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SHIFT

SHAPING INCLUSIVE
FINANCE TRANSFORMATIONS
in the ASEAN region



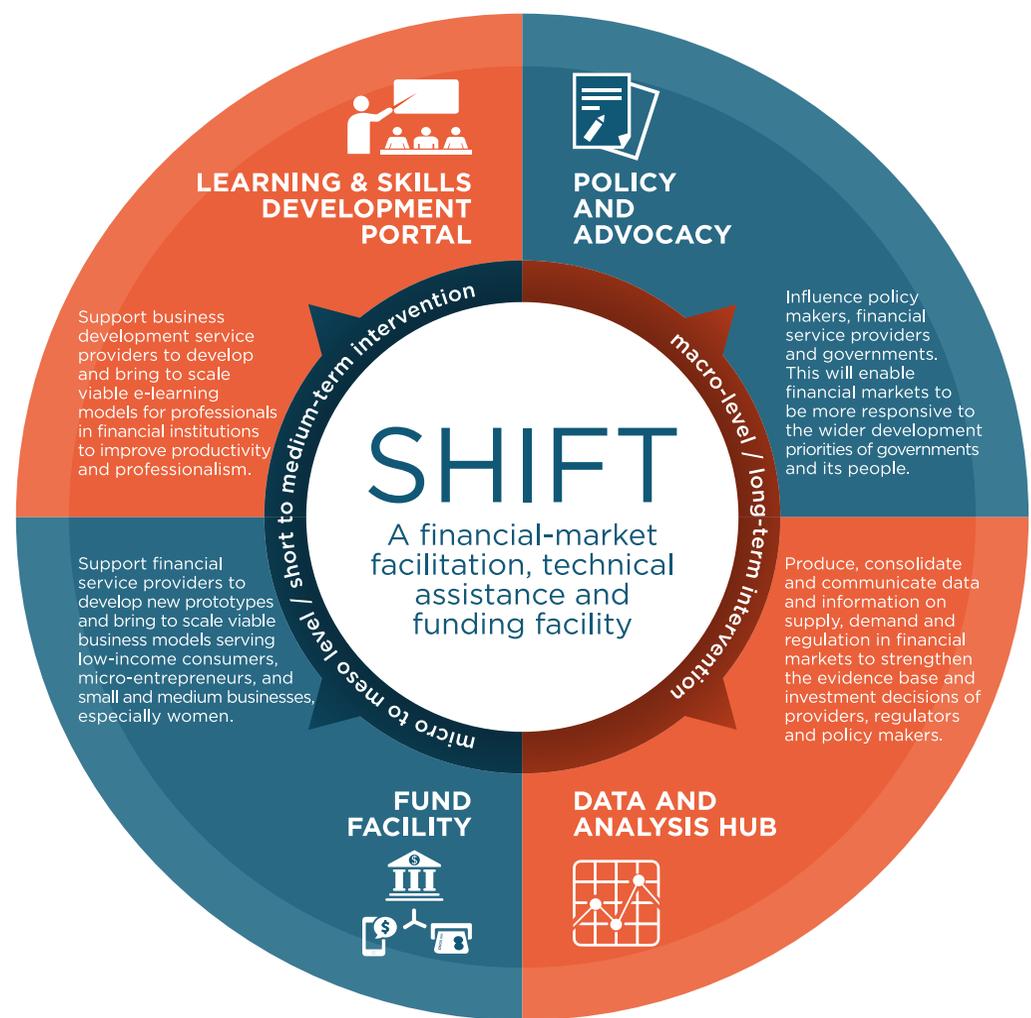
SHIFT
SHAPING INCLUSIVE
FINANCE TRANSFORMATIONS

SHAPING INCLUSIVE FINANCE TRANSFORMATIONS (SHIFT)

UNCDF's SHIFT programme aims to improve the level of financial inclusion in the ASEAN region. SHIFT will facilitate the transition of low-income individuals and enterprises, targeting women in these market segments, from using informal to formal financial services. This transition enables an increase in productive investments, consumption stability and asset ownership, with the goal of reducing poverty and vulnerability to achieve inclusive economic growth.

