

In collaboration
with Sea



ASEAN Digital Generation Report: Digital Financial Inclusion

INSIGHT REPORT
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Foreword

An effort to promote evidence-based policy in the ASEAN region.



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This year's edition of the report is the sixth in a series of annual reports that the World Economic Forum and Sea have jointly produced since 2017.

We continue to monitor the aspirations and concerns of ASEAN's digital generation with the hope of generating insightful data to inform policy choices for the region in its pathway to a sustainable and inclusive digital economy.

Respondents confirmed the powerful role of digitalization in broadening access to financial services, particularly for underserved groups such as rural dwellers, micro-businesses and women. They further pointed out specific pain points/barriers against their access to financial services in the region. Respondents also offered their preferences on how they wanted the services to be improved and how to acquire financial management skills.

The future of ASEAN's digital economy can be even brighter with collaboration from all relevant stakeholders to address identified challenges in a timely and coordinated manner. Robust data and insights revealed in this report will hopefully guide targeted actions for further improving the current digital and financial inclusion landscape.

We thank all the teams and colleagues from the World Economic Forum and Sea for their dedicated efforts in helping to gather and analyse the data, provide linkages to relevant initiatives and produce this valuable outcome.

With continued uncertainty and fragility in global economic situations, we sincerely hope this report will be of helpful assistance and support to policy-makers, business leaders and all those working towards further strengthening ASEAN's economy and for the future of ASEAN's ever-growing digital generation.

Executive summary

Actions to improve financial inclusion need to be developed with the demands of ASEAN's digital generation in mind.

This year, 90,000 people were surveyed from six ASEAN countries, predominantly youth (70%) aged between 16 and 35. Of the respondents, 52% were female and 27,000 were micro-, small- and medium-sized enterprises (MSMEs). The respondents represent ASEAN's digital generation, as they are among the key compositions of ASEAN digital consumers today.

ASEAN's digital generation were asked to share, among other things, their digital financial services use experiences, what better access to financial services means for them, their competency in financial knowledge, their aspirations for further digitalization of financial services and how they want to acquire financial management skills.

Below are the key findings:

1. ASEAN's digital generation continues to vigorously digitalize their usage of financial services. Digital payment (e-banking and e-wallets) apps were the most widely used applications after social media. Respondents predominantly desired to further digitalize financial services, significantly more so among already active users, entrepreneurs and well-banked respondents.
2. For ASEAN's digital generation, the three most important financial services functions were: 1) managing cash flows and expenses, 2) saving for the future, and 3) providing a safety net to get through difficult times. Businesses also recognized the role of financial services in business expansions, expense payments, new customer acquisitions and customer dispute resolution.
3. Digitalization offers the potential to improve access to finance and hence promote inclusivity for underserved groups such as rural dwellers, micro-businesses and women. Accessing digital financial services has become a common practice among the majority of rural dwellers in ASEAN. MSMEs, particularly micro-businesses, received more loans from FinTech, complementing bank loans. Women adopted more digital finance apps (65%) than men (59%). One in five women needing loans borrowed from FinTech, making it the second most important source of formal borrowing after commercial banks.
4. Despite placing significant importance on the role of access to financial services for social safety nets and savings, only a fifth of ASEAN's digital generation have access to credit, investment and insurance. Together with rural dwellers and micro-enterprises, women were not as financially included. They had less access to advanced financial services and received fewer loans than men. Despite improvements in access to financial services, these groups are still underserved.
5. Being digitally savvy and having a solid understanding of financial products correlate with strong adoption of financial services. The survey, however, revealed significant gaps in financial and digital literacy among respondents, with 24% reporting never having learned how to manage their finances before. In addition, fear of hidden costs, ambiguous contract terms, and complicated interfaces and processes were reported as critical barriers to adopting financial services.
6. Respondents reported picking up financial management skills primarily through family and friends and through learning by doing. These, together with learning through social media sources, were the favoured ways of gaining knowledge about these topics. The majority of those who had acquired those skills at school found it the best way to learn. However, significant demand for formal training in schools, training courses outside schools and learning from financial experts has not been adequate.
7. Security and safety are foundational requirements for the digital generation to adopt financial services. The survey showed that security and fraud concerns were the top barrier for virtually all financial services for ASEAN's digital generation.
8. Enabling more international payments could help to reduce the friction and cost of international transactions, providing more regional/international opportunities for businesses to expand and trade. However, 42% of MSME entrepreneurs reported that their inability to receive and/or send payment internationally had hampered their ability to trade across borders.
9. The identified gaps and obstacles call for multistakeholder collaborations on the following key fronts: improving digital and financial literacy, strengthening cybersecurity and trust in digital financial services, and enhancing access to digital financial services.
10. As the demand for training and the preferred learning method for financial education varied across respondents' age and location, multistakeholder actions to improve financial literacy need to be designed with a targeted approach, catering to specific groups of ASEAN's digital generation.



Introduction

Digitalization will continue to play a critical role in promoting financial inclusion across the ASEAN region.

Since 2017, the World Economic Forum has partnered with Sea, a Singapore-based global consumer internet company, to survey and analyse the aspirations and perspectives of youths aged between 16 and 35, and, as of last year, ASEAN's digital generation aged 16 and above. This work offers statistical insights into the views, priorities and concerns of the region's digital consumers to inform and shape relevant regional policy.

In 2021, while undergoing severe financial stress caused by the COVID-19 pandemic, respondents recognized the critical role of digitalization in economic recovery. They also found the increased ease and efficiency of payments and transferring money to be the most significant benefit of digitalization to society. They sought more digitalization in payments, loans and financing processes. Inspired by the findings from last year, this year's edition further explores the current landscape of financial services' digitalization, relevant gaps and multistakeholder actions needed for digital financial inclusion.

The objectives are to generate insights that can inform government policies and multistakeholder

collaborations that help ASEAN's digital generation to navigate the financial world more competently, instill resilience against economic challenges and fully reap the benefits of a vibrant, inclusive and sustainable digital economy in the ASEAN region.

The survey was conducted online through "Shopee", Sea's e-commerce platform, "Garena", a digital entertainment business and "SeaMoney", a digital financial services arm. Visitors to Shopee and Garena were invited to take part in the survey, with only the responses from those aged 16 and above being included in the results. In total, 90,373 people were surveyed, mainly from Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam. Respondents were predominantly youths (70%) aged between 16 and 35. Of the respondents, 52% were female and 27,000 were micro-, small- and medium-sized enterprises (MSMEs). The survey was held between July and August of 2022.

The below report is structured into three main parts: adoption, expectations and potentials for digital financial inclusion, gaps and obstacles, and actions required.

1 Adoption, expectations and potentials for digital financial inclusion

Further digitalization can facilitate access to financial services for underserved groups.



