

NEWS DIGEST

Financial Inclusion a Priority for AEC 2025

According to the ASEAN Economic Community (AEC) Blueprint 2025, key elements of a highly integrated and cohesive ASEAN economy are financial integration, stability, and inclusion. The latter includes financial education programs, along with consumer protection mechanisms against deceptive practices and digital fraud. Despite some progress, the Mid Term-Review of the AEC Blueprint concluded that more attention should be given to consumption trends related to digital products and services, also in the financial sector. An example is the adoption of digital banking by conventional banks and fintech companies, to cater to formerly under- or unbanked consumers in ASEAN.

UNCDF Launched a Report to Measure Financial Inclusion Progress in ASEAN

The United Nations Capital Development Fund (UNCDF) in cooperation with the ASEAN Working Committee on Financial Inclusion published a report titled “Measuring Progress 2020: Financial Inclusion in Selected ASEAN Countries.” The report periodically tracks the progress of financial inclusion and policy recommendations to improve the implementation of a National Financial Inclusion Strategy (NFIS). This also covers targets and actions to improve financial literacy and consumer protection, such as the Plan for Strengthening Financial Education 2018-2025 and the Decree on Financial Consumer Protection in Lao PDR. The latter was issued in 2020 to complement the existing consumer protection law of 2010.

BUYERS BEWARE

Financial products and services form an essential part of consumer markets in ASEAN. Many consumers struggle with payment obligations and access to cash during the COVID-19 pandemic. Digitalization provides new opportunities and innovative means to complete transactions or obtain credit.

In an increasingly online financial marketplace, consumers need to be educated so they can make prudent decisions. They must also be protected against unfair or unethical practices by financial institutions and individual lenders. This is most urgent for peer-to-peer (P2P) lending which is currently booming across ASEAN.

Catch up on the latest news on consumer finance in this edition. Happy reading!

Central Banks Commit to Strengthen Consumer Protection

The Central Bank of the Philippines is encouraging [the swift enactment of the proposed Financial Consumer Protection Act \(FCPA\)](#). With the increased adoption of digital financial services, the law will provide consumers with legal protection and redress mechanisms. Similarly, the Bank of Indonesia recently revised [its consumer protection regulations](#) to more clearly define its responsibilities, also in relation to the Financial Services Authority (OJK). This contributes to the National Consumer Protection Strategy (STRANAS-PK) which was announced in 2017 and is currently being updated.

Brunei Financial Institutions Urged to Improve Consumer Redress Mechanism

Taking effect from July 2021, the Notice on Market Conduct issued by Autoriti Monetari Brunei Darussalam (AMBD) aims to enhance the requirements of financial institutions in ensuring information transparency and fair treatment of consumers. The notice covers [protection for financial consumers](#) related to digital financial products and services, including data protection. AMBD also issued the Notice for the Establishment of a Complaints Handling Function within Financial Institutions in order to improve consumer access to redress.

Financial Service Providers in Malaysia Going Digital

In line with consumer demand and preferences, financial services in Malaysia, such as banks, are [creating personalized digital experiences](#) for their consumers. In doing so, they strive for a high level of security and data protection, ease of use across all devices, and a faster speed of service. In an effort to promote convenience and consumer trust, artificial intelligence is also being employed to enable better and faster financial decisions.

Myanmar Banks Struggle to Meet Consumer Demand

Due to cash shortages, [banks in Myanmar put strict limits on ATM withdrawals](#) and introduced token systems to restrict the number of counter transactions. This has resulted in long queues at ATMs and prompted many consumers to opt for trading their Myanmar kyat for gold or dollars. Since the official exchange rates are out of line with market rates, buyers prefer to transact via [online groups on Facebook](#). There are also [black-market traders](#) who will make online transfers in exchange for physical notes in various currencies, but with high commission fees of up to 10%. The public has been warned to exercise caution when engaging in such deals.

Clear Liability for Financial Scams Needed in Singapore

The Monetary Authority of Singapore (MAS) has [reviewed the liability framework](#) for credit card scams, notably for scenarios where neither consumers nor the financial institution was negligent. This comes amid reports of fraudulent card transactions with one-time password (OTP) messages that consumers did not receive or authorize. Aside from relieving consumer liability in such cases, banks are encouraged to offer goodwill credits or waive late fees in order to alleviate the burden of consumers while investigations are underway.

Consumers Warned of Risks from P2P Lending

In the face of increased use of both domestic and foreign peer-to-peer (P2P) lending, the Ministry of Planning and Investment (MPI) Vietnam has warned consumers about [potential risks of black credit](#) and [loan shark rings](#). Authorities in Ho Chi Minh City found misleading advertisements in social media networks offering illegal usury rates through online applications. With this growing trend, which can also be observed in other ASEAN countries, there is a need to strengthen the legal framework in order to better protect consumers against scams and other illegal practices. In Vietnam, this topic is presently being explored in conjunction with the upcoming amendment of the general consumer protection law.

Moratorium on New Online Lenders Issued in Indonesia

Recent months have seen the rapid emergence of predatory lending services in Indonesia, in the form of imposing unfair, deceptive, or abusive loan terms on borrowers, particularly those from low-income households. This has prompted the Financial Services Authority (OJK), upon request of the Indonesian President, [to put a halt to new licenses for online loan businesses](#). Prosecution will also be stepped up by the police, while regular fora among relevant ministries, industry associations, and the general public are held to discuss issues and possible solutions. Since 2019, 4,874 online loan accounts have been blocked or removed by authorities across various social media and filesharing platforms.

Accelerating Responsible Fintech

The Indonesian Fintech Association (AFTECH) together with different partners initiated the National Fintech Month on 11 November 2021. Public campaigns and expert panels are conducted, among others introducing consumers to new tools, such as [the platform cekfintech.id](#) where they can check the legitimacy of fintech providers.

The Cambodia Association of Finance and Technology organized [the Cam-Tech Summit](#) on 8-12 November 2021, addressing risks related to cyber security and digital financial services. These key consumer concerns are also reflected in the recently launched [Digital Economy and Social Policy Framework of Cambodia 2021-2035](#).

In Vietnam, a pilot [regulatory sandbox](#) is planned to create an appropriate legal framework to govern the operations of lending apps and websites.

Providing Cross-Border Payment Options for Consumers

Financial services are increasingly not only cashless, but also borderless. Consumers and merchants in Thailand nowadays are able to make and accept instant cross-border QR payments with consumers and merchants in [Indonesia](#) and [Malaysia](#) for the transaction of goods and services. In parallel, [Thailand and Singapore have embarked on a digital payment linkage](#) via the PromptPay and PayNow systems that allows customers to transfer funds using just their mobile number. According to the Bank of Thailand, these initiatives mark a crucial milestone for deeper financial integration in ASEAN.

