



Lao PDR Financial Inclusion Roadmap (2018-2025)

Vientiane Capital, 06 April 2021

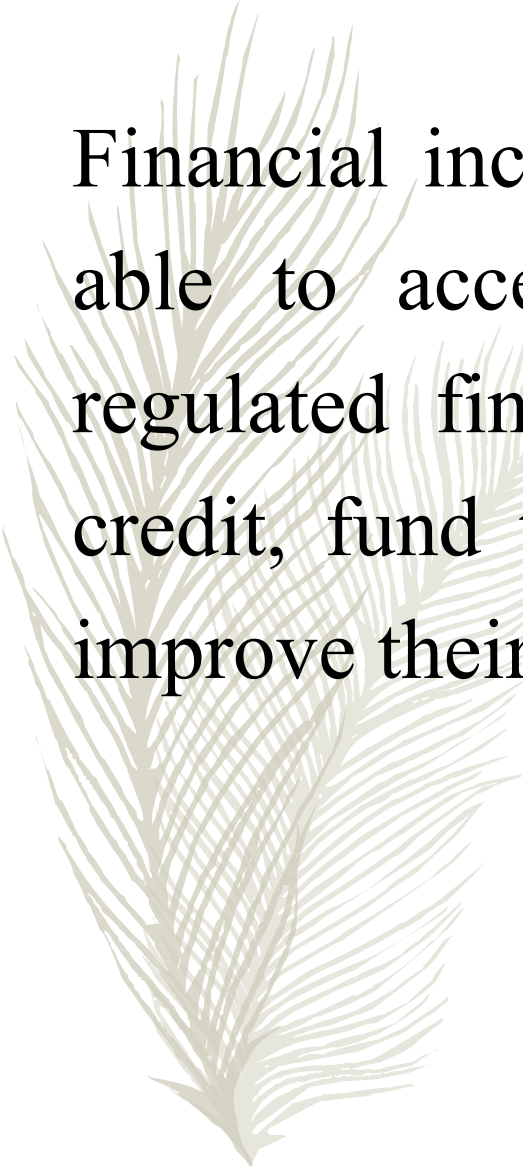
Present by: Mr. Viengsavang Latsachanh, Technical officer,
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Agenda

1. What is financial inclusion (Financial inclusion: FI)?
2. FI in Lao PDR
3. Key barriers for FI in Lao PDR
4. Why Financial inclusion roadmap (FIR) is important?
5. Roadmap approach and methodology
6. Vision and outcomes
7. Priority area
8. Congruence with VIII and IX National Social-Economic Development plan
9. Stakeholders
10. Congruence with SDGs
11. Way forward