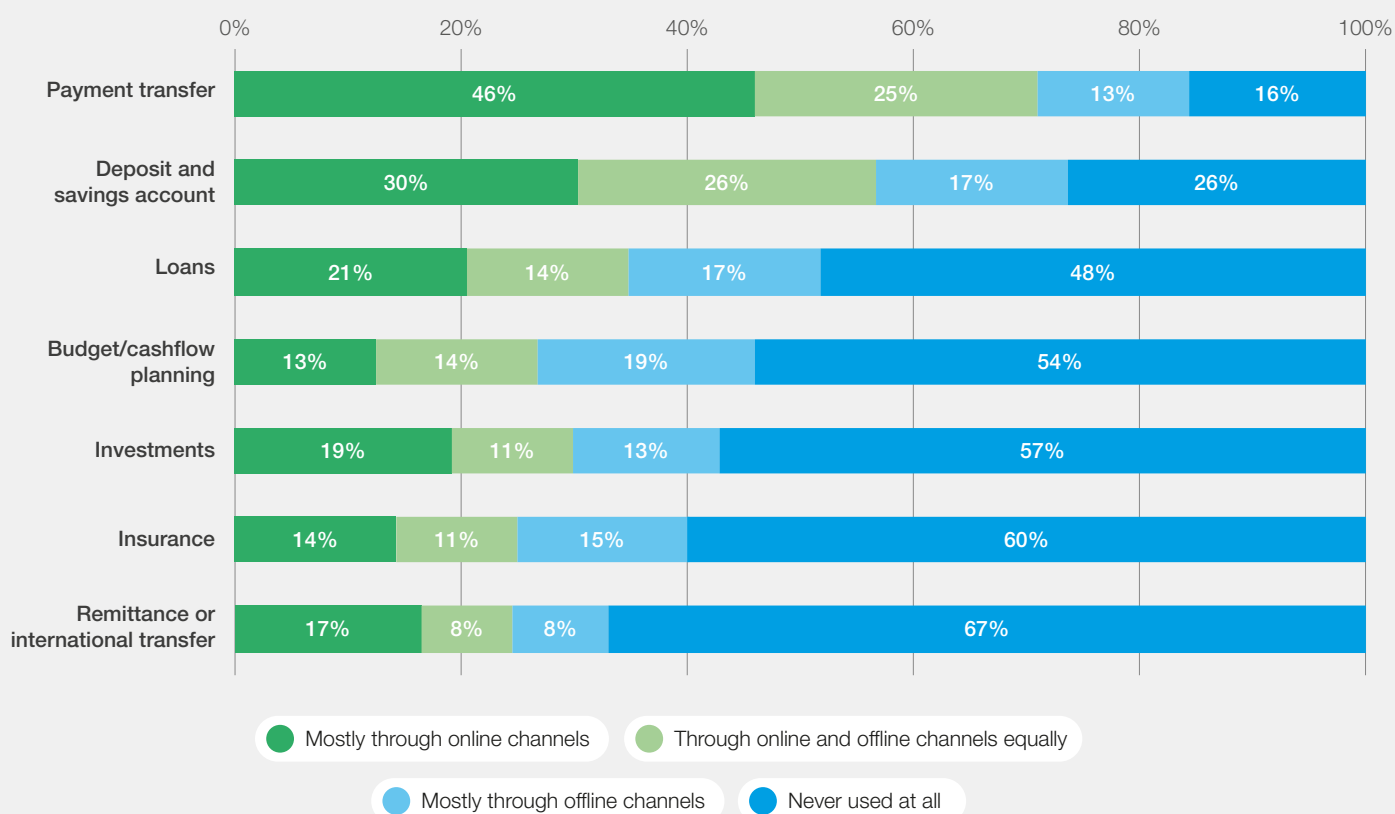
1.1 Vigorous digitalization of financial services

ASEAN's digital generation continued to digitalize their use of financial services, particularly digital payments, showing enthusiasm for further digitalization of financial services.

The 2020 survey revealed that the ASEAN region experienced unprecedented acceleration in digitalization and that the strong digitalization trend would continue even beyond the COVID-19 pandemic. In 2021, respondents considered the

increased ease and efficiency of payments and transferring money to be the most significant benefit of digitalization to society. Consistent with these findings, this year's survey continued to confirm the high level of digitalization of financial services. Of the respondents, 71% were frequent users (either performing payments mostly through online channels or equally between online and offline channels) and 13% were less frequent users (performing payments mostly through offline channels) and 13% were less frequent users (performing payments mostly through offline channels) (see Figure 1).

FIGURE 1 Which of these financial services have you used?



Source: ASEAN Digital Generation Survey 2022, World Economic Forum, Sea





According to the World Bank’s recent Global Findex Database,¹ 80% of adults in China had experience of making digital merchant payments using a card, phone or the internet. Meanwhile, the average in other developing economies was only 20%. In this regard, ASEAN’s digital generation seems to fare significantly better than its peers in developing countries other than China (although the sample may be limited to those who already have access to Sea’s digital platforms).

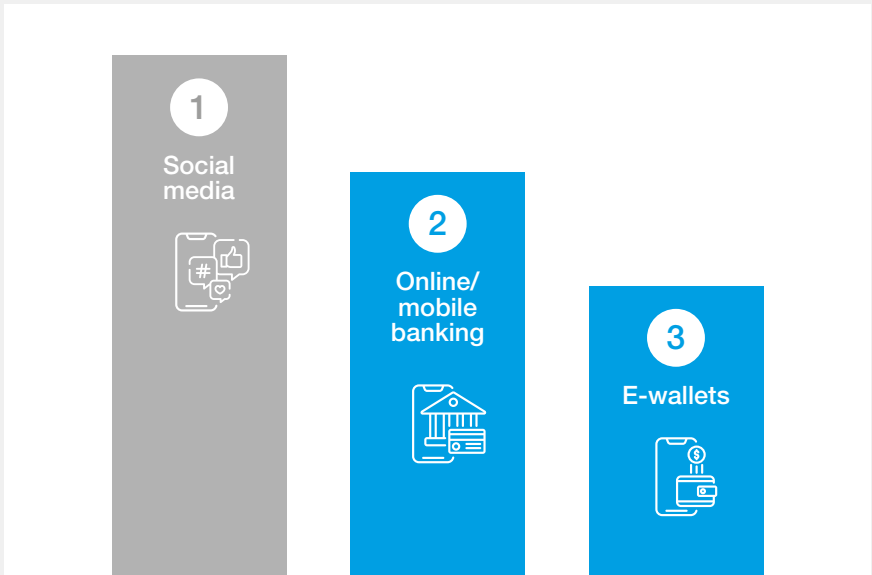
That said, not all financial services enjoyed the same level of digitalization. Only 13% of respondents used digital budgeting tools, and 14% used digital

insurance services mostly through online channels.

Digital payment apps (e-banking and e-wallets) are among the most widely used digital applications by ASEAN’s digital generations after social media. Furthermore, the survey found that 87% of respondents wished to further digitalize financial services, particularly among already active users, entrepreneurs and well-banked² respondents. This is in line with the “flywheel effect” of digitalization found in the previous survey³: those who have already internalized sufficient competency and experienced the benefits are more eager to deepen their level of digitalization.

