MALDIVES MONETARY AUTHORITY

National Financial Inclusion Strategy

2026 - 2030

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Foreword

The Maldives is a nation defined not by the land we stand on, but by the ocean that surrounds us and the distance between us. For too long, that distance also defined our financial system: too far, too slow, too rigid for the realities of island life.

This National Financial Inclusion Strategy 2026–2030 is our resolute answer to that legacy.

It is built on a simple conviction: in a country of 1,200 far-flung islands, financial inclusion cannot be an afterthought to growth. It must be the foundation of resilience, the precondition for sovereignty, and the bridge that finally connects every citizen to opportunity, no matter how remote the shore. We do not present this document as a wish list. We present it as measurable and time-bound commitment.

It is about proving that even the smallest, most scattered nation can design a future that is fair, digital, value based when people want it, green when the planet demands it, and within reach of every single citizen.

Recent years have shown meaningful progress. More Maldivians now hold bank accounts, and digital banking has carried convenience across distances that once defined our limitations. Yet the gaps remain real. Women, youth, the elderly, and MSMEs still encounter barriers that prevent full participation in the financial system. These challenges demand more than detached interventions; they necessitate a coordinated, data-driven response rooted in the realities of island life.

The National Financial Inclusion Strategy 2026–2030 is developed from the results of a nationwide financial inclusion survey and revised through extensive consultations with regulators, financial institutions, government agencies, and other stakeholders. It demonstrates their shared understanding that financial inclusion is a national commitment, not a single program or initiative but one that requires collaboration, evidence-based policymaking, and a concerted effort to bring opportunity to every atoll and island.

I would like to offer my appreciation to the Alliance for Financial Inclusion (AFI) for their advice, as well as the members of the National Financial Inclusion Steering Committee and the numerous Technical Committees for their knowledge and commitment. This strategy's development has been collaborative, and I urge all stakeholders involved to keep working together to realize this goal. A more inclusive financial system is more than simply a goal on paper; it is an investment in our nation's future and the well-being of every Maldivian.

Ahmed Munawar
Governor

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Abbreviations and Acronyms

AGO	Attorney General's Office
AFI	Alliance for Financial Inclusion
BML	Bank of Maldives
CAM	Communications Authority of Maldives
CMDA	Capital Market Development Authority
CSC	Civil Service Commission
EPA	Environment Protection Agency
FSAP	Financial Sector Assessment Program
FI	Financial Institution
IFI	Islamic Finance Institution
KPI	Key Performance Indicators
LGA	Local Government Authority
MBS	Maldives Bureau of Statistics
MSME	Micro, Small, and Medium Enterprises
MoE	Ministry of Education
MoHE	Ministry of Higher Education
MoFP	Ministry of Finance and Planning
MoSFD	Ministry of Social and Family Development
MoAAW	Ministry of Agriculture and Animal Welfare
MoEDT	Ministry of Economic Development & Trade
MoIA	Ministry of Islamic Affairs
MoTE	Ministry of Tourism and Environment
MoFOR	Ministry of Fisheries and Ocean Resources
MPAO	Maldives Pension Administration Office
MMA	Maldives Monetary Authority

MSE	Maldives Stock Exchange
MSD	Maldives Securities Depository
MSME	Micro, Small, Medium Enterprises
NFIS	National Financial Inclusion Strategy
NFI	National Financial Inclusion
PSP	Payment Service Provider
SOE	Stated Owned Enterprises
URA	Utility Regulatory Authority

Introduction

Financial inclusion refers to the provision of accessible and affordable financial products and services to individuals and businesses, meeting their needs in a responsible and sustainable manner[1]. It drives sustainable long-term economic growth by facilitating the availability of economic resources. Furthermore, financial inclusion contributes to overall economic development by alleviating poverty[2], reducing the income gender gap[3], and promoting inclusive growth[4].

On a micro level, financial inclusion improves financial health by providing access to essential financial services, enabling individuals to manage money, save for the future, and protect against risks. It promotes financial literacy, reduces financial stress, and helps people build resilience against economic shocks. With better financial tools and resources, individuals can make informed decisions, invest in opportunities, and enhance their overall well-being, contributing to long-term financial stability.

Recognizing the importance of financial inclusion, since 2010, more than 60 countries have either launched or developed National Financial Inclusion Strategies[5]. The Ministries of Finance, Central Banks and other relevant government agencies in many countries have included financial inclusion in their mandates, along with stability and integrity.

The COVID-19 crisis reinforced the need for enhanced digital financial inclusion. Digital financial inclusion entails using cost-effective digital methods to provide underserved and financially vulnerable populations with appropriate financial services in an affordable and sustainable way. Significant progress has been made in this area, with 76% of the world's adult population having an account in 2021.

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[2] Park, C. & Mercado Jr, R.V. (2015). Financial Inclusion, Poverty and Income Equality in Developing Asia. *ADB Economic Working Papers Series*

[3] Arnold, J. & Gammage, S. (2019). Gender and Financial Inclusion: the critical role for holistic programming. *Development in Practice 29:8 965-973*

[4] Omar, M.A., Inaba, K. (2020). Does financial inclusion reduce poverty and income inequality in developing countries? A panel data analysis. *Economic Structures 9, 37* https://doi.org/10.1186/s40008-020-00214-4

[5] The World Bank (2025). Financial Inclusion. Retrieved from https://www.worldbank.org/en/topic/financialinclusion/overview

Country and Economic Overview

Economy of Maldives

The Maldivian economy thrives primarily on tourism and fishing, with tourism contributing over a quarter of its GDP. The latest forecasts show an annual GDP growth of 4.7% over the medium-term, driven by growth in tourism, expected fiscal adjustments, including subsidy reforms and reduction of public expenditure and investments[6]. With a GDP per capita of USD 11,020.65 for 2024, the economy shows signs of steady recovery following the devastating impact of the COVID-19[7].

Despite the dominance of the tourism industry as the main contributor of GDP, the fishing industry remains crucial, supporting local livelihoods and export revenues, particularly from tuna. Significant efforts are made to ensure sustainable management of marine resources to preserve this vital sector.

In recent years, the Maldives has shifted its focus towards diversifying the economy, to reduce its heavy reliance on tourism. To this end, the recent administrations have made substantial investments in infrastructure, renewable energy, and agriculture to reduce dependence on imports. Additionally, important initiatives are being undertaken to drive economic growth by empowering MSMEs and to digitize the economy.

Despite its strengths, the Maldives economy faces significant challenges, including vulnerability to climate change, and high dependence on tourism, which makes it susceptible to external shocks like pandemics and economic downturns. Nonetheless, the Maldives remains committed to sustainable development, economic resilience, and improving the quality of life for its citizens.

Financial Sector in Maldives

The financial sector of Maldives is small and highly concentrated, where the state still plays a central role. The banking sector consists of seven banks, of which three are locally incorporated, three are branches of foreign banks, and one is a fully owned subsidiary of a foreign bank. The Bank of Maldives, a state-owned institution, holds a dominant position in the industry, with over 60% of account holdings, 80% of retail transactions.

Currently, there are limited non-bank financial services in Maldives, consisting of three financing businesses, five insurance companies and eight payment service providers. Additionally, there are private companies that are not regulated by MMA, offering leasing or hire purchasing services, housing finance and leasing services.

The lack of competitiveness in the financial sector is a significant concern, stifling the growth of the industry. The shallow nature of the financial market may discourage innovation and limit the choices available to customers. Moreover, lack of competitions results in high cost of borrowing for individuals and MSMEs, impacting the overall productivity of the economy.

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[6] United Nations (2024). Maldives Prepares to Address Economic Vulnerabilities, Urgent Fiscal Reforms Critical to Mitigate Risks. Retrieved from https://maldives.un.org/en/269288-maldives-prepares-address-economic-vulnerabilities-urgent-fiscal-reforms-critical-mitigate

[7] MMA. (2025). Real GDP per capita (USD). Retrieved from https://database.mma.gov.mv/viya/series/75

Financial Inclusion in Maldives

Financial Inclusion in the Maldives has been defined as "to provide convenient access and effective use of quality, affordable and sustainable financial products and services in an equitable manner, delivered through formal channels complemented by robust consumer protection policies, financial education and literacy to all"[8].

In recent years, the Maldives has made significant strides in improving financial inclusion. This progress is largely due to a combination of technological innovation, government policies, and the collaboration between financial institutions and regulators. At the end of 2024, there were a total of 58 bank branches, 215 ATMs, and 182 cash agents across 20 atolls[9]. With the expansion of the national telecommunications network, internet banking has become widespread, leading to the growing popularity of mobile banking and payment services. These services enable people to access financial services without visiting bank branches or ATMs, reducing barriers, especially on remote islands without physical banks[10]. This is considered a lifeline for people on remote islands who previously struggled to access financial services. Mobile banking applications and internet platforms have brought convenience to many, removing the reliance on physical bank branches, and making everyday banking simpler.

However, challenges persist, largely due to the country's unique geographic characteristics. The dispersed nature of the islands presents significant logistical and operational challenges for financial service providers, potentially limiting equitable access to finance in the Outer Male' regions. Due to the high costs of establishing bank branches in small and remote islands, segment of the population residing in these islands have limited access to financial services, compared to those in Male' and other urban areas. Additionally, low financial literacy is also an area for concern, with significant disparities identified among low-income households and residents of Outer Male' regions. Many individuals in these groups face obstacles in accessing affordable credit and utilizing digital financial tools effectively.

[8] MMA. (2022). National Financial Inclusion Survey 2022. Retrieved from https://www.mma.gov.mv/documents/National%20Financial%20Inclusion%20Survey/2022/NFI-Survey-2022.pdf

[9] MMA. (2024). Payments Bulletin. Retrieved from https://www.mma.gov.mv/documents/Payments%20Bulletin/2025/PB-Aug-2024.pdf

[10] MMA. (2016). What is Financial Inclusion?. Retrieved from http://www.mma.gov.mv/documents/Annual%20Report/2016/financial-Inclusion%20(English).pdf

To address these challenges and promote greater financial inclusion, it is essential to invest in digital infrastructure and design products that cater specifically for the underserved segments of the population. Enhancing financial literacy across all demographics will also play a critical role in empowering individuals to make informed financial decisions. Collaborative efforts among the government, financial institutions, and development partners are key to creating an inclusive financial ecosystem. By addressing existing barriers, the Maldives can unlock the full potential of its population, fostering economic growth and resilience across the nation.

Importance of NFIS in the country

Recognizing the importance of financial inclusion for the development of the financial sector and to achieve sustainable economic growth, the Maldives Monetary Authority, financial institutions, and government agencies have implemented several initiatives over the years to drive financial inclusion in the country. However, these efforts often have been fragmented and lacked structured coordination. The lack of common financial inclusion goals has limited the impact of these initiatives, underlining the need for a coordinated effort to develop a unified national strategy to improve financial inclusion in the Maldives.

