Financial Inequality and Inclusion
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Overall and current situation

- The World now experiences the most inequality than ever, and the rate of with the increase is truly alarming. This will lead to unsustainable society both economically and peace.
    - Asia is the leading the pack in financial inequality. While overall population are mostly better off as indicated by the higher GDP per capita in all countries, the wealth increase largely concentrated among the rich.
    - According to the recent study by Credit Suisse, Thailand now ranks number one in financial inequality. In 2016, the 1% richest Thais (500,000 people) owned 58.0% of the country's wealth. In 2018, they controlled 66.9%, overtaking their peers in Russia whose wealth share fell from 78% to 57.1%. Other countries in SE Asia have not done much better either.

Reference reading:
Short: https://m.bangkokpost.com/opinion/opinion/1590786/inequality-exposed?refer=http%3A%2F%2Fm.facebook.com
Full CS report: https://publications.credit-suisse.com/tasks/render/file/index.cfm?fileid=777FDF0E-E060-F608-52DAF97E062CC35B&fbclid=IwAR1QgKFG4dRm50djzWxkoKKDatsMW89rZlQ9UGzDexR8vohbSd03pkpTFyw

- A major root cause of the inequality is financial exclusion, especially among the poor. Without easy ways to saving and investment, people can not grow their wealth. Without access to fair cost lending, people can not borrow to grow their small businesses. Without simple, affordable insurance, people always live their lives with risks. When unexpected events happen, often they must rely on informal loans and fall to the vicious cycle of 'loan sharks'.
- Financial inclusion is a critical element that makes growth inclusive as access to finance can enable economic agents to make longer-term consumption and investment decisions, participate in productive activities to grow their income, and cope with unexpected short-term shocks. Understanding the link between financial inclusion and income inequality at the country level will help policymakers design and implement programs that will broaden access to financial services, leading to reduction of inequality.

https://www.cgap.org/blog/financial-inclusion-can-reduce-inequality-and-bring-peace

- To tackle this root cause of financial exclusion, we will need to approach in radically different ways. Traditional ways are not feasible nor sustainable, e.g. bank opening drive in India under the Jan Dhan Yojana scheme by PM Modi in 2014.
    - The number of account holders under the Jan Dhan scheme has risen to more than 300m persons in 2017. However, it is estimated that more than 60% of the accounts are dormant, resulting in India having the highest share of dormant bank account in the World.

https://www.thehindubusinessline.com/money-and-banking/at-48-india-tops-in-bank-users-with-inactive-accounts-says-world-bank/article23606293.ece

- Now the timing is more right to create real sustainable solutions. Fintech innovations in digital technologies, business models, consumer digital readiness are the major driving force
    - China model — government and regulators take more liberal, hands-off, monitoring approach in the early stage, letting fintech like Ant Financials, Tencent, Ping An, and the market force to build necessary infrastructure and services

https://en.nikkoam.com/articles/2015/08/fintech-evolution-in-china

- India model — government and regulators take more hands-on approach in building the key infrastructure and services under the "India Stack" or "Aadhaar stack"

https://www.bankingtech.com/2018/03/what-is-the-india-stack-and-why-is-it-no-longer-the-dream-it-used-to-be/

- However, law and policy must find the right delicate balance
    - to be opened in supporting for innovations and competitions
    - While not too opened to create a 'wild wild west' scene that will likely cause systematic risks in financial markets, eroding consumers and market participants confidence
    - While not too tight that prevent new capable players to be a market force
    - And jointly design a master plan with the government to allow market participants to co-exist and compete for the best and relatively stable outcome
        - Issues like what should be a market sharing infrastructure, e.g. interbank Network, e-KYC, credit bureau

- Objectives of the discussion
    - Discuss the role of law and policy to stimulate financial inclusion
    - Discuss roles of key market participants as a framework for countries in SE Asia (excluding the developed Singapore) to stimulate financial inclusion leading to reduction of inequality
        - Role of government
            - The high level master plan blue print and strategy
                - what should be the key market sharing infrastructure and who would invest and operate
        - Role of regulators
            - What to regulate and key terms to stimulate fair market competitions while prevent major systematic risks
        - Role of fintechs
        - Role of banks