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Hong Kong improves overall financial inclusion according to Global Financial Inclusion Index from Principal®

- Hong Kong is ranked second overall, behind Singapore, and ranked the highest of the top three financially inclusive markets for consumer sentiment of financial inclusion.
- Financial inclusion improved globally over the last year, led by Southeast Asia and Latin America.
- Singapore retains its position as world's top market for financial inclusion.

Hong Kong, October 3, 2023 - Hong Kong is the second most financially inclusive market out of 42 markets analyzed globally, according to the 2023 [Global Financial Inclusion Index](#) from [Principal Financial Group](#)® and the Centre for Economics and Business Research (Cebr), rising two places year-on-year

Annual research from Principal® that ranks the financial inclusivity of markets based on the support provided by employers, the government, and the financial system found that, overall, financial inclusion improved globally over the last 12 months. The largest advancements were in Latin America, Southeast Asia, and Southern Europe. Western and Northern Europe were broadly flat.

While some financial strains persist, the city remains one of the most financially included markets in the world, ranking in the top 10 for all three pillars of financial inclusion. In line with the rise in rankings, Hong Kong saw improvement in public perception of financial inclusion with 89% of respondents stating they feel financially included.

“Recovering at full speed from the impacts of COVID-19, Hong Kong remains a strong regional leader in driving financial inclusion,” said **Thomas Cheong, president of Principal Asia**. “It is encouraging to see residents taking notice as the city ranks 4th globally for consumer sentiment. Notably, this ranking aligns with the city’s overall Index ranking – signalling the impact of the initiatives put forward by government, employers, and the financial system.”

Hong Kong ranks second for government support (up six places from eighth), seventh for employer support (up one place from eighth) and maintains its sixth-place ranking for financial system support. The government support pillar has seen the most significant improvement in driving the state of financial inclusion, rising six spots. The city saw notable increases in rankings on ‘awareness and uptake of government-mandated pensions/savings’ (up 21 places to second). Hong Kong continues to rank first for ‘online connectivity’ and topped the rankings for ‘financial literacy levels,’ rising 17 spots.

“We look forward to working with the government, employers, and others in the financial system to continue to help drive financial inclusion across Hong Kong,” said **Cheong**. “Principal is committed to helping more people and businesses around the world have access to financial security with increased access to retirement products and investment solutions. As part of our commitment to increasing financial inclusivity, we will look for more opportunities to work across sectors to broaden access to the tools and support needed to help reach financial security.”

Key global findings

- **Financial inclusion is advancing most rapidly in markets developing technology-enabled financial systems.** The biggest risers include several emerging economies, such as Brazil, South Korea, Thailand and Vietnam. The acceleration in the digital banking systems of Brazil and South Korea is reflected by these markets jointly ranking first for ‘the volume of real time transactions’ indicator.
- **As in 2022, Singapore is rated as the most financially inclusive market,** ranking first, second and third in the government, employer, and financial system support pillars, respectively. Hong Kong is ranked second and Switzerland third. Last year’s second market, the U.S., drops to fourth.
- **The bottom 10 markets are located in Latin America and sub-Saharan Africa, despite evidence of improvement in both regions.** The bottom six markets have remained identical year over year (Argentina, Ghana, Nigeria, Colombia, Peru, and Italy).
- **Progress in financial inclusion is strongly and positively correlated to progress in other metrics of social and economic development,** such as lower levels of corruption and greater economic freedom, resilience, and productivity.

Kay Neufeld, director and head of forecasting, Cebr, said: “The data shows financial inclusion, at a global level, is improving. This is noteworthy—and encouraging—considering the various economic challenges many markets encountered in the past year. Greater financial inclusion is occurring despite economies navigating through a period of supply-side shocks, heightened inflation, and consequent adjustments in interest rates.

It is clear the fast-growing Asian and Latin American economies are making the largest strides forward. We see economic growth and better financial inclusion as symbiotic—with a more advanced financial system enabling greater financial inclusivity. At the same time, more people are accessing and understanding financial products and services, thus helping create a stronger platform for further economic advancement.”

Learn more about the Global Financial Inclusion Index [here](#).

[About the Global Financial Inclusion Index](#)

The Global Financial Inclusion Index ranks 42 markets on three pillars of financial inclusion—government, financial system, and employer support—using data points across public and survey-based sources. These pillars represent the key stakeholders responsible for promoting financial inclusion across the population.

