



FINANCIAL EDUCATION, FINANCIAL CONSUMER PROTECTION AND FINANCIAL INCLUSION POLICIES AND STRATEGIES IN CAMBODIA, LAOS, MYANMAR & VIETNAM

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Opening Remarks

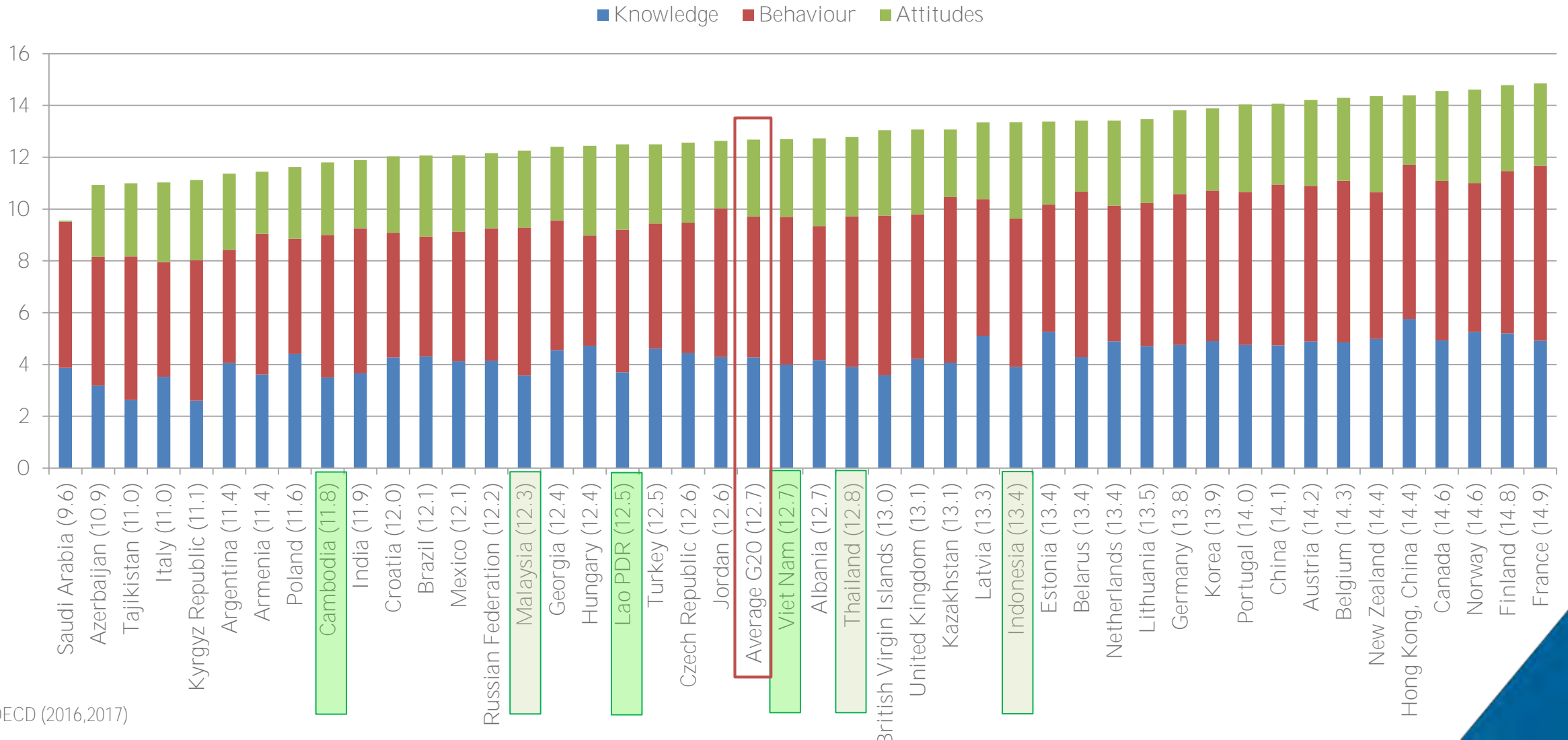
Tuesday, 23 February 2021 | 08:00-11:00 a.m. CET

Project supported by funding from the Japanese Government



1. CONTEXT

LIMITED FINANCIAL LITERACY IN CLMV (data from 2016)





1. CONTEXT

COVID-19 PANDEMIC LIKELY TO AFFECT FINANCIAL RESILIENCE OF CONSUMERS IN ALL COUNTRIES INCL. CLMV

Financial impacts on Households in ASEAN

Financial difficulties, reduced standard of living

- e.g. more than half of households affected in Cambodia, Indonesia, Myanmar and Timor-Leste were cutting back on basics- including meals to make ends meet (Lydia et al, 2020; The ADBI, 2020)

Difficulty in accessing Financial service providers

Increase in financial scams e.g. phishing

Changing financial behaviour, increase in digital payments

Hardest hit vulnerable groups – financially and economically in ASEAN

Older people

Children & young people

Self-employed

Women

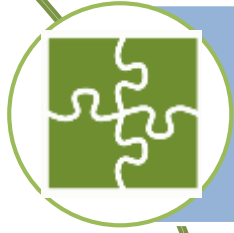
Rural populations

MSMES in certain sectors



2. OECD support, tools and guidance on FCP, FE and FI

Supporting financial resilience and well-being



Since 2008- OECD/INFE work on how financial education can support:

- short/long-term savings/investment and sound credit behaviour
- digital financial literacy/inclusion
- needs of vulnerable groups including young people, seniors, women, MSMEs, etc.



G20/OECD Task Force on Financial Consumer Protection

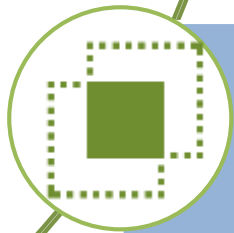
- implementation of FCP Principles to support comprehensive FCP frameworks
- policy guidance on digitalisation, including digital security and data protection
- consumer credit regulatory measures to address risk of over-indebtedness (OECD Recommendation)



Policy guidance notes to address COVID-19:

- [Supporting the Financial Resilience of Citizens throughout the COVID-19 Crisis](#)
- [Financial Consumer Protection responses to COVID-19](#)

Global data collection & reporting on FCP and FE measures and responses implemented by countries



Oct 2020- OECD [Recommendation on Financial Literacy](#) adopted by OECD Council at Ministerial level

- *one-stop-source* to design, implement and evaluate effective financial literacy initiatives
- covers digital aspects and COVID aspects to promote resilience
- support national strategies for financial education and adequate level of resources



2. OECD support, tools and guidance on FCP, FE and FI

COVID-19: Policy Considerations & Next Steps



Policy considerations

- How long to extend emergency measures to support financial resilience?
- What exit strategies to move out of emergency phase?
- How to deal with the lasting effects of digital advances?



Financial consumer protection

- Follow-up survey in March/April 2021, to gather information on effective approaches and longer term implications
- Join Report with GPFi and a deliverable for the Italian G20 Presidency



OECD/INFE- financial education

- New work stream and G20 deliverable on supporting financial resilience through digital financial literacy
- Coordinated G20 survey on the financial literacy of MSMEs and COVID-19 impact





1. 9 February 2021: Financial education, financial consumer protection and financial inclusion policy responses to the COVID-19 pandemic in Asia-Pacific

2. Today: Financial inclusion, financial consumer protection, and financial education policies in Cambodia, Laos, Myanmar & Vietnam

– focusing on the latest updates in the development and implementation of policies and strategies



NATIONAL BANK OF CAMBODIA

Riel. Stability. Development.

FINANCIAL EDUCATION, FINANCIAL CONSUMER PROTECTION AND FINANCIAL INCLUSION POLICIES IN CLMV COUNTRIES

CAMBODIA CASE

REAKSMY MAK

Deputy Director, Data Management and
Macro Surveillance Department

National Bank of Cambodia

Tuesday, 23 February 2021



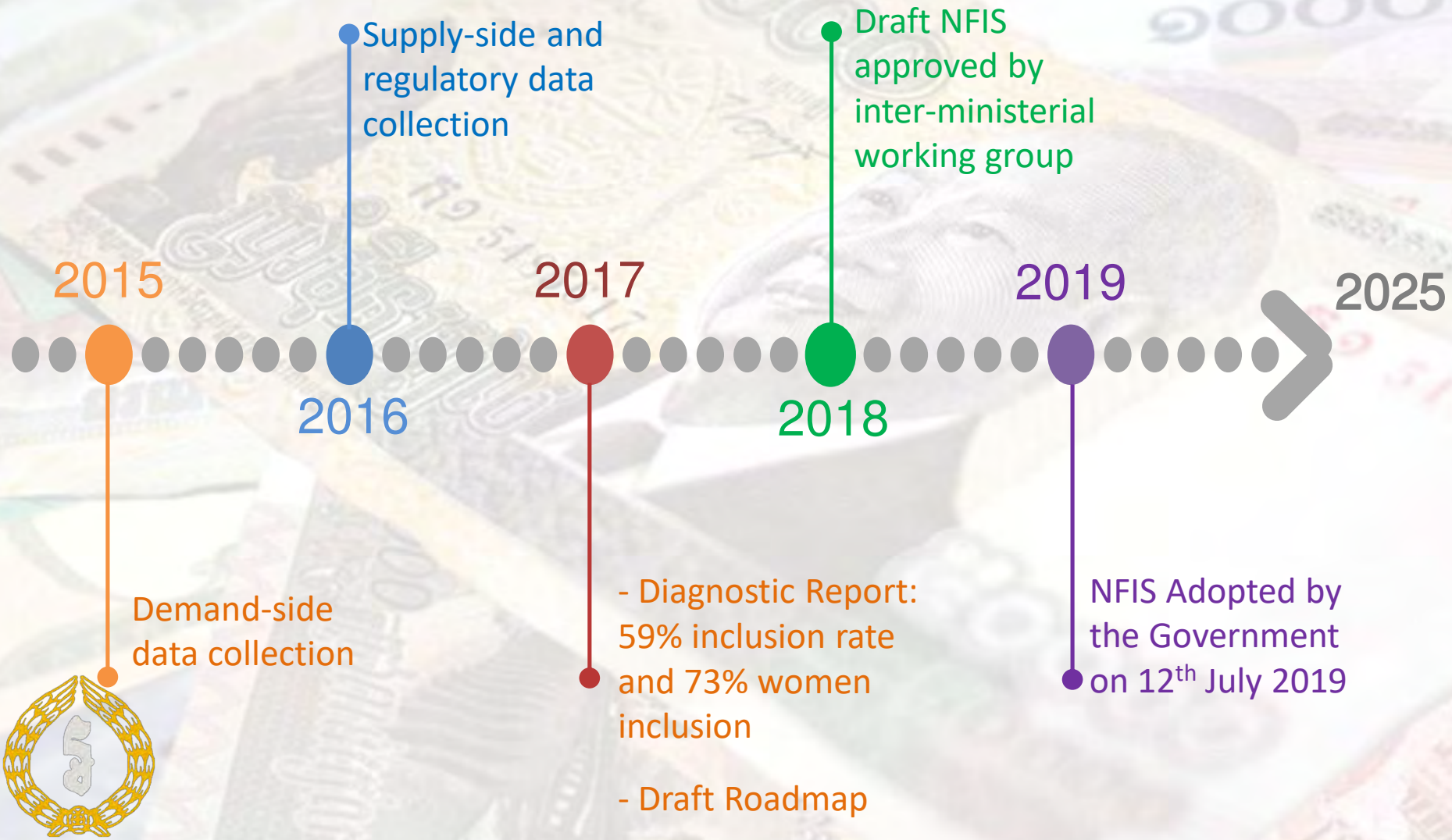
The views expressed in this presentation are those of the author and do not necessarily represent the views of the NBC.

Content

- Overview of Financial Inclusion in Cambodia
- Financial Consumer Protection
- Financial Literacy in Cambodia
- Challenges and Opportunities amid Covid-19
- Ways Forward



Overview of Financial Inclusion in Cambodia



Overview of Financial Inclusion in Cambodia



Increase access to quality formal financial services, reduce the financial exclusion of women by half from 27% to 13%, and increase usage of formal financial services from 59% to 70% by 2025 as well as improve household welfare and support economic growth through the following priority activities:

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



Financial Consumer Protection

- Law on Consumer Protection becomes effective upon promulgation on November 2, 2019 and aims at ensuring the protection of consumers and contributing to promotion of fair competition.
- Prakas Number B7-017-299 Prokor dated September 27th, 2017 on Resolution of Consumer Complaints aims at improving financial consumer protection.



Financial Consumer Protection

- Financial Service Providers shall establish a Consumer Complaint Management Framework that at a minimum includes:
 - ☞ A position of Senior Consumer Relation Officer responsible for the implementation;
 - ☞ Policy and procedures;
 - ☞ Centralizing the monitoring and supervision; and
 - ☞ Reporting requirements.



Financial Consumer Protection

At the regulatory side:

គ្រឹះស្ថានធនាគារនិងហិរញ្ញវត្ថុដែលទទួលប្រាក់បញ្ញើ



ធនាគារជាតិ នៃ កម្ពុជា
ប្រាក់រៀល, ស្តីរកាណ, អភិវឌ្ឍន៍.

គ្រឹះស្ថានមីក្រូហិរញ្ញវត្ថុ (មិនទទួលប្រាក់បញ្ញើ)



មក្សិលខុនស៍ ព្រំទំនាក់ទំនង
អំពីម្សល់និងមញ្ញាណកម្ម
ការប្រើប្រាស់សេវាហិរញ្ញវត្ថុ

ធនាគារជាតិនៃកម្ពុជា មានសេចក្តីសោមនស្សក្នុងការសម្រេចបានជ័យជម្នះលើការលេខទូរស័ព្ទទំនាក់ទំនងប្រចាំទិស្នាក់ការកណ្តាល និងតាមបណ្តាសាខាធនាគារជាតិនៃកម្ពុជាពេញនិរន្តរ៍ ដើម្បីទទួលបានការប្រើប្រាស់សេវាធនាគារដែលមានចម្ងល់ ឬបញ្ហាពាក់ព័ន្ធនឹងការប្រើប្រាស់សេវាហិរញ្ញវត្ថុនៅព្រះរាជាណាចក្រកម្ពុជា ។

សាខាធនាគារជាតិទូរស័ព្ទមកលេខនីមួយៗដូចខាងក្រោម ជារៀងរាល់ថ្ងៃធ្វើការចាប់ពីម៉ោង ៨ព្រឹក ដល់ម៉ោង ៥ល្ងាច ៖

ធនាគារជាតិនៃកម្ពុជា ស្នាក់ការកណ្តាល

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ខេត្តបាត់ដំបង	០១៦ ៥៦៨ ១១៤
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ខេត្តកំពង់ធំ	០១៦ ៥៦៨ ៥៥២
ខេត្តតាកែវ	០១៦ ៥៦៨ ១៦២

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សេចក្តីដូចបានជ្រាបជូនខាងលើសូមសាធារណជនទាំងអស់មេត្តាប្រាប់ជាក់លាក់មាន ។

ធនាគារជាតិនៃកម្ពុជា
 ទូរស័ព្ទ ២២-២៤ មហាវិថីព្រះនរោត្តម រាជធានីភ្នំពេញ
 អ៊ីម៉ែល: nbcccommunication@nbc.org.kh
 គេហទំព័រ: <http://www.nbc.org.kh>
 កាលបរិច្ឆេទចេញផ្សាយ ០១/២០១៧

Financial Literacy



Let's Talk Money

Let's Talk Money 2



Website & Facebook



Nbc-Edu App



Let's Talk Money Comic Book



3-2-1 Financial Education Service



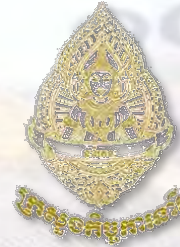
Pop Song "Money - លុយ"



Radio Program



Financial Inclusion Partners



សហគមន៍ធនាគារនៅកម្ពុជា
THE ASSOCIATION OF BANKS IN CAMBODIA



Challenges and Opportunities amid Covid-19

- Announcement No. B13-020-002 dated March 17, 2020 on implementation of 5 new policies to promote the liquidity for the BFIs intending to reduce economic impacts of the COVID-19 and to conform with the policy of the government. Five policies included: (1) Allow BFIs to delay on maintaining Capital Conversation Buffer (“CCB”) within 50%, (2) Reduce the minimum interest rate on Liquidity Providing Collateralized Operation (“LPCO”) by 0.5% for all maturities, (3) Decrease the interest rate for Negotiable Certificates of Deposit (“NCD”) which is issued in Khmer Riel and U.S. dollar in appropriate limit, (4) Reduce the rate on Reserve Requirement (“RRR”) from 8% for domestic currency and 12.5% for foreign currency to 7% for both local and foreign currencies for six months starting from April 2020, and (5) Reduce the Liquidity Coverage Ratio (“LCR”) to an appropriate level as necessary.
- Prakas No. B7-020-230 **Prokor** dated March 18, 2020 on the Maintenance of Reserve Requirement against commercial banks' deposits and borrowings. Under this Prakas, BFIs shall maintain RR against deposits and borrowings at a daily average balance equal to 7% for both local and foreign currencies with the NBC.



Challenges and Opportunities amid Covid-19

- Circular No. B7-020-001 Sor.Ror.Nor.No dated March 27, 2020 on restructured loans in order to maintain financial stability, support economic activity, and ease the burden of debtors facing major revenue declines who may find it difficult to repay loans during the ongoing COVID-19 outbreak. The implementation of this circular has been extended to 6 June 2021.
- Letter No. B7-020-622 **Chhortor** dated April 13, 2020; (1) Reduce capital conservation buffer to 1.25% and (2) Recognize quarterly audited profit to include temporary into net worth calculation until further notice, but BFIs shall not distribute the dividend.
- Letter No. B7-020-657 **Chhortor** dated April 20, 2020; Requested BFIs to waive other fees related to customer loan and/or exemption other penalty to customers.



Ways Forward

- Financial inclusion data collection and management
- Prepare M&E framework
- Centralized call center for financial consumer complain handling
- Prepare financial literacy roadmap
- Strengthen local and international cooperation



Thank You for Your Kind Attention!

សូមអរគុណ!





Ting Cave, on Mekong River
Luang Prabang,
Lao PDR

WEBINAR ON FINANCIAL INCLUSION, FINANCIAL CONSUMER PROTECTION, AND FINANCIAL EDUCATION POLICIES IN CLMV LAO PDR CASE

Phanthaboun Sayaphet, Deputy Director General
Financial Institution Supervision Department, Bank of the Lao PDR
23 February 2021



“ Remarks do not constitute legal interpretation, guidance, or advice of the BOL, and any personal opinions or views expressed are from the author and may not represent the official views or position of the BOL in all cases or in connection with specific matters.”

CONTENT

- COUNTRY'S ECONOMIC OVERVIEW
- RECENT DEVELOPMENT
- RELATIONS BETWEEN FINANCIAL INCLUSION, FINANCIAL LITERACY, FINANCIAL CONSUMER PROTECTION AND FINANCIAL STABILITY
- ECONOMIC AND FINANCIAL MEASURES AGAINST COVID-19
- CHALLENGES AND OPPORTUNITIES IN THE COVID-19 ERA
- CONCLUSION

COUNTRY'S ECONOMIC OVERVIEW

➤ Population	7.01 million	2019 year
(in which women)	3.49 million	2019 year
➤ GDP (LAK)	164,017 billion (USD 18.9 billion)	2019 year
➤ GDP per capita (LAK)	23.06 million (USD 2,656)	2019 year
➤ GDP shares (%):		2019 year
Agriculture	13.9 %	
Industry	35.7 %	
Services	40.2 %	
Others	10.2 %	
➤ Avg GDP growth	5.46 %	2019 year
➤ Avg Inflation	3.32 %	2019 year

RECENT DEVELOPMENT

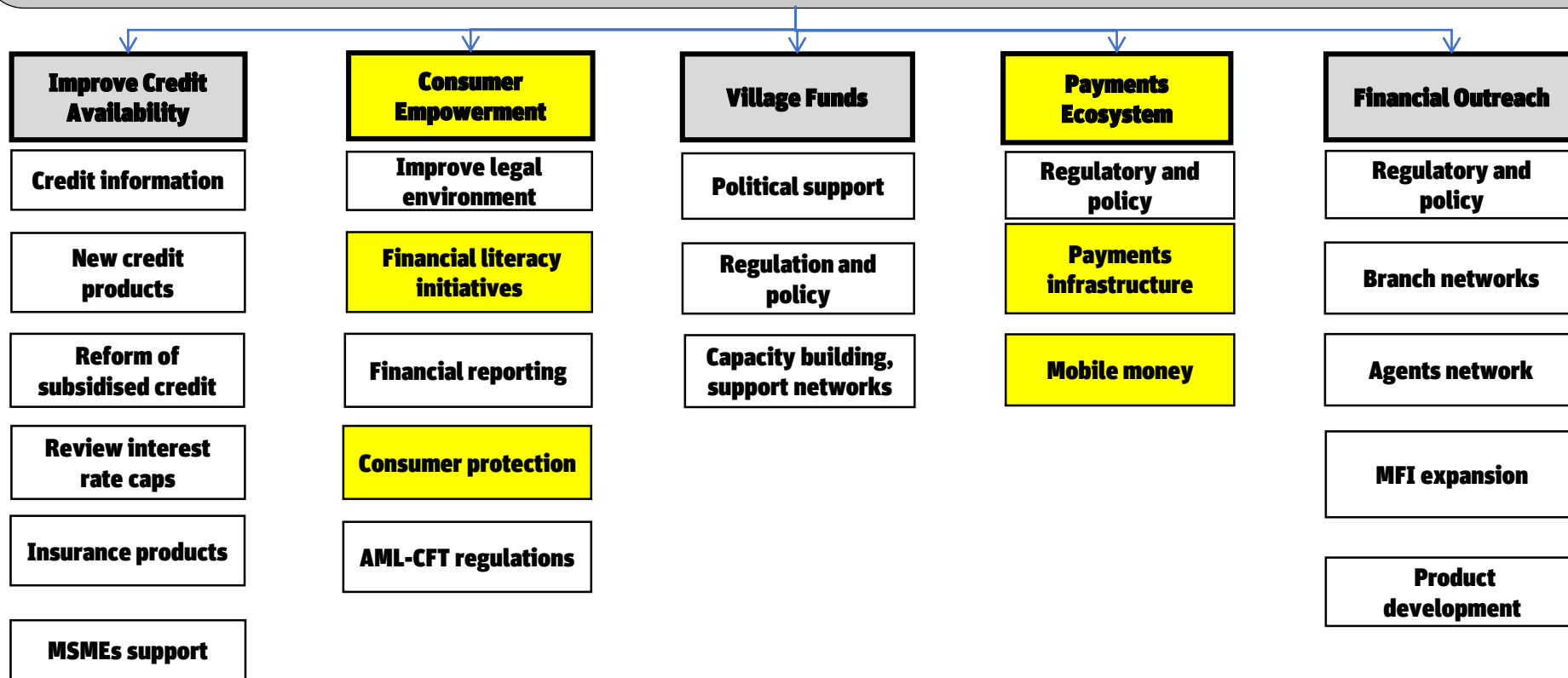
FINANCIAL INCLUSION

1. Financial Inclusion rate is 52% (thus Financial Exclusion rate is 48%);
2. The Government is committed to Financial Inclusion Roadmap End-Goals: (1) Increase access to financial services among adult population from 70% to 85% by 2025; (2) Increase access to more than one product among adult population from 29% to 60% by end of 2025; (3) increase access to financial services among adult women from 76% to 85%.
3. Financial Inclusion Roadmap was launched officially on 12 January 2021 by BOL, Australian Embassy and UNCDF (via videoconference).

