Outline

Why SMCEs?
Trends and some data
Financing
- Overview of financial inclusion and education policies in ASEAN
- Trends in financing for SMCEs to ASEAN
- Challenges
Digital readiness/Digitalisation
- Digital readiness among SMCEs in ASEAN
- Potential for SMCEs
- Challenges to digital readiness
Role of fintech
Overview of initiatives in ASEAN
Conclusion
Why look at SMCEs in particular?

• Today, the global trends of creative goods and services is growing rapidly and likely to be a key driver of economic growth.

• SMCEs face double hurdle.

• What is the Creative Economy? The term invariably evokes multiple meanings, often seen as the nexus of various creative fields, including the arts and culture, science and technology, business and trade. At its root, the creative economy deals in ideas and money (Howkins, 2001).
Figure 1. Export and import value of creative goods from selected economies to the world market (US$ millions)

Notes: ASEAN = Association of Southeast Asian Nations; EU28 = European Union; SAR = Special Administrative Region.
Figure 2. Growth rate of creative goods exports and imports, 2003-2015 (%)

Figure 3. Shares of ASEAN creative goods exports, annual, 2002-2015 (%)

Notes: ASEAN = Association of Southeast Asian Nations; EU28 = European Union.
## Table 1. Overview of creative industry in ASEAN

<table>
<thead>
<tr>
<th>Country</th>
<th>Key situations</th>
<th>Country</th>
<th>Key situations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei Darussalam</td>
<td>Diversification; Multiple channels of financing</td>
<td>Myanmar</td>
<td>Initial development; Fashion and garment;</td>
</tr>
<tr>
<td>Cambodia</td>
<td>Growing cultural industry; Emerging creative industry; Priority sector</td>
<td>The Philippines</td>
<td>Infant industry; Strong ambition (No. 1 in ASEAN &amp; Top 5 in Asia)</td>
</tr>
<tr>
<td>Indonesia</td>
<td>New driving force of economic growth;</td>
<td>Singapore</td>
<td>Leader in the ASEAN region; World-class business climate; Global brands</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>Initial stage; Cultural richness and well-developed tourism industry</td>
<td>Thailand</td>
<td>Thailand 4.0; New technological and industrial goals;</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Limited contribution(Barker and Lee, 2017)</td>
<td>Viet Nam</td>
<td>Early stages of development</td>
</tr>
</tbody>
</table>

## Overview of Financial Inclusion and Financial Education Policies in ASEAN

<table>
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<th>Country</th>
<th>Key situations</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Brunei Darussalam</td>
<td>programs on financial literacy, aimed at raising awareness on the importance of financial planning at different life stages</td>
<td>Myanmar</td>
<td>collaborative undertakings spearheaded by the private sector, international organizations and multilateral institutions.</td>
</tr>
<tr>
<td>Cambodia</td>
<td>collaborative undertakings spearheaded by the private sector, international organizations and multilateral institutions.</td>
<td>The Philippines</td>
<td>financial literacy programs are targeted toward overseas workers and their beneficiaries</td>
</tr>
<tr>
<td>Indonesia</td>
<td>element of its consumer protection policy, targeting youth and children</td>
<td>Singapore</td>
<td>financial education program for the general public</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>collaborative undertakings spearheaded by the private sector, international organizations and multilateral institutions.</td>
<td>Thailand</td>
<td>enhance financial literacy, increase financial discipline among the general public, and expand the quality investor base in the domestic capital market</td>
</tr>
<tr>
<td>Malaysia</td>
<td>financial education programs are multi-pronged, targeting specific age groups</td>
<td>Viet Nam</td>
<td>collaborative undertakings spearheaded by the private sector, international organizations and multilateral institutions.</td>
</tr>
</tbody>
</table>
Trends in financing for SMCEs in ASEAN

SMCEs in ASEAN rely on a mix of private and public financing.

SMCEs in culture and arts sector are more likely to self-exclude financially.

States with coherent and consolidated national strategies are able to provide more funding opportunities.
Challenges to Financing

• Access to finance has been considered a key hindrance to the development of entrepreneurship in the cultural and creative field (Borin, Donato and Sinapi 2018)
Digitalisation in ASEAN

Figure 4. Internet use and mobile cellular subscription

a) Individuals using the Internet

b) mobile cellular subscriptions (% of population) (per 100 people)

Digitalisation in ASEAN

E-Commerce and M-Commerce Penetration (2021)

<table>
<thead>
<tr>
<th>Country</th>
<th>E-Commerce</th>
<th>M-Commerce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>87.1</td>
<td>79.1</td>
</tr>
<tr>
<td>Malaysia</td>
<td>82.9</td>
<td>68.4</td>
</tr>
<tr>
<td>Philippines</td>
<td>80.2</td>
<td>69.6</td>
</tr>
<tr>
<td>Singapore</td>
<td>79.7</td>
<td>56.9</td>
</tr>
<tr>
<td>Thailand</td>
<td>83.6</td>
<td>74.2</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>78.7</td>
<td>61.4</td>
</tr>
</tbody>
</table>

Source: World Bank (2021)
Potential for SMCEs

• How technology can change business models:
  – through automation of existing activities and processes,
  – extension of current ways of conducting business, and
  – transformation of current business practices that replace traditional ones.
Challenges to Digital Readiness

Digital readiness remains uneven across the region

Digital connectivity in the region continues to improve

Use of digital financial services (DFS) in the region on the rise
Role of Fintech for SMCEs

- Financial technology can be a tool to facilitate the growth of SMCEs.

Digital lending – P2P as alternative financing

Digital payments – securely manages cash flow to promote ease of business

Blockchain technology – that can help protect copyright
Overview of Initiatives in ASEAN

- Bandar Seri Begawan Roadmap: ASEAN Digital Transformation Agenda to Accelerate ASEAN’s Economic Recovery and Digital Economy Integration
- ASEAN Comprehensive Recovery Framework
- Master Plan on ASEAN Connectivity 2025
- ASEAN Access
- Strategic Plan on Culture and Arts (2016-2025)
Conclusion

• Governments have roles to play in building an ecosystem where SMCEs can thrive
• Needs assessment/data collection is necessary
• Financial campaigns on alternative financing, DFS
• Capacity building on digital and financial skills
Thank You!