Remarks
By
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Your Excellencies

The Honorable Pehin Orang Kaya Laila Setia Dato Seri Setia Haji Abdul Rahman bin Haji Ibrahim, Minister of Finance II at the Prime Minister's Office, Brunei Darussalam

Distinguish Guests

Ladies and Gentlemen

Good Morning.

I want to begin by congratulating the Ministry of Finance of Brunei Darussalam for taking the initiative to organize this timely and important conference on ASEAN Financial Literacy which will not only create greater awareness on stakeholders' accessibility to finance, especially the poor and disadvantaged, but more importantly, form a deeper understanding on how they could benefit from financial integration that is being pursued as part of key initiatives toward the establishment of an ASEAN Economic Community (AEC) by 2015.

Such timeliness was re-affirmed last week when the G20 leaders met in St. Petersburg, Russia where they renewed their commitments to work together to strengthen the global economy by pursuing strategies which will achieve robust, sustainable and balanced growth. Such strategies, among others, include the strengthening of financial inclusion through the enhancement of financial literacy and consumer protection for the poor; fostering access to finance for investment; SME growth; job creation; poverty reduction; and reduction in transaction cost for transferring remittances.

Financial literacy, broadly defined, is a combination of awareness, knowledge, skill and behavior that allows an individual to make informed and effective decisions on matters related to finances. Such decisions may involve, among others, managing financial resources, financial planning and investment.

Last year, the World Bank undertook a policy study entitled *"Measuring Financial Inclusion – The Global Financial Index"* which measured how adults in 148 economies save, borrow, make payments and manage risk. The findings from this research highlighted that 50% of adults worldwide have an account at a formal financial institution, though account penetration varies widely across regions, income groups and individual characteristics. In addition, 22% of adults report having saved at a formal financial institution in the past 12 months, and 9% report having taken out a new loan from a bank, credit union or microfinance institution in the past year. Still, half of the adults around the world remain unbanked and at least 35% of them report barriers to account usage including high cost, physical distance and lack of proper documentation.

Similar observations were noted in ASEAN Member States that were included in the World Bank's study. When it comes to adult having formal accounts with financial institutions, the percentages vary from 4% in Cambodia to 98% in Singapore. Community-based system continues to be widely used for saving in rural areas in Cambodia, Indonesia and Viet Nam. It was also noted that a larger percentage of people in Cambodia, Indonesia, Malaysia, the Philippines and Viet Nam continue to refer to their family or friends for a loan instead of lodging bank loan applications. Given the current developments, both financial inclusion and financial literacy have been accorded priority in the Roadmap for Monetary and Financial Integration of ASEAN.

To date, ASEAN Member States have implemented several financial literacy initiatives, sometimes referred to as financial education initiatives, to raise awareness and improve understanding of financial risks and opportunities among the targeted groups of stakeholders. Such initiatives are neither ad hoc nor fragmented in nature. Rather, they form part of an overall framework which guides the development of a country's financial system. This is especially true for the more advanced economies in ASEAN.

Here I would like to highlight some of the financial literacy initiatives undertaken by ASEAN Member States.

In Brunei Darussalam, the Bank Islam Brunei Darussalam Berhad (BIBD) has ongoing programs on financial literacy, aimed at raising awareness on the importance of financial planning at different life stages. Specifically, BIBD has been quite active in communicating with school children the need to have financial skills at early school age. Similar programs are also being carried out by several banks including Baiduri Bank, Standard Chartered Bank and HSBC.

In Indonesia, the campaign to raise financial literacy among its citizens is a key element of its consumer protection policy. In 2013, Bank Indonesia (BI), the country's central bank, launched a Financial Inclusion program to raise the financial literacy of Indonesians through enhanced methods of financial education, information and tools. This recent initiative builds on past BI programs, especially targeted for children and youth. These include the *Ayo ke Bank* in 2008, the *3Ps* in 2009, the *Indonesia Saving Campaign* in 2010, and a pilot project to integrate financial education in elementary and junior high school curriculum in 2011.

In Malaysia, the financial education programs are multi-pronged, targeting specific age groups. For early intervention, education campaign on responsible money management is co-curriculum in many schools. Malaysia has also ventured into introducing financial education programs for school children through a series of TV cartoons (*Cashville Kidz*).

And in collaboration with the Ministry of Education, there is a plan to incorporate elements of financial education into the core subjects of schools' curriculum in both primary and secondary levels. Also, there are financial literacy programs for young adults to address the rising trend in this age group of getting into financial difficulty due to lifestyle pressure and lack of financial management skills.