FIGURE 2 Most used apps in the ASEAN region

Digital finance are the **most used apps** after social media



87%

of respondents wish to **digitalize financial services further** across broad arrays of activities. This includes respondents who are relatively “well-banked”.

Source: ASEAN Digital Generation Survey 2022, World Economic Forum, Sea

1.2 Most desired functions of financial services for individual and business users

Respondents were asked to share how better access and use of financial products/services would help them. Perhaps being shaped by uncertainties and disruptions during the COVID-19 pandemic, managing cash flows and expenses, saving for the future and providing a safety net to get through difficult times emerged as the top three most important functions of financial services for ASEAN's digital generation.

Zooming in, business owner respondents highly regarded the role of better access and use of

financial services in allowing them to upgrade and expand their current businesses (ranked equally with managing cash flows and expenses). Compared to other respondents, business owners also placed higher emphasis on the potential to attract new customers and suppliers and ease supplier/customer dispute resolutions when having better access to financial services. Interestingly, these functions go beyond what is traditionally viewed as the function of a financial service provider and also underscore how financial services have evolved.

FIGURE 3 Why is access to financial services important for MSMEs?



Source: ASEAN Digital Generation Survey 2022, World Economic Forum, Sea

1.3 Promoting inclusivity for underserved groups

“ While SMEs were more likely to receive funding from commercial banks, a higher share of MEs (25%) received funding from FinTech/online lending services (versus 15% for SMEs).

Among rural dwellers in ASEAN regions who have used financial services, between 51% and 80% (depending on specific types of services) were confirmed as frequent online users (i.e. they access the services either mostly through online channels or equally between online and offline channels).


Online use is particularly common for payments. Notably, 62% of total respondents in rural areas have used digital payments, although the sample may be limited in its rural representation, who already have access to Sea's digital platforms. As digital payments serve as a gateway to other digital financial services and financial services prove to be important to both individuals and businesses across the region, strong adoption of digital payments among respondents in rural areas could be a positive sign for inclusivity.

The survey looked at the financing sources for micro-enterprises (MEs) (the self-employed or businesses with fewer than 10 employees) and for small- and medium-sized enterprises (SMEs) (with 10 or more employees) among the 27,000 micro-, small- and medium-sized enterprise (MSME) owners surveyed. Only 58% of MEs who wanted loans got credit from financial institutions, compared to 70% of SMEs. Additionally, while SMEs were more likely to receive funding from commercial banks, a higher share of MEs (22%) received funding from FinTech/online lending services (versus 15% for SMEs). This revealed a high potential for FinTech/online lending services to be a key driver for inclusivity, addressing smaller business owners' financial needs.

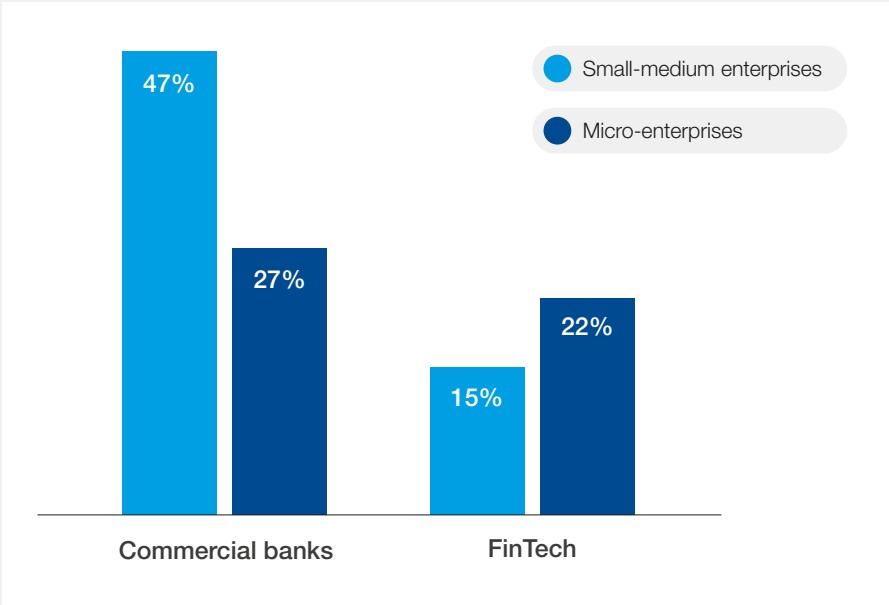
FIGURE 4 | Digitalization has broadened access to finance for the underserved

Facilitate access to financial services anytime, anywhere

 **>50%**
of **rural dwellers** who use financial services are accessing them digitally

 **65%**
of **women** adopted digital finance apps vs 59% of men

Technology can help improve access to loans for micro-businesses



Source: ASEAN Digital Generation Survey 2022, World Economic Forum, Sea

In assessing the potential of digital financial services for improving financial access for women, the survey found that ASEAN women were adopting digital finance apps (65%) more than men (59%). Interestingly, one in five women that needed loans borrowed from FinTech/online lending services, making it the second most important source of

formal borrowing, after commercial banks. It is notable that only 22% of women who needed loans actually received credit from commercial banks, as compared to 28% of men. FinTech/online lending services seem to be playing their role in filling in financial needs of ASEAN women, promoting women's further participation in the digital economy.



2

Gaps and obstacles

A whole-society approach should be deployed to address the barriers to digital financial inclusion.