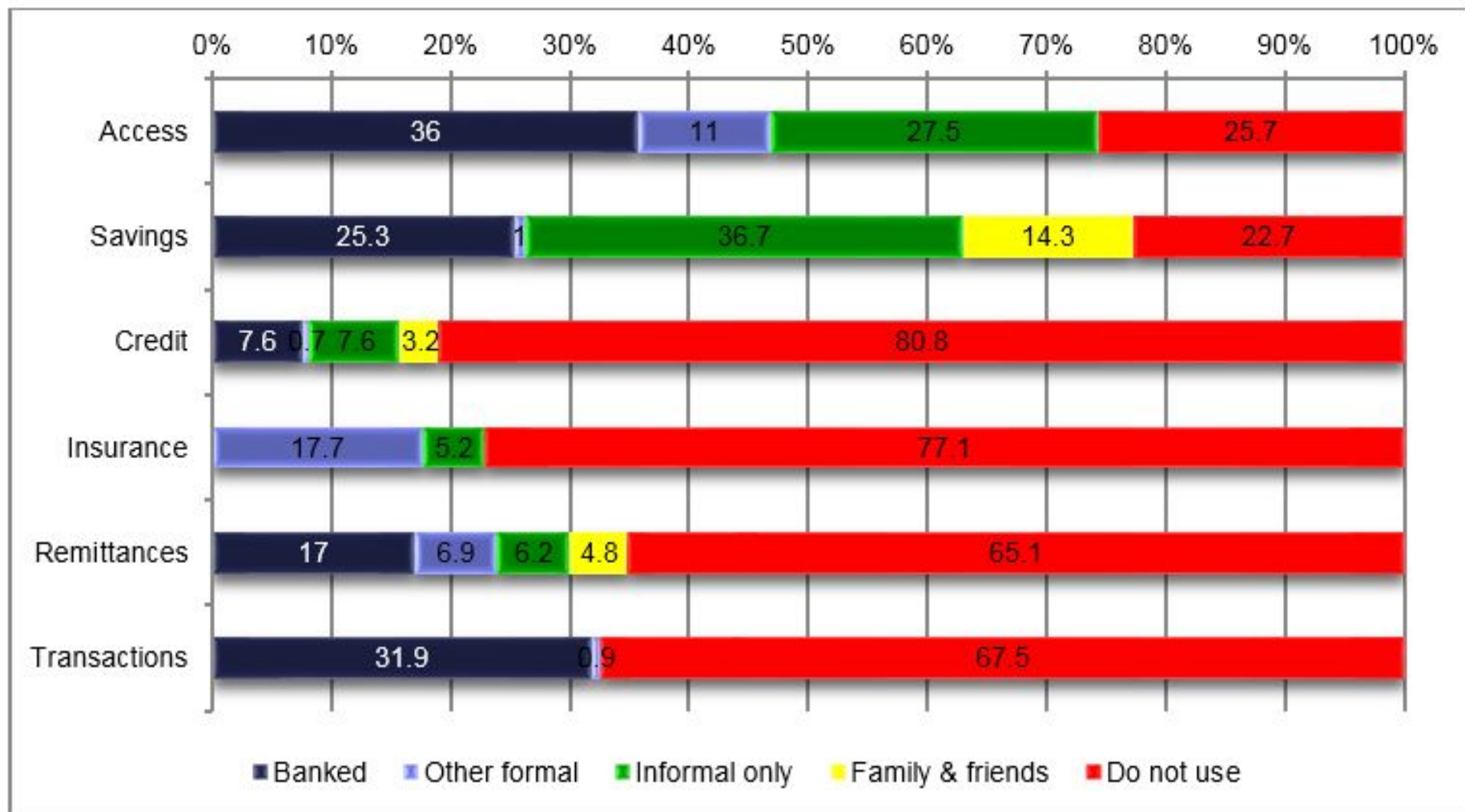
1. What is FI?

Financial inclusion means adult populations are able to access basic financial services from regulated financial institutions through saving, credit, fund transfer, payment and insurance to improve their livelihoods.



2. FI in Lao PDR

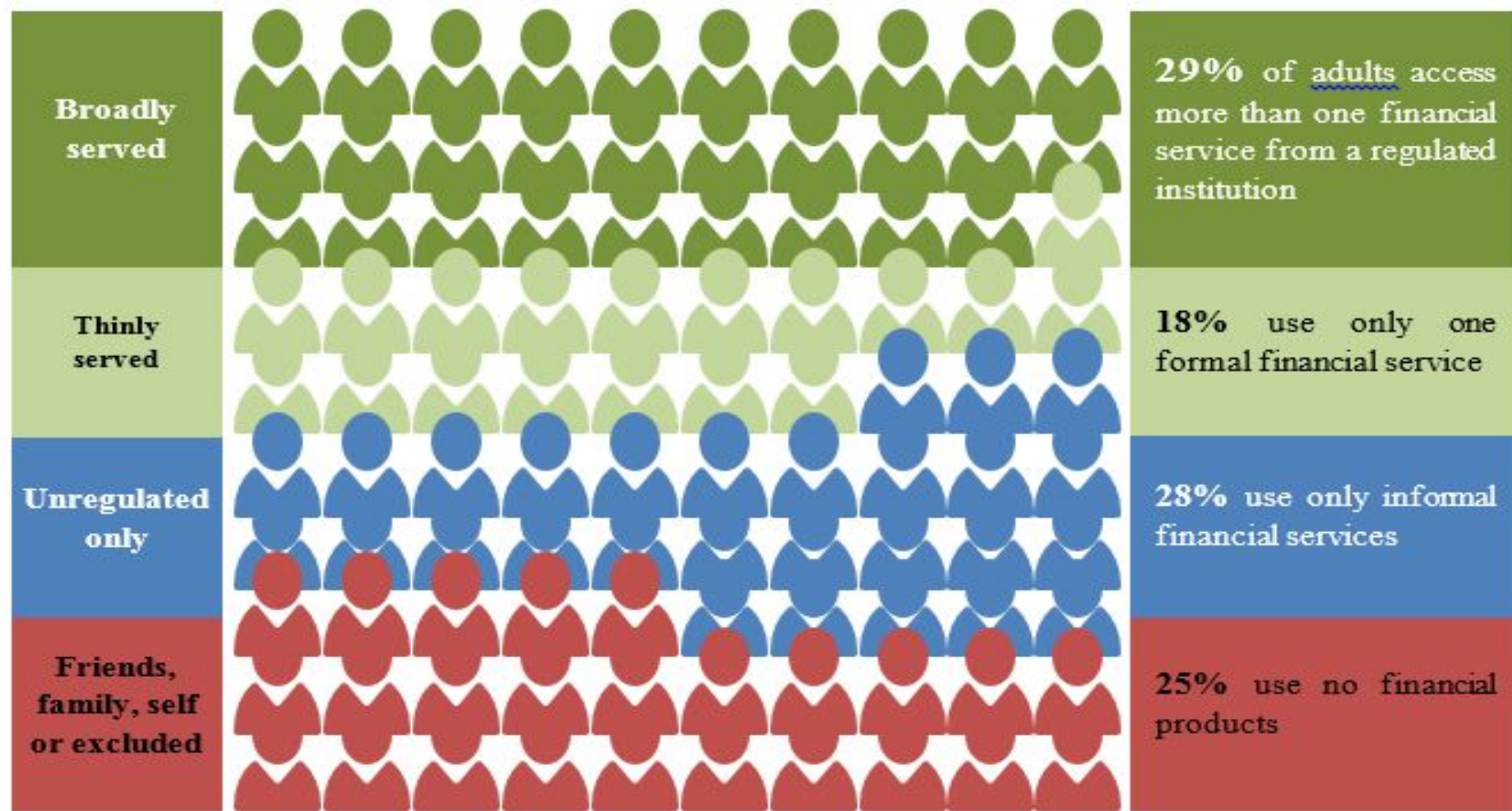
Financial service access across product categories