The Credit Counseling and Debt Management Agency was set up in 2006 and has since conducted a targeted education program for young individuals and first-time borrowers aged between 18-30 years. Financial education initiatives are likewise pursued at a macro level. For instance, the Securities Commission of Malaysia organized an education program for potential investors in the domestic capital market called *National Smart Investment Campaign*.

In the Philippines, given the high number of its migrant workers, financial literacy programs are targeted toward overseas workers and their beneficiaries. These campaigns aim to promote savings and investments among workers and beneficiaries by informing them of alternative uses of remittances, including savings, investment in financial products and business ventures.

Singapore initiated a financial education program for the general public since 2003 called *MoneySENSE*. It involves both industry and public sector initiatives covering three tiers of financial literacy, i.e., basic money management, financial planning, and investment know-how. Since its launch, *MoneySENSE* used different channels to deliver its financial literacy programs through organized talks, seminars, workshops, roadshows, TV and radio programmes.

In Thailand, the Stock Exchange of Thailand (SET) through its educational arm, the Thai Securities Institute (TSI), has promoted financial literacy since 2000. More recently, in July 2013, TSI launched projects aimed to enhance financial literacy, increase financial discipline among the general public, and expand the quality investor base in the domestic capital market. Activities include provision of information on personal financial management and investment, online learning through TSI's website, and series of seminars.

Seven universities in Thailand have been invited to become SET Investment Centers to implement these activities. Also, to strengthen the expertise of new investors, SET has developed an investor's guide (*"Investor's Practice Guide by TSI"*) which covers tips and insights on topics such as investment style, fundamental and technical stock analysis, portfolio management, investors' rights and trading rules.

Financial literacy initiatives in Cambodia, Laos, Myanmar and Vietnam are generally collaborative undertakings spearheaded by the private sector, international organizations and multilateral institutions.

In Cambodia, there is the *Cambodia Children's Financial Literacy Program* with the objective of providing Cambodian children with the valuable lesson of saving. This project focuses on school children aged 7-9 years in poor regions of Cambodia like Battambang, Takeo, Prey Veng and Kandal Provinces. Also, a program for orphans called *Future Light Orphanage WorldMate (FLOW)* started in May 2013 to help this vulnerable group to acquire skills and knowledge on financial literacy.

In Laos, financial literacy training courses have been organized to support villagers who would like to learn more about how to manage their finance and, in the process, ensure a sound growth of the Village Banks. Village Banks are member-owned and member-managed self-help organizations deeply rooted in the local communities, delivering savings and microcredit services to their members. More than 5,000 Village Banks exist all over Laos.

In Myanmar, a business literacy program called *Business and Financial Literacy for Success* has been implemented which will educate small farmers and households on basic business skills and money management practices. The training module is expected to target 1,000 beneficiaries–both entrepreneurs and small farmers–with emphasis on women.

In Vietnam, the *Financial Education for the Poor* focused on micro entrepreneurs and clients of microfinance programs to prepare them to anticipate life-cycle needs and deal with unexpected emergencies without assuming unnecessary debt. This program was subsequently introduced to the Vietnam Bank for Social Policies in 2007 which then implemented it for lower income households. It covers personal financial management skill training and enhancement of saving services. There is also the *Junior Achievement More than Money* program which offers elementary students in selected schools learning sessions on enhancing their financial skills.

From these country-specific examples of financial literacy initiatives in ASEAN, three key observations are worth noting.

First, the financial literacy initiatives so far implemented are tailored to address specific needs of the target groups. The programs are articulated and adopted to national circumstances and priorities. There is a clear recognition that target groups are diverse and not homogenous.

Second, the financial education programs evolved from simple information dissemination undertakings to multi-pronged initiatives making use of distribution channels that are more interactive, targeted and timely. Technological advances have abetted this evolution.

And third, the financial literacy undertakings adhere to a multi-stakeholder approach. The programs are, by far and large, collaborative initiatives among central banks, financial institutions, education bodies, nongovernment organizations and business sector.

Let me conclude on this last observation by highlighting the need for cooperation among stakeholders. ASEAN has always championed collaboration and cooperation in its key undertakings affecting the people in the region, especially the vulnerable and disadvantaged groups. Improving financial literacy is one such undertaking. From a regional perspective, this is indeed a policy concern among SMEs in ASEAN and is essential in fostering equitable economic development, as emphasized in the ASEAN Economic Community 2015 blueprint.

Therefore, from a national and regional perspective, the impetus to improve financial literacy is indeed quite strong. Though work has progressed, evident from country initiatives earlier highlighted, work is still far from being done. And the kind of discussions we will have in this session as well as in all the other sessions in this two-day conference is what we need to clarify our thinking and deepen our perspective on financial literacy and the issues at hand.

Thank you.