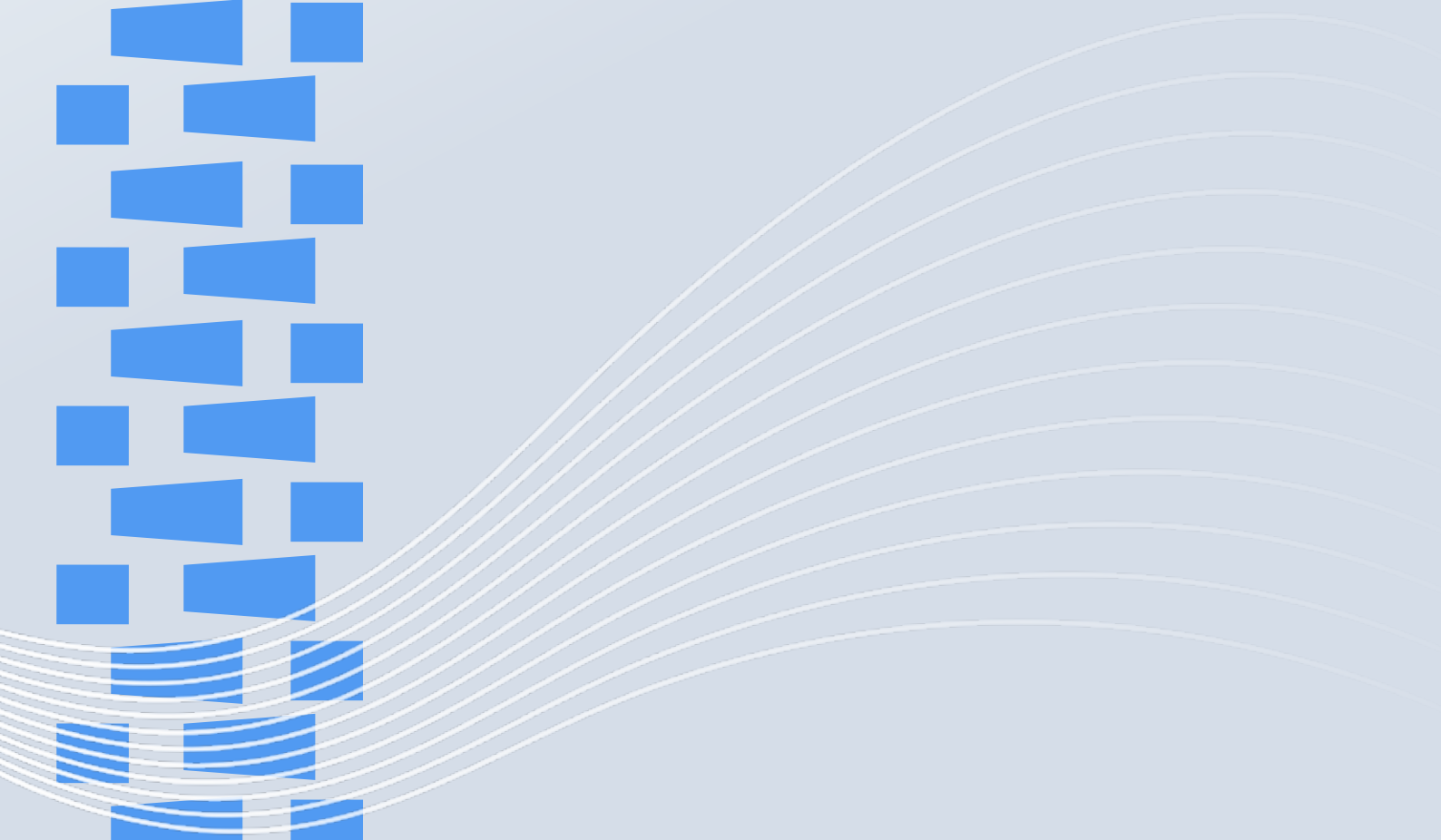


Annex A:

# Individual Economy Reports



## **Table of Contents**

INDIVIDUAL ECONOMY REPORT (IER) QUESTIONNAIRE .....	2
AUSTRALIA.....	4
BRUNEI DARUSSALAM .....	10
CANADA .....	15
CHILE.....	22
CHINA.....	26
HONG KONG, CHINA.....	30
INDONESIA.....	39
JAPAN .....	47
REPUBLIC OF KOREA .....	51
MEXICO.....	57
NEW ZEALAND.....	68
PAPUA NEW GUINEA .....	75
PERU .....	79
THE RUSSIAN FEDERATION.....	87
SINGAPORE .....	96
CHINESE TAIPEI.....	102
THAILAND.....	109
THE UNITED STATES .....	118

## AEPR 2024: Structural Reform and Financial Inclusion

# INDIVIDUAL ECONOMY REPORT (IER) QUESTIONNAIRE

The 2024 APEC Economic Policy Report (AEPR) aims to promote structural reforms that foster financial inclusion as an essential component of sustainable, resilient, and inclusive economic growth, in alignment with the implementation of the APEC Putrajaya Vision 2040.

Refer to the Terms of Reference, which sets out the scope and objectives of the AEPR.

This IER Questionnaire seeks to gather information on:

- how structural reform can facilitate financial inclusion and the benefits economies can expect by expanding financial inclusion;
- the impact financial inclusion can have on MSMEs, women, and others with untapped economic potential including, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy;
- how APEC economies are utilizing policies, programs, and regulations to create and leverage tailored financial products and services, including for the unbanked or underbanked people;
- the impact financial literacy and digital financial literacy can have in achieving financial inclusion;
- how fintech and open finance are contributing to create an open and inclusive financial system accessible to all;
- how financial inclusion promotes resiliency and sustainable economic growth;
- what and how the impacts of the reforms and policies have been observed and what can APEC economies offer as learnings for others looking to undertake similar reforms;

We encourage economies to include links to online material where referenced in their responses. Economies could consider consulting with representatives of groups with untapped economic potential to reflect first hand experiences in the responses.

*Please limit responses to a maximum of four pages in total*

*Format is Times New Roman, size 11, single space*

- |    |   |
|----|---|
| 1. | <b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion? |
|----|---|

2.	<p><b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy's engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
4.	<p><b><u>Best practices:</u></b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
5.	<p><b><u>Action plans:</u></b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
6.	<p><b><u>Regional cooperation:</u></b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>

## AUSTRALIA

Australia has a high proportion of participation in formal financial systems,

- 99% of the population (over 15 years old) have a bank account,<sup>1</sup> and those accounts are routinely used, with
- 90% of the population (over 15 years old) making 2 or more bank withdrawals per month<sup>2</sup>
- Employer contribution to Superannuation is compulsory, including for casual employees.

However there are groups in our community that face relative disadvantages, including Indigenous Australians.

1.	<p><b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p><b>Balancing consumer protection and enabling access to financial and credit products</b></p> <p>A primary challenge in promoting financial inclusion is the need to achieve an appropriate balance between consumer protection (which may involve limiting access to potentially harmful financial products) and enabling access to financial and credit products (which, if appropriately used, may assist marginalised or distressed groups). There are limits to how interventions can be designed and implemented to minimise these potential conflicts. The broader macroeconomic environment, including the current higher interest rate environment and cost of living pressures, can contribute to greater financial exclusion. For example, the impact of higher home loan interest rates on home ownership and access to affordable rental homes.</p> <p><b>Cultural, linguistic, and financial literacy barriers</b></p> <p>Interventions are most effective when developed in consultation or conjunction with targeted disadvantaged groups. Significant challenges exist to effective stakeholder engagement, including but not limited to cultural barriers, limited financial and other capacities of disadvantaged groups to engage, limited financial or other forms of literacy (including limited awareness and familiarity with government processes and practices), and limited cultural competency in policy and implementation agencies.</p> <p>Limited access to data presents a significant challenge to measuring the extent and nature of any problems and the effects of any attempted interventions. Data is often not at sufficiently granular level to analyse impacts on specific areas of disadvantage (including areas of overlapping disadvantage).</p> <p><b>Access to financial services in rural and remote areas</b></p> <p>Access to financial services in rural and remote areas is limited by few physical institutions/shopfronts, as well as limited transport infrastructure and digital connectivity.</p>

<sup>1</sup> World Bank ([Data \(worldbank.org\)](https://data.worldbank.org))

<sup>2</sup> *ibid*

2.	<p><b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p>Australia has developed programs and policies to target specific groups, predominantly indigenous communities, which are designed to be tailored and culturally sensitive. <a href="#"><i>Closing the Gap</i></a> is Australia's overarching policy framework to improve the lives of indigenous communities. There are 19 socio-economic targets, two of which are directly related to financial inclusion.</p> <p><b>Target 8- Strong economic participation and development of people and their communities.</b></p> <p>Outcome: Strong economic participation and development of Aboriginal and Torres Strait Islander people and communities.</p> <p>Target: By 2031, increase the proportion of Aboriginal and Torres Strait Islander people aged 25-64 who are employed to 62 per cent.</p> <p><b>Target 17: People have access to information and services enabling participation in informed decision-making regarding their own lives</b></p> <p>Outcome: Aboriginal and Torres Strait Islander people have access to information and services enabling participation in informed decision-making regarding their own lives.</p> <p>Target: By 2026, Aboriginal and Torres Strait Islander people have equal levels of digital inclusion</p> <p>Progress on these targets is closely monitored by government.</p> <p><b><i>Initiatives</i></b></p> <p><b>Indigenous Outreach Program</b></p> <p>The Australian Securities and Investments Commission (ASIC) has had a dedicated Indigenous Outreach Program (IOP) since 2009. IOP provides advice, insights and support to ensure ASIC's engagement with Aboriginal and Torres Strait Islander peoples is culturally appropriate and sensitive. The IOP also works with industry, service providers and other government agencies to influence system change and drive positive financial outcomes for Aboriginal and Torres Strait Islander peoples.</p> <p>IOP regularly undertakes outreach trips to urban, rural, and remote Indigenous communities to provide insights of financial services challenges and experiences</p>

impacting Indigenous consumers and investors, and ensure ASIC has a channel for ensuring that intelligence is considered by the government.

### **Indigenous Financial Services Framework**

In 2023, ASIC developed and published the [Indigenous Financial Services Framework](#) (Framework) to build a stronger understanding of Indigenous peoples experiences of the financial system and promote key learnings.

The Government has also established three engagement streams to assist in progressing the outcomes identified in the Framework. These engagement streams included the development of the Indigenous Advisory Group and Cross Government Engagement Group and strengthened engagement with the financial services industry.

### **National Indigenous Consumer Strategy**

In 2005 Australia developed a *National Indigenous Consumer Strategy*. Under each of the five iterations of the Strategy to date, Financial Services have been identified as a strategic priority to improve outcomes for Indigenous consumers. In implementing the Strategy and its [Action Plan](#), the government's target outcomes are:

The promotion of basic consumer rights recognised by the United Nations for Indigenous people in Australia.

To build knowledge, confidence and awareness for Indigenous people to action their consumer rights.

To improve access to the services of consumer law regulators.

Improving market outcomes for Indigenous consumers.

### ***Broader financial inclusion Initiatives (not specific to indigenous people)***

#### **Moneysmart**

[Moneysmart](#) is a government managed online resource with tools, calculators and guidance to support people to manage their finances and improve financial literacy. It provides resources for teachers to provide financial literacy lessons. There is also tailored advice for [indigenous people](#).

#### **Access to banking in regional Australia**

[Bank@Post](#) is an alternative to bank branches, particularly in remote locations in Australia. This involves post offices acting as an agent and providing services to customers of over 80 banks and other financial institutions.

In 2022, the Australian Government released a report on [Regional banking](#), this report highlighted the need for improved digital connectivity and literacy in regional areas. Following this, the government developed the [Better Connectivity Plan for Regional and Rural Australia](#). The Government also developed a [First Nations Digital Inclusion Plan](#) to ensure that indigenous people were also benefiting from this investment.

	<p>The Australian <a href="#">Senate Rural and Regional Affairs and Transport References Committee</a> is also currently examining the impact of regional bank branch closures. The Government will consider the findings of this inquiry after the Senate Committee issues its final report by May 2024.</p> <p><b>Financial Wellbeing and Capability (FWC) Activity Program</b></p> <p>The <a href="#">FWC Activity</a> provides support to eligible individuals and families experiencing financial crises and helps build financial wellbeing, financial capability, and resilience for vulnerable people. Services include:</p> <p><b>Financial Crisis and Material Aid</b> includes the provision of Emergency relief and Food Relief</p> <p><b>Financial Counselling, Capability and Resilience</b> supports include financial counselling, financial literacy education, and access to financial services including microfinance products such as low or no interest loans and matched savings program.</p> <p><b>Australian Banking Association’s <a href="#">Accessibility and Inclusion Principles for Banking Services</a></b></p> <p>The trade association for Australia’s banking industry has developed a set of principles to promote equitable access, usability, and inclusivity for customers with disability and their carers. They provide guidance for banks to ensure that their digital and physical offerings are designed to accommodate customers with disability.</p> <p><b>Modernising payment infrastructure facilitates greater financial inclusion</b></p> <p>Australia’s New Payments Platform facilitates safe and convenient real-time and data rich payments. This system will help deliver greater financial inclusion outcomes, such as clear and targeted customer communication, safer payments and better fraud/scam detection and real time access to information to assist vulnerable community cohorts.</p> <p><b>The No Interest Loan Scheme (NILS)</b></p> <p>NILS is funded by government and administered by NGO Good Shepherd Australia New Zealand (GSANZ). It provides access to fair and safe loans for people on low incomes, with no interest, fees or charges. Eligible individuals (including those on low incomes) can borrow up to AUD 2,000 for essentials such as appliances or furniture, car repairs or registration, mobile phones/laptops, or medical, dental or vet expenses. Up to AUD 3,000 can be borrowed for housing-related expenses such as bond or rent-in-advance, or for recovery from a natural disaster. Women who have been affected by family or domestic violence within the last 10 years and have the capacity to repay the loan are eligible (with no income limits). GSANZ administers NILS in partnership with not-for-profit community organisations across Australia. In the 2023-24 financial year to date GSANZ has provided over 24,000 loans. More info: <a href="https://goodshep.org.au/services/nils/">https://goodshep.org.au/services/nils/</a></p>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy’s engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p>



	<p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p>In Australia, consumer credit products are regulated by the <i>National Consumer Credit Protection Act 2009</i>. Retail banking products are regulated by the <i>Corporations Act 2001</i>. Both regimes contain a range of consumer protections to support and protect consumers, including marginalised consumers. These protections include product disclosures, internal dispute resolution arrangements, external dispute resolution arrangements, hardship arrangements, protections against unconscionable and unfair contracts, protections against misleading and deceptive conduct, fee regulation, marketing restrictions, responsible lending obligations and licensing requirements.</p> <p>Consumer protection laws are augmented by industry codes, often backed by mandatory membership of the Australian Financial Complaints Authority, a binding external dispute resolution scheme.</p> <p>These codes include commitments to inclusive and accessible banking, taking extra care with customers who may be vulnerable, offering banking service for low-income people and access to bank accounts with low or no fees. These codes also contain additional commitments regarding product disclosures, dispute resolution and supporting customers experiencing financial difficulty. Separately there are industry guidelines on dealing with financial abuse and domestic violence, as well as principles to promote accessible and inclusive banking services.</p> <p>Key challenges for marginalised groups when interacting with financial institutions include:</p> <ul style="list-style-type: none"> <li>limited financial and other forms of literacy;</li> <li>limited cultural literacy and adequacy of training by providers for their front line staff;</li> <li>limitations on access to services in rural and regional communities;</li> <li>limitations on access to reliable and quality digital forms of communication to access online services;</li> <li>needing to put in place processes and training to ensure awareness, sensitivity and appropriate responses to risks to those vulnerable customers who may be susceptible to abuse and scams; and</li> <li>that some financial services and products may pose particular risks or may not be culturally appropriate for particular marginalised groups (e.g. Indigenous peoples).</li> </ul>

4.	<b>Best practices:</b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?
	As outlined above, interventions are most effective when developed in consultation or conjunction with targeted disadvantaged groups. Granular data on these groups is also important to understand the barriers and impact of any interventions.
5.	<b>Action plans:</b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?
	<i><u>Closing the Gap</u></i> Embedded in initiatives, as outlined above.
6.	<b>Regional cooperation:</b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?
	Australia is looking to further collaboration and capacity building in APEC in regard to Indigenous Peoples including to overcome barriers to financial inclusion.

## BRUNEI DARUSSALAM

1.	<p><b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p>In implementing the Digital Economy Masterplan 2025, Brunei Darussalam is preparing for an increase in digital financial services (DFS). However, regulatory complexities present a significant challenge, requiring careful consideration to foster innovation while ensuring consumer protection in the evolving DFS landscape. Additionally, addressing cybersecurity concerns and enhancing digital financial literacy are critical aspects that demand attention for the pursuit of comprehensive financial inclusion.</p>
2.	<p><b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p><b>The New Definitions for MSME, Informal Sector, Start-Ups, Youth-Owned Enterprises and Women-Owned Businesses</b></p> <p>Through the Industry Working Group under the National Data Coordination Steering Committee, the Government of Brunei Darussalam has developed the newly standardized definition for 'MSME', 'Informal Sector', 'Start-Ups', 'Youth-Owned Enterprises' and 'Women-Owned Businesses' in order to better assist relevant agencies in creating programs, financial products and services that could benefit and cater to the development and growth of businesses.</p> <p><b>Regulatory Framework</b></p> <p>The Brunei Darussalam Central Bank (BDCB) has issued several regulatory notices and guidelines aimed at ensuring responsible lending practices, consumer protection, and transparency within the financial sector. Recent issuances include notices and guidelines regarding the establishment of complaint handling functions within financial institutions, market conduct principles emphasizing transparency, disclosures and fair consumer treatment, and the enabling of electronic Know Your Customer solutions by setting specific requirements for non- face-to-face customer onboarding.</p> <p><b>FinTech Regulatory Sandbox</b></p> <p>In 2017, BDCB formally issued the FinTech Regulatory Sandbox Guidelines with the</p>

	<p>objective of fostering the development of FinTech companies in Brunei Darussalam through the establishment of a FinTech regulatory sandbox. The regulatory sandbox allows the testing of FinTech products and services through a framework that enables qualified companies or businesses to experiment with innovative solutions in a relaxed regulatory environment, for a limited period of time and boundaries.</p> <p>One FinTech company called JanaKapital is currently offering Islamic peer-to-peer lending under the BDCB Fintech Regulatory Sandbox.</p> <p><b>Financial Products</b></p> <p>In 2019, Darussalam Enterprise (DARE), a statutory body established to spearhead growth of local Micro, Small and Medium Enterprises (MSMEs) in Brunei Darussalam, introduced the Co- Matching Scheme, targeted at new and expanding businesses. This Scheme was introduced to supplement the existing financial products that already existed to provide a wider range of funding opportunities for businesses in the economy. The project cost will be “co-shared” 70- 30 between DARE and the business, with DARE taking a maximum of 70%. DARE will bear up to BND10, 000 of the total project cost for new businesses and up to BND20, 000 for expanding businesses.</p>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy’s engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p><b>National Financial Literacy Council (NFLC)</b></p> <p>Brunei Darussalam established the National Financial Literacy Council in 2017 to increase the level of financial literacy in the economy by providing Bruneians with the knowledge and skills to make better decisions in their personal finances for their financial well-being.</p> <p>The members of the Council consist of a number of government agencies, statutory bodies, and financial associations. The Secretariats of the Council comprise of the Ministry of Education, Ministry of Finance and Economy, and BDCB.</p> <p>One of the major initiatives taken by the Council is the launch of the Brunei Darussalam Financial Literacy Competency Framework for School Children and Adults in 2021.</p>

The framework assists to identify a set of knowledge, skills, attitudes, motivations, and behaviour required for financial literacy. The framework contains different financial themes and acts as a reference for financial education providers, such as government bodies, policymakers, NGOs, financial institutions, etc. This effort will be gradually implemented for different age groups in the subsequent years to come.

### **DARe programmes for Financial Literacy of MSMEs and other Untapped Groups**

There are certain initiatives under DARe that is targeted at improving the financial literacy of MSMEs in Brunei Darussalam. The Industry Business Academy (IBA), a developmental programme that provides knowledge for aspiring and seasoned entrepreneurs alike, has certain modules or classes that help increase the financial literacy of MSMEs. An example of a few modules that improve the financial literacy of MSMEs are in Financial Education and Digital Accounting.

There is also the Micro Bootcamp Programme (MBC), which is a 4-week business development programme to assist individuals with business ideas and registered businesses to kick off their business journey by equipping them with business fundamentals. Participants of the programme will sit through programme such as Marketing, Business 101 and also how to keep business financials in order.

Through both of these programmes, DARe has collaborated with other stakeholders to assist untapped groups such as the underprivileged to improve their bankability. Both of these programmes also prepare them to take advantage of DARe's funding programme, the Co- Matching Scheme, where the business can use the grant funds to start a new business or expand their current business.

These financial literacy programmes teach entrepreneurs how to record, manage and track their business transactions, analyze financial statements, perform forecasts and make informed decisions for their business. A number of businesses that complete DARe's financial literacy programmes go on to successfully apply for programmes with a notably more stringent criteria, such as the Co-Matching Scheme, demonstrating the effectiveness of the trainings for them.

In terms of challenges, some commonly noted issues include low level of commitment (with the main reason cited being no transportation to attend classes), inadequate staff members to

cover ongoing operations and limited interest to scale up or expand the business.

### **SME Bank (Bank Usahawan Sdn Bhd)**

The SME Bank was established in 2017 and offers direct financial support to SMEs. The bank has provided microfinance to 300 micro businesses, 190 small businesses and 30 medium businesses as of June 2023 (ASEAN SME Policy Index 2024). Default rates for microfinance have historically been very high (50% as of the ASEAN SME Policy Index 2018 assessment) and microfinance is not subject to dedicated regulations.

### **Community Power Program (PPK)**

This 3-month program offers skills training, entrepreneurship training, business skills and self- development to people in need, particularly individuals who receive monthly

	<p>welfare assistance.</p> <p>The main goals of this program are to:</p> <p>Change the paradigm, attitude and thinking of the group of aid recipients from relying entirely on welfare assistance;</p> <p>Empowering aid recipients by providing skills training according to the ability and needs of each individual;</p> <p>Specialized for applicants who have the basic ability to generate income but do not have appropriate qualifications or skills to take advantage of job or business opportunities in the market;</p> <p>Encouraging self-sustainable attitude and the need to be resourceful and resilient among the target groups; and</p> <p>To reduce the poverty rate in Brunei Darussalam.</p>
4.	<p><b>Best practices:</b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p>The National Financial Literacy Council was established to advance financial inclusion. Founded as a collaborative effort involving government ministries, financial institutions, and key stakeholders, the council plays a pivotal role in setting strategic directions and to ensure coordination in this endeavour.</p>
5.	<p><b>Action plans:</b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p><b>Monitoring Financial Inclusion</b></p> <p>BDCB carries out regular monitoring through annual supply-side surveys for financial inclusion. The first financial inclusion demand-side survey was conducted in 2021. In 2023, improvements were made to the data reporting process to align the reporting guidelines more closely with the organisation's objectives, eliminate redundancies, and provide financial institutions access to a simplified data template.</p> <p>Furthermore, BDCB intends to conduct the subsequent demand-side survey in 2024, aiming to gather detailed and accurate information about the financial behaviours, access, preferences, and needs of individuals and households within Brunei Darussalam.</p> <p><b>Financial Literacy Programme</b></p> <p>BDCB, in collaboration with other relevant government agencies, financial institutions and international organisations, regularly conducts financial literacy programmes for different segments of the population, such as the Global Money Week, the National Savings Day, the World Investor Week and the ASEAN Savings Day. These large-scale financial literacy events weigh different thematic targets, for instance, advocating for</p>

	<p>the culture of saving, digital financial literacy, financial inclusion, and financial consumer protection.</p> <p>Other small-scale programmes by BDCB include financial planning courses, financial awareness roadshows and talks tailored to diverse audiences and age groups, such as onboarding and offboarding working population, youth, students, and grassroots leaders from all four districts. These programmes cover informative, practical and interactive financial-related activities encompassing comprehensive concepts of financial management, including savings, inflation, takaful/insurance, smart investments, digital payments, cybersecurity, and financial consumer protection.</p> <p>BDCB actively provides readily available financial information to empower Bruneians with the essential financial knowledge and skills. The published financial literacy materials are disseminated across a range of platforms, including newspaper, TV, radio, websites as well as social media. This approach ensures the broad reach of information to diverse target groups.</p>
6.	<p><b><u>Regional cooperation:</u></b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>
	<p>BDCB has benefitted from its membership in the ASEAN Working Committee for Financial Inclusion, which was established to deliberate and effectively coordinate initiatives to advance financial inclusion in ASEAN through close collaboration with relevant working committees and groups. It is also mandated to serve as a platform for sharing experiences, expertise, and information to facilitate ASEAN Member States (AMS) in developing or enhancing their financial inclusion strategies and initiatives.</p> <p>BDCB is keen to continue working together with APEC economies on issues that will enhance financial inclusion, particularly on capacity-building projects on topics such as digital financial services accessibility, microfinance expansion, and promoting financial literacy in underserved communities.</p>



## CANADA

1.	<p><b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p>Geography: Canada is very large, with a relatively small population. While most Canadians live in urban areas, many live in rural areas and, in some cases, remote areas. Rural and remote areas may have limited access to financial services and digital infrastructure (internet or cellular service).</p> <p>Diversity of the population: Canada's diverse population has varied financial circumstances and needs. It can be challenging to find appropriate solutions to meet these diverse needs. This includes consumers in traditionally excluded groups (e.g., women, Indigenous Peoples, newcomers) and those facing vulnerabilities (e.g., poor financial knowledge, literacy or numeracy skills; low-income; people experiencing difficult life events)</p> <p>Complex and evolving financial marketplace: Canada's financial sector is intricate, with federal and provincial/territorial regulations governing various financial products and services. Collaboration among jurisdictions is vital to ensure consistent and effective consumer protection. Meanwhile, the evolving digital financial marketplace presents constant changes and complexities. Digital innovation offers new opportunities but also introduces barriers, especially for marginalized groups. Prioritizing consistent consumer protections, promoting financial inclusion, and advancing financial literacy are essential for positive outcomes amidst this dynamic landscape. Tracking the impact of these initiatives will be essential in building confidence in the evolving financial environment.</p>
2.	<p><b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p>The Financial Consumer Agency of Canada's (FCAC) <u>core responsibility</u> is to protect consumers in their dealings with federally regulated financial entities (FRFEs). FCAC achieves this by delivering programs designed to:</p> <p>promote, monitor and enforce compliance on the part of regulated entities subject to market conduct obligations established by legislation, codes of conduct and public commitments, and</p>



strengthen the financial literacy and resilience of Canadians by working with stakeholders and relying on evidence-based research and collaboration to propose policies, educate consumers and encourage them to take beneficial financial actions.

Provincial and territorial governments have similar consumer protection mandates for other aspects of the financial marketplace (e.g., securities, high-cost credit).

Under the federal *Bank Act*, Canadians have a legislated right to open a bank account. In addition, FCAC worked with FRFes to develop a public commitment ([Low-cost and no-cost accounts](#)) signed by several banks to make low-cost bank accounts available for consumers. It also makes no cost accounts available for youth, students, seniors and people with disabilities. These contribute significantly to financial inclusion in Canada. Bank accounts are an essential financial product and can be a gateway to other financial products and services. A recent survey showed that 98% of Canadian adults had a bank account and a debit card ([2021 Methods-of-Payment Survey Report \(bankofcanada.ca\)](#)). Of the 2% that did not have an account a significant proportion were low-income and vulnerable Canadians. However, as clarified by the World Bank and the IMF, financial inclusion includes access, usage and quality. Quality encompasses whether financial products and services meet clients' needs, the range of options available to customers, and clients' awareness and understanding of financial products. Consumer protection and financial literacy are key drivers of financial inclusion.

FCAC's efforts are aimed at all financial consumers, but there is a particular focus on traditionally excluded groups and those with characteristics of vulnerability. This includes, but is not limited to, Indigenous Peoples, women, seniors, low-income Canadians and newcomers.

Consumer protection supports financial inclusion by ensuring that consumers are treated fairly and not taken advantage of and can access products and services that meet their needs. Canada's Financial Consumer Protection Framework (the Framework) under the *Bank Act*, establishes consumer protection rules that FRFes must follow. These include prohibitions against false and misleading information and requirements related to appropriate products and services. FCAC supports the Framework with specific guidelines. For example, the [Guideline on Appropriate Products and Services for Banks and Authorized Foreign Banks](#) recognizes that consumers are a diverse group and some consumers may have financial vulnerabilities. Banks should be offering and selling products and services that are appropriate having regard to the consumer's circumstances, including their financial needs. Other examples of FCAC guidelines relate to disclosure and clear language requirements, informed consent and complaint handling procedures.

FCAC also issues bulletins to clarify its position on different issues relating to FRFes' compliance with regulatory obligations, including codes of conduct or guidelines. For example, FCAC issued a bulletin respecting banks' obligation to accept non-standard identification for opening a bank account ([Access to basic banking services](#)). This helps consumers facing barriers, including those in vulnerable circumstances, such as victims of intimate partner violence or human trafficking. It also helps individuals from communities with a higher likelihood of vulnerability (e.g., Indigenous communities and newcomers).

