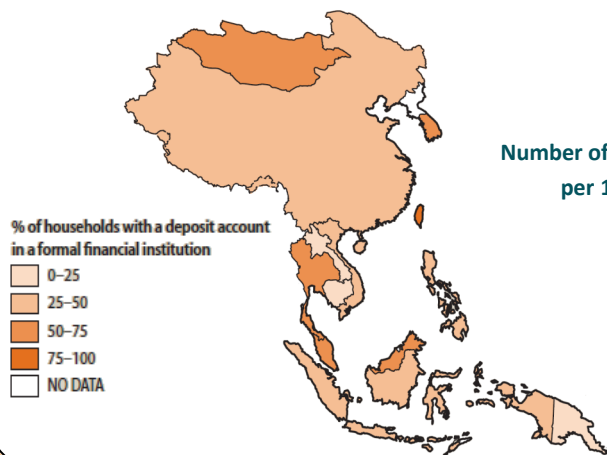


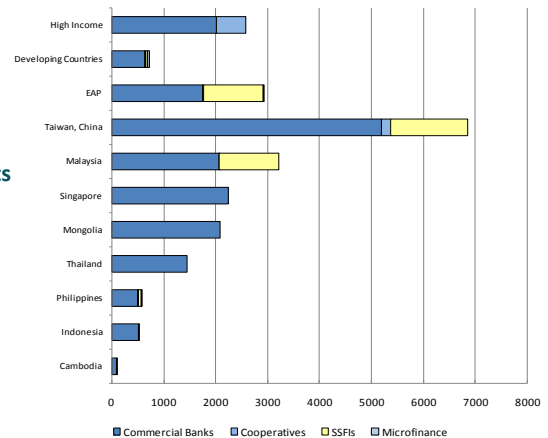
**DEPOSIT SERVICES & FINANCIAL INCLUSION**

**Deposit Account Penetration.** In East Asia and the Pacific (EAP) there are 1,756 bank accounts per 1,000 adults, compared with 635 accounts per 1,000 adults in developing countries. There is a wide variation among countries in the region in terms of deposit account penetration, from 96 bank accounts per 1,000 adults in Cambodia, to over 5,000 accounts per 1,000 adults in Taiwan (China). Average deposit size per capita is higher in EAP (at 87 percent) than in high-income countries but not as high as the average for developing countries, indicating that the banking sector serves a relatively broad range of clients.

EAP had a negative median growth rate in the number of accounts per 1,000 adults, compared with positive growth rates in both high-income and developing countries. However, Indonesia, Mongolia, and Cambodia had positive growth rates, at 4, 8, and 27 percent, respectively. Most deposits are held in commercial banks in all reporting EAP countries. Taiwan (China) and Malaysia, however, have a significant proportion of deposit accounts in specialized state financial institutions (SSFIs), and only Taiwan (China) reported having significant deposit accounts in cooperatives and credit unions.



**Number of deposit accounts per 1,000 adults**



**Financial Inclusion Mandates—Role of the Main Financial Regulator.**

Microfinance, rural finance, and small and medium enterprise (SME) finance promotion are the three areas of the financial inclusion agenda that are most frequently the responsibility of the financial regulator in EAP.

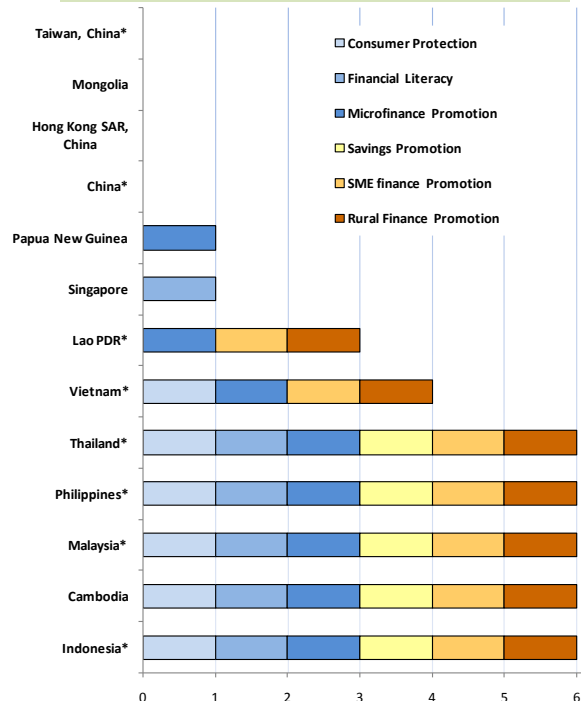
Regulators in 72 percent of the EAP countries reporting to *Financial Access 2010* are responsible for promoting microfinance, and regulators in 64 percent are responsible for promoting rural finance and SME finance—a much higher percentage than both developing and high-income countries in all three areas.

Singapore and Papua New Guinea report being responsible for only one area—financial literacy and microfinance promotion, respectively. However, Thailand, the Philippines, Malaysia, Cambodia, and Indonesia report being responsible for all six financial inclusion topics.

Where the main financial regulator has a strategy document for financial inclusion, more topics tend to fall under the regulator’s purview and there are more resources dedicated to carrying out those mandates.

The average number of reforms in EAP in 2008-09 was 4.9 out of a maximum of 10, which is higher than all regions except South Asia.