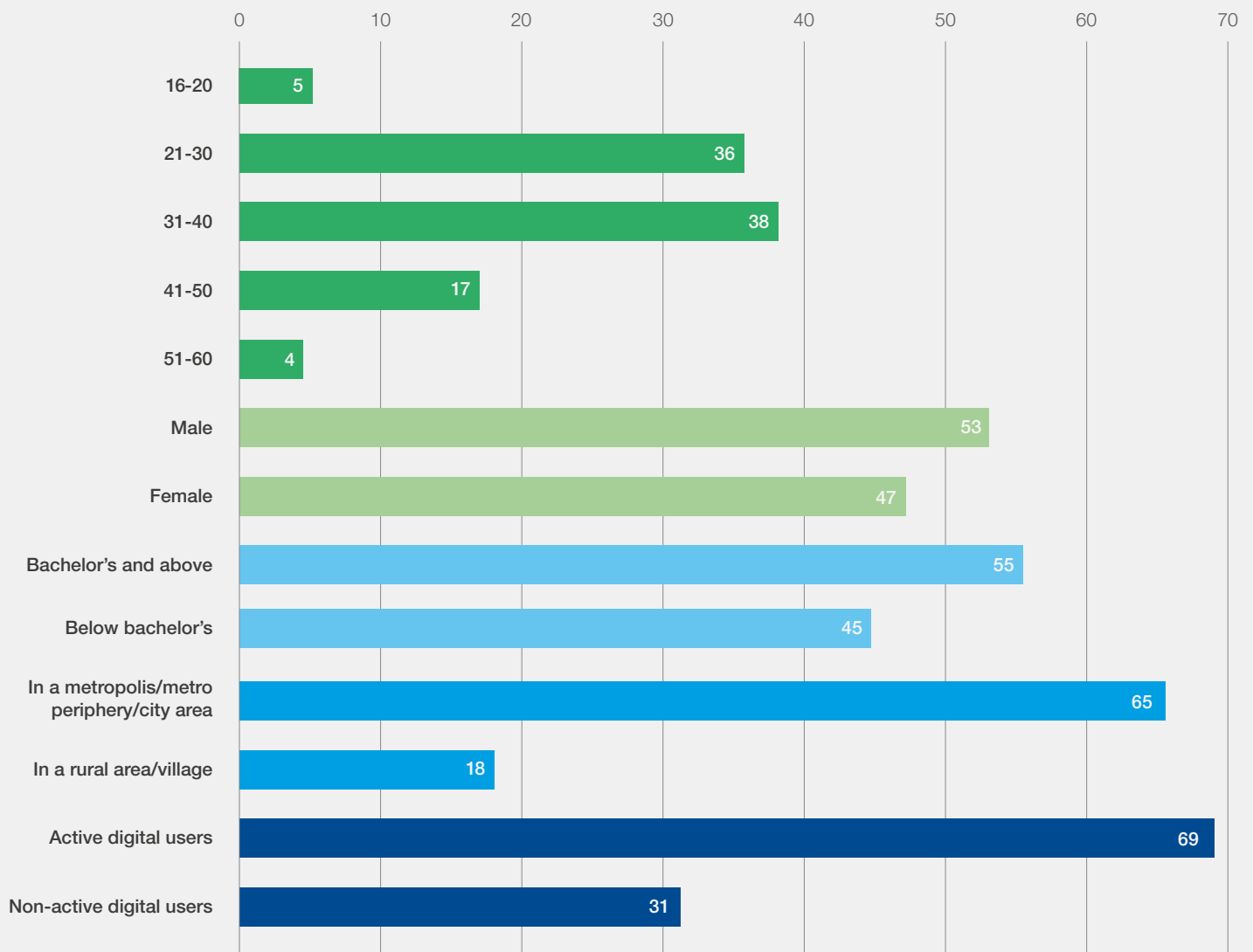
2.1 Limited access to more advanced digital financial services

Of ASEAN's digital generation, 74% have savings accounts and an even larger portion (84%) have used e-payments. However, only 21% of have all three advanced financial products – namely credit, investment and insurance. The “financially included” group tends to be male (53% compared to 47% of women), those aged between 21 and 40, urban dwellers (65% compared to 18% of rural dwellers), those with a bachelor's degree or higher education (55% compared to 45% of those whose education level is below bachelor's degree), and more active

digital users (69% compared to 31% of non-active digital users) (see Figure 5).

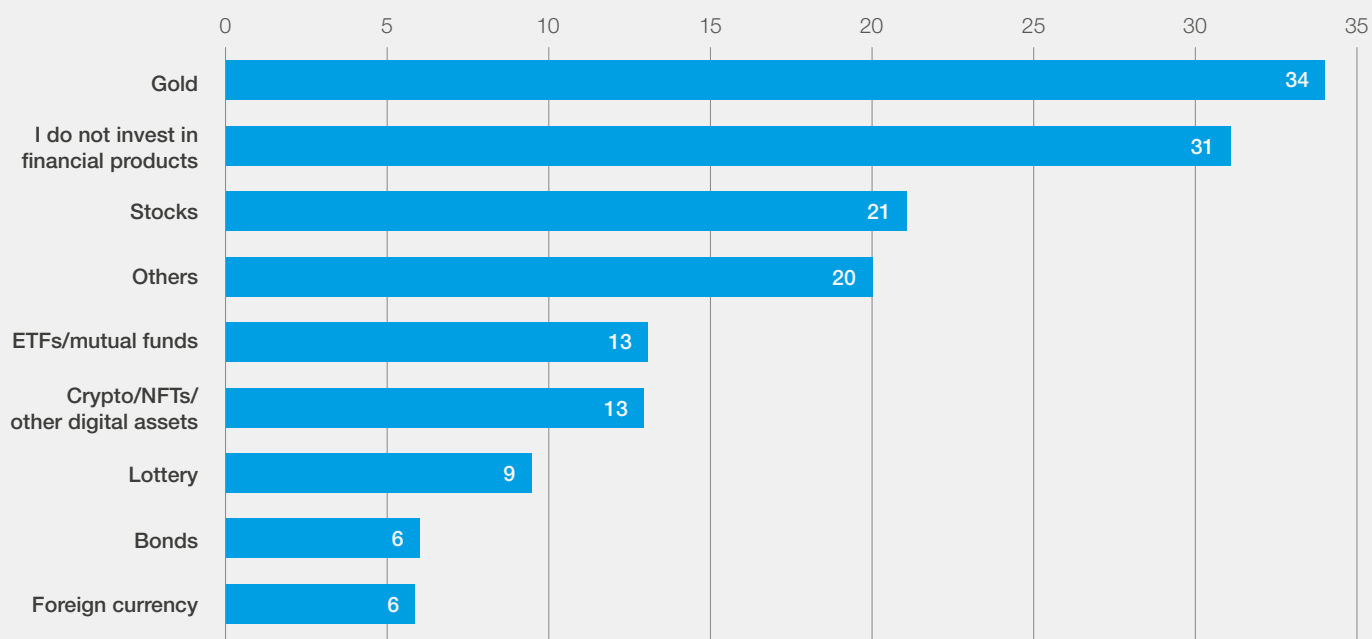
With regard to saving and investment, among those with income, 31% have not invested in any investment products, while only 13% have invested in exchange-traded funds (ETFs)/mutual funds or non-fungible tokens (NFTs)/crypto/other digital assets, 21% in stocks/bonds and 34% in gold among their top four financial investments (see Figure 6).