The World Bank recommends taking a strategic approach in developing national financial inclusion strategies by bringing together financial regulators, relevant government ministries and authorities to increase the pace and impact of reforms[11]. In line with this, the MMA, as the central bank, has identified the development of the National Financial Inclusion Strategy as a key strategic objective. A National Financial Inclusion (NFI) demand-side survey was conducted in 2022 to assess the level of financial inclusion in the country. The strategy was developed in close collaboration with relevant government agencies, regulators, financial service providers and other key public and private sector stakeholders to ensure a unified strategic direction towards achieving national financial inclusion objectives.

Barriers to Financial Inclusion

Geographical Dispersion

Maldives is a geographically dispersed nation with over 187 inhabited islands scattered across 20 atolls in the Indian ocean. The resident population of the Maldives in 2022 was 515,132, with 41.1% residing in the Greater Malé region and the remaining 58.9% living in the outer Malé regions[12]. Some of the islands in the outer Malé regions have very small resident populations, with fewer than 500 permanent residents on some islands. This geographical dispersion poses a challenge in establishing physical banking and other infrastructure in remote islands, leading to involuntary financial exclusion. This lack of geographical access to banking services leads to cash transactions becoming more convenient and less time-consuming.

[11] The World Bank, (2022), Financial Inclusion, Retrieved from https://www.worldbank.org/en/topic/financialinclusion/overview

[12] Maldives Bureau of Statistics (2022), Population dynamics in the Maldives-An analysis from Census 2022. Retrieved from https://census.gov.mv/2022/wp-content/uploads/2024/03/Population_Census-2022_Report-Updated-130324.pdf

The geographical dispersion has not only affected the financial sector, but also other sectors. For instance, the NFI survey disclosed that there were significant gaps between the education attainment in Male', when compared to the Outer Male' regions. This is given that educational access is gradually expanding into the Atolls, while access to post-secondary education remains very limited in these islands. Similarly, the median income is also comparatively lower in Outer Male' regions than in Male'. This can be clarified by the fact that many of the residents in Outer Male' regions are self-employed, compared to salaried employees in the public sector jobs or large-scale commercial activities in Male'. These disparities affect financial awareness and usage, limiting access and usage of advanced financial services.

Low level of financial literacy

Lack of awareness and understanding of financial products and services is a significant barrier to financial inclusion in the Maldives. While most individuals can perform basic financial tasks, majority of the population do not understand the relationship between inflation and purchasing power, and just a small proportion of the population are able to grasp the concept of compound interest. Advanced financial concepts like risk diversification are understood by fewer than half of the respondents. This could potentially prevent people from accessing formal banking services due to lack of familiarity or if they lack confidence in managing financial transactions. The lack of familiarity and awareness prevails more in individuals living in Outer Male' regions and amongst older individuals. This is a concerning issue given the rapidly aging population, with one in twenty people being older than 65 years old, and this percentage expected to increase to one in eight people within the next 30 years[13].

Regulatory Challenges

Lack of key regulatory frameworks in areas such as consumer protection, digital financial services, insurance and inclusive green finance hinders the development of the financial sector in the Maldives. Key regulatory gaps are identified in consumer protection which impacts trust and confidence in formal financial systems. Additionally, the lack of regulatory frameworks supporting digital financial services and mobile money platforms has contributed to their underutilization. Issues such as cybersecurity, data privacy, and digital fraud are inadequately addressed, discouraging broader adoption of digital solutions.

Regulation surrounding climate-related financial products is also underdeveloped. Maldives being highly vulnerable to climate risks, the absence of financial instruments and policies to mitigate such risks represents a missed opportunity to strengthen resilience. Similarly, the lack of a robust insurance regulatory framework has contributed to the low penetration of insurance products, with limited incentives for providers to innovate or expand their offerings.

[13] UNFPA, (2024), Ensuring a Resilient and Equitable Future for All: Navigating the Maldives' Ageing Population, Retrieved from https://maldives.unfpa.org/en/news/ensuring-resilient-and-equitable-future-all-navigating-maldives-ageing-population

Gender disparities

Gender inequality remains a persistent challenge in achieving financial inclusion in the Maldives. The NFI survey suggests that women are more likely to be unbanked, with 14% of women not having bank accounts compared to only 5% for men. The gender income gap is also stark; men have a median monthly income of MVR 10,000–15,000, whereas women earn MVR 6,000–10,000. This disparity limits women's financial independence and their ability to access credit or savings. Furthermore, women rely more on informal financial support, with a higher percentage reporting family and friends as their primary source of income. The gender gap extends to financial products like loans and insurance. Women are 22% less likely to borrow from financial institutions, and only 26% of current insurance holders are women. Addressing these inequities will require targeted policies to improve women's financial literacy, income opportunities, and access to financial services.

Low uptake of financial products and services

Although the penetration of the banking sector is high in the Maldives, it is worth noting that uptake of some financial products and services such as borrowing, credit cards, digital wallets etc. remains low. Uptake of non-bank financial products, especially the usage of insurance products is remarkably low in the Maldives. According to the NFI survey, only 22% of respondents currently hold any form of insurance, and 72% have never used it. Among insured individuals, vehicle insurance, life insurance, and accident insurance are the most common types, but coverage is often obtained through employers or financial institutions rather than individuals' choice. A lack of understanding is evident, as 40% of insured respondents are unaware of the premiums they pay. Increasing public understanding of insurance products and their benefits is essential to expanding the uptake of insurance in the country.

Adverse impact of climate change for vulnerable groups

Maldives is exposed to climate change effects that remains as a challenge to the development and social wellbeing of the economy. Such vulnerabilities include flooding, food security, saltwater intrusion, ground water pollution, etc[14]. While climate-related financial risks are a growing concern in the Maldives, awareness and preparedness in this area remains low. Currently, the financial sector plays a very minimal role in financing projects towards efforts to mitigate and adapt to climate risks. NFI survey suggests that an overwhelming majority (86%) believe there is a need for the government or financial institutions to introduce climate related financial products, indicating an urgent need for intervention.

Lack of competition in the financial industry

The Maldives' financial sector consists of only a few service providers, which limits financial inclusion. Among the few banks providing services in the industry, the state-owned bank holds a privileged position with the majority of the bank accounts held at that bank. This is largely due to its role in disbursing welfare payments and government salaries, combined with its extensive geographic presence across the country.[15] However, this dominance could potentially discourage innovation or expansion of services to underserved populations.

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[14] World Bank. (2021). Climate risk country profile-Maldives. Retrieved from https://www.adb.org/sites/default/files/publication/672361/climate-risk-country-profile-maldives.pdf

[15] World Bank. (2024). Maldives - Financial Sector Assessment (English). Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/099061024103028187/BOSIB128b0fbac0791b0671f5bb91131ffa

Lack of access to finance for MSMEs

Most of the businesses in Maldives (9%) are considered as small businesses, according to a survey in 2019. However, approximately three quarters of these businesses are not registered. While women-owned businesses represent around 18% of formal MSMEs, more than 60% are informal MSMEs, suggesting a high level of informality in the MSME sector. It has also been reported that the financial reports and management are unreliable, which is one of the main reasons why access to finance remains challenging for MSMEs[16]. Only four banks were found to finance SMEs, without serving the micro enterprises. Most banks focus on government securities, large corporates, the retail market, and residential loans. A significant gap in access to finance for MMSEs were identified during the Financial Sector Assessment Program (FSAP), with estimates suggesting a finance gap of around MVR 11.1 billion, which is equivalent to 40% of current lending to the private sector and 11.5 % of GDP in 2022.[17]

Opportunities for financial inclusion

Widespread use of internet services

The proportion of Maldivian adults using the internet on mobile devices is remarkably high at 89%. Among individuals under 36 years old, 97% use mobile internet, indicating high level of digital literacy among Maldivians. This paves the way for digital transformation and digital financial inclusion in the Maldives.

Digital transformation and digital financial inclusion

Given the extensive use of smartphones and internet services, the potential for digital transformation in the Maldives is substantial. Digital financial services allow consumers to conduct financial transactions without a physical interaction, which proved beneficial during the COVID-19 pandemic and for the dispersed geography of the Maldives. By utilizing digital technologies, Maldives can overcome the challenges posed by its geographical spread.

[16] Tatsiana, K., Menezes, A. P. Istuk,I., (2024) Maldives Financial Sector Assessment Program - Technical Note: Access to Finance for MSMEs (English). Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/099060624144517678/P18010016f22fd0b918bd21f7a1062ad47b

[17] World Bank. (2024). Maldives - Financial Sector Assessment (English). Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/099061024103028187/BOSIB128b0fbac0791b0671f5bb91131ffa

Vulnerable Groups

Women

Women in the Maldives face significant challenges in achieving financial inclusion. They are more likely to be unbanked and less likely to access financial products such as loans and insurance. Economic dependence is also more prevalent, with women relying heavily on family or friends for income support. Gender-based income disparities further limit their financial independence; the median monthly income for women is significantly lower than that of men. This gap is compounded by lower financial literacy among women, making them more susceptible to financial exclusion and unable to leverage formal financial services effectively.

Elderly (65+ Age Group)

The elderly population in the Maldives is one of the most vulnerable groups in terms of financial inclusion. They have the lowest levels of educational attainment, with only 18% achieving secondary education or higher, which directly impacts their financial literacy and resilience. Many elderly individuals lack basic understanding of financial concepts such as compound interest and inflation. They also exhibit low engagement with modern financial tools and practices, such as budgeting and digital banking. The reliance on informal financial support mechanisms, combined with limited financial literacy, leaves the elderly particularly vulnerable to economic shocks and financial instability.

Youth

Youth in the Maldives face financial inclusion challenges due to limited financial literacy, employment instability, and a lack of access to tailored credit products that suit their unique needs. Many young people rely on family support and informal financial services, which limits their ability to build independent financial security. Additionally, they struggle to access formal financial channels due to geographical barriers and social constraints. These challenges hinder their ability to save, invest, and obtain credit, reinforcing financial exclusion. Addressing these gaps requires targeted financial education, improved digital banking solutions, and inclusive policies.

MSMEs

MSMEs in the Maldives are a critical yet vulnerable group in terms of financial inclusion. These enterprises face significant challenges accessing formal financial services, including limited credit facilities, high collateral requirements, and inadequate financial literacy. The reliance on informal financing channels further exacerbates their struggles, hindering growth and innovation. Geographic dispersion across islands complicates access to banking infrastructure, creating barriers to affordable loans and digital payment systems. Enhanced policies and targeted initiatives, such as microfinancing schemes and capacity-building programs, are essential to support MSMEs.