FCAC helps develop and monitor voluntary codes of conduct and public commitments made by FRFes to achieve consumer protection and financial inclusion. For example, FCAC engaged with FRFes and seniors' groups to help create a [code of conduct for the](#)

	<p><u>delivery of banking services to seniors</u>. Other examples relate to plain language mortgage documents, modifying or replacing products, providing information on mortgage security and the low-cost/no-cost.</p> <p>Technology can help overcome barriers to financial inclusion. It can compensate for poor physical access and provide just-in-time delivery of financial education. FCAC is studying the impacts of digitalization on consumers and consumer protection, including innovations linked to FinTechs and open banking, which may increase access and lower costs. However, there is a risk that digitalization can lead to some groups being financially excluded. Therefore, digitalization should prioritize reducing financial exclusion and improving financial well-being for consumers. Efforts should help reduce barriers like poor digital access and poor digital literacy skills and address access and usage gaps for marginalized groups like women and the poor.</p>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy's engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p>The Government of Canada regularly engages a variety of stakeholder groups at various junctures in the policy development process. It often consults publicly through consultation documents prior to implementing any policy changes. Furthermore, public consultations are a formal element to Canada's regulatory development process. This includes an initial consultation to develop the policy intent, followed by a pre-regulatory consultation where new regulations are presented as if they were law for the public to comment on. With few exceptions (e.g. national security) final requirements are only published after the public has been sufficiently consulted. Recent examples include public consultation on upholding the integrity of Canada's financial system (including reducing barriers to access) and fighting predatory lending. Several consumer advocacy groups often participate in the consultation process. Government officials also regularly meet with consumer groups to better understand challenges facing vulnerable groups. Stakeholder feedback is used to inform future policy measures.</p> <p>FCAC supports its financial literacy mandate through evidence-based research and stakeholder collaboration to propose policies, educate consumers and encourage action to improve financial outcomes. FCAC's efforts include online information, tools and resources. Education efforts include raising Canadians' awareness of their rights and responsibilities in dealings with FRFes. A keystone is <u>Make Change that Counts</u>:</p>

<p><a href="#">National Financial Literacy Strategy 2021-2026 - Canada.ca</a> (NFLS), a 5-year plan that calls on all stakeholders, including government, industry and community organizations to create a more accessible, inclusive and effective financial ecosystem that supports diverse Canadians.</p> <p>The NFLS aims to mobilize the financial ecosystem to enhance financial inclusion and resilience by reducing barriers and catalysing action. While consumer education is an important aspect of the NFLS, the strategy reinforces the point that the ability to build financial resilience does not lie in the hands of the consumer alone, but is rather a function of both individual actions and systemic facilitation. Therefore, the NFLS shifts the focus from individual habits toward addressing the systemic and structural barriers that prevent or limit many Canadians from achieving better financial outcomes. This includes getting government, the financial industry and community organizations to collaborate to help enable consumers. The community organizations include 18 financial literacy networks across Canada representing approximately 6000 organizations. Some of these organizations work directly with targeted groups and FCAC supports them in that work. In developing the NFLS, FCAC carried out extensive stakeholder consultation, including hosting several roundtable discussions focused on the needs of specific consumer segments, including Indigenous Peoples, seniors, women, newcomers, people of colour, francophones and people living on low income.</p> <p>The NFLS establishes two overarching themes with six priority areas for action:</p> <p>Theme 1: - Reduce barriers in the ecosystem that limit or hinder people from accessing, understanding, and using appropriate financial products, services, and education to their benefit.</p> <p>Priority 1: Communicate in ways people understand</p> <p>Priority 2: Build and provide for diverse needs</p> <p>Priority 3: Support increased digital access and digital literacy</p> <p>Theme 2: Catalyze actions to help build financial resilience by creating new and more opportunities for Canadians to take positive financial actions, and addressing biases and misunderstandings about how best to assist people with financial challenges.</p> <p>Priority 4: Enhance access to trustworthy and affordable financial help</p> <p>Priority 5: Use behavioural design to simplify financial decisions</p> <p>Priority 6: Strengthen consumer protection measures</p> <p>Communicating in ways that people understand helps overcome the barriers created by the complexity of the financial marketplace. The goal is to ensure that consumers understand the key facts (e.g., costs, risks, benefits) and understand which products are appropriate for their circumstances and goals. This priority builds on FRFE's regulatory obligations related to disclosure and providing information that is clear and not misleading. The NFLS also focuses the ecosystem on continuing to build financial literacy of consumers and includes building digital literacy given the growth of digitalization.</p> <p>The aim of the ecosystem priority of building and providing for diverse needs is to encourage stakeholders to use tailored approaches to better serve the financial needs of diverse groups. This includes women, people of colour, Indigenous Peoples,</p>
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	<p>newcomers, seniors and people living on low incomes. Efforts include the design and delivery of financial products and financial literacy.</p> <p>FCAC conducts ongoing research and analysis to identify and understand diverse needs of target groups at greater risk of experiencing financial vulnerabilities (e.g., research initiatives that include disaggregated data by age, gender, etc.) to support evidence-based decision making to inform and target the financial ecosystem's response to help reduce inequalities and build financial resilience. This research also helps analyse the ecosystem's efforts. For example, FCAC conducts a monthly financial well-being survey which provides helpful information on consumers' day-to-day financial management and well-being. FCAC also works with stakeholders to develop and test experimental interventions that meet the needs of diverse groups. Our research helps inform FCAC's policy formulation and financial literacy efforts.</p> <p>A targeted outcome of the diverse needs priority is for FCAC and the financial ecosystem to involve and consult more Canadians, particularly those with diverse needs or characteristics of vulnerability in the development and delivery of financial products and services. FCAC chairs the Financial Literacy Working group for Indigenous Peoples which was established to assist FCAC in responding to the financial literacy needs of Indigenous Peoples and includes leaders from a broad representation of Indigenous and non-Indigenous organizations.</p>
<p>4.</p>	<p><b><u>Best practices:</u></b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p>FCAC's mandate includes strengthening consumer protection, financial literacy and financial resilience. It does this through evidence-based research and stakeholder collaboration to propose policies, educate consumers and encourage action to improve financial outcomes. To help measure the progress of the financial ecosystem under and the NFLS, FCAC launched a <a href="#">measurement plan</a>, guiding stakeholders on how to assess what works and what does not. FCAC tracks and publicly shares results through the <a href="#">NFLS Dashboard</a>.</p> <p>FCAC also conducts pilots and experiments, which rigorously test the effectiveness of innovative interventions for specific target groups. For example, FCAC tested the effectiveness of introducing financial literacy modules designed for children and youth through a gamified platform using pre-/post-designs. The goal was to boost financial knowledge and confidence, particularly for girls/young women. The interventions were successful and helped reduce the gender gap. Similar interventions were designed and tested for young women aged 16-25, using a Randomized Controlled Trial design and longitudinal surveys to assess the impact on financial confidence and behaviours. These experiments highlight the importance of just-in-time information to promote positive outcomes and facilitate financial inclusion of diverse consumer groups. It is important to assess consumers' needs and pain points, to meet consumers where they are, and to measure the outcomes of interventions to know what works and what doesn't.</p>

	<p>FCAC assesses progress on its core responsibilities and reports on its key departmental results indicators in its <a href="#">annual report</a>. FCAC supports the Federal Sustainability Development Strategy (DSDS) and the UN’s Sustainable Development Goals through its mandate to protect financial consumers and how it operates internally as an Agency. FCAC’s <a href="#">2023 to 2027 Departmental Sustainable Development Strategy</a> focuses on 3 sustainable development goals: advancing reconciliation with Indigenous peoples and taking action on inequality, responsible consumption and taking action on climate change.</p>
5.	<p><b>Action plans:</b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p>FCAC’s NFLS is key tool in enhancing financial inclusion.</p> <p>The Government of Canada and FCAC are currently undertaking initiatives aimed at strengthening financial inclusion:</p> <ul style="list-style-type: none"> <li>enhancing access to low-cost and no cost bank accounts and enhancing quality of services available for those account holders;</li> <li>lowering non-sufficient fund fees charged by banks which disproportionately impact low-income Canadians, particularly those living paycheck to paycheck or who lack overdraft protection;</li> <li>the development of legislative changes to further strengthen financial consumer protections as part of a Financial Sector Legislative review, including by identifying systemic barriers related to access to banking services;</li> <li>developing Canada’s Open Banking framework to help ensure consumers benefit from consistent protections and market conduct standards; and</li> <li>reducing predatory lending and enhancing access to affordable credit, particularly for vulnerable Canadians who can fall into a cycle of debt.</li> </ul>
6.	<p><b>Regional cooperation:</b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies’ experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>
	<p>APEC can help to enhance cross-collaboration with other international forums, such as the OECD (for example the International Network on Financial Education and Task Force on Financial Consumer Protection) and the G20 Global Partnership for Financial Inclusion, to support and align with efforts to define “financial inclusion” to clarify that it goes beyond access and includes usage and quality.</p> <p>APEC can provide a unique forum for sharing best practices and bringing economies together to discuss collaborating on projects that will build on best practices towards addressing systemic barriers related to financial access.</p> <p>All target groups will benefit from various efforts to enhance financial inclusion. However, some groups may require very targeted interventions given their specific needs. Collaboration and cooperation at APEC can better target common challenges</p>

	related to financial inclusion, especially barriers faced by women, Indigenous Peoples and consumers with low income.
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## CHILE

1.	<b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?
	<p>In the context of our economy, several major barriers and challenges inhibit the implementation of structural reforms that promote financial inclusion. Addressing these issues is critical to fostering an inclusive financial system that supports equitable growth and development. Here are the key challenges:</p> <ol style="list-style-type: none"> <li>1. <b>Private Banking Sector's Engagement:</b> The private banking sector is only beginning to recognize financial inclusion as a viable business opportunity. It is crucial for major market players to actively promote financial inclusion initiatives. This involves not only acknowledging the untapped potential in underserved markets but also developing financial products and services that would fulfil to the needs of these populations. Encouraging the private sector to invest in inclusive financial services could enhance their reach and impact.</li> <li>2. <b>Need for Enhanced Digitalization:</b> There is a significant lag in the digitalization of financial services, which boost the expansion of diverse payment methods. Enhancing digital infrastructure and promoting digital literacy are pivotal for increasing the accessibility and convenience of financial services. This will allow a broader spectrum of the population, including those in remote areas, to engage with modern financial systems through technology such as mobile banking, digital wallets, and online financial management tools.</li> <li>3. <b>Limited Access in Rural Areas:</b> Financial inclusion remains disproportionately low in rural regions. The limited presence of financial institutions in these areas creates a barrier to accessing financial services, exacerbating economic disparities. Investing in expanded physical and digital financial channels in rural areas can bridge this gap, making it easier for residents to conduct transactions, save, and access credit.</li> <li>4. <b>Information Asymmetry:</b> Significant information asymmetry about customers' financial information persists within companies that provide financial services and products. This leads to a lack of tailored financial solutions that can meet the unique needs of different consumer segments. Improving transparency and data handling, as well as utilizing technology to gather and analyze customer data more effectively, can help financial institutions better understand and serve their clients.</li> </ol>
2.	<b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the

	<p>policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p>In early 2023, our Economy enacted Law 21.521, known as the "Fintech Law," which aims to promote financial competition and inclusion through innovation and technology in the provision of financial services. Following this, the financial supervisor (CMF) published the associated regulations necessary for implementing the law. As this law is fully implemented, we anticipate several significant benefits:</p> <p><b>Market Access and Competition:</b> The Fintech Law facilitates the entry of new players into the financial market. This increase in competition is expected to drive down the prices of financial products and services, making them more accessible to a broader range of consumers.</p> <p><b>Innovation and New Products:</b> The legislation promotes innovation and the creation of new financial products and services that cater to a wider array of consumer needs. This not only enhances service quality but also ensures that financial services evolve in line with changing consumer demands.</p> <p><b>Greater Financial Inclusion:</b> One of the primary goals of the Fintech Law is to foster greater financial inclusion. It targets sectors of the population that have historically been overlooked by traditional financial institutions, offering them tailored financial products and services.</p> <p><b>Technology and Customer Insights:</b> Advanced technologies underpinning the new regulatory framework will improve predictions regarding customer characteristics and needs. This allows financial products and services to be better tailored to individual consumers, enhancing customer satisfaction and financial well-being.</p> <p><b>Open Finance System:</b> The implementation of an open finance system under the Fintech Law will address significant information asymmetries, granting consumers and businesses greater control and autonomy over their financial data and information.</p> <p>In addition to the Fintech Law, the economy is also developing the first National Financial Inclusion Strategy (ENIF) through the Advisory Commission for Financial Inclusion (CAPIF). This strategy involves a comprehensive assessment of the current state of financial inclusion, setting clear objectives, and identifying specific actions to achieve these goals. The ENIF is aimed at addressing the persistent challenges in financial access and equity, ensuring that the benefits of economic growth and financial services are widely shared across all segments of society.</p> <p>These initiatives and policies are not only enhancing financial inclusion but also strengthening our economic resilience and sustainability. By fostering a more inclusive financial environment, we are ensuring that more citizens have the tools to manage economic shocks, contribute to economic activities, and support overall growth.</p>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy's engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p>



	<p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p>During the development of the National Financial Inclusion Strategy (ENIF), several population groups have been identified that face delays in financial inclusion for various reasons. Among these groups are individuals in extreme poverty, youth, women, and rural populations, to name a few. There are gaps in providing services that meet the needs of these groups, highlighting the risk of them falling into the hands of informal lenders who charge usurious interest rates when trying to access credit. Currently, there are financial education programs that aim to provide tools for individuals from these groups to make informed decisions and achieve financial well-being, thereby avoiding falling victim to unscrupulous lenders. However, progress still needs to be made in measuring the impact of these programs. Furthermore, there is an effort to promote healthy debt and savings habits among these groups whenever possible.</p>
4.	<p><b><u>Best practices:</u></b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p>A good practice in Chile's Economy that has enhanced financial inclusion is the implementation of a simplified account with extensive coverage by BancoEstado, called CuentaRUT. This product is characterized by its easy opening process and has allowed almost full access to the population eligible to operate debit accounts, even enabling the payment of social benefits from the state through this account.</p> <p>Regarding policies that have not been effective, it is worth mentioning the prepaid cards issued by non-banking entities (non-bank prepaid cards), which since the law was approved have not shown the level of penetration that was expected. Currently, the market for card payment methods is dominated by debit cards.</p>
5.	<p><b><u>Action plans:</u></b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p>Once the ENIF is published and actions and proposals are committed to, it is expected that the short and medium-term measures will be monitored by requesting information from the members, guests, and advisors of the CAPIF regarding the degree of compliance. In the framework of the subsequent work of the CAPIF, it is expected that</p>

	the working groups will be able to report on the effectiveness of the measures to reduce the identified gaps.
6.	<b><u>Regional cooperation:</u></b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?
	The presentation of the methodology followed in the development of a domestic strategy for financial inclusion and education, along with the main challenges faced in its formulation and implementation, would be a contribution. The experience of APEC in implementing an open finance scheme can provide a comparative perspective to materialize the regulatory implementation of the Fintech Law in this area. There is still work to be done in terms of bringing financial products and services closer to the rural population, as the correspondent banking system continues to rely on a single bank, BancoEstado, with the private sector not participating in this type of business.

## CHINA

1.	<b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?
	First, the development of inclusive finance is unbalanced, and there is a gap between urban and rural areas. Second, the data market faces the problem of duplicated construction, and the information of different markets has not been truly connected. Third, technology is a double-sided sword, so that it may bring risks to consumer privacy protection along its development. Thus it is necessary to protect consumer rights effectively.
2.	<b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?
	In order to promote the development of inclusive finance, China has issued important policy documents such as the Plan for Promoting the Development of Inclusive Finance (2016-2020) and the Implementation Opinions of The State Council on Promoting the High-quality Development of Inclusive Finance. These policies target to provide appropriate and effective financial services at an affordable cost to all groups in need. In terms of target groups, SMEs, agriculture-related businesses and specific groups such as people lifted out of poverty are key consumers of inclusive finance in China. In terms of methods, China properly handles the relationship between the government and the market, establishes institutions and mechanisms conducive to the development of inclusive finance, give priority to solving financial services problems in underdeveloped areas and vulnerable groups, and ensures the sustainable development of inclusive financial business. In terms of main achievements, taking the Plan for Promoting the Development of Inclusive Finance (2016-2020) as an example, the Plan has made great progress in developing financial inclusion in China. The coverage, and accessibility of satisfactory financial services have been significantly improved. There are institutions in every town, financial services for every village, and financial account for each family. Mobile payment, digital credit and other businesses grow rapidly. The level of financial services for small and micro businesses, agriculture and other sectors has been continuously improved. These policies have improved the resilience of vulnerable groups in rural areas and remote areas, significantly enhancing economic resilience and development sustainability. In terms of the application of fintech, the People's Bank of China has issued and implemented the Fintech Development Plan (2010-2021) and the Fintech Development Plan (2022-2025), setting the basic principles, development goals

	and key tasks that fintech should adhere to. Financial institutions are guided to provide quality inclusive financial services for the people, with usage of big data application, artificial intelligence, blockchain and other information technologies to continuously optimize financial products and services.
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy's engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p>By the end of 2020, China has lifted all rural poor people out of poverty under the current standard, and financing has played an important role in this process. First, high-quality financial services are provided to the rural population. On one hand, the People's Bank of China, the former Poverty Alleviation Office, the Financial Regulatory Administration (formerly known as the China Banking and Insurance Regulatory Commission), the China Securities Regulatory Commission and other departments have jointly established a mechanism for sharing information, realizing the connection of financial informations related to registered poor people, villages and counties. On the other hand, China has deepened rural financial reform, effectively leveraged the monetary policy tools such as differential deposit reserve ratio, re-lending and re-discount, guided financial funds to work precisely for the need, and improved the efficiency of financial resource allocation. Second, China stimulated the endogenous driving force for development in poor areas. The focus of financial support for poverty alleviation is to help poor areas cultivate and develop industries. Guided by market demand, financial institutions gave full play to balance commercial interests and social responsibilities, and innovate products and services according to local conditions. A mechanism has been established, in which banks make profits, enterprises lead in development, and the poor benefit. Third, the demand was precisely specified. Various financial institutions gave full play to their own advantages, formed a pattern of poverty alleviation in which governments and commercial financial institutions jointly participate, and accurately specify the financial needs of poor groups. Fourth, structural reform has played an important role. By deepening supply-side structural reform of the financial sector, China has continuously improved the efficiency of financial resource allocation, allocated more financial resources to key areas and vulnerable groups, actively developed differentiated and customized financial products to meet the needs of various economic entities, especially for SMEs, agriculture and rural people.</p>

4.	<p><b><u>Best practices:</u></b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p>In the process of promoting financial inclusion, China has formulated and implemented a series of policies with structural reform as the core. The following experience is worth sharing with other economies. First, guidelines and rules are fundamental. China attaches importance on top-level design, and sets priorities on optimizing allocation of public resources, conducting market resources to areas with unbalanced and inadequate services, and alleviating the problem of insufficient financial services caused by information asymmetry. Second, goal-oriented and problem-oriented methodology is important. With a view to improve the coverage and accessibility of financial services, focusing on regions and people in need, China sets specific targets in different areas including financing, savings, payment and insurance, and strives to address specific obstacles of inclusion. Third, leading role of the market is decisive. China respects market rules, protects market drivers of innovation, improves the legal framework, policy support and financial infrastructure, and creates a favorable and inclusive financial ecosystem.</p>
5.	<p><b><u>Action plans:</u></b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p>In the next five years, China is committed to improving the accessibility of financial services in the following key areas, accelerating the pace of supply-side structural reform for inclusive finance, improving financial infrastructure and development environment, and promoting new achievements in preventing and defusing financial risks. Looking ahead, China has formulated the Implementation Opinions of The State Council on Promoting the High-quality Development of Inclusive Finance. By optimizing the coordination mechanism, China will strengthen cooperation among government departments, carry out evaluation on the high-quality development of inclusive finance, and improve monetary policies and differentiated regulatory policies. The credit information sharing mechanism and risk alleviating mechanism in key areas of inclusive finance will also be improved.</p>
6.	<p><b><u>Regional cooperation:</u></b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>

<p>The supporting role that APEC could play is as follows. First, policy coordination and framework development hub. By promoting policy dialogue and coordination among member economies, APEC could deepen understanding of financial inclusion, and promote the financial inclusion policy frameworks in the context of a more open global economy. Second, technical assistance and training platform. APEC could organize and provide technical assistance and training programs for policy makers and financial practitioners related to financial inclusion, strengthen guidance on policy formulation and implementation, carry out publicity aimed at the general public, and promote the application of fintech. Third, information and experience sharing fora. APEC could provide a platform for information sharing and experience exchange to help economies understand and learn from each other's successful practices of inclusive finance. For China, all the above three aspects could help to build knowledge and experience for developing financial inclusion. In the future, China will further focus on people who have been lifted out of poverty and strengthen regional cooperation to overcome obstacles to financial inclusion.</p>
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## **HONG KONG, CHINA**

### **Preamble**

Hong Kong China (HKC) attaches great importance to foster financial inclusion, and supports the APEC Putrajaya Vision. HKC strives to enhancing our financial infrastructures, and financial products and services, nurturing small and medium enterprises (SMEs), and grooming talents of all genders in the industry. To these ends, various initiatives were implemented as set out in the following.

### **Banking**

In respect of the banking sector, the HKC Government and the Hong Kong Monetary Authority (HKMA) has been spending significant effort in promoting access to basic banking services by different segments of society to meet the basic needs of people's daily lives or the needs of fund transfers for legitimate businesses. For example, banks are encouraged to launch more physical branches / mobiles branches / ATM and other self-service banking facilities and address the issues of difficulties in bank account opening / maintenance encountered by SMEs and people of different races. In terms of infrastructure, the active expansion of digital channels (e.g. video teller machines) in the banking sectors in recent years helps cater for the needs of different customer segments.

### **Insurance**

The insurance sector has its distinctive role of providing comprehensive risk management and mitigation solutions to the public, thereby unleashing its social value and promoting financial inclusion. For example, HKC introduced tax-deductible Qualified Deferred Annuity Policies in 2019 to encourage retirement savings and has facilitated the industry in enhancing products such as the Protection Linked Plan to narrow protection gap. Furthermore, HKC is making preparations to establish a policy holders' protection scheme that serves as a safety net for the insuring public in the event of an insurer becoming insolvent.

### **Investor and financial education**

The Investor and Financial Education Council (IFEC) under the Securities and Futures Commission is the dedicated public organisation for improving investor and financial education in HKC. The IFEC, as supported by the Government and financial regulators, promotes and delivers free and impartial investor and financial education resources and programmes through its education platform and various partners. It also leads the Financial Literacy Strategy to create a conducive environment for stakeholders to deliver more quality investor and financial education to the public.

### **Capital market**

The HKC Government, the Securities and Futures Commission (SFC) and the Hong Kong Exchanges and Clearing Limited (HKEX) are committed to facilitating companies and investors from around the world to raise funds and invest in HKC's securities market, exemplifying our function as an international fundraising and financing centre. With the successful experience in allowing listing of pre-revenue biotechnology companies in HKC, the

listing regime for specialist technology companies and reformed GEM (HKC's second board targeting SMEs) were launched in March 2023 and January 2024 respectively, with a view to addressing the fundraising needs of enterprises from different sectors and at different development stages to access international capital for business expansion.

HKEX introduced a series of amendments to the Corporate Governance Code and the Listing Rules in January 2022 after consulting the market. Under the revised regulations, new initial public offering applicants with listing applications filed on or after 1 July 2022 are barred from having single-gender board, while existing single gender board issuers must appoint a director of a different gender no later than 31 December 2024. HKC has seen positive results of these efforts in promoting gender diversity among listed companies. Notably, the percentage of female directorships among all directorships of listed issuers increased from 15% in 2021 to 17.4% in 2023, while the number of single gender board issuers has decreased from 29.6% in 2021 to 19.4% in 2023.

HKEX launched a pilot programme in December 2023 with the introduction of a fixed-fee enterprise data package and a fee reduction for mobile market data service. The programme could facilitate investors to obtain broad market data for market trading decisions, enhance market transparency, and strengthen the competitiveness of HKC's market. HKEX will continue to explore refining real-time, market-data services to provide investors with targeted services at a reasonable price.

### Fintech

Enhancing Fintech infrastructure is part of HKC's multi-pronged approach for promoting Fintech development. HKC has a well-developed electronic payment ecosystem with a number of non-cash payment options available to the public. The launch of Faster Payment System in 2018 has further made fund transfers and payments more efficient and convenient. In addition, the Commercial Data Interchange launched in 2022 effectively facilitates enterprises (in particular SMEs) to share with banks their commercial data from different data sources, thereby enhancing their access to more financial services. Other initiatives in the pipeline include Central Bank Digital Currency, including e-HKD and e-CNY.

Following the launch of the Fintech Proof-of-Concept Subsidy Schemes in 2021 and 2022, HKC will roll out the new Green and Sustainable Fintech Proof-of-Concept Subsidy Scheme in the first half of 2024. The new scheme involves funding of HKD 10 million and aims to provide early-stage funding support for green Fintech solutions to facilitate their commercialisation, thereby fostering the development of new Fintech initiatives.

As an international financial centre, with a robust regulatory environment as well as rich business opportunities and capital support, HKC is an ideal destination for the development of digital finance and Fintech. Currently, there are about 1000 Fintech companies operating in HKC. The scope of business covers mobile payment, cross-boundary wealth management, artificial intelligent financial consultancy, wealth and investment management, regulatory technology, etc., including eight virtual banks, four virtual insurers and two licensed virtual asset trading platforms.

### Talent nurturing

HKC is committed to nurturing talents for the financial services industry. For example, the "Pilot Programme to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector" seeks to provide subsidy for tertiary student internships and



professional training for practitioners, and promote the employment opportunities and career prospects of the sectors through different channels. Since inception, for the insurance sector, over 500 tertiary students have completed internship placement, and there were about 15 750 participants in subsidised professional training courses for insurance practitioners. For the asset and wealth management sector, over 750 tertiary students have completed their internships, with about 4 000 applications for professional training course fee subsidy approved.

HKC has been collaborating with the financial regulators and Fintech community on various initiatives to nurture more Fintech talents in HKC, including the Pilot Scheme on Training Subsidy for Fintech Practitioners and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) Fintech Two-way Internship Scheme for Post-secondary Students.

Besides, HKC provided full sponsorship for young accounting talent to participate in the 1.5-year Guangdong-Hong Kong-Macao Young High-end Certified Public Accountants Talent Training Programme initiated by the Guangdong Institute of Certified Public Accountants and co-organised by HKC and Macao accounting professional bodies in 2022. In the same year, HKC also supported the participation of accountants in the three-year Ministry of Finance High-level Accounting Talent Quality Improvement Project.

1.	<b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?
	Enhancing access to financial services through multi-channels is pivotal to achieving the objective of financial inclusion. With the rapid technological changes amid ageing population in HKC, challenges arise in striking a good balance in implementing structural reforms to ensure different customer segments, including the elderly, people who are less receptive to changes or less conversant with new technology, continue to be given with reasonable access to financial services.
2.	<b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?
	Some examples of policies, programmes or regulations of HKC to create and leverage tailored financial products and services include:  <b><u>Promoting financial inclusion in banking</u></b>  HKC has been putting significant effort in promoting access to basic banking services for different segments of society to meet the basic needs of people's daily lives or the

needs of fund transfers for legitimate businesses. Measures to promote financial inclusion in the banking industry, including:

encouraging banks to launch more physical branches / mobile branches / ATM and other self-service banking facilities;

launching “Simple Bank Accounts” to provide an additional option for business customers which require only basic banking services;

setting out the principles and good practices recommended for the banking industry in the provision of banking services for the customers in need; and

delivering talks targeted at parents and caregivers to promote better understanding of banking services for persons with intellectual impairment.

### **Promoting financial inclusion in securities market**

HKC is developing the Central Moneymarkets Unit (CMU) into Asia's major international central securities depository platform. It will provide better support for RMB businesses such as cross-border clearing, settlement and custodian services etc. The first phase of system upgrade was completed in July 2023, with the implementation of Open Application Programming Interface and new user interface supporting various electronic services. The second phase of system upgrade is under development, with a view to enhancing the account structure, settlement capability and collateral management function as well as supporting 24-hour operation for higher service efficiency.

HKC continues to adopt a multi-pronged approach in developing the retail bond market to enhance the awareness and interest of the investing public in bonds and promote the development of a retail bond market in HKC. For example, eight batches of 3-year inflation-linked retail bond (or iBonds) were issued between 2011 and 2021 to HKC residents. Two batches of retail green bond were issued in 2023 and 2024, offering members of the public investment options with steady returns so that they can also participate in and benefit from the green finance development.

For senior citizens in particular, eight batches of Silver Bonds to HKC residents were issued from 2016 and 2023. Originally, the scheme targeted at HKC residents aged 65 or above, since the 2021 issuance, the eligible age for subscription has been lowered from 65 to 60.

### **Digitalisation of government services**

Digital transformation is an irreversible global trend and a fully digitalised government enhances the competitiveness of the economy by creating a business-friendly environment. HKC is committed to driving and expediting the digitalisation of government services. In this regard, the Chief Executive's 2022 Policy Address announced that all licences and government services involving application and approval will be digitalised by mid-2024, with exceptions due to law or international practice. To further facilitate the public in making payment for government services, the Chief Executive's 2023 Policy Address announced the full implementation of e-payment option for all government fees by Q3 2024 to provide the public with a choice to settle service payments both online and offline (including at service counters and self-service kiosks) through the Faster Payment System (which is a payment platform on which

banks and stored-value facility operators are connected, allowing customers to make person-to-person transfers, top up e-wallets and shop online anytime, anywhere, thereby making payments simpler and faster).

### **Supporting SMEs' digital transformation**

There are over 360 000 SMEs in HKC, constituting more than 98% of business establishments and employing more than 44% of the workforce in the private sector. Their vitality and business performance are of crucial importance to the development of the economy of HKC.

To expedite the pace of digital transformation in our economy, HKC approved the allocation of HKD 500 million in 2023 to launch a Digital Transformation Support Pilot Programme (Pilot Programme). Under the Pilot Programme, subsidies will be provided on a one-to-one matching basis to assist SMEs in the food and beverage and retail industries in applying the ready-to-use basic digital solutions under the three categories (i.e. digital payment and point of sale systems, online promotion, and customer management systems) so as to expedite their pace of digital transformation. It is estimated that at least 8 000 eligible enterprises can benefit from the Pilot Programme.

### **Digital inclusion for elderlies**

HKC acknowledges the importance of enhancing elderlies' digital literacy that allows them to embrace technology and harness the benefits of technological advancements. Hence, the 2024-25 Budget announced that the Social Innovation and Entrepreneurship Development Fund (SIE Fund) will allocate HKD 100 million to support territory-wide digital inclusion programmes for elderlies by batches in the coming three years. The programmes aim to assist citizens aged 60 or above in enhancing their digital literacy, particularly those living alone in domestic households, ensuring they have the knowledge and skills to utilise technology effectively and safely, and at the same time promoting social cohesion. Under this initiative, non-government organisations will be engaged to reach out to and offer training courses on digital technologies and technical support to the elderlies, covering topics such as smartphone operation, accessing services provided by the Government and other organisations, electronic payment, cybersecurity, etc. Community-based help desk service will be provided for the elderlies to seek assistance and guidance regarding digital technologies, in particular at physical locations (e.g. community centres) where elderlies can visit in person to receive hands-on assistance. By empowering elderlies with digital skills, these programmes enable them to access online services, connect with others, and improve their overall quality of life. Simultaneously, the expansion of the service market for elderlies creates new business opportunities, fosters innovation, and contributes to overall economic growth.

