infrastructure:** Significant investments in shared information systems, payment infrastructure and credit information systems are fostering digital transformation. Banks and intermediaries actively integrate national population data to enhance efficiency, particularly in payments and credit services, thereby promoting cashless transactions.
  - **Enhancing financial literacy:** Financial education programmes have been implemented to improve financial literacy among individuals and businesses, particularly in rural areas. The Ministry of Education and Training has integrated financial education into school curricula to equip students with essential financial knowledge and skills.

## MSME finance

The government has issued various policies to support SMEs, particularly in financial access, including:

- Supporting the development of business and production plans, enhancing management and operational capacity;
- Providing credit guarantees through the Credit Guarantee Fund;
- Offering financial support through the SME Development Fund;
- Implementing solutions to foster the development of innovative start-ups, enterprises participating in industry clusters and value chains.

By the end of 2023, outstanding credit for SMEs accounted for 18.31 percent of the total credit balance of the entire economy.

Regarding the banking sector: (i) the State Bank of Viet Nam (SBV) has managed interest rates with a downward trend, facilitating businesses' access to credit capital; and (ii) commercial banks have focused on developing financial products tailored to SMEs, implementing specialized credit packages and programmes designed specifically for SMEs, allowing them to access loans with more favourable interest rates and lending conditions.

## Green finance

In 2023, the State Bank of Viet Nam issued the Banking Sector Action Plan to implement the National Green Growth Strategy for 2021–2030 and a project on tasks and solutions to carry out the outcomes of COP26. Concurrently, the Bank introduced and implemented various programmes, projects and plans to promote digital transformation while ensuring security and safety when advancing the greening of banking operations. Various preferential policies and support mechanisms were formulated and enacted to encourage the development of green banking. The Bank also implemented measures to direct and concentrate bank credit resources towards projects, production and business plans in sectors that reduce and adapt to climate change impacts, such as agriculture, forestry and housing support programmes for the poor to mitigate climate change effects.

Based on this framework, commercial banks have focused on implementing solutions to develop green banking and green credit, such as:

- Establishing strategic frameworks for green banking;
- Developing and implementing environmental and social risk management systems, which include internal regulations and the establishment of dedicated units for managing environmental and social risks and assessing environmental risks in credit activities; and

- Creating specific credit policies for environmentally sensitive sectors.

These efforts aim to gradually reduce lending to environmentally sensitive sectors and fulfil commitments towards achieving net-zero emissions.

By the end of 2023, outstanding green credit accounted for approximately 4.5 percent of total loans in the economy, primarily directed towards the renewable and clean energy sectors (accounting for nearly 45 percent) and green agriculture (around 30 percent). Additionally, loans assessed for environmental and social risks represented over 20 percent of total outstanding credit in the economy.

Moreover, banks have increasingly applied technology to foster environmentally friendly habits among customers within the scope of banking activities. Significant advancements have been made in developing electronic transaction channels and modern technology-based services and payment methods, driving the greening of banking operations. In 2023, credit institutions further promoted the greening of banking activities by proactively building green workplaces through the construction of environmentally certified buildings and headquarters, enhancing the use of energy-saving and low-emission devices, and raising staff awareness through initiatives on thrift practices, anti-waste campaigns, the establishment of workplace standards, and the strict management of energy consumption.

## Key financial inclusion indicators for 2023:

- The number of branches and transaction offices of the commercial banking system per 100,000 adults reached approximately 15.69 units.
- The number of ATMs per 100,000 adults was 27.3, while the number of ATMs per 1,000 km<sup>2</sup> reached 63.29. Similarly, the number of POS terminals per 100,000 adults stood at 699.97, with 1,622.83 POS terminals per 1,000 km<sup>2</sup>.
- The proportion of adults with bank accounts reached 87.08% by the end of 2023. This rate is expected to grow more rapidly due to the strong development of cashless payment systems, the implementation of electronic payment account opening methods, and the improved financial literacy and awareness among the population.
- The number of active debit cards per 100,000 adults reached 150,656.98, reflecting a 6.07 percent increase compared to 2022.
- The proportion of adults with credit history information in the SBV's credit information system was 70.3 percent.

