

Improvements in digitized financial infrastructure make Hong Kong the second most financially inclusive market globally, according to Global Financial Inclusion Index from Principal®

Financial inclusion is an important lens through which investors can assess the underlying economic resilience of a market and its growth prospects.

- Hong Kong remains in second place overall for financial inclusion, behind Singapore, driven by developments in its financial services sector.
- Hong Kong improved its ranking for financial system support, rising three places to third overall.
- Despite drops in its scores for access to credit, consistent with global trends, business confidence has remained strong.

HONG KONG, OCTOBER 9, 2024 – Improvements in digitized financial infrastructure have reinforced Hong Kong’s position as the second most financially inclusive market out of 41 markets analyzed globally, according to the 2024 [Global Financial Inclusion Index](#) (the Index) from [Principal Financial Group®](#) and the Centre for Economics and Business Research (Cebr).

Financial inclusion has improved globally for the second consecutive year, with all regions seeing advancements, according to annual research from Principal® that ranks markets based on the support provided by employers, the government, and the financial system to foster financial inclusion*. As global economic challenges made it harder for businesses and households to access lending this year, the public and the private sectors stepped up to help societies weather declining financial conditions; 32 out of 41 markets (78%) saw their scores for financial inclusion increase year-over-year.

Hong Kong has maintained its second-place position at the top of the index, behind Singapore. It ranks:

- third for financial system support (rank up three places from last year),
- third for government support (rank down one place from last year) and
- 11th for employer support (rank down four places from last year).

Hong Kong’s increased levels of financial inclusion have been driven by developments in its financial services sector. It has seen particular improvements in digitized financial infrastructure. Hong Kong ranks 10th for its volume of real time transactions (rank down one place), second for online connectivity (rank down one place) and second for its presence and quality of fintechs (rank up 11 places).

Despite a slight drop in its score for access to credit, which is consistent with global trends, business confidence has held up well. Hong Kong’s financial system ranks eighth as an enabler of SME growth and success (rank up three places) and sixth as an enabler of general business confidence (rank flat year over year).

Hong Kong has seen a significant jump in its availability of government provided financial education (rank up 11 places to 20th) and is in the top ten markets for education levels and financial literacy.

Explore the full report findings and learn more about the Global Financial Inclusion Index [here](#).

Martin Lau, head of Hong Kong, Principal Financial Group® comments: “*Hong Kong remains one of the strong regional leaders in driving financial inclusion. The benefits of investing in financial education and innovation, as well as developing digitized financial infrastructure are particularly evident during a year of pronounced economic stress.*”

Real estate had been a significant part of the financial ecosystem but, as the sector has struggled globally, we have seen the financial industry innovate and a broader uptake of useful products from the population. Increased use of funds may help drive engagement with investments and, in turn, financial literacy.

Hong Kong's high scores for financial inclusion—particularly within indicators related to its digital finance infrastructure—partly reflect the successful replication of digital payment systems prevalent in China. Also, the various 'Connect' initiatives implemented over the past decade allow Hong Kong and China residents to domestically buy and sell domestically mutual funds, swaps, and stocks from both markets.”

Key findings from the Global Financial Inclusion Index:

Advancement in the financial system pillar continues to be a key driver for improvements in financial inclusion globally. Financial system support improved globally by 5.9 points. This is slightly less than in 2023 when it rose by 8.1 points. Latin America saw the greatest rises in financial system support, rising by 8.3 points year-over-year. East and Southeast Asia also registered gains of 4.1 and 5.6 points for financial system support respectively. By contrast, the U.S. and Canada was one of three regions to register a decline in financial system support, alongside Northern Europe and Oceania.

Developing markets in Southeast Asia may be reaching a tipping point for financial inclusion. Following accelerated growth in fintech and online services over the past few years, progress in markets such as Thailand, Malaysia, Indonesia and Vietnam is tapering off. This may be a result of some developing markets' inability to react quickly in response to tough economic conditions but could also suggest these markets have reached a level of financial maturity where progress may now be incremental but nonetheless is moving in the right direction.

Singapore retains its top-ranking position for the third consecutive year. Singapore has maintained its position at the top of the Global Financial Inclusion Index for the third consecutive year, securing first place in both government and employment support and ranking fourth in financial system support. Singapore's top ranking can be interpreted as a function of the government, financial system, and employer pillars working effectively in tandem.

Christopher Breen, head of economic insight, Centre for Economics and Business Research, comments: *“The past year has been marked by a combination of significant macroeconomic and geopolitical challenges. Against this backdrop, it is very positive news that financial inclusion has improved in so many markets across the Index. This reflects governments, the financial system, and employers stepping in at the point of need. While there is still clearly room for progress, the increases in financial inclusion are a testament to the investment and positive progress these groups have made in recent years.”*

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Notes to editors

* Global” encompasses the 41 markets contained within the Index

[About the Global Financial Inclusion Index](#)

The Global Financial Inclusion Index ranks 41 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 collaboration 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 markets.

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®](#)

Principal Financial Group® (Nasdaq: PFG) is a global financial company with nearly 20,000 employees¹ passionate about improving the wealth and well-being of people and businesses. In business for 145 years, we're helping more than 64 million customers¹ plan, protect, invest, and retire, while working to support the communities where we do business, and build a diverse, inclusive workforce. Principal® is proud to be recognized as one of the 2024 World's Most Ethical Companies® by Ethisphere², a member of the Bloomberg Gender Equality Index, and a "Best Places to Work in Money Management³." Learn more about Principal and our commitment to building a better future at [principal.com](https://www.principal.com).

¹ As of June 30, 2024

² Ethisphere, 2024

³ Pensions & Investments, 2023

About Centre for Economics and Business Research (Cebr)

The Centre for Economics and Business Research (Cebr) is an independent economics 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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Media enquiries, please contact:

Principal

Ms. Fartini Zaharuddin | +6012 2883529 | fartini.zaharuddin@principal.com

Ms. Natalie Lo | +852 2263 0660 | lo.natalie@principal.com

Edelman Public Relations Worldwide

Mr. Leven Li | +852 2837 4741 | leven.li@edelmansmithfield.com

Ms. Carmen Ho | +852 2837 4782 | carmen.ho@edelman.com

The Global Financial Inclusion Index ranks 41 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.

Economic and geopolitical shifts in the past year challenged financial well-being of many communities around the world, yet the latest Global Financial Inclusion Index shows signs of progress. Public and private sectors helped societies weather declining financial conditions, including inflation and decreased access to credit. Financial inclusion improved globally for the second consecutive year, with increased scores for 32 out of 41 markets (78%).

2024 Key Findings: Hong Kong

- **Hong Kong has maintained its second-place position at the top of the Index, behind Singapore.** It ranks:
 - Third for financial system support (rank up three places from last year),
 - Third for government support (rank down one place from last year)
 - Eleventh for employer support (rank down four places from last year).
- **Hong Kong’s increased levels of financial inclusion have been driven by developments in its financial services sector,** with key improvements in digitized financial infrastructure.
- **Hong Kong fell to third for overall government support but saw a significant rise in the availability of government provided financial education.** It jumped 11 spots to 20th in 2024.
- Despite a drop in its score for access to credit, which is consistent with global trends, **business confidence has held up well.** Hong Kong’s financial system ranks **eighth as an enabler of SME growth and success (rank up three places) and sixth as an enabler of general business confidence (rank flat year-over-year).**

Top 10 Markets for Financial Inclusion

Market	Rank	Year-Over-Year (YoY) Change
Singapore	1	0
Hong Kong	2	0
South Korea	3	+10
Switzerland	4	-1
Sweden	5	0
Denmark	6	0
United States	7	-3

Thailand	8	+1
Australia	9	+1
Norway	10	-2

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	Year-Over-Year (YOY) Change
Government support	Overall government support	3	-1
	State of public pensions	15	+1
	Deposit protection schemes	30	+1
	Consumer championing regulations	3	+7
	Employment levels	21	+1
	Awareness and uptake of government-mandated pension schemes	31	-29
	Education levels	5	-3
	Complexity of taxation systems	3	+1
	Availability of government-provided financial education	20	+11
	Financial literacy levels	3	-2
	Online connectivity	2	-1
	Vulnerable Employment	7	**
	Equal Access to Education	23	**
	Finances in Retirement	15	**
Financial system support	Overall financial system support	3	+3
	Real-time transactions	10	-1
	Access to credit	1	0
	Borrowers' and lenders' protection rights	10	0
	Access to bank accounts	17	0
	Presence and quality of fintechs	2	+11
	Access to capital	6	+4
	Enabler of small/medium enterprise (SME) growth and success	8	+3

	Enabler of general business confidence	6	0
Employer support	Overall employer support	11	-4
	Provision of guidance and support around financial issues	10	+1
	Employee pension contributions	30	-25
	Employee insurance schemes	7	+6
	Employer pay initiatives	6	+10

** new indicator for 2024

Consumer sentiment

The following survey research was conducted through an online survey among a sample size of 21,500 household financial decision makers across 41 markets, reaching at least 500 respondents per market. The survey was fielded in May 2024.

Hong Kong consumer sentiment	2022	2023	2024	Net change since 2022
Percentage of household financial decision makers who feel financially included	88%	89%	67%	-22 points
Ranking	5	4	9	-4 ranks

Explore the full report and insights from, visit principal.com/financial-inclusion

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