National Financial Inclusion Strategy Framework

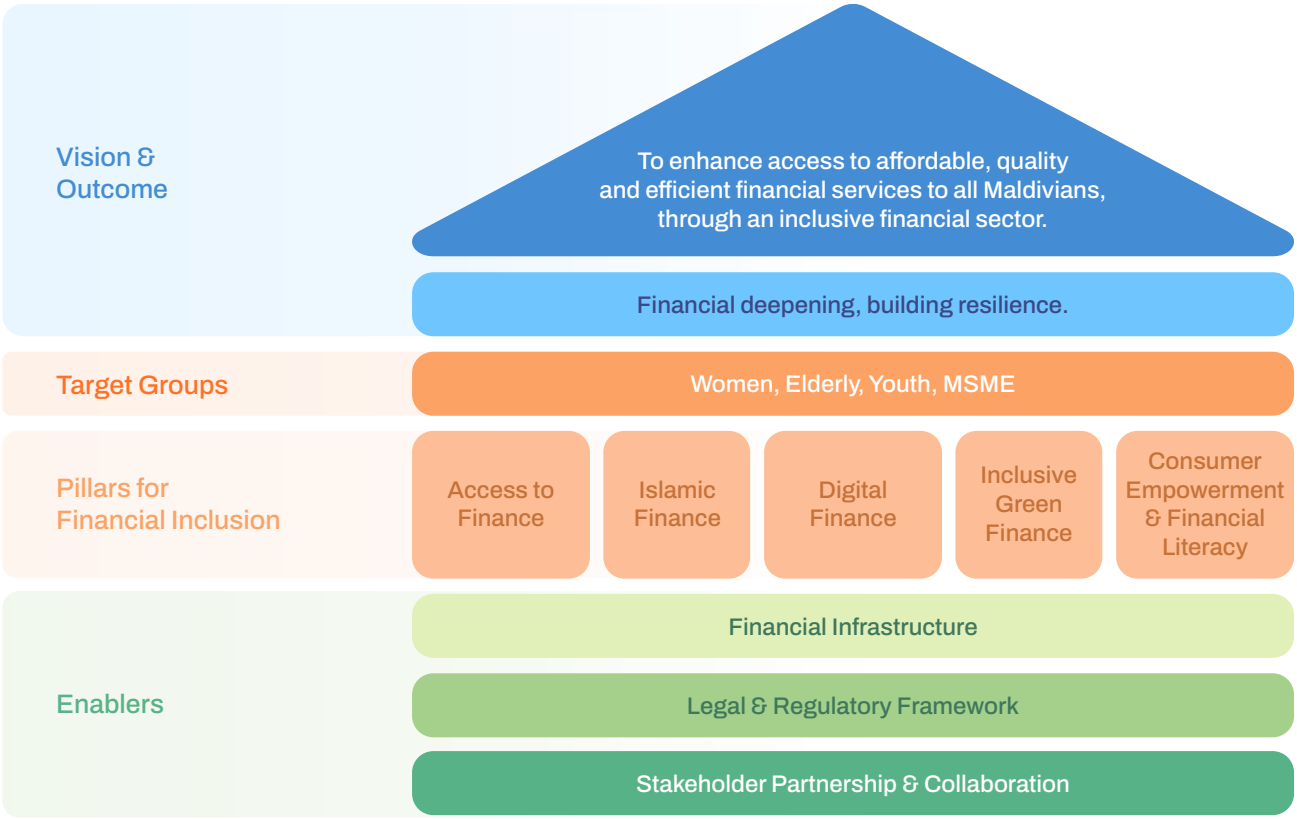

Figure 1: NFIS framework

As demonstrated in the above framework, the vision of the NFIS is to enhance access to affordable, quality, and efficient financial services for all Maldivians through an inclusive financial sector. Its primary focus is financial deepening and building resilience across various target groups, including women, youth, the elderly and MSMEs.

The framework is built on five key pillars: Access to Finance, Islamic Finance, Digital Finance, Inclusive Green Finance, and Consumer Empowerment & Financial Literacy. These pillars are designed to address diverse financial needs while promoting sustainability and innovation. To implement these pillars effectively, the framework relies on three core enablers: robust financial infrastructure, a strong legal and regulatory framework, and collaborative partnerships among stakeholders. Together, these components aim to foster a financially inclusive environment, contributing to the socio-economic development of the Maldives.

Key Pillars of NFIS and Strategic Interventions

Access to Finance

Access to finance is a cornerstone of economic development and social equity, providing individuals and businesses with the means to invest, manage risks, and achieve financial security. In the Maldives, access to finance has improved significantly over recent years, with the NFI survey indicating positive signs. However, beneath these achievements lie disparities and systemic issues that warrant attention, particularly among vulnerable groups. Regulatory gaps and deficiencies in financial literacy further complicate the financial landscape.

The Maldives has achieved an impressive 91% rate of bank account ownership among adults, underscoring significant progress in expanding financial access. This widespread account ownership is complemented by a growing adoption of digital financial services in the country. These advancements highlight the success of financial institutions in leveraging technology to overcome geographic challenges in a nation comprising numerous dispersed islands.

However, these overall figures mask substantial disparities. Vulnerable groups, such as women and the elderly face significant barriers to accessing financial services. These disparities are driven by broader socioeconomic inequalities, including income gaps.

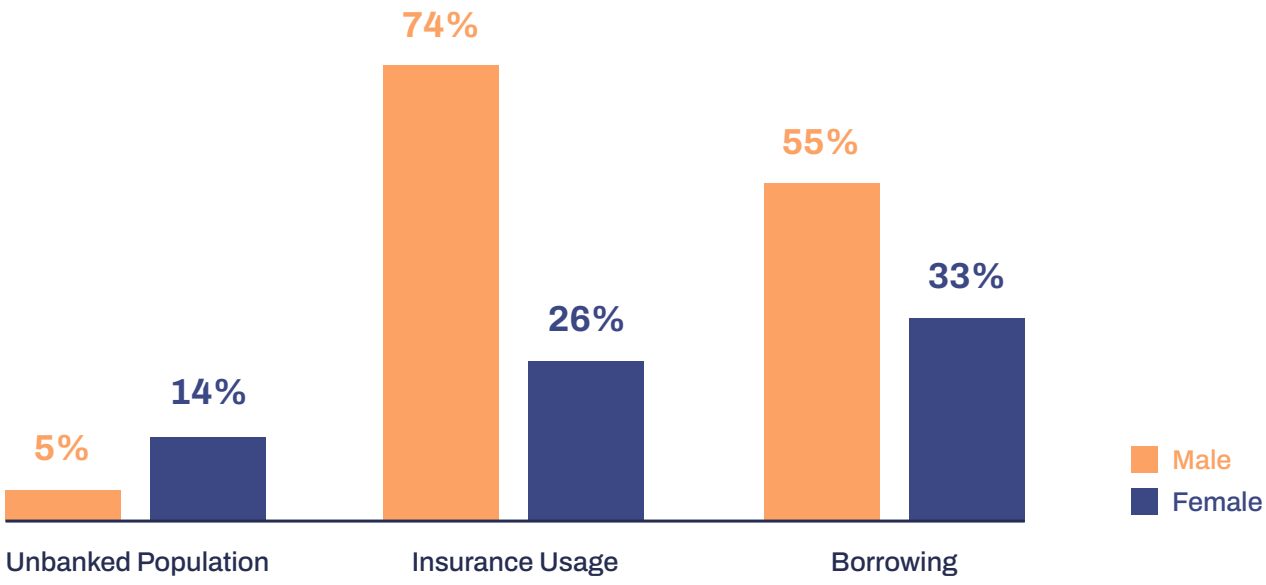

Figure 2: Gender disparities in access to finance

Geographic disparities also persist, with residents of Outer Male' regions encountering logistical and infrastructural challenges in accessing financial services. Although digital banking has grown, its usage is concentrated among the younger, more educated section of the populations. Among individuals aged 65 and above, only 38% use mobile banking, compared to near-universal usage among younger demographics.

The regulatory environment in the Maldives, while evolving, has yet to fully address the existing challenges in access to finance. Lack of key regulatory frameworks such as the Credit Information Act, Secured Transactions Act and alternative credit scoring limits access to finance for individuals and SMEs resulting in financial exclusion. Additionally, the absence of enabling regulatory frameworks such as the regulation on fintech companies hinders the introduction of innovative financial products and services.

Strategic Interventions

Policy Objective 1: Facilitate access to finance for the vulnerable groups

- **Introduce financial products and services to suit the varying needs of different vulnerable groups:** Vulnerable groups often face irregular or unpredictable income streams, making it difficult to meet fixed repayment schedules for loans and save regularly. To address these challenges, specialized loan products will be introduced with flexible repayment options, such as grace periods, seasonal payment schedules, or income-based repayment plans. These products will accommodate the cash-flow volatility faced by vulnerable groups, helping them better manage their finances and access credit.

- **Introduce an affordable housing loan scheme:** Availability of affordable housing, especially in the Greater Male' region, is one of the most significant social challenges that Maldives faces today. The proposed scheme aims to address this issue, by introducing housing loans at affordable rates to enable first-time homeowners to acquire housing in the Greater Male' region.

- **Introduce a credit enhancement scheme for SMEs:** Introducing the Credit Enhancement Scheme could provide essential support for SMEs in obtaining credit by eliminating the need for traditional collateral. This scheme would help SMEs access financing by reducing lender risk, improving creditworthiness, fostering business growth, encouraging investment, and enhancing economic stability.

- **Establish a centralised collateral registry:** A centralized collateral registry will be established to enable vulnerable groups to pledge movable assets, such as vehicles, machinery, or equipment, as collateral for loans. This registry will help bridge the gap for individuals without immovable assets, offering them access to finance by standardizing collateral information across financial institutions.

- **Increase member base of the credit registry:** Since 2011, MMA has maintained a Credit Information Registry with data from commercial banks and other financial institutions. To enhance this system and improve access to credit, the current registry will be expanded to include utility companies, telecom providers, and other billers. This expansion will allow the creditworthiness of individuals, particularly those outside the formal financial system, to be assessed based on alternative data, such as payment histories with these service providers.

- **Implement credit scoring models:** Current credit scoring models mainly rely on formal financial data, which disadvantages those who lack a credit history within the formal system. To address this, an alternative credit scoring model will be introduced, considering factors such as payment history with utility companies, telecom providers, and other billers. This will enable vulnerable groups to access credit based on their broader financial behaviours, enhancing their ability to participate in the formal financial system.

- **Establish a formal registry for fisheries sector, agriculture sector and homebased workers:** Informal sectors, including fisheries, agriculture, and home-based workers, play a significant role in the economy but often lack legal recognition, limiting their access to formal financial services. To address this, a registry will be established for these informal businesses, granting them legal status and facilitating access to formal financial services. This will support the formalization of informal activities, providing them with the opportunity for growth and access to financial resources.