### **Facilitating data sharing to promote financial inclusion**

Data is a key element of new production in the digital era that ushers in innovation and drives high-quality development of the digital economy. Data sharing and open data are two drivers to encourage the development of innovative solutions to promote financial inclusion. HKC's initiatives include:

	<p>establishing a platform to enable data sharing between the government and financial institutions upon obtaining consents from the clients, to facilitate the provision of more convenient banking services to the public;</p> <p>promoting the open data initiative in opening up government data to the public for free use via the open data portal (DATA.GOV.HK) to facilitate innovative applications and convenience to the public.</p>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy’s engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p>Examples of practices that help HKC’s engagement of groups with untapped economic potential are as follows:</p> <p><b><u>Financial education for vulnerable groups</u></b></p> <p>HKC has been conducting on-going publicity campaigns regarding licensed money lenders to remind the public to carefully consider their financial situation and repayment ability before borrowing, stay vigilant to the content of money lending advertisements, fully understand the terms and conditions of loan agreements, avoid piling up debts, and seek professional counselling services when necessary. In particular, publicity efforts have been placed on certain vulnerable groups including the young people and foreign domestic helpers.</p> <p><b><u>Advisory Panel on Silver Economy</u></b></p> <p>The growing elderly population is emerging as an important consumer group, with considerable demand for such products and services as medical and healthcare, leisure and recreation, and home and personal care catered for the elderly. These products and services enhance the well-being and quality of life of the elderly and spur business opportunities in the relevant sectors.</p> <p>To tap into the business potential of the silver economy, HKC established the Advisory Panel on Silver Economy to conduct research on the market demand and development of the “silver economy”. Chaired by the Secretary for Commerce and Economic Development, the Advisory Panel comprises experts of different fields to research the</p>

	<p>business potential of the “silver economy”, and aims to, through promoting economic activities related to products and services for the elderly, unleash the business potential of the elderly market, and better meet the aspirations and needs of the elderly. The Advisory Panel will focus on how to facilitate the market development for products and services catering for the elderly population.</p> <p><b><u>Engagement of SMEs</u></b></p> <p>HKC has been providing multi-pronged assistance to SMEs in developing more diversified markets and enhancing their competitiveness.</p> <p>HKC launched the SME Financing Guarantee Scheme (SFGS) in 2012 to help SMEs obtain commercial loans. As SMEs have been hard-hit by the COVID-19 pandemic and global economic downturn in recent years, HKC has kept on enhancing the SFGS, including offering higher ratio of government guarantee (from originally only guaranteeing 80% of the loan amount, to also offering options of 90% and 100% government guarantees), raising the maximum loan amount per enterprise, and introducing principal moratorium arrangement.</p> <p>Taking into account the latest economic situation of HKC and needs of SMEs, HKC has further extended the application period for the 80% and 90% guarantee products under the SFGS for two years to end March 2026. The SFGS is well received by the business sector. As at end February 2024, loans amounting to more than HKD 274 billion have been approved under the SGFS, benefitting over 61 000 enterprises.</p> <p>HKC continues to provide funding support to SMEs through, among others, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) for enterprises to develop their businesses through branding, upgrading and restructuring, and promoting sales in 39 economies with which HKC has signed free trade agreements and/or investment promotion and protection agreements. The Financial Secretary announced in the 2024-25 Budget the further injection of HKD 500 million into the BUD Fund for sustaining its operation thereby increasing its total commitment to HKD 7 billion, and introducing “E-commerce Easy” to provide more funding support for SMEs to develop electronic commerce (e-commerce) on the Mainland. Moreover, the SME Export Marketing Fund provides funding support for SMEs to expand their markets in HKC and other economies through participating in promotion activities. As at end February 2024, over HKD 9.8 billion has been approved under the two schemes, benefitting over 62 000 enterprises.</p> <p>To strengthen support for SMEs to leverage e-commerce business to expand their markets, the E-commerce Development Task Force has been established in January 2024 to co-ordinate and formulate policies and measures. The Hong Kong Shopping Festival will be organised on e-commerce platforms in 2024 to promote awareness of HKC brands for developing the Mainland domestic sales market.</p>
4.	<p><b><u>Best practices:</u></b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>

	<p>While banks have progressively streamlined and refined the scale, network distribution and operation model of physical banking facilities in recent years, they are utilising innovative technologies to provide traditional teller services, including the introduction of video teller machines which use means of “distant video conferencing” to interact with customers. This ensures that, in addition to enhanced efficiency during the digitalisation process, the needs of different customer segments are also catered for.</p> <p>The retail bonds (iBonds, Silver Bonds and retail green bonds) issued were well-received by the public. The highest number of subscribers for such issuances was over 700,000, representing about a tenth of the population of HKC.</p> <p>In terms of driving digitalisation of government services, the target is to turn all government services online by mid-2024. Besides, e-payment options for all government fees will be provided by Q3 2024. The digital inclusion programmes for elderlies are expected to benefit at least 50 000 elderlies in total, with the first batch of projects to commence in Q4 2024. The Consented Data Exchange Gateway (CDEG) is targeted to be rolled out before end-2024 for adoption by government bureau/departments. As at February 2024, there were 5 360 data sets available on the open data portal (DATA.GOV.HK), and it is estimated that more than 310 data sets will be available from 2024 - 2026.</p>
5.	<p><b>Action plans:</b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p>As announced in the Budget 2023-24, the HKC government had instructed the HKMA and the Mandatory Provident Fund Schemes Authority (MPFA) to conduct a study on Mandatory Provident Fund (MPF) funds that offer stable returns at low fees. To start off, the HKC Government planned to earmark a certain proportion of future issuances of Government green bonds and infrastructure bonds for priority investment by MPF funds, thereby providing MPF scheme members an additional investment option.</p> <p>The HKMA and the MPFA have already put in place a mechanism to earmark a certain proportion of Government green bonds for priority investment by MPF funds. The mechanism will also apply to future issuances of Government infrastructure bonds. This arrangement allows MPF fund managers to consider more investment instruments with stable returns in their portfolio management for the benefit of scheme members.</p> <p>On Bond issuance, in 2024-25, HKC will issue HKD 120 billion worth of bond, of which HKD 70 billion will be retail tranche that includes HKD 50 billion worth of Silver Bond, and HKD 20 billion worth of green bonds and infrastructure bonds to achieve financial inclusiveness and enhance a "sense of participation" in infrastructure and sustainable development among the public.</p>
6.	<p><b>Regional cooperation:</b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>

APEC plays a pivotal role in advancing financial inclusion through promoting structural reform, capacity building and experience sharing. Over the years, the APEC Economic Committee (EC), the Finance Ministers' Process (FMP) and the SME Working Group (SMEWG) collectively provide a fitting organisational structure for member economies to exchange knowledge, information and insights in relation to financial inclusion. Notable examples of such work include the *Cebu Action Plan*, the *Enhanced APEC Agenda for Structural Reform*, the *APEC Ease of Doing Business Action Plan*, as well as the *Boracay Action Agenda to Globalise MSMEs*. APEC can build on and consolidate the existing work on financial inclusion to achieve synergies and complementarity of efforts and further maximise the impact of its work.

In addition, the contribution of the APEC Business Advisory Council (ABAC) is equally valuable as ABAC provides advice to APEC Leaders on business sector priorities and information about business perspectives on various APEC fora. Continued engagement with ABAC and other stakeholders in the region is key to keeping APEC's work on financial inclusion serving the needs and interests of businesses and people.

Recognising the obstacles faced by MSMEs including those women-owned to access to finance as well as their much untapped potential in creating incomes and employment, we believe that APEC and policy makers should continue to prioritise efforts to facilitate their access to finance, in particular through leveraging the benefits of fintech.



## INDONESIA

1.	<p><b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p> <p>The formulation of obstacles in implementing financial inclusion policy is one of the strategies listed in the National Financial Inclusion Strategy, including:</p> <p>The gap between literacy and financial inclusion is high.</p> <p>Based on Survey of Financial Literacy and Inclusion (Survei Nasional Literasi dan Inklusi Keuangan/SNLIK) in 2022, the financial literacy and inclusion index increases every year, but there is still a gap between the literacy index and financial inclusion, even though the gap is narrowing every year. The existence of this gap shows that it is necessary to optimize financial literacy so that people in Indonesia can have a responsible financial inclusion attitude.</p> <p>High disparity in financial literacy and inclusion</p> <p>There are 14 provinces out of a total of 34 provinces that still have a financial literacy rate below Indonesia's average and there are 15 provinces out of a total of 34 provinces that still have a financial inclusion rate below the Indonesia's average. In addition, there is still a gap between urban and rural financial literacy and inclusion levels. This shows that the increase in financial literacy and inclusion has not been evenly distributed in all regions in Indonesia, so acceleration and equity are needed in increasing financial literacy and inclusion.</p> <p>Many people who are not yet eligible have access to finance</p> <p>The current condition of many Indonesian people is still not eligible or does not have adequate financial access. Some of the factors that cause difficulties in financial access among Indonesians include:</p> <ul style="list-style-type: none"> <li>Don't have an identity document</li> <li>Low community income</li> <li>Lack of infrastructure access to financial services</li> <li>Low financial literacy</li> <li>Social, cultural and barriers</li> <li>Limitations of technological facilities</li> <li>Limited infrastructure and financial access for people across groups</li> <li>Communities consisting of migrant workers, women, people living in remote areas, and students, have been targeted by people in SNKI.</li> </ul>
2.	<p><b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking</p>



	<p>to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p>Indonesia's commitment to financial inclusion is formally enshrined in the National Strategy for Financial Inclusion (Strategi Nasional Keuangan Inklusif/SNKI), first published in 2016 and updated in 2020 through Presidential Regulations No. 82 of 2016 and No. 114 of 2020. This strategic framework serves as a roadmap for all stakeholders to formulate integrated sectoral policies aimed at promoting financial inclusion. The primary financial inclusion target is to achieve 90% access to formal financial services for the adult population by the end of 2024. Additionally, other indicators are used to guide the expansion of financial access, namely access/reach, usage, and quality.</p> <p>Financial inclusion emphasizes providing financial services tailored to the diverse needs of different population groups. While encompassing all segments of society, financial inclusion activities focus on groups underserved by formal financial services, namely low-income individuals; Micro, Small, and Medium-sized Enterprises (MSMEs); cross-group populations such as Indonesian Migrant Workers, Women, Social Welfare Services Recipients (PPKS), and communities in remote, outermost, and island areas.</p> <p>Furthering the implementation of SNKI, the Regulation of the Coordinating Minister for Economic Affairs of the Republic of Indonesia Number 4 of 2021 Concerning the Implementation of the National Strategy for Financial Inclusion was issued. This initiative provides an opportunity for local governments, through an inter-agency forum called the Regional Financial Access Acceleration Team (TPAKD), to formulate financial inclusion strategies in their respective regions. This opportunity is mandated given Indonesia's social and geographical diversity, necessitating diverse strategies to support financial access aligned with the needs and capabilities of each region.</p> <p>The expansion of financial access is also supported through the Financial Services Without Offices for Financial Inclusion (Agen Laku Pandai) program initiated by the Financial Services Authority (Otoritas Jasa Keuangan/OJK). This program is an initiative to provide financial services without offices through Laku Pandai agents, who can reach people in remote areas. These agents can be grocery stores, stalls, or even individuals. This strategy aims to support financial inclusion by expanding access to financial services for people, especially in remote and unbanked areas. The program aims to provide simple, easy-to-understand financial products tailored to the needs of people who cannot yet access financial services. It also facilitates economic activities for the community, thereby driving economic growth and equitable development between regions in Indonesia, particularly between rural and urban areas.</p> <p>Financial access for MSMEs, which make a significant contribution to GDP and job creation, is also being continuously enhanced. Bank Indonesia, as the macroprudential regulator in Indonesia, through the Macroprudential Inclusive Financing Ratio (RPIM) policy, requires banks to channel credit to MSMEs of at least 30% of the total credit they provide by 2024. This policy is being implemented gradually since 2021 to assist MSMEs in obtaining the financing they need, developing their businesses, and creating</p>

	<p>jobs. Additionally, RPIM also encourages banks to be more creative in developing financial products and services tailored to the needs of MSMEs.</p> <p>In 2023, the urgency and attention to financial inclusion were further emphasized in Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector. This law specifically sharpens the regulatory framework governing the implementation of financial inclusion. The government, OJK, and Bank Indonesia, mandated by law, have spearheaded strategic initiatives and programs to achieve widespread and equitable financial inclusion across all regions and segments of society. In addition, synergy is needed to formulate strategies, as well as monitor and evaluate the implementation of a sustainable Financial Literacy and Financial Inclusion strategy.</p> <p>OJK, as one of the regulators in the financial services sector, has issued various policies. In the regulatory field, OJK has issued POJK No. 3 of 2023, which requires financial service providers to carry out activities aimed at improving financial literacy and inclusion at least once every semester. This regulation was then amended through POJK No. 22 of 2023 concerning Consumer and Community Protection in the Financial Services Sector. OJK has also outlined ambitious development targets to be achieved by 2027, as outlined in the Roadmap for Supervision of Financial Services Actors, Education, and Consumer Protection (2023-2027). In terms of financial literacy and inclusion, OJK has set a target of 65% for the financial literacy index and 93% for the financial inclusion index.</p>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy's engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p><u>How successfully do certain groups under consideration interact with financial lending institutions?</u></p> <p>With the aim of bridging the financial inclusion gap, various programs and policies have been introduced to broaden access to financial services for underserved groups. These include microcredit programs, the Agen Laku Pandai initiative, financial education and literacy programs, business matching schemes, and the development and innovation of both conventional and Sharia-compliant financial products.</p>

How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?

The Indonesian government is continuously collaborating with the private sector and all relevant stakeholders through various initiatives to drive financial inclusion efforts. This increased access to financial services is achieved by boosting both demand and supply.

On the demand side, the government strives to improve the economic and financial literacy of its citizens, alongside raising awareness about the importance of a robust financial system. This is achieved through a series of policies and financial literacy and inclusion programs aimed at equipping individuals with the capacity to be considered "bankable."

Supply-side efforts focus on increasing the availability of financial services accessible to all segments of society. This involves expanding the range of financial products and services tailored to meet the specific needs of various demographic groups.

The government's commitment to financial inclusion translates into various policies, one of which is the National Financial Inclusion Strategy (NFIS/SNKI). This strategy holds a significant position in Indonesia's development agenda and serves as a guide for all stakeholders to collaborate and increase access to financial products and services for all Indonesians.

Financial inclusion strategies and policies emphasize providing financial services based on the different needs of each societal group. While encompassing all segments of society, financial inclusion activities focus on populations yet to be served by formal financial services, namely: low-income individuals; micro, small, and medium-sized enterprises (MSMEs); specific demographic groups such as Indonesian migrant workers, women, social welfare service recipients (PPKS), and residents of remote, isolated areas, and outer islands.

What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?

It is crucial to ensure that all these groups are involved in the design, implementation, and monitoring of structural reforms related to financial inclusion. This will help ensure that the reforms are well-designed and meet everyone's needs. These groups have been identified as the primary targets of the National Financial Inclusion Strategy (NFIS/SNKI) and are included in various programs implemented by the Financial Services Authority (OJK) and other stakeholders to improve financial access for underserved groups. While some segments have been well-monitored, such as credit disbursement to women and the implementation of operational guidelines for serving people with disabilities in the financial services sector, there are challenges in collecting data on the implementation for other segments.

Have you worked with these groups to increase their financial literacy?

The Financial Services Authority (OJK) has implemented financial literacy programs as an affirmative action initiative to empower vulnerable groups, women, rural communities, and residents of remote, frontier, and outermost islands (3T regions). These programs aim to bridge the financial knowledge gap and enhance the financial

capabilities of these underserved populations, enabling them to make informed financial decisions and actively participate in the financial system

What has worked and what challenges have you faced?

Efforts to enhance financial literacy in Indonesia have demonstrated positive outcomes, including:

**Increased Public Awareness:** A growing number of individuals recognize the importance of financial literacy and are actively seeking knowledge about financial products and services.

**Enhanced Understanding of the Financial Services Sector:** The Financial Services Authority (OJK), in its financial education initiatives, monitors participants' level of understanding through a series of pre- and post-activity assessments.

**Improved Access to Information:** A wider range of financial literacy information is now available through various channels, including online and offline financial education and literacy programs, mass media, and financial institution websites.

These positive developments underscore the effectiveness of financial literacy initiatives in Indonesia. By fostering a culture of financial awareness and equipping individuals with the necessary financial skills, these efforts empower citizens to make informed financial decisions, manage their finances effectively, and actively participate in the financial system. As financial literacy continues to improve, individuals and communities across Indonesia can reap the benefits of financial inclusion, enhanced financial well-being, and greater economic prosperity.

To what extent are these groups able to meet their finance objectives?

This group often faces barriers in accessing formal financial services. This can be caused by factors such as lack of credit history, unstable income, and inadequate collateral. As a result, these groups may struggle to achieve their financial goals. However, at least this group is targeted to understand the character and risks of financial products in order to avoid illegal investment traps.

Here are some examples of how certain groups face obstacles in achieving their financial goals:

**Informal workers:** Informal workers often do not have pay slips or other proof of income, making it difficult for them to get loans from banks.

**Micro, small and medium enterprises (MSMEs):** MSMEs often need loans for business capital, but they may not have enough collateral to get a loan from a bank. Apart from that, sometimes MSMEs have difficulty keeping financial records due to financial literacy factors.

**Women:** Women in Indonesia often have less access to tenure, education and financial training than men, so they may be less aware of available financial products and services.

**People in rural areas:** People in rural areas often do not have access to bank branches or other financial institutions, making it difficult for them to open bank accounts or get loans

4.	<p><b>Best practices:</b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p>Indonesia's experience in advancing financial inclusion presents a compelling case study for other economies. At the core of this success lies the establishment of a robust strategy, the National Strategy for Financial Inclusion (SNKI). This framework provides a unified direction, measurable goals, and fosters collaboration between government, regulators, financial institutions, and civil society. This multi-stakeholder approach ensures that programs are designed with the specific needs of diverse populations in mind.</p> <p>Furthermore, Indonesia emphasizes reaching underserved groups. Initiatives like the Laku Pandai Agent program and the Macroprudential Inclusive Financing Ratio (RPIM) policy exemplify this commitment. Laku Pandai agents, often local shops or individuals, act as crucial touchpoints for financial services in remote areas. Similarly, the RPIM policy mandates banks to allocate a significant portion of credit to Micro, Small, and Medium Enterprises (MSMEs). These targeted strategies empower these segments to actively participate in the formal financial system, ultimately driving economic growth and fostering a more equitable society.</p> <p>However, Indonesia acknowledges that challenges persist. Expanding financial inclusion in geographically isolated areas and addressing low financial literacy levels necessitate ongoing innovation. While Laku Pandai agents have demonstrably increased access, digital literacy and consumer protection require further attention.</p> <p>Indonesia's definition of success in financial inclusion is multifaceted. The primary target is achieving 90% adult access to formal financial services. This is complemented by metrics focused on improving financial literacy and product usage. By monitoring these factors, Indonesia gauges the overall effectiveness of its strategy.</p> <p>Looking towards the future, Indonesia prioritizes the long-term sustainability of its financial inclusion efforts. The recent OJK regulations mandating financial literacy programs by service providers exemplify this commitment. Additionally, the ambitious 2027 targets for financial literacy and inclusion underscore Indonesia's long-term vision. By continuously monitoring progress, adapting strategies, and fostering innovation, Indonesia strives to create a financially inclusive society that fuels economic development and shared prosperity for all.</p>
5.	<p><b>Action plans:</b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p>The primary objective of Indonesia's National Financial Inclusion Strategy is to ensure that 90% of adult citizens have access to formal financial services by the end of 2024. Achieving this target necessitates a comprehensive strategy. To effectively implement this strategy, cross-sectoral policies and initiatives must be harmonized to comply with the mandate of Law No. 4 of 2023 on Financial Sector Development and Strengthening.</p>

	<p>The Financial Services Authority (OJK) has further bolstered this commitment by issuing a Roadmap that supports financial inclusion development for the 2023-2027 period. Taking into account Indonesia's diverse geographical and sociographic landscape, several key action plans have been identified as crucial pillars in achieving the financial inclusion development targets:</p> <p><b>Optimizing Regional Financial Access Acceleration Teams (TPAKD):</b> The establishment and implementation of work programs by these teams, which serve as coordination forums among institutions and stakeholders at the regional level, are deemed essential due to their deeper understanding of local needs and capabilities. By the end of 2023, 34 TPAKD from 34 Provinces (100%) and 481 TPAKD from 514 districts/cities (93.58%) have been formed.</p> <p><b>Development/Implementation of Inclusive Financial Ecosystems:</b> The aim is to foster inclusive finance in rural areas through a collaborative approach that strengthens synergies among stakeholders to optimize village potential, supported by the availability and utilization of financial products and services.</p> <p><b>Expanding Access to Finance for MSMEs:</b> Product/Business Matching events can play a pivotal role in connecting MSMEs with financial institutions to promote business growth and capacity enhancement.</p> <p><b>Accelerating the One Student One Account (KEJAR) Program:</b> This initiative aims to enhance financial inclusion among students.</p> <p><b>Implementing a financial inclusion campaign across Indonesia:</b> Financial Inclusion Program campaigns have become an annual routine to raise public awareness about various financial products and services. One of the annual campaign programs is Financial Inclusion Month (Bulan Inklusi Keuangan/BIK) and Indonesia Savings Day (Hari Indonesia Menabung/HIM).</p> <p>To ensure responsible financial inclusion, the Financial Services Authority (OJK) will concurrently implement a comprehensive financial education program. This program will encompass thematic financial education initiatives, the development of financial education infrastructure, and the execution of a financial literacy campaign across Indonesia.</p> <p>Furthermore, policies are continually being strengthened to support access to finance for Micro, Small, and Medium Enterprises (MSMEs), a sector that significantly contributes to Indonesia's GDP and job creation. Bank Indonesia, the macroprudential regulator, has implemented the Macroprudential Inclusive Financing Ratio (RPIM) policy. This policy mandates that banks progressively channel at least 30% of their total credit to MSMEs by 2024. Introduced in 2021, the RPIM policy is facilitating MSMEs' access to financing, enabling business development and job creation. Additionally, the RPIM policy incentivizes banks to develop innovative financial products and services that cater specifically to the needs of MSMEs.</p>
6.	<p><b><u>Regional cooperation:</u></b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>

	<p>APEC can play an important role in supporting its member economies to increase financial inclusion in several ways, namely:</p> <p>Sharing experiences and best practices: APEC can be a platform for its member economies to share experiences and best practices in promoting financial inclusion. Through regional and multilateral forums, policymakers and regulators can learn from their respective successes and challenges in terms of inclusive financial policies, financial product development, and technology utilization.</p> <p>Facilitate technical cooperation: APEC can facilitate technical cooperation among its member economies in the field of financial inclusion. This can be done through training programs, curriculum development, and expert exchanges to help developing economies improve their capacity to design and implement inclusive financial policies.</p> <p>Facilitate technical cooperation: APEC can facilitate technical cooperation among its member economies in the field of financial inclusion. This can be done through training programs, curriculum development, and expert exchanges to help developing economies improve their capacity to design and implement inclusive financial policies.</p> <p>Indonesia can benefit from APEC collaboration and capacity building in several areas, such as:</p> <p>Utilization of financial technology (fintech): Indonesia can learn from other APEC member economies on how to utilize financial technology (fintech) to improve financial access for underserved groups.</p> <p>Development of Islamic financial products: Indonesia can share its experience in the development of Islamic financial products with other APEC member economies and learn from their experience in serving the Muslim community.</p> <p>Financial consumer protection: Indonesia can work with other APEC member economies to strengthen regulations and policies that protect financial consumers.</p> <p>We assess that the target group that requires the greatest regional effort and cooperation to overcome barriers to their financial inclusion is women in rural areas. This group often faces a variety of challenges, such as limited access to formal financial services, lack of financial knowledge, and cultural constraints. Regional cooperation can help in developing innovative and coordinated approaches to address these challenges and empower women in rural areas to participate fully in the formal economy. In addition, there are also groups of people with disabilities who need special attention to obtain educational facilities and financial access.</p>
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## JAPAN

1.	<p><b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p>Japan has no financial costs for the opening of bank accounts, and no restrictions on the opening of multiple bank accounts. According to the World Bank survey, the opening rate of bank accounts in Japan reaches 98.49%. Therefore, it is important to develop a system that allows each customer to have appropriate access to financial services that meet his or her needs. Obstacles to the implementation of structural reform include the establishment of customer-oriented business operations, the diversification of the supply of funds to SMEs, and responses to new issues and needs associated with the aging of society and the advance of globalization.</p>
2.	<p><b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p>Japan is promoting initiatives to ensure customer-oriented business conduct by financial institutions and to improve financial literacy, so that individuals and businesses can be offered more appropriate financial products and services.</p> <p>The Financial Services Agency (FSA) published "The Principles for Customer-Oriented Business Conduct" (hereinafter "the Principles") in 2017 to encourage financial institutions to compete competitively to provide customer-oriented, high-quality financial products and services.</p> <p>In order to visualize financial institutions' initiatives for customer-oriented business conduct, the FSA will publish a list (updated semi-annually) of financial institutions that have announced their policy for initiatives based on "the Principles", as well as "common KPIs" for investment trusts and foreign currency-denominated insurance that enable comparisons.</p> <p>To ensure that financial institutions conduct customer-oriented business, the FSA conducts monitoring to determine whether financial institutions have put in place policies and procedures for structuring, selling, and managing products that contribute to the best interests of customers.</p> <p>Last year (November 2023), a law was enacted that imposes obligations to conduct business in an honest and fair manner while taking into account the best interests of customers.</p>

	<p>To improve people's financial literacy, the Government has decided to set up a new organization (Japan Financial Literacy and Education Corporation, J-FLEC) which provides and promotes financial education from April this year. It will be in full operation from this August.</p>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy's engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p><u>How successfully do certain groups under consideration interact with financial lending institutions? How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</u></p> <p>In Japan, bank financing is more common in SME financing than direct capital market financing. SMEs can access financing through private financial institutions, government-related financial institutions, and credit guarantee associations. On the contrary, small businesses have limited financial options and flexibility due to their heavy reliance on banks for financing and they are often vulnerable to bank policies. Moreover, in contrast to large companies, the financial status of small and medium-sized enterprises (SMEs) is often unclear and financial institutions tend to emphasize collateral to cover risks.</p> <p>To respond to rapid economic and social changes in Japan, including the aging of population and the advance of globalization, the FSA will encourage financial institutions and trade associations to implement user-friendly business conduct.</p> <p>Regarding responses to various issues and needs for elderly customers, the FSA will engage in dialogues with financial institutions and trade associations on the basis of the Results of the Survey on Introduction of the Guardianship Support Deposits and Guardianship Support Trusts, in order to support their further efforts to improve customer convenience and prevent troubles concerning the handling of transactions for elderly customers with reduced cognitive abilities that are conducted by their family members.</p> <p>To enable disabled people to use safe and convenient financial services, in light of the purpose of the amended Act for Eliminating Discrimination against Persons with Disabilities, the FSA will promote financial institutions' and trade associations' further</p>

	<p>efforts to remove social barriers, including developing facilities friendly to people with disabilities and holding seminars for frontline employees about how to write and read on behalf of disabled people and utilize telephone relay services.</p> <p>Given that the number of foreign nationals staying in Japan is expected to increase, the FSA will provide foreign nationals with useful information and precautions in order to ensure their smooth use of financial services, such as opening an account. The FSA will also further promote efforts by financial institutions and trade associations to make their services more appropriate and convenient, such as facilitating and streamlining procedures, and considering how best to provide financial services to customers who are judged to be non-residents under the Foreign Exchange and Foreign Trade Act.</p> <p><u>How do you assess their needs? Do you utilize any methodology in this process?</u></p> <p>Not Applicable</p> <p><u>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</u></p> <p>Not Applicable</p> <p><u>Have you worked with these groups to increase their financial literacy?</u></p> <p>J-FLEC will expand effective financial education and create an environment under which anybody can have an access to the education activities.</p> <p><u>What has worked and what challenges have you faced?</u></p> <p>Not Applicable</p> <p><u>To what extent are these groups able to meet their finance objectives?</u></p> <p>Not Applicable</p>
4.	<p><b><u>Best practices:</u></b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p>The Government of Japan has published "Policy Plan for Promoting Japan as a Leading Asset Management Center" last year. Based on this plan, Japan is promoting investment in start-up companies with growth potentials and diversifying investment opportunities, including alternative investments and sustainable investments. For instance, the GOJ deregulates to enhance investment crowdfunding and allows partial inclusion of non-listed equities in investment trusts.</p>

5.	<b><u>Action plans:</u></b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?
	<p>The FSA will improve the quality of the financial institutions' policies on initiatives etc. through dialogue with them, and monitor whether the customer-oriented approach and perception are shared among management and front-line staff through the policies of initiatives etc. and are implemented by front-line staff in accordance with the policies.</p> <p>The FSA will also monitor the systems for the sale and management of risky financial products, including structured bonds and foreign currency-denominated single premium insurance, in order to further establish and improve the level of customer-oriented business operations at financial institutions, based on the legislation of initiatives for the best interests of customers.</p>
6.	<b><u>Regional cooperation:</u></b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?
	In order to promote financial inclusion, it is significant to fill the gaps in MSME financing and improve access.

## REPUBLIC OF KOREA

1.	<p><b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p><b>1. Conflict with profitability</b></p> <ul style="list-style-type: none"> <li>- People with disabilities, women, indigenous people and rural communities, who are targets of financial inclusion, are unlikely to be customers, or if they are, their share is likely to be low.</li> </ul> <p><b>2. Conflict with prudential regulation of financial institutions</b></p> <ul style="list-style-type: none"> <li>- In the process of using financial products, various requirements to meet the prudential regulations of financial institutions, such as creditworthiness and ability to repay, are likely to prevent the policy target group from using financial products.</li> </ul> <p><b>3. Deterioration of access to finance due to changes in the macroeconomic environment</b></p> <ul style="list-style-type: none"> <li>- The persistence of high interest rates in the macroeconomic environment is likely to limit access to finance for SMEs and low-income creditors, and the digital literacy gap due to the development of new technologies such as AI and blockchain technology is likely to lead to a financial literacy gap.</li> </ul>
2.	<p><b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p><b>1. (Key Policies) Tailored financial products and services</b></p> <ul style="list-style-type: none"> <li>- Korea provides policy-based financial products to the unbanked and under-banked through policy-based resources such as government budgets and funds.</li> </ul> <p><b>a) Inclusive financial products</b></p> <ul style="list-style-type: none"> <li>- <b>(Korea Inclusive Finance Agency; KINFA)</b> Inclusive financial products include "Sunshine Loan - Worker" to support low-credit and low-income workers, "Sunshine Loan - Youth" to support low-income youth, and "Safety Net Loan" for delinquent and unemployed people. (<a href="https://www.kinfa.or.kr/eng/index.do">https://www.kinfa.or.kr/eng/index.do</a>)</li> </ul> <p><b>b) Credit Guarantee Support for SMEs</b></p>

- **(Korea Credit Guarantee Fund; KODIT)** KODIT contributes to the growth of SMEs and the development of the economy by providing credit guarantees. Specifically, it is responsible for providing comprehensive support to SMEs, including credit guarantees to facilitate business financing, and support for start-ups, ranging from start-up counselling to post-startup financing and advisory services. (<https://www.kodit.co.kr/koditEng/main.do>)

### **c) Support for technology financing**

- **(Korea Technology Finance Corporation, KOTEC)** KOTEC, which is administered by the Ministry of SMEs and Start-ups, focuses on providing technology guarantees and technology evaluation to innovative enterprises to enhance their technological competitiveness. Specifically, the Fund provides financing support through technical guarantees to companies with low creditworthiness but excellent technology, and direct financing through direct investment by the Fund. (<https://www.kibo.or.kr/english/work/work010100.do>)

- **(Industrial Bank of Korea; IBK)** As a policy-type financial institution, IBK provides technical financing to support start-ups and growth companies with low creditworthiness but excellent technology, and also provides non-financial support by providing advisory services to SMEs. It has recently established a policy-type venture capital subsidiary to play a role in the venture capital market and plans to focus on supporting early-stage companies.

## **2. (Initiatives) Technology-enabled financial inclusion initiatives such as fintech and open finance**

### **a) Financial Regulatory Sandbox**

- The Financial Regulatory Sandbox System, which recognises special cases of regulatory application, was introduced and operated to test new innovative financial services (innovative financial services). As a result, as of March 2024, a total of 303 innovative financial services have been designated and around 180 services have been launched.

### **b) Alternative credit evaluation**

- Various innovative financial services, such as the provision of financing to thin filers through alternative credit evaluation and the launch of MVNO to access affordable telecommunications services, contribute to financial inclusion by increasing consumers' access to finance and reducing the cost of finance.

### **c) Open banking**

- The open banking system was established to open up the financial payments network and introduce a service that allows users to view their accounts and transfer funds using a single app (December 2019). Open banking, which involves around 130 institutions, including financial institutions and fintech companies, has facilitated the launch of

innovative financial services by reducing the cost of using the payment network, allowing financial consumers to access financial services such as simple transfers and payments at a lower cost.

#### **d) MyData**

- The MyData system was established by amending the Credit Information Act (February 2020), and the MyData financial service involving the entire financial sector is being implemented as of January 2022. As a result, everyone can use MyData to access personalised services such as asset management, loan-to-own, insurance product comparison and credit evaluation improvement using scattered information, contributing to the expansion of financial inclusion

#### **e) Stimulating the use of big data and artificial intelligence (AI) in the financial sector**

- Korea activated the use of big data and artificial intelligence (AI) in the financial sector, in order to enhance the convenience of financial consumers and improve the business efficiency of financial enterprises. By amending the Credit Information Act (February 2020), Korea has prepared and promoted measures to expand the use of pseudonym information and data combination, and to activate artificial intelligence in the financial sector. As a result, access to finance for thin filers has been enhanced by building alternative credit assessment models using big data and AI, and by consulting with SMEs.

#### **f) BNPL**

- BNPL (Buy Now Pay Later) was introduced to allow users to pay back the shortfall in case of insufficient upfront payment when purchasing goods and services. Currently, three companies are providing BNPL services through the regulatory sandbox system (since April 2021), and the revision of the Electronic Financial Transactions Act on 23 August (to be implemented on September 2024) promotes the institutionalisation of BNPL. As a result, low- and middle-income borrowers who had difficulty borrowing from the existing system and those without a financial history can now access credit within certain limits through alternative credit evaluation.

### **3. (Issue and solution) How to mitigate the risks of financial inclusion**

- Policy finance is likely to raise controversies about fairness and equity and moral hazard issues in the process of selecting beneficiary groups. Public debate is needed to address these issues, and relevant legislation is being debated in parliament.

- With the emergence of new technologies such as AI and blockchain, there are concerns that the financial access gap will deepen. To prevent this, financial education is being provided to those with low financial access, and efforts are being made to improve the convenience of financial use by launching services related to fintech and open finance, recognising technological development as a threat but embracing it as an opportunity.



	<p><b>4. (Results) Whether policy efforts to promote financial inclusion enhance economic resilience and sustainability</b></p> <ul style="list-style-type: none"> <li>- Policy efforts to promote financial inclusion have been shown to improve economic resilience and sustainability. Policy efforts to promote financial inclusion have been shown to improve economic resilience and sustainability. Policies such as expanding the supply of inclusive financial products and the introducing debtor agent system have been found to reduce consumer losses due to the use of illegal, fraudulent finance.</li> <li>- In addition, financial inclusion has been enhanced by providing tailored financial support to SMEs and the financially disadvantaged through government budgets and funds to revitalise SME business activities and promote the independence of the financially disadvantaged.</li> </ul>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy's engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p><b>1. Financial education</b></p> <ul style="list-style-type: none"> <li>- The government is implementing lifecycle financial education to improve the financial literacy of all citizens, and separate financial education projects are underway for specific groups such as people with disabilities and migrant women (implemented by individual public financial institutions in accordance with government initiatives).</li> <li>- Recently, the operation method of the integrated financial education platform (e-financial education centre) has been reformed to address the lack of financial education content management and promotion. Diversification of financial education content, cooperation with other ministries' education platforms, and diversification of promotion methods are being promoted.</li> </ul> <p><b>2. Support for credit recovery</b></p> <ul style="list-style-type: none"> <li>- <b>Credit Counseling &amp; Recovery Service (CCRS)</b>'s debt relief programs will be further improved to reduce the excessive debt burden of individual defaulters and help them recover quickly. It will alleviate the interest and collection burdens of delinquent debtors and support their rapid recovery by promoting private debt settlement. This credit recovery support will promote a return to normal economic</li> </ul>

	activity.( <a href="https://www.ccrs.or.kr/eng/main.do">https://www.ccrs.or.kr/eng/main.do</a> )
4.	<p><b><u>Best practices:</u></b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<ul style="list-style-type: none"> <li>- The provision of various inclusive financial products can be seen as a best practice.</li> <li>- It raises funds from dormant deposits of financial institutions and other sources, along with the government budget, and plays a role in providing finance to low-income and low-credit people in the financial services blind spot.</li> <li>- In 2008, as the global financial crisis exacerbated income polarisation and financial exclusion of low-income and low-credit people, inclusive financial products such as "Micro Credit", "Sunshine Loan" were launched in quick succession.</li> <li>- In 2016, <b>Korea Inclusive Finance Agency (KINFA)</b> was launched and <b>Credit Counseling &amp; Recovery Service (CCRS)</b> became a statutory body to integrate and manage individually supported policy microfinance and improve the effectiveness of support in terms of quality.</li> <li>- This will support financially vulnerable groups not only with low-interest financing and debt restructuring, but also with various non-financial services such as employment counselling and financial education.</li> </ul>
5.	<p><b><u>Action plans:</u></b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p><b>1. Short-term action plans</b></p> <ul style="list-style-type: none"> <li>- (Identify policy targets) Identify those who have difficulty accessing finance</li> <li>- (Financial Preparation) Prepare policy products and budgets to support the financially underserved</li> <li>- (Regulatory Improvement) Encourage industry to improve systems for the financially excluded and identify and improve inappropriate financial practices.</li> </ul> <p><b>2. Medium to long term action plans</b></p> <ul style="list-style-type: none"> <li>- Support credit recovery and increase basic income so that they can join the ranks of those with access to mainstream finance.</li> </ul>
6.	<p><b><u>Regional cooperation:</u></b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>

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| <ul style="list-style-type: none"><li>- As the world's largest economic cooperation covering the Asia-Pacific region, APEC serves as an important and appropriate platform to discuss the financial inclusion agenda to address the financial exclusion of the unbanked globally. The international dialogue on financial inclusion continues, with the 2017 G20 Summit adopting the Financial Inclusion Action Plan (FIAP), which focuses on improving access to finance for vulnerable groups.</li><li>- Financial inclusion is important for sustainable economies, but it is not an easy task. Therefore, it is important for member economies to share their experiences and achievements in financial inclusion to help the financially vulnerable lead more stable lives. To this end, it is necessary to identify member economies interested in discussing financial inclusion and to promote cooperation.</li></ul> |
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## MEXICO

1.	<p><b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p>Income inequality and disparities in access to the formal labor market.</p> <p>Lack of financial products and services designed for the diverse financial needs of the population.</p> <p>High concentration in financial markets.</p> <p>Lack of interest in financial products and services as well as low financial literacy and skills.</p> <p>Lack of technological infrastructure in highly marginalized areas.</p>
2.	<p><b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p>Mexico's National Council for Financial Inclusion (CONAIF) and the Financial Education Committee (CEF), composed of all the financial authorities in Mexico, developed the National Strategy for Financial Inclusion (PNIF) for the period 2020-2024 through a consultative process with relevant stakeholders from the private financial sector, as well as experts in financial inclusion. The general objective of the PNIF is to strengthen the financial health of the Mexican population through the increment in the access and efficient usage of the financial system, along with the development of financial and economic capabilities and the empowerment of the users. In its diagnosis, the PNIF identifies that the main consequence of financial exclusion is the limited financial health of the population, which could contribute to boost poverty and inequality.</p> <p>Under this context, the PNIF pursues the following six specific objectives:</p> <ol style="list-style-type: none"> <li>1. Ease Access to financial products and services for people and micro, small and medium firms.</li> <li>2. Increase digital payments among the population, retailers, enterprises, and the three levels of government.</li> <li>3. Strengthen infrastructure to facilitate access and provision of financial products and services, then reduce information asymmetries.</li> </ol>

4. Raise the financial literacy of the population.
5. Reinforce access to information tools and financial protection mechanisms.
6. Encourage the financial inclusion of vulnerable groups, such as women, migrants, elderly, indigenous and rural populations.

The development of the PNIF is monitored through key performance indicators, whose baseline and goal levels, along with the current figures are depicted in the program document itself, alongside with its annual reports, as follows:

Indicator	Objective	Baseline (2018)	Current status	Year of current status	Goal for 2024
Percentage of adults with at least one financial product	1	68%	68%	2021	77%
Percentage of enterprises that had credits since they started operations	1	46%	43%	2021	63%
Percentage of adults with at least one account	1	47%	49%	2021	65%
Number of accounts for every 10 thousand adults	1	12,970	14,831	2022	16,681
Number of annual transactions and digital transfers per capita	2	37	83	2022	60
Percentage of adults that use their accounts to make payments	2	64%	70%	2021	85%
Percentage of adults living in localities within a radius of 4 km around at least one access point	3	87%	90%	2022	90%
Percentage of municipalities with at least one access point	3	77%	80%	2022	90%
Percentage of adults that used an access point	3	69%	71%	2021	80%
Score of Financial Literacy Index	4	58	58	2021	61
Percentage of adults that compared a financial	5	29%	29%	2021	35%

product against others before purchasing it					
Annual visits to the comparison tools of financial regulators for every 10 thousand adults	5	47	64	2022	94
Average of urban-rural gap in financial products ownership (percentage points)	6	15	16	2021	8
Average of gender gap in financial products ownership (percentage points)	6	7	11	2021	0
Gender gap in the number of accounts (percentage points)	6	1	-4	2022	0
<i>Source PNIF program and execution reports of 2022 (figures of 2021) and 2023 (figures of 2022).</i>					
<p>In addition, PNIF 2020-24 addresses the generation of information and research to identify barriers and policy areas for improvements in Financial Inclusion, as a cross-cutting objective.</p> <p>The PNIF 2020-24 also identifies some potential risks that could jeopardize its success, such as the lack of appropriation or commitment of the relevant stakeholders, difficulties of coordination between stakeholders, organizational and budgetary constraints of the CONAIF, misalignment of actions and incentives between the stakeholders and institutions, and the reputational risk that would arise if the goals were not met. To mitigate this risk, public-private dialogue meetings, with key stakeholders, are held at least once a year. Under this scheme, various topics of interest for implementing the PNIF have been presented and discussed.</p> <p>According to the PNIF Execution Report 2023 at the end of 2023 the Strategy had addressed 76% of its action lines. In the Implementation of the PNIF, several initiatives have stood out to expand the financial inclusion of both, households and firms, which are listed below:</p> <p>The National Bank and Stock Commission (CNBV) made regulatory modifications to facilitate digital onboarding, so that people and companies could open bank accounts and apply for loans remotely and more easily. Additionally, CNBV issued temporary regulatory easing measures to relax mandatory ranges and requirements of credit files to benefit the financial access for MSMEs.</p> <p>Banco del Bienestar (a development bank), formerly Bansefi, exponentially increased the number of branches in Mexico, going from just over 500 in 2021 to 2,800 in 2023.</p>					

	<p>The Central Bank of Mexico (Banxico) developed CoDi, a platform that facilitates payment and collection transactions through electronic transfers, and Dimo, a payment method that expands the ways of making transactions on the Interbanking Electronic Payment System (SPEI).</p> <p>The National Commission for the Protection and Defense of Financial Services Users (Condusef) organizes an annual event on financial culture activities, called the National Week of Financial Inclusion (<i>Semana Nacional de Educación Financiera</i>). In 2022 more than 1.3 million people (especially children) attended this event in a hybrid format.</p> <p>Banxico put in place a digital platform with tools to compare credit and deposit account products, which help people make healthy financial decisions.</p> <p>In 2022, the Ministry of Finance (SHCP) led the efforts in the establishment of the Interinstitutional Committee for Gender Equality in Financial Entities (CIIGEF), composed of regulatory authorities, banking, insurance, Afores, and private capital unions, as well as the Women's Institute (Inmujeres), which has as one of its objectives, equal access to quality financial products and services.</p> <p>Regarding the participation of the FinTech Ecosystem, action tasks under specific objectives 1, 2 and 3 aim at promoting the development of this ecosystem and a broader and superior offer of products and services. At the end of 2023, more than 70 FinTech companies were authorized to operate by the CNBV and SHCP.</p>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy's engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p><b><u>How successfully do certain groups under consideration interact with financial lending institutions?</u></b></p> <p>In Mexico, access to credit is still characterized by the existence of areas for improvement in several segments, including MSMEs, rural and poor populations, indigenous communities, informal workers, women and people with disabilities.</p> <p>These difficulties are due to factors such as: 1. The lack of credit scoring makes it difficult for credit institutions to evaluate payment capacity. 2. Lack of collateral, because these groups lack of assets or guarantees. 3. Linguistic and cultural barriers, in the case of indigenous communities. 4. Job and income instability in informal workers.</p>



5. People with disabilities face physical and accessibility barriers that make it difficult to access credit.

Financial institutions are gradually improving products and services to adapt to the needs of these groups with potential, to promote more equitable access to credit, as in the case of the following example:

One of the main kinds of Fintech is the sector of payment aggregators, which are third-party payment service providers that enable customers to make and businesses to accept payments online. According to the National Outlook of Financial Inclusion 2023 (CNBV, 2023), payment aggregators have been more successful than traditional banks in recent years regarding their outreach to offer digital payment to less-developed geographic zones where vulnerable groups are concentrated, such as the poor, indigenous communities and women-led businesses, as it the case in states of the southern region, allowing the MSMEs in these places to be more competitive. However, as it is highlighted in a presentation of an assessment study developed by the Mexican Association of Payment Aggregators (ASAMEP, 03.21.2024), the lack of financial literacy might prevent the expansion of these services in the upcoming years.

Other examples can be found in the answer to point 4.

How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?

Indeed, the general compromise of the Mexican government is to strengthen our MSMEs since they are the engine of our economy and the welfare of several households. In this context, one of our public policy goals is to strengthen the productivity of MSMEs led by women and indigenous communities in the southern region as a mechanism to close the socioeconomic gaps regarding to most developed regions.

For instance, in 2023 the Mexican government, through the Ministry of Economy, and Google, launched the joint program “Women, strength of the Southeast” (“*Mujeres, fuerza del Sureste*”), which seeks to bring tailored support for women-led microbusinesses in five states of the Southeastern region of Mexico, to promote their access to loans for the first time, using digital devices and under preferred conditions such as an interest rate of five percent points below the market rate, without any collateral claim. This program also includes a training scheme in a hybrid format to raise skills in entrepreneurial and soft skills, alongside financial education.

Currently, under this program, more than 3 thousand women got their first formal loan and more than 1,500 women graduated from the training program. The goal of the program is that 9.3 thousand women have access to finance and 2.7 women benefit from the training scheme by the end of 2025.

Other examples can be found in the answer to point 4.

How do you assess their needs? Do you utilize any methodology in this process?

The PNIF includes a diagnosis that is consistent with the National Plan of Development 2019-2024 and the National Program of Financing and Development (PRONAFIDE) 2020-2024, where development goals and funding means are established. Under this context, the PNIF includes a diagnosis of the macroeconomic problem that needs to be addressed and the specific challenges to do so, which are translated into the specific

objectives of the Strategy, using the logical framework of the Indicator Matrix. In addition, CONAIF had several consultancy rounds between December 2019 and February 2020, with the academic community, experts, representatives from financial institutions associations, the public sector, and international development agencies.

It is worth noting that the PNIF contemplates two important surveys to collect periodic information that serves to evaluate the needs of these groups: The National Financial Inclusion Survey (ENIF) which offers statistics on the ownership and use of savings products, credit, insurance, retirement savings accounts, access channels to financial services, as well as attitudes, knowledge and financial behaviors of the adult population (CNBV, ENIF 2021). As well as the National Survey of Enterprise Financing (ENAFIN), whose objective is to obtain information on the needs, sources, conditions and possible barriers that companies face to access financing and other financial products and services (CNBV, ENAFIN 2021).

What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?

Have you worked with these groups to increase their financial literacy?

We have worked with women micro-entrepreneurs and entrepreneurs, both in rural communities (including indigenous women) and in larger towns throughout Mexico, who have very diverse occupations or businesses, from women who are dedicated to farming to women who are part of a cooperative or have started a small business.

What has worked and what challenges have you faced?

Helping women become financially literate has worked, since it generates an interest in learning more about savings, financial products and credit. This encourages them to consume more of these products and improve their personal finances, their businesses, and their family's finances. It has also worked to make available to women a close companion (preferably someone from the same community) who can advise and resolve doubts regarding access to financial products.

The challenges we have faced are the financial illiteracy that permeates to a large extent within Mexico's territory. Also, the feeling of fear and lack of knowledge about the financial products that exist and that are perceived to be only for men or for wealthy or well-off people.

Another challenge is the lack of financial services and institutions present in the rural areas of Mexico; these lack of services keeps women away from knowing and using these tools and make their financial inclusion more difficult, particularly the lack of financial products designed to meet the needs of rural women and that take into account their contexts when applying for requirements.

To what extent are these groups able to meet their finance objectives?

The groups are able to meet their financial objectives at a large extent, particularly when women are provided with adequate information and training. Also, when there is specialized support with a gender and intersectional perspective when it comes to getting involved with a financial product or service.

4.	<p><b>Best practices:</b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p>Please refer to the answer to the second question of the third field (<u>Connecting with groups with untapped economic potential</u>).</p> <p>Mexico has experienced significant progress in terms of financial inclusion, although there is still much to do. Without a doubt, the existence of the PNIF and bodies such as CONAIF have been useful in this process. At the level of experiences and referring to groups with potential, the following can be shared:</p> <ol style="list-style-type: none"> <li>1. Simplified accounts: In 2011, the General rules referred to in Article 115 of the Credit Institutions Law established a risk-based approach for opening accounts. This approach recognizes that there are different types of customers, so the due diligence and levels of transactionality will be different. Due to this, a tiered-level accounts approach seeks to reach different population segments with different KYC requirements. In that sense, level 1 and 2 accounts focus on historically discriminated population groups, such as women, children, migrants, and those who live in the informal labor sector, since the identification file is integrated with some personal data and, in some cases, ID documents.</li> <li>2. Banking of social programs. Government support programs in programs such as “Becas para el Bienestar Benito Juárez”, among others, have been important in promoting financial inclusion in Mexico, by providing support to low-income families, women, and people with disabilities, using the opening of accounts and the delivery of debit cards, which also allows beneficiaries to access basic financial services.</li> <li>3. SPEI, CoDi and DiMo. Banco de México has successful payment systems, with the Interbank Electronic Payment System (SPEI) being the leader in the National Payment System in terms of volumes and values. Additionally, in 2019, the Central Bank of Mexico (Banxico) introduced Cobro Digital (CoDi) and in 2023 Dinero Movil (DiMo), both free services for payers and beneficiaries that use QR codes and cell phone numbers, for payments, becoming powerful instruments that promise to promote financial inclusion (see answer point 2).</li> <li>4. Expansion of infrastructure in rural areas: The expansion of Banco del Bienestar branches promises to play a fundamental role in rural financial inclusion in Mexico. The Banco del Bienestar, previously known as BANSEFI, is a state-owned bank that has focused on providing financial services mainly in rural and semi-urban municipalities, where the presence of commercial banking institutions is limited (see answer point 2).</li> <li>5. Banking agents: They have served to bring financial services to rural areas and marginalized urban areas where connectivity and access points to financial institutions are limited. These establishments, which act as extensions of banks, have allowed people to carry out basic financial transactions such as deposits, withdrawals and payment of services.</li> </ol>

6. Fintech: The growth of the fintech sector is contributing to the increase in options to improve the financial inclusion of these groups with potential, facilitating the completion of transactions and access to credit (see answer point 2). In this area, for example, the variety of electronic wallets that have emerged in Mexico has become a powerful tool to promote basic financial inclusion, with minimum requirements for the user and with limited transaction amounts, to control risk.

7. Expansion of the type of identification valid for opening accounts: The Ministry of Finance and CNBV reinforced and expanded the coverage of financial services to support migrants. Therefore, in May 2021, the General rules applicable to Credit Institutions were modified so that the Matricula Consular (Consular Identification Card) issued to the Mexican population abroad and the passport issued by the Ministry of Foreign Affairs are accepted as ID documents for the in-person and non-face-to-face account opening.

What policies, programs, resources, or practices have you undertaken that you assess have been effective?

The Women in Digital Transformation strategy that has been implemented since 2020 with 7 successfully implemented editions and more than 2500 women graduates.

The objective of the project is to provide virtual training to women microentrepreneurs and entrepreneurs to boost their participation in the digital market, on topics related to: digital skills, basic accounting (reinforcement of business administration), financial education, migration to e-commerce platforms, empowerment, leadership and autonomy of women.

The project operates by offering a content package for the self-management of the staff of the Local Instances for Women (IMEF) in the mentioned topics so that they can reproduce the content directly with the beneficiaries through the Google Classroom platform.

The IMEFs are in charge of generating calls for applications and selecting the beneficiary women for each participating state, who must have the specific characteristics that will allow them to join e-commerce (women micro-entrepreneurs or entrepreneurs with access to internet, a computer and availability of schedules).

In the training, the 14 actors teach:

- SHCP: Digital skills, basic accounting, financial education, digital commerce.
- SE: Available credit offers and mipymes.mx portal.
- CONSAR: Retirement
- CONDUSEF: Cybersecurity and fraud prevention.
- INMUJERES: Course "Empower yourself to grow".
- Cetes Direct: Investment in government instruments and use of the platform

- Mercado Libre: Digital commerce using its platform, payment market, shipping.
- ABM: Bank accounts, payment services offerings.
- Banco de México: Digital payment and collection services.
- Konfio: Digital tools to manage your business.
- Clip: Payment aggregator offerings, benefits and additional collections
- Uber Eats: Introduction to the platform and affiliation process
- SAT: Tax culture, RFC, invoicing, payroll
- NAFIN: Available credits

#### The Territorial Strategy for the Reactivation of Autonomy and Economic Empowerment

General objective: Contribute to the advancement of women's autonomy and economic empowerment as an integral part of the State's responsibility, through a multiplying and territorially adapted strategy for the reactivation of local economies.

#### Specific objectives

- Economic Empowerment Nodes: To have physical spaces with all the conditions for women to obtain information and specialized training. These Nodes are coordinated between Inmujeres, the IMEFs and the Women Development Centers (CDM), located in the latter CDM, where they have internet access and trained personnel to advise women seeking entrepreneurship, strengthening a business initiative or entrepreneurship, or seeking employment.
- Resources: Provide relevant information on economic and financial resources and certifications for entrepreneurship according to the time, objective and size of the enterprise.
- Capacity building: Facilitate access to tools and training courses on entrepreneurship, social and solidarity economy, cooperativism, administration, accounting and costing, taxes, digital communication, etc.
- Linkage: Link women with other public and private services and programs, according to their needs. Particularly, link the work done with the Municipal Women's Institute (IMM) to which it corresponds.

#### Description of the strategy

This Strategy is a joint effort between Inmujeres, the IMEFs, and CDMs of each state to create a multiplying action with a territorial approach.

For its implementation, Economic Empowerment Nodes have been installed, understood as physical spaces located in the CDMs, with all the conditions for women to strengthen their capacities and thus obtain information on the public and private financing available for women seeking to undertake, strengthen an entrepreneurial initiative or obtain employment.

Through the economic empowerment promoters, specialized staff at CDM, women are provided with relevant information, digital tools, as well as advice and guidance on issues of entrepreneurship, social and solidarity economy, cooperativism, administration, accounting and costing, taxes, digital communication, etc.

	<p>The strategy has operated two cycles: 2022 with 128 nodes and 2023 with 188 nodes. For 2024, the strategy will start in May.</p>
5.	<p><b>Action plans:</b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p>From the Ministry of Economy, which is the main Mexican government authority regarding public policy to support MSMEs, we are designing the guidelines to constitute a working group to develop an action plan to foster financial inclusion for these group of enterprises, which is one of our key pillars of Financial Inclusion of the <i>Public Policy to Foster MSMEs</i>.</p> <p>Besides its main objectives, this group aims to enhance, not only the communication and coordination between the financial market regulators, suppliers, and the MSMEs public policy authority, but the awareness of the importance of developing tailored responses for the specific MSMEs financial demands.</p> <p>In addition, although the National Strategy for Financial Inclusion 2020-2024, has medium-term goals, it requires a year working plan to fulfill the action lines through activities. Thus, for example, the work plan for the current year includes the latest tools to meet the goals described in the second section of this questionnaire.</p> <p>In this sense, the current working plan includes, among permanent activities, the following specific actions:</p> <ul style="list-style-type: none"> <li>Review of the activities allowed for banking institutions with a simplified license</li> <li>Reinforcement of the capitalization and liquidity frameworks for people's financial institutions (SOFIPOS) to strengthen these non-banking institutions and protect the interests of their users.</li> <li>Review of the weighting framework of the credit portfolio to businesses.</li> <li>Fostering the competitiveness in the salary deposit accounts.</li> <li>Review the requirements to strengthen and simplify the stock issuing and reporting framework for enterprises.</li> <li>Review of the regulation on microinsurance.</li> <li>Establishing principles to reinforce digital identity validation for the banking system users.</li> <li>Implementing standardized and simplified bank statements for credit cards.</li> <li>Designing financial literacy programs for the beneficiaries of the social programs</li> <li>Designing a platform to offer credits for financial services users.</li> <li>Strengthening the internal control of credit institutions in issues regarding financial fraud.</li> <li>Elaborating a report on the financial inclusion of indigenous communities.</li> </ul>

6.	<b>Regional cooperation:</b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?
	APEC could support Mexico by facilitating an exchange of experiences and best practices among its members regarding the coordination between various levels of government, financial market regulators, banking and non-banking financial institutions to promote the financial inclusion of MSMEs, in areas such as the implementation and regulation of disruptive digital technologies to promote the competition in the payment system, the implementation of new technologies for the credit scoring and open banking, and the dissemination of information and training to improve the financial planning and health for the smaller businesses.

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## NEW ZEALAND

1.	<p><b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p>Financial inclusion impacts a range of groups. For the purpose of this questionnaire, answers will focus on a range of groups experiencing reduced financial inclusions, including the indigenous peoples of New Zealand (Māori), women, small medium sized enterprises (SMEs), migrants, youth and those facing insolvency.</p> <p>The following are common barriers to financial inclusion:</p> <ul style="list-style-type: none"> <li>Access to capital</li> <li>Business governance and leadership capacity</li> <li>Legal settings that constrain how Māori land is administered<sup>3</sup></li> <li>Access to information</li> </ul> <p>Work has been underway in these areas for several years. Challenges to progressing this work include:</p> <ul style="list-style-type: none"> <li>Existing institutional settings (such as in the banking industry)</li> <li>Government capability and capacity levels</li> <li>Lack of political alignment to make statutory changes</li> <li>Building business governance and leadership capability</li> </ul>
2.	<p><b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p><b>Māori Access to Capital</b></p> <p>Tailored programmes are needed to be responsive to Māori circumstances. Evaluations and feedback indicate that these programmes are much more effective at delivering Māori aspirations than general programmes.</p>

<sup>3</sup> Māori land ownership is extremely fragmented. In addition, Te Ture Whenua Act 1993 protects whenua from being taken from Māori ownership. As a result, it is difficult to use whenua Māori as a loan security and fully realise the financial benefits the land could provide.

In late 2022, the New Zealand government established a work programme that aims to improve access to capital (including finance) for Māori, New Zealand's indigenous ethnic group. The work programme brings together several government agencies, the Reserve Bank of New Zealand, a Māori bankers' association and representatives from the National Iwi Chairs Forum, a grouping of New Zealand's Māori tribal leaders.

The programme seeks to improve access to capital for Māori businesses and the owners of multiply owned indigenous land. The Reserve Bank of New Zealand is working with the banking sector to improve the quality of the data it collects on Māori firms, and to ensure banks are assessing credit risks for Māori appropriately. The government is also encouraging the banking sector to lift its Māori cultural capability and to develop new financial products to enable investment in multiply owned Māori land.

The Ministry of Primary Industries has also introduced programmes specifically to provide support for [Māori agribusinesses](#) and landowners. These include programmes to support:

Māori landowners obtain one-on-one advice

Collectives of landowners explore:

Māori agribusiness workforce development

Māori agribusiness innovation

Research and advice on Māori responses to climate changes

### **Financial inclusion for women**

Preliminary observation of the World Bank [The Global Findex Database 2021 \(worldbank.org\)](#) show that there is not any obvious gap in the access and use of formal financial products and services between men and women in New Zealand. Currently a gender lens is not applied in the financial inclusion space.

Gender-specific initiatives in this space are limited. There are some examples of initiatives that target capacity building for women, such as the [Agri-Women's Development Trust](#) and the [Māori Women's Development Inc](#) initiative.

Research by the OECD (2022<sup>4</sup>) notes that contrary to many OECD members, women business leaders surveyed through Facebook in New Zealand overall do not rank financing as one of the main challenges to business expansion. This finding may be driven by smaller firms; in medium-sized enterprises, financing is a more frequently cited challenge. This may point to the small amount of capital that women usually have to start their businesses. In OECD member economies in general, women request less credit, and obtain less than they request, and so start their businesses with less capital. As businesses grow, access to capital becomes more of an issue and is a problem more often cited by women leaders of firms with 20 or more employees than by men. Similarly, few women cited 'export financing' among their main challenges, which may reflect the nature of the services they are selling, much of it online, and therefore with more limited capital needs. In fact, only among entrepreneurs in the textiles and clothing sector was obtaining export financing considered a challenge.