## Way forward

To advance the implementation of the NFIS goals, Viet Nam will prioritize the following tasks and solutions in the future:

- **Continuing to enhance the legal framework:** Facilitate the digital transformation of banking operations, promote cashless payments and develop diverse, modern payment models and services. Study and introduce regulations on a regulatory sandbox mechanism for fintech activities in the banking sector.
- **Accelerating digital transformation in banking:** Strengthen the capacity of banks and payment intermediaries to provide secure, reliable and convenient financial products and services that meet the increasing demands of customers. Enhance the application of population data, electronic ID and authentication to verify customer information in the delivery of financial products and services.
- **Developing and improving the efficiency of microfinance institutions and people's credit fund systems:** Support low-income individuals, women, micro enterprises, and people in rural, remote, and isolated areas in accessing financial services to develop their production and business activities.
- **Promoting financial literacy campaigns:** Intensify financial literacy programmes using diverse and tailored approaches for different target groups such as the poor, low-income earners, students, women, retirees, and residents in rural, remote, and isolated areas.

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	BASELINE (2018)	2019	2020	2021	2022	2023
<b>Access indicators</b>							
<b>Points of service</b>	1. Number of branches per 100,000 adults	15.1	15.12	15.14	15.11	14.33	15.69
	2. Number of ATMs per 100,000 adults	25.60	26.30	26.66	27.36	27.94	27.30
	3. Number of POS terminals per 100,000 adults	335.10	381.30	375.05	433.67	545.50	699.97
	4. Number of mobile money merchants					15 092	250 847
<b>Connectivity</b>	1. Access to the Internet (percentage of adults with Internet access anywhere)	70.0%	70.3%	70.3%	74.2%	78.6%	78.10%
	2. Mobile phone penetration (active mobile phones per 100,000 population)	147 575	141 318	142 000	127 642	128 575	124 778
<b>Usage indicators</b>							
<b>Adults with an account</b>	Percentage of adults who report having an account at a bank (age 15+)	63.70%	63.96%	65.99%	74.63%	77.41%	87.08%
<b>Savings</b>	Number of deposit accounts with banks or deposit-taking institutions (age 15+)	N.A.	20%				
<b>Credit</b>	1. Percentage of adults (age 15+) who have credit access	52.22%	59.97%	60.86%	65.36%		
	Number of loan account with banks per 100,000 adults <sup>103</sup>	52 221	59 969	60 863	65 357	70 192	72 733
<b>Payments</b>	1. Number of debit cards per 100,000 adults	110 591	111 424	120 122	131 777	142 030	150 657
	2. Number of registered mobile money accounts per 100,000 adults				2 334	3 766	9 376
	3. Number of mobile money transactions per 100,000 adults				16 201	25 313	91 550
<b>Insurance</b>	Insurance policyholders						
	1. Life insurance policyholders per 100,000 adults	12 220	14 435	16 390	16 579	18 902	16 479
	2. Non-life insurance policyholders per 100,000 adults	63 392	65 293	65 900	86 379	35 999	32 158
<b>Quality indicators</b>							
<b>Value</b>	MSME loan guarantees as a percentage of MSME loans (value)	53.1%	45.4%	48.7%	45.3%	42.8%	38.14%
<b>Indebtedness</b>	Percentage of borrowers who are more than 90 days late with a loan repayment	3.82%	3.51%	4.25%	5.36%	5.51%	5.29%
<b>Choice</b>	Percentage of communes/towns nationwide with financial service points			31.39%	32.13%	32.60%	33.25%

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	AGGREGATION	2018	2019	2020	2021	2022	2023
Macroeconomic context	Proportion of the population living below the national poverty line				4.8%	4.4%	4.2%	3.37%
	Urban				1.1%	1.0%	1.5%	1.2%
	Rural				7.1%	6.5%	5.9%	4.8%
	Annual growth rate of real GDP per capita		6.7% per year between 2016 and 2019		1.71%	1.60%	7.07%	4.18%
Education	Completion rate	Percentage of students recognized for completing the primary school programme		99.7%				
		Percentage of students completing lower secondary school		99.3%				
Access to basic services	Proportion of the population living in households with access to basic services		92.71%		94.64%		81.82%	
	Proportion of the population with access to electricity		99.0%		99.5%		99.5%	
Health care	Proportion of the population participating in health insurance		83.5%	85.7%	Over 90.0%			93.3%
	Proportion of households with large medical expenditures as a share of total expenditure or income	Expenditure >10%			8.46%			
		Expenditure >25%			1.73%			
(Asset-building and) entrepreneurship	Number of MSME loans from banks		834 938	869 313	929 197	992 335	1 061 859	1 112 482
		Value of MSME loans from banks	VND billions	1 243 001	1 463 565	1 621 033	1 852 411	2 056 068
	Proportion of the population living in poorly built houses		1.7%		1.2%			
Redistribution	Number of people covered by social insurance programmes				16 493 000			
	Number of people receiving monthly social insurance payments				3 730 600			

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INDICATOR CATEGORY	INDICATOR DEFINITIONS	AGGREGATION	2018	2019	2020	2021	2022	2023
Unemployment and income inequality	Unemployment rate		2.19%	2.17%	2.48%	3.20%	2.34%	2.28%
		• Female		1.97%	2.09%	2.01%	3.15%	2.36%
		• Male		2.45%	2.26%	3.05%	3.26%	2.32%
	Proportion of people living below 50% of median income	Total	20.9%		19.7%		17.9%	
		By sex	• Female				19.1%	
		• Male				20.3%		18.4%
<b>Impact indicator</b>								
Segmental	Outstanding agricultural and rural credit (percentage of all outstanding credit in banks)				24.78%	25.07%		

**TABLE 29:**  
**Financial capability indicators, Viet Nam**

INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
Governance/ coordination	Pre-formulation	Number of stakeholders/key priority target groups identified			
	Formulation	Formation of a financial capability working group			
	Formulation	Number of quarterly meetings held by the financial capability working group			
	Formulation	Percentage of stakeholders at regulatory level that develop an action or implementation plan for financial education			
	Implementation	Number of stakeholders at regulatory level that execute the action or implementation plan for financial education			
Enabling environment	Pre-formulation	Number of draft policies to promote financial capability			
	Formulation	Number of policies developed to promote financial capability (e.g. NFIS, consumer protection frameworks/policies, policies promoting inclusion of specific marginalized segments)	2 <sup>104</sup>		
	Formulation	Number of meetings with the Ministry of Education to promote the integration of financial education into the national curriculum			
	Implementation	Number of schools that integrate financial education into the curriculum	Middle and high school		

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INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
Policy alignment	Pre-formulation	Number of key terms defined at the national level (e.g. financial capability, financial education, financial literacy)			
	Formulation	Establishment of policy priority to develop an NFES or prioritize financial education in an NFIS	Prioritize financial education in NFIS		
	Implementation	Number of quarterly meetings held by the financial capability working group to discuss NFES target/outcomes			
Regional collaboration	Pre-formulation/ Formulation	Number of virtual workshops to learn from countries at a more advanced stage of developing or implementing an NFES			
	Implementation	Number of virtual workshops to share lessons learned with countries at a less advanced stage of developing or implementing an NFES			
Supply-side mapping	Pre-formulation	Number of existing initiatives identified that promote financial capability			
	Pre-formulation	Number of government programmes identified to reach each target group (touch points)	6		
	Formulation	Number of stakeholders identified during the supply-side mapping that form part of the financial capability working group			
Demand-side diagnostic	Pre-formulation	Number of secondary sources that measure levels of financial capability within the country			
	Pre-formulation	Number of key target groups identified that have low financial capabilities			
	Pre-formulation	Number of proposals reviewed to conduct a national financial capability survey			
	Formulation	Number of policies and programmes developed from national financial capability survey results			
Financial knowledge <sup>105</sup>	All stages	Arithmetic score as per national definitions; percentage of adults who know definitions of basic financial terms (i.e. importance of saving in a bank account, has a bank account, borrows responsibly, plans ahead, knows how to access and use the best financial services, etc.)			
		Percentage of adults who have knowledge of banking products/services	80.1% (2019)		
		Percentage of adults who know the importance of personal credit history	35.6% (2019)		
Financial skills	All stages	Percentage of adults who know the importance of personal credit history	N.A		

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INDICATOR CATEGORY	STAGE OF COUNTRY	INDICATOR DEFINITIONS	2021	2022	2023
Financial behaviour	All stages	Percentage of adults coming up with emergency funding in 30 days, possible and not difficult at all (disaggregated by sex, age and geographic location)	94% (2019)		
	All stages	Main source of emergency funding			
	All stages	Percentage of adults who save for old age (disaggregated by sex, age and geographic location)	60.1% (2019)		
		Percentage of adults who plan ahead for their income	49.4% (2019)		
Programme level	Implementation	Percentage of stakeholders integrating financial education at the programme level			
	Implementation	Percentage of stakeholders using digital channels for financial education			
	Implementation	Percentage of outcomes achieved at programme level			

**TABLE 30:**  
**MSME finance indicators, Viet Nam**

INDICATOR CATEGORY	INDICATOR	2022	2023
Access to finance	Standardized definitions of MSMEs [yes/no]	Yes <sup>106</sup>	
	Percentage of MSME loans in total banking system loans	21.5% (2020)	17.96%
	Percentage of MSMEs with account at financial institution		
	Share of new MSME lending as a percentage of total loans		
	Percentage of MSME borrowers with collateral		
	Interest rate spread between small and large enterprises		
	Number of SMEs with deposit accounts		
	Number of movable collateral registries		
	SME financing gap		
	QR systems [yes/no]		
Usage	Percentage of MSMEs that report using an account at a financial institution		
	Percentage of MSMEs that report using a mobile account		
	Number of MSME loans/MSME borrowers	1 061 859	
	Percentage of MSMEs with outstanding loan or credit		
	Value of MSME loans (VND billions)	2 056 068	2 411 828
	Volume of digital payments for MSMEs		

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INDICATOR CATEGORY	INDICATOR	2022	2023
<b>Public support for MSME finance</b>	Number of policies/strategies that prioritize MSMEs as a key target group (NFIS/NFES)		
	% of MSME loans with loan guarantee to total MSME loans		
	MSME loan guarantees (value)		
	MSME direct government loans/loan funds (VNDbillions)		
	Number of tax incentives for MSMEs		
	Number of pre-shipment export guarantee funds for export-based MSMEs		
<b>Digital finance/ alternative finance</b>	P2P lending (volume, percentage share of total loans)		
	Venture and growth capital investments (volume, percentage of total financing)		
	Leasing and hire purchases (volume, percentage of total financing)		
	Factoring and invoice discounting (volume, percentage of total financing)		
	Number of MSME-related products/services being tested in regulatory sandbox		
<b>Coordination</b>	Number of working groups for MSMEs		
	Number of regulatory meetings focused on MSMEs annually		
	Number of capacity-building sessions for regulators/FSPs on MSME finance		
	Number of ministries working together to promote financial inclusion of MSMEs		
<b>Collaboration</b>	Number of policy dialogues, roundtables, forums on MSME topics <sup>107</sup>		
	Number of partnerships with MSME-focused organizations/business associations		
	Number of partnerships with fintechs, MMOs, telcos, e-commerce platforms, digital payment providers		
<b>Financial capabilities</b>	Percentage of MSMEs with non-performing loans to total MSME loans (i.e. 90 days)	11.3% (2020)	14.57%
	Percentage of MSMEs that have at least one formal financial service		
	Number of government programmes to promote financial and digital financial capabilities of MSMEs		
<b>Gender</b>	Number of loans to women-owned MSMEs		
	Percentage of women MSMEs that have at least one formal financial service <sup>108</sup>		
	Value of loans to women-owned MSMEs		
	Percentage of women MSME loans in total banking system		
	Number of partnerships with female-focused organizations/women's business associations		
	Percentage of non-performing loans from women-owned MSMEs		
	Number of loan funds/loan schemes targeting women-owned MSMEs		

107 These can serve as platforms for the sharing of best practices, guidelines and frameworks in areas such as protection and security of cross-border data flows, competition, taxation, trade and logistics infrastructure.

108 This is revised from the current indicator of percentage of women MSMEs enabled through financial inclusion.

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**TABLE 31:**  
**Inclusive green finance indicators, Viet Nam**

INDICATOR CATEGORY	INDICATOR	2023
<b>Access to finance</b>	# standardized definitions/taxonomies for IGF	
	% achievement of objectives in ASEAN Taxonomy for Sustainable Finance	
	% of focus sectors reached in ASEAN Taxonomy for Sustainable Finance	
	# of use cases of IGF products, activities or interventions	
	Higher loan to value ratios for green homes and/or energy investments for MSMEs	
<b>Usage</b>	# of IGF products	
	% of population using financial products for climate change events	4.5%
	Value of IGF products (Billion pesos)	20%
	Volume of digital payments for IGF products	
<b>Public support for IGF</b>	# of national policies/strategies that prioritize IGF	1
	# of national programmes that prioritize IGF (e.g. social protection, financial education)	
	# sustainable finance roadmaps/principles	
	# risk management guidelines	
	# adjusted risk management and reporting requirements relative to loan size	
	# tiered sustainability disclosure requirements	
	# regulatory incentives for green sectors	
	IGF loan guarantees as % of total loans	
IGF loan guarantees (value)		
<b>Collaboration/ coordination</b>	# Working Groups for IGF	
	# public-private partnerships for IGF	
	# regulatory meetings, forums, roundtables, etc. focused on IGF	
	# capacity building sessions for regulators on IGF	
	# capacity building sessions for private sector on IGF	

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## ASEAN MONITORING PROGRESS

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