Factsheet

EIP The ASEAN-UK Economic Integration Programme

Alternative Data, Open Finance and MSME Lending

Supporting More Inclusive and Effective MSME Lending through Better Use of Data, Stronger Credit Ecosystems and Regional Learning.

The Alternative Data, Open Finance and MSME Lending workstream is part of the Financial Services Pillar (FSP) under the ASEAN-UK Economic Integration Programme (EIP), a UK-supported initiative that aims to reduce development barriers and foster inclusive economic growth across ASEAN Member States.

What this workstream does

Alternative data is creating new opportunities to strengthen MSME lending.

This workstream explores how alternative data, open finance, and related ecosystem developments can contribute to more inclusive, effective, and responsible MSME finance.

It supports authorities and key ecosystem actors to determine whether and how these opportunities can be applied in practice.

The workstream helps policymakers, regulators, and credit infrastructure institutions assess opportunities, risks, readiness, and potential pathways for future action.

Key message

Authorities and key ecosystem actors need practical ways to assess opportunities, risks, readiness, and future pathways. The workstream addresses this by helping authorities and ecosystem actors understand what is possible, determine what is appropriate, and pursue action where opportunities demonstrate value and enabling conditions are in place.

Why this matters

MSMEs are central to economic growth, employment, and resilience across ASEAN. Yet many viable businesses remain underserved because lenders often lack sufficient information to assess their creditworthiness with confidence.

Alternative data is creating new opportunities to improve MSME credit visibility. Payments, e-commerce, telecommunications, utility, platform, and other digital data sources can provide new insights into business activity and repayment capacity, particularly for MSMEs that remain underserved by traditional lending approaches.

Open finance and related ecosystem developments may help unlock the full value of data. Data-sharing frameworks, interoperability arrangements, credit infrastructure, and open finance approaches can help expand the availability and usability of information across financial markets, creating new opportunities for innovation and access.

However, opportunities, readiness, and implementation pathways differ significantly across countries. Benefits, risks, governance requirements, and market conditions vary considerably across ASEAN Member States, meaning that approaches that are appropriate in one context may not be suitable in another.

What this workstream delivers

The workstream combines regional evidence development, country-level readiness assessments, and practical implementation support. It helps authorities move from understanding opportunities to identifying and pursuing appropriate actions.

Understanding Opportunities for Alternative Data and Open Finance

Supporting authorities and key ecosystem actors understand whether alternative data and open finance can strengthen MSME lending in their context.

Support includes:

- Regional research and evidence development
- Mapping alternative data opportunities and use cases
- Assessing market readiness and enabling conditions
- Identifying risks, governance requirements, and implementation considerations
- Practical tools to support authority-led decision-making

Developing Pathways for Future Action

Supporting authorities and key ecosystem actors identify and, where possible, pursue practical next steps where opportunities demonstrate value.

Support may include:
Alternative data initiatives and implementation pathways

- Credit infrastructure strengthening
- Open finance and data-sharing approaches
- Governance and interoperability frameworks
- Policy and regulatory development
- Regional peer learning and knowledge exchange

The objective is not to promote a particular solution, but to help authorities and ecosystem actors determine whether, where, and how alternative data and open finance can contribute to stronger MSME lending ecosystems.

Where opportunities are demonstrated and enabling conditions are in place, the workstream plans to supports authorities and key ecosystem actors to move from understanding and readiness to practical action.

Participating AMS

The workstream adopts a tiered regional participation model were some AMS may participate in deeper diagnostic and implementation pathway activities, while all AMS benefit through regional learning, peer exchange, practical guidance, tools, and dissemination of lessons learned.

What success looks like

The workstream aims to strengthen understanding, readiness, and action.

- Improved understanding of the potential role of alternative data in strengthening MSME lending
- Stronger authority-owned decisions on future priorities and pathways
- Enhanced readiness across legal, regulatory, supervisory, governance, and market dimensions
- Better prioritisation of initiatives that can strengthen MSME lending ecosystems
- Selective actions pursued where opportunities are demonstrated and conditions are in place
- Increased regional learning and knowledge sharing across ASEAN Member States
- More inclusive, effective, and sustainable approaches to MSME finance

About the ASEAN Economic Integration Programme (EIP)
EIP is a programme supported by the Foreign, Commonwealth & Development Office (FCDO) in partnership with the Association of Southeast Asian Nations (ASEAN, implemented by Cadmus Group and the Office for Product Safety and Standards (OPSS).

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