- **Simplify and streamline loan application processes:** To better serve the informal sector, financial institutions will be required to simplify and streamline their loan application processes. This will encourage the introduction of simplified loan application forms with minimal paperwork, designed to be easy to understand and complete for informal entrepreneurs. Additionally, it will promote the use of technology to digitize the application process, allowing customers to apply for loans online or via mobile apps. This will also streamline the internal review and approval process, reducing delays and improving access to funds.

Policy Objective 2: Strengthen the legislative framework to facilitate access to finance

- **Enact a Secured Transactions Act and issue supporting regulations:** The success of secured transactions reforms depends on having a suitable legislative framework tailored to the size and structure of the Maldivian economy. Enacting the Secured Transactions Act and issuing related regulations, such as the Movable Assets Registry, will enable the use of movable assets as collateral for loans. This will increase the availability of credit facilities and encourage responsible lending practices, benefiting both borrowers and lenders by improving access to finance and reducing risk.

- **Enact Credit Information Act:** The existing Credit Information Regulation under the Banking Act does not address all the legal aspects required for a comprehensive credit information system. To enhance the effectiveness of credit reporting and promote financial inclusion, the enactment of a Credit Information Act is necessary. This new legislation will enable finance providers, including unregulated financial leasing companies, to contribute customer data to the system, thereby improving the accuracy and comprehensiveness of credit assessments and expanding access to financial services.

- **Introduce a regulatory framework to promote gender responsive lending practices:** Financial institutions will be encouraged to adopt gender-responsive lending practices that cater specifically to the needs of women borrowers. This includes offering financial products designed to address the challenges women face in accessing finance, such as flexible repayment terms and alternative collateral requirements. By removing barriers such as the lack of collateral, the framework will ensure that women have equal opportunities to access credit.

Policy Objective 3: Enhance data collection and reporting to bridge the data gap in access to finance

- **Initiate collection of data on informal financial services:** Collecting data on informal financial services, such as loans obtained from family, friends, or informal money lenders, can be challenging due to the undocumented nature of these transactions. To address this, data collection efforts will be enhanced through Know Your Customer (KYC) processes, helping to capture information on informal financial activities. This data will provide a more comprehensive view of financial access and usage, helping to bridge the gap in understanding informal finance.

- **Develop standardized reporting frameworks and initiate collection of financial inclusion data:** A standardized reporting framework will be developed to guide financial institutions in collecting and reporting data on financial inclusion. These frameworks will include templates with key indicators such as demographic breakdowns (e.g., age, gender, MSMEs, income level), types of financial products offered, geographic coverage, transaction volumes, and efforts to reach underserved populations. The framework will provide clear guidelines on formatting, submission procedures, and reporting frequency, ensuring consistency and comparability in collection financial inclusion data.

- **Develop and implement a plan for data collaboration and data sharing among key stakeholders:** To facilitate more effective data collection and analysis, a framework for data collaboration and sharing will be developed. This will enable the exchange of information among key stakeholders, including government agencies, financial institutions, and research organizations. Legislation, enhanced regulations, or Memorandum of Understanding (MOUs) may be introduced to protect data privacy and security, ensuring that appropriate measures are in place to safeguard individuals' data while promoting collaboration. This will help improve the quality and comprehensiveness of financial data, supporting better policy-making and financial inclusion strategies.

Islamic Finance

The relationship between Islamic finance and financial inclusion is deeply rooted in the ethical and philosophical principles that form the foundation of Islamic financial systems. At its core, Islamic finance emphasizes values such as fairness, justice, risk-sharing, and the prohibition of exploitative practices. These principles are designed to promote social equity and community welfare, creating a framework that is naturally aligned with addressing the financial needs of underserved populations. By combining profit-oriented transactions with a strong commitment to societal well-being, Islamic finance holds significant potential for fostering inclusive and sustainable economic development.

A key concept in this regard is Zakat, a compulsory charitable contribution requiring Muslims to allocate a portion of their wealth to support those in need. This practice not only uplifts disadvantaged communities but also underscores the broader social responsibility embedded in the Islamic economic system. Similarly, Sadaqah (voluntary charity) and Waqf (endowment) provide additional avenues for resource mobilization, which can be strategically used to drive financial inclusion and social welfare initiatives.

Moreover, Islamic financing mechanisms such as the risk-sharing and profit-and-loss-sharing offer an alternative to traditional interest-based lending offered by the conventional financial service providers which are often considered burdensome on vulnerable groups. In contrast, Islamic finance prioritizes equitable risk distribution, fostering collaborative financial relationships that empower individuals to participate in the economy without the burden of unsustainable debt.

The inclusive nature of Islamic finance is reflected in its capacity to cater to diverse demographic groups. According to the NFI survey, approximately 30% of the adult population holds accounts in Islamic banks or their branches. Among these account holders, nearly 48% cite religious beliefs and peace of mind as their primary motivations, while others are drawn by potential profits (18%) and the utility of these accounts for savings (13%) or credit purposes (11%).

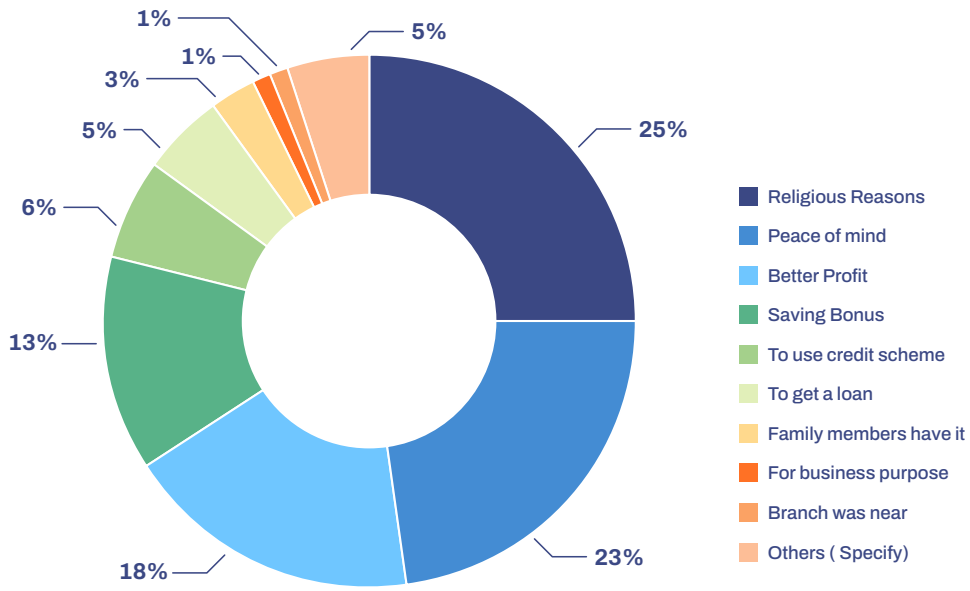

Figure 3: Reason for opening an account in Islamic Bank/Branch

Despite its growing acceptance, barriers such as limited awareness and a narrow range of financial products remain challenges. Addressing these gaps through tailored Islamic financial education and diversified product offerings could significantly amplify the sector's impact on financial inclusion. Additionally, collaboration among key stakeholders—including government agencies, financial institutions, non-governmental organizations, and community groups—is essential. A cohesive plan that integrates resources and expertise can broaden access to Islamic financial services, foster competition, and ultimately contribute to a more inclusive and resilient economy.

Strategic Interventions

Policy Objective 1: Promote Islamic finance as an additional source of financing

- **Leverage Islamic social finance instruments as a source of financing:** Islamic financial institutions will be encouraged to develop innovative financial products that integrate principles of Islamic social finance. This can be achieved by incorporating components such as waqf (endowments) and sadaqah (voluntary charity) into financial offerings. By embedding these social finance components, institutions can enhance their value proposition, appealing to socially responsible consumers who seek both ethical investment options and financial returns. This approach will promote the growth of socially conscious financial products, aligning with the broader goals of sustainability and ethical finance in the Islamic financial sector. Moreover, this approach has the potential to open new avenues for funding for initiatives aimed at financial inclusion and community development. By focusing on these strategic areas, the Islamic finance sector can better align itself with the overarching goals of financial inclusion while simultaneously addressing its unique challenges and opportunities.

Policy Objective 2: Development of Islamic finance in the Maldives

- **Implement an Islamic finance awareness and capacity development strategic initiative:** A strategic initiative designed to address the challenge of limited awareness and human capacity will be implemented. This initiative will include multiple, focussed awareness programs by the MMA in partnership with industry stakeholders as well as a capacity development fund which will give small grants to various parties to conduct community level Islamic finance literacy and awareness programs in their communities. At the same time, this fund will also provide scholarships for specialised education and training in Islamic finance.

- **Formulate an Islamic finance development plan:** A comprehensive Islamic finance development plan will be formulated to address the challenges currently hindering the industry's growth and effectiveness. The plan will systematically identify barriers such as regulatory constraints, limited product offerings, and inadequate market infrastructure. By overcoming these obstacles, the development plan aims to create a more efficient, responsive, and competitive Islamic finance industry. This will ultimately enhance the industry's position within the broader financial landscape and contribute to its long-term sustainability and success.

Digital Finance

As Maldives is a geographically dispersed country, moving towards a digital economy holds multiple benefits. Digital financial services are a solution for the financially excluded and underserved groups, as they enhance accessibility of services that are already provided by the financial sector. It is also a cost effective and sustainable way of providing products and services. In the context of Maldives, the NFI survey showed that Maldives has high internet accessibility and usage, with 89% of respondents using internet on a mobile device.

The Maldives has witnessed significant strides in digital finance, as evidenced by high account ownership and a growing preference for digital banking channels. A vast majority of the adult population holds bank accounts, with internet and mobile banking emerging as the most utilized financial service channel. Nearly 60% of respondents reported using these services almost daily.