RECENT DEVELOPMENT

FINANCIAL INCLUSION ROADMAP (2018-2025)

Vision: Improve household welfare by improving their access to financial services so the access is broad, convenient and deep, meeting the needs for livelihoods development; assist households and enterprises to increase economic efficiency and support growth by improving financial inclusion.



RECENT DEVELOPMENT

OECD/INFE FINANCIAL LITERACY SURVEY

- In 2017, ADBI conducted an OECD/INFE's FL survey in Lao PDR;
- 1,000 respondents from 8 provinces;
- Results: So far survey conducted in 30 countries: the FL scores: France (highest 14.9) – Poland (lowest 11.6); Lao PDR (12.5)

KEY FINDINGS:

- Individuals of age 30-60 have a higher financial literacy score than those under age of 30;
- Self employed workers have higher financial literacy scores than those who do not want to work;
- Higher income is also positively associated with financial inclusion;
- Higher education level levels are significantly associated with higher financial inclusion.

RECENT DEVELOPMENT

FINANCIAL LITERACY INITIATIVES

BOL side:

1. Under AFP project (German cooperation), 809 out of 849 Villages Banks in 6 targeted provinces have received annual FL training
2. Financial literacy mini-van to disseminate financial literacy
3. Conducting business literacy training to VBs members
4. Develop financial literacy short film and disseminate via social medias, radio and TV

Financial institutions and NBFi side:

1. Develop financial literacy short film and disseminate vial social medias
2. Using apps, website to inform their clients
3. Short trainings on financial literacy

DIGITAL FINANCIAL LITERACY MATERIALS

- https://youtu.be/IClLu_rG0A4
- <https://youtu.be/BZW-wbwuAZc>
- <https://youtu.be/zK-TQkdwzno>
- <https://youtu.be/4FQDkMKsW54>
- <https://youtu.be/4FQDkMKsW54>
- <https://youtu.be/BZW-wbwuAZc>
- https://youtu.be/IClLu_rG0A4
- <https://www.youtube.com/watch?v=a6tiewqiJ0c>

From BOL side and Financial Institutions and NBFIs side
(with English subtitle)



RECENT DEVELOPMENT

FINANCIAL CONSUMER PROTECTION

Decree on Financial Consumer Protection (issued April 2019)

Government Policies on Financial Consumer Protection: Encourages and promotes financial consumer protection by providing knowledge and understanding of financial services, human resource development, providing material and enable the environment so organizations can implement their activities effectively.

Basic Principles of Financial Consumer Protection

- Provide service with sincerity and fairness;
- Ensure quality and transparency of financial services;
- Promote the understanding of consumers about financial services;
- Ensure financial stability.

RELATIONS BETWEEN FINANCIAL INCLUSION, FINANCIAL LITERACY, FINANCIAL CONSUMER PROTECTION AND FINANCIAL STABILITY

- Central to achieving increased financial inclusion is that users and potential users of financial services have a sufficient level of familiarity with financial concepts and practices;
- Financial literacy can be seen as the demand side of Financial Inclusion. It is considered an important factor for promoting financial inclusion, financial development and ultimately financial stability;
- Without adequate consumer protection, the benefits of financial inclusion can be lost;
- An enabling environment that facilitates competition, promotes innovation and the use of technology, addresses risks in a proportionate manner, and empowers financial consumers to make informed choices is critical to improving financial inclusion.

ECONOMIC AND FINANCIAL MEASURES AGAINST COVID-19 IN LAO PDR

- The Government is attentively assisting and creating a favorable condition during this coronavirus crisis to a wide range of business units.
- The Prime Minister has issued a new Decision on Policy and Measure Determination to Minimize the Negative Impacts of COVID-19 Pandemic on Lao Economy No. 31/PM, 02 April 2020;
- Ministry of Finance has issued Notice (No. 1027/MoF, 10 April 2020) on Tax Implementation on payment deferrals, rate reductions,...;
- Tax Department, has published a further notice on the Calculation of Personal Income (Payroll) Tax – PIT No. 1128/TD, 24 April 2020;
- The Lao Securities Commission has published a Notice in relation to Policy and Measures of Implementation for the Capital Markets to Reduce the Negative Impacts of COVID-19 Outbreak No. 05/LSC, 21 April 2020;
- Bank of Lao PDR has issued Decision on Policy in respect of Loans to Provide Remedial Measures Due to the Impact of the COVID-19 Pandemic no.238/BOL, dated March 26, 2020

CHALLENGES AND OPPORTUNITIES IN THE COVID-19 ERA

- COVID-19 pandemic has caused disruption in many sectors and came as a shock to society, health system, economies and governments.
- The shock was appeared parallely in both supply-side and demand-side of the economy.
- Financial literacy is forced to be disseminated through digital tools rather than face-to-face manner;
- Financial consumers facing more risks and likely to be unfairly serviced by financial service providers, especially low financial literacy customers;
- Financial regulatory updated is required in responding to COVID-19 outbreak effects

CONCLUSION

- Technology based tools can contribute to raising financial literacy levels and can help individuals to make more informed financial decisions.
- High-quality financial literacy and product information are essential and complementary, and it is important that regulators and policymakers get both aspects right.
- Digital tools provide an effective and efficient way to financial literacy/education programs delivery for those segments of the population that has embraced technology.
- Policymakers, regulators and private sector should be vigilant about a number of risks: exclusion, discrimination, consumer protection, data-protection related risks.
- Financial consumer's confidence in financial service providers rely on the compliance of financial consumer protection regulatory.

Thank You!

A horizontal brushstroke of various colors including blue, purple, pink, orange, and yellow, serving as a background for the text.



NATIONAL FINANCIAL INCLUSION STRATEGY, FINANCIAL EDUCATION & FINANCIAL CONSUMER PROTECTION IN VIETNAM

Nguyễn Thị Hương Thanh
Banking Strategy Institute
State Bank of Vietnam

HANOI - 2/2021



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**NATIONAL FINANCIAL
INCLUSION STRATEGY
(Issued under Decision
No.149/QĐ-NHNN dated
22/1/2020 of Prime Minister)**



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3

- SPECIFIC OBJECTIVES AND MAJOR SOLUTIONS

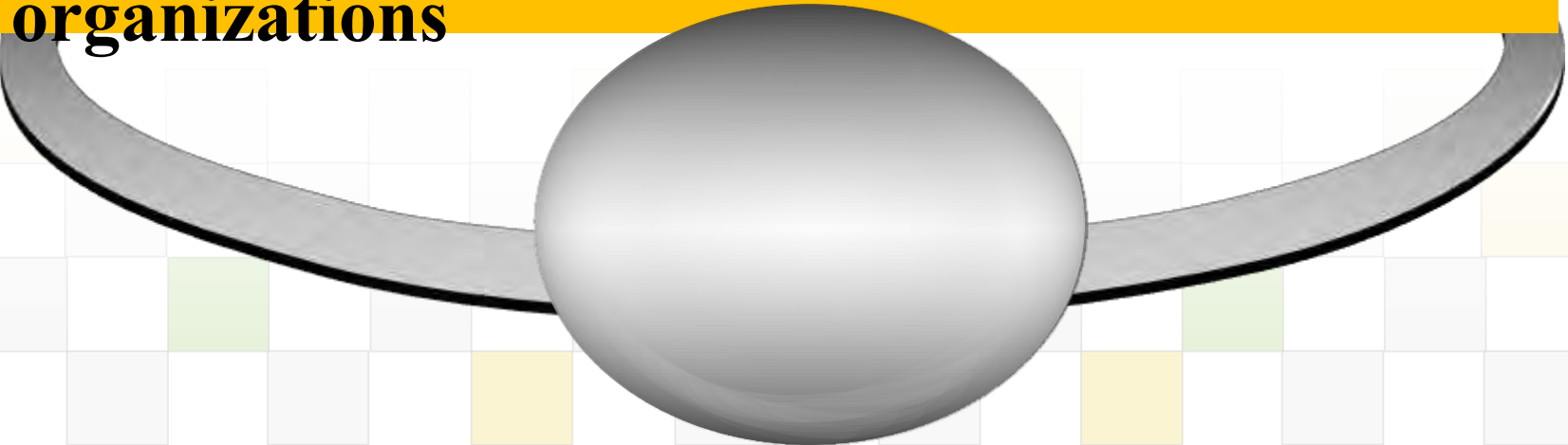
4

- IMPLEMENTATION ORGANIZATION
- 



OVERALL GOAL

All individuals and enterprises, particularly low-income and vulnerable people, medium-, small- and micro-sized enterprises, have safe access to basic financial products and services, that meet their needs, in a convenient way and at affordable prices; and responsibly and sustainably provided by authorized organizations



SCOPE AND TARGET GROUPS

Scope:

To universalize basic financial products and services, including:

- Payment,
- Money transfer,
- Saving,
- Credit,
- Insurance

Provided by licensed organizations.

Objects:

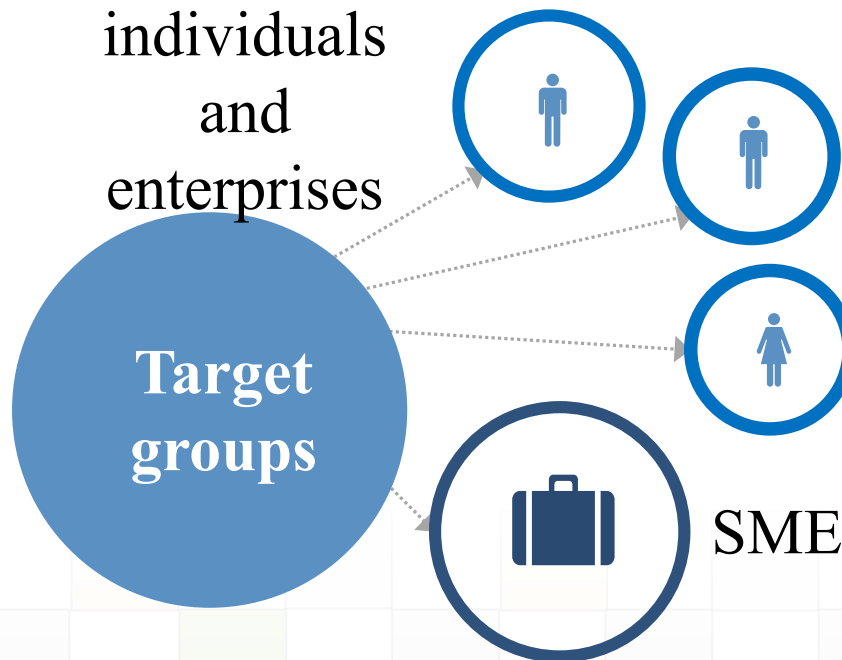
All individuals and enterprises

People living in rural, remote and isolated areas

The Poor, Low income people

Women and other vulnerable objects

SMEs



SPECIFIC OBJECTIVES TO 2025



Increase access to formal financial services

1. At least 20 branches and transaction offices of a commercial bank per 100,000 adults;
2. At least 50% of all communes have financial service points



Increase the use of formal financial services

3. At least 80% of adults have a transaction account with a bank or other authorized institution
4. At least 25% - 30% of adults deposit savings at a credit institution;
5. The number of non-cash payment transactions expected to increase by 20% - 25% per year;
6. At least 250,000 small and medium enterprises have outstanding loans at credit institutions;
7. Outstanding loans for agricultural and rural development of the total outstanding loans of the whole economy reach 25%;
8. Average insurance premium revenue is 3.5% of GDP;
9. At least 70% of adults have credit history in the credit information system of the State Bank of Vietnam.

6 SOLUTION GROUPS

**(1)
Strengthen the
legal framework**

**(2)
Develop a variety of
supply organizations,
distribution channels**

**(3)
Develop a variety of
basic financial
products and
services**

**(4)
Enhance the efficiency in
the use of financial
infrastructure**

**(5)
Financial education
& consumer
protection**

**(6)
Other supporting
solutions**

**SOLUTION
GROUPS**



SOLUTIONS GROUP 5

FINANCIAL EDUCATION, ENHANCING FINANCIAL CAPACITY AND KNOWLEDGE; PROTECTION OF FINANCIAL CONSUMERS

Financial education

Increase knowledge and skills of financial management, improve knowledge about financial products and services of people and businesses

- Integrating financial education content into the national general education curriculum
- Publicizing the process of handling complaints and disputes
- Communication and education program for popularizing financial knowledge
- Improving financial skills for agricultural producers;
- Improving the accounting and financial management capacity of cooperatives;
- Strengthening the role of socio-political organizations

Financial consumer protection

Building a legal framework for protecting financial consumers

- Promulgating regulations on the protection of financial consumers
- Making the structure of fees and service charges transparent to financial consumers
- Promoting the role of responsible lending of credit institutions

Deposit Insurance

Development of Deposit Insurance of Vietnam

- To develop Vietnam Deposit Insurance under the model of a one-member limited company (100% State owned) with the aim of protecting the legitimate rights and interests of depositors.
- Strengthen DIV's organizational model, improve their staff qualifications, to provide early detection and warning of potential risks to their members.
- Develop the Strategy of Deposit Insurance Development to 2025, with an orientation to 2030.

IMPLEMENTATION ORGANIZATION



**National
Financial
Inclusion
Steering
Committee**

State Bank of Vietnam

Ministry of Finance

Ministry of Planning and Investment

Ministry of Education and Training

Ministry of Information and Communications

**Vietnam Television; Radio
Voice of Vietnam**

Ministry of Justice

Ministry of Public Security





CURRENT STATUS OF PROMOTING FINANCIAL EDUCATION & CONSUMER PROTECTION IN VIETNAM





CURRENT STATUS OF PROMOTING FINANCIAL CONSUMER PROTECTION

Strengthen legal framework related to financial consumer protection

(1) Amending the Law on the protection of Consumers' Rights 2010 through the addition of necessary specific provisions on the financial sector

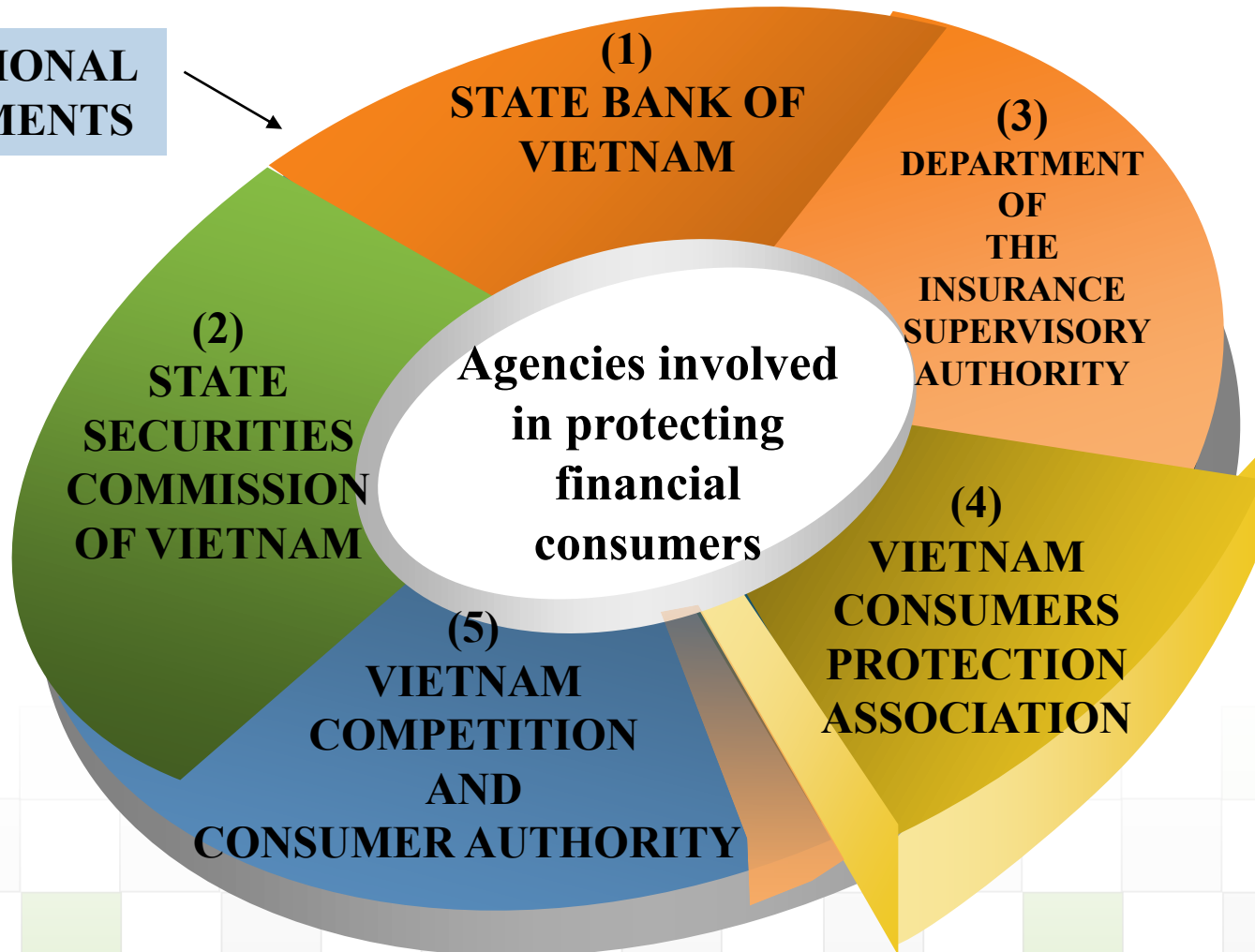
(2) Adding regulations on protecting financial consumers to specialized laws (Law on Credit Institutions, Securities Law, Law on Insurance business) as well as providing guiding tools, detailed document guidance.



**Legal
frame
work**

CURRENT STATUS OF PROMOTING FINANCIAL CONSUMER PROTECTION

INSTITUTIONAL ARRANGEMENTS

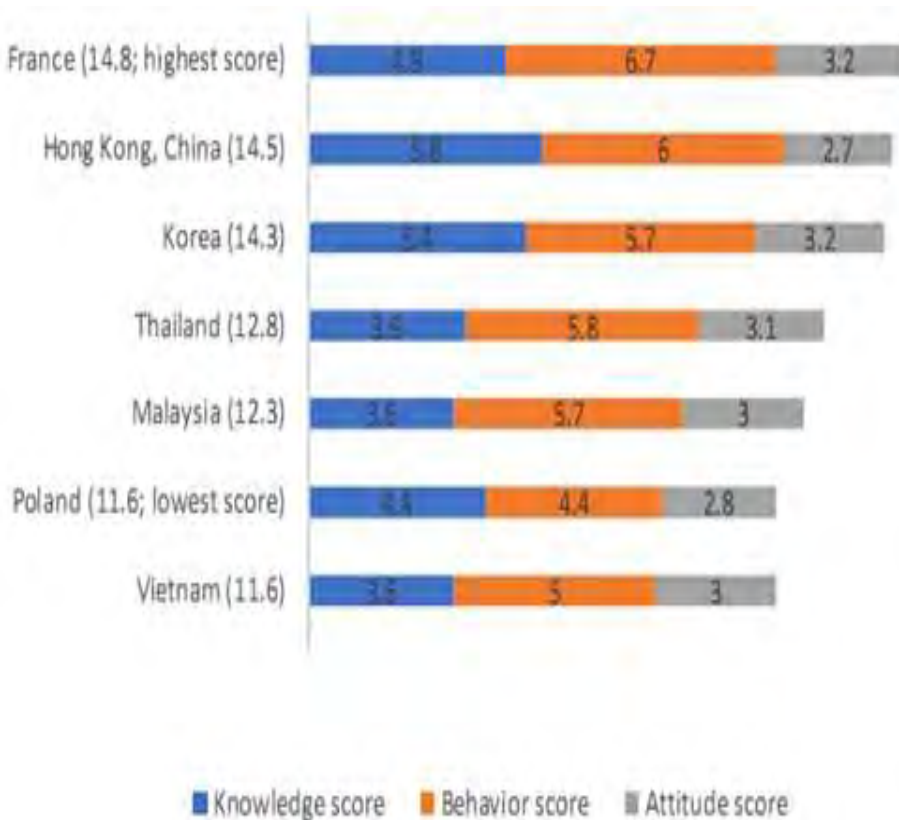


CURRENT STATUS OF PROMOTING FINANCIAL EDUCATION

Financial literacy is still low compared to the region and the world

There has been participation in promoting financial education from the public and private sectors

Financial Literacy Score



Source: OECD & ADBI (2016)

- Many financial institutions and NGOs have implemented financial education programs with a diverse audience from primary school students to university, the elderly, and women.
- The State Bank of Vietnam has implemented a variety of educational programs to different groups of people such as gameshow
- The Ministry of Education and Training has integrated the content of financial education into the general education program from the elementary, middle and high school levels in accordance with the approved roadmap for the current school year 2020-2021



COVID 19 PADEMIC— CHALLENGES, OPPORTUNITIES & SOLUTIONS





CHALLENGES & OPPORTUNITIES

Opportunities

- **Stimulate digital transformation:**
 - + **Promoting e-commerce activities**
 - + **Changing people's consumption habits**
 - + **Driving Enterprises to adapt to digital business models**

Challenges

- **Stagnation and recession of the whole economy**
- **Create a decline in investment and trade activities of other countries towards Vietnam**
- **The trend of decreasing spending in the country**
- **Increase operating costs for businesses**
- **Temporary increase in unemployment**



SOLUTIONS BEING IMPLEMENTED

- ❖ **FLEXIBLE MONETARY AND CREDIT POLICIES:**
 - **Issue Circulars and directives to require commercial banks to reduce lending interest rates and fees to assist customers affected by COVID 19.**
 - **Improve credit policies for the agricultural and rural sectors such as unsecured loans to encourage businesses to participate in the agricultural value chain and application of high technology.**
 - **Implement special credit programs and policies for selected fields, providing foreign currency loans for export activities ...**
 - **Organize 15 connecting conferences between banks and firms to promptly solve current obstacles for firms in need.**



SOLUTIONS BEING IMPLEMENTED

❖ PROMULGATE POLICIES AND REGULATIONS TO SUPPORT DIGITAL PAYMENTS AND PROMOTE DIGITAL TRANSFORMATION:

- **Amend Circular No. 23/2014 / TT-NHNN** guiding the opening and use of payment accounts, which regulates the opening and use of eKYC without face-to-face requirements.
- **Develop a new Decree to replace Decree 101/2012 / ND-CP** on non-cash payments, which add new regulations on agent banking activities in the payment field;
- **Develop the G2P payment and other digital payment infrastructure.**



Thank you for listening!