FIGURE 5 Demographics of the “financially included” group in ASEAN (%)



Source: ASEAN Digital Generation Survey 2022, World Economic Forum, Sea

FIGURE 6 | What financial products do you invest in? (%)



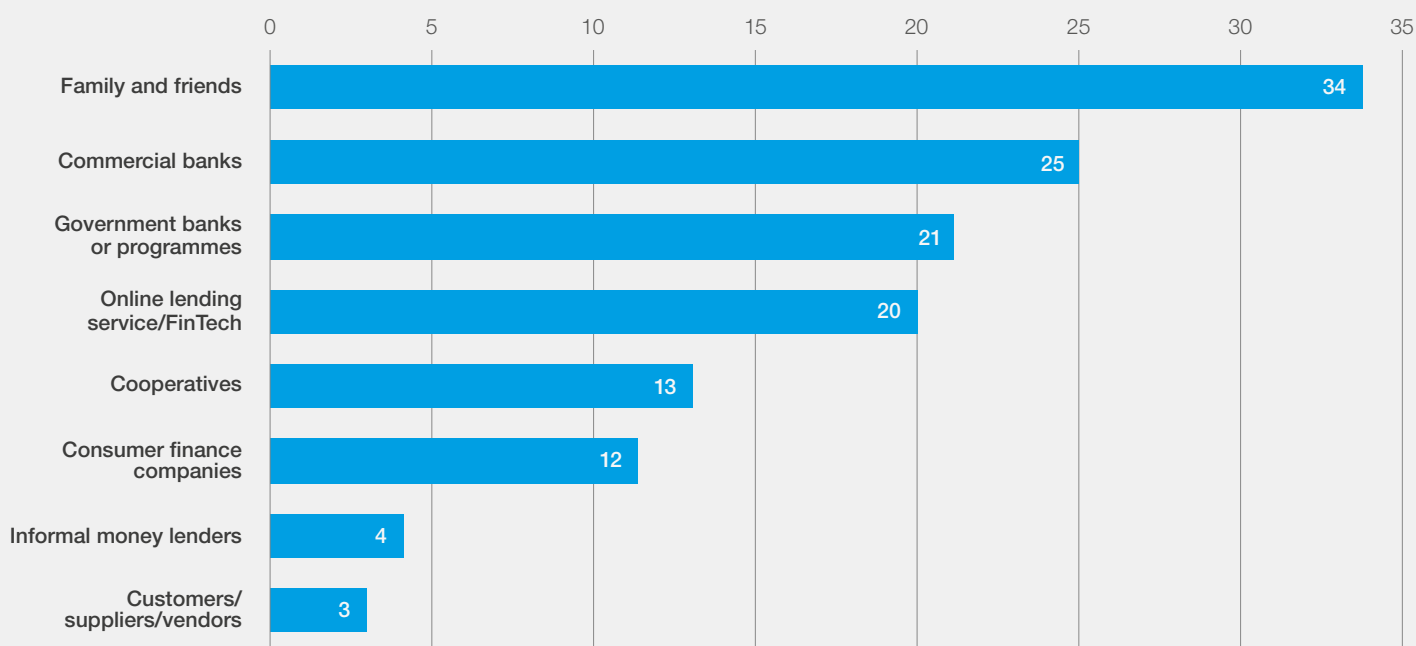
Note: Respondents chose up to four. Data excludes respondents without income (unemployed, students, homemakers).

Source: ASEAN Digital Generation Survey 2022, World Economic Forum, Sea

On lending/credits, 54% of respondents who wanted credit borrowed from financial institutions (including commercial and government banks, consumer finance and FinTech). Of those respondents, 28% who wanted credit did not receive any loans, and the remaining 18% relied on less traditional sources, including family and friends, cooperatives and informal lenders.

In general, the most popular source of loans were family and friends (34%), followed by commercial banks (25%), government banks (21%) and FinTech (20%) (see Figure 7). This indicates the substantial challenges MSMEs face, given the critical role of financial services for enterprises in managing liquidity and expanding businesses, as discussed in the previous section of this report.

FIGURE 7 | Which sources have you received loans from? (%)



Note: Data only comprises respondents who needed credit.

Source: ASEAN Digital Generation Survey 2022, World Economic Forum, Sea

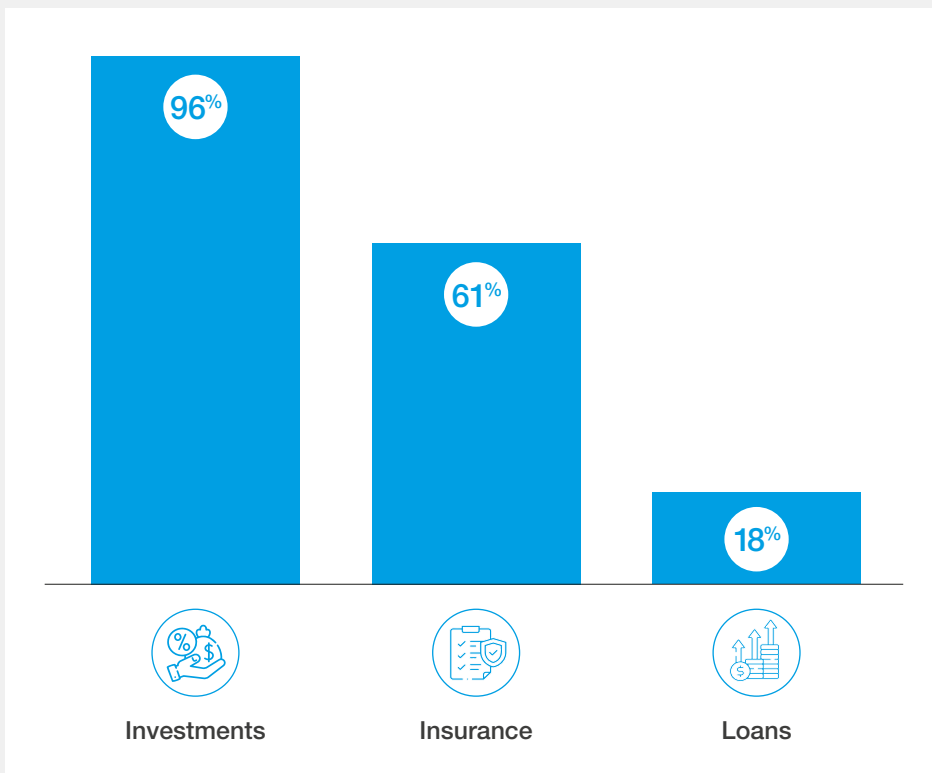
2.2 Financial and digital literacy gaps

ASEAN's digital generation shared how confident they were in their knowledge of different financial products. Savings accounts and local payments were the most widely understood among the respondents (with 91% and 83% of respondents confirming possession of sufficient knowledge, respectively). These were also the two most widely used financial products (e.g. 74% of ASEAN's digital generation have saving accounts and 84% have used e-payments).

Credit products, such as loans and credit cards, however, lie at the other end of the spectrum, where only around two-thirds believe they have sufficient knowledge.

It was established that the possession of financial management skills correlates with access to financial products, particularly more advanced products, such as insurance, loans and investment (see Figure 8).

FIGURE 8 How much more likely is it that someone with prior knowledge of financial management will have access to these financial services?



Learning how to manage personal finances increases the likelihood of using advanced financial products. Those who learned finance are

96%

more likely to have access to investment services than those who did not.

Source: ASEAN Digital Generation Survey 2022, World Economic Forum, Sea

Note: Percentages were calculated using a logistic regression model controlled for age, gender, location, educational degree, current job and current savings level.