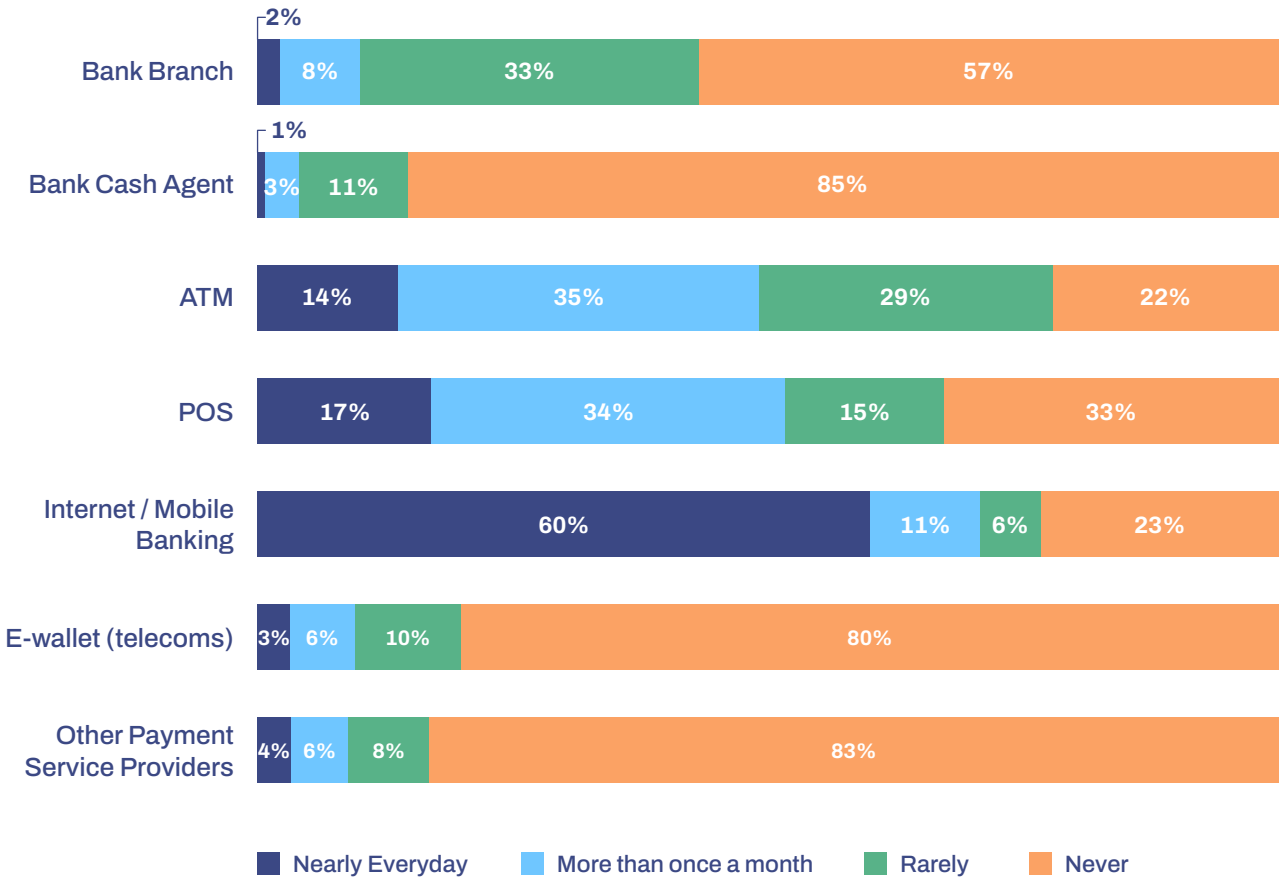

Figure 4: Frequency of Use of Various Financial Service Channels

Notably, digital wallets and non-bank payment platforms lag significantly, with 80% and 83% of respondents, respectively, never having used these alternatives. This indicates a potential area for growth in diversifying digital finance adoption. Among non-users, 76% believed they had no need, while 16% were unaware of how to use the service underlining an awareness issue.

As for the non-users of internet or mobile banking services, 59% cited a lack of need, while 29% mentioned a lack of knowledge on how to use these services. Surprisingly, security concerns were minimal, at just 1%. This suggests that while infrastructure and reliability are robust, user education remains crucial for further inclusion.

The finding of the NFI survey suggests that, while digital finance is well-penetrated, certain gaps remain. The lack of financial literacy and awareness about digital tools is evident among specific demographics, including the elderly and those without higher education. Moreover, gender disparities persist, with women being less likely to use digital financial services compared to men. Addressing these gaps could unlock further adoption and utilization, fostering greater financial inclusion.

Strategic Interventions

Policy Objective 1: Development of a robust national financial infrastructure

- **Establish an entity to develop and operate payment systems and ensure interoperability among banks and payment service providers:** A separate legal entity will be created that will operate and develop the key retail payment systems like Favara and the Automated Clearing House (ACH), currently owned and operated by the MMA. A key function of this entity would be to ensure interoperability among banks and PSPs. Interoperable systems, combined with collaboration among financial institutions, will reduce transaction costs, increase efficiency, and expand the reach of financial services. This will facilitate real-time payments, enhance the user experience, and encourage competition, leading to better services and lower fees.

- **Implement support for lightweight payment acceptance mechanisms such as QR code-based payments, in line with international standards and best practices:** Cost-effective and user-friendly payment methods like interoperable QR codes will be adopted, allowing for easy integration into everyday transactions. QR codes offer a secure, versatile, and inexpensive solution for merchants and consumers, eliminating the need for expensive hardware. Adhering to international standards will ensure interoperability, security, and trust, fostering broader adoption and enabling cross-border transactions when needed.

- **Utilize existing card infrastructure to enable an interoperable electronic funds transfer (EFT) switch for card Payments:** Transactions will be streamlined by connecting banks and payment service providers at the local level leveraging the existing infrastructure, leading to reduced transaction costs, shorter processing times, and enhanced reliability and security of card payments. Reliance on international switches will be minimized, helping to retain foreign reserves and lower fees associated with cross-border transactions.

- **Implement cross-border payment by establishing integration between Favara and the payment systems of other countries:** Integration with international payment systems will be achieved, allowing businesses and individuals to transfer funds across borders with ease and confidence. By harmonizing regulatory standards and leveraging advanced technologies, barriers to cross-border payments will be minimized, reducing costs and processing times. A key goal will be to establish cross-border integration through Favara system with at least one country.

- **Establish a mechanism to collect and verify KYC information electronically through a centralized system:** A centralized electronic system will be established to streamline the KYC process, allowing for the secure electronic verification of customer identities. This will reduce paperwork, accelerate onboarding processes,

and enhance operational efficiency. The system will include strong security measures to protect sensitive data and ensure compliance with regulatory requirements. Collaboration with financial institutions and government agencies will be essential to integrating e-KYC into their systems. Promoting awareness about the benefits of e-KYC—such as improved efficiency, enhanced customer experience, and reduced fraud risks—will drive its adoption, while necessary regulatory adjustments will be made to align the system with legal requirements.

- **Develop and implement a framework for fostering innovation in payment and financial services:** A regulatory framework will be developed to support fintech innovation, encouraging collaboration and accommodating emerging technologies. This framework will include initiatives like regulatory sandboxes, enhanced stakeholder cooperation, and an adaptable regulatory structure, driving digital financial inclusion, improving service access, and stimulating economic growth through increased financial participation.

- **Implement a policy to enhance application accessibility by prioritizing customer-friendly interfaces with multi-language support:** User interfaces will be designed to be intuitive and easy to navigate, ensuring digital financial tools are accessible to diverse user groups. Multi-language support will be included to remove barriers for Maldivian expatriates and ensure broader access to financial services. Special attention will be given to elderly users by providing larger fonts, simplified navigation, and clear instructions, ensuring that digital platforms are user-friendly for all demographics.

- **Collaborate with government institutions to improve the reliability and affordability of internet services to support the expansion of digital financial services:** Efforts will be made to enhance internet infrastructure and reduce access costs, ensuring that all citizens, including those in remote or underserved areas, can benefit from digital financial services. Reliable internet connectivity is essential for the seamless functioning of digital payments, online banking, and other financial services, making it a key enabler of financial inclusion.

Policy Objective 2: Encourage the adoption of secure and inclusive digital financial services

- **Collaborate with regulatory authorities and billers to facilitate easy access to a centralized bill payment method for payment service providers and banks:** Collaboration with regulatory authorities and billers will be pursued to enable convenient and secure access to existing bill payment methods and creating unified payment methods customers via Payment Service Providers (PSPs) and banks. Facilitating this access will help streamline bill payment processes, reduce administrative burdens, and enhance the overall customer experience. Emphasis will be placed on promoting standardized protocols for bill data exchange, ensuring robust security measures to protect sensitive information, and supporting interoperability across various payment channels such as mobile apps and online banking.

- **Conduct a comprehensive mapping exercise of significant cash-based payments in both the government and private sectors and develop a plan to reduce cheque and cash-based transactions:** A comprehensive mapping exercise will be conducted to identify significant cash and cheque-based payments across the government and private sectors. This will help identify strategic opportunities to transition to electronic payment methods. By analysing data on cash and cheque transactions (such as taxes, fees, salaries, and retail payments), inefficiencies will be pinpointed, and targeted improvements can be made. Collaboration with government departments, businesses, and financial institutions will provide insights into current practices and readiness for electronic payments. Based on these findings, a detailed plan will be developed,

outlining actions, timelines, and responsibilities, to reduce cash and cheque transactions and promote the adoption of electronic payments for greater efficiency, transparency, and financial inclusion.

Policy Objective 3: Enhancing the regulatory framework for digital financial services

- **Develop and implement a regulatory framework to foster digital financial innovation:** A regulatory framework will be established to promote digital financial innovation while balancing consumer protection and financial stability. This framework will include guidelines and regulations for a FinTech Regulatory Sandbox, allowing new products to be tested under regulatory oversight, and Credit Scoring regulations to ensure transparency and fairness in credit assessments. Additionally, e-CDD (electronic Customer Due Diligence) regulations will streamline customer onboarding and enhance compliance with Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) requirements. Open Banking regulations will facilitate data sharing and interoperability. Cybersecurity guidelines will safeguard consumer data and system integrity. These tailored regulations will foster innovation, build consumer trust, and enhance the stability and efficiency of the financial ecosystem, with continuous monitoring and updates to ensure their effectiveness.

- **Develop a cybersecurity framework to safeguarding financial infrastructure:** A comprehensive cybersecurity framework will be established to protect the financial infrastructure from cyber threats and ensure the integrity of financial systems. This will include mandatory security protocols such as encryption, multi-factor authentication, and regular security audits to prevent unauthorized access and data breaches. The framework will also require robust incident response plans and continuous monitoring to detect and mitigate cyber threats in real time. Collaboration with financial institutions, technology providers, and regulatory bodies will ensure best practices are adopted and security measures are aligned across the industry. These standards will be regularly updated to address emerging threats and technological advancements, ensuring ongoing protection and maintaining consumer trust in the financial system.

- **Develop a framework to establish a tiered risk-based approach to regulation and supervision of payment service providers and non-bank financial institutions (NBFI):** A tiered, risk-based regulatory approach will be implemented to categorize NBFIs and payment service providers based on their risk profiles, size, and complexity. This approach ensures that higher-risk institutions face more stringent oversight, while lower-risk entities are subject to simplified regulations, promoting efficiency and targeted supervision. The framework will enhance transparency, financial stability, and the sustainable growth of NBFIs and payment service providers while safeguarding consumer interests and maintaining market integrity. Ongoing engagement with stakeholders and continuous adjustments to regulatory intensity based on evolving risks will be essential for the framework's success.