**FINANCIAL INCLUSION, FINANCIAL
CONSUMER PROTECTION, AND
FINANCIAL EDUCATION POLICIES
IN CLMV**

Myanmar

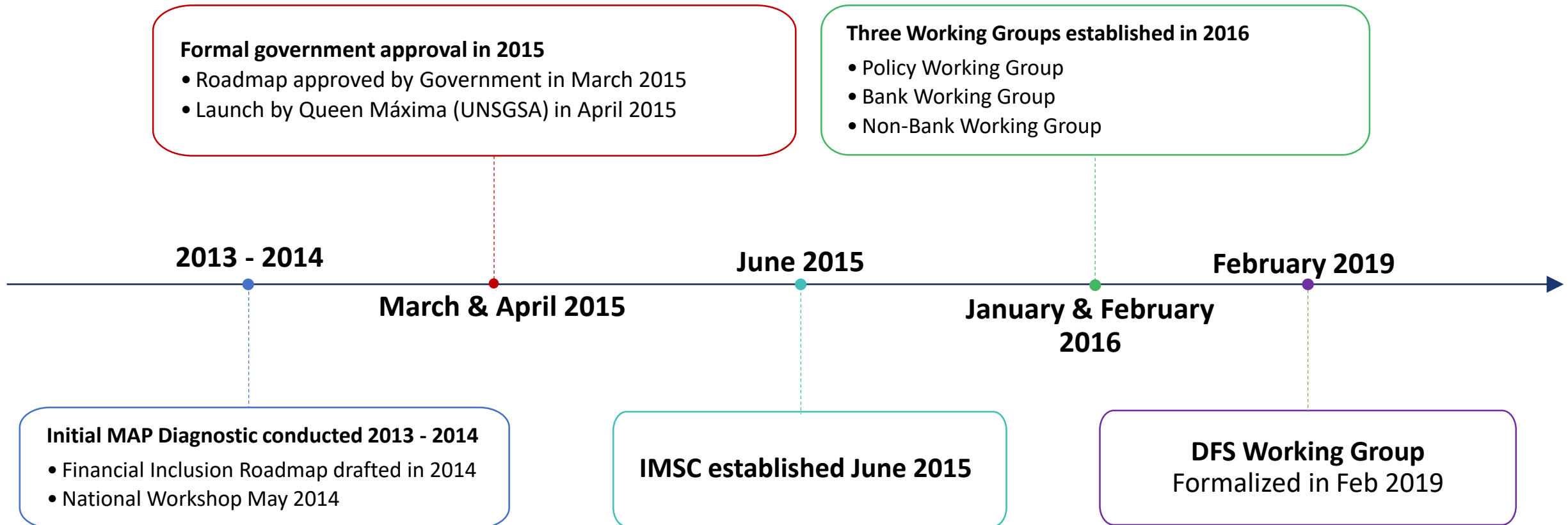
Clay O'Brien, UNCDF

23 February 2021

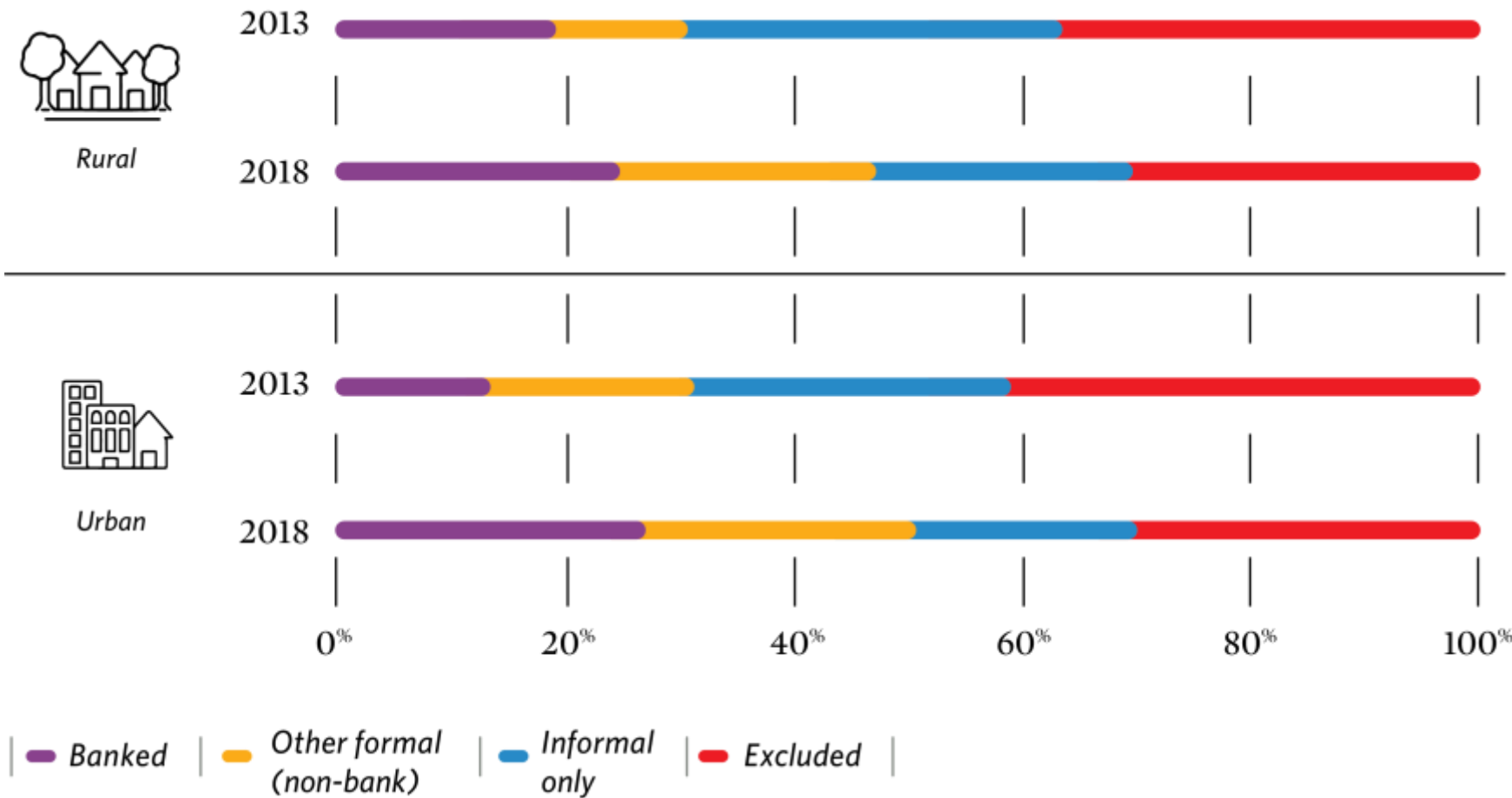
Contents

- Myanmar's First Financial Inclusion Roadmap
- Status and Achievements
- The Process and Revised Roadmap for 2019-23
- Impact of COVID-19
- Work on a National Strategy for Digital & Financial Literacy

First Financial Inclusion Roadmap Process in Myanmar



Overall Status of Financial Inclusion



Source: FinScope Survey 2018, 2013

Achievement Against First Roadmap Objectives: 2014 - 2020

	Objective	Baseline 2014	Target 2020	Actual 2018
Sector level objectives	Increase access from 30% in 2014 to 40% by 2020	30%	40%	48%
	Adults with more than one product from 6% to 15%	6%	15%	17%
Segmental objectives	Increased financial access to farmers	43%	51%	52%
	Increased financial access to MSME	30%	40%	50%
	Increased financial access to low income households	15%	28%	38%

Source: FI Roadmap, FinScope 2018

Myanmar Financial Inclusion Roadmap: 2019 – 2023

Roadmap Development Approach



Demand side

- Consumer survey 2018 with 5500 respondents



Supply side

- Document review and detailed Interviews of financial suppliers



Regulatory

- Policy & regulatory review, and detailed Interviews

Proposed priorities and draft Roadmap

Detailed stakeholder consultations

Finalised Financial Inclusion Roadmap

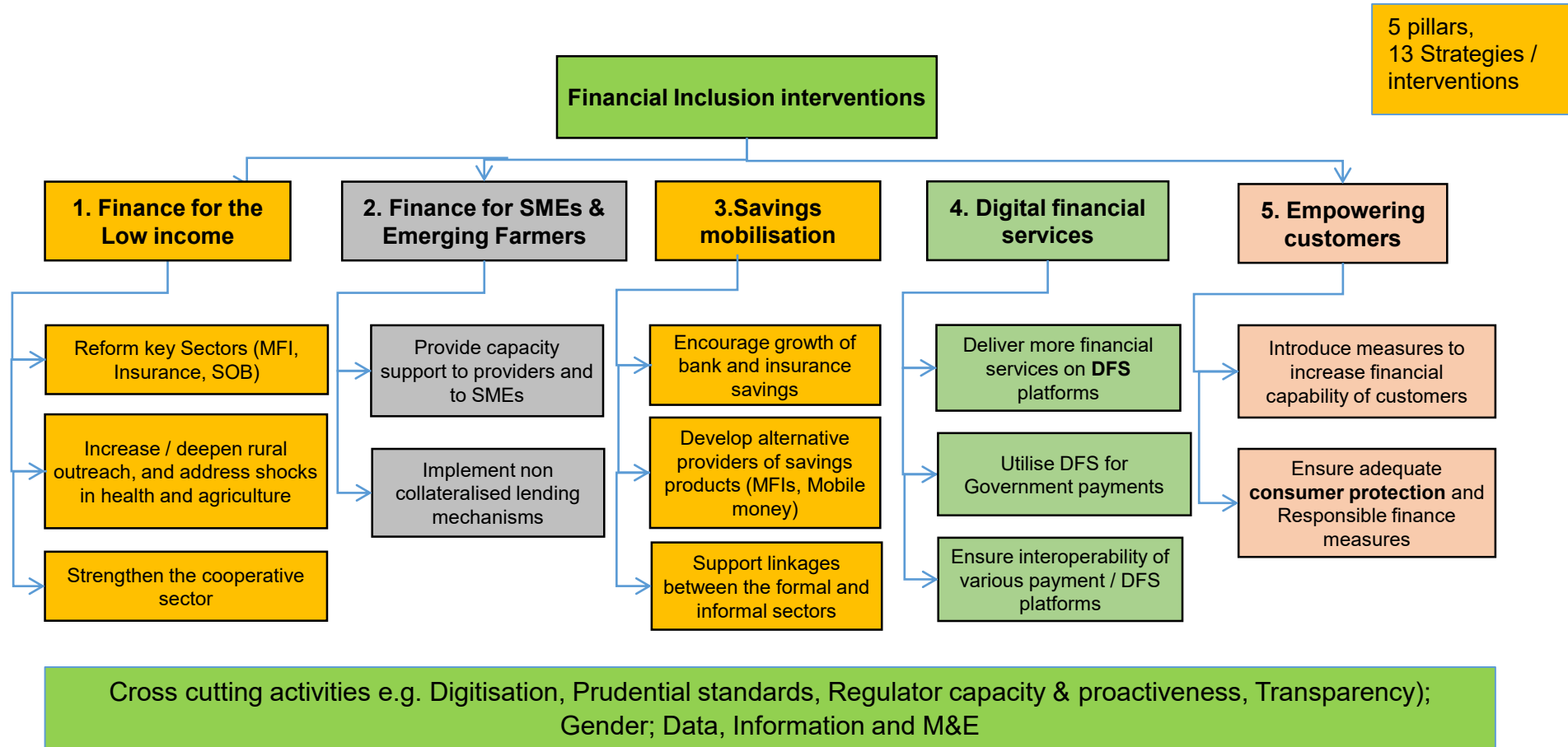
Myanmar Financial Inclusion Roadmap: 2019 – 2023

Updated Vision for Financial Inclusion

“Increase formal Financial Inclusion in Myanmar from **48% in 2018 to 60%** by 2022, and adults with more than one product category from **17% to 25%**, with a full range of affordable, quality and effective financial services (which comply to internationally recognized standards on **responsible finance**) by getting all stakeholders to work together in an integrated manner, in order to support **job creation** especially by small enterprises, **poverty alleviation** and **household resilience**.”

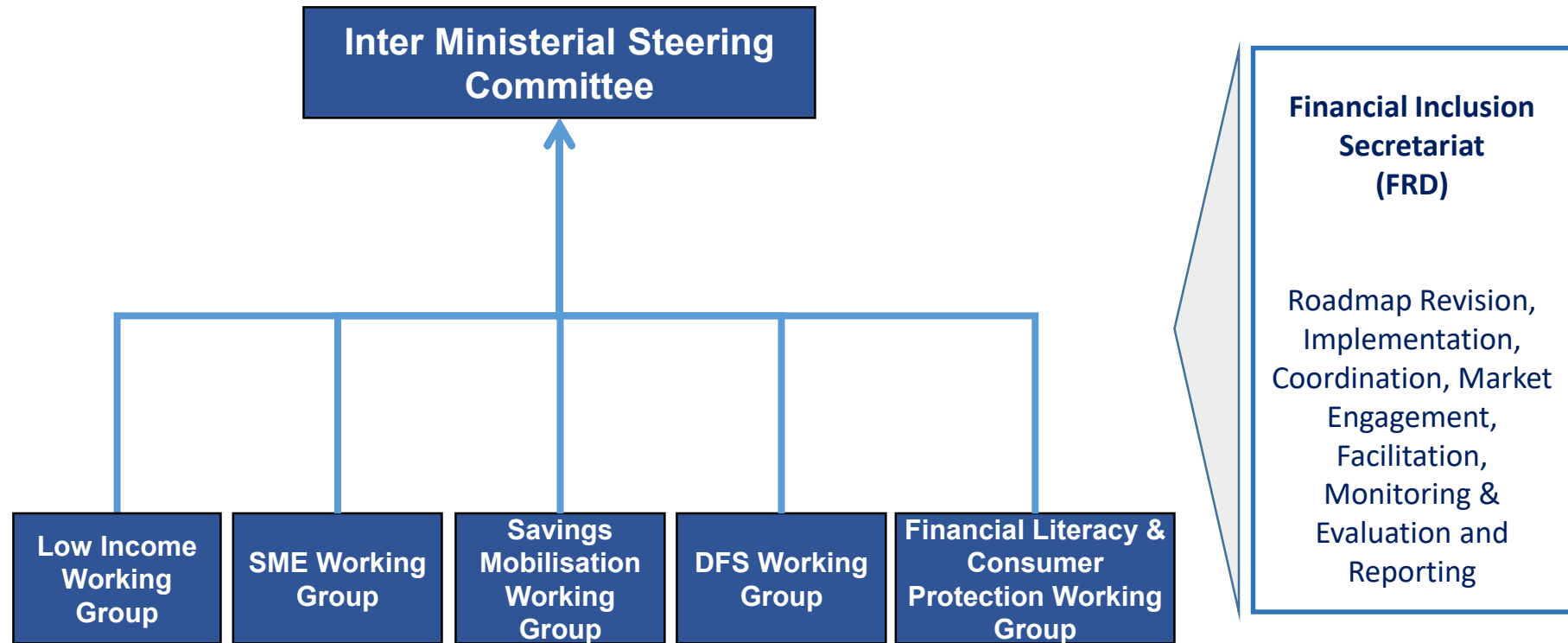
Myanmar Financial Inclusion Roadmap: 2019 – 2023

Five Interventions organised into Roadmap Pillars



Strengthening the Coordination Structures

Roadmap Coordination Structure



Myanmar Financial Inclusion Roadmap: 2019 – 2023

Progress in 2020

- The Roadmap has received excellent support from the highest levels of government
- The cabinet approved the Roadmap in March 2020
- Launch planned for April / May not possible due to COVID-19
- Need to continue the longer-term agenda even as short term COVID-19 issues are being addressed

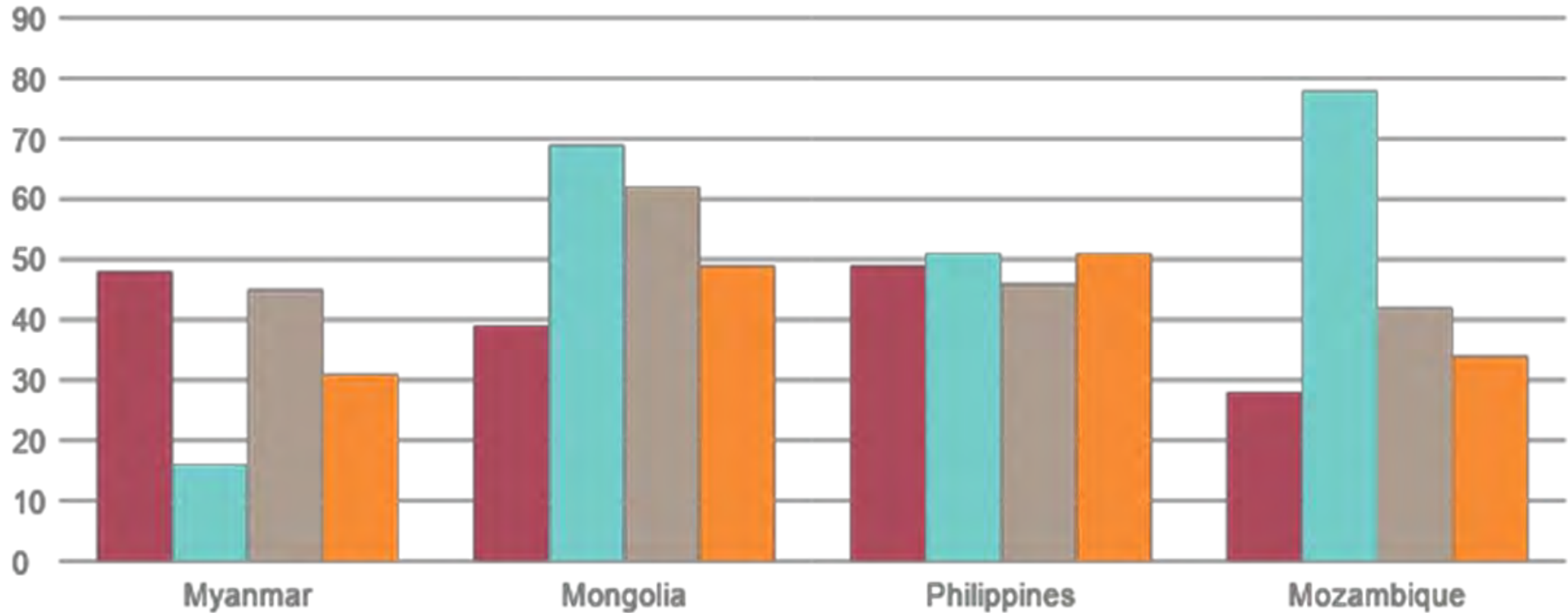
Myanmar Financial Inclusion Roadmap: 2019 – 2023

Impact of COVID-19 on Roadmap Process

- Rapidly changing COVID-19 situation:
 - Short term priority is to address emergencies: Bank & MFI liquidity, SME finance, resilience grants, introducing digitization where possible, etc.
 - IMSC Stakeholders and others already involved in this process
- Roadmap priorities still relevant in the medium to longer term, especially in systematically identifying and ordering long term changes needed:
 - MFI challenges, State owned bank reform, Insurance sector liberalisation, Savings, digitisation, financial education, and others remain highly relevant
 - Opportunity to accelerate activities e.g. digitization and availability of information in the sector

Current Scores for Financial Literacy

Understanding of Concepts and Adoption



Source: World Bank

■ Inflation ■ Interest ■ Saving ■ Product Choice

Why is Digital Literacy, as well as Fin Lit, Important?

1. Myanmar telecommunication sector has grown rapidly from a low base in 2012: 120% mobile penetration rate, 80% use smartphones and 41% are internet users.
2. Digital Payments now close to US\$1bn (of which eCommerce is about 85%) and will grow at nearly 20% pa over next 5 years.
3. Covid-19 has boosted this transition: many of the one-off payments to vulnerable households under the government's Covid-19 Economic Relief Plan were distributed through digital platforms. The CERP also proposes promoting the use of mobile financial payments and increasing e-commerce.
4. Covid-19 will fundamentally change how people and businesses operate. Thus, greater understanding and utilization of digital literacy will be essential to prepare people for this “new normal”.