The Index was conducted in partnership with the Centre for Economics and Business Research (Cebr). The methodology combines various data sources into one unified measure of financial inclusion at the market level.

Key terms

According to the World Bank, financial inclusion is defined as ‘individuals and businesses having access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.’^[1]

The broad-based and complex nature of financial inclusivity implies that there is no single, catch-all metric that can be employed to observe the state of financial inclusivity across countries.

As such, the Index models financial inclusion around three clearly defined ‘pillars’ – government support, financial system support, and employer support – each of which consists of multiple indicators that capture a certain element of financial inclusivity relevant to the pillar to which they have been assigned.

^[1] [World Bank](#)

- **Government support** evaluates the degree to which governments promote financial inclusivity in each market.
- **Financial system support** examines the availability and uptake of various types of financial products and services that are central to financial inclusivity.
- **Employer support** relates to the level of support employers provide in each market to their employees.

[About Principal Financial Group®](#)

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¹ As of June 30, 2023

² Ethisphere, 2023

³ Pensions & Investments, 2022

About Centre for Economics and Business Research (Cebr)

The Centre for Economics and Business Research is an independent consultancy with a reputation for sound business advice based on thorough and insightful research. Since 1992, Cebr has been at the forefront of business and public interest research, providing analysis, forecasts and strategic advice to major UK and multinational companies, financial institutions, government departments and agencies and trade bodies. For further information about Cebr please visit www.cebr.com.

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The Global Financial Inclusion Index ranks 42 markets on three pillars of financial inclusion: government, financial system, and employer support - using datapoints across public and survey-based sources. These pillars represent the key stakeholders responsible for promoting financial inclusion across the population.

Hong Kong snapshot

Key findings

- **Hong Kong was ranked the second most financially inclusive market in the world** behind Singapore, with improvements across all three pillars of financial inclusion.
- Among the three pillars, **government support has seen the most significant improvement** in driving the state of financial inclusion, rising six spots in the rankings compared to 2022, with notable increases in rankings on ‘awareness and uptake of ‘government-mandated pensions/savings’ (+21 to 2nd) and ‘financial literacy levels’ (+17 to 1st).
- **In Hong Kong, 89% of respondents feel they are financially included.** The overall score increased the most among the top three markets, moving it from fifth to fourth.

Top 10

Market	Rank	YoY
Singapore	1	0
Hong Kong	2	+2
Switzerland	3	+5
United States	4	-2
Sweden	5	-2
Denmark	6	0
United Kingdom	7	+7
Norway	8	+1
Australia	9	-2
Thailand	10	+9

Understanding the indicators

Hong Kong market indicator rankings

The three pillars—government support, financial system support, and employer support—in the Global Financial Inclusion Index consist of multiple indicators.

	Indicator name	Rank	YoY
Government support	Overall government support	2	+6
	State of public pensions	16	0
	Deposit protection schemes	31	-2
	Consumer championing regulations	10	-1
	Employment levels	20	+3
	Awareness and uptake of government-mandated pension schemes	2	+21
	Education levels	2	+1
	Complexity of taxation systems	4	0
	Availability of government-provided financial education	31	-6
	Financial literacy levels	1	+17
	Online connectivity	1	0
Financial system support	Overall financial system support	6	0
	Real-time transactions	9	+3
	Access to credit	1	+8
	Borrowers' and lenders' protection rights	10	-3
	Access to bank accounts	17	-2
	Presence and quality of fintechs	13	0
	Access to capital	10	**
	Enabler of small/medium enterprise (SME) growth and success	11	-3
	Enabler of general business confidence	6	+4
Employer support	Overall employer support	7	+1
	Provision of guidance and support around financial issues	11	+3
	Employee pension/retirement contributions	5	+6
	Employee insurance schemes	13	-9
	Employer pay initiatives	16	-9

** Access to capital is a new indicator for 2023

Consumer sentiment

The following survey research was conducted through an online survey among a sample size of 21,500 household financial decision makers across 42 markets. In Hong Kong, the research was conducted among a sample of 501 household financial decision makers from May 4-9, 2023.

Hong Kong consumer sentiment	2022	2023	Net change
Percentage of household financial decision makers who feel financially included	88%	89%	+1%
Ranking	5	4	+1

To learn more about the Index and read the full report, visit principal.com/financial-inclusion

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