- **Develop and Implement disaster recovery and business continuity guidelines for financial institutions:** Financial institutions will be required to establish comprehensive disaster recovery and business continuity protocols to ensure operational resilience during disruptions. The regulator will issue guidelines that mandate the development, maintenance, and regular testing of disaster recovery plans to address various scenarios, such as cyberattacks, natural disasters, and system failures. Business continuity plans will outline procedures for maintaining critical functions, data integrity, and customer service during emergencies. Regular audits, employee training, and updates to these plans will be necessary to adapt to new threats and technological changes. By adhering to these guidelines, financial institutions will minimize downtime, protect customer assets, and ensure swift recovery, thus maintaining trust and stability in the financial system.

- **Implement regulatory changes to enable prevention of fraud/scam:** Regulatory changes will be made to enhance banks' authority in preventing fraud and scams. These changes will clarify banks' responsibilities in fraud detection and prevention, ensuring they have the tools and guidelines to act swiftly and effectively against suspicious activities. By empowering banks with greater authority and outlining clear fraud prevention responsibilities, these changes will enable quicker, more decisive action to mitigate potential threats. Strengthening the role of banks in fraud prevention will reduce the incidence of fraud and scams, protect customers, and enhance the overall integrity of the financial system.

Inclusive Green Finance

Climate change remains a threat to the development and social wellbeing of any economy. The Maldives remains prone to climate change effects, with some vulnerabilities being flooding, changes in rainfall patterns, and saltwater intrusion. The role of financial inclusion in helping vulnerable groups to build resilience and mitigate losses caused by climate change is crucial, since a focus on this area will help to mitigate and build resilience against the disadvantages of climate change.

The NFI survey has shown that the smaller islands in Maldives are particularly vulnerable to climate change and its impacts, with 10% of respondents in Outer Male, regions having experienced climate events. It was also reported that 7% of those who were affected by climate events had to incur a cost of damage above MVR 100,000. Notably, the majority of those who were impacted resorted to personal sources of finance to cope with such events including personal savings (54%), support from family and friends (23%), and additional income (13%), whereas formal financial tools like insurance and loans played a minor role. This dependency on informal mechanisms is a challenge for comprehensive resilience. This also highlights an opportunity to introduce targeted financial instruments tailored to local needs.

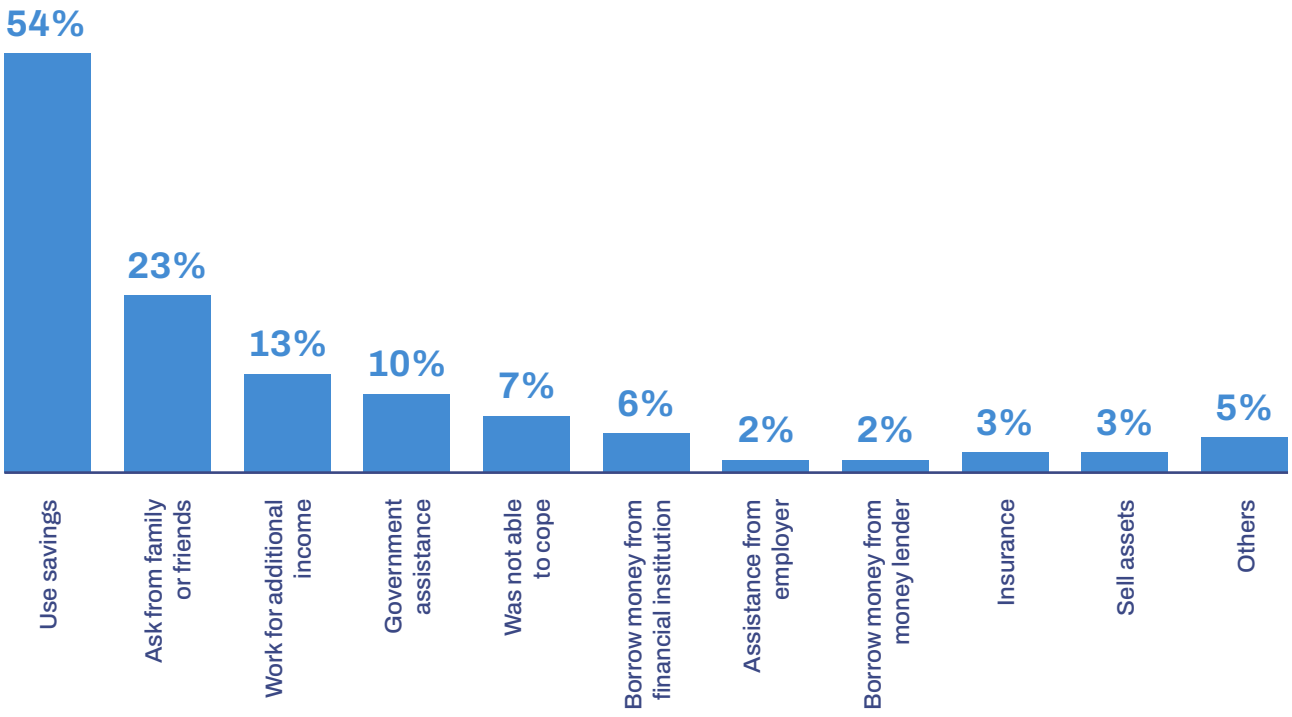

Figure 5: Means of coping financial losses from climate-related events

Respondents overwhelmingly (86%) agree on the need for climate-related financial products, favouring government and financial institutions' collaboration for partially subsidized solutions. This consensus aligns with a growing recognition that green finance can support sustainable energy, eco-friendly infrastructure, and conservation efforts. Nevertheless, 56% remain unwilling to pre-emptively invest in such tools due to financial constraints or reliance on governmental assistance.

Awareness of climate-related financial products is alarmingly low, with 87% of respondents unaware of available products and services. Even among the informed, only 16% view insurance as a viable tool to manage climate risks.

In conclusion, inclusive green finance in the Maldives necessitates a multi-faceted approach combining awareness campaigns, subsidized insurance schemes, and incentives for green investments. By bridging gaps in financial literacy and access, the Maldives can bolster its economic resilience against climate shocks while advancing sustainable growth.

Strategic Interventions

Policy Objective 1: Promote green and sustainable finance to support climate mitigation and adaptation measures

- **Conduct an analysis of the existing legal and policy framework for green finance:** A comprehensive review of the current legal, regulatory, and policy frameworks related to green finance, sustainability, and environmental protection will be conducted to identify any gaps or inconsistencies. This analysis will involve engaging key stakeholders, including government agencies, financial institutions, NGOs, and industry experts, to gather insights on the existing framework. A gap analysis will also be performed to identify areas where the current system may be misaligned with green finance objectives, such as inadequate definitions, conflicting regulations, or outdated policies. This will help shape a more cohesive and effective approach to green finance.

- **Implement green taxonomy:** The implementation of the green taxonomy developed by the MMA will be crucial in fostering a robust green financing ecosystem, ensuring the success of impactful projects that align with the Maldives' sustainable development goals. The taxonomy will be launched and issued to banks and financial institutions for pilot testing before its full adoption. It will serve as a guideline for the banking sector to assess and classify economic activities that are environmentally sustainable and eligible for green financing. The taxonomy aims to support individuals and MSMEs working on climate change mitigation and adaptation, highlight priority areas for building resilience among vulnerable groups facing climate risks, and address challenges in funding green projects by providing a framework to identify and finance sustainable initiatives that contribute to the country's economic growth and environmental objectives.

- **Conduct a study on circular economy:** An in-depth study will be conducted on the principles and practices of the circular economy, with a focus on their integration into the financial sector. The study will include an examination of successful global case studies, identifying key factors that contributed to their success and understanding how these approaches were financed. This research will help inform policies and financial products aimed at promoting sustainable business practices.

- **Establish an integrated sustainability assurance framework:** The framework will aim to introduce certification schemes to incentivize sustainable practices in fisheries, mariculture, aquaculture, and tourism. These schemes will set standards for environmental sustainability and promote certified businesses to consumers and stakeholders. Additionally, the framework will aim to introduce an Environmental, Social, and Governance (ESG) rating system to enhance transparency and accountability in the private sector. Collaboration with international ESG experts and rating agencies will ensure the development of a framework tailored to the Maldivian context. Businesses achieving high ESG ratings will be incentivized through benefits such as tax incentives, public recognition, and access to green financing.

- **Establish strategic partnerships to increase the accessibility, affordability, and usage of cleaner technology:** Strategic partnerships between the private sector, government, and international organizations will be promoted to enhance the adoption of cleaner technologies. This includes facilitating public-private partnerships focused on developing, distributing, and financing cleaner technologies, particularly in sectors such as energy, transportation, and manufacturing. Financial incentives like subsidies and tax breaks will be introduced to reduce the cost of cleaner technology for businesses and consumers. Additionally, technology transfer programs will be encouraged to bring advanced, cost-effective technologies from other countries to the Maldives.

- **Introduce a regulatory framework to promote the role of financial sector in sustainable lending and resilience building:** A regulatory framework will be developed to strengthen the role of financial sector in sustainable lending and resilience building. The framework will mandate allocation of a specific percentage of usable capital of financial institutions towards financing green projects and products. Additionally, framework will facilitate introduction of concessional financing products to support sustainable projects, particularly those targeting vulnerable groups. Further to that, the framework will aim to incentivize insurance companies that develop products that cover climate risks, such as parametric insurance and other resilience building insurance products.

- **Develop guidelines for a listed investment fund for green finance initiatives:** Guidelines will be developed for creating and listing a structured investment fund that supports Inclusive Green Finance initiatives. This fund will be designed to attract both domestic and international investors, promoting long-term investments in sustainable and green projects across the Maldives.

- **Establish a government fund for green project financing:** A dedicated climate investment fund will be established in collaboration with government agencies, international organizations, and the private sector. This fund will provide accessible and affordable financing options for green projects, helping to scale initiatives that contribute to sustainability and environmental protection.

- **Develop carbon credit schemes from protected areas:** A framework will be developed to issue carbon credit based on the conservation of protected areas. This framework will outline procedures for verifying and certifying carbon credits, while also facilitating access to both domestic and international carbon credit markets. Revenue generated from carbon credits will be directed towards supporting local communities and funding sustainable conservation efforts.

- **Introduce a grants-based technical assistance program to support MSMEs focusing on sustainable solutions:** A grants facility will be created to provide MSMEs with the financial and technical support necessary to develop and implement sustainable projects. This will include grants for project preparation,

feasibility studies, and other technical assistance. Experts and consultants will be made available to assist with project design, technology selection, and implementation planning. Additionally, a monitoring system will be put in place to track the progress of funded projects, offering ongoing support to ensure the effective use of resources and evaluate project outcomes.

Policy Objective 2: Capacity building in green and sustainable finance

- **Conduct short-term capacity building programs:** Short-term capacity building programs will be developed to provide targeted training for financial sector professionals and regulatory authorities in the field of green and sustainable finance. These programs will be tailored to various levels of expertise, ranging from introductory courses for newcomers to advanced workshops for experienced professionals. Offered in diverse formats, including online courses, in-person workshops, and webinars, these trainings will maximize accessibility and participation. Case studies, simulations, and practical exercises will be integrated to ensure that participants can effectively apply their learning to real-world financial sector challenges.

