



Asia-Pacific
Economic Cooperation

Advancing Free Trade
for Asia-Pacific Prosperity

APEC Economic Policy Report 2024: Structural Reform and Financial Inclusion

Financial inclusion is key to ensuring *everyone* has access to essential financial services such as banking, loans and savings.

The 2024 APEC Economic Policy Report highlights how expanding access to these services across the Asia-Pacific region helps individuals and businesses participate in economic activities, driving growth and reducing inequality.

The report stresses that while improving financial access is crucial, ensuring equitable distribution of these services among all income groups is even more important for driving sustainable and inclusive economic growth.

Key Messages

Financial inclusion is crucial for economic growth

- Access to financial services has improved significantly across APEC economies.
- Expanding financial access boosts economic growth, but equitable distribution is essential for amplifying these effects.
- Financial inclusion helps job creation and poverty reduction but only when financial services are equitably distributed, particularly to lower-income populations.

Economic Impact

From 2014 to 2021, account ownership in APEC economies grew from 74% to 84%.

This 10% rise in account ownership is associated with:

0.3% rise in employment

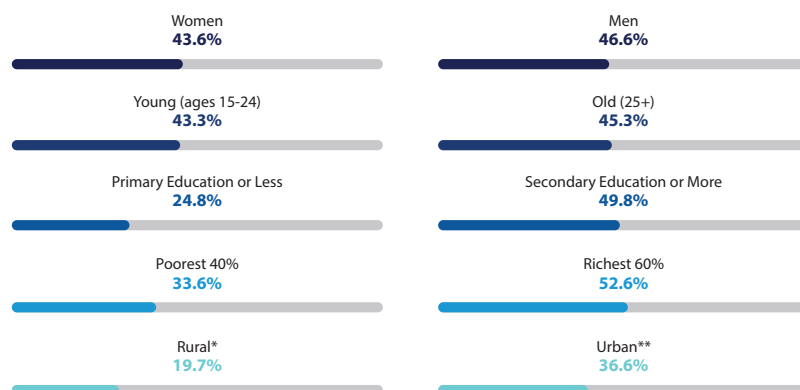
2.7% growth in real GDP per capita



Financial inclusion empowers groups with untapped economic potential

- Access to services allows these groups to manage finances, save, access credit, and improve creditworthiness, thus increasing their economic participation.
- Barriers remain, such as legal and policy constraints, cumbersome documentation requirements, and lack of financial literacy.
- Enabling financial inclusion fosters growth in sectors with high participation from underserved groups, reduces inequality and aids the transition of informal businesses to the formal economy.
- Digital financial products and services—including AI, chat-based support and contactless payments—are key to overcoming these barriers, benefiting underserved groups.

Snapshot of APEC's Average Savings at a Formal Financial Institution for Some Groups in 2021/2022



Note: All figures show results for ages 15 and older. Figures are an average of APEC economies with data available. Data was not available for Brunei Darussalam and Papua New Guinea.

** Data for rural groups was only available for Chile; Indonesia; Malaysia; and Peru. ** Data for urban groups was only available for Chile; Indonesia; Malaysia; Peru; and Singapore.*

Source: The Global Findex 2021.

Financial inclusion policies in APEC

- APEC economies have introduced tailored products for diverse groups, especially through government-led initiatives.
- Digital technologies, such as QR code-facilitated payments and digital banks, have enhanced service accessibility, creating comprehensive financial profiles over time.
- Credit access for MSMEs has improved through credit guarantee schemes, reducing the need for high collateral.
- Addressing financial literacy is crucial for sustainable demand for financial services and to prevent fraud and abuse.

Linking Structural Reform, Financial Inclusion and Inclusive Growth

Structural reforms offer an opportunity to boost financial inclusion, which in turn promotes inclusive economic growth. By providing access to financial services such as savings, credit and insurance, these reforms help individuals and businesses to participate more fully in the economy.

Key benefits of increased financial inclusion:

- Poverty alleviation
- Economic stability
- Employment generation

For APEC economies, structural reforms that enhance financial inclusion can lead to long-term, inclusive growth and greater economic stability.

Policy Recommendations

OBJECTIVE 1

Expand quality access to financial services

- **Ensure financial sector stability** through prudent macroprudential policies, financial market safeguards, and mechanisms for financial consumer protection.
- **Reduce the cost of financial services** by promoting competition and innovation, balanced with maintaining stability.
- **Target MSMEs with specific measures** such as credit guarantee schemes, microfinance, alternative financing and information exchange.
- **Digitalize financial services** while ensuring cybersecurity and protecting personal data.

OBJECTIVE 2

Ensure inclusion in financial inclusion

- **Remove structural barriers**, such as discriminatory laws, and ensure that marginalized groups can access financial services.
- **Simplify documentation requirements** to ease access, particularly for remote and rural populations, Indigenous Peoples and those in the informal sector.
- **Address the specific needs of diverse groups** by considering cultural, language and accessibility requirements.

OBJECTIVE 3

Facilitate utilization of financial services

- **Promote financial literacy** to encourage the informed use of financial products and services, prudent financial management, savings and budgeting.
- **Support entrepreneurial opportunities**, particularly for MSMEs, through networking, information sharing and capacity building.