



Yangon Outcomes for Financial Inclusion in ASEAN

Whereas the ASEAN Financial Inclusion Conference took place in Yangon, Myanmar, on 29 and 30 October 2014, hosted by H.E. U Win Shein, Minister of Finance of the Republic of the Union of Myanmar and Chairman of the 18th ASEAN Finance Ministers' Meeting in collaboration with the UN Capital Development Fund and other development partners;

And whereas delegates from ASEAN countries reported on their respective financial inclusion strategies and received papers from experts in the field of financial inclusion;

The Conference **noted** that:

- a. Equitable economic development is one of the critical pillars of the ASEAN Economic Community (AEC) Blueprint. It is also the central concern of the UN's post-2015 Agenda.
- b. Financial Integration occupies a central role in supporting increased growth in ASEAN and the addition of pro-active Financial Inclusion programmes can **accelerate growth with greater equity** and the **potential for enhanced stability**.
- c. Financial Inclusion can support broad-based inclusive growth by allowing poor and unbanked households and small and medium sized enterprises greater access to finance. They are also enabled to better mitigate agriculture risks, natural disasters, increasing food prices and health shocks through the availability of a portfolio of financial services including savings, credit and insurance.
- d. Increased Financial Inclusion can also boost productivity. It enables households to make investments in education and skills, and also to improve their health conditions through the use of risk mitigation products, credit and savings. By bringing enterprises from using informal to formal financial services, Financial Inclusion can help enlarge the fiscal space. It can also broaden the production base of a country by facilitating the continuous emergence of new enterprises through the provision of resources to grow their businesses.
- e. Financial Inclusion further mirrors key functions of social protection schemes by offering a path to both poor and non-poor households just above the poverty-line to stabilise their incomes and expenses and to better manage a host of risks, helping to begin a journey into a more predictable and less deprived future.
- f. Some ASEAN countries have adopted strategies to promote Financial Inclusion, although their approaches vary.
- g. The availability of new survey data and supporting evidence allows the design of regional, national and sub-national Financial Inclusion targets and programmes.
- h. Given the fiscal constraints in some ASEAN countries, the market-friendly nature of Financial Inclusion offers multiple options for public-private partnerships, as well as the opportunity for households to use private financial services to reduce vulnerability.

The Conference accordingly **recommends** the following for consideration by the future ASEAN Finance Ministers' meetings:

1. That the promotion of Financial Inclusion as a policy objective under the third pillar of the AEC Blueprint, i.e. Equitable Economic Development, be affirmed;
2. That those ASEAN countries who have not yet incorporated Financial Inclusion as a central pillar of their overall development policy, consider doing so;



3. That ASEAN countries develop comprehensive Financial Inclusion policies that may include the following:
 - a. Facilitating the provision of financial services by a diversity of regulated financial services providers, whilst encouraging reasonable innovation and monitoring risk.
 - b. Ensuring the delivery of a portfolio of financial services consisting of payments, savings, credit and insurance services that meet their needs, to households and small enterprises.
 - c. Promoting the development of financial sector infrastructure and distribution networks that can enhance reasonable physical access to financial services to the large majority of their population. This can include the promotion of electronic payments and branchless or agent banking options.
 - d. Taking special measures to assist women to access and use financial services.
 - e. Ensuring that financial services deliver value to households and small enterprises and are provided in a responsible and transparent manner, with appropriate consumer protection measures.
4. That ASEAN, at a regional level, implement initiatives to:
 - a. Co-ordinate regulation and supervision to facilitate cross-border remittances, if need be perhaps by initial bilateral agreements. This should include the consistent application of appropriate AML/CFT measures.
 - b. Build the capacity of financial sector supervisors and financial services providers responsible for the promotion of Financial Inclusion.
 - c. Develop common approaches to the measurement of financial access, usage and value, including common indicators, to facilitate the comparative analysis of the outcomes of different policy approaches.
 - d. Facilitate on-going dialogue and support among ASEAN countries with different levels of experience in Financial Inclusion.
5. That, in order to realise the achievement of the above objectives, the ASEAN Finance and Central Bank Deputies Working Group (AFDM-WG) be tasked with coordinating efforts to implement the above priority actions in the ASEAN region, including engagement with other relevant working groups and the establishment of a Financial Inclusion Advisory Group to support their activities.

The Conference **further**:

1. **Welcomes** the idea of regional centres of excellence to promote various dimensions of Financial Inclusion;
2. **Recommends** that the Government of the Republic of the Union of Myanmar continues to support the next Chairs of the ASEAN Finance Ministers' meetings to implement the outcomes set out above;
3. **Appreciates** the continued support of the UNCDF, the Australian Government and other development partners for the implementation of the actions and priorities set out above.