- **Develop certified professionals in green and sustainable banking and investment:** Certification programs will be introduced to cultivate a pool of professionals with specialized expertise in green and sustainable finance. These programs will be developed in collaboration with educational institutions, professional bodies, and international organizations, ensuring that participants gain recognized qualifications that align with industry standards and best practices in sustainable banking and investment.

Policy Objective 3: Strengthen stakeholder coordination and social equity

- **Establish a green finance multi-stakeholder steering committee** A multi-stakeholder steering committee will be established to coordinate green finance efforts across various sectors. This committee will include representatives from government agencies, financial institutions, NGOs, academic institutions, and industry leaders. This will facilitate collaboration across different sectors in developing and implementing comprehensive green financing strategies, workshops, forums, and conferences that bring together stakeholders from various sectors to discuss green finance strategies, share best practices, and explore collaborative opportunities.

- **Facilitate equitable resource sharing and benefits in green finance projects:** An inclusive approach will be adopted to ensure that the resources and benefits of green finance projects are distributed equitably, particularly among vulnerable and marginalized groups. This will include developing an equity assessment framework to guide fair and transparent resource allocation and benefit distribution. Specific programs and mechanisms will be designed to provide additional support to groups such as women and low-income households, ensuring they can access and benefit from green finance initiatives. Additionally, monitoring systems will be implemented to track the distribution of resources, with regular reporting and independent audits to ensure transparency and accountability.

- **Establish a platform for financial sector to exchange knowledge and discuss key policies and issues in green finance:** A platform will be established to facilitate ongoing knowledge exchange and dialogue among stakeholders in the financial sector. This platform will serve as a space for financial professionals, regulators, and policymakers to share insights, discuss emerging trends, and collaborate on key policies and issues related to green finance, promoting the advancement of sustainable finance practices across the sector.

Consumer Empowerment & Financial Literacy

Financial literacy and consumer empowerment are pivotal for achieving inclusive growth and reducing socioeconomic inequalities in the Maldives. A well-informed and financially empowered population can harness the benefits of available financial services effectively, thus reducing financial vulnerabilities and promoting economic stability. The NFI survey collected comprehensive data on consumer protection and financial literacy in the Maldives which revealed low level of financial literacy in general, particularly among the elderly (65 years and older), women, and residents of Outer Male, regions. These groups consistently lagged their counterparts across various financial literacy areas.

The NFI survey highlights that only 38% of Maldivians budget and allocate their finances, and a mere 19% keep written records of income and expenditures. This lack of systematic financial behaviour undermines resilience and contributes to widespread financial stress, as 53% of respondents worry constantly about meeting normal expenses. Furthermore, only 18% possess financial buffers sufficient to cover three months of expenses. Women and elderly are particularly disadvantaged in this regard, with fewer than half of women maintaining adequate financial reserves compared to men.

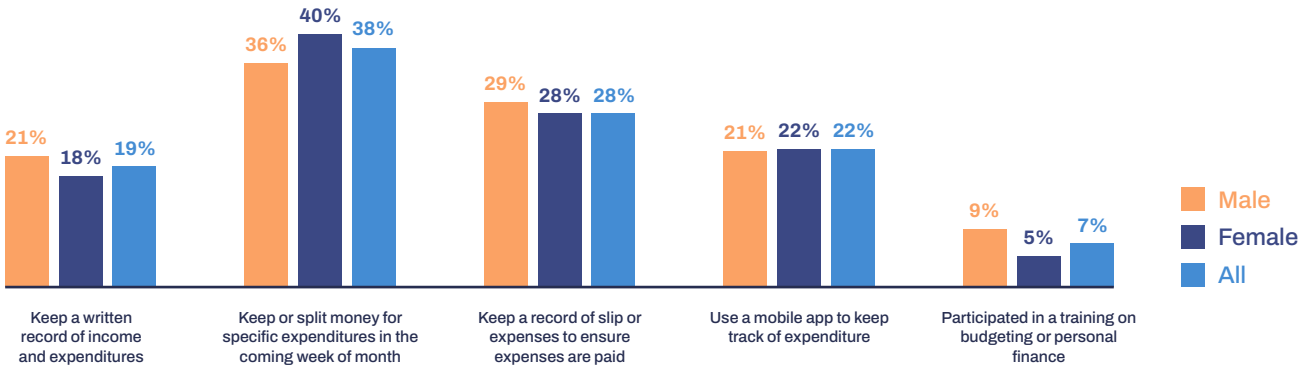

Figure 6: Behaviours related to financial resilience (by gender)

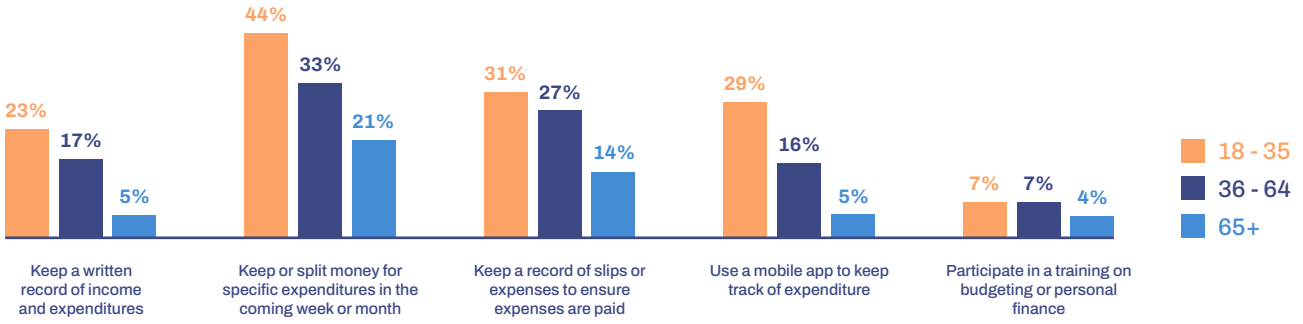

Figure 7: Behaviours related to financial resilience (by age)

Educational attainment correlates strongly with financial literacy. While 88% of respondents correctly performed basic financial calculations, understanding more complex concepts such as inflation, simple interest, and compound interest was markedly lower. For instance, only 26% grasped the concept of compound interest. The gender disparity persists, with women and residents of Outer Male, regions scoring consistently lower on financial literacy metrics than their Male' counterparts. These deficiencies hinder informed decision-making and exacerbate economic vulnerabilities.

On consumer empowerment, 47% of respondents do not compare financial products before making decisions, and 40% of those who act as credit guarantors are unaware of their responsibilities. Notably, 65% of respondents always read financial contracts, but gaps in understanding contractual obligations persist, particularly among less educated individuals. Awareness of consumer protection mechanisms is limited, with 59% of those encountering disputes dissatisfied with the complaint-handling processes.

Efforts to integrate financial education into the school curriculum are widely supported, emphasizing the importance of early intervention. Additionally, expanding access to financial tools and ensuring robust consumer protection frameworks can empower Maldivians to make informed decisions and safeguard their economic well-being. These initiatives are indispensable for fostering a financially inclusive and resilient society.

Strategic Interventions

Policy Objective 1: Establish a regulatory framework for financial consumer protection

- **Develop financial consumer redress mechanism framework:** Resolving consumer grievances in a fair and timely manner is of utmost importance to uphold consumer trust and ensure stability in the financial sector. In this regard, an accessible, affordable, and fair redress mechanism will be developed and implemented to ensure that financial consumers have a clear path to resolve disputes. The framework will provide consumers with information on internal and external recourse procedures, ensuring that complaints are handled fairly and efficiently. In addition, framework will facilitate the establishment of redress function at the MMA, to help consumer resolve grievances in a timely and effective manner.

- **Develop risk-based market conduct supervision framework:** Implementing a risk-based market conduct supervision framework will be essential for promoting consumer protection in the Maldives' financial sector. This framework will ensure that financial institutions adopt fair, transparent, and ethical practices, safeguarding consumers from deceptive or harmful actions. By focusing on market conduct risks, the MMA will be able to proactively identify, and address issues related to product suitability, disclosure, and pricing transparency. This approach will enhance market integrity, foster healthy competition, and enable consumers to make informed decisions. Additionally, the framework will encourage financial institutions to maintain strong internal controls, promoting a culture of compliance and responsible business conduct.

Policy Objective 2: Enhance financial literacy and consumer empowerment

- **Develop and implement National Financial Education Strategy (NFES):** Recognizing the importance of financial education in navigating today's complex financial landscapes, the NFES will be developed in collaboration with the key stakeholders. The NFES will provide a comprehensive approach, including both short and long-term plans for financial education. One of the key objectives of the NFES will be to integrate financial education into the school curriculum, with the goal of instilling good financial behaviour in students from an early age. This will empower students to achieve financial stability and independence in the future. Additionally, the NFES will extend financial education programs to colleges, universities, and TVECs, equipping a broader range of individuals with the skills to make informed financial decisions.

- **Launch a dedicated user-friendly website featuring informative and educational content to enhance financial literacy and consumer empowerment:** To improve access to financial information and empower consumers to make better financial decisions, a dedicated, user-friendly website will be launched. This platform will feature informative and educational content on a wide range of financial topics, designed to be easily accessible to the public. By providing relevant financial resources online, the website will help increase financial literacy and enable consumers to navigate financial choices with confidence, ultimately fostering greater consumer empowerment.

- **Develop and implement National Financial Literacy Plan (NFLP):** The NFLP will incorporate a range of initiatives to enhance financial literacy across various sectors, ensuring accessibility and inclusivity for all segments of the population. This will include conducting annual national campaigns to raise awareness on financial literacy and consumer protection, focusing on vulnerable groups such as women, youth, and the elderly, through social media and TV campaigns, as well as national events. The NFLP will be developed and implemented in collaboration with relevant public and private sector stakeholders.

The plan will promote specialized financial literacy programs for women, raise awareness about Islamic finance, and foster understanding of digital financial services, including mobile banking and online payments. Additionally, initiatives will focus on expanding digital financial literacy through specialized training materials and multilingual awareness programs tailored to diverse age groups and communities. Furthermore, the plan will include public awareness campaigns on climate risks and green initiatives in collaboration with relevant ministries, aiming to drive greater participation in green finance. These comprehensive efforts will ensure the widespread adoption of financial literacy, contributing to the overall financial empowerment and inclusion of all citizens.

Governance Structure

A well-defined governance structure is crucial for the success of the NFIS. The proposed governing structure ensures clear roles, responsibilities, and accountability among stakeholders, fostering effective collaboration.