Financial education is more crucial in the digital age, which provides both Challenges for users and Opportunities for education.

- Whilst technology can bring finance to more people, **there is a need for increased understanding of digital transactions**, to ensure a safe consumer environment.

Myanmar is Developing a Digital & Financial Literacy Strategy. Why?

- Creating a National Strategy will allow a **detailed plan** to be established, with identified actions, implementing partners and targeted outcomes, so as **to facilitate the Financial Inclusion Roadmap** by focusing on the digital and financial literacy constraints that might hold financial consumers back.
- Such a strategy would **link closely with other government priorities**, such as
 - the National Payments System Strategy
 - the Digital Economy Development Committee's Myanmar Digital Economy Roadmap, and
 - the Consumer Protection law revised in 2019, which included “financial negotiable instruments, stocks and shares, debentures and money”.
- It is **also an ASEAN priority**: the Working Committee on Financial Inclusion (WC-FINC) Financial Inclusion Framework has financial literacy and consumer protection as one of its 4 objectives and the WC-FINC coordinates implementation of national financial education strategies across the members.

Currently Indonesia, Malaysia and Singapore in ASEAN have a Financial Literacy Strategy:

- 73 countries have established a Strategy, with increasing emphasis on digital literacy
- The number with an NS being implemented has nearly doubled in six years to 53.

Progress to Date on the National Strategy

I. Mapping and Consultation

- Current Digital & Financial Literacy initiatives mapped
- Private sector stakeholders consulted

II. Assessing Gaps and Prioritising Needs

- Surveys made to date analysed
- Propose to focus on women, rural, youth, the poor, elderly and migrants

III. Governance

- Work through Financial Literacy & Consumer Protection Working Group

IV. Strategy and Action Plans

- First draft of the National Strategy including detailed plans being finalised
- Key issues to be discussed with government stakeholders and DPs

V. Implementation

- It is hoped to complete the planning process by early 2021
- The Strategy will cover a 5 year period
- Budget and activities will be included



Thank you

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Financial Literacy, Financial Education and Fintech: Evidence from Cambodia, Lao PDR and Viet Nam

Peter J. Morgan

Senior Consulting Economist and Vice Chair of Research

Long Q. Trinh

Project Consultant

Asian Development Bank Institute

OECD Webinar on “Financial education, financial consumer protection and financial inclusion policies and National Strategies in CLMV countries”

23 February 2021

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Outline

- 1. ADBI's survey of Fintech and financial literacy in Cambodia, Lao PDR and Viet Nam**
- 2. Survey results**
- 3. Conclusions**

1. ADBI's surveys of Fintech and financial literacy in Cambodia, Lao PDR and Viet Nam

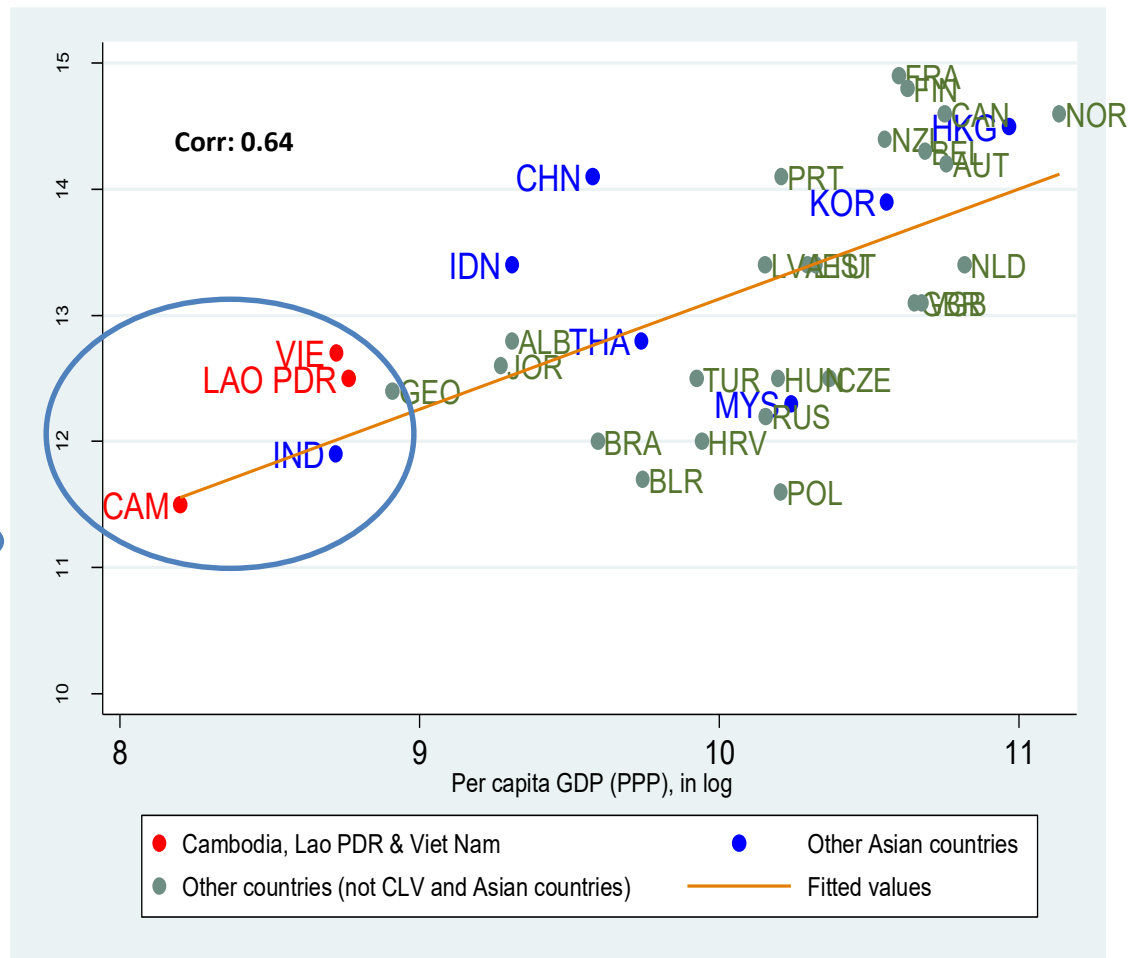
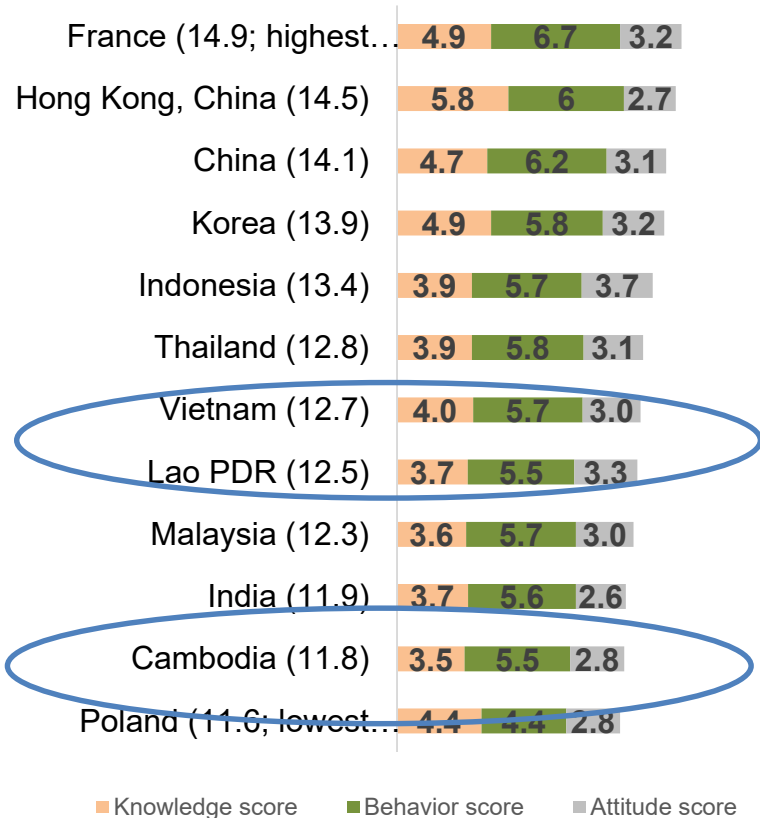
OECD/INFE questionnaire:

- Individual information (gender, age, income, educational level, occupation and other socio-demographic information)
- Questions about financial literacy: designed to capture financial behavior, attitudes and knowledge of adult people in a wide range of finance including making ends meet, long-term financial planning and financial product selection
- Questions about financial inclusion
- Questions about fintech knowledge and use (Lao PDR and Viet Nam)

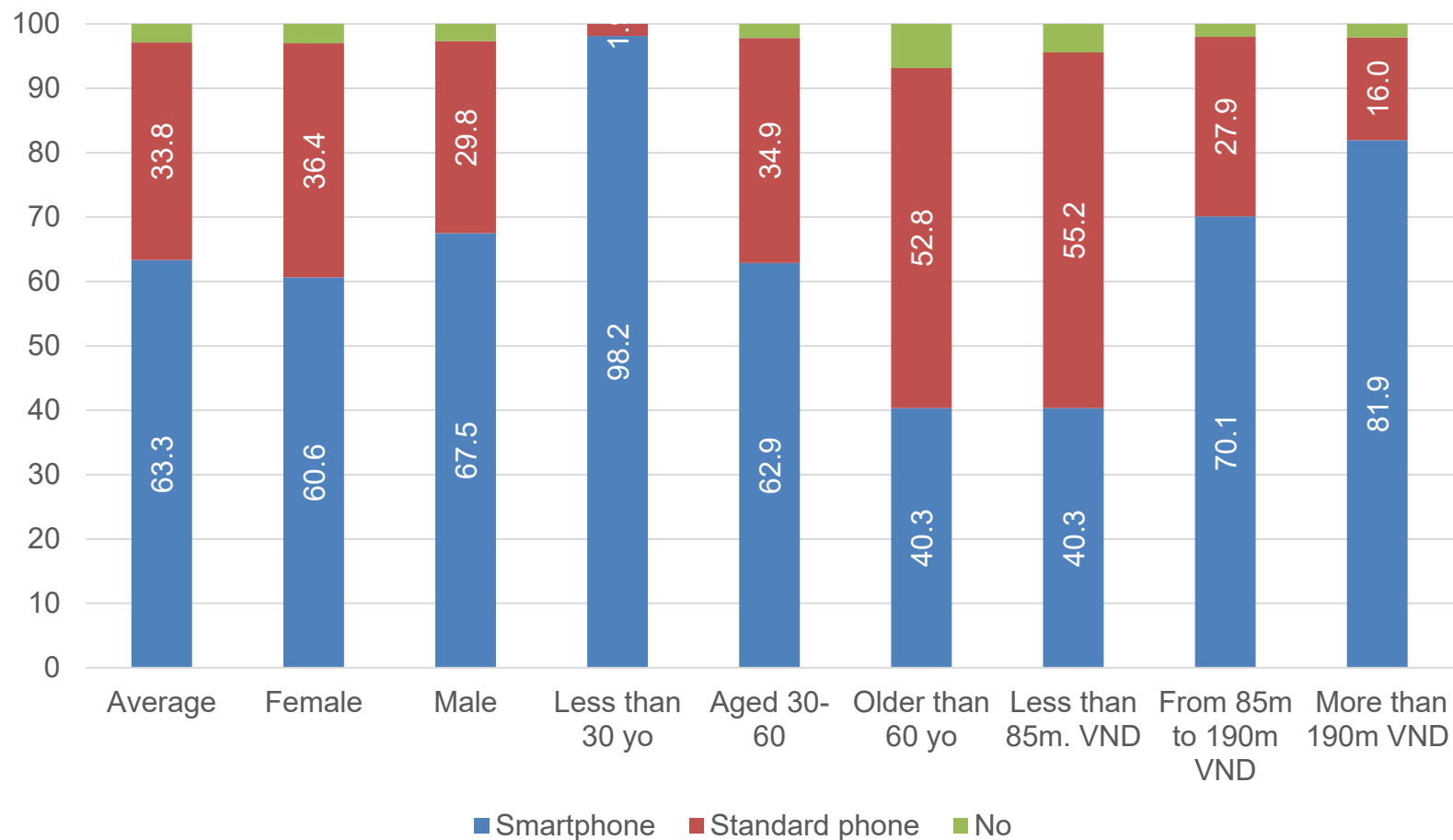
Sample selection:

- Multilevel stratification;
- 1,000 observations in each country

2. Survey results—Financial literacy



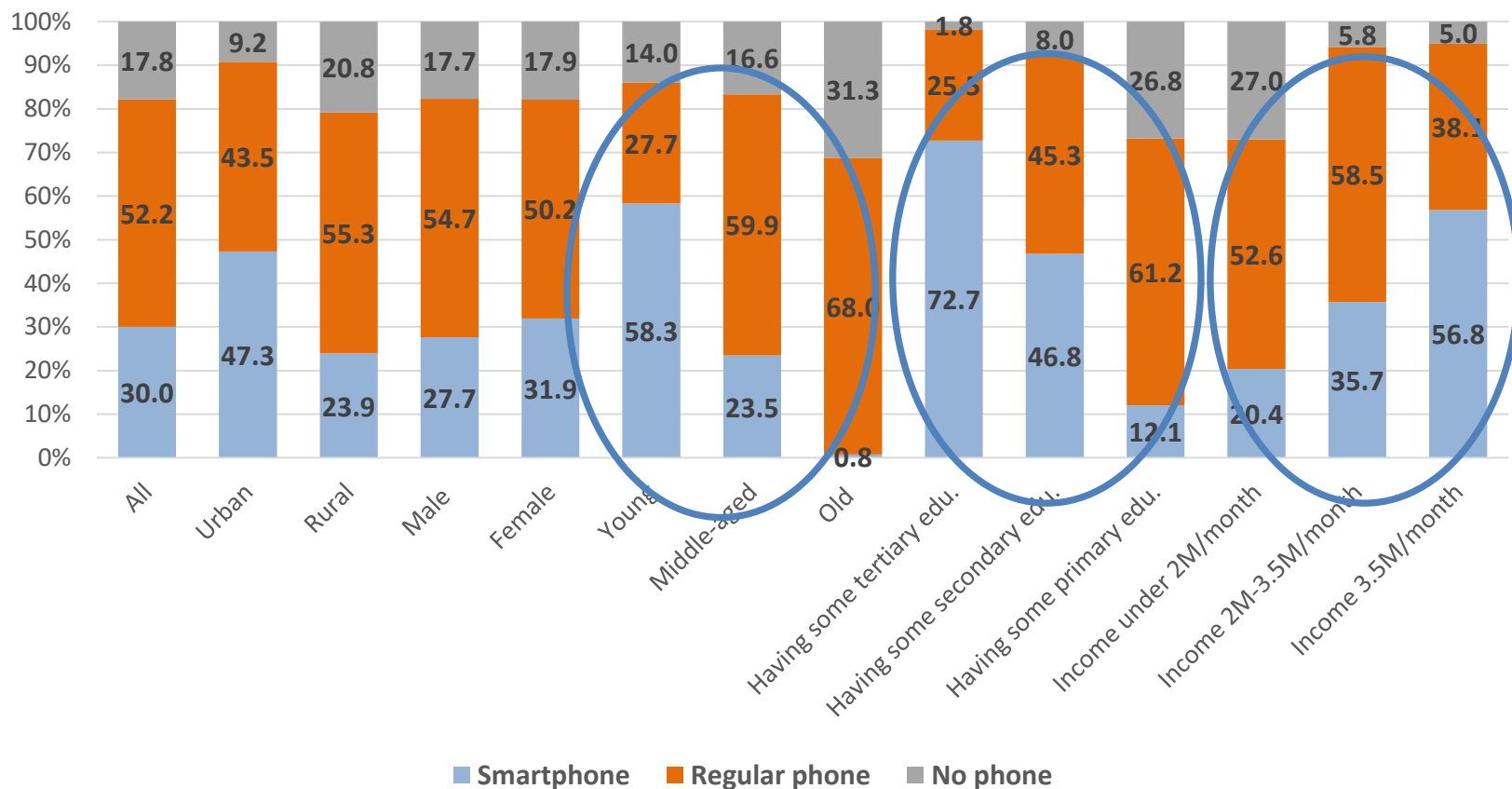
Telephone usage (%) – Viet Nam



- 63% use smartphone;
- First time having smart phone: 2013

Source: Authors' estimates.

Telephone usage (%) – Lao PDR

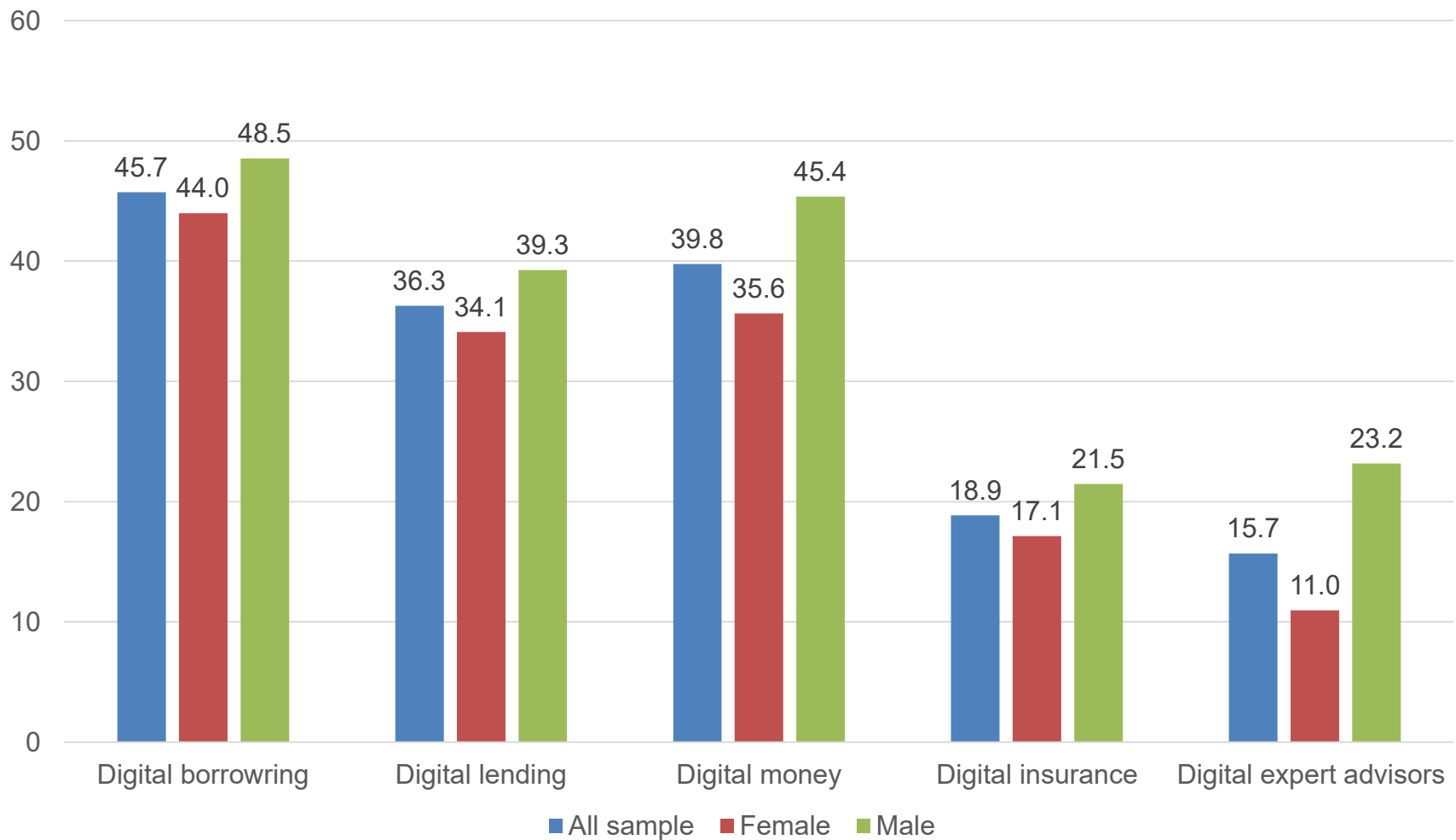


- 30% use smartphone;
- 80% said that they first owned smartphone in last 5 years
- Most students and half of paid employees own smartphones, but only 24% for self-employed and 17% for retired/unemployed group.

Source: Authors' estimates.

Awareness of fintech products—Viet Nam

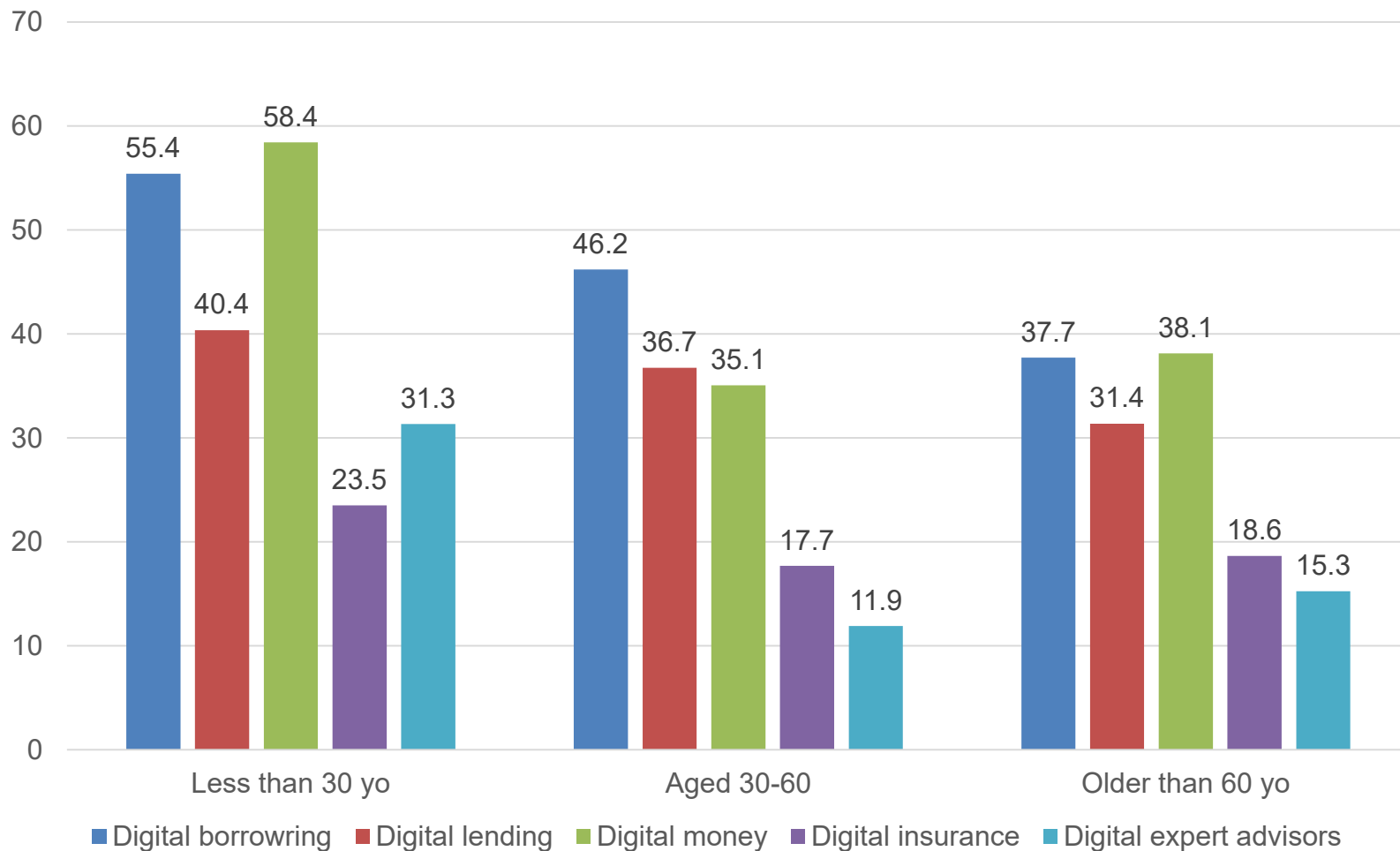
By gender, %



Source: Authors' estimates.

Awareness of fintech products—Viet Nam

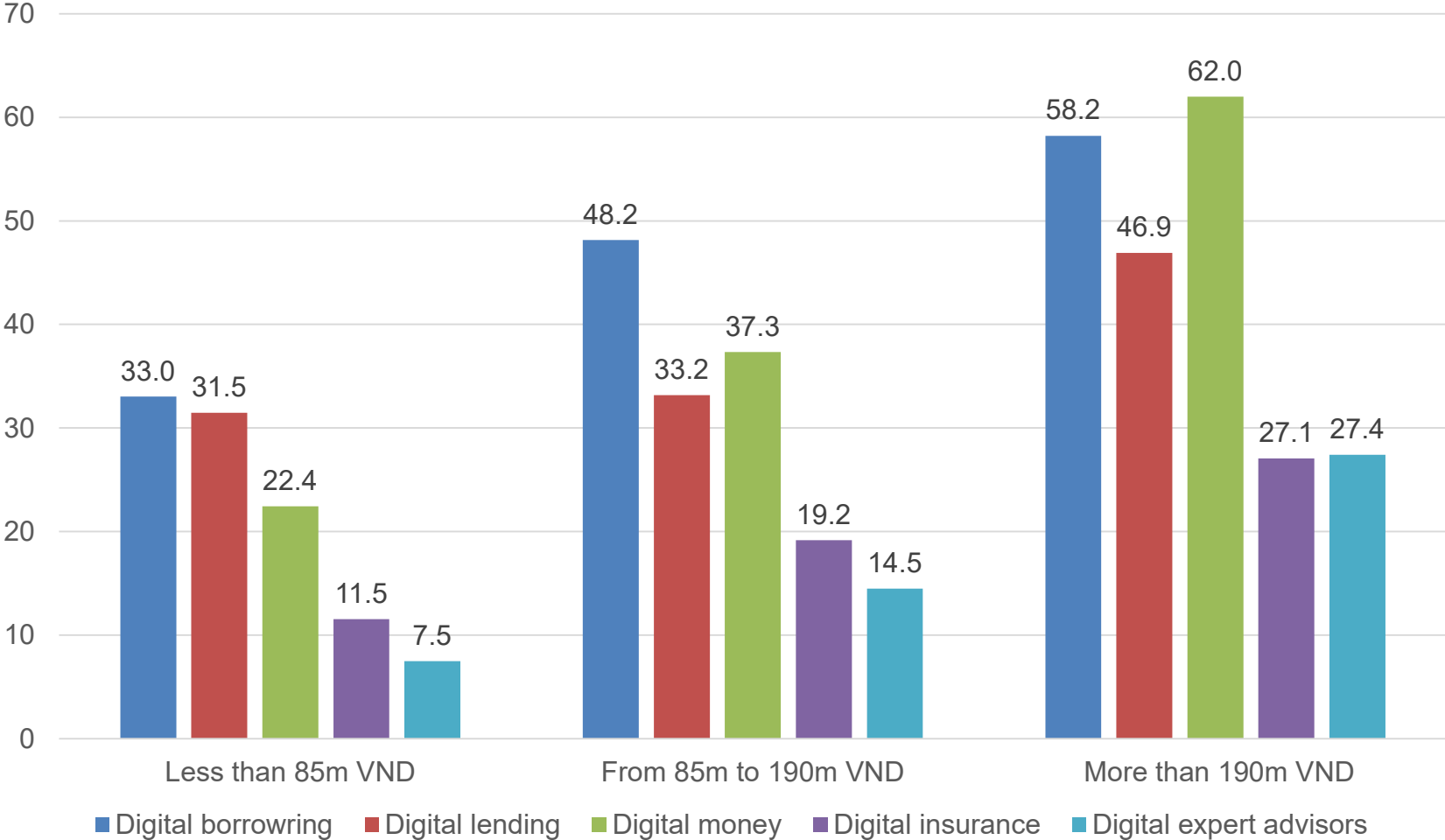
By age, %



Source: Authors' estimates.

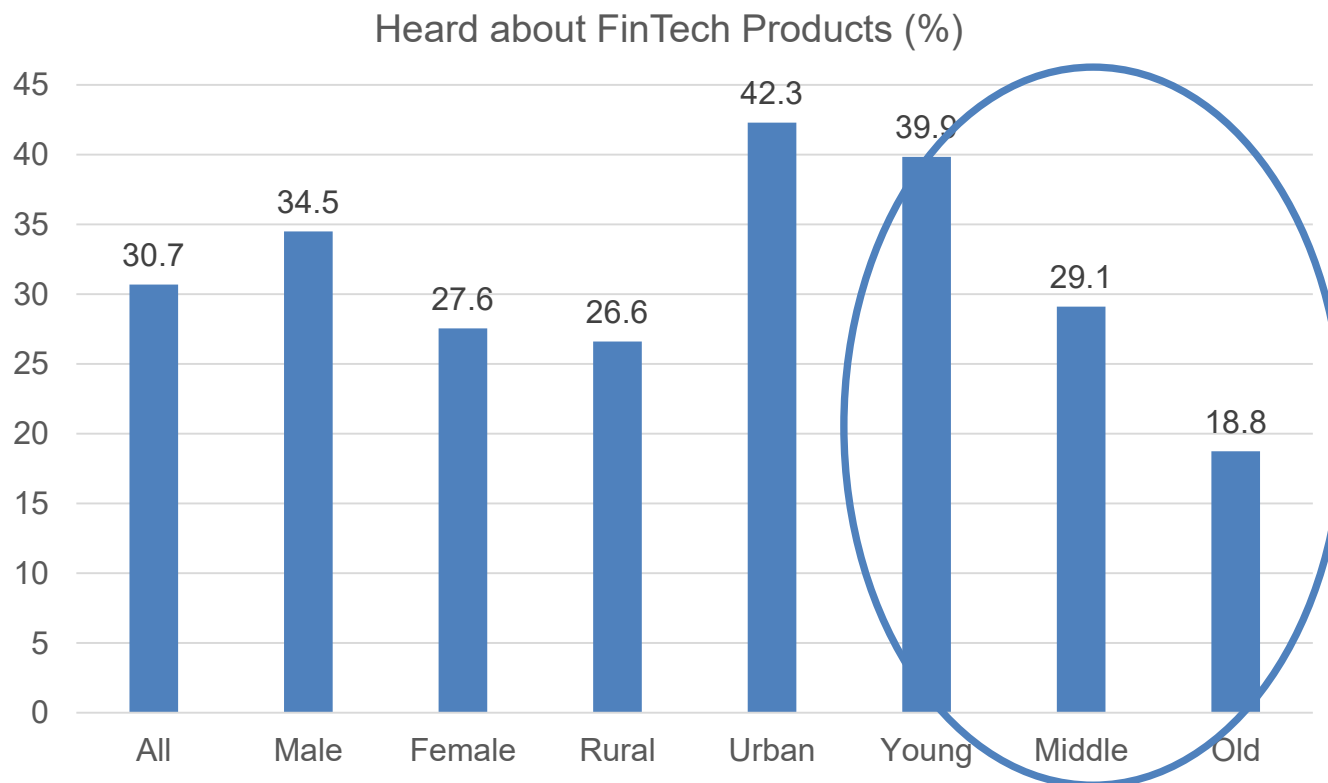
Awareness of fintech products—Viet Nam

By income, %



Source: Authors' estimates.

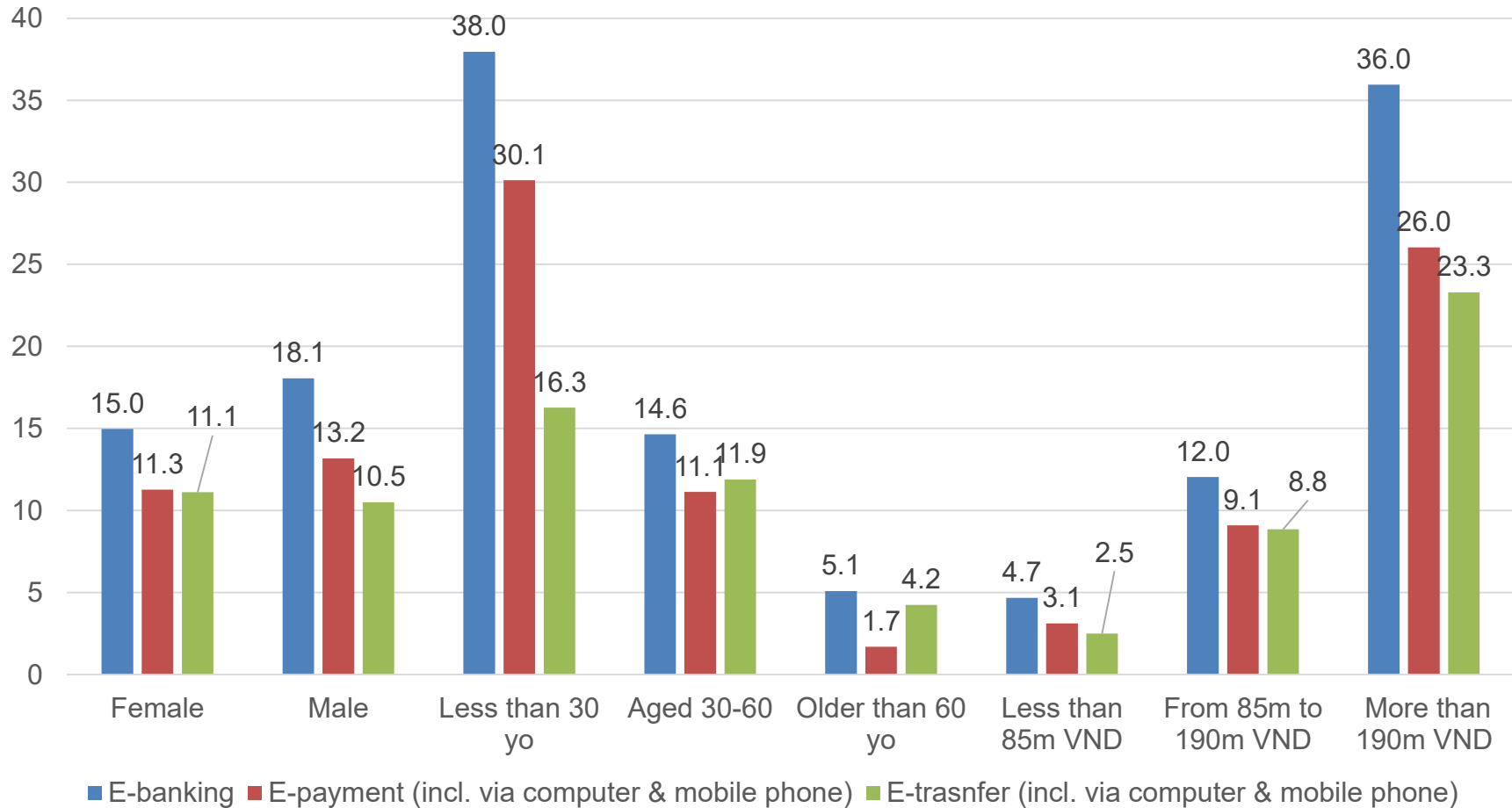
Awareness of fintech products—Lao PDR



- 30.7% heard about FinTech Products
- Only 3.7% ever used (9.1% of those who have ever heard)
- Low level of awareness of in self-employed group (27%) and retired/unemployed groups (13%) while that of paid employees and students is about 50-52%.

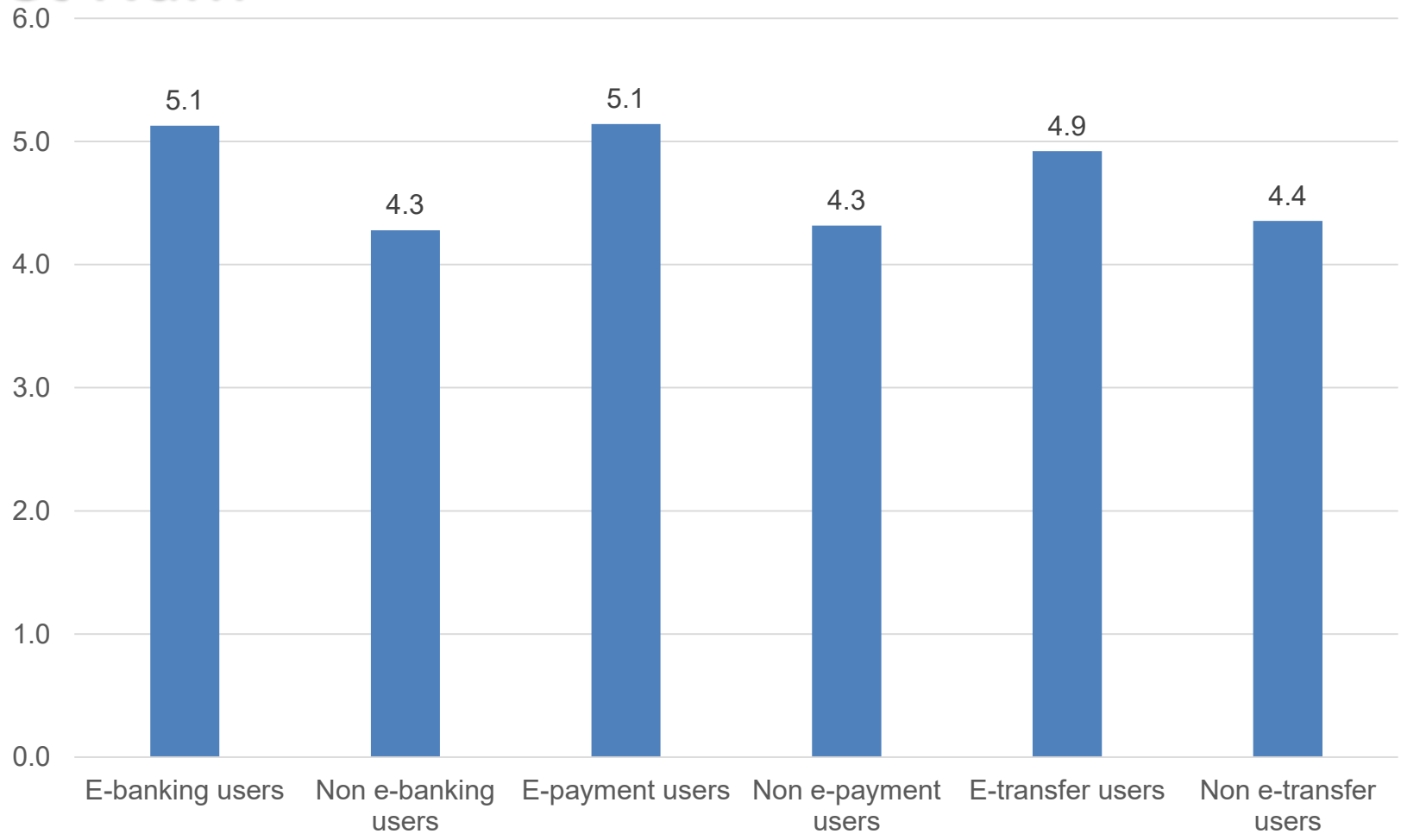
Source: Authors' estimates.

Use of e-Banking/ e-Payment/ e-Transfer— Viet Nam, by gender, age and income, %



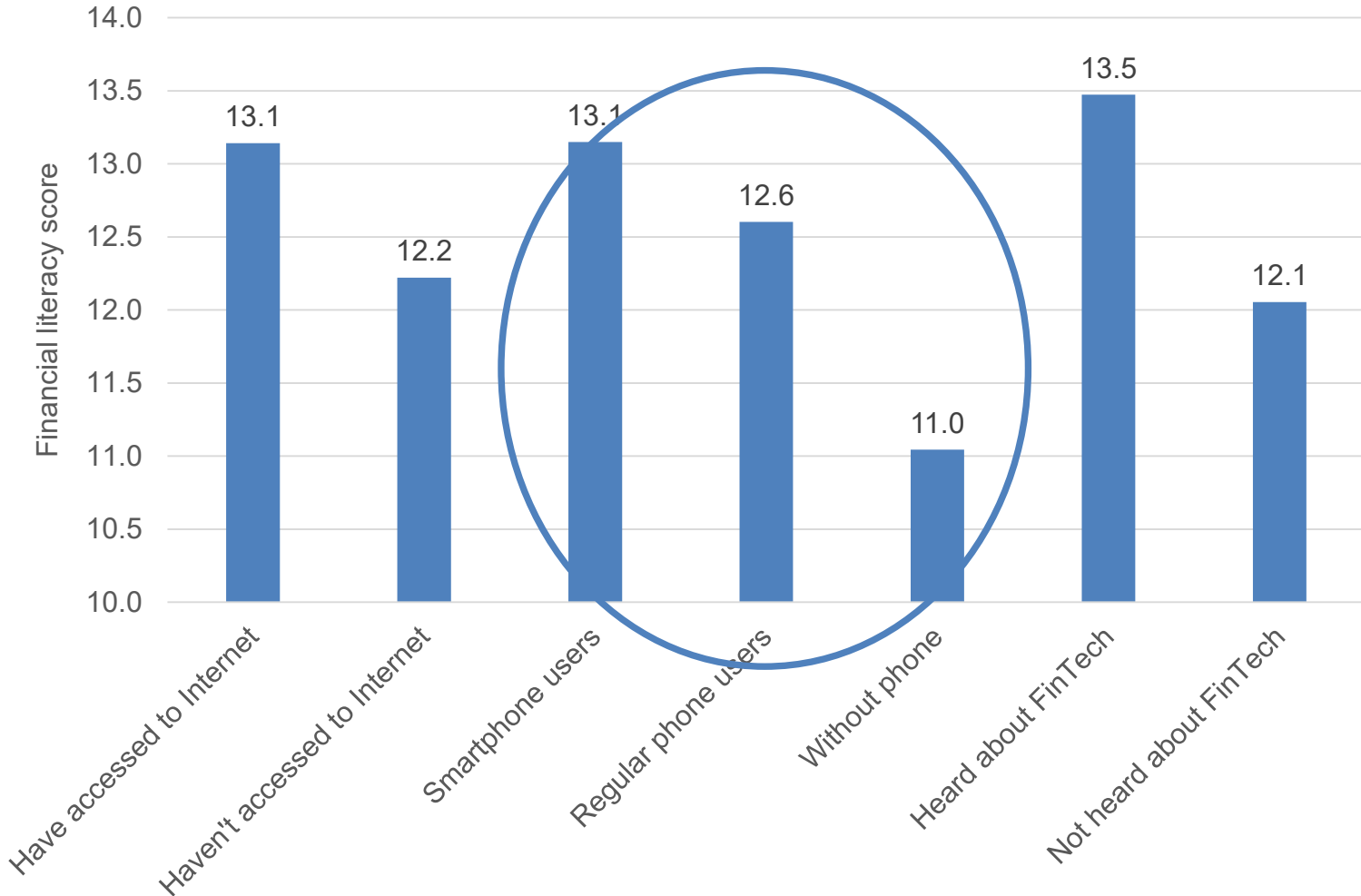
Source: Authors' estimates.

Fintech use and financial knowledge score— Viet Nam



Source: Authors' estimates.

Fintech knowledge and financial literacy score—Lao PDR



Source: Authors' estimates.

3. Conclusions

- Fintech and financial literacy
 - 63% (Viet Nam) and 30% (Lao PDR) of the respondents have access to smartphones,
 - Most young people (under age 30) and urban residents; a large proportion of middle-age individuals have access to smartphones/internet
 - 45%-50% (Viet Nam) and 31% (Lao PDR) are aware of fintech products, but only 17% (Viet Nam) and 4% (Lao PDR) have used fintech services (mostly e-payment or e-banking)
 - Financial literacy is positively associated with higher fintech awareness
 - Financial literacy is positively associated with higher fintech adoption,
 - General and financial education programs could raise the demand for fintech services

Thank you!



Increasing Access to Finance for female-owned MSMEs in Myanmar



Webinar on Financial education, financial consumer protection and financial inclusion policies and National Strategies in CLMV countries, 23 Feb 2021





ONOW

With this **technology**, we're helping **women** build a **successful business** and **access MSME finance** through **digital channels**.

ONOW's Track Record

550+ Businesses

Incubated
with 1-2 years of coaching

6,000+ Businesses

Coached
By Phone

270,000+ USD

Unlocked
startup capital for MSMEs

300,000+ users

Trained in financial capabilities
on our digital platform

11,500+ Businesses

Digitally Coached
in financial goal-setting

300+ FSP staff

Trained
in MSME coaching and support



MSME Owner Goal-setting and Action



Foundational skills in digital and financial literacy

A photograph showing a group of women in a market setting. One woman in the foreground is pushing a stroller, while others are walking around. The scene is outdoors with trees and buildings in the background.

Capabilities in business modeling and projections

A photograph showing a large room filled with people working at sewing machines. The room is brightly lit, and the workers are focused on their tasks. The machines are arranged in rows.

Access to flexible growth capital

A photograph showing a person's hands counting stacks of banknotes. The person is sitting on the floor, and the banknotes are spread out in front of them. The scene is indoors, and the lighting is soft.

Financial Institutions Client Sophistication



Efficiently educate diverse
clientele at varying levels of
expertise



Clients understand how to
graduate to new products



Reduce staff paper work to
increase supportive touch
points



How We Do It



Migrant Women Need
Increased Income

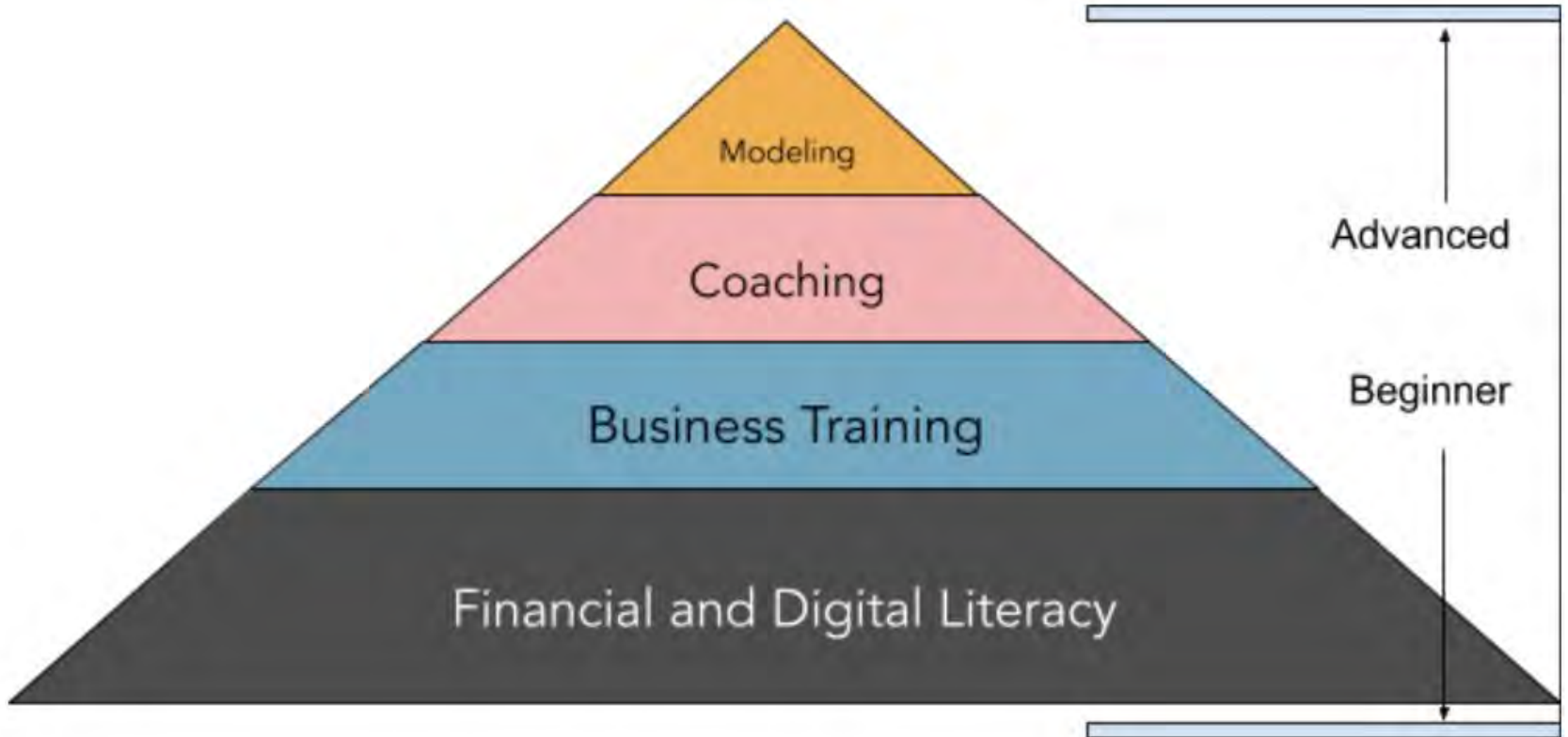


Entrepreneurship
Training, Access to
Finance, Coaching



Confidence in
Money and Business

Support Pyramid



Confidence Demonstrated



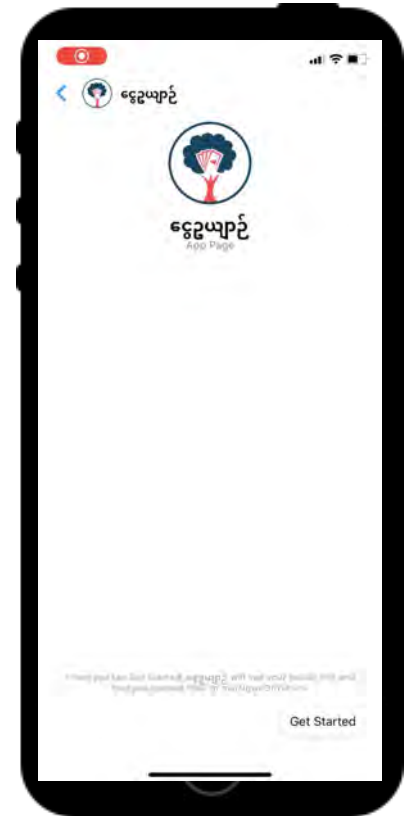
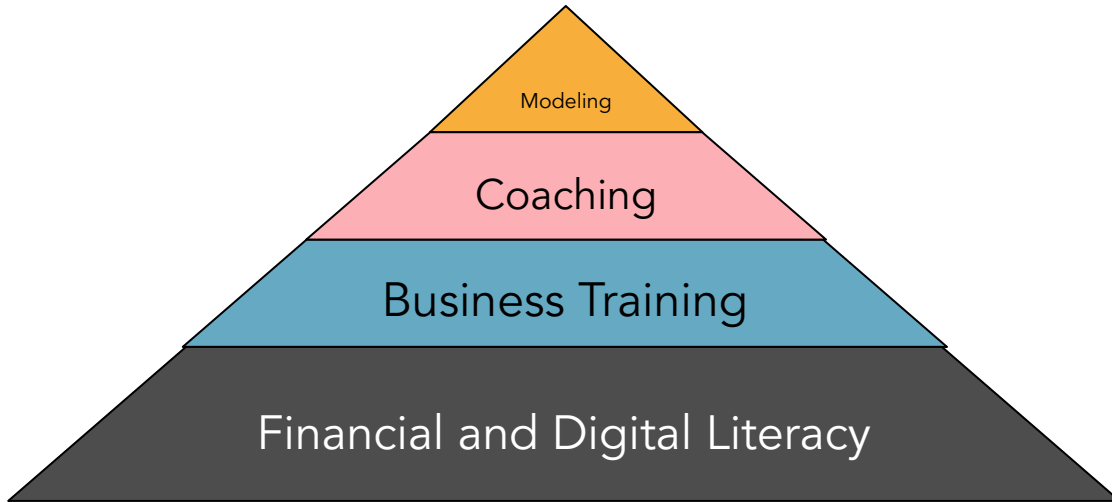
Migrants are transient and risk averse. MFIs and Business are Daunting.

Only 34% of businesses in Myanmar have female owners.

90+% of incubator participants create a business plan

75+% of incubator participants get loan capital and launch a business

The Digital Platform

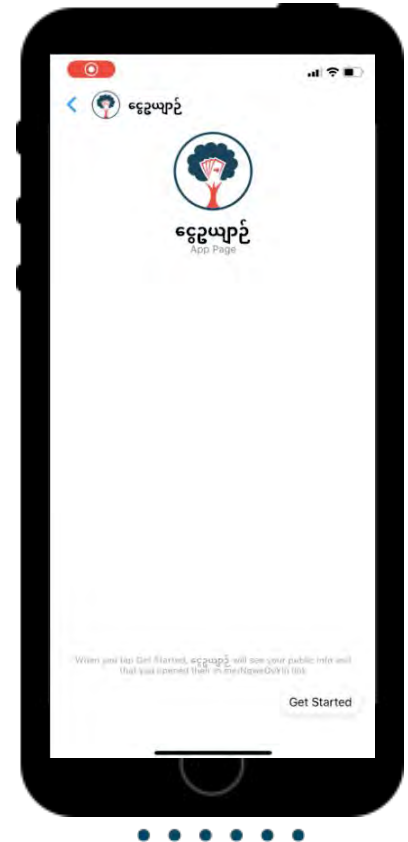


Engaging Content, KYC Capture

Improving Performance of **VisionFund**
MYANMAR

- Reducing Time to find new customers
- KYC and Loan Needs captured in chatbot
- Target 1/3 reduction in meetings to disbursement

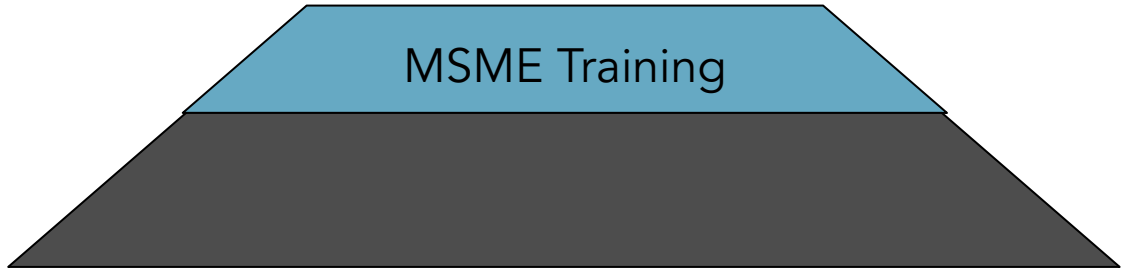
Financial and Digital Literacy



Dynamic Content, Graduating Clients

Improving Performance of  VisionFund MYANMAR

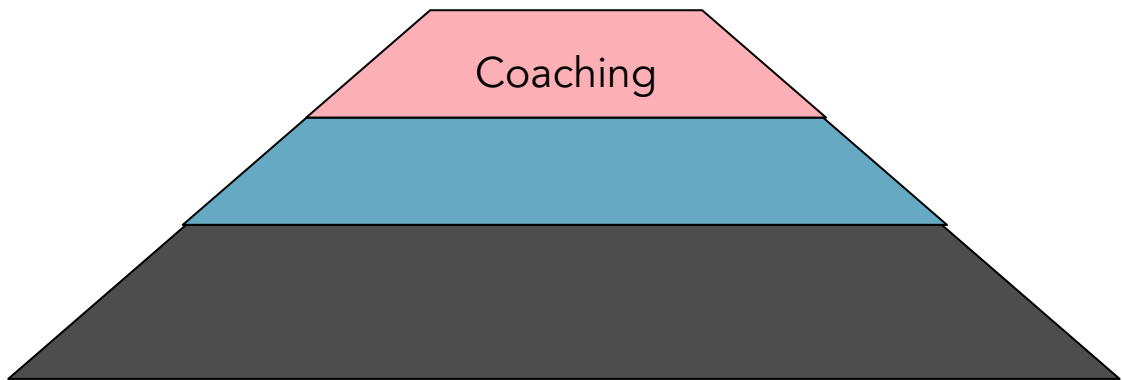
- Helping borrowers understand the process of graduating to higher loans and individual loans



Coaching, Assessments and Goals

Improving MSME Performance with **ybi** | Youth Business International
with support from **Google.org**

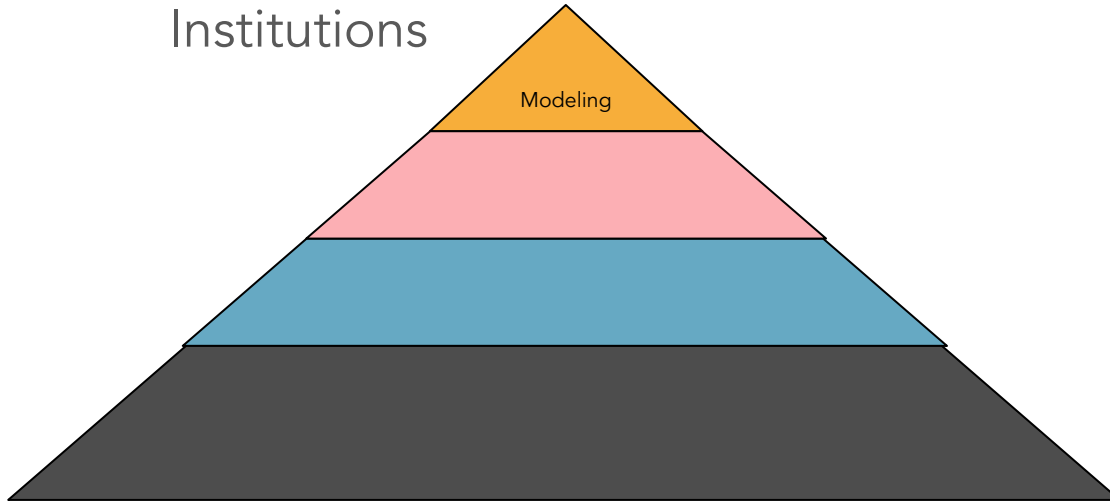
- Internal Assessment/External Constraints
- Goal-Setting and Action Planning
- Digital and Analog



Business Modeling, Crowd-sourced Data

Crowd-sourced Rev and Price Recommendation

- Full Income Statement-Building
- Business Borrower Profiles for Financial Institutions



FILING DETAILS	
Date Prepared	
Assisted by ONOW Coach	
Financial Institution	

BUSINESS CONTACT	
Name of Business	
Phone Number	
Address	
Year Established	No. of Employees
Business Type	Business Sub-Type

OWNER DETAILS	
Name	
NRC ID No.	
Date of Birth	
Education Level	
Marital Status	No. of Children
GPS	

BUSINESS MODEL	
Our Product	
How Do We Create It	
Our Customers	
Channels	

MARKETING PLAN	
Activities	
Channels	

FINANCIAL PROJECTIONS			
Revenue Sources & Amounts		Expenses Categories & Amounts	
Total		Total	

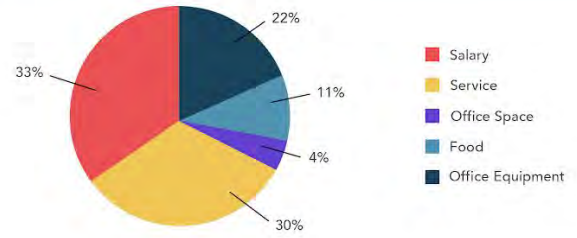
Project Profit

■ Gross Profit ■ Net Profit ■ Return on Assets



Month	Gross Profit	Net Profit	Return on Assets
January	High	Medium	High
February	Medium	Low	High
March	Medium	Low	Low

INVESTMENT MODEL	
How Much is Needed	



EXPECTED PAYBACK TIMELINE	
How Many Months	
How Frequently Paid	
Grace Period	

ACTION PLAN	
Goals	
Next Steps	
Target Dates	

လုပ်ငန်းအမည် - ဒေါ်ငွေခင်ကုန်စုံဆိုင်

လုပ်ငန်းအခြေအနေဖော်ပြချက် - စတင်ဖွင့်လှစ်ခြင်း

လုပ်ငန်းအမျိုးအစား - လက်လီဆိုင်

လုပ်ငန်းပုံစံအမျိုးအစား - ကုန်စုံဆိုင်



အဓိကမိတ်ဖက်များ

- ကုန်ခြောက်ဒိုင်များ
- စည်ပင်
- ကုမ္ပဏီများ



အဓိကလုပ်ဆောင်ချက်များ

- ဈေးဝယ်ခြင်း
- ပစ္စည်းပို့ခြင်း
- ဆိုင်စီခြင်း



အဓိကအရင်းအမြစ်များ

- ငွေကြေး (၂၀၀၀၀၀)
- ရေခဲသေတ္တာ (၁ လုံး)
- ဗွီရို (၂ လုံး)
- ဆိုင်ခန်း
- အတွေ့အကြုံ



လုပ်ငန်း၏အားသာချက်တန်ဖိုးများ

- ကုန်ပစ္စည်းများလတ်ဆတ်ပြီးအရည်အသွေးကောင်းခြင်း
- ဈေးနှုန်းမျှတခြင်း
- အလေးပြည့်ခြင်း



ဝယ်ယူသူများနှင့်ဆက်ဆံရေး

- အချိန်မှန်ခြင်း
- ချို့သာစွာဆက်ဆံခြင်း
- အဆင်မပြေမှုများကိုမေးမြန်းခြင်း
- အပိုဆောင်းထည့်ပေးခြင်း



လမ်းကြောင်းများ

- ဆိုင်ဖွင့်ရောင်းချခြင်း
- ပစ္စည်းပို့ဆောင်ပေးခြင်း
- Online မှရောင်းချခြင်း



ဝယ်ယူသူ

(၁) အိမ်ရှင်မများ
 နေရာ - ရုပ်ကွက်အတွင်း
 အသက် - ၁၈ နှစ်မှ ၆၀ နှစ်အတွင်း
 ဝင်ငွေ - ၇၀၀၀၀ ကျပ်မှ ၄၀၀၀၀၀
 ဝယ်ယူမှုပုံစံ - ငွေစဉ်ဝယ်ယူသည်။

(၂) ကျောင်းသား၊ သူများ
 နေရာ - ရုပ်ကွက်အတွင်းနှင့်ရုပ်ကွက်အနီး
 အသက် - ၅ နှစ်မှ ၁၆ နှစ်အတွင်း
 ဝင်ငွေ - ၂၀၀ မှ ၅၀၀
 ဝယ်ယူမှုပုံစံ - ကျောင်းဖွင့်ရက်များတွင်ဝယ်ယူသည်။



ကုန်ကျစရိတ်များ

- ပုံသေကုန်ကျစရိတ်များ
- ရေခဲသေတ္တာ၊ ဗွီရို၊ ဆိုင်ခန်း

- ပုံသေမဟုတ်သောကုန်ကျစရိတ်
- ကုန်ပစ္စည်းများဝယ်ယူစရိတ်
 - ဆိုင်နှင့်ပစ္စည်းများပြင်ဆင်စရိတ်
 - အခွန်၊ အခပေးငွေ



ဝင်ငွေရလမ်းကြောင်းများ

- ကုန်ခြောက်ရောင်းရငွေ
- ကုန်စိမ်းရောင်းရငွေ
- စာရေးကိရိယာရောင်းရငွေ





The Digital Journey

User
Acquisition

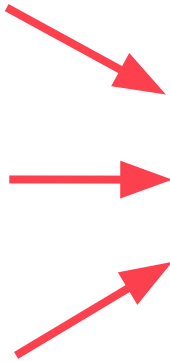
Training, Coaching,
Data Capture

Financial Institution
Credit Assessment

FSP Partner
Client Lists

Targeted Social
Media Ads

Non-profit
Beneficiary Lists



Account Opening or
Graduation

VisionFund
MYANMAR

Access to Finance: “Myan Ku”

In partnership with  **SMART** Textile & Garments and funded by



Connecting **Garment Factory Workers** to Cash Transfer Assistance to replace lost wages.

- Financial Capabilities
- Education on Mobile Wallets
- Entrepreneurship Training



Small Business Support

In partnership with



Support **Small Businesses** to Survive and Recover from the COVID-19 Economic Crisis

- Situation Assessment
- Scenario Analysis
- Goal-setting and Action Planning
- Access to Finance
- Individualized Coaching



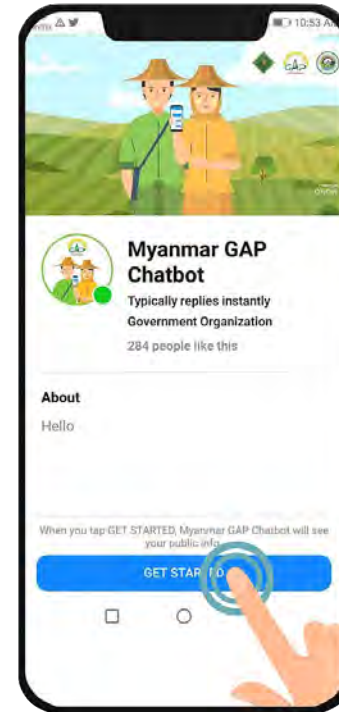
Farmer Productivity

Developed for  **IFC** | International Finance Corporation
WORLD BANK GROUP
Creating Markets, Creating Opportunities



Support **Farmers** to Institute the Good Agriculture Practices and facilitate government certification.

- GAP Training
- GAP Application and Certification
- Regular Record-keeping
- Dashboard for Government Monitoring
- Financial and Digital Literacy
- Farm Management





Yamin Thu

Restaurant Entrepreneur
2019





Migrant Entrepreneurship



Income Streams

1

Business Incubation

Business Owner or
Development Partner
Pays

2

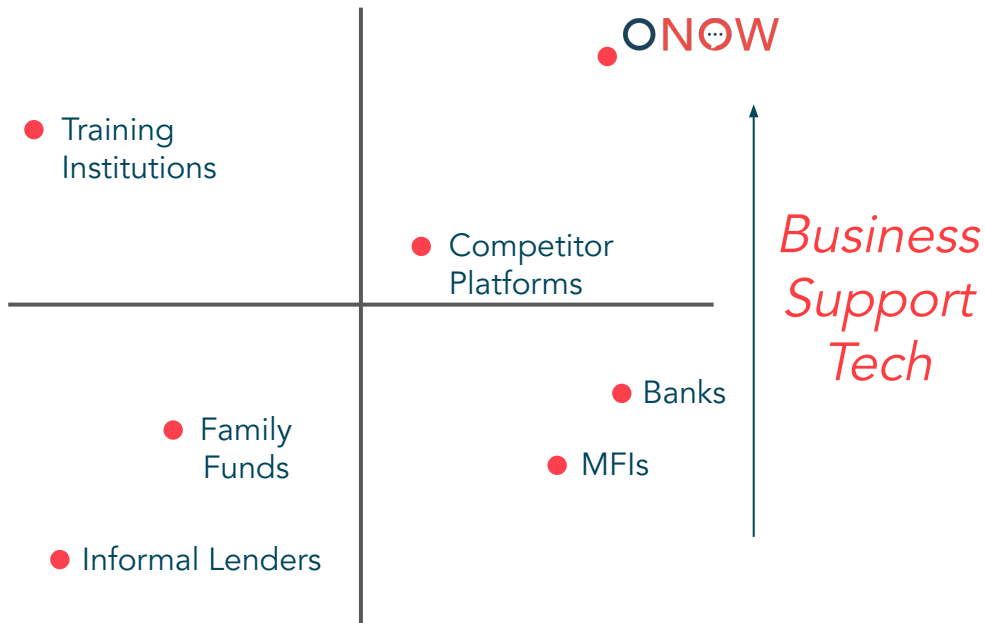
Digital Training

Financial Institution or
Development Partner
Pays



Funding and Continuous Personalized Support

Access to affordable funds →



For women with low confidence, business and financial management need to be friendly and accessible.

Key Drivers of Our Competitiveness

- Incubator with technology capabilities
- Deep support and cash options

Notable Milestones: Growth and Profitability

Acceleration

Funding

Impact

Completed The
Miller Center
GSBI Program

Grants for
Strategic
Initiatives

User
Growth
Milestones



Miller Center
for Social Entrepreneurship



The Key Advantage is **Our Team**



Matt Wallace
Managing Director



Johnny Knox
Director



Adam Hunt
Director



May Thinzar Aung
Assistant Director



Zar Zar Oo
Finance Administrator



Toe Yadanar Aung
Technology Lead



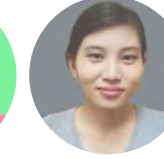
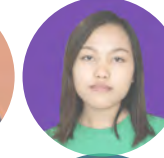
Thaint Yadanar Zaw
People and Culture Lead



Lin Htin
Incubator Manager



Mai Thal Thal Hmway
Project Lead



In Good Company

ONOW

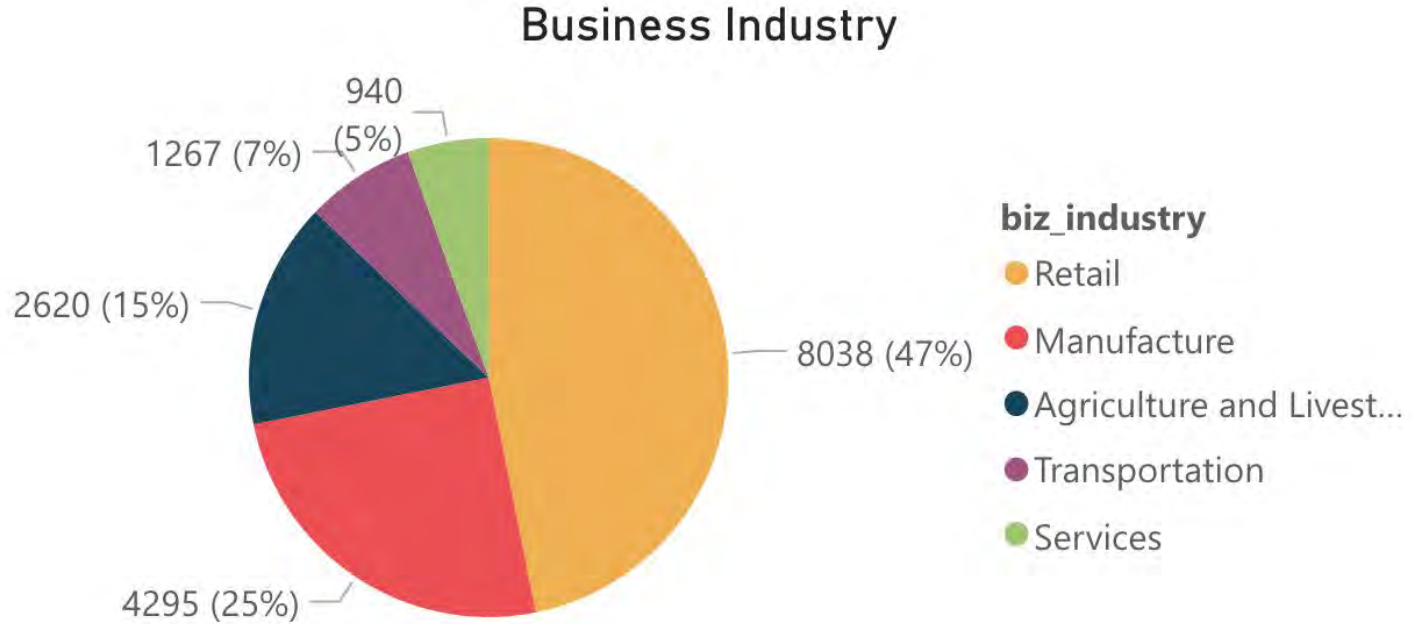


Aggregated Client Data

Engagement, Business Health, Economic Constraints



Business Types Supported





Female-Owned **Business Challenges**



Financial Challenges

34% Report Financial Difficulties

- Buying Goods
- Paying loans

Reduced Demand

30% Report Reduced Demand

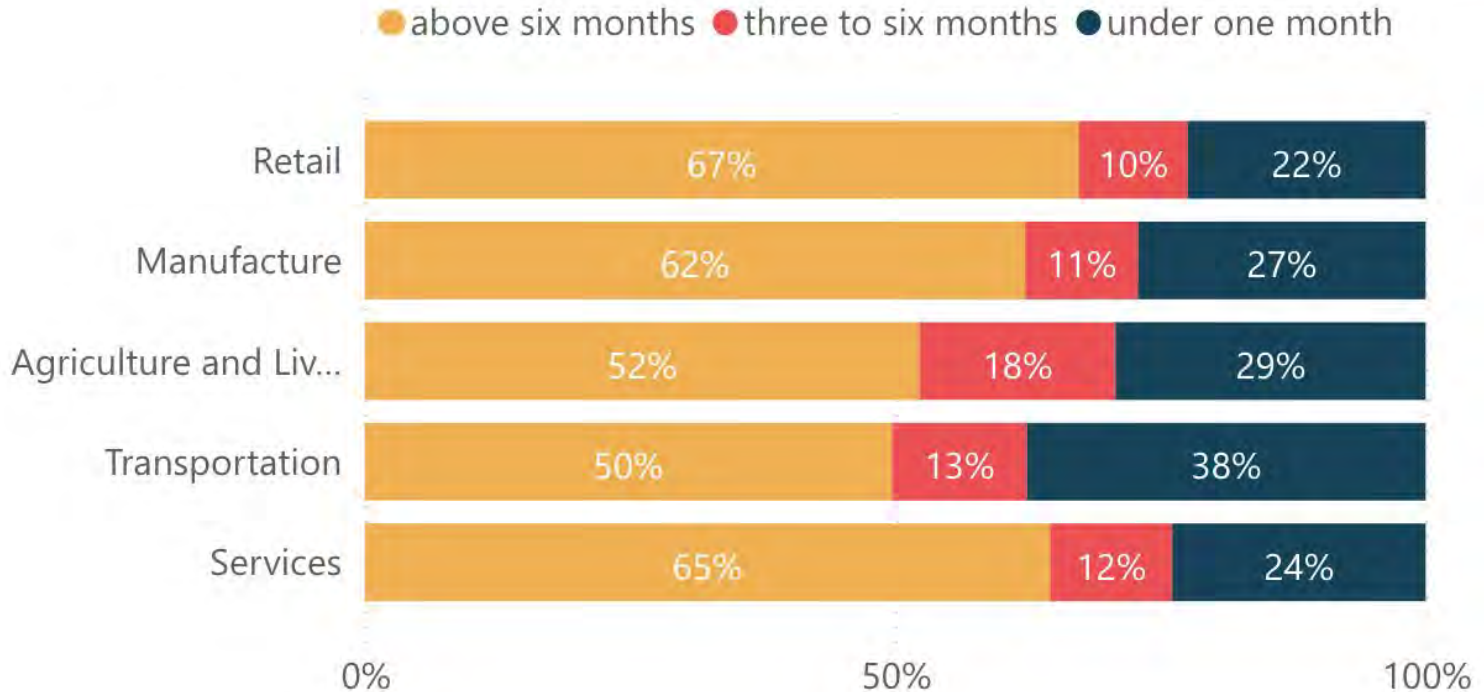
- Non-essential services
- Need business model pivots



Business Types Supported



Business Type and How Long Current Business will operate





Savings Behavior

1. 51% of respondents report they are saving
2. 63% target saving more than 20% of their income
3. Savings as a share of expenses tends to be higher in rural areas and among business owners
4. 64% report saving outside of formal institutions





Savings Behavior: COVID Impacts

1. **71%** report their savings have been impacted
2. **52%** report using up half or more of their savings
3. **29%** say they have used their entire savings
4. **72%** report being forced to reduce their savings habit



Key Results- COVID-19 Impacts

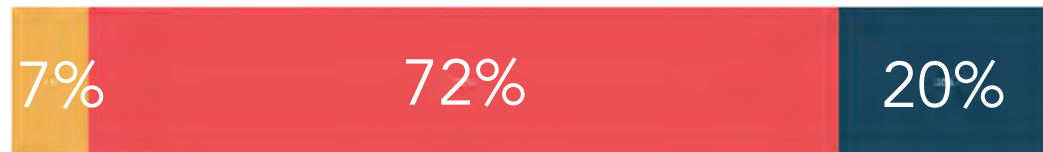
Have your savings reserve been impacted by COVID?

- 29% Say "No"
- 71% Say "Yes"



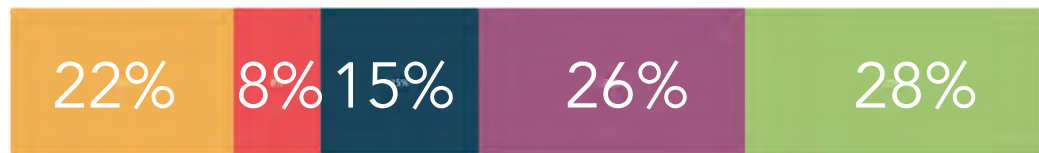
How has COVID affected your Savings Habit?

- 7% "Increased Saving"
- 72% "Reduced Saving Habit"
- 20% "Same Savings Amount"



How much of your savings have you used during COVID?

- 22% "almost half"
- 8% "half"
- 15% "more than half"
- 26% "haven't used"
- 28% "all"



Key Results- Saving Impacted by Covid-19

Food

29%

What did you primarily spend your savings on?

Business

19%

Health

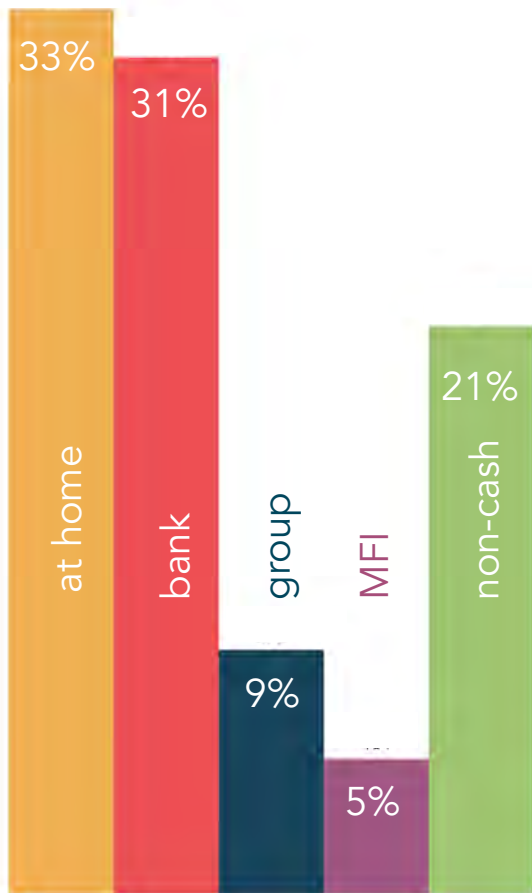
14%

Others

37%



Key Results- Saving Destination



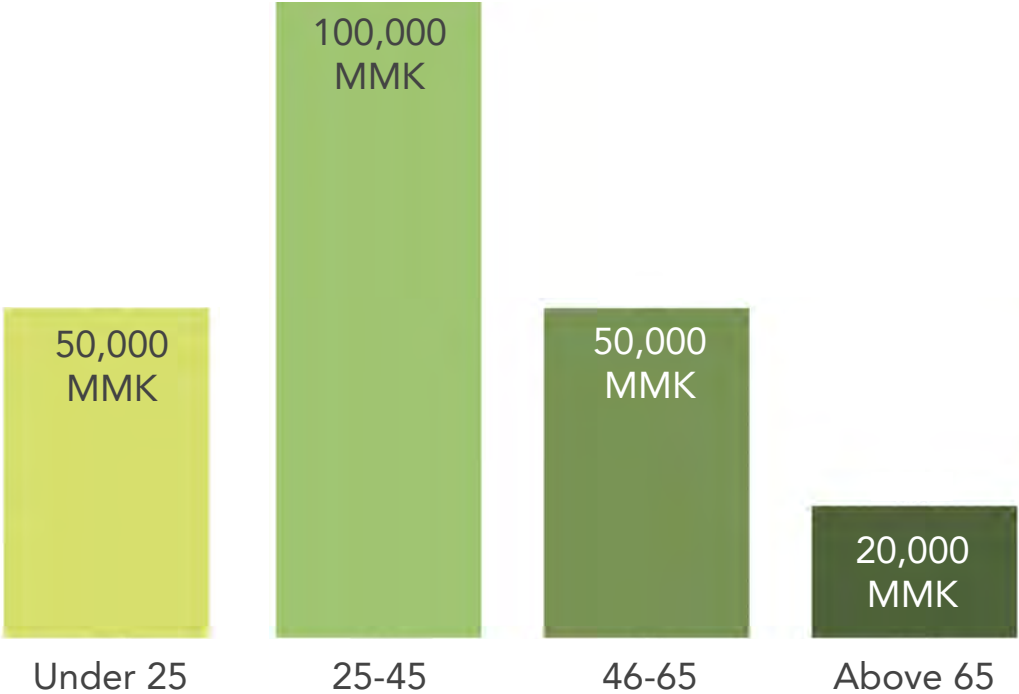
Where are you primarily saving?

- 33% at home
- 31% at bank
- 21% non-cash
- 9% in group
- 5% at MFI

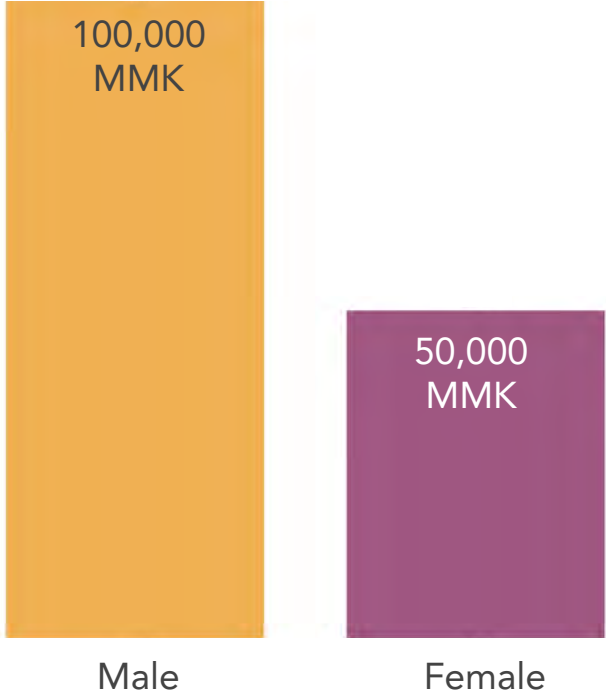


Key Results- Saving Habits

Median Monthly Savings by Age

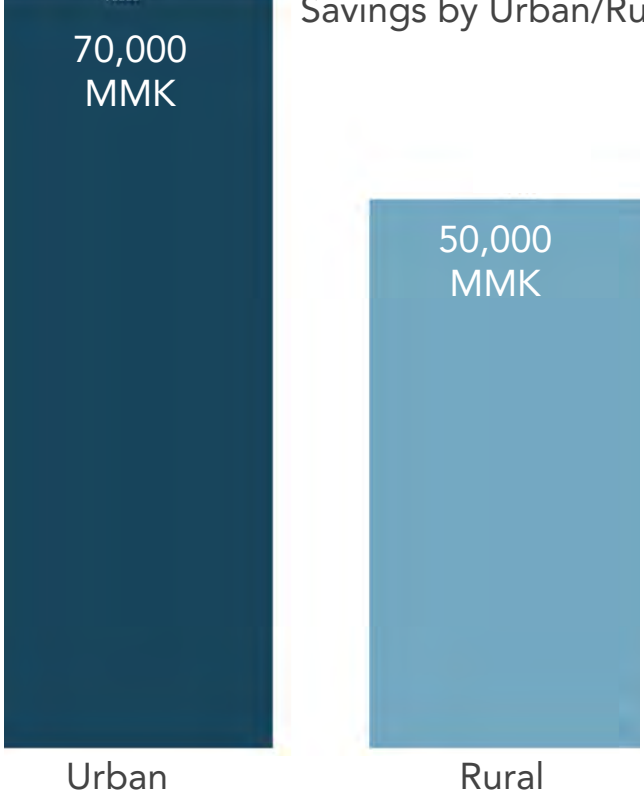


Median Monthly Savings by Gender

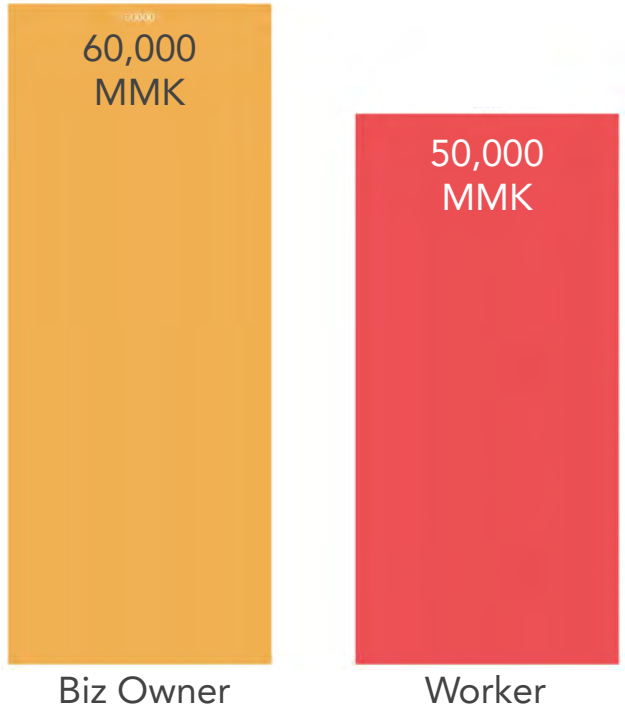


Key Results- Saving Habits

Median Monthly Savings by Urban/Rural



Median Monthly Savings by Business Ownership



Recommendations

- 64% are **saving without interest**
 - **Savings** pools have been **decimated**
1. Programs that **incentivize** leaving money in the account
 2. Make it easy to **frequently deposit** in **small amounts**
 3. Create and offer **Commitment Savings** products
 4. Engage Emotions: **Tell Stories** of Resilience During the Pandemic due to COVID





Increasing Access to Finance for MSMEs



CONTACT ME

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Managing Director

matt@onow.com

[@mattisawallace](https://twitter.com/mattisawallace)



Empowered Entrepreneurs



Ma Wutt Yi Htun - 2018
25yrs, From Pyinsalu



Textiles Sales
-startup loan
-loan to expand



Ma Thin Myat Saw Naing - 2018
27yrs, From Hlaingthayar



Cold Drinks Production
and Sales
-startup loan



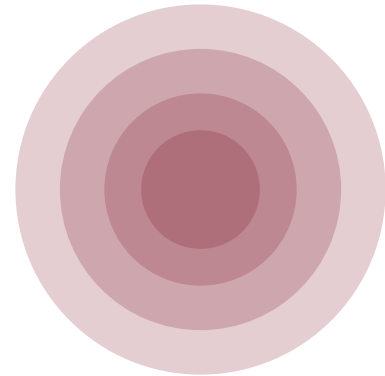
Ma Yamin Thu - 2019
29yrs, Htan Thapin



Restaurant
-startup loan



Digitalisation and COVID-19 impact on financial inclusion and financial education



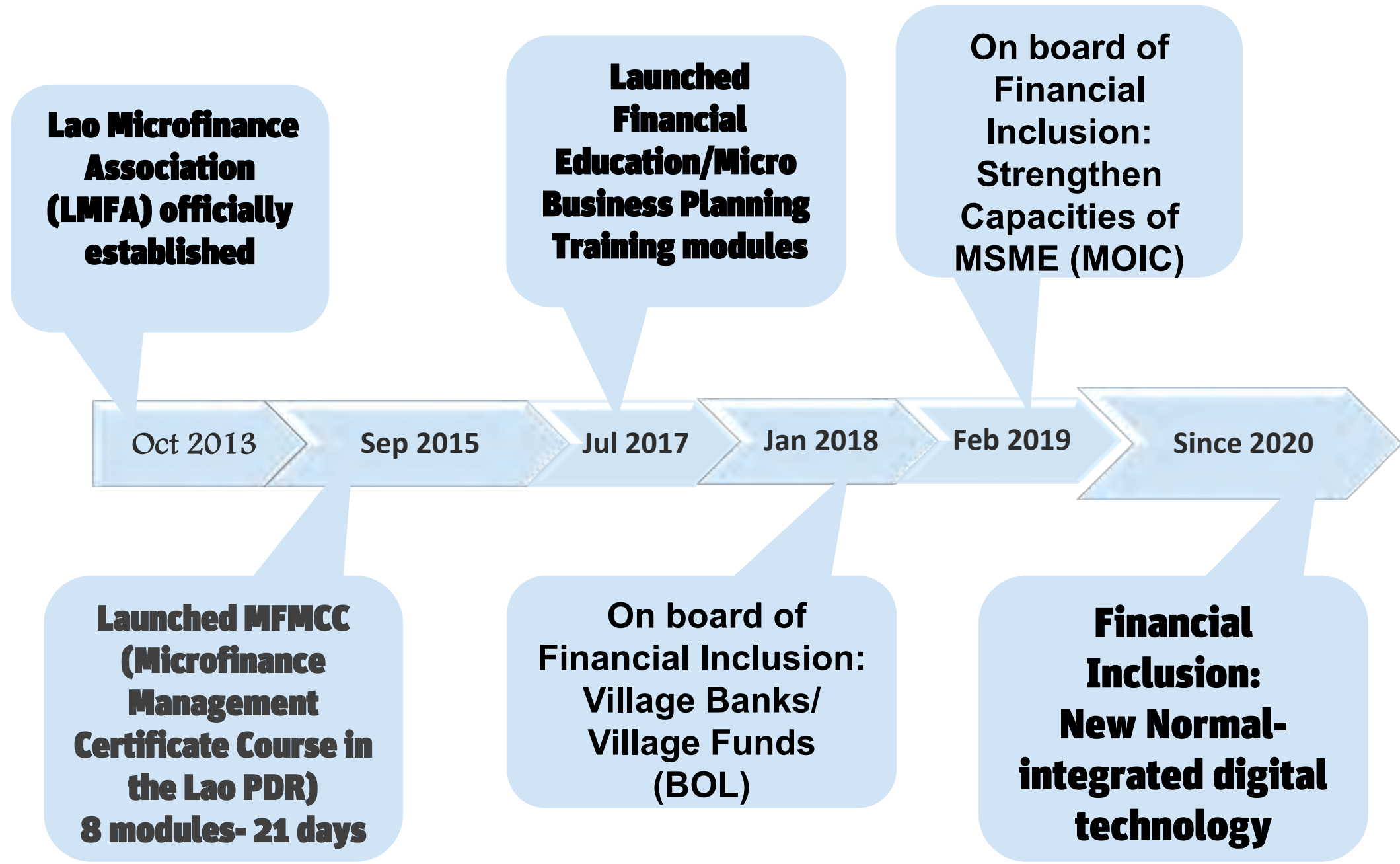
Lao Microfinance Association Experience

Pamouane Phetthany
Executive Director, LMFA
February 2021

Contents

- 01** Overview of the Lao Microfinance Association and its work toward Financial Inclusion
- 02** Impacts of COVID 19—Key Insight and recommendations

1. About Lao MFA: Milestone





1. Overview of LMFA and its work toward Financial Inclusion

LMFA support to Lao PDR Financial Inclusion Roadmap (2018-2025)

Proactive approach as sector representative, ensure enabling environment for sound development financial inclusion

LMFA increases outreach to include the majority of actors of the financial inclusion sector, particularly village banks

MFA offers capacity-building/consultancy services that are adapted to the needs of its members especially in delivering tailored made MFMCC, financial education, MSME training. Collecting data on Financial and Social performance (Sector Transparency), conduct of social audits and studies

02. Impact of COVID-19 Key Insights

LMFA conducted a Survey in November supported by Social Performance Task Force (SPTF)

- Worked with 11 MFI members to survey 1500 clients

Main Objectives:

- ✓ Understand how the COVID-19 impacted MFI clients
- ✓ Apply the results of the survey to MFIs product design
- ✓ Understand how to improve clients trust to their MFIs especially during the pandemic

02. Impact of COVID-19 Key Insights

KEY FINDINGS:

A. CONCERNS ABOUT COVID_19

70% said they are **VERY MUCH** concerned about coronavirus.

45% said their **ABILITY TO WORK** is their top concern related to coronavirus

Majority that expressed concern about COVID-19 were FEMALES

B. ABOUT FINANCES

89% said that their financial situation **GOT WORSE** since the lockdown due to the pandemic

75% said that their **primary source of income got worse**

66% said they **USED UP THEIR SAVINGS** during the pandemic

Those in urban centers experience a much worse change in their family financial situation since the Coronavirus

02. Impact of COVID-19 Key Insights

a. The majority of the clients and their households experienced anxiety due to the coronavirus

A majority of clients were very much concerned about the possible impact of coronavirus.

What were they most concerned about?

🗨️ Clients in the villages;

- ✓ Half were worried about their ability to work, and
- ✓ One-fourth were worried about the health impact

🗨️ Clients in the cities and towns/districts;

- ✓ About one-third were worried about their ability to work, and
- ✓ Another one-third were worried about the impact on the economy which will in turn affect their business and employment

How worried were clients on the health impact?

🗨️ A large majority of clients from villages were very much concerned on the health impact to them and their families.

🗨️ About half of clients from cities and also from towns/districts were very much concerned about the health impact.

How did they cope?

🗨️ Clients in the villages;

- ✓ Majority used their savings, and
- ✓ For some, borrowing from the MFI helped them to cope

🗨️ Clients in the cities and towns/districts;

- ✓ More than half used their savings also, and
- ✓ Some borrowed from the MFI
- ✓ A few sold assets like gold, vehicles and land

02. Impact of COVID-19 Key Insights

b. A large majority of clients experienced negative impact on their financial situation due to the COVID-19 pandemic.

A majority of clients reported that their largest and second largest income sources got worse since the coronavirus(lockdown)

Who were the most affected?

🗨️ Clients in cities and towns who are;

- ✓ Employed in the public sector, and
- ✓ Self-employed or Business in;
 - wholesale trading
 - retail trading
 - services

🗨️ Clients in the villages who are involved in;

- ✓ commercial farming,
- ✓ self-employed or business owners, and
- ✓ retail trading

How severe is the impact?

🗨️ A little more than one-third of clients either from villages, cities or towns/districts suffered much worse change in their main income.

🗨️ About half of those in the villages experienced slightly worse change in their main income.

How about access to cash?

🗨️ For most clients access to cash was almost the same. Many kept cash not as deposits in bank.

🗨️ About one-fourth encountered difficulty to access cash for fear of going out and getting infected. Also transportation was limited and business operations were shortened including bank branches.



02. Key Insights and Recommendations

c. Impact on the delivery of Financial education

- 💬 The 3-month lockdown due to the pandemic resulted in significant lost opportunities for capacity-building including financial education training delivery because of the prohibition for large gatherings
- 💬 Other activities like meetings and discussions have been conducted via virtual meeting platforms.
- 💬 The pandemic also showed that financial education is very important to help clients become resilient as most cited that their savings helped them to cope.

02. Key Insights and Recommendations

d. Other long-term Impact that will likely remain

-  The use to digital technology to minimize the spread of infection such as virtual meetings and use of digital payment platforms
-  Changes in the MFIs product design that allows clients flexibility in paying their loans and also accessing savings such as provision of grace period, loan recheduling options, interest rate adjustments and also using digital payment channels.

02. Key Insights and Recommendations

e. Other long-term Impact that will likely remain

- Supporting clients activities that will ensure them access to food supply like even during the pandemic such as backyard gardening that at the same time can provide marketable surplus.
- Realization that savings or building liquid assets is key strategy for microfinance clients to cope with the economic impact of a crisis like a pandemic.

Thank you very much



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Web: www.laomfa.org;
Tel/Fax: +856 21 226019



សហគមន៍ធនាគារកម្ពុជា
THE ASSOCIATION OF BANKS IN CAMBODIA

WEBINAR ON FINANCIAL INCLUSION, FINANCIAL CONSUMER PROTECTION, AND FINANCIAL EDUCATION POLICIES IN CLMV COUNTRIES

PRESENTED BY: Mr. Heng Koy, General Manager of ABC



Outline

I. Brief of The Cambodia Banking Sector & Financial Inclusion

- 1.1. The Briefing on Cambodian Banking Sector
- 1.2. The Overview Financial Inclusion in Cambodia
- 1.3. ABC's Initiative on Financial Inclusion
- 1.4. Overall Challenges and Digital Adoption
- 1.5. Bakong Payment System

II. Cambodian Sustainable Finance Initiative (CSFI)

- 3.1. The Development of Cambodian SF Principles
- 3.2. Nine Cambodian SF Principles
- 3.3. Roadmap 2019-23



I. Brief of The Cambodia Banking Sector & Financial Inclusion



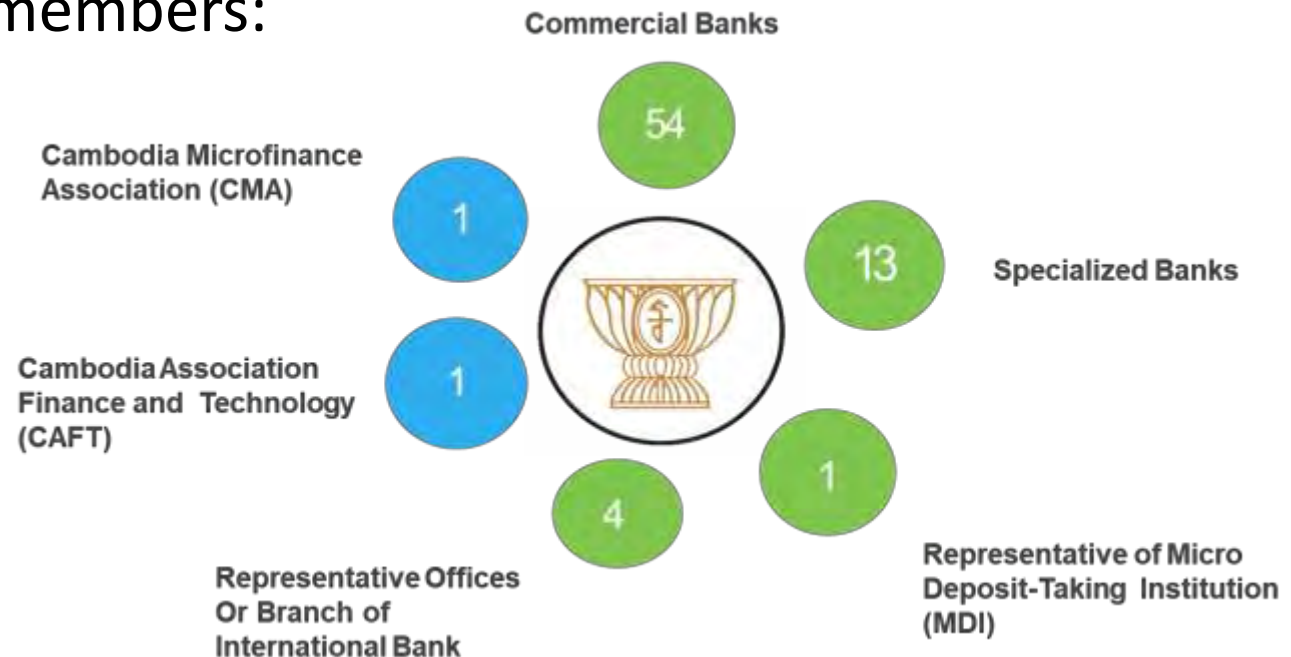
1.1. The Briefing on Cambodian Banking Sector

- Population: 16.5 millions. Adult population are around 60%.
- More than 50% of population under the age of 25 with high adoption rate of technology
- Financial Inclusion Rate: 18% by World Bank (2014).
- By August 2020, there are 15 million internet subscribers are recorded by the Telecommunication Regulator of Cambodia (TRC)
- GDT Growth was at average of 7% and about -3% in 2020 (as Covid 19 pandemic).



THE ASSOCIATION OF BANKS IN CAMBODIA (ABC):

- The ABC was formed in 1994 and recognized a professional official entity to represent Cambodia's private banking sector.
- The purposes:
 - to promote the development of the Cambodian financial system and
 - to protect the legitimate interests of its members.
- Membership: 74 members:





1.2. FINANCIAL INCLUSION IN CAMBODIA

- There are only 18% among adult population had been educated in Financial literacy. Source: Financial Literacy Around the World by World Bank (2014)
- The Cambodian Gov't introduced the National Strategic Plan on Financial Inclusion 2019-2025.
- The purpose is promoting and improve access to formal and responsible financial services in Cambodia.
- There are two main objectives and its target for :
 1. To reduce the number of women who do not access to formal Financial Service from 27% to 13%
 2. Increase the number of people access to formal Financial Service from 59% to 70% by 2025.



1.3. ABC'S INITIATIVE ON FINANCIAL INCLUSION

- In 2020, ABC and CMA have been created “**Financial Inclusion Committee**” to drive the FI's initiative agenda.
- The initiatives activities are supported and alighted with “the National Strategic Plan on Financial Inclusion 2019-2025”

Key FI's Initiative are





1.5. OVERALL CHALLENGES & OPPORTUNITIES AND DIGITAL ADOPTION

Women are likely to have limited or no access to public and private financial services and credit

Internet/ digital literacy is low in rural area. Added to this the fact that electricity connection is unreliable in rural areas.

A lower level of market linkages/ networks including for capacity building



1.5. OVERALL CHALLENGES & OPPORTUNITIES AND DIGITAL ADOPTION (Con't)

Government Regulator

- **NBC:** introduced Bakong as the Backbone for real-time retail payment in Cambodia and the as the National Payment Hub. NBC also launched the Financial Literacy App “NBC-Edu” in 2018.
- **Gov’t issued sub-degree on Digital Signature adopted in 2019**
- **E-KYC:** ABC collaborates with Gov’t Ministries/Techo Startup Center to drive Digital Banking agenda and E-KYC.

Financial Institution

- **Banking Mobile App** (Many banks have been used and developed)
- **ABC& CMA Monthly Campaign** (leverage and promote FL messages via digital means)

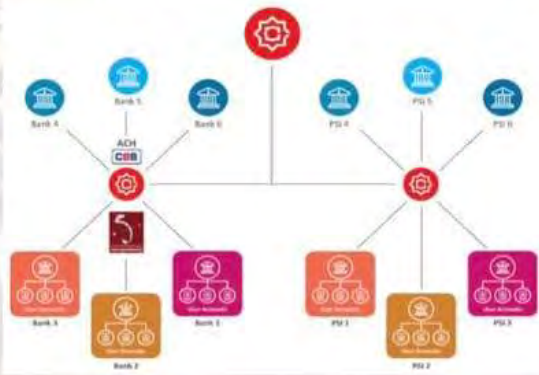
Community

- **KOTRA-Riel App** by SHE-Investment (<https://www.facebook.com/KotraRielBookkeepingApp>)
- **KOTLUY App** By Puthipul- (<https://www.facebook.com/Rithipul>)

1.6. MOTIVATION OF BAKING (ACCESS & DIGITALIZATION ADOPT..)

A New Generation of Payment System – a backbone payment system

- Instant Payment
- Real Time Settlement
- P2P Transactions



National Bank of Cambodia Riel. Stability. Development.

Motivation for BAKONG



- Address the issue of interconnectivity and interoperability across platforms of payment operators
- Attain efficiency (lower cost, faster speed and more secure) in payment systems
- Promote financial inclusion
- Ease KHR (Khmer Riel) cash payment



II. THE CAMBODIAN SUSTAINABLE FINANCE INITIATIVE (CSFI)



3.1. THE DEVELOPMENT OF CAMBODIAN SF PRINCIPLES

- ❑ **March 2017, Signed Tri-MoU (ABC, IFC, & MBA)**
- ❑ **Sep 2017, Establishment of ABC Sustainable Finance Committee**
- ❑ **Development of SF Principles**
 - Jan – Oct 2018, workshops
 - Oct 2018, the Principles approved by ABC council and CEO breakfast made
 - Nov 2018, study tour to Mongolia and Japan
- ❑ **March 29, 2019, Official launch of Cambodian Sustainable Finance Principles** endorsed by the Central Bank and Ministry of Environment.
adopted 47 Banks including Cambodian Microfinance Association
- ❑ **April 10, 2019, Global launch of CSF Principles in SBN Global Meeting in DC.**



3.2. THE DEVELOPMENT OF CAMBODIAN SF PRINCIPLES

❑ Challenges:

- Led by banking association level and adopted on voluntary basis
- Different priorities of member banks and stakeholders
- Partnerships between stakeholders
- Capacity building/ Technical support
- Implementation and reporting

❑ Opportunities:

- Take part in sustainable development
- Rational: right thing to do, revenue, risk management, relationship with clients
- Access to Green Climate Fund





NINE CAMBODIAN SF PRINCIPLES



Environment protection

- Climate change
- Pollution
- Waste management
- Natural resource



Financial inclusion

- Outreach to limited access
- Access to finance



Transparency & Accountability

- Annual reporting
- Self-commitment



People protection

- Local communities
- Workers
- Minority population
- Gender



Financial innovation

- Green products and services
- Innovative financial products



Culture protection

- Language
- Culture
- Tradition
- Monuments/temples



Environmental & Social Standards

- Standard improvement
- Public awareness to customers



Financial literacy

- Financial awareness
- Customer protection
- Financial literacy



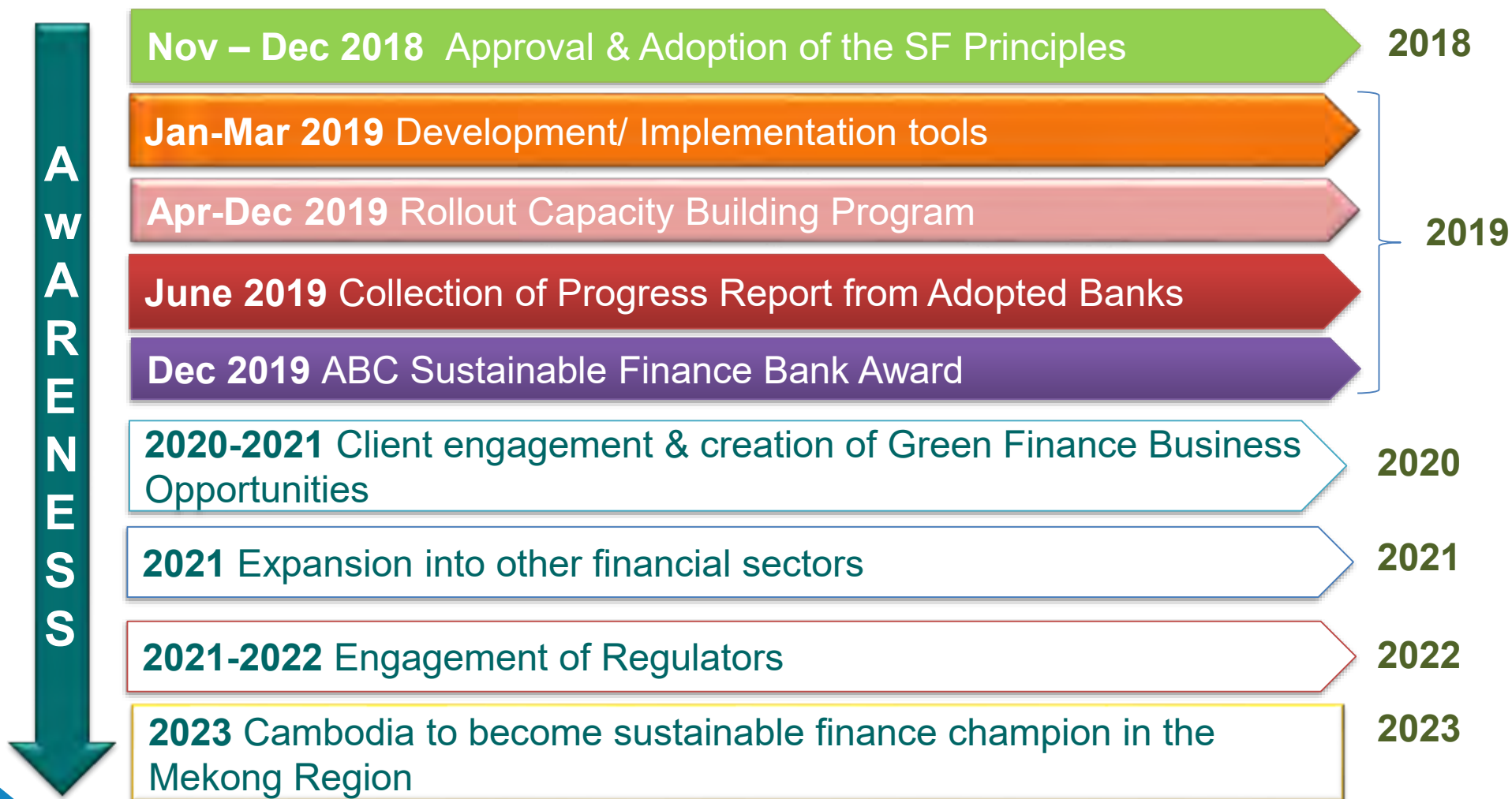
Environmental & Social Footprints

- Footprints
- Impact suppliers

47 Member Banks adopted the Sustainable Finance Principle



3.3. ROADMAP 2019-23





THANK YOU