<sup>4</sup> OECD (2022) [New Zealand Women in Export Trade, Trade and gender review of New Zealand \(mfat.govt.nz\)](#)

## Financial inclusion for SMEs

Administrative processes that are costly, time consuming, and non-transparent increase trade costs of small firms more than large ones that have more resources to better navigate challenging business environments (OECD 2022<sup>5</sup>). The New Zealand government has introduced programmes to improve SME's access to finance including:

[Small business cashflow scheme](#)

[‘Funding Explorer’](#) to assist with businesses' access to finance

[Business Finance Guarantee Scheme](#).

## Financial inclusion

*Access to basic bank accounts:*

Financial Inclusion is one of the [five priorities](#) of the Council of Financial Regulators (CoFR). Currently, the CoFR Financial inclusion Group is exploring the issue of access to basic bank accounts. There has been [evidence](#) that some New Zealanders, such as youth, people entering insolvency and recent migrants face significant barriers to opening and maintaining a bank account.

The CoFR Financial Inclusion Group has looked at overseas case studies to consider how other jurisdictions have approached this issue, and policy options to ‘bank the unbanked’. We note the experiences of Sweden; Denmark; France; Ireland; Australia; Canada and the UK, where a universal right to a basic bank account has been legislated by Government or codified in binding industry code. The CoFR Financial Inclusion Group would be interested in learning from the experiences of APEC members with supporting under-served communities to gain access to basic bank accounts.

The Reserve Bank of New Zealand has recently released their [inaugural policy of Our Approach to Financial Inclusion](#). Some examples of policy initiatives that are underway have been outlined below:

*Prudential Regulation:*

Financial inclusion has been reflected in the [Deposit Takers Act](#), which modernises New Zealanders regulatory framework for banks and non-bank deposit takers. The Reserve Bank of New Zealand is required to consider financial inclusion in the development of prudential standards under the Deposit Takers Act, requiring the Reserve Bank of New Zealand to think carefully about creating rules that are appropriate to the characteristics and soundness of deposit-taking entities.

The Reserve Bank of New Zealand has been looking at the [relationship between financial inclusion and financial stability](#) to inform our decision making. This involved acknowledging how financial inclusion can support financial stability, and considering associated risks in instances where financial inclusion and financial stability can be at odds.

*Anti-Money Laundering and Counter Financing of Terrorism (AML CFT) Act and customer on-boarding:*

<sup>5</sup> [Trade and gender review of New Zealand \(mfat.govt.nz\)](#)

	<p>Providing proof of identity can be an obstacle for some individuals or groups (such as youth) to access financial services provided by financial institutions that come under New Zealand’s AML CFT Act.</p> <p>The Reserve Bank of New Zealand has been engaging with our supervised entities on the topic of financial inclusion. As part of this frontline supervisory relationship and associated conversations, we encourage entities to manage and mitigate the risk for higher risk customers, rather than encouraging such firms to adopt blanket prohibitions or de-risking practices. We also discuss with entities how best to support vulnerable customers, such as applying an exception-handling procedures for lower risk customers.</p> <p><i>Access to money and cash:</i></p> <p>There is a <a href="#">Future of Money Programme</a> underway at the Reserve Bank of New Zealand to help make sure New Zealanders can enjoy reliable and efficient money and payment systems that support innovation and financial inclusion.</p> <p>The Future of Money Programme includes exploring issuing a <a href="#">central bank digital currency/digital cash</a>, undertaking an extensive work programme aimed at restoring access to cash in communities that have inadequate cash access, and supporting cash acceptance across Aotearoa New Zealand.</p> <p>In January 2024, the <a href="#">Minister of Commerce and Consumer Affairs announced</a> plans to reform aspects of New Zealand’s financial services regulation. The financial services regulatory landscape has become increasingly complex over the years, and these reforms aim to remove unnecessary compliance costs currently imposed on financial services. The package of reforms will improve outcomes for consumers by ensuring New Zealanders can confidently access the financial products and services they need in a way that is safe. Together, these reforms aim to provide regulatory clarity, protect vulnerable consumers and grow the economy.</p> <p>MBIE will publicly consult on revisions to the Responsible Lending Code, and possible amendments to the Credit Contracts and Consumer Finance Act (CCCFA), including changes to the high-cost credit provisions, Conduct of Financial Institutions (CoFI) and conduct licencing, and financial dispute resolution in the coming months.</p>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy’s engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>

### **Māori Access to Capital**

While the Māori economy is fully integrated into New Zealand's economy and has been growing faster than the economy as a whole in recent years, Māori earn less and own fewer assets than non-Māori on average.

Access to capital has been identified as a key constraint on the growth of the Māori economy. Māori firms find it harder on average to access finance and face a higher cost of capital than non-Māori firms. Research suggests there are multiple reasons for this, including:

Māori firms are on average younger and less financially capable than non-Māori firms.

There is variable cultural capability within the financial sector in understanding and meeting the needs of Māori firms.

Home ownership rates are lower among Māori than among rest of the population.

Māori also face barriers to accessing capital to develop multiply owned Māori land due to legal protections against the alienation of this land which make it less attractive for lenders to use the land as security.

The government has been encouraging New Zealand's banking sector to improve the services it provides to Māori. Progress has been made in recent years with most banks having dedicated Māori branches, and several banks developing new financial products and services tailored to the needs of Māori; but more needs to be done.

### **Women**

Although, New Zealand does not tend to place a gender focus on financial inclusion, access to capital has been identified as a barrier for women in export for the following reasons:<sup>6</sup>

Preferences towards expanding using internal funds

Not having the right networks to access finance

Limited information for SMEs on finance.

The research recommended:

Targeted support and advice for female-owned and led firms

Facilitating networking events

Financial support

Knowledge sharing for exporter

Shining a light on successful leaders and business

More targeted support for Maori and Pacifica women

Set targets

Conduct further research.

<sup>6</sup> BERL 2022 [New Zealand Women in Export Trade](#)

	<p>New Zealand Trade and Enterprise have a number of programmes that support women raising capital. New Zealand Trade and Enterprise hosts several annual investment showcases each year as a part of our role in using our platform to diversify and grow a more productive and impactful economy. This included an <a href="#">InvestHER</a> showcase presented in partnership with ArcAngels, a fund that was established specifically to invest in female entrepreneurs<sup>7</sup>.</p> <p><b>Consumer vulnerability</b></p> <p>The Council of Financial Regulators has agreed on a common understanding of the characteristics of a vulnerable consumer, as a <a href="#">framework</a> to help the banking industry in developing their own approaches to assisting vulnerable consumers.</p> <p>The Consumer Vulnerability framework encourages the industry to recognise how someone's circumstances, such as health and physical factors and life events, can mean they are at a greater risk of harm of financial exclusion.</p>
4.	<p><b>Best practices:</b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-, medium-, and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p>Tailored approaches to financial inclusion are needed, and these need to be developed by, or strongly informed by, the target group so the approach can reflect their reality and be highly accessible to them. General approaches or small refinements to general approaches are unlikely to work. These tailored approaches are likely to be resource intensive.</p> <p>Success needs to be considered from the perspective of the target group. For Māori agribusiness developments, for example, success may be measured in terms of employment outcomes or longer-term environmental outcomes, as well as financial outcomes.</p> <p>Many of the programmes listed above are still largely in the policy development stage or in the early phase of implementation and it is too early to evaluate success.</p>
5.	<p><b>Action plans:</b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p>A remaining gap in Aotearoa New Zealand is that we lack a set of financial inclusion indicators to understand trends in financial inclusion, identify policy gaps, and monitor progress over time. The Reserve Bank of New Zealand is currently investigating indicators of financial inclusion, learning from international best practice.</p>

<sup>7</sup> In 2018 Women-led ventures received just 18% of angel investment in Aotearoa New Zealand (NZ) in 2018 (Angel Association New Zealand (AANZ)). [insights-women-entrepreneurs.pdf \(auckland.ac.nz\)](#)

6.	<p><b><u>Regional cooperation:</u></b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>
	<p>APEC can play a valuable role in supporting financial inclusion through its information collation and sharing functions so economies can learn from each other, including what works and what doesn't. New Zealand has a particular interest in understanding how other economies with indigenous populations have improved financial inclusion for these populations.</p> <p>New Zealand also has an interest in the experiences of APEC members with:</p> <ul style="list-style-type: none"> <li>Measuring financial inclusion through a core set of indicators</li> <li>Improving access to basic bank accounts</li> <li>Harmonising financial inclusion and financial stability through prudential regulation.</li> </ul>



## PAPUA NEW GUINEA

1.	<p><b>Barriers and challenges:</b> Considering your economy's current situation, what are <u>three</u> to <u>five</u> <u>major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p><i>There are barriers and challenges in PNG that impact implementation of structural reforms which consequently affects promotion of financial inclusion. Among others, three major ones are as follow:</i></p> <p><i>Weak development and access to finance</i></p> <p>It is widely acknowledged that the poor availability and limited use by households and MSMEs of appropriate financial services and products are key constraints on socioeconomic development. The majority of the population of PNG has limited access to formal financial services<sup>8</sup>. The Asian Development Bank observed in 2020 that the size, composition, breadth, and diversity of PNG's financial services sector were still limited<sup>9</sup>. In terms of competition, there are three (3) commercial banks operating in PNG, coupled with slow expansion of other financial institutions, such as credit unions and cooperatives. This is attributed to structural constraints which play a role in limiting financial access, coupled with limited exposure to financial services, as well as PNG's geography and remoteness to access these services. Another contributing factor is the high levels of crime, corruption, and poor security restricting cash movements across most of PNG. It is revealed that the weak growth of the sector may also be attributed to excessive regulation and high costs (which hinder competition), and limited knowledge of financial services (which restricts business growth)<sup>10</sup>. Lack of access to finance seriously impedes the growth of PNG's private sector.</p> <p><i>Underdeveloped financial sector</i></p> <p>There is still existence of stringent regulations associated with customer registration and monitoring in PNG's banking industry. This has led to increasing documentary requirements that have increased compliance costs, discouraged existing customers from opening new accounts, and deterred potential customers from accessing the formal financial system. Together with this, the financial sector in PNG is facing hurdles and its progress is often hampered by structural constraints which typically include inherent issues of law and order, contract enforceability, property rights, and land tenure.</p> <p><i>Restricted access to foreign currency</i></p> <p>Shortage of foreign currency has been affecting businesses in PNG and its becoming an ongoing concern<sup>11</sup>. The situation is unfortunate that the commercial banks dealing with businesses whose transactions rely on efficient flow and access to foreign currency are also feeling the pinch. For import-oriented business, the delay or long-waiting time to convert local currency to desired foreign currency can be disastrous. While the Bank of</p>

<sup>8</sup> <https://www.thecefi.org/wp-content/uploads/2019/01/2nd-NFIS-CEFI-PNG.pdf>

<sup>9</sup> <https://www.adb.org/sites/default/files/project-documents/53097/53097-001-cp-en.pdf>

<sup>10</sup> <https://www.adb.org/sites/default/files/publication/530256/pacific-finance-sector-papua-new-guinea.pdf>

<sup>11</sup> <https://www.businessadvantagepng.com/foreign-exchange-shortages-still-biting-business-in-papua-new-guinea/>

	PNG has argued it is part of its due diligence measures to ensure transparency and credibility in the system, the implication on the bank is not desirable, portraying the regulatory hurdles one has to go through to access needed foreign currency in a timely and efficient manner.
2.	<p><b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p><i>In the context of the challenges highlighted above, some policy initiatives or programs in PNG that has implemented to create an enabling environment for financial inclusion, are as follow:</i></p> <p>The scope and challenges of financial inclusion in PNG are captured and advocated in various policies and strategies, notably the PNG’s Small and Medium Enterprise (SME) Policy (2016) and the National Financial Inclusion Policy (2019), which are both aligned with its Vision 2050 and in the National Financial Inclusion Strategy for 2016–2020<sup>12</sup>. The Financial Sector Development Strategy for 2018–2030 aims to expand the finance sector’s contribution to PNG’s social and economic development<sup>13</sup>. The recently launched Medium Term Development Plan (2023-2027) also placed strong emphasis on financial inclusion initiatives as important vehicles to empower people financially through access to financial services, credit facilities, savings and investment<sup>14</sup></p>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy’s engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p>

<sup>12</sup> Government of Papua New Guinea (PNG). 2016. SME Policy. Port Moresby; Government of PNG. 2019. National Financial Inclusion Policy. Port Moresby; Government of PNG. 2008. The Vision 2050. Port Moresby; Government of PNG. 2016. National Financial Inclusion Strategy, 2016–2020. Port Moresby.

<sup>13</sup> Government of PNG. 2018. Financial Sector Development Strategy 2018-2030. Port Moresby.

<sup>14</sup> Department of National Planning & Monitoring (2023) *Medium Term Development Plan IV (2023-2027)*, Government of Papua New Guinea

	<p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p>PNG is known to have alarming discrepancy in financial inclusion in the Pacific region where 29% of women are less likely than men to have access to financial services<sup>15</sup>. This is attributed to poor financial management and digital skills in women. But new study has revealed that digital financial services, including mobile money accounts, provide significant opportunity to ensure more women have access to capital-building tools<sup>16</sup>. Furthermore, access to smartphones, digital devices and data services has had positive impact on digital and financial literacy progress. The uptake of this depends on access to digital tools (smartphones) and Internet.</p>
4.	<p><b>Best practices:</b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p>Papua New Guinea is primarily a cash-based economy. Though there are opportunities to access to some kind of financial service or product and have bank account to store money and make payments, people still prefer making cash transaction. In terms of digital financial services, recent study has shown that 12% of population use banking apps or online money management tools management tools to monitor their spending and account balance<sup>17</sup>. While there are numerous potential benefits to tap into digital plate-forms, it is important to do so in a safe and effective manner. In this regard, education is required to ensure efficient and safe use and uptake of digital financial services for all Papua New Guineans.</p>
5.	<p><b>Action plans:</b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p>Looking ahead, the role of telecommunication infrastructure for enabling access to financial service is critical. The undersea cable (fibre-optic) linking PNG; Solomon Islands and Australia, for example, will be crucial to boost the ICT infrastructure, increase efficiency and greatly reduce cost. An efficient telecommunication sector buoyed by robust regulatory framework and resilient infrastructure setting, will be the backbone of financial inclusion programs in PNG.</p>
6.	<p><b>Regional cooperation:</b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to</p>

<sup>15</sup> <https://www.uncdf.org/article/5804/five-reasons-women-in-solomon-islands-and-papua-new-guinea-are-financially-excluded>

<sup>16</sup> <https://www.uncdf.org/article/8648/assessing-digital-and-financial-literacy-in-papua-new-guinea-survey-on-knowledge-skills-and-access>

<sup>17</sup> <https://www.uncdf.org/article/8648/assessing-digital-and-financial-literacy-in-papua-new-guinea-survey-on-knowledge-skills-and-access>

	be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?
	<p>The Bank of PNG and Centre for Excellence in Financial Inclusion are committed to drive financial inclusion throughout PNG, with the support from commercial banks and other related institutions. This effort can be amplified through forums like APEC where there's similar strategies on financial inclusion advocated and driven by member economies. Being part of regional cooperation provides invaluable opportunity to learn important lessons to assist the course for improved growth and sustainable development through adoption of best practices to address the underlying barriers to financial inclusion.</p>

## PERU

1.	<p><b>Barriers and challenges:</b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p>By 2023, there are 377 thousand access points of the financial system in Peru, which shows an increase of 111% compared to 2018<sup>18</sup>. In addition, for the same year, 293 thousand average monthly operations have been carried out in Virtual Banking (while in 2018, it was only 18 thousand)<sup>19</sup>. Likewise, by 2022, 54% of the adult population had access to the financial system (while in 2018, it was only 40.2%)<sup>20</sup>.</p> <p>Despite these advances, there are still barriers and challenges to implementing structural reforms that promote financial inclusion:</p> <p><b>Heterogeneous district coverage of financial access points:</b> By June 2023, 9% of the total districts do not have any service point of the financial system<sup>21</sup>. Without access to essential financial services, people face challenges in engaging with formal financial activities, exacerbating financial exclusion and inequality.</p> <p><b>The widespread use of cash in transactions:</b> Currently, 90% of payments made by Peruvians are still made with cash<sup>22</sup>. Furthermore, only 23% of Peruvians use the Internet for banking operations<sup>23</sup>. Cash transactions often occur outside formal financial channels, limiting data availability and hindering the adoption of digital financial services.</p> <p><b>Low level of telecommunication infrastructure at the domestic level:</b> Although measures are being implemented to improve access to digital services for all citizens, there are still localities at the domestic level (with special emphasis on rural areas) that do not have access to internet services.</p> <p><b>Low level of financial education:</b> By 2022, 41%<sup>24</sup> of adults in Peru had a low level of financial education and 43%, low level of digital financial education. In that sense, there is still a high level of distrust on the part of citizens in the use of financial services.</p>
2.	<p><b>Policies and initiatives:</b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved?</p>

<sup>18</sup> For more details, go to: <https://intranet2.sbs.gob.pe/estadistica/financiera/2023/Junio/CIIF-0001-jn2023.PDF>

<sup>19</sup> For more detail, go to: <https://www.bcrp.gob.pe/docs/Estadisticas/Cuadros-Estadisticos/cuadro-055.xlsx>

<sup>20</sup> INEI (2022). Encuesta Nacional de Hogares – ENAHO 2022

<sup>21</sup> For more details, go to: <https://intranet2.sbs.gob.pe/estadistica/financiera/2023/Junio/CIIF-0001-jn2023.PDF>

<sup>22</sup> For more detail, go to: <https://www.bcrp.gob.pe/docs/Publicaciones/Revista-Moneda/moneda-169/moneda-169-06.pdf>

<sup>23</sup> INEI (2022). Encuesta Nacional de Hogares – ENAHO 2022

<sup>24</sup> Peru Financial Capabilities Measurement Survey 2022 chrome-

<https://www.sbs.gob.pe/Portals/4/jer/CIFRAS->

[ENCUESTA/2022/Brochure\\_ENCUESTA\\_CAPACIDADES%20FINANACIERAS%202022\\_vr.pdf](ENCUESTA/2022/Brochure_ENCUESTA_CAPACIDADES%20FINANACIERAS%202022_vr.pdf)

	<p>What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p>In 2014, the Multisector Commission for Financial Inclusion<sup>25</sup> (CMIF, for its acronym in Spanish) was created, as a body for coordination, consultation, and participation of the public and private sectors, to promote access and responsible use of comprehensive financial services, that are reliable, efficient, innovative, and appropriate to the needs of the various segments of the population and companies. Thus, its main objective was the design and monitoring of the implementation of the National Financial Inclusion Strategy (ENIF, for its acronym in Spanish), approved in 2015.</p> <p>Following the approval of the “Regulation that regulate National Policies”<sup>26</sup>, whose purpose is to develop the guidance and consistency of domestic policies throughout the economy, the CMIF agreed to propose that the ENIF should be adapted and elevated to a Domestic Policy. Therefore, in 2019, the National Financial Inclusion Policy (PNIF, for its acronym in Spanish) was approved<sup>27</sup>, which recognizes the existence of a population with a low level of access to and use of quality financial services and seeks to improve the economic well-being of the population through the benefits generated by its inclusion in a formal financial system, considering intercultural, territorial and gender approaches. Subsequently, in 2021, the Multisector Strategic Plan (PEM, for its acronym in Spanish) of the PNIF was approved<sup>28</sup>, which contains 30 policy measures that seek to respond to the main limitations to accessing financial services in an adequate, timely, and sufficient manner, and with a strong digital product focus. In this way, through the mechanisms, the Peruvian government seeks to address the public problem related to the fact that there is a population with a low level of access to and use of quality financial services.</p> <p>Within this framework, mechanisms that seek to strengthen the inclusion of citizens are being developed, with greater emphasis on those who are not banked. Hence, in 2021, through Law No. 31120<sup>29</sup>, the National Identity Document account (Cuenta-DNI, for its acronym in Spanish) was regulated, with the purpose of providing a savings account to every person born in Peru or naturalized, who has an ID and can exercise their civil rights. This measure was carried out within the framework of the PNIF and had the objective of including more people in the financial system. Thus, to date, 24 million people in Peru have benefited. Moreover, there are monetary transfer programs, implemented by the Ministry of Development and Social Inclusion (MIDIS, for its acronym in Spanish), which are aimed at people in situations of poverty and extreme poverty, such as the National Program of Direct Support to the Poorest (JUNTOS), National Solidarity Assistance Program (PENSION 65) and the National Program for the delivery of non-contributory pensions to people with severe disabilities in situations</p>

<sup>25</sup> For more details, go to: <https://www.gob.pe/29971-ministerio-de-economia-y-finanzas-comision-multisectorial-de-inclusion-financiera>

<sup>26</sup> For more details, go to: <https://www.gob.pe/institucion/pcm/normas-legales/1933839-029-2018-pcm>

<sup>27</sup> For more detail, go to: <https://www.gob.pe/institucion/mef/normas-legales/287084-255-2019-ef>

<sup>28</sup> For more detail, go to: <https://www.gob.pe/institucion/presidencia/normas-legales/1932274-112-2021-ef>

<sup>29</sup> For more detail, go to: <https://www.gob.pe/institucion/congreso-de-la-republica/normas-legales/1650183-31120>



of poverty (CONTIGO). Thus, through the programs, the State deposits in the deposit accounts of the Banco de la Nación created within the framework of the programs.

About the progress of the PEM of the PNIF, during the first semester of 2023<sup>30</sup>, different financial education actions continued to be implemented to generate financial capacities in teachers, young people, adults, and the vulnerable population that are users of social programs. In the same way, actions continued to be carried out to promote an offer of services most appropriate financial, like the creation of 12 million Cuenta-DNI, the design of the platform for monitoring the results and impacts of the mechanisms and the reintegration of small farmers, through Catastrophic Agricultural Insurance (SAC, for its acronym in Spanish), into agricultural activity after having been affected by natural phenomena.

On the other hand, the Specialized Market Conduct Table and the Financial Services Free Competition Committee continued with their articulation sessions. Thus, in the first, the progress made in the field of analysis of fraud issues in digital channels and insurance marketing through the Bancassurance channel was presented and, in the second, the training on free competition planned for this year was developed. In addition, within the framework of the “Todo Conectados” Plan, 59,292 services were carried out during the first half of 2023 in the 104 Digital Access Centers (CAD, for its acronym in Spanish) located in the regions of Apurímac, Ayacucho, Cusco, Huancavelica, Lambayeque and Lima. In this sense, citizens were able to access the Internet to carry out public procedures, carry out schoolwork, and search for information, among others.

Finally, the government created the MYPE Business Promotion Program – IMPULSO MYPERU<sup>31</sup>, to support the process of economic recovery and growth of MSEs, as well as promoting their financial inclusion and promoting their financing through the financial system as well as promoting the payment culture. Through the program, government guarantees are authorized to be issued for up to PEN 15,000 million.

In relation to technology-based financial inclusion initiatives, the Financial Inclusion Consultative Committee (CCIF, for its acronym in Spanish) for Fintech is responsible for promoting modernity in the provision of financial services, through concrete actions that seek to promote the comprehensive development of the Fintech ecosystem in favor of modern, secure financial services aimed at satisfying the needs of financial consumers. In addition, legislation with the status of law is being drafted to allow the reception of digital salaries through electronic wallets. Also, work is being done on financial education programs with emphasis on electronic wallets and other digital payment methods.

Additionally, within the framework of the Senior Finance Officials Meeting (SFOM) and related events, 2 workshops will be held in Peru. The first workshop will cover Open Finance, exploring the complexities, benefits, risks and importance associated with its implementation. The second will delve into the importance of implementing digital financial education programs in all APEC economies

Furthermore, the Central Bank of Peru (BCRP, for its acronym in Spanish) has promoted the interoperability of digital wallets, starting with the two largest wallets at the domestic level. In line with this, the powers of the BCRP are being strengthened to promote the development of secure, efficient, inclusive, affordable and interoperable digital

<sup>30</sup> For more detail, go to:

[https://www.mef.gob.pe/contenidos/inclusion\\_financiera/reportes/Reporte\\_semestral\\_PNIF\\_ene\\_jun\\_2023.pdf](https://www.mef.gob.pe/contenidos/inclusion_financiera/reportes/Reporte_semestral_PNIF_ene_jun_2023.pdf)

<sup>31</sup> For more detail, go to: <https://busquedas.elperuano.pe/dispositivo/NL/2139646-1>



	<p>payments. In the same way, the implementation of the Central Bank Digital Currency (CBDC), as a tool to encourage the use of digital payments by the population that uses only cash and does not have access to the internet, by the BCRP continues.</p> <p>Finally, regarding the mitigation of risks associated with the PNIF, the CMIF is committed to monitoring the results and having an evaluation. In this sense, technical cooperation is in process with the Development Bank of Latin America (CAF, by its acronym in Spanish) to monitor the PNIF, through a web platform, and evaluate the results.</p>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy's engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p>In the context of financial inclusion in Perú, the rural sector in Peru faces geographic, infrastructural, and socio-economic challenges in accessing the formal financial system. Typically, rural populations have a limited scale of demand that does not attract financial institutions to establish banking infrastructure in those areas. Moreover, information availability about the rural population and financing options for them is limited. Additionally, the financial system perceives high risk concerning credits for economic activities in rural areas.</p> <p>The financial inclusion for women in Peru encounters various obstacles rooted in societal norms, economic disparities, and institutional barriers. To begin with, traditional gender roles often limit women's access to financial resources, as cultural expectations may prioritize men as household financial decision-makers. In addition, economic disparities, including the gender pay gap and women's disproportionate representation in informal employment, hinder their ability to build assets. Furthermore, institutional barriers such as lack of financial literacy and discriminatory lending practices further marginalize women from the financial system.</p> <p>The Micro and small entrepreneurs (MSEs) in Peru also face barriers to financial inclusion due to a lack of collateral, credit history, and financial literacy, along with regulatory hurdles and cultural preferences for informal lending. These limit their access to formal financial services, hindering their growth and perpetuating cycles of poverty. To address these problems, there is a need to provide greater access to the financial</p>

system, to simplify regulatory processes, to promote financial education, and to design tailored financial products to meet the specific needs of the MSEs.

The financial inclusion of refugee and migrant populations in Peru faces multifaceted challenges, predominantly stemming from legal, social, and economic barriers. First, legal hurdles often prevent refugees and migrants from accessing formal financial services due to documentation requirements. Second, cultural differences, coupled with discrimination, hinder their integration into financial systems. Third, income instability makes it difficult for them to establish a financial foothold. Finally, financial institutions may be hesitant to serve this demographic due to perceived risks.

Finally, in a transversal way, there is a limitation for most of the population: the low level of digital financial education. This translates into a low use of digital financial products and services, such as those offered by Fintech.

To address the issues mentioned above, for the rural sector, Peru has AGROBANCO, the primary state financial support instrument whose main objective is to promote and facilitate the granting of credits to the agricultural sector. Likewise, there is the Fund for Financial Inclusion of Small Agricultural Producers (FIFPPA, for its acronym in Spanish)<sup>32</sup>, aiming to reduce financial costs for small agricultural producers, thus promoting their banking, productivity, and associativity. Additionally, through the Inclusive Fund for Rural Business Development (FIDER, for its acronym in Spanish)<sup>33</sup>, efforts are being made to provide financial education and productive training to population in rural areas located in departments with low levels of financial inclusion.

For the MYPE, the government created the MYPE Business Promotion Program – IMPULSO MYPERU<sup>34</sup>, to support the process of economic recovery and growth of MSEs, as well as promoting their financial inclusion and promoting their financing through the financial system as well as promoting the payment culture. Through the program, government guarantees are authorized to be issued for up to PEN 15,000 million. Also, the program frames a subsidy mechanism called “Good Payer Bonus” (BBP, for its acronym in Spanish), in favor of MSEs that timely comply with the payments derived from the program's credits. The BBP will allow the credit interest rate to be reduced between 3 and 5 percentage points.

On the other hand, through the CCIF for women work is underway to generate evidence on gender gaps in financial inclusion, financially educate rural and indigenous women, and create a financing mechanism with a gender focus. Additionally, through the CCIF for Fintech, a Fintech Radar for Peru has been published, digital financial education initiatives are being developed, and efforts are being made to make the rules that regulate the payment of remuneration more flexible. Finally, through CCIF of refugee and migrant population, it is sought to facilitate access and use of financial services and products for the refugee and migrant population of all economies, who have a regular immigration status for permanence or residence in Peru, under conditions of quality and equal opportunities by international standards. in human rights.