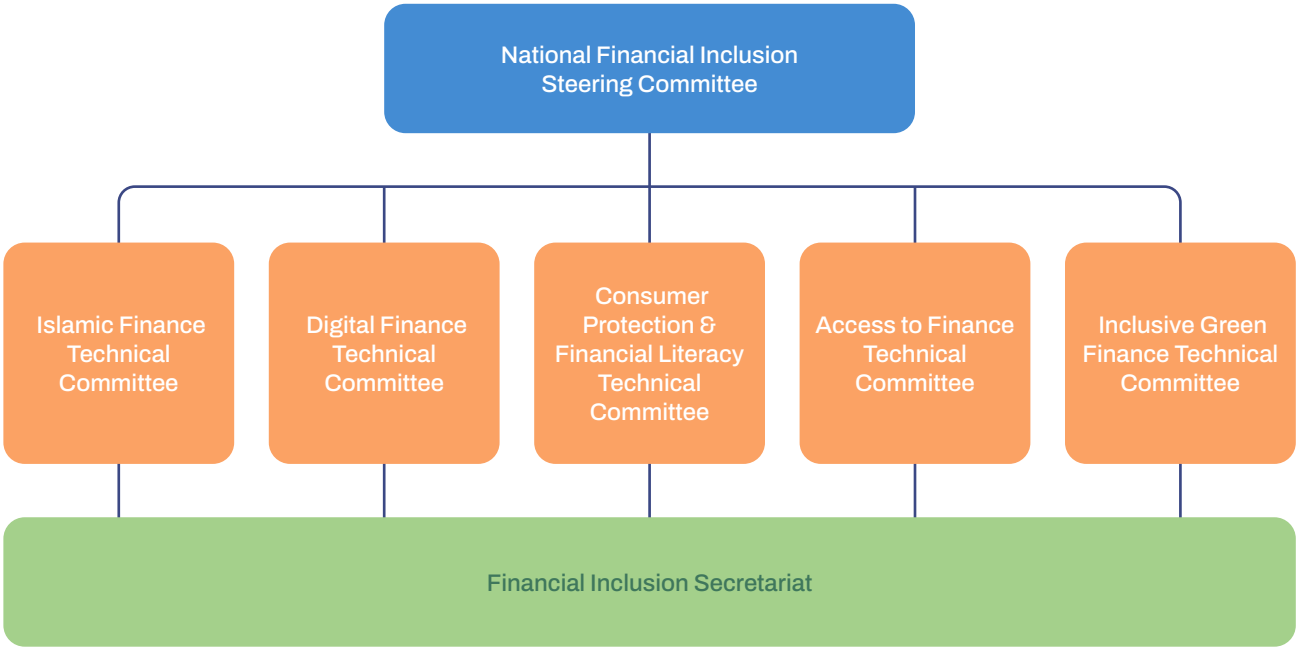

Figure 8: NFIS Governance Structure

National Financial Inclusion Steering Committee

The National Financial Inclusion Steering Committee (NFI SC) is established to ensure effective leadership and coordination between the multiple stakeholders towards achieving the objectives of the NFIS. The NFI SC is responsible for the overall strategic direction and oversight over financial inclusion agenda for the Maldives. The NFI SC is co-chaired by the MMA and Ministry of Finance and Planning and comprise of ministerial level members representing key institutions which include:

Maldives Monetary Authority

Ministry of Finance and Planning

Ministry of Economic Development & Trade

Economic Council of President's Office

Ministry of Education

Local Government Authority

CMDA
Capital Market Development Authority

NFI Technical Committees

The NFI Technical Committees (NFI TCs) are formulated under the NFI SC, to provide technical assistance in the formulation and implementation of the NFIS. Each NFIs represents key focus areas of the financial inclusion agenda. The five NFI TC are:

- Access to Finance Technical Committee
- Consumer Empowerment & Financial Literacy Technical Committee
- Digital Finance Technical Committee
- Islamic Finance Technical Committee
- Inclusive Green Finance Technical Committee

The NFI TCs comprise of inclusive members including public and private sector stakeholders representing the financial sector, government authorities and other relevant stakeholders.

Financial Inclusion Secretariat

Financial Inclusion Secretariat (FIS) function will be performed by the Financial Inclusion Section of the MMA. The FIS is responsible for providing administrative support during the formulation and implementation of the NFIS. The FIS also undertakes monitoring and evaluation of the NFIS to ensure effective implementation of the strategy.

Monitoring and Evaluation

Continuous monitoring and evaluation will be carried out to ensure that the objectives of NFIS are being achieved as planned. This process will assist MMA to promote accountability and transparency as well. The following steps will be taken during the monitoring and evaluation process of the NFIS:

- Collect comprehensive data from NFIS stakeholders
- Compare results with the set targets
- Annual reporting to the NFIS Steering Committee
- Evaluate the challenges and gaps
- Identify opportunities and trends
- Propose revision to the NFIS as and when needed

Annexes

Annex 1: NFIS Action Plan

Access to Finance

Vision: To enable access to affordable and sustainable finance to all segments of the market including the most vulnerable groups[18] for a resilient and inclusive economic growth and development.

Rationale: One of the key pillars of financial inclusion is accessibility to finance, which ensures financial access for all segments of the market, including the most vulnerable groups, fostering resilient and inclusive economic growth and development. This further enhances financial inclusion by considering the design, quality, and responsiveness of financial services to the unique needs of both individuals and businesses. In turn, this enables people to save, finance, invest, and obtain insurance. Access to finance promotes an economy where a diverse range of affordable and sustainable financial products and services is available to everyone, thereby reducing the vulnerabilities faced by specific groups.

Gaps Identified:

1. Difficulties in accessing credit facilities
2. Legal and regulatory constraints hindering access to finance for vulnerable groups and impeding the progress of small businesses
3. Existence of gender disparity and disproportionate exclusion of women in access to finance
4. Lack of comprehensive and reliable data on individuals' and businesses' access to financial services
5. Gaps in the digital financial infrastructure

[18] Low-income households, informal workers, MSME, Women, Youth, Elderly, Fisheries and agriculture, People with disabilities.

Action Plan:

Policy Objective 1: Facilitate access to finance for the vulnerable groups						
#	Policy Action	Priority	Timeframe	Implementing Agencies		KPIs
				Primary	Secondary	
1	Introduce financial products and services to suit the varying needs of different vulnerable groups	Medium	2027-2029	MMA	FIs	1.Number of financial products and services introduced. 2.The product usage percentage by the vulnerable groups
2	Introduce an affordable housing loan scheme	High	2026	MMA	FIs	Housing loan scheme introduced
3	Introduce a Credit Enhancement Scheme SMEs	High	2026-2027	MMA	FIs	Credit Enhancement Scheme introduced
4	Establish a centralised collateral registry	High	2027	MMA	FIs	Registry implemented and operationalized
5	Increase member base of the credit registry	Medium	2026-2030	MMA	Telecoms, URA	Number of members in the credit registry
6	Implement credit scoring models	Low	2028-2030	MMA	FIs	Credit scoring model implemented
7	Establish a formal registry for fisheries sector, agriculture sector and homebased workers	High	2026-2027	MMA	MoFOR, MoAAW, MoEDT	Formal registry for fisheries sector, agriculture sectors and homebased workers established

8	Simplify and streamline loan application processes	Medium	2026-2028	MMA	FIs	Borrower satisfaction with the loan application process

Policy Objective 2: Strengthen the legislative framework to facilitate access to finance

#	Policy Action	Priority	Timeframe	Implementing Agencies		KPIs
				Primary	Secondary	
1	Enact Secured Transactions Act and issue supporting regulations	High	2026-2027	MMA, AGO	-	1. Secured Transactions Act enacted 2. Supporting regulations related to Secured Transactions Act issued
2	Enact Credit Information Act	High	2026	MMA, AGO	-	Credit Information Act enacted
3	Introduce a regulatory framework to promote gender responsive lending practices	Medium	2027-2029	MMA	Fis, MoEDT	Framework on gender responsive lending introduced

Policy Objective 3: Enhance data collection and reporting to bridge the data gap in access to finance						
#	Policy Action	Priority	Timeframe	Implementing Agencies		KPIs
				Primary	Secondary	
1	Initiate collection of data on informal financial services	Medium	2027-2028	MMA	MBS, FIs	Collection of data on informal financial services initiated
2	Develop standardized reporting frameworks and initiate collection of financial inclusion data	High	2026-2027	MMA	FIs	Collection of financial inclusion data initiated
3	Develop and implement a plan for data collaboration and data sharing among key stakeholders	Medium	2027-2028	MMA	MBS, SOEs, FIs, MoEDT	Plan for data collaboration and data sharing implemented

Islamic Finance

Vision: To leverage Islamic finance as a means of diversifying access to finance within the country whilst improving market efficiency and service quality through increased competition.

Rationale: Islamic finance is closely tied to financial inclusion through its ethical principles of fairness, justice, and risk-sharing. These values aim to foster social equity and community welfare, addressing the financial needs of underserved populations and supporting inclusive economic development. Islamic finance promotes profit-making that benefits society, particularly marginalized communities, creating a more equitable financial system. A key practice is Zakat, a charitable obligation where Muslims donate a portion of their wealth to assist those in need, reinforcing social responsibility.

Additionally, Islamic financial principles like risk-sharing and profit-and-loss sharing are beneficial for those excluded from traditional, interest-based financial systems. These principles offer a fairer way to distribute financial risks, aiding vulnerable populations who struggle with conventional loans. Islamic finance also uses asset-backed financing, which reduces the risks of speculative lending. Social instruments like Waqf (endowment) and Sadaqah (voluntary charity) can further boost financial inclusion by mobilizing resources for economic and social welfare.

For Islamic finance to fully promote financial inclusion, cooperation between governments, financial institutions, NGOs, and community groups is essential. This collaboration can create a cohesive strategy that diversifies financial access, enhances competition in the sector, and contributes to a more inclusive and resilient economy.

Gaps Identified:

1. Limited awareness of Islamic finance principles hinders engagement due to misconceptions and apprehension
2. Low financial literacy makes it difficult for individuals to navigate Islamic finance products, leading to reluctance
3. Islamic financial institutions struggle with small size, inadequate infrastructure, and limited Shariah-compliant tools

4. Lack of innovation in Islamic finance products restricts appeal, especially among younger consumers
5. Lack of regulatory framework effects investor confidence and hinders the growth of Islamic finance sector

Action Plan:

Policy Objective 1: Promote Islamic finance as an additional source of financing						
#	Policy Action	Priority	Timeframe	Implementing Agencies		KPIs
				Primary	Secondary	
1	Leverage Islamic social finance instruments as a source of financing	Medium	2026-2030	MMA	IFIs, MoIA	Establishment of a social finance framework

Policy Objective 2: Development of Islamic finance in the Maldives						
#	Policy Action	Priority	Timeframe	Implementing Agencies		KPIs
				Primary	Secondary	
1	Implement an Islamic finance awareness and capacