

Hong Kong is fourth-highest ranking market for financial inclusion globally, according to Global Financial Inclusion Index from Principal®

High scores are driven by strong investment in financial technology and digital infrastructure

Hong Kong, 21 September 2022

Hong Kong is the fourth most financially inclusive market out of 42 markets analyzed globally, according to the inaugural *Global Financial Inclusion Index* (Index) from [Principal Financial Group®](#).

Hong Kong's high financial inclusion scores reflect its significant investment in financial technology and digital infrastructure which has helped to drive productivity and growth. Hong Kong ranks 12th for real-time payments, 13th for presence and quality of fintechs and first for online connectivity.

The Global Financial Inclusion Index

The Global Financial Inclusion Index, released today, is built around three pillars – government support, financial system support, and employer support. It examines the extent to which each of these pillars provides the relevant tools, services, and guidance to enable their populations to achieve greater levels of financial inclusivity.

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

Hong Kong Key Findings

- Hong Kong is the only market which ranks in the top 10 across every pillar of financial inclusion.
- Ahead of Hong Kong (which scores 65.13/100) in fourth place, Singapore is the world's most financially inclusive market (scoring 68.85/100), followed closely by the U.S. (68.28/100) and Sweden (65.44/100).
- Hong Kong ranks sixth for financial system support, eighth for government support, and eighth for employer support, relative to the other markets analyzed in the Index.
- Hong Kong's high financial inclusion scores reflect its significant investment in financial technology and digital infrastructure.
 - It ranks first for online connectivity, based on fixed broadband subscriptions and mobile cellular subscriptions across its population.

- It ranks 12th for volume of real time payment transactions, suggesting a substantial untapped market opportunity once even more of the population adopts online banking.
- It ranks joint 13th for its quality and quantity of fintech businesses.
- Hong Kong has one of the least complex taxation systems, a common theme among four of the top five performing markets in the Index.

*“Technology and online connectivity are key components of Hong Kong’s high scores for financial inclusion,” said **Thomas Cheong, president of Principal Asia.** “Online connectivity enables markets and their citizens to benefit economically from globalization. Technology allows newer economies to leapfrog what mature markets took many years to achieve. Digital finance is equipping people to manage their finances more conveniently, allowing them save for rainy days and invest in their businesses, pushing income potentials higher.”*

Investment implications: Analyzing risks to resilience and growth through the lens of financial inclusion

Assessing the financial inclusion provisions of certain markets may give us an indication of some of the short-, medium-, and long-term risks to which economies are exposed.

The findings of the report suggest that in relatively newer economies where the middle class is growing – predominantly in Asia and Southeast Asia – governments, financial systems, and employers are collaborating and investing in forward-looking initiatives that will help their populations manage their increasing wealth and redistribute it back into the economy to stimulate growth.

*“Understanding and encouraging financial inclusion is a major consideration not only for policymakers worldwide, but also for investors. Financial inclusion can boost productive investment and consumption, enabling economies to better manage risks and sustain future financial shocks,” said **Seema Shah, chief global strategist at Principal Global Investors.** “Newer economies have dynamic governments and private sectors; they are often purpose-built and have taken the most financially inclusive aspects of other markets to shape their society. The wealthier among them – like Singapore and Hong Kong - can ‘cherry pick’ the infrastructure, regulation and the structure of their financial systems around the growing wealth of their populations, with a view to creating the leading global economies of the next 100 years.”*

**** End ****

Notes to Editors

To read the full report, please click [here](#).

Key terms

Financial Inclusion: 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.”

While this is a helpful starting point, 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 inclusion globally.

As such, the Index is built around three clearly defined pillars—government support, financial system support, and employer support—each of which consists of multiple indicators.

- **Government support** evaluates the degree to which governments promote financial inclusivity in each market.
 - This pillar rates the existence and coverage of deposit schemes and the scope of consumer protections, among other aspects.
- **Financial system support** examines the availability and uptake of various types of financial products and services that are central to financial inclusivity.
 - This pillar includes analysis of the market’s use of real-time payments, developments made in fintech, access to credit and bank accounts, and the overall effectiveness of financial services/products available to firms and organizations.
- **Employer support** relates to the level of support employers provide in each market to their employees.
 - This pillar examines the efficacy of business support to employee financial wellbeing and inclusion across various dimensions such as employee pension contributions and employee insurance programs.

Hong Kong Indicator Rankings

Source: [Global Financial Inclusion Index](#)

Indicator	Ranking
Government support	8
Online Connectivity	1
Education levels	3
Complexity of taxation systems	4
Consumer championing regulations	9
State of public pensions	16
Financial literacy levels	=18
Employment levels	23
Awareness and uptake of government-mandated pension schemes	23

Availability of government-provided financial education	25
Deposit protection schemes	29
Financial system support	6
Borrowers' and lenders' protection rights	=7
Enabler of small/medium enterprise (SME) growth and success	8
Access to credit	=9
Enabler of general business confidence	10
Real-time transactions	12
Presence and quality of fintechs	=13
Access to bank accounts	15
Employer support	8
Employee insurance schemes	4
Employer pay initiatives	7
Employee pension contributions	11
Provision of guidance and support around financial issues	14

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.

About Principal Financial Group®

Principal Financial Group® (Nasdaq: PFG) is a global financial company with 18,500 employees¹ passionate about improving the wealth and well-being of people and businesses. In business for more than 140 years, we're helping more than 54 million customers² 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 America's 100 Most Sustainable Companies³, a member of the Bloomberg Gender Equality Index, and a Top 10 "Best Places to Work in Money Management⁴." Learn more about Principal and our commitment to building a better future at principal.com.

¹ As of June 30, 2022

² As of June 30, 2022

³ Barron's, 2022

⁴ Pensions & Investments, 2021

###

Principal, Principal and symbol design and Principal Financial Group are trademarks and service marks of Principal Financial Services, Inc., a member of the Principal Financial Group.

Global Financial Inclusion index is a proprietary model output based upon certain assumptions that may change, are not guaranteed and should not be relied upon as a significant basis for an investment decision

Investment involves risks.

Media enquiries, please contact:

Principal Hong Kong

Ms. Teaki Keung, +852 2263 0286, keung.teaki@principal.com

Assistant Manager, Marketing & Corporate Communications

Ms. Iris Lo, +852 2263 0102, lo.iris@principal.com

Manager, Marketing & Corporate Communications

Edelman Public Relations Worldwide

Ms. Vicky Lo, +852 2837 4786, vicky.lo@edelman.com

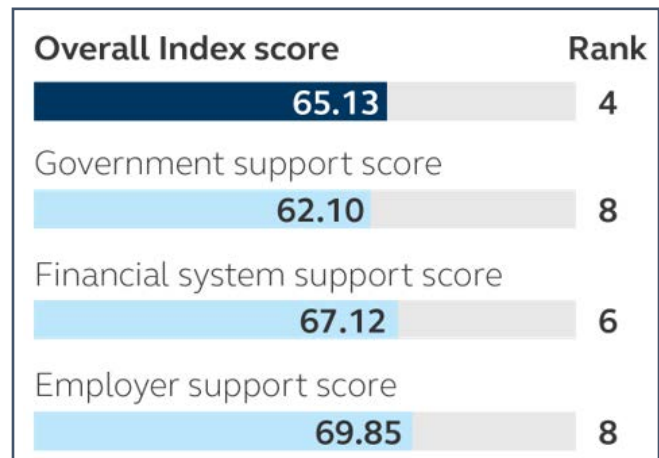
Ms. Audrey Chan, +852 3756 8632, audrey.chan@edelman.com

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

Hong Kong is the only market that ranks in the top 10 across every pillar, making it the fourth most financially inclusive market out of 42.

- In the government support pillar, Hong Kong achieves the No.1 spot for online connectivity and lands among the top 10 for its education levels and as one of the least complex taxation systems.
- In the employer support pillar, Hong Kong receives top marks for the availability and sufficiency of its employee insurance schemes and employer pay initiatives.
- Like other new Asian economies, Hong Kong scores in the top half of the table for its approach to financial technology and digital infrastructure – ranking 12th for volume of real time payment transactions and 13th for its quality and quantity of fintech businesses.
- The Index analyzes how different industries provide employer support through the business owner survey. Hong Kong’s services sector¹ ranked seventh out of 42 markets, echoing a trend seen across Asia of providing greater financial support to this sector than other parts of the world.
- Hong Kong scores comparatively lower – in the bottom half of the table – for the availability of government-provided financial education, employment levels, and awareness and uptake of government-mandated pension schemes. These indicators are captured in the overall government support score for the market.



¹ The service sector included the following business types: retail trade, health services, finance and insurance, real estate, information management, leisure and hospitality, education, transportation, wholesale trade, personal services, management consultancy, and administrative services.

Understanding the indicators

Hong Kong indicator rankings

	Indicator name	Rank
Government support	State of public pensions	16
	Deposit protection schemes	29
	Consumer championing regulations	9
	Employment levels	23
	Awareness and uptake of government-mandated pension schemes	23
	Education levels	3
	Complexity of taxation systems	4
	Availability of government-provided financial education	25
	Financial literacy levels	18
	Online connectivity	1
Financial system support	Real-time transactions	12
	Access to credit	9
	Borrowers' and lenders' protection rights	7
	Access to bank accounts	15
	Presence and quality of fintechs	13
	Enabler of small/medium enterprise (SME) growth and success	8
	Enabler of general business confidence	10
Employer support	Provision of guidance and support around financial issues	14
	Employee pension/retirement contributions	11
	Employee insurance schemes	4
	Employer pay initiatives	7

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

The Global Financial Inclusion Index is a proprietary model output based upon certain assumptions that may change, are not guaranteed, and should not be relied upon as a significant basis for an investment decision.