It should be noted that to evaluate the needs of different population segments, work is done in different ways. On the one hand, we work under a methodology for developing a theory of change and results chain, which allows for an adequate design of measures

<sup>32</sup> For more detail, go to:

[https://www.leyes.congreso.gob.pe/Documentos/2016\\_2021/ADLP/Normas\\_Legales/30893\\_LEY.pdf](https://www.leyes.congreso.gob.pe/Documentos/2016_2021/ADLP/Normas_Legales/30893_LEY.pdf)

<sup>33</sup> For more detail, go to: <https://www.gob.pe/institucion/mef/normas-legales/4784855-31912>

<sup>34</sup> For more detail, go to: <https://busquedas.elperuano.pe/dispositivo/NL/2139646-1>

	<p>based on direct and indirect causes found in literature and other quantitative or qualitative sources. On the other hand, the need to design products and services that allow the financial inclusion of certain population groups can be prioritized due to the domestic and international situation, which may be urgent for the domestic government. Also, institutions from the public and/or private sector can approach to highlight the needs of the population segments with which they work, and seek their financial inclusion. Lastly, secondary and administrative data is necessary to shape public policies for financial inclusion. These data sources offer insights into the socioeconomic landscape, enabling the institutions to identify underserved populations and design targeted interventions. By leveraging existing data, we can craft informed strategies to enhance access and use of financial services.</p> <p>About the role of the different actors that participate in the implementation and monitoring of structural reforms. Firstly, within the framework of the policy measures established in the PEM of the PNIF, as well as the financing mechanisms created, different sectors participate in the implementation and monitoring of the policies, with information and analysis, within the framework of its competencies. Secondly, entities from the public and private sectors that participate in the CCIFs, among which are the Asociación de Bancos del Perú, Asociación de Instituciones de Microfinanzas del Perú, and Asociación Fintech del Perú.</p> <p>It should be noted that work has been done with the previously identified groups to increase their levels of financial education. Through the CCIFs, prioritized topics focused on financial education are established that seek to strengthen the capacities of, specifically, women, people in rural areas, and migrants. Additionally, the Ministry of Production is implementing the policy measure “Use of digital tools for merchant entrepreneurs” in which they seek to train MSEs in the use of digital payments, showing the benefits of using electronic and digital payment mechanisms. At the same time, as part of the actions to develop the measure "Promotion of financing for MSMEs", the Ministry of Production has as a milestone the design of the training plan on factoring for MSMEs<sup>35</sup>. Finally, for the rural population, as said before, through FIDER, financial education will be implemented in rural areas in departments with low levels of financial inclusion.</p> <p>Among the challenges that still exist is coordination with different entities to establish an ideal methodology for designing financial education strategies at the domestic level. Added to this are the limitations to serving citizens at the domestic level, with greater emphasis on people in rural areas. There are also dispersed interventions of financial education, which is why the National Financial Education System (SNEF, for its acronym in Spanish) is being designed, whose objective is to lead and guide financial education initiatives deployed at the domestic level. Likewise, a regulation with the rank of Law is being designed to promote the mandatory and progressive use of digital payment methods.</p>
4.	<p><b>Best practices:</b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the</p>

<sup>35</sup> For more detail, go to: <https://www.gob.pe/institucion/presidencia/normas-legales/1932274-112-2021-ef>

	<p>short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p>Regarding the lessons learned, it is worth noting that the approval of the CMIF, the PNIF and its PEM were possible because they were endorsed from the highest level in the public sector (the President and the Ministers). Therefore, it is recommended that economies that do not yet have a National Policy or are in the process of developing it make commitments from the highest level. Also, it is necessary to highlight that the articulated work that has been developed within the framework of the CMIF (whose presidency falls to the Ministry of Economy and technical secretary to the Superintendence of Banking, Insurance and AFP, both entities recognized in the conduct of economic policy and financial regulation) has allowed us to achieve great mechanisms that contribute to improving the inclusion of many people at the domestic level in the financial system. Lastly, accountability for the PNIF outcomes, which involves tracking, assessing, and reporting results to enhance transparency and trust, is vital.</p> <p>Nevertheless, unfortunately, there are times when the current social, climatological, economy situation of the economy prevents financial inclusion from being a policy priority, which can delay the advancement of the levels of access and use of financial services by the population, as well as financial education.</p> <p>Concerning the measurement of the short, medium, and long-term impact of the measures established in the PEM of the PNIF, it is relevant to indicate that the expansion of the coverage of the financial infrastructure has increased the offer of the financial system for the population. Likewise, the promotion of the use of digital financial services has achieved an increase in the holding of deposit accounts by the adult population. Likewise, the interoperability of digital wallets has had a positive effect on the use of digital payment methods in the economy. Finally, the creation of the Cuenta-DNI, a savings account opened in a digital environment, has allowed people in vulnerable situations to receive subsidies from the government.</p>
5.	<p><b>Action plans:</b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p>Actions will be developed to promote financial inclusion until 2030, which is the time horizon of the PNIF<sup>36</sup>. Along the same lines, the PEM of the PNIF is established based on 30 policy measures, which have the same time horizon and are disaggregated by milestones, which provide compliance with the policy measures.</p> <p>In this sense, the SNEF is being designed, whose objective is to lead and guide financial education initiatives deployed at the domestic level. Likewise, a regulation with the rank of Law is being designed to promote the mandatory and progressive use of digital payment methods. Likewise, a regulation with the rank of Law is being designed to promote the mandatory and progressive use of digital payment methods.</p>
6.	<p><b>Regional cooperation:</b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What</p>

<sup>36</sup> For more detail, go to: <https://www.gob.pe/institucion/presidencia/normas-legales/1932274-112-2021-ef>

	<p>areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>
	<p>APEC can support economies by providing tools that promote knowledge for the design and implementation of financial inclusion mechanisms that respond to the needs of citizens. These tools can be used in the training of public officials, as standards or good practices in the execution of work plans that involve the public and private sectors. Lastly, through APEC, exchanges of experiences can be carried out allowing us to learn about the implementation process of different mechanisms that promote financial inclusion developed in other economies.</p> <p>Additionally, international organizations and multilateral such as the World Bank, the Inter-American Development Bank, the Development Bank of Latin America and the Caribbean – CAF, the United Nations Development Program, the Asian Development Bank (ADB) and the Organisation for Economic Co-operation and Development (OECD) have the necessary expertise to be able to participate in the formulation of domestic policies such as the PNIF, with studies and surveys that allows the support of policy measures or can define the public problem that the later seeks to solve.</p> <p>Regarding the areas that we consider would benefit from collaboration or capacity building, it is considered that the exchange of international experiences on Open Finance, Fintech and Financial Education are the most important issues currently, given the context of continuous innovation in the financial system.</p> <p>Finally, in relation to the target groups that require the greatest effort, from the experience of Peru's economy, it is considered that women, rural population, migrants, and MSEs are the target groups in which greater efforts should be generated. It is worth mentioning that in all these cases it is considered pertinent to promote access and use of digital financial services to achieve financial inclusion.</p>

## THE RUSSIAN FEDERATION

1.	<p><b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p>We would consider the following challenges for the Russian economy and its financial market:</p> <p>Major <b>structural transformation</b> of the economy and the need to finance it  Reorientation of <b>international economic relations</b>  <b>One-way restrictions</b> imposed by other economies  <b>Development of the financial market</b> enabling households and businesses to use financial products, instruments and services</p> <p><i>The Strategy on financial market development until 2030</i> emphasizes the role of the financial market in economic growth and improving quality of life of population, stresses the need of improving financial literacy of the population and creating conditions for sustainable growth of the financial industry. One of the priorities is to ensure that citizens and businesses have access to financial instruments that meet their needs.</p> <p>The development of the suitable financial services and products, that meet consumers' needs, improvement of financial literacy and financial culture of population, especially economically active adults, as well as youth and seniors, increase of long-term domestic investment are among main challenges and tasks. As well as increase of the physical and product availability of financial services through the development of online service channels for the public and businesses while reducing the risks of digital inequality and strengthening cybersecurity.</p>
2.	<p><b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups (women, men, Indigenous Peoples, etc.) were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology? How are you mitigating the risks of harm and exclusion associated with these policies and initiatives?</p>
	<p>The main area we would like to focus on is the digitalisation for financial inclusion in the interests of consumers and business. New technologies and innovations contribute to financial inclusion by covering the needs of consumers and business, creating new business-models, improving productivity, enabling competitiveness, and developing Russian economy as well as contributing to structural transformation.</p> <p>First steps of Russian financial market digitalization were cashless payments, the share of which in retail turnover increased from 25,2% up to 83,4% within last decade.</p>



Cashless payments were improving due to creation and development of Faster Payments System (FPS), marketplaces, Unified Biometric System and Digital Profile. Moreover, the remote payments and advances in providing services online enabled the population to limit visits to physical points.

The following initiatives improving financial inclusion have been developed in the recent decade:

**National System of Payment Cards (NSPC) and “Mir” Payment system, Faster Payment System (FPS), Digital Rouble platform** – key projects to develop payment infrastructure, providing resilience and sovereignty, as well as competitiveness and infrastructure of the Russian payment market;

**Unified Biometric System, Digital Profile, Open API, “Know Your Client” platform** – enabling and developing digital infrastructural solutions on increasing inclusion and quality of financial services;

The development of **platforms** is driven by the needs of society, the extension of remote access to financial services, as well as the needs of small and medium enterprises (SMEs) for alternative financing with controlled risk level;

The improvement of **financial cyber literacy** in the area of secure utilisation of digital and payment tools is vital as the development of digital technologies goes in hand with fraudulent activities;

Moreover, **the consideration of the cyber security risks** is necessary to determine weak spots in the security systems and address them, to determine possible threats and develop strategy for possible losses minimisation, to counter incidents related to company reputation in order to keep client’s trust, to meet the data protection and information security requirements.

Key policies advancing financial inclusion are:

1) *The Strategy on financial market development until 2030* gives overall directions: the development of long-term financing instruments and the capital market, the insurance market, consumer protection of the rights of financial services consumers, digitalization and the development of payment infrastructure, protection of the rights of consumers of financial services and financial education.

2) *Priority areas for increasing financial inclusion in the Russian Federation for the period 2022-2024, developed by Bank of Russia* focused on concrete financial inclusion areas, such as:

- ensuring access to financial services for residents of remote and sparsely populated areas;
- creating a barrier-free financial environment for people with disabilities, the elderly and people with limited mobility;
- increasing the availability of financial services for low-income citizens;
- the availability of various financial instruments for individual entrepreneurs, small and medium-sized businesses,
- reducing the cost of non-cash payments between citizens and businesses using a fast payment system.



	<p>3) Russia adopted recently its new <i>National Strategy on improving Financial Literacy and developing Financial Culture until 2030</i> with joint leadership of Bank of Russia and the Ministry of Finance and active participation of various stakeholders from both public and private sectors. <a href="https://xn--80apaohbc3aw9e.xn--p1ai/razdel-strategiya/oficialnye-dokumenty-2/?ysclid=lusiq3bitk256471175">https://xn--80apaohbc3aw9e.xn--p1ai/razdel-strategiya/oficialnye-dokumenty-2/?ysclid=lusiq3bitk256471175</a></p> <p>The strategy includes key directions and concrete mechanisms for improving financial literacy of target groups and developing effective financial education initiatives. The document addresses modern challenges related to the digitalisation of finance and the development of innovative instruments. The Strategy includes an active promotion of knowledge on fiscal and investment literacy especially among newbie retail investors so that they act prudently, the safe use of new financial technologies, responsible borrowing and a savings culture.</p> <p>Among key actual results of the previous strategy implementation (2017-2023) is the growth of financial literacy of young people thanks to the systemic work with this target audience through the educational system, internet and other traditional and innovative channels. The introduction of financial literacy into the domestic educational standards at school, colleges and universities levels had a significant impact on this. The increase of the financial literacy of young people impacts their responsible use of financial services and overall financial inclusion. According to the results of the economy-wide survey, young people demonstrate rational and responsible financial behaviour. 33 percent consciously choose a financial service compared to 27 percent of adults. 55 percent make savings compared to 45 percent of adults. Young people are better versed in digital and investment financial instruments: 60 percent use double authentication when using online finance compared to 36 percent of adult citizens, 23 percent actively invest compared to 11 percent of adults.</p> <p>As financial literacy basics have been already included in the educational programmes at all levels as the result of the implementation of the previous Strategy, new Strategy is focusing on economically active adults. The new strategy involves the active promotion of budget and investment literacy, the safe use of new financial technologies, responsible borrowing and a culture of savings among adult population and MSMEs. It includes support for the formation of a sufficient level of savings of citizens, including for socially vulnerable groups of citizens, as well as information about tools, support for expansion of long-term investments of citizens in the Russian economy, including with bonds for the population, individual investment accounts, development of life insurance and other instruments.</p>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy's engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do each group interact with financial lending institutions?</p> <p>How does your economy engage with each group with untapped economic potential to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs?</p> <p>What role does each group play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p>

	<p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced with each group?</p> <p>To what extent are these groups able to influence the private sector in the aim to meet their finance objectives?</p>
	<p>Importantly, in determining the goals and objectives of the financial inclusion agenda priority is given to the interests of <b>financial consumers</b>. Greater financial inclusion being not a goal in itself, it should primarily assist in improving the welfare of citizens, quality of life and standards of living, and expanding opportunities to set up and develop business. Nevertheless, while promoting the financial inclusion especially for the remotely provided products and services, the interests of the part of population which is not ready for the remote interaction with providers should be considered as well as the necessity in adaption of the channels providing services for the needs of different consumer groups in various situations (e.g. limited or no Internet access).</p> <p>To deliver on this financial inclusion agenda, beyond enabling full access to high-quality financial services for consumers and businesses, the following consumer groups should be targeted, as a separate priority:</p> <p>residents in remote, underpopulated and hard-to-reach areas;</p> <p>people with disabilities, people with limited mobility and the elderly population;</p> <p>low-income citizens;</p> <p>SMEs.</p> <p><b>In rural, remote, underpopulated and hard-to-reach areas the physical points</b> are still working due to limitations of using online-services. However, the mobile offices and field workers are involved in work in this areas as well as the points of withdrawal in trade and service enterprises.</p> <p><b>People with disabilities</b> have the access to special section at the website “Financial culture” (<a href="https://fincult.info">https://fincult.info</a>). There are several educational and methodological materials:</p> <p>For blind and visually impaired people the series of audiolectures is designed, which focuses on managing personal and family budget, dodging scammers and financial pyramids, behaving as an amateur investor. Another project is the books on financial literacy in two copies: one with enlarged font and the other with raised dot Braille font;</p> <p>For people with hearing loss: the videomaterials in sign language is developed and such topics as instructions on taking loans, the term misseling, the purpose of insurance are being considered;</p> <p>For people with disabilities and low mobility population groups a course of educational programs and methodological guidelines on teaching the basics of financial literacy that provides information on cash, deposits, loans, personal budget and obtaining financial services via the Internet.</p>

Support of responsible lending, creation of conditions for protecting the **population with relatively low incomes** from spontaneous financial decisions, increasing the affordability of financial products and services are actively facilitated by the development of digital infrastructure, and improving financial inclusion. Currently there are some improvements in payment area: eliminating the commission on the transactions between single user's accounts and payment holidays.

There is a federal project “**Small and Medium enterprises** and support of individual entrepreneurship”, goals of which include financial inclusion. Now SMEs can obtain more funds via stock market, digital financial assets, investment and financial platforms, through mechanisms of factoring, leasing, microfinancing. The additional fund sources for SMEs require thorough risk-assessment of the SMEs. Via this risk-assessment the SMEs can improve their credibility and obtain funds from banks or even state support in the form of subsidies. Some infrastructural solutions such as development of financial platforms (project “Marketplace”) can expand the sources supply, increase price inclusion and eliminate territory restrictions. As for Faster Payments System and other projects improving financial inclusion, they drive down business costs.

To use the mentioned opportunities more effectively, small entrepreneurs need financial knowledge and skills. That is why development of such tailored financial literacy programs is one of current tasks for the National Centre for Financial Literacy at Financial Research Institute (FRI) together with leading Universities.

The challenges experienced in work with **adults** and especially from vulnerable groups that they are more difficult to reach out comparing with children. Adults also, unlike young people, are less susceptible to new information, they are ready to learn new things more often when they need them in practice, so it is important to use such “teachable moments” and provide practical information. It is important to eliminate informational asymmetry and provide access not only to finance but also to unbiased objective simple information on financial services especially for socially disadvantage groups

Customers are not to be forgotten: **consumer rights protection** and financial literacy are crucial for providing wider financial inclusion. A customer would be satisfied and feel safe, if the two conditions (protection and literacy) are in line. Key priorities in terms of financial literacy remain promoting the basic attitude of rational consumption, reasonable savings, correct investment behaviour, safe and rational utilisation of financial technologies in personal finance management.

All in all, we recognize the need for assessing the needs of the groups with untapped economic potential, improving regulation, standards and financial consumer protection frameworks, developing financial literacy programs tailored to the specific groups mentioned above or on specific topics, such as digital financial literacy.

Enhanced indicators on access, usage, quality and utility of financial services is key to **monitoring the impact** of financial inclusion of individuals and entities. In addition to the international methodologies of measurement of financial inclusion and financial literacy, a new comprehensive methodology “**Financial culture index**” will be developed as part of the National Strategy implementation. The index will assess

	<p>individuals' ability to manage personal finance, mindfulness in making financial decisions and accepting related risks, debt burden, purchases of insurance products, and long-term savings. The agencies will also assess not only the level of individuals' financial literacy, but also the related infrastructure in the regions.</p>
4.	<p><b><u>Best practices:</u></b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p><b><u>National System of Payment Cards (NSPC) and “Mir” payment system:</u></b></p> <p>NSPC is the operator of the “Mir” payment system. The NSPC was created in 2014. By the end of 2023, banks have issued 287,3 millions “Mir” cards which are accepted all over the economy and the “Mir Pay” app on the smartphones enables payments via mobile phones. The “Mir” cards allow receiving social benefits right on the card and travelling by public transport and other benefits. Further development should be focused on maintaining high inclusion level and continuity of NSPC services, as well as expanding the infrastructure for “Mir” payment cards in different economies around the world.</p> <p><b><u>Faster Payments System (FPS):</u></b></p> <p>Faster Payments System (FPS) was launched in 2019 and provides payments and transactions 24 hours a day, 7 days a week, 365 days a year. Different types of operations are conducted, including: C2C, C2B, B2C, B2B, C2G etc. The possibility of using NFC technology is available. More than 80 million citizens and 1,5 million trade and service enterprises use FPS on a daily basis. The ways for advancing FPS include payments using biometric data, contributions of individuals in the state budget and possible cashback in loyal program.</p> <p><b><u>Digital Rouble Platform:</u></b></p> <p>Digital Rouble Platform was created in 2023. The pilot project launched with 12 banks, 600 individuals and 22 entities. More than 26 thousand transactions went through the platform. The following operations are available: funds deposit and withdrawal, transactions between individuals and entities (C2C, C2B, B2C), basic smart-contracts. 19 more banks is to join the project. The B2B operations and QR-codes are on the way for implementation.</p> <p><b><u>Unified biometric system (UBS):</u></b></p> <p>UBS was created in 2018 to help individuals with receiving services remotely by confirming their biometric personal data (face image and voice) thus contributing to its inclusion. The clients can open an account, deposit or get loan in the bank without</p>

visiting it. In a few years payments service is going to be available for purchasing on online websites and at the physical points of sale.

### **Digital Profile:**

Digital Profile is a service for financial organizations to gain information on clients (individuals and entities) to provide services for these clients. It improves financial inclusion by digitalization of processes and the elimination of paper work. Digital Profile is used by 119 financial organizations and included 37 available data categories. Digital Profile for individuals was launched in 2020 and in 2023 for entities.

### **Know your client (KYC) platform:**

KYC platform was launched in 2022. The platform provides information for the credit organizations on the risk level of conducting suspicious transactions by their clients. Data on more than 7,5 entities and sole proprietors is available on the KYC platform. Individuals are not assessed by the KYC. The KYC platform contributes to cost decreases for honest business, credit organizations, increase in financial compliance level and transparency between credit organizations and its clients.

### **Platform financial services:**

There are several types of platforms: financial platform providers enabling remote access to financial services, investment platform providers, information system providers, providers of exchange platforms for digital financial assets – around 100 platforms in total. The providers allow easier access to financial market. The legislation is currently going through some changes to eliminate barriers for providers to use simplified identification tools. The platform services market is at the initial phase of its development and the optimization of legislation as well as providing the information to the public is the most relevant challenges nowadays.

Another successful example is development of a **comprehensive system of financial education for youth**, which was recognised as one of good practices by the OECD. Systemic efforts taken for over ten years to improve financial literacy have enabled the economy to build a mature infrastructure. The methodological centers of Russia's leading economic universities developed educational programs and materials and upgraded teachers and instructors' skills. Russia integrated elements of financial literacy (including digital financial literacy) in domestic educational standards at all levels (schools, colleges and universities) and produced various educational programs and materials in both digital and traditional formats. For grades one through nine, the basic financial literacy course has become compulsory since the beginning of 2022/23 academic year. It is taught within mathematics, computer science, elementary science, social science and geography. And for high schools the curricula aligned with the new standards by September 2023. Financial education is currently taught in all educational organizations, which brings the growth of financial literacy of young people, as well as more responsible financial behavior and overall financial inclusion. We are ready to share this experience.

	<p>The effectiveness of the programs is measured by the regular financial literacy surveys and tests (competences based) as well as by measuring the level of financial inclusion, use of financial services etc. <b><u>National Financial Literacy center (at FRI)</u></b> develops innovative tools and formats for the financial literacy and financial inclusion with use of edutainment, social media, conducting online events, marathons and financial literacy fests. It developed modern and holistic online platform for citizen and stakeholders <a href="https://xn--80apaohbc3aw9e.xn--p1ai/?ysclid=luskq5gvva315877909">https://xn--80apaohbc3aw9e.xn--p1ai/?ysclid=luskq5gvva315877909</a>.</p>
<b>5.</b>	<p><b><u>Action plans:</u></b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p>To achieve the goals of the strategic documents (presented in the answer to question 2), medium-term documents and roadmaps of the Government of the Russian Federation and the Bank of Russia are being developed, containing specific measures with deadlines and responsible parties.</p> <p>1) <i>The Russian Financial Market Development Programme for 2023–2025</i> (Programme 23–25) is the main medium-term document on the development of the domestic financial market, and is adjusted annually for coming three years. It discloses goals, directions and policy objectives for the development of the Russian financial market over the medium-term horizon.</p> <p>2) <i>Priority Areas for Increasing Financial Inclusion in the Russian Federation for 2022–2024</i> is the medium-term document with details of activities stimulating the financial inclusion, which are stipulated in the Programme 23-25, and the new version is prepared every three years.</p> <p>Both documents are elaborated with participation of the financial market participants, business and expert community. The mentioned documents can be found at <a href="https://www.cbr.ru/eng/develop/">https://www.cbr.ru/eng/develop/</a>.</p> <p>3) <i>National Financial Literacy Strategy</i> also has the medium term goals and a road map to implement them. Besides the federal level, regions are implementing their own financial literacy programmes. It is also planned to establish financial literacy centers in all Russian regions by 2030.</p>
<b>6.</b>	<p><b><u>Regional cooperation:</u></b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>
	<p>Regional cooperation and multilateral fora are important for sharing experience and good practices, learning the lessons from reforms and initiatives, achieving synergy in financial inclusion actions and policies, especially in digital financial inclusion area, cross-border payments, work with hard to reach target audiences, financial literacy and use of behavioral research. Importantly regional policies should promote financial inclusion for all and do not create new barriers for any social, demographic or group.</p>

The APEC activity in the area of financial inclusion include APEC Roadmap on Digital Financial Inclusion (2020) as well as the assessment of progress on implementation of this Roadmap in 2021. There was also research conducted in 2022 on CBDC and Financial Inclusion.

The regional cooperation may contribute to financial inclusion not only by experience sharing but by enabling easier cross-border access to financial services as well. The Open Finance system was discussed at the FCBDM APEC 2024 in Peru that can be studied and later implemented as a step to promote financial inclusion.

As there are a lot of people living in remote or rural communities across the APEC region we propose to focus on them as the groups which can gain more benefits from regional cooperation.

## SINGAPORE

<b>1.</b>	<p><b><u>Barriers and challenges:</u></b> Considering your economy’s current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p>Some barriers and challenges that Singapore faces in implementing structural reforms that promote financial inclusion are:</p> <p><u>Access to Banking Services.</u> It is estimated that over 98% of adult Singapore residents have bank accounts. However, there are still segments of the population that remain unbanked. This may be due to factors such as: physical accessibility issues, or low awareness of the availability of Basic Banking Accounts (BBAs)<sup>37</sup>.</p> <p><u>Digital Literacy.</u> While Singapore has high internet penetration rates, digital literacy amongst certain demographics such as older or lower-income individuals may be lower. This can hinder the adoption of digital financial services and products, which are often essential for promoting financial inclusion.</p> <p><u>Financial Literacy.</u> Individuals may lack the knowledge and understanding of financial services and products, which can be a significant barrier to financial inclusion. Low financial literacy can result in individuals being unable to make informed decisions about their finances.</p>
<b>2.</b>	<p><b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p>Singapore was ranked as the No. 1 financially inclusive market, as measured by the Principal Financial Group’s Global Financial Inclusion Index, for 2022 and 2023. The World Bank’s Global Findex 2021 survey also found that 97.55% of adults in Singapore had an account in a bank or regulated institution such as a credit union, microfinance institution, or a mobile money provider. Contributing to Singapore’s success in this area are the following policies and initiatives:</p> <p><b>[For Financial Inclusion of Individuals]</b> <u>MoneySense</u> is Singapore’s financial education programme. Launched in 2003, the programme aims to make money matters</p>

<sup>37</sup> Since 2002, Basic Banking Accounts (BBAs) have been offered by banks such as DBS Bank, OCBC Bank, UOB Bank, Citibank, HSBC, Maybank, and the Standard Chartered Bank. Typically, such BBAs come with an ATM/debit card, internet banking and electronic payment services, and can be maintained at very low or even no cost. For instance, DBS does not set any initial deposit or minimum account balance and waives the maintenance fee if the individual chooses to receive eStatements. Local banks also waive fall-below fees for specific customer segments such as children, the elderly and recipients of public assistance.



simple and intuitive for all Singaporeans. Through this programme, Singaporeans would: (i) have the skills, knowledge and confidence to weigh their options in financial matters; (ii) know their rights and responsibilities in financial decisions; (iii) make informed decisions when it comes to personal finances; and (iv) plan well for their future.

Resources developed as part of MoneySense include:

[Institute for Financial Literacy \(IFL\)](#), the outreach arm that conducts free and unbiased financial education and training programmes to the public without promoting commercial financial products. Through talks, activity-based workshops, training in money management, insurance, investing and retirement planning, as well as [template budget spreadsheets, retirement calculators and loan repayment schedules](#), IFL provides easy to understand information and practical resources for Singaporeans to better manage their own financial planning needs.

[MyMoneySense](#), a free government financial planning digital service that allows individuals to automatically consolidate their financial data from government and banks through the Singapore Financial Data Exchange (SGFindex<sup>38</sup>) and provides personalised and actionable guidance to make financial planning easier.

**[For Financial Inclusion of Individuals]** [Singpass](#) is digital identity initiative which provides a convenient and secure platform for users (both citizens and businesses) to transact with the government and other private service providers. Users can log in to digital services through the Singpass app using their fingerprint, facial recognition, or a 6-digit passcode. Utilising Singpass is MyInfo, a service that autofills selected personal details for online forms, minimising the need for users to repeatedly provide and verify the same information when transacting with agencies online. By tapping on the “Retrieve MyInfo” button, the participating digital service provider will be able to retrieve the necessary data fields needed with consent. The introduction of MyInfo has reduced barriers to obtaining financial services, as account opening can now be achieved without having to physically visit a bank branch or conduct face-to-face verification.

**[For Financial Inclusion of Women]** The White Paper on Singapore Women’s Development was published in 2022, and guides Singapore’s efforts in advancing women’s empowerment. It details 25 action plans to be implemented by Singapore and the community over the next decade. There are 3 pillars with action areas specifically to enhance support for women participating in the economy: (i) strengthen workplace fairness; (ii) enable more women to participate more fully in the workplace; and (iii) facilitate greater women’s representation in leadership roles. To elaborate on (iii), the Singapore Exchange Listing Rules have been revised to improve board diversity (including gender) in listed companies. The Council for Board Diversity currently requires listed companies to disclose their board diversity policy and targets, as well as action plans and timelines to achieve these goals. Through the Council’s efforts, the percentage of women on boards of Top-100 listed companies in 2022 has reached 21.5% - a three-fold increase from 7.5% in 2014. Separately, the Singapore Women Entrepreneurs Network and the SG 100 Women in Tech empower Singaporean businesswomen through networking, mentoring and capital-raising opportunities. Other initiatives such as the Women Entrepreneurship Committee under the Action

<sup>38</sup> Singapore Financial Data Exchange (SGFinDex) is the world’s first public digital infrastructure to use digital identity and centrally managed online consent system. It enables individuals access to their financial information held across different government agencies and financial institutions.