PROGRAMME APPROACH

A regional and pro-poor market development approach that will achieve economies of scale to address shared policy, market constraints and opportunities. This is undertaken through the provision of market incentives and influencing behaviour change in financial institutions and the broader ecosystem supporting financial institutions in ASEAN.



SHIFT IN NUMBERS



33.4 M

In the SHIFT programme life of 6 years, US\$34 million will be invested in the ASEAN region.



1M

Directly reached by technical and financial assistance to financial service providers



5M

Indirectly reached by market transforming interventions including improved region-wide data and knowledge, investment climate and targeted policies to accelerate financial inclusion



6M

Total of 6 million people transitioned from using informal financial mechanisms to formally regulated higher-value financial services by 2020



60 per cent will be women consumers and 100 per cent of the enterprises will be led by, or primarily employing or serving women

Why are so many people in the ASEAN region still unbanked?

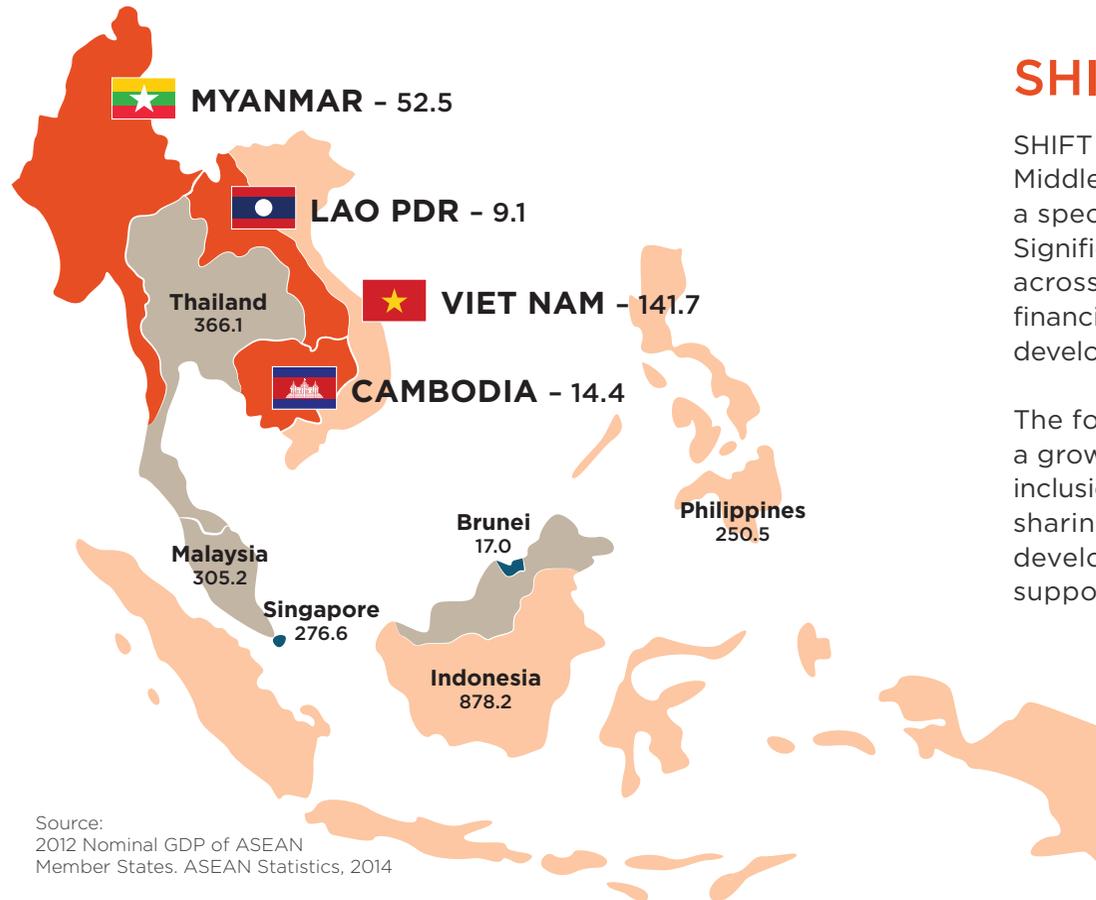


High levels of financial exclusion and use of informal financial mechanisms:

- Close to 60% of adults in the ASEAN region use informal mechanisms to manage their money
- Participation in formal financial services is further hindered by fragmented and narrow distribution systems
- This results in inefficient capital allocation and high usage costs for consumers

Source: World Bank Global Financial Development Database, 2013

Gross Domestic Product in ASEAN (US dollars in billions)



Source:
2012 Nominal GDP of ASEAN
Member States. ASEAN Statistics, 2014

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SHIFT GEOGRAPHICAL COVERAGE

SHIFT aims to address the needs of Least Developed Countries (LDCs) and Middle-Income Countries (MICs) in the ASEAN region and is designed with a special focus on Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV). Significant disparities in the size and structure of national financial systems across ASEAN signal the need to broaden regulatory reform and deepen financial markets in CLMV to help these countries catch up with their more developed ASEAN partners.