Furthermore, the complex language used in financial services contracts constitutes a serious barrier for ASEAN's digital generation. They reported pain points around cumbersome processes or unfriendly interfaces (particularly for digital payments and lending services), fear of hidden costs and ambiguous contract terms (particularly for saving/investment and lending services).

These concerns also reflect gaps in both financial and digital literacy, which lower access to financial services among respondents, correlating with the low rate of adoption of more advanced financial services described above. The same trend also explains why those with a bachelor's degree, those who attended higher education and more active digital users were among the mentioned "financially included" group.

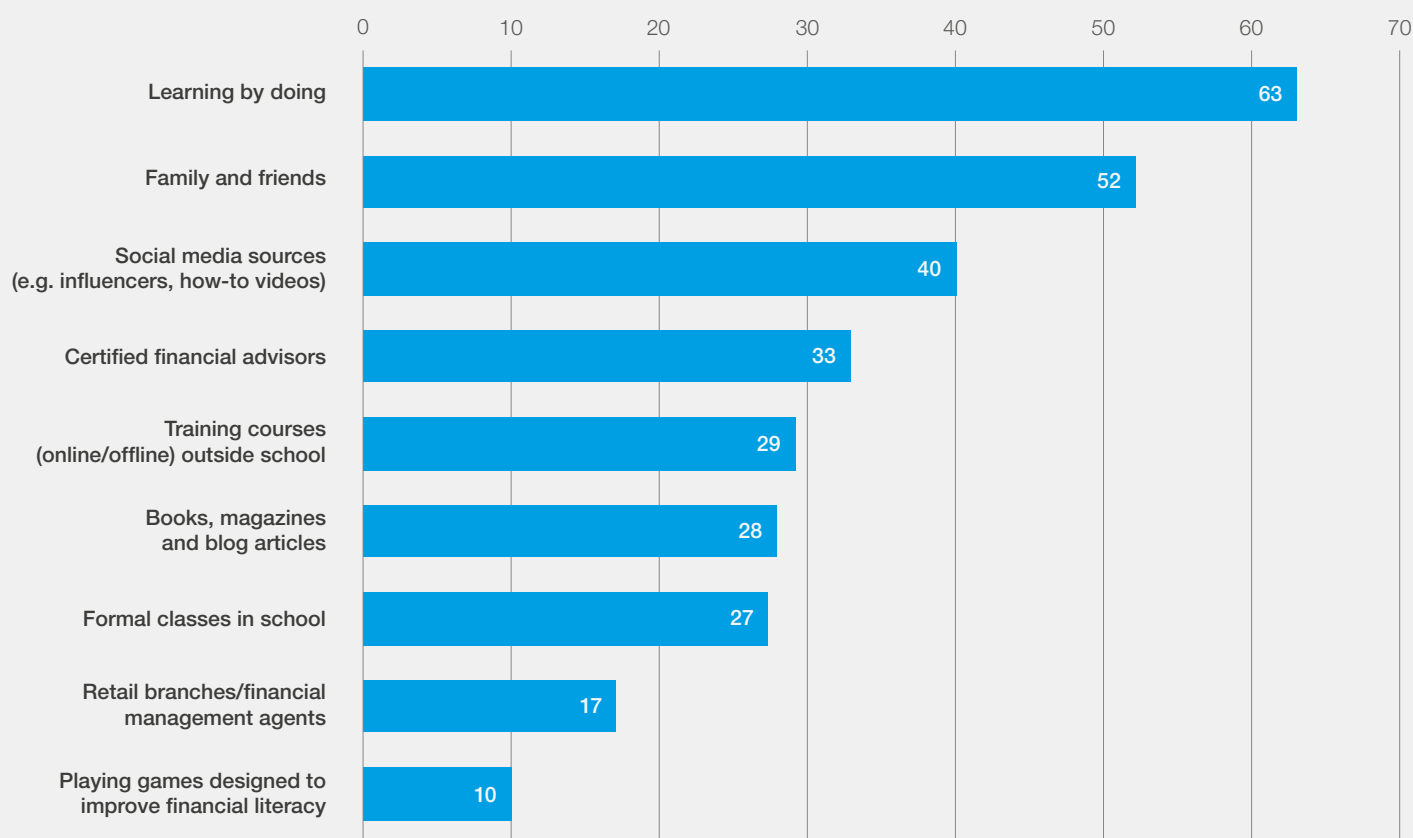
2.3 Learning financial management skills and demand-supply gaps in financial education

For ASEAN's digital generation, the top two most common methods to learn financial management skills were family and friends (43%) and learning by doing (41%). This is followed by learning through social media sources (30%).

When asked to choose the best methods to gain financial management skills, respondents

gave similar rankings as to how they had done it themselves. In this instance, however, learning by doing (63%) was the favoured method, followed by family and friends (52%) and social media sources (40%) (see Figure 9). The preference for learning by doing corresponds with earlier findings that strong understanding of financial products correlates with the adoption of financial services.

FIGURE 9 What is the most effective way for people to learn to manage their finances? (%)



Source: ASEAN Digital Generation Survey 2022, World Economic Forum, Sea

Although only 18% of respondents reported having learnt financial management skills from a formal class in school, 77% of those respondents found it the best way to learn. The introduction of financial management skills into formal education could therefore be a very important way to improve financial literacy for ASEAN's digital generation.

Notably, a significant portion of the digital generation would want to learn from certified financial advisers (33%) and online or offline training

courses outside school (29%). Yet, currently, less than 10% of them are learning through those means. This mismatch could be the result of several factors, such as the shortage of appealing and affordable training courses for ASEAN's digital generation.

The above gaps could be bridged by whole-society approach actions among governments, educators, technologists, financial service providers, media and influencers.

2.4 Concerns over security and fraud issues

ASEAN's digital generation respondents were asked what features they look for in a financial service provider before deciding whether to use their services/products. The top feature was security and safety.

Respondents were also asked to share their biggest concerns regarding different financial services. In

line with their answers on the key features expected from financial services, security and privacy, together with online frauds and scams emerged among the top concerns across all financial services. Experiences regarding online fraud, fake news, cyberattacks and data breaches during the pandemic⁴ may have shaped these concerns.

FIGURE 10 Top barriers to financial services adoption in ASEAN



Source: ASEAN Digital Generation Survey 2022, World Economic Forum, Sea

Reasonableness of application fees, easy accessibility and the ability to meet users' specific needs were also among the desired top features of financial services.

Interestingly, ASEAN's digital generation placed much lower emphasis on whether they have used

the relevant financial services provider in the past or whether they came recommended by family and friends. This suggests that, on top of offering a trusted, secure and accessible service, financial service providers may have to become more consumer-centric to meet the evolving needs of the digital generation.



2.5 The financially excluded group: rural dwellers, micro-enterprises and women

FIGURE 11 The financially excluded group in ASEAN

79%

do not have access to credit, insurance and investment products.