	<p>Community for Entrepreneurship (ACE.SG) help amplify representation and provide access to vital resources, ranging from knowledge-sharing events to mentorship programmes.</p> <p><b>[For Financial Inclusion of MSMEs]</b> There are a suite of initiatives that aim to expand MSMEs’ access to financial resources.</p> <p><b>Proxtera</b> facilitates the financial inclusion of MSMEs by connecting them with global trade and financing opportunities through its open digital platform. Connecting over 8 economies and 25 platforms across Africa and Asia, Proxtera plugs MSMEs into a network of buyers, sellers, and financiers. This allows MSMEs to access a broader market beyond Singapore’s borders, enabling them to trade internationally and expand their business opportunities. Through Proxtera, MSMEs can access new trade value chains, and explore integrated support from over 25 financial and business solution providers. Proxtera also facilitates instant access to broader marketplaces and services through a smart search in its open application programming interfact (API) and a matching of platforms for service providers.</p> <p><b>Enterprise Financing Scheme (EFS)</b> is a government financing scheme that enables Singapore enterprises to access financing more readily across all stages of growth. It covers 7 areas to address MSMEs’ financing needs: green loans, working capital loans, fixed asset loans, venture debt loans, trade loans, project loans, as well as Merger &amp; Acquisition loans. Under the EFS, EnterpriseSG (a government statutory board) share the loan default risk in the event of enterprise insolvency with participating financial institutions. The EFS – SME Working Capital Loan for example enables local SMEs to access financing for operational cashflow needs. With a maximum loan quantum of SGD 500,000 per borrower, enterprises are allowed a repayment period of up to 5 years. By providing a loan and co-sharing the default risk, the government lowers the barriers to MSMEs’ access to credit.</p> <ul style="list-style-type: none"> <li>• <b>Productivity Solutions Grant (PSG)</b> supports MSMEs to adopt pre-approved digital solutions and technologies to enhance their productivity and competitiveness. By funding up to 50% of the costs of IT solutions, equipment, or consultancy services from pre-approved vendors, the government makes it more affordable for MSMEs to invest in technology.</li> </ul>
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy’s engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p>

To what extent are these groups able to meet their finance objectives?
<p><b><u>Individuals:</u></b> Several of the above questions have been covered in Singapore’s response in q2.</p> <p>In addition,</p> <p><b><u>Women:</u></b></p> <p>Financial lending institutions like the Oversea-Chinese Banking Corporation (OCBC) are aligned with the Singapore government’s initiatives to support women’s inclusion in the economy. For example, OCBC has launched a new SME programme in Singapore to support women entrepreneurs – the first of its kind dedicated to women entrepreneurs by a Singapore bank. Through the <a href="#">OCBC Women Entrepreneurs Programme</a>, SMEs owned by women entrepreneurs can access financing to accelerate their business plans. In particular, start-ups founded by women can secure financing of up to SGD 100,000 within the first 2 years of incorporation. The processing fees for such loans will be waived. Targeted at improving the socioeconomic advancement of women in the economy and the growth and resilience of women-owned businesses, the OCBC Women Entrepreneurs Programme will also provide educational workshops, and opportunities for women entrepreneurs to network and be mentored by successful like-minded female entrepreneurs.</p> <p>The Singapore government completed a year-long nationwide Conversations on Singapore Women’s Development in 2021, engaging nearly 6000 participants over 160 conversations to take stock of current efforts to empower, uplift and support women. Feedback and ideas from the Conversations contributed to the White Paper mentioned in the earlier q2 answer, which has 25 collective action plans by the government and community.</p> <p><b><u>MSMEs:</u></b></p> <p>MSMEs’ needs are assessed through the Singapore Business Federation (SBF), which is the apex business chamber championing the interests of the Singapore business community in areas of trade, investment, and industrial relations. It represents more than 30,000 companies, as well as key local and foreign business chambers. Keeping in step with the aspirations and concerns of the Singapore business community, SBF consults extensively and widely on topics ranging from innovation and transformation, manpower and talent, and sustainability and ESG.</p> <p>MAS, UNDP, and the International Finance Corporation (IFC) launched an open financial education learning hub in 2022 for MSMEs called the SME Financial Empowerment Programme (SFE). With a curriculum curated from leading universities, financial institutions and industry practitioners, the SFE provides MSMEs with a knowledge base on foundational financial literacy, international financial literacy, green financing and reporting, and understanding of cross-border business and foreign exchange financial instruments. The UNDP has contributed its expert educators, domain knowledge speakers, and has supported wider collaborations with UN Member States. Thus far, 7000 MSMEs from 61 economies (including Singapore) have benefitted from the SFE.</p> <ul style="list-style-type: none"> <li>• In 2023, more than SGD 5 billion of government risk-shared loans was issued to 8400 enterprises under the Enterprise Financing Scheme referred to in q2. This indicates that there is significant take-up of the EFS, demonstrating that local</li> </ul>

	enterprises are able to utilise existing government initiatives to meet their finance objectives.
4.	<p><b>Best practices:</b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p>Where appropriate, Singapore could share more about the policies and programmes mentioned in q2 such as MoneySense, Singpass, Proxtera, Savannah, the Enterprise Financing Scheme, and the Productivity Solutions Grant as they have proven to be effective in Singapore's context.</p> <p>Singapore measures success in financial inclusion through various metrics, including but not limited to: (i) number of commercial bank branches per 100,000 adults and number of automated teller machines per 100,000 adults; (ii) the proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile money service provider; and (iii) financial literacy levels.</p> <p><b>At the individual level</b> - In the short-term, Singapore has experienced that increased financial inclusion fosters greater financial stability for Singaporeans, subsequently facilitating their participation in the formal economy. Being able to access opportunities for income generation and wealth accumulation, alongside financial literacy education better equips individuals with the knowledge, skills, and resources to make informed financial decisions, leading to better outcomes. In the medium-term, financial inclusion has empowered Singaporeans to save, invest, and to build a financial safety net. In the long-term, financial inclusion reduces inequalities and fosters greater social mobility. With access to insurance, formal financial services, and saving mechanisms like the Central Provident Fund, individuals can better receive government cash transfers and subsidies, as well as cope with unexpected expenses, thus making them less vulnerable to economic shocks.</p> <ul style="list-style-type: none"> <li>• <b>At the enterprise level</b> – In the short-term, MSMEs can gain access to formal financial services which helps them meet their liquidity needs, manage cash flow fluctuations, and seize business opportunities. In the medium-term, financial inclusion fosters innovation and entrepreneurship by providing MSMEs with the necessary resources and support for their businesses. This can lead to the emergence of new industries, products, and services – promoting economic diversification and competitiveness. MSMEs with access to financial risk management tools are also better equipped to withstand unforeseen events such as a global pandemic and supply chain disruptions. This enhances their ability to recover quickly and sustain their operations. In the long-term, the innovation, entrepreneurship, and productivity improvements will contribute to the development of a vibrant, sustainable, and resilient economy that is conducive for trade and investment.</li> </ul>
5.	<p><b>Action plans:</b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>

	<p>While policies and practices are in place to support the financial inclusion of individuals and MSMEs in Singapore, there are other groups in society (i.e., the elderly, and people with severe or permanent disabilities) whose circumstances continue to pose barriers to their financial inclusion. For such groups, Singapore has been proactively implementing policies and schemes to ensure that they are still financially included in society.</p> <ul style="list-style-type: none"> <li>• Singapore has several financial support schemes<sup>39</sup> that specifically target low-income families, severely or permanently disabled individuals, and the elderly. Some examples of the schemes are the Financial Assistance for Child Care (CCFA) which is provided to low-income families facing challenges with preschool fees, CareShield Life in the form of lifetime cash payouts which is provided to Singaporeans who become and remain severely disabled and need long-term care, and Silver Support Scheme which is provided to eligible Singaporeans 65 years and above.</li> </ul>
6.	<p><b><u>Regional cooperation:</u></b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>
	<p>APEC should continue to facilitate workshops and public-private dialogues (involving policymakers, regulators, and financial institutions) where all parties share best practices, opportunities, and challenges in financial inclusion strategies. This would facilitate a cross-pollination of ideas, which may help parties identify solutions that are relevant to their economy's diverse context.</p> <p>Singapore would likely benefit from collaborative initiatives that establish voluntary, non-binding, common guidelines for financial inclusion. Where there is appetite, it is also worthwhile to explore common standards for cross-border financial payments, which would facilitate cross-border transactions and promote interoperability between different economies' financial systems. APEC could take inspiration from the ASEAN Regional Payment Connectivity initiative that aims to link all ASEAN Member States under a single QR code-based cross-border payment system, or Project Nexus, a multi-party project being driven by the BIS Innovation Hub which aims to link up domestic instant payment systems (IPS) in multiple economies through a standardised and multilateral approach. The establishment of a similar initiative under APEC would bolster financial connectivity and inclusion, and further deepen regional integration amongst APEC economies.</p> <ul style="list-style-type: none"> <li>• The group likely requiring the greatest regional effort and cooperation to overcome its barriers to financial inclusion would be the unbanked (with no access to formal financial services) and underbanked (limited access or relying on informal services) populations. These individuals often face challenges like a lack of documentation, a digital divide, and high transaction costs.</li> </ul>

<sup>39</sup> There are 65 financial support schemes available in Singapore. More information on the support schemes can be found at <https://supportgowhere.life.gov.sg>.



## CHINESE TAIPEI

1.	<p><b><u>Barriers and challenges:</u></b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p>In promoting inclusive finance, Chinese Taipei mainly faces challenges such as how to reach vulnerable groups or rural areas effectively, how to strengthen financial literacy, and how to reduce the digital divide. For Indigenous peoples (589,038) accounting for merely 2.52% of the total population in Chinese Taipei as of the end of 2023 according to statistics, obstacles and challenges including the information gap between urban and rural areas as well as the lack of sufficient financing result in their comparatively disadvantageous position in Chinese Taipei. The digital divide among gender, age, educational level, income, living area, and other socioeconomic factors also leads to unequal access to financial inclusion related knowledge and resources. Additionally, gender stereotypes and unequal share of domestic work between men and women exacerbate economic empowerment opportunity gap for women of diverse backgrounds.</p>
2.	<p><b><u>Policies and initiatives:</u></b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p>To address the aforementioned challenges, Chinese Taipei has undertaken the following measures:</p> <ol style="list-style-type: none"> <li>1. Financial Literacy Promotion Plan: To disseminate financial knowledge across different regions and target audiences, enhancing public financial literacy, Chinese Taipei has implemented the "Financial Literacy Promotion Plan" since 2006, now entering its 7th phase (2024 to 2026). This plan combines resources from financial peripheral institutions to build a comprehensive financial education system via a range of measures, such as extending its reach to all administrative areas and tailoring financial literacy advocacy across various topics to different demographic groups. Additionally, through a variety of channels including physical seminars, radio programs, advertisements, microfilms, or short videos, efforts are made to educate elderly individuals or digitally disadvantaged groups on proper financial management and fraud prevention, strengthening their rights protection.</li> <li>2. FinTech Development Roadmap: Chinese Taipei has promoted the "FinTech Development Roadmap 1.0" and "FinTech Development Roadmap 2.0" to create a friendly FinTech development ecosystem, facilitating the development of Chinese Taipei's fintech and digital finance. This enables financial service providers to use</li> </ol>

technology to reduce service costs and improve efficiency and quality, allowing more people to access affordable financial products and services. Through the boundless nature of the internet and high mobile phone penetration rate, services are extended to rural areas and vulnerable groups, effectively enhancing the accessibility of financial products and services. Chinese Taipei will also promote the "Accessible Digital Finance Promotion Program" to urge the financial industry to fully consider the needs of the elderly, remote areas, or vulnerable groups when applying technologies, and to offer appropriate digital experience courses to help those unfamiliar with digital technology more easily access digital financial services, reducing the digital finance divide.

3. **Assessment of the Implementation of Treating Customers Fairly Principles:** To ensure the financial industry treats every consumer kindly and provides more care and support to vulnerable group customers, Chinese Taipei implemented the assessment mechanism of "Principles for Treating Customers Fairly" in 2019. From 2022 onwards, whether the financial industry treats older and disabled customers fairly has been a key assessment focus. Since 2023, the evaluation criteria have also added the "Friendly Service Principle" indicator, hoping the financial industry establishes a corporate culture centered on "fair treatment to customers", paying more attention to vulnerable groups, allowing them full access to fair and reasonable financial services.

4. **Phoenix Micro Start-up Loans:** To assist vulnerable populations in creating employment opportunities, Chinese Taipei implements Phoenix Micro Start-up Loans. The maximum amount of the loan is NTD 2 million, with a repayment period of up to 7 years. The loan is guarantor-free, collateral-free, and has a low interest rate and interest subsidies from the authority.

In addition, in terms of the obstacles and challenges faced by Indigenous peoples, Chinese Taipei has implemented various policies and economic development programs including diversified lending channels, preferential financing interest rates, and integrated services that are tailored to Indigenous peoples, so as to narrow the socioeconomic gap between Indigenous peoples and the general public, with reviews conducted regularly to adjust policies according to the trend and demands of Indigenous peoples.

# 1. Loan and Financing Programs

## (1) Financing-related programs:

A. In 1993, Chinese Taipei established the Indigenous Peoples Comprehensive Development Fund. As of the end of 2023, the fund has provided 39,235 loans to individuals and businesses, totaling NTD 13.22106 billion (equivalent to USD 416.54 million at an exchange rate of USD 1:NTD 31.74).

B. To address the issue of insufficient corporate guarantees, Chinese Taipei set forth the Corporate Loan Credit Guarantee Program in 2018, and as of the end of 2023, the program has provided a total of 56 guarantees reaching NTD 230.8 million. Both programs assisted Indigenous peoples in acquiring operating finances.

(2) In response to COVID-19, financial relief programs were also put forward, including interest-free payments, repayment deferral, and principal moratorium, effectively relieving the payment burden on borrowers. From March 2020 to June 30, 2023, 36,380 cases have benefited from these programs.

## (3) Indigenous Financial Counselor Program:



A. The authority began hiring Indigenous Financial Service Counselors in 2011 with on-site personnel in every district domestically to provide integrated and real-time financial services that are proactive and thorough with a local perspective, bridging the communication gap between Indigenous peoples and financial institutions, and shortening the loan application process to increase the application efficiency.

B. The financial counseling mechanism alleviates the economic exclusion of Indigenous peoples financially, again echoing the Aotearoa Plan of Action to promote inclusive policies to support financial inclusion and foster resilient, balanced, secure, sustainable, and inclusive growth.

(4) Rewarding Credit Union Program: To expand lending channels, Chinese Taipei has been working with credit unions, which have long been popular as the bank in Indigenous communities, since 2010, offering credit services in locally convenient ways to promote Indigenous project loans to provide Indigenous peoples with diversified financing services.

## 2. Enterprise Counseling Program

Chinese Taipei introduces appropriate counseling resources to businesses during its operation and development, providing comprehensive business counseling programs that are tailored and culturally specific to Indigenous peoples:

(1) Million Dollar Indigenous Startup Program: Since 2015, the authority has encouraged Indigenous peoples to design creative startup programs that combine traditional cultures with the modern and creative application and developmental potential. So far, the program has assisted 179 business owners in starting their businesses, creating over 3,000 job opportunities. The program provides in-depth counseling for up to 6 months, helping businesses establish a firm footing in the early stages of operation, reaching a business survival rate of 89%.

(2) Innovation R&D Program: Since 2018, to encourage Indigenous companies to invest in research and development, build their R&D capabilities, and improve their skills, 90 Indigenous companies have been subsidized in technological and service innovation, creating at least 100 job opportunities.

(3) Entrepreneurship Pilot Program (Inspiring Women Entrepreneurs, IWE): The authority has worked with the American Institute in Taiwan since 2021 to provide startup training programs, empowering Indigenous women to start their own businesses.

(4) Business Diagnosis Service: A customized diagnosis service has been initiated since 2022 to provide comprehensive assistance to Indigenous businesses in improving their business operations across all aspects.

(5) Business Leadership Training: Helps Indigenous business owners and senior managers develop the necessary capabilities to address current socio-economic challenges and achieve concrete operational results.

## 3. Digital Transformation Program

During the business counseling process, the authority also introduces the digital transformation strategy and has put forward the Industry Digital Transformation of the Cloud Generation Program since 2021. The four main strategies of local capacity building, statistical analysis, digital transformation, and marketing channels are implemented with the introduction of technology, assisting businesses in achieving, step by step, the goal of digital upgrade.

3.	<p><b>Connecting with groups with untapped economic potential:</b> Considering your economy's engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p>To ensure the elderly, people with disabilities, vulnerable groups, and rural areas equally enjoy financial services and improve their quality of life, Chinese Taipei actively fosters an inclusive financial environment, promoting measures to encourage the financial industry to offer a diverse range of financial products and services tailored to the needs of groups with untapped economic potential.</p> <p>Actively encourage the financial industry to provide financial services in areas where the numbers of financial institution branches are needed to increase: the "Regulations Governing Domestic Branches of Financial Institutions" stipulates that financial institutions applying for establishing new branches that are under-banked areas beneficial for urban-rural balanced development can apply to establish new branches in these areas anytime with flexible requirement.</p> <p>Promote microinsurance and small amount whole life insurance: To allow economically vulnerable groups or specific groups to obtain basic insurance protection with lower premiums and respond to the basic insurance protection needs of the elderly in our aging society, microinsurance and small amount whole life insurance are promoted. Insurance companies are encouraged to develop, design, and promote sales of such products, fulfilling the social responsibility of the insurance industry.</p> <p>Improve friendly financial measures for people with disabilities: Require all financial industry associations to amend financial friendly service measures to enhance the convenience of opening accounts, protect the rights of people with hearing impairments, expand accessible online financial services, strengthen financial friendly education and training, and enhance friendly financial service measures in the insurance industry. Continue inspections of domestic bank accessible services and facilities to ensure people with disabilities fully enjoy basic, equal, and reasonably convenient financial services.</p> <p>Provide needed assistance to customers with dementia and the elderly: To enhance the awareness of financial institution frontline staff on dementia, Chinese Taipei has formulated guidelines related to dementia financial services, allowing financial institutions to provide dementia-friendly financial services based on the behavioural patterns of individuals with dementia or suspected dementia. Additionally, trust companies are encouraged to collaborate with the information technology and medical</p>

	<p>industries in developing or utilizing cognitive function apps or AI tools, to improve financial institutions' understanding of the cognitive state and expression ability of the elderly and people with dementia, thereby providing transactions and services suitable for the elderly and people with dementia.</p> <p>Assist Indigenous peoples in obtaining funding: Chinese Taipei assists Indigenous peoples in obtaining funding from financial institutions through the Indigenous Comprehensive Development Fund and in obtaining funding from non-formal financial institutions through the grant and subsidy program for credit unions to provide project loans, reaching the goal of assisting Indigenous peoples living in Indigenous communities in obtaining financing services via diversified financial channels.</p>
4.	<p><b>Best practices:</b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p>To understand the development status of inclusive finance in Chinese Taipei and the effectiveness of related policy promotion, Chinese Taipei referred to the G20 financial inclusion indicators in 2020 to establish our Financial Inclusion Indicators and publish the measurement results and adjust the indicators annually. The performance of indicators in various aspects, such as the accessibility, usability, and quality of financial services, has shown improvement or progress year by year, indicating considerable effectiveness in promoting inclusive finance. Additionally, many indicators are performing well, such as an average of 17 commercial bank branches and 169 ATMs per 100,000 adults; the rates of adults with bank accounts and using electronic payments are 92.1% and 95.5%; the number of life insurance policyholders per thousand adults is 732, showing that the people of Chinese Taipei have relatively convenient access to financial services, and the degree of use of financial products is also relatively high.</p> <p>In addition, since 2014 to date, through the promotion of the aforementioned economic development programs for indigenous peoples, Chinese Taipei has achieved the following significant results:</p> <p>Employment population: The population of Indigenous employment has increased by 18.6%, a significant rise compared to the domestic growth rate of 3.2% during the same period.</p> <p>Industry structure: The population of service sector employment has increased by 13.2%, which shows the different employment opportunities for Indigenous peoples brought about by the industry programs compared to the domestic growth rate of 2.3% during the same period.</p> <p>Business growth: The injection of capital has effectively boosted the growth of Indigenous businesses, which are primarily micro-sized, among which, the number of Indigenous businesses surged from 8,078 in 2016 to 21,481 by February 2024, demonstrating the effectiveness of Chinese Taipei's investments in industry policies for Indigenous peoples.</p> <p>Financing volume: The volume of loans provided by the Indigenous Comprehensive Development Fund has seen a substantial increase of 86% from NTD 490 million</p>

	(approximately USD 15.43 million) in 2014 to NTD 912.59 million (approximately USD 28.75 million) in 2023, reflecting a significant improvement in the financing capacity of Indigenous peoples after receiving financial counseling from the authority.
<b>5.</b>	<b>Action plans:</b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?
	<p>Chinese Taipei has been promoting the following short and medium-term plans so as to address the aforementioned challenges being identified and achieve the policy goals of financial inclusion.</p> <p>Financial Literacy Promotion Plan Phase 7 (2024 to 2026): Continue to integrate resources to jointly promote financial literacy advocacy activities, targeting people who are difficult to reach with financial education or underserved by financial services (e.g., the elderly, new residents/indigenous people, rehabilitated individuals, and military personnel), as well as hold advocacy and charitable activities in communities and rural areas. Key tasks include continuing to promote inter-ministerial cooperation, effectively utilizing financial education resources, setting a goal to achieve a 100% coverage rate for financial literacy advocacy activities in all administrative areas, continuing to advocate through various channels, expanding participation of financial institutions, and strengthening international cooperation.</p> <p>FinTech Development Roadmap 2.0 (2023 to 2026): Through 65 specific promotion items across four major aspects, it aims to achieve a more inclusive, fair, sustainable, and internationally connected FinTech ecosystem. The fourth aspect aims to enhance financial inclusion and the popularity of digital finance, including promoting the "Accessible Digital Finance Promotion Program" to help those unfamiliar with digital technology more easily access digital financial services, thereby reducing the digital finance divide for the elderly and vulnerable groups.</p> <p>Promote Trust Business Phase 2 Plan: Continue to encourage financial institutions to develop trust services that keep pace with socio-economic development and assist vulnerable groups in making good use of the trust system to meet the diverse needs of different customer groups. For example, under the Trust Business, banks take the role to bridge the need of health care, housing, food, and communication for their customers.</p> <p>As Chinese Taipei has also recognized that there is room for improvement in the financial literacy and management of Indigenous peoples, the following measures have been implemented:</p> <p>Strengthening financial outreach for Indigenous peoples on financial management and credit: In collaboration with local authorities and with the "Financial Literacy Promotion Plan Phase 6," Chinese Taipei promotes financial knowledge related to boosting credit scores, repayment according to contract, financial planning, and income and expenditure management. In 2023, Chinese Taipei added financial fraud information outreach and promoted it through Indigenous language churches. Through cooperation across different authorities, Chinese Taipei establishes the concept of financial management, credit score, and fraud prevention among Indigenous peoples.</p> <p>Improving the counseling mechanism for overdue loans: Prioritize cases where the repayment period has exceeded 3 months for counseling.</p>

	Post-loan counseling and follow-up mechanism: Strengthen the post-loan counseling and follow-up through the Indigenous Financial Service Network.
6.	<p><b><u>Regional cooperation:</u></b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>
	<p>In 2022, Chinese Taipei joined the Indigenous Peoples Economic and Trade Cooperation Arrangement (IPETCA), becoming one of the founding members alongside Australia; Canada; and New Zealand. This symbolizes our joint commitment to improving Indigenous economic rights and a multilateral cooperation mechanism focusing on Indigenous economic, trade, and investment issues. Tourism is the top priority for IPETCA cooperation for Chinese Taipei. Featuring the four main indicators of "laying the foundation for the tourism industry," "expanding the scope of tourism development," "driving other indigenous economic industries," and "inviting participants to the 3rd World Indigenous Tourism Summit in 2024," Chinese Taipei has been striving to promote sustainable tourism cooperation and drive the development of Indigenous economy and industries domestically.</p> <p>Chinese Taipei is willing to share our experience and achievements in promoting financial inclusion policies with APEC members.</p>

## THAILAND

1.	<p><b>Barriers and challenges:</b> Considering your economy's current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p>According to the most recent survey of the Bank of Thailand (BOT)<sup>40</sup>, the financial landscape of Thailand exhibits a notable engagement with formal financial institution, <b>with over 97% of surveyed Thai household participating in such interaction.</b> However, this engagement predominantly revolves around fundamental services such as saving accounts and money transfers. On the other hand, more sophisticated services such as loans are utilized by only 42.3% of surveyed household, while investment services like mutual funds and bonds are utilized by less than 1%. The prevailing scenario underscores the presence of several barriers and challenges within Thailand's financial ecosystem as follows;</p> <p><b>Limited Access to Financial Services:</b> The process for accessing loans and other advanced financial services is complicated, time-consuming and necessitates specific documentation, such as proof of sufficient income, which may not be readily available for submission. Accordingly, individuals unable to access formal financial services turn to informal alternatives due to their less stringent criteria and faster approval processes, despite the associated higher risk and illegal interest rate. The need for faster loan approval is particularly crucial for addressing essential expenses or sustaining businesses, where the slow formal loan approval processes is inadequate. Additionally, a significant number of unserved and underserved household, particularly including the unemployed, elderly, and low-income workers, lack the financial resources and assets requisite to engage in the financial system. As a result, they lack the capital required for investment and encounter challenges in securing loans due to the absence of collaterals, thereby intensifying the impact of existing barriers.</p> <p><b>Lack of Financial literacy:</b> Lack of financial literacy poses a significant barrier to financial inclusion. Finding from a survey indicates that 44% of unserved household attribute their inability to access formal loan to a lack of understanding of financial matters. This lack of financial literacy is particularly prevalent among the elderly, people with disability, low-income workers, unemployed people, people with limited education, and people in remote areas.</p> <p><b>Regulatory and Policy Constraints:</b> barriers to entry exist for non-established players who could potentially offer better services to the unbanked population compared to established financial institutions. These newcomers not only encounter competition with well-resourced established players, but also contend with the rigours of regulatory processes to enter the market. While such regulations serve to stabilize the financial market to some extent, they can also impede competition, thereby hinder the progress toward achieving greater financial inclusion.</p> <p><b>Digital Divide:</b> Although Thailand has been progressive in developing digital financial services in recent years, including mobile banking, e-wallets and other online payment platforms, not all segments of the population have equal access to these services, leading</p>

<sup>40</sup> BOT's Financial Access Survey of Thai Households 2022. [online] available at: <https://www.bot.or.th/en/research-and-publications/reports/financial-access-survey-of-thai-household1.html>



	to disparities in financial inclusion. This is due to several factors such as access to technology, digital literacy, as well as trust and security concerns.
2.	<p><b>Policies and initiatives:</b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p><b>In 2022, the Bank of Thailand (BOT)</b> issued the Consultation Paper on Financial Landscape<sup>41</sup> which aims to harness technological advancement to foster innovation and provide inclusive financial services while ensuring consumer protection within a fair and competitive environment. The paper outlined 3 key directions for financial sectors as follows:</p> <p><b>Leveraging on Technology and data to drive innovation.</b> To this end, Digital Strategies have been incorporated into the new financial landscape to encourage the financial sector to leverage on technology and data to bridge financial inclusion gaps. It outlined 3 key directions “3 Opens” with progress achieved thus far including;</p> <p><b>Open Competition:</b> The Ministry of Finance (MOF) has released the <b>Notification re: Criteria, Methods and Conditions for Applying for and Issuing Licenses to Operate Virtual Bank Business, which was published in the Government Gazette on 4<sup>th</sup> March 2024. This notification presents a chance for skilled professionals in technology, digital services and various data utilization domains to seek virtual bank licenses, enabling them to deliver financial services through innovative digital platforms.</b> The primary objective of virtual banking is to expand access to financial services for underserved and unserved segments of the population, including Small and Medium-sized Enterprises (SMEs). The establishment of virtual banks is contingent upon approval from the MOF, with recommendations provided by the BOT. The BOT evaluates requests for establishment based on predetermined criteria, emphasizing the applicant's capacity to sustainably operate the bank. Anticipated completion of the approval process is slated for the first half of 2025, following which virtual banks can initiate operations within one year of approval, subsequent to comprehensive preparations across various aspects such as IT system and risk management protocols. Furthermore, to minimize risks to financial system stability and customers, virtual bank will also be subjected to number of regulations in addition to those already regulating traditional commercial banks.</p> <p><b>Open Infrastructure:</b> The BOT has established the Payment Directional Paper, which serves as a policy guideline for payment systems development from 2022-2024. BOT aims to create a more open, inclusive, and resilient digital payment systems through development of infrastructure, industrial standard, data integration, regulation,</p>

<sup>41</sup> Consultation Paper on Financial Landscape 2022. [online] available at: <https://www.bot.or.th/en/financial-innovation/financial-landscape.html>



governance structure, and other policy approaches. The major output of the program includes a digital business transaction system “PromptBiz”, pilot testing of retail Central Bank Digital Currency (CBDC) and the expansion of digital ID and digital signatures. The promotion of digital payment is also intended to expand financial inclusion by supporting the adoption on both demand and supply sides, in both the private and public sectors alongside the promotion of digital financial literacy.

**Open Data:** The BOT released a "Consultation Paper on Open Data for Consumer Empowerment" in November 2023, aiming to enable consumers to conveniently and securely transfer their data between providers to access better services. Currently, the BOT is developing an Open Banking Data policy to establish unified regulations, standards, and infrastructure for digital banking systems. This policy aims to replace the fragmented system and streamline loan approval processes, enhancing convenience for consumers and expediting access to loans, thereby promoting financial inclusion.

**Managing Transition towards sustainability:** Two key directions are as follows;

**Environmental sustainability:** Encouraging the financial sector to integrate evaluations of environmental risk into their operational strategies to facilitate the transition of businesses from environmentally unsustainable practices while ensuring there is no disruptions to the economy.

**Household financial health:** Promoting the involvement of the financial sector in facilitating households to seamlessly transition to digital finance and assisting over-indebted households in effectively managing their debts in a sustainable manner.

**Shifting from Stability to Resiliency:** Implementing a supervision approach that allows financial services providers to adjust, innovate and proficiently handle emerging risks with greater flexibility. To this end, two key directions are proposed as follows;

**Greater flexibility and less regulatory burden:** Enhancing the regulatory framework to accommodate the varying risk profiles of a broader range of service providers and reassess regulations that may impede their capacity to adjust to the evolving financial environment.

**Timely and effective supervision of emerging risk:** Enhancing the monitoring of both significant and emerging risks, especially those arising from systemically important service providers within the evolving financial environment.

In addition, **the Department of Labor Protection and Welfares has established the Labor Fund** as a revolving fund tailored for the benefit of the labor force. This initiative is targeted at mitigating challenges stemming from informal lending practices, particularly where loan applicants lack the requisite collateral demanded by general commercial banks. The overarching objective is to provide a source of fund with reduced interest rate, thereby facilitating access to loans for labor, while serving as a revolving capital source aimed at assisting workers in enhancing their income, fostering savings, and alleviating debt burdens.

The Labor Fund monitors and evaluates the result of lending outcomes to ensure the saving cooperatives utilize the loans in accordance with their intended purposes within 120 days after receiving money. Additionally, it facilitates discussion to reconsider the fund’s role in fostering the development of the financial market for labor, soliciting

	feedback from saving cooperatives, debtors, and relevant stakeholders to inform improvement and enhancement to its services.
3.	<p><b><u>Connecting with groups with untapped economic potential:</u></b> Considering your economy's engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p><b>Although the interaction between groups with untapped economic potential and the financial lending institutions in Thailand is still very limited,</b> the government has implemented various policies and initiatives targeted the mentioned specific groups with the aims of enhancing their inclusion to the formal financial system. These efforts encompass the development of financial infrastructures, designing of financial products and services, and promoting capacity-building programs with relevant stakeholders. Examples of key policies and initiatives Thailand has employed to foster financial inclusion include;</p> <p><b>Financial Infrastructure:</b> In 2017, the MOF in cooperation with BOT have launched an e-payment initiative known as PromptPay. This initiative enables funds and payments to be transferred using solely mobile numbers or National Identification Number. The PromptPay also serves as a main channel for the government in disbursing welfare payment to low-income individuals and providing direct case assistance to those affected by the COVID-19 pandemic. Overtime, this initiative has compelled commercial banks to reduce or even eliminate transfer fees, thereby facilitating the adoption on internet and mobile banking services and lowering and greatly lowering barriers to financial inclusion.</p> <p>Additionally, the government has leveraged e-payment infrastructure in various stimulus fiscal policies. <b>This includes the deployment of the e-wallet or “Pao Tang” application</b> which offers a range of features including Government Savings Bonds, Gold Wallet, Health Wallet and Digital Lottery Tickets, thereby encouraging participation in the formal financial sector among both individuals and entrepreneurs.</p> <p>In parallel, Thailand has implemented QR code payment systems to streamline the purchase of goods and services. The scope of the system has expanded to include cross-border transactions with regional economies such as Cambodia; Hong Kong, China;</p>

Japan; Lao PDR; Malaysia; Singapore; and Viet Nam, facilitated through the provision of Cross-Border QR payment services.

**Tailored Financial Products and Services:** The government of Thailand has established several specialized financial institution (SFI) to serve targeted groups, particularly those who are underserved or unserved by commercial banks. The SFIs play pivotal roles in extending lending, insurance, and a diverse range of financial products to grassroots economies. Notable SFIs in Thailand are;

**Government Savings Bank (GSB)**, the largest state policy bank by assets, operates as a social bank aimed at reducing financial inequality and enhancing access to finance for all groups of people.

**Bank for Agriculture and Agricultural Cooperatives (BAAC)** operates as a government-owned bank with its primary objectives of providing affordable credit to agricultural producers and fostering rural development.

**Government Housing Bank (GHB)** functions as financing mechanism dedicated to providing housing and related lending services.

**SME Bank** serves as a lending entity specifically focused on supporting small and medium-sized enterprises.

In 2022, the Department of Women’s Affairs and Family Development, Ministry of Social Development and Human Security entered into a Memorandum of Understanding (MoU) on Cooperation on Promoting and Developing Livelihood for Women and Families with the BAAC. This MoU is geared towards fostering, enhancing, and disseminating knowledge pertinent to financial management, investment and channels for accessing capital for target group including women and families experiencing social problems, being laid off, being unemployed, and lacking educational opportunities.