Insurance products issued by Principal National Life Insurance Co (except in NY) and Principal Life Insurance Company®. Plan administrative services offered by Principal Life. Principal Funds, Inc. is distributed by Principal Funds Distributor, Inc. Securities offered through Principal Securities, Inc., member SIPC and/or independent broker/dealers. Referenced companies are members of the Principal Financial Group®, Des Moines, IA 50392. ©2022 Principal Financial Services, Inc.

2412962-092022

[Appendix]
Global Financial Inclusion Index (Index) from Principal Financial Group®
Ranks by pillar and sub-pillar of the top 5 markets

Hong Kong Indicator Rankings

Indicator	Ranking
<i>Government support</i>	8
Online Connectivity	1
Education levels	3
Complexity of taxation systems	4
Consumer championing regulations	9
State of public pensions	16
Financial literacy levels	=18
Employment levels	23
Awareness and uptake of government-mandated pension schemes	23
Availability of government-provided financial education	25
Deposit protection schemes	29
<i>Financial system support</i>	6
Borrowers' and lenders' protection rights	=7
Enabler of small/medium enterprise (SME) growth and success	8
Access to credit	=9
Enabler of general business confidence	10
Real-time transactions	12
Presence and quality of fintechs	=13
Access to bank accounts	15
<i>Employer support</i>	8
Employee insurance schemes	4
Employer pay initiatives	7
Employee pension contributions	11
Provision of guidance and support around financial issues	14
<i>Overall rank</i>	4

Singapore Indicator Rankings

Indicator	Ranking
Government support	1
Complexity of taxation systems	=1
Education levels	2
Employment levels	5
Online connectivity	6
State of public pensions	9
Financial literacy levels	12
Awareness and uptake of government-mandated pension schemes	13
Consumer championing regulations	23
Availability of government-provided financial education	24
Deposit protection schemes	37
Financial system support	3
Access to credit	3
Presence and quality of fintechs	4
Borrowers' and lenders' protection rights	=7
Real-time transactions	10
Access to bank accounts	12
Enabler of small/medium enterprise (SME) growth and success	15
Enabler of general business confidence	16
Employer support	14
Employee pension contributions	6
Provision of guidance and support around financial issues	22
Employee insurance schemes	22
Employer pay initiatives	28
Overall rank	1

United States Indicator Rankings

Indicator	Ranking
Government support	14
Consumer championing regulations	2
Availability of government-provided financial education	6
Online connectivity	8
Awareness and uptake of government-mandated pension schemes	10
Deposit protection schemes	10
Employment levels	10
Financial literacy levels	=13
State of public pensions	17
Education levels	20
Complexity of taxation systems	32
Financial system support	1
Enabler of small/medium enterprise (SME) growth and success	=1
Access to credit	2
Presence and quality of fintechs	2
Borrowers' and lenders' protection rights	=3
Enabler of general business confidence	7
Access to bank accounts	21
Real-time transactions	25
Employer support	2
Employee pension contributions	1
Employer pay initiatives	4
Employee insurance schemes	5
Provision of guidance and support around financial issues	6
Overall rank	2

Sweden Indicator Rankings

Indicator	Ranking
Government support	5
Financial literacy levels	=1
Complexity of taxation systems	5
State of public pensions	7
Awareness and uptake of government-mandated pension schemes	11
Online connectivity	12
Education levels	14
Consumer championing regulations	18
Employment levels	20
Deposit protection schemes	24
Availability of government-provided financial education	31
Financial system support	4
Access to bank accounts	4
Real-time transactions	4
Presence and quality of fintechs	7
Access to credit	=9
Enabler of small/medium enterprise (SME) growth and success	=20
Borrowers' and lenders' protection rights	=21
Enabler of general business confidence	29
Employer support	23
Employee insurance schemes	17
Employee pension contributions	18
Provision of guidance and support around financial issues	24
Employer pay initiatives	33
Overall rank	3

Finland Indicator Rankings

Indicator	Ranking
Government support	2
Complexity of taxation systems	3
Awareness and uptake of government-mandated pension schemes	3
State of public pensions	6
Education levels	8
Financial literacy levels	10
Consumer championing regulations	11
Deposit protection schemes	15
Online connectivity	17
Employment levels	22
Availability of government-provided financial education	26
Financial system support	9
Access to bank accounts	2
Access to credit	4
Presence and quality of fintechs	11
Borrowers' and lenders' protection rights	=11
Enabler of general business confidence	18
Real-time transactions	23
Enabler of small/medium enterprise (SME) growth and success	28
Employer support	11
Employee insurance schemes	10
Provision of guidance and support around financial issues	11
Employee pension contributions	13
Employer pay initiatives	20
Overall rank	5

###