Financially excluded individuals tend to be:



Women



Rural dwellers



Micro-enterprises

Source: ASEAN Digital Generation Survey 2022, World Economic Forum, Sea

Generally, women were more digitalized than men across various categories from social media to financial apps. Despite this, women were found to have fewer savings than men and less confidence in their financial knowledge. In addition, compared to men (76%), more women (81%) reported not using any credit, investment or insurance products.

Among those who needed credit, 21% of women reported never receiving a loan, compared to 17% of men. Of these respondents, more women reported receiving loans from less traditional sources than men.

The same is true for MEs, where, among those who needed it, only 58% received credit from financial institutions (compared to 70% of SMEs). It was also observed that entrepreneurs predominantly reported concerns about cumbersome application processes regarding credit/lending services. This may be attributed to the challenges faced by small businesses, particularly MEs, when they are short of collateral to secure lending applications. In this regard, FinTech, which uses technology to build digital data points (instead of collaterals) to assess the creditworthiness of small businesses, could offer a solution to the financing needs of small businesses.

Though rural dwellers fared quite well compared to urban residents in terms of their digitalization of payments (both domestic and internationally) and saving services, their digital use of more advanced financial services, such as credit and investment, fell far below that of urban dwellers. For example, for urban dwellers in ASEAN, 71% of credit services users have frequently used the services online, compared to 60% of rural dwellers. Similarly, the gap between urban and rural users of digital investment services was 72% vs 63%, respectively.

“ Among those who needed credit, 21% of women reported never receiving a loan, compared to 17% of men.

Limited access to international payments

While online channels for domestic payments are quite popular, only 33% of the respondents have used international payments.

It has been widely established⁵ that lacking interoperable payment solutions suitable for international trade is preventing merchants, especially MSMEs, from tapping into international markets. Here, 37% of ASEAN's digital generation, and 42% of MSME entrepreneurs, reported that the inability to receive and/or send payment internationally has hampered their ability to buy or sell products to or from overseas.

Building an interoperable regional payment system could reduce friction in e-commerce by reducing fixed costs, enabling economies of scale and providing more consumer choice and greater competition.

ASEAN is undertaking several initiatives to improve interoperability for cross-border payment, including the ASEAN Working Committee on Payment and Settlement Systems' Implementing Policy Guidelines (IPG) of the ASEAN Payments Policy Framework for Cross-Border Real-Time Retail Payments. Several ASEAN countries have adopted a bilateral approach for which national QR payment schemes are “operationally ready” for cross-border payments. Once implemented at the regional scale, the inclusive impact for ASEAN MSMEs will significantly be elevated.

3

Required actions to close gaps and address obstacles

A targeted and multistakeholder approach.



“ Younger respondents were more likely to favour learning financial management skills through online sources and social media while older groups preferred formal training courses.

As the International Organization for Public-Private Cooperation, the World Economic Forum offers its platform for multistakeholders to collaborate in addressing global and regional issues that no government nor any other individual stakeholder could handle alone efficiently.

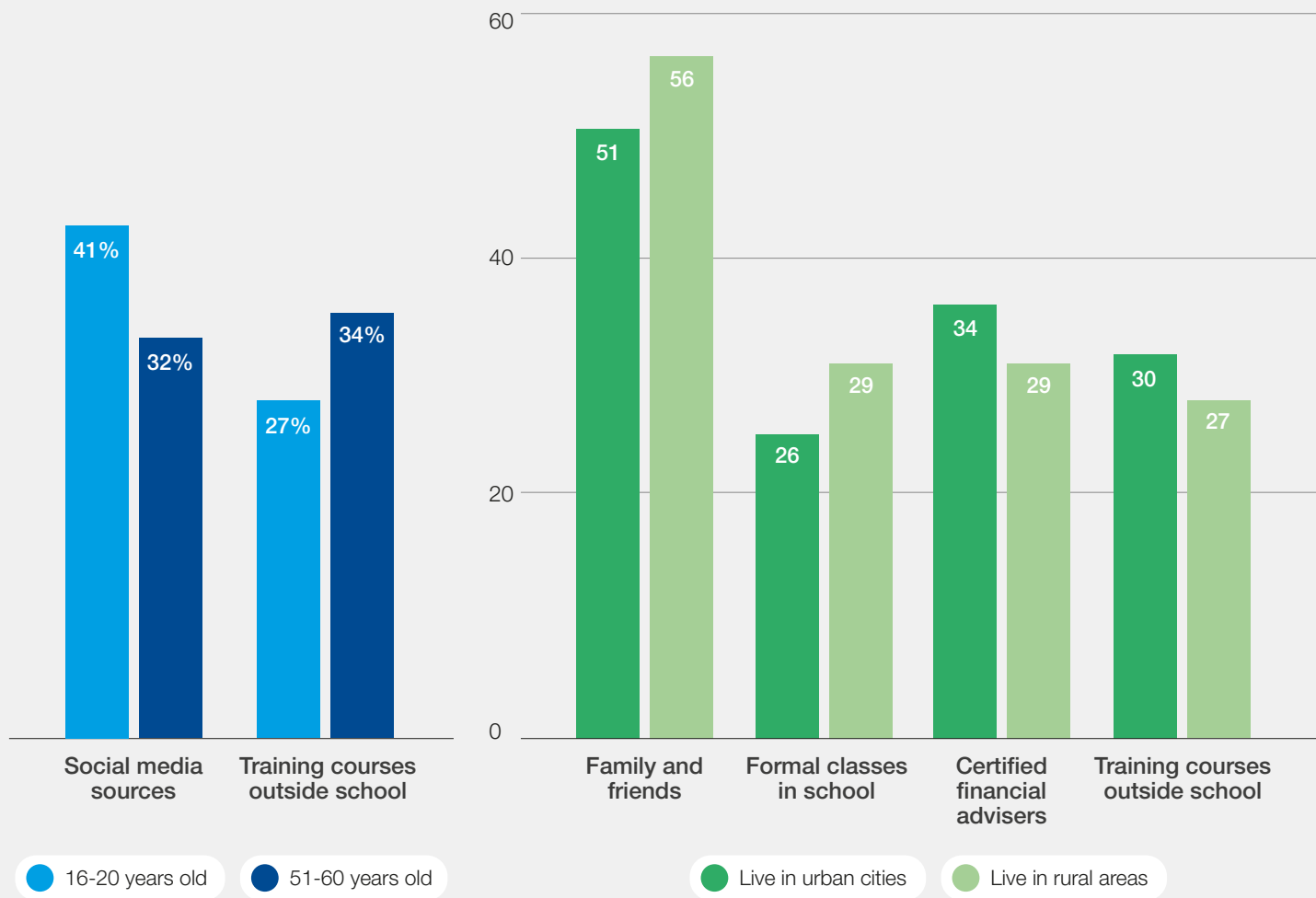
The gaps and obstacles identified above call for multistakeholder collaborations on these key fronts: improving digital and financial literacy, strengthening cybersecurity for, and trust in, digital financial services and enhancing access to digital financial services. All of these are interlinked and complement each other. Together, they contribute to promoting a vibrant, inclusive and sustainable digital economy in the ASEAN region, in line with the *ASEAN Digital Master Plan 2025*,⁶ and the accelerating inclusive digital transformation strategy under the ASEAN’s *Comprehensive Recovery Framework*.⁷ They also eventually form a strong foundation to enhance ASEAN’s preparedness and resilience for future economic challenges.