The government also supports the establishment and implementation of alternative financial vehicles besides the SFIs such as saving cooperatives, funds, and micro finance in the form of nano finance and pico finance. Examples of key initiatives include;

**Skill Development Fund:** The Department of Skill Development, Ministry of Labor (MOL) has promoted labor skill development, notably through lending facilitated by the Skill Development Fund. The objective is to enhance economic potential of the Thai economy while also alleviating hardship, reducing financial burdens, and encouraging business operators to invest in developing the skills of their workforce.

**Department of Empowerment of Person with Disabilities (DEP) Fund:** The DEP Fund offers Persons with Disabilities (PwD) with an access to capital for self-employment or business expansions. Eligible applicants can request loan, with each individual and group able to apply for a maximum amount of THB 60,000 and THB 1,000,000 respectively with repayment schedules extending for 5 years without interest.

Lastly, to accurately address the needs of informal labors, the MOL is tasked with the authority and responsibility to conduct comprehensive studies, analyses and research pertaining to economic and labor-related matters. This encompasses the categorization of educational and research themes according to area and career fields, both within domestic and international contexts. It also involves the preparation and development of indicators to measure the standard of living of informal labors and systematically inputting this data into the informal labor database system for record-keeping and analysis purposes, ultimately informing targeted policy formulation by the government.

	<p><b>Financial Literacy:</b> The government together with various stakeholders have organized comprehensive capacity-building programs to bolster financial literacy and entrepreneurial skills among diverse groups of people. These initiatives encompass a wide range of activities including workshops, seminars, training sessions and mentorship programs crafted to empower individuals on effective financial management and access to formal financial service. For example, the BOT has launched extensive campaigns to disseminate financial knowledge and raise awareness about fraud through multiple online platforms, such as its official website, Facebook, and other social media channels. In connection with this effort, the BOT Learning Center, for instance, serves as a pivotal hub for provision of financial education which included activities such as Talk &amp; Share focusing on money management and updates on key financial innovation trends. Moreover, BOT, collaborating with partners, offers tailored educational resources to address the varying needs of different segments of society. The sample initiatives include;</p> <p>E-learning modules on debt management, developed in collaboration with the Stock Exchange of Thailand and Sukhumvit Asset Management Co.,Ltd</p> <p>Courses on debt and financial dispute mediation in partnership with the Department of Protection of Rights and Freedom, the Ministry of Justice, and the Institute of Education and Development of Peaceful Conflict Management</p> <p>“Fin Dee We Can Do!”, a financial literacy competition targeting vocational students aimed at dealing with financial issues in their context</p> <p>“Fin Dee Happy Place”, a financial literacy trainer targeting working-age population to create financial mentors from participating organizations to change the financial behaviors of employees</p> <p>Toolkits consisting of video clips of personal finance management, content and infographic and an online financial health check program.</p> <p>Sign language video clips which focused on 3 common financial frauds: phishing, Ponzi schemes, and mule accounts, marked the beginning of cooperation between relevant organizations to promote financial literacy to the disabled</p>
4.	<p><b>Best practices:</b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-; medium-; and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p><b>Financial inclusion has been a priority for the government of Thailand and several stakeholders,</b> aiming to ensure equitable access to financial products and services across all segments of society. Among the initiatives aimed at enhancing financial inclusion in Thailand, there are few initiatives that have been successfully implemented as follows;</p> <p><b>Village Fund:</b> The Village Fund<sup>42</sup> in Thailand represents a government endeavor directed towards the empowerment of rural community through the provision of</p>

<sup>42</sup> <http://www.villagefund.or.th/>

financial resources to invest in local development projects. Established in 2001, this initiative aligns with the overarching goal of the Thai government to alleviate poverty and stimulate economic growth in rural areas. The Village Fund significantly contributes to financial inclusion through several key mechanisms;

**Access to Financial Services:** The Village Fund provides rural communities with access to financial services that may otherwise be unavailable or inaccessible. By establishing committees to manage the funds and making decisions on how to utilize them, villagers have the opportunity to participate in financial activities and access resources for their development projects.

**Microloans:** The Village Fund provides microloans to villagers for various purposes including agricultural activities, small businesses and household expenses which enable people who may not have access to traditional banking services to invest in income-generating activities for their livelihoods.

**Promotion of Savings:** In addition to providing loans, the Village Fund encourage savings among villagers by offering saving accounts and other financial products.

The Village Fund facilitates economic engagement for individuals in rural communities through the mentioned contributions, thereby elevating their quality of life. Furthermore, its participatory nature encourages community participation in decision-making processes, consequently promoting financial literacy and effective financial management among villagers.

Despite these efforts, **one of the primary objectives of the Village Fund remains the bolstering of investment within rural areas.** Nonetheless, according to the study<sup>43</sup>, while the Village Fund effectively raises household consumption level by mitigating borrowing constraints, it lacks a significant growth in metrics such as the establishment of new businesses, investment capital in enterprises, expenditure on agricultural inputs, and the likelihood of becoming entrepreneurs.

Therefore, to ensure the project's efficacy, it is essential for the government to enact policies or measures that promote borrowing from the Village Fund for business investment or agricultural activity purposes. This could entail the implementation of specific lending conditions, aimed at facilitating long-term household income generation, thereby fostering a more sustainable financial stability.

**E-Wallet:** Amidst the Covid-19 pandemic, the government has strategically employed the existing e-payment infrastructure as part of various fiscal stimulus policies. By leveraging Thailand's e-wallet, commonly known as the "Pao Tang" application, the government has facilitated direct monthly payment to people impacted by the crisis. Additionally, the application could also support the initiatives such as the half-half co-payment scheme for purchases of food and goods at registered shops and the Travel Together Program, which have been implemented to stimulate domestic consumption and boost the tourism sector respectively.

**After the Covid-19** subsided, the Pao Tang application has undergone subsequent development, incorporating a diverse array of functions within a unified platform including;

**Health Wallet:** Health Wallet has been developed in collaboration with the National Health Security Office (NHSO), to support the healthcare needs of Thai citizen. Within

<sup>43</sup> <https://www.pier.or.th/abridged/2016/01/>

	<p>the wallet, Thai population are able to verify their entitlements to medical care from governmental entities encompassing provisions such as social security benefit and vaccinations targeting various diseases. Additionally, individuals can also register to receive ATK test kits, contraceptive pills and condom.</p> <p><b>Government Savings Bond:</b> Pao Tang application has started to offer a one-baht bonds, boasting an exceptionally low face value of merely THB 1 and a minimum investment threshold of only THB 100. By offering this low-risk option at a more accessible entry point, it effectively extended investment opportunities to younger generations.</p> <p><b>Gold Wallet:</b> Gold Wallet offers a platform to provide a fully digitalized gold trading activity. This innovation enables the swift and straightforward buying and selling of gold, accessible from any location with internet access.</p> <p><b>Digital Lottery Ticket:</b> The Government Lottery Office has now allocated approximately 5% of total lottery tickets on Pao Tang application at a fixed price of THB 80. This initiative benefits both retail sellers and buyers as it allows sellers to reach buyers throughout Thailand without incurring additional costs, while buyers and conveniently purchase tickets directly on their mobile phone without surcharges.</p> <p>In essence, the widespread of adoption of digital financial platform in Thailand transcends demographic and business size boundaries, representing a significant step towards a digital and cashless economy. This initiative serves as a compelling illustration of how well-designed policies can effectively influence consumer behavior, exemplified by the newfound norm where Thais are now able to conduct majority of their financial transaction through their mobile phones, thereby reducing the need for physical cash transaction.</p>
5.	<p><b>Action plans:</b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p><b>To enhance financial literacy among all segments of the Thai Population,</b> and to empower individuals to make proper financial decisions and secure their financial well-being, Thailand’s government has developed the “Financial Literacy Action Plan 2022 – 2027”<sup>44</sup> as the primary framework for advancing financial literacy promotion in Thailand. A committee for Financial Literacy Promotion has been established to oversee the execution of the plan and ensure that efforts to promote financial literacy are conducted in a flexible and effective manner. The action plan is comprehensive, comprising 8 measures and 19 work plans with a focus on key target groups. Three key objectives under this action plan are as follows;</p> <p><b>Awareness:</b> Thai people are aware of the importance of financial management and access to accurate financial information</p> <p><b>Financial Literacy:</b> Thai people have sufficient financial knowledge and literacy to be applied appropriately to create financial security</p> <p><b>Sustainable Mechanism:</b> Thailand has a comprehensive mechanism to promote the development of financial skills to create a sustainable financial development environment</p>

<sup>44</sup> Thailand’s Financial Literacy Action Plan 2022 – 2027. [online] available at: <https://www.fpo.go.th/main/News/Press-conference/15918.aspx> (Thai)

	<p>While the action plan aims to enhance financial literacy among all Thai citizens, <b>an assessment of the severity of financial challenges within each group has been conducted</b> in order to pinpoint specific target groups requiring immediate of prioritized attention in the development of financial skills. Prioritized groups include;</p> <ul style="list-style-type: none"> <li>Financially vulnerable people: debtors, people experiencing financial hardship and people with disability</li> <li>Grassroot level group: People with low income and/or uncertain sources of income such as farmers and general labors</li> <li>Children and Youth</li> <li>Elderly and Retiree</li> </ul>
6.	<p><b>Regional cooperation:</b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies' experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>
	<p><b>APEC plays a crucial role in facilitating the advancement of financial inclusion</b> initiatives among member economies. Its role in this regard extends to fostering regional cooperation and providing a multilateral forum conducive to the exchange of experiences and best practices. In this context, Thailand stands to significantly benefit from potential collaborations, particularly in areas such as the development of more inclusive financial policies, enhancement of financial literacy and education programs and the establishment of regulatory frameworks conducive to financial inclusion.</p> <p>Given APEC's structure which includes multiple working groups and sub-fora dedicated to various aspects of financial inclusion, <b>Thailand support for increased cross-fora collaborations</b>, particularly between the Economic Committee (EC), the APEC Financial Minister's Process (FMP), the APEC Business Advisory Council (ABAC) and other relevant fora. Such collaborative efforts across diverse areas of expertise have the potential to expedite progress towards achieving more financial inclusion.</p> <p>In terms of target groups that require focused efforts, <b>Thailand sees marginalized populations including rural communities, informal workers and low-income households as a critical focus</b>. Overcoming their barriers to financial inclusion necessitates collaborative efforts in improving physical access to financial services, enhancing financial literacy tailored to their specific needs as well as developing inclusive financial products and delivery channels. Prioritizing the financial inclusion of these groups will enable APEC economies to collectively advance toward more inclusive and sustainable development.</p>



## THE UNITED STATES

1.	<p><b>Barriers and challenges:</b> Considering your economy’s current situation, what are <u>three to five major</u> barriers and challenges to implementing structural reforms that promote financial inclusion?</p>
	<p>The United States has made significant strides in improving financial inclusion. Some of the main barriers we continue to face in promoting financial inclusion include the following:</p> <p><b>Diverse population and legacies of historic discrimination:</b> The United States faces legacies of historic mistreatment of certain communities by the financial system and continues to face the impacts of ongoing discrimination that may hinder financial inclusion and cause a distrust in institutions by underserved communities, such as Native and Tribal communities, people with disabilities, women, LGBTQI+ communities, immigrants, etc.<sup>45</sup></p> <p><b>Low financial literacy:</b> Financial literacy in the United States has historically been low. The diversity of the United States has also impacted financial literacy levels. Studies have shown that males, older respondents, White respondents, Asian-American respondents, and those with college degrees were more likely to answer questions on financial literacy correctly compared to respondents of other demographics.<sup>46</sup></p> <p><b>Financial systems historically focused on traditional banking services:</b> Traditional banking services may not be appropriate for underserved populations. The cost of traditional services has been a barrier for low-income households, as has access to services in rural areas. Additionally, some communities lack access to reliable internet, making digital, financial products inaccessible.</p>
2.	<p><b>Policies and initiatives:</b> How is your economy using policies, programs, and regulations to create and leverage tailored financial products and services, including for unbanked or underbanked people? What are the key policies and procedures that are advancing financial inclusion in your economy? What are the problems you are seeking to address through these policies, reforms, and initiatives? Who is the target base for these structural reforms and how did you engage them? What results have you achieved? What population groups were impacted by these policies? What issues arose and how did you solve them? Do you have financial inclusion initiatives based on technology, such as fintech or open finance? How are you mitigating risks associated with the policies and initiatives of financial inclusion? How have your policy efforts to advance financial inclusion improved your economic resilience and/or sustainability?</p>
	<p>U.S. financial inclusion initiatives have decreased the percentage of “unbanked” Americans over the last decade. In fact, a 2021 FDIC survey found that only about 4.5 percent of U.S. households were “unbanked,” meaning that no one in the household had</p>

<sup>45</sup> “Request for Information on Financial Inclusion.” Federal Register, 22 Dec. 2023, <https://www.federalregister.gov/documents/2023/12/22/2023-28263/request-for-information-on-financial-inclusion>.

<sup>46</sup> Lin, Judy T, Christopher Bumcrot, Tippy Ulicny, et al., The State of U.S. Financial Capability: The 2018 National Financial Capability Study, FINRA Investor Education Foundation, June 2019, [https://www.usfinancialcapability.org/downloads/NFCS\\_2018\\_Report\\_Natl\\_Findings.pdf](https://www.usfinancialcapability.org/downloads/NFCS_2018_Report_Natl_Findings.pdf).

a checking or savings account at a bank or credit union. This was the lowest percentage since this survey began in 2009, and a 3.7 percentage point drop since 2011, an increase of almost 5 million banked households from 2011 to 2021.<sup>47</sup>

To address financial inclusion and advance the Biden Administration's focus on inclusion,

the United States utilizes multistakeholder engagement, increases financial literacy and financial education, and innovates through various technology-based solutions. Below are some ways in which the United States has and continues to advance financial inclusion for unbanked and underbanked:

**Federal Deposit Insurance Corporation (FDIC) Advisory Committee on Economic Inclusion** was chartered in November 2006 and is made up of representatives from the public and private sectors, nonprofit organizations, and business associations. The Committee provides the FDIC with advice and recommendations on initiative related to expanding access to banking services by underserved populations.<sup>48</sup>

**Project REACH** promotes financial inclusion through greater access to credit and capital. The project brings together the banking industry, U.S. civil rights organizations, business, and technology to reduce barriers that prevent full, equal, and fair participation in the economy. Some barriers targeted include credit scores, affordable housing, capital for minority-owned banks, and support for small and minority-owned businesses and entrepreneurs from rural and Native communities.<sup>49</sup> The project led 25+ banks to pledge to strengthen minority depository institutions and in 2020, 10 large banks to launch pilot programs to share deposit data to help extend credit.<sup>50</sup>

**Financial Literacy and Education Commission (FLEC)**: FLEC was founded in 2003 and is composed of 23 federal agencies and the White House Domestic Policy Council. FLEC was tasked to develop a [federal financial education website](#) and a U.S. strategy on financial education. FLEC's vision is of sustained financial well-being for all individuals and families in the U.S. The Commission sets strategic direction for policy, education, practice, research, and coordination so that all Americans make informed financial decisions.<sup>51</sup>

**Consumer Financial Protection Bureau (CFPB)**: The CFPB ensures markets for consumer financial products are fair, transparent, and competitive. In FY 2022 alone, CFPB resources were accessed by over 21 million consumers and Ask CFPB, an online educational tool about financial product and services, answered 48 million visitors since it began in 2012. CFPB works with underserved communities, including servicemembers, elderly, and the youth, to ensure broader financial inclusion and education.<sup>52</sup>

<sup>47</sup> 2021 FDIC National Survey of Unbanked and Underbanked Households.

<https://www.fdic.gov/analysis/household-survey/index.html>. Accessed 30 Apr. 2024.

<sup>48</sup> FDIC: Advisory Committee on Economic Inclusion (ComeE-IN). <https://www.fdic.gov/about/advisory-committees/economic-inclusion/>. Accessed 30 Apr. 2024.

<sup>49</sup> "Project REACH." OCC.Gov, 10 July 2020, <https://www.occ.gov/topics/consumers-and-communities/project-reach/project-reach.html>.

<sup>50</sup> <https://www.occ.gov/topics/consumers-and-communities/project-reach/project-reach-anniversary.pdf>

<sup>51</sup> "Financial Literacy and Education Commission." U.S. Department of the Treasury, 29 Apr. 2024, <https://home.treasury.gov/policy-issues/consumer-policy/financial-literacy-and-education-commission>.

<sup>52</sup> "2022 Financial Literacy Annual Report." Consumer Financial Protection Bureau, 15 Mar. 2023, <https://www.consumerfinance.gov/data-research/research-reports/2022-financial-literacy-annual-report/>.

	<p><b>CFPB Rule on Excessive Credit Card Fees:</b> The Consumer Financial Protection Bureau (CFPB) finalized a <a href="#">rule</a> to slash credit card late fees from the current average of USD 32 down to USD 8, saving consumers USD 10 billion a year, or an average savings of USD 220 per year for the more than 45 million people who are charged these late fees annually. Late fees are layered on top of many other measures credit card companies impose on consumers who miss payments, including extra interest charges, loss of their grace period, negative credit reporting, reductions in credit limits, and a higher interest rate on future purchases.<sup>53</sup></p> <p><b>Federal Housing Finance Agency Fair Lending, Fair Housing, and Equitable Housing Finance Plans:</b> FHFA empowers homeowners, especially first-time homebuyers, and those from underserved communities, by promoting equitable access to affordable and sustainable housing and promoting financial literacy to inform consumers and support effective financial decision-making. FHFA Fannie Mae and Freddie Mac have served almost 2.6 million families, educating consumers, reducing costs, introducing innovation into underwriting, and combatting appraisal bias.<sup>54</sup></p>
3.	<p><b>Connecting with groups with untapped economic potential:</b> Considering your economy’s engagement of groups with untapped economic potential, such as MSMEs, women, Indigenous Peoples, people with disabilities, those from remote and rural communities and those looking to transition from the informal to the formal economy:</p> <p>How successfully do certain groups under consideration interact with financial lending institutions?</p> <p>How does your economy engage with certain group with untapped economic potential mentioned above to increase their inclusion into the formal financial system?</p> <p>How do you assess their needs? Do you utilize any methodology in this process?</p> <p>What role do the certain groups mentioned above play in the design, implementation, or monitoring of your structural reforms related to financial inclusion?</p> <p>Have you worked with these groups to increase their financial literacy?</p> <p>What has worked and what challenges have you faced?</p> <p>To what extent are these groups able to meet their finance objectives?</p>
	<p>On January 20, 2021, President Biden signed <b>Executive Order (EO) 13985 on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government</b>. EO 13985 works to advance equity, civil rights, racial justice, and equal opportunity by embedding fairness in decision making processes. The EO called for agencies to assess systemic barriers for underserved groups to help develop</p>

53 “CFPB Bans Excessive Credit Card Late Fees, Lowers Typical Fee from \$32 to \$8.” Consumer Financial Protection Bureau, 5 Mar. 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-bans-excessive-credit-card-late-fees-lowers-typical-fee-from-32-to-8/>; The White House. “FACT SHEET: President Biden Announces New Actions to Lower Costs for Americans by Fighting Corporate Rip-Offs.” The White House, 5 Mar. 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/03/05/fact-sheet-president-biden-announces-new-actions-to-lower-costs-for-americans-by-fighting-corporate-rip-offs/>.

<sup>54</sup> FHFA Announces Release of Fair Lending Final Rule | Federal Housing Finance Agency. <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-Release-of-Fair-Lending-Final-Rule.aspx>. Accessed 30 Apr. 2024.

policies and programs that deliver resources and benefits equitably to all.<sup>55</sup> This EO has furthered the United States commitment to ensuring financial inclusion for underserved populations.

As mentioned earlier, the United States seeks input of underserved communities in addressing financial inclusion and as will be discussed in the next question, in developing its domestic strategy on financial inclusion. In addition to this input, specific programs, policies, and initiatives have been undertaken to help advance financial inclusion of specific communities. Some examples are below:

### **Small Businesses:**

**State Small Business Credit Initiative (SSBCI):** The SSBCI was reauthorized and expanded by the American Rescue Plan and includes almost USD 10 billion of support to small businesses and entrepreneurs by providing capital and technical assistance to promote stability, growth, and success. SSBCI is designed to catalyse private capital in the form of loans to and investments in small businesses, especially in historically underserved communities and among entrepreneurs who may have otherwise lacked the support needed to pursue their business ambitions.

**Money Smart for Small Business:** The FDIC and Small Business Administration jointly created trainings for entrepreneurs, including a module on financial management, credit reporting, tax planning, insurance, and managing cash flow.<sup>56</sup>

**Women’s Business Centers (WBCs):** The U.S. Small Business Administration in 2023 launched the largest expansion of WBCs in 30 years. WBCs are a domestic network that offer one-on-one counselling, training, networking, workshops, technical assistance, and mentoring to women entrepreneurs on business development topics, including business startup, financial management, marketing, and procurement. SBA has 135 centers serving women-owned businesses and entrepreneurs in areas including access to finance and is onboarding 18 new centers. The United States will serve more rural, urban and underserved communities alike, and will increase the network's footprint and partnership with Historically Black Colleges and Universities.<sup>57</sup>

### **Indigenous Peoples:**

**Executive Order 14112 Reforming Federal Funding and Support for Tribal Nations:** E.O. 14112 ensures Federal programs provide Tribes with flexibility to improve economic growth, address the specific needs of their communities, and realize their vision for their future. The White House Council on Native American Affairs created a single source for Tribes to reference when researching federal funding opportunities called Access to Capital Clearinghouse. The platform hosts federal funding opportunities from over 15 federal agencies and 60 offices.<sup>58</sup>

<sup>55</sup> The White House. Executive Order 13985 of January 20, 2021: Advancing Racial Equity and Support for Underserved Communities Through the Federal Government. Executive Order, 20 Jan. 2021, <https://www.govinfo.gov/content/pkg/FR-2021-01-25/pdf/2021-01753.pdf>.

<sup>56</sup> Money Smart for Small Business. <https://www.fdic.gov/resources/consumers/money-smart/money-smart-for-small-business/index.html>. Accessed 30 Apr. 2024.

<sup>57</sup> SBA Launches Largest Expansion of Women’s Business Centers in 30 Years | U.S. Small Business Administration. 4 Jan. 2021, <https://www.sba.gov/article/2021/jan/04/sba-launches-largest-expansion-womens-business-centers-30-years>.

<sup>58</sup> The White House. “Executive Order on Reforming Federal Funding and Support for Tribal Nations to Better Embrace Our Trust Responsibilities and Promote the Next Era of Tribal Self-Determination.” The White House, 6 Dec. 2023, <https://www.whitehouse.gov/briefing-room/presidential-actions/2023/12/06/executive-order-on->

	<p><b>American Rescue Plan (ARP) SSBCI Support for Tribal Governments:</b> In June 2023, President Biden announced more than USD 500 million in SSBCI support that would be set aside for Tribal Governments to help enable investments in Tribal enterprises and small businesses. The SSBCI awards not only benefit Tribal communities and Native entrepreneurs but also create critical jobs and economic opportunities for workers and businesses in surrounding areas.<sup>59</sup></p> <p><b>The Native Community Development Financial Institution (Native CDFI) Relending Demonstration Program:</b> Native CDFI is designed to improve homeownership opportunities for Native American Tribes, Alaska Native Communities, and Native Hawaiian Communities in rural areas. The program provides mortgage lending capital to Native CDFIs through direct</p>
4.	<p><b>Best practices:</b> What experiences can you share with other economies in advancing financial inclusion? What policies, programs, resources, or practices have you undertaken that you assess have been effective? What do you assess has not been effective and what learnings would you share with other economies looking to expand financial inclusion? How is success measured by your economy? What impacts, in the short-, medium-, and/or long-term, has your economy experienced because of these reforms? What innovative solutions are you employing and how are they working?</p>
	<p>As discussed throughout, it is critical to find a whole-of-government approach to address barriers to financial inclusion across different agencies and offices and to ensure that impacted individuals and stakeholders are included in the policymaking process. The United States has worked to address barriers to traditional banking services and has also worked innovatively to create new solutions that work for all, especially given rapidly changing technologies. We look forward to continuing to decrease both our “unbanked” and “underbanked” populations and to better service the underserved communities across the United States.</p>
5.	<p><b>Action plans:</b> Considering the policy gaps, barriers, and challenges your economy has in fostering financial inclusion, what are your short and medium-term plans to address them? What resources are you going to utilize to create such action plans?</p>
	<p>In addition to the various programs and policies discussed earlier, the Financial Services and General Government Appropriations Act, 2023 (FSGG), enacted December 29, 2022, directed the U.S. Department of the Treasury to develop a <b>U.S. strategy to improve financial inclusion</b> in conjunction with other Federal partners. The strategy is focused specifically on underserved communities and their ability to use and benefit from financial tools and services. The strategy is required to set benchmarks to measure progress and offer recommendations to advance inclusion. Notably, the strategy requires multistakeholder engagement, building upon and coordinating among existing activities</p>

[reforming-federal-funding-and-support-for-tribal-nations-to-better-embrace-our-trust-responsibilities-and-promote-the-next-era-of-tribal-self-determination/](https://www.bia.gov/atc); Access to Capital Clearinghouse | Indian Affairs. <https://www.bia.gov/atc>. Accessed 30 Apr. 2024.

<sup>59</sup> House, The White. “FACT SHEET: Biden-Harris Administration Announces Historic Support for Tribal Small Businesses as Part of President Biden’s Investing in America Agenda.” The White House, 26 June 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/06/26/fact-sheet-biden-harris-administration-announces-historic-support-for-tribal-small-businesses-as-part-of-president-bidens-investing-in-america-agenda/>.



	<p>in the government, but also across the private sector and nonprofit communities.<sup>60</sup> Treasury requested formal input from public, private, and nonprofit sectors to inform the development of this strategy through a Request for Information posted in the Federal Register.<sup>61</sup> In addition, over the past quarter, Treasury met with civil rights organizations, consumer advocates, and research organization to discuss barriers to financial inclusion faced by underserved communities, and how to benchmark progress.<sup>62</sup> Furthermore, Treasury hosted community specific convenings, including one with Tribal leaders, to discuss clear actions to advance financial inclusion for these communities.<sup>63</sup></p> <p>The Federal Deposit Insurance Corporation (FDIC) launched their <b>2024 Economic Inclusion Strategic Plan</b> aimed at broadening access to financial services for all consumers, specifically those who are historically underserved. The 2024 plan builds off learnings from the FDIC’s 2014 and 2019 multiyear plans. To promote economic inclusion for all U.S. households, the FDIC 2024 plan focuses on (1) creating and sustaining foundational banking relationships; (2) building household financial stability; (3) achieving a secure financial future; and (4) living in strong and healthy communities. Each objective has corresponding measurements to help monitor and track progress.<sup>64</sup></p>
6.	<p><b>Regional cooperation:</b> How can APEC support economies as they look to advance financial inclusion? What role does regional cooperation and multilateral fora have to be able to create an environment to learn from economies’ experience in this area? What areas do you think your economy would benefit from collaboration or capacity building? Which target group do you think requires the greatest regional effort and cooperation to overcome its barriers to financial inclusion?</p>
	<p>APEC provides an important platform for member economies to collaborate on financial inclusion issues and to exchange best practices. Such engagement enables economies to further advance these priorities in their own economies. Other examples of successful regional and multilateral cooperation that have led to advancements both within the United States and abroad include:</p> <p><b>G20:</b> The United States led the establishment of what is now the <a href="#">Global Partnership for Financial Inclusion</a> (GPFI) in the G20. The GPFI works towards formulating global policies and standards that advance financial inclusion and the implementation of the G20 Financial Inclusion Action Plan. Through the GPFI and other engagements, the United States promotes integration of financial inclusion in the work of standard setting bodies, including the Financial Stability Board, the Financial Action Task Force, the International Association of Insurance Supervisors, and the Committee on Payment and Market Infrastructure.</p>

<sup>60</sup> “Request for Information on Financial Inclusion.” Federal Register, 22 Dec. 2023, <https://www.federalregister.gov/documents/2023/12/22/2023-28263/request-for-information-on-financial-inclusion>

<sup>61</sup> “Request for Information on Financial Inclusion.” Federal Register.

<sup>62</sup> “READOUT: Treasury Convenes Discussion on National Financial Inclusion Strategy.” U.S. Department of the Treasury, 29 Apr. 2024, <https://home.treasury.gov/news/press-releases/jy1884>.

<sup>63</sup> “READOUT: Treasury Convenes Discussion on National Financial Inclusion Strategy.”

<sup>64</sup> FDIC: Consumer Resource Center | Economic Inclusion.

<https://www.fdic.gov/resources/consumers/economic-inclusion/index.html>. Accessed 30 Apr. 2024.; FDIC. ECONOMIC INCLUSION STRATEGIC PLAN. FDIC, 2024, <https://www.fdic.gov/consumers/community/documents/eisp.pdf>.

**UN:** the U.S. Agency for International Development co-founded the [Better Than Cash Alliance](#) (BTCA) in 2012.<sup>65</sup> BTCA is now part of the United Nations and is a partnership of governments, private sector companies, and international organizations that work to accelerate the transition from cash to responsible digital payments. Members are committed to digitizing payments to boost efficiency and transparency and advance financial inclusion. Inspired by BTCA, USAID made e-payments the default payment method for USAID programming and development assistance in 2014.<sup>66</sup> The Alliance has also led to 57 policy and regulatory changes since 2019.<sup>67</sup>

**Central America Forward (CAF):** The United States, in collaboration with the Partnership for Central America (PCA), announced the CAF framework in 2021, a public-private partnership with over 50 companies/organizations. PCA has a goal to financially include at least 6 million individuals and provide 1 million small businesses with access to financing by 2027. Since 2021, CAF generated over USD 5.2 billion in private sector commitments for Northern Central America.<sup>68</sup>

<sup>65</sup> “Eight Years of Progress on Financial Inclusion | Fact Sheet.” U.S. Agency for International Development, 1 Dec. 2016, <https://www.usaid.gov/fact-sheet/eight-years-progress-financial-inclusion>.

<sup>66</sup> “Eight Years of Progress on Financial Inclusion | Fact Sheet.” U.S. Agency for International Development.

<sup>67</sup> “Better Than Cash Alliance.” Better Than Cash Alliance, <https://www.betterthancash.org/>. Accessed 6 May 2024.

<sup>68</sup> The White House. “FACT SHEET: Vice President Harris Launches Next Phase of Public-Private Partnership for Northern Central America.” The White House, 6 Feb. 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/02/06/fact-sheet-vice-president-harris-launches-next-phase-of-public-private-partnership-for-northern-central-america/>; House, The White. “FACT SHEET: Vice President Harris Announces Public-Private Partnership Has Generated More Than \$5.2 Billion in Private Sector Commitments for Northern Central America.” The White House, 25 Mar. 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/03/25/fact-sheet-vice-president-harris-announces-public-private-partnership-has-generated-more-than-5-2-billion-in-private-sector-commitments-for-northern-central-america/>.