**The main financial regulator is responsible for the following financial inclusion topics:**



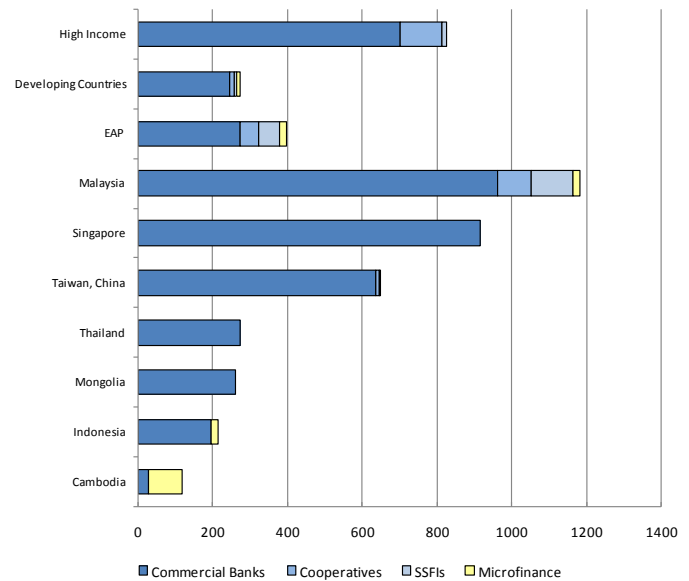
\* main financial regulator has a financial inclusion strategy document

**CREDIT SERVICES & CONSUMER PROTECTION**

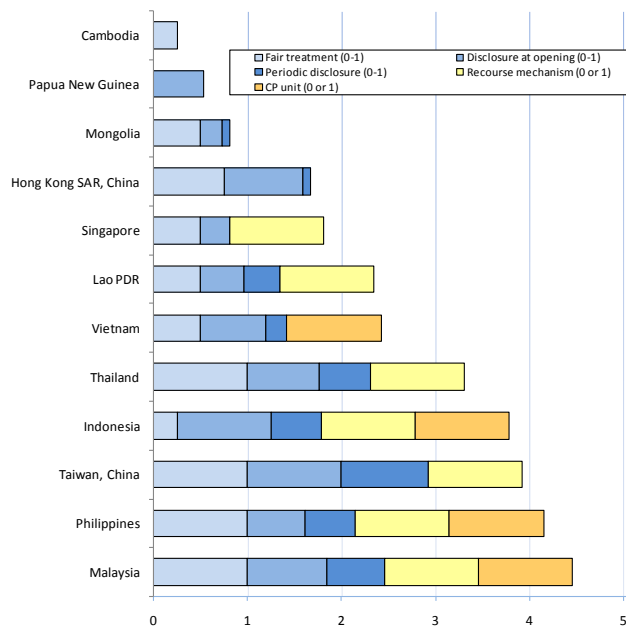
**Access to Credit.** In EAP there are 272 bank loans per 1,000 adults compared with 245 in developing countries. There is a wide variation among countries in the region in terms of loan account penetration, from 963 bank loans per 1,000 adults in Malaysia to only 27 bank loans per 1,000 adults in Cambodia. Nonbank financial institutions (NBFIs) target lower income segments, but limited data do not allow for a comprehensive assessment of the role of NBFIs. The change in the number of accounts on average in EAP in 2009 was negligible, as four countries experienced a decline in the number of loans per 1,000 adults, and three countries experienced an increase. The number of loans per 1,000 adults increased the most in Indonesia and Cambodia, at 9 percent in both countries.

The volume of loans as a percentage of GDP decreased by 9 percent on average in the EAP region, less than the average for all developing countries, and around the same average as high-income countries. Volume of loans decreased in all EAP countries. Once again, most loan accounts are held in commercial banks, although Malaysia has a relatively large proportion of its accounts in cooperatives and SSFIs, compared with other EAP countries, and Cambodia reports most of its loan accounts in microfinance institutions. The ratio of the volume of loans to individuals to total volume of loans in commercial banks (at 49 percent) is higher in the EAP region than the averages for both developing and high-income countries.

**Number of loan accounts per 1,000 adults**



**Consumer Protection: From Legislation to Enforcement**



**Consumer Protection Regulations in East Asia & Pacific.**

The recent financial crisis highlighted the importance of effective consumer protection and adequate levels of financial literacy for the sustainability of the entire financial system.

*Basic consumer protection requirements are on the books in most EAP countries.* Eighty-five percent of EAP countries (11/13) have laws and regulations addressing at least some aspects of financial consumer protection. These same countries also have some sort of fair treatment legislation restricting unfair selling practices. However, periodic disclosure requirements are not very common in EAP. On average, EAP countries require less than a third of the disclosure requirements surveyed by *Financial Access 2010*, which is lower than that in every region except South Asia.

*Enforcement mechanisms are weaker than legislative requirements.* Nine EAP countries require financial institutions to implement procedures for resolving customer complaints, and only seven EAP countries have at least one dispute resolution mechanism. Onsite inspection is the only compliance monitoring mechanism that exists in more than half of EAP countries, and not a single enforcement action is taken by regulators in more than half of EAP countries.

*Institutional structures are the weakest.* Less than half of the EAP financial regulators who said they were responsible for some aspect of financial consumer protection have a dedicated unit to work on these issues.