Digital and financial literacy are critical for ASEAN’s digital generation to navigate the increasingly digital financial space safely and seamlessly. Digital literacy

gaps and suggested actions to improve digital skills for ASEAN’s digital generation were extensively covered in previous editions (2019,⁸ 2020,⁹ 2021¹⁰) of this report series. Consequently, this year’s edition is dedicated to financial literacy.

Zooming further in on the profiles of respondents, the demand for training and preferred learning methods varied across age and location. Younger respondents were more likely to favour learning financial management skills through social media sources while older groups preferred training courses outside school. Those living in urban regions tended to prefer learning from training courses outside school and certified financial advisers, whereas rural dwellers were more likely to prefer learning from family and friends or formal classes in school (see Figure 12). This calls for multistakeholder actions in designing targeted approaches for financial literacy education, catering to specific groups within ASEAN’s digital generation. The same approach was suggested in the recent *Policy Note on Digital Financial Literacy for ASEAN*¹¹ by the Alliance for Financial Inclusion and the ASEAN Working Committee on Financial Inclusion (ASEAN WC-FINC).

FIGURE 12 What is the best way to learn to manage finances?



Source: ASEAN Digital Generation Survey 2022, World Economic Forum, Sea



“ Digital and financial skills competency and enhanced trust and security can collectively enhance ASEAN’s digital generation’s access to digital financial services.

Besides ongoing initiatives, such as the ASEAN SME Academy,¹² ASEAN may consider adopting further initiatives, such as the Financial Times-supported Financial Literacy and Inclusion Campaign (Flic).¹³ Flic focuses on training the educators and target groups (youth, women and other underserved groups) through designing educational materials in both video and written format, curating financial literacy resources for trainers, building capacity for the trainers in partnership with appropriate influencers, etc.

ASEAN may also consider leveraging the Organisation for Economic Co-operation and Development’s International Network of Financial Educators (OECD/INFE),¹⁴ where appropriate; or consider building a similar network for the ASEAN region, also noting the existing Go Digital ASEAN¹⁵ initiative and the network that the World Economic Forum Digital ASEAN initiative’s *ASEAN Digital Skills Vision 2020* has built.^{16,17}

On trust and security, *ASEAN’s Digital Masterplan 2025* identified the delivery of trusted services and prevention of consumer harm as one of the desired outcomes by 2025. It further pointed out that a key part of this is ensuring that cybersecurity and digital data governance best practices are adopted as widely as possible to mitigate the direct impact of a breach on businesses and consumers, and to build trust. ASEAN is heading in the right direction in this regard by accelerating the implementation of the *ASEAN Data Management Framework*,¹⁸ promoting the wide adoption of the *ASEAN Model Contractual Clause on Cross-border Data Flows*¹⁹ and developing the *ASEAN Cybersecurity Cooperation Strategy*.²⁰ In fact, seven out of ten ASEAN countries have implemented regulations for digital financial services security, according to the recent *Policy Note on Digital Financial Literacy for ASEAN*.²¹

The financial technology industry needs to step up its safety and security measures to improve cybersecurity and resilience for the wider financial supply chain. FinTech in the ASEAN region may consider adopting the World Economic Forum’s FinTech Cybersecurity Consortium’s recommendations for a common approach to cybersecurity controls.²²

Furthermore, trust in digital financial services can also be enhanced by financial and technological literacy progress. That way, digital and financial skills competency and enhanced trust and security can collectively enhance ASEAN’s digital generation’s access to digital financial services. They are, however, not the only decisive factors. Quality digital infrastructure and access to digital technologies are just as critical.

The availability of quality and reliable digital infrastructure could be why ASEAN’s digital generation placed relatively significant importance on the availability of both online and offline access to financial services. The *Advancing Digital Financial Inclusion in ASEAN*²³ report by the ASEAN WC-FINC in collaboration with the World Bank Group also recognized improvements in basic infrastructure, such as efficient and accessible retail payment systems, and in the digitization of large-volume recurrent payment streams as among the key features of an enabling environment for digital financial services expansion.

Among its efforts to improve access to digital solutions, the World Economic Forum launched the 1 Billion Lives Challenge²⁴ under its EDISON Alliance initiative to improve 1 billion lives globally through affordable and accessible digital solutions, focusing on health, finance and education by 2025. In addition, the Digital Inclusion Navigator²⁵ offers a one-stop-shop online tool and search platform of curated information on best practices and lessons learned in digital inclusion approaches.

Finally, as ASEAN’s digital generation aspires to improve their financial literacy through learning by doing, the expanded adoption of digital financial services will contribute to improving users’ skills and experience and enhancing their confidence in trust and security in financial services.

As such, skills, trust and enhancing adoption connect and complement each other in a loop that can all contribute to advancing a vibrant, inclusive and sustainable digital economy in the ASEAN region.

Conclusion

An inclusive digital economy in ASEAN requires inclusive financial services for ASEAN's digital generation. Digitalization offers the potential to make finance more inclusive. The insights from this year's survey proved that the digitalization of financial services could broaden access for underserved groups such as rural dwellers, micro-businesses and women.

For ASEAN's digital generation, the strong digitalization of digital saving and payment services serves as an important gateway/foundation to further digitalize more advanced financial services (investment, credit and insurance) in the future.

For MSMEs, improved access to financial services provides a better safety net through cash flow management and potentially offers business expansion opportunities. For instance, financial services can allow MSMEs to expand their businesses domestically and globally, acquire new customers/suppliers, and ease customer/supplier dispute resolution processes.

This year's survey also identified several barriers to digital financial inclusion for ASEAN's digital

generation, including the limited adoption of more advanced financial services, low access to international payment services, weakness in digital and financial literacy among users, shortage of financial literacy education in meeting learners' strong demand and security and safety concerns.

The identified gaps and obstacles call for further multistakeholder coordination to further digitalize ASEAN's financial services, improve digital and financial literacy and enhance security and safety in digital financial services. These three elements complement each other and will contribute to a more vibrant, inclusive and sustainable digital economy in ASEAN.

Stronger momentum for ASEAN's growth in the digital economy has been regarded as one of the few silver linings during the region's fight against COVID-19. In order to preserve this momentum and allow ASEAN's digital generation to reap the full benefits of this trend, acting now is critical. By improving access and greater capacity for digital financial services, it is hoped that there will be stronger resilience towards future shocks, particularly for vulnerable sectors of society.

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