Source: Lao PDR FinScope, 2014

2. FI in Lao PDR (Continue)

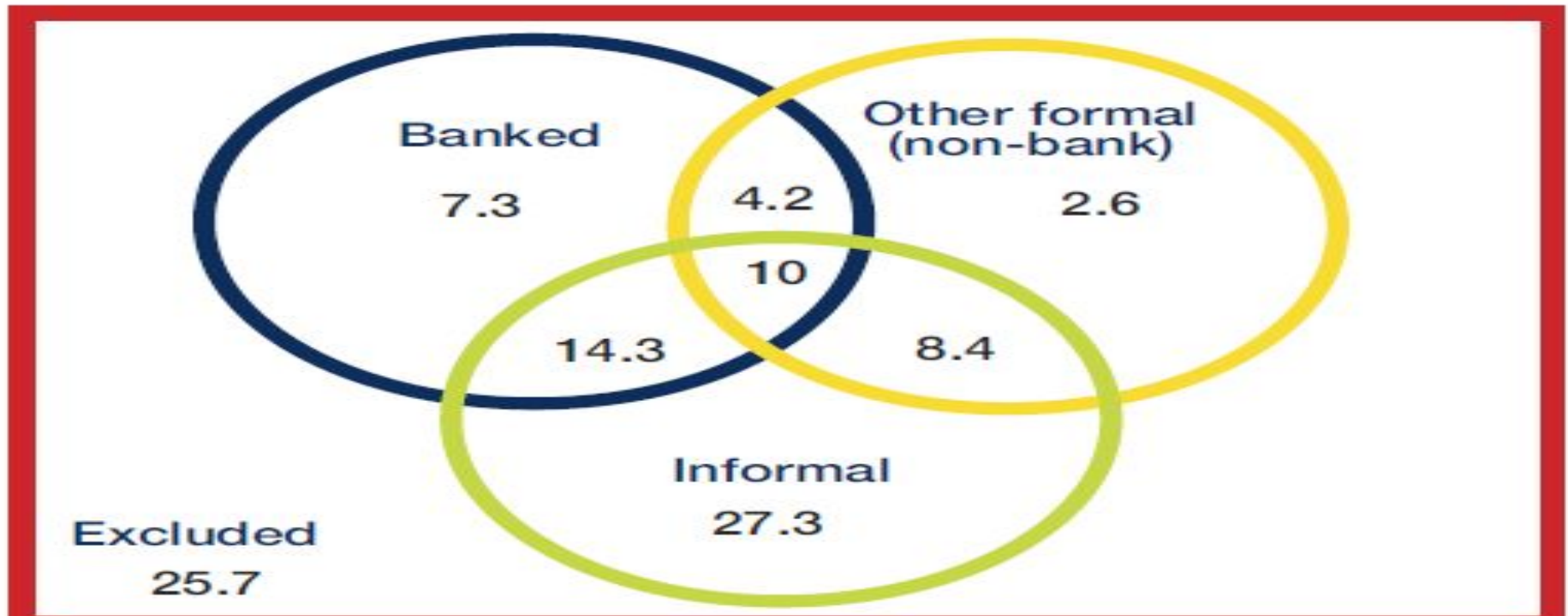
Depth of financial inclusion in Lao PDR



2. FI in Lao PDR (Continue)



OVERLAPS IN FINANCIAL PRODUCT USAGE



3. Key barriers for FI in Lao PDR

- Geography and largely rural population;
- Overall population are farmers and has low financial literacy;
- Financial services are largely available only in cities;
- There is not FI plan in place;
- FI dissemination is not yet large enough;
- No FI Committee;
- The regulatory and policy environment is lagging behind financial sector development and innovation .