The formation of the ASEAN Economic Community (AEC) in 2015 and a growing regional identity, offers a strategic opportunity to drive financial inclusion. There are also significant opportunities for intra-regional knowledge sharing and capacity building, with national financial systems of the more developed countries in the region offering business models and industry support for the less developed countries with smaller financial systems.

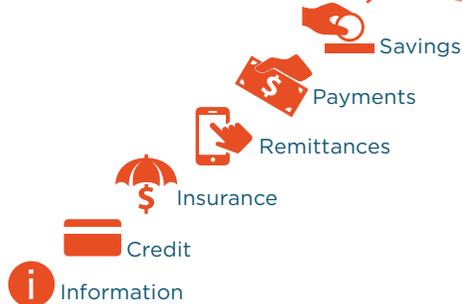
- Least Developed Country
- Lower Middle Income Country
- Upper Middle Income Country
- High Income

FINANCIAL INCLUSION IN ASEAN

When is financial inclusion achieved?



When low-income individuals and enterprises have access to a range of financial services and information which is delivered sustainably, at a low-cost, in a well-regulated environment.



How does financial inclusion impact us?

When financially included, low-income individuals are able to better manage their financial resources, make informed financial decisions, and enhance their livelihoods and wellbeing through new opportunities to:

- Invest in income-generating activities
- Better manage cash-flows and risk
- Send and receive money to and from family and friends, businesses and governments safely and at lower cost

SHIFT's approach

Through incentivising behavior change:

- 1) Increase the diversity and affordability of financial services and products



- 2) Improve the level of access and usage of financial services and products



Regional outcomes

- 1) Reduced vulnerability to shocks and reduced poverty



- 2) Increased income and employment



The United Nations Capital Development Fund (UNCDF) is the UN's capital investment agency for the world's 48 Least Developed Countries (LDCs). UNCDF uses its capital mandate to help LDCs pursue inclusive growth. UNCDF uses 'smart' Official Development Assistance (ODA) to unlock and leverage public and private domestic resources; it promotes financial inclusion, including through digital finance, as a key enabler of poverty reduction and inclusive growth; and it demonstrates how localizing finance outside the capital cities can accelerate growth in local economies, promote sustainable and climate resilient infrastructure development, and empower local communities. Using capital grants, loans, and credit enhancements, UNCDF tests financial models in inclusive finance and local development finance; 'de-risks' the local investment space; and proves concept, paving the way for larger and more risk-averse investors to come in and scale up.

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