4. Why is FIR important?

- Covering necessary work;
- Identifying stakeholders;
- Raising awareness and understanding of financial inclusion;
- Identifying barriers, opportunities and challenges;
- Increasing confidence among stakeholders;
- Determining coordination approach;
- Ensuring congruence with national plan and SDGs.

5. Roadmap approach and methodology

Demand side study



Discrete target markets

- FinScope 2014
- Consumer Interviews

Supply side study



Product and provider landscape (informal and formal)

- Interviews
- Annual reports
- Product data

Regulatory analysis



Public policy objectives and Regulatory barriers

- Reviewed regulation and policy in FS and related areas
- Interviews

Synthesis report, Diagnostic report

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6. Vision and outcomes

Vision:

“Improve household welfare by improving their access to financial services so the access is broad, convenient and deep, meeting the needs for livelihoods development; assist households and enterprises to increase economic efficiency, support for national growth by increased financial inclusion”.

6. Vision and outcomes (Continue)

Outcomes by end of 2025:

- Increase general access to financial services among adult population from 75% to 85%;
- Increase access to formal financial services among adult populations from 47% to 65%;
- Increase access to more than one financial product among adult population from 29% to 60%
- Increase access to financial services among adult women from 76% to 85%.

6. Vision and outcomes (Continue)

The outcomes will be achieved by :

- Enhancing formal financial sector infrastructure, encouraging competition, modernising regulation and reducing risks;
- Extending financial services to low income households and least served groups; and
- Facilitating well targeted credit to farmers and productive enterprises and for investment in assets.

7. Priority area

1. Improve Credit Availability	2. Consumer Protection	3. Village funds	4. Payments eco-system	5. Financial Outreach
1.1 Credit information	2.1 Improve regulation	3.1 Political support	4.1 Regulatory and policy	5.1 Regulatory and policy
1.2 New credit products	2.2 Financial literacy initiatives	3.2 Regulation and policy	4.2 Payments infrastructure	5.2 Branch networks of financial institutions
1.3 Reform of subsidised credit	2.3 Financial reporting	3.3 Capacity building	4.3 Mobile money	5.3 MFI expansion
1.4 Review interest rate caps	2.4 Consumer protection			5.4 Product development
1.5 Credit Insurance products	2.5 develop AML-CFT* regulations			5.5 Agents
1.6 MSME support				

*AML/CFT: Anti-Money Laundering/Countering Financing for Terrorism

8. Congruence with VIII and IX National Social-Economic Development plan

- The proposed timeframe for the implementation of the Roadmap coincides with the period of the 8th National Socio-Economic Development Plan (NSEDP), 2016-2020.
- Several elements of the Roadmap will contribute to the achievement of specific NSEDP Outputs.
- NSEDP Outputs will act as enablers for the achievement of Roadmap objectives.

Furthermore, financial inclusion is also mentioned as a priority of financial and monetary development in IX National Social-Economic Development plan.

9. Stakeholders

Government

1. Bank of the Lao PDR
2. Prime Minister's Office
3. Ministry of Finance
4. Ministry of Post and Telecommunication
5. Ministry of Education and Sports
6. Ministry of Industry and Commerce
7. Ministry of Agriculture and Forestry
8. Lao Women's union

Industry

1. Commercial bank

10. Congruence with SDGs

- SDG 1: No Poverty.
- SDG 2: Zero Hunger.
- SDG 3: Good Health and Well-being.
- SDG 5: Gender Equality.
- SDG 8: Decent Work and Economic Growth.
- SDG 9: Industry Innovation and Infrastructure.
- SDG 10: Reduced Inequalities.
- SDG 17: Partnership for the Goals.



11. Way forward

- Disseminate Lao PDR FIR (2018-2025);
- Monitoring and evaluation of FIR;
- Lao PDR Financial inclusion survey 2021;
- Encourage stakeholders to implement FIR.





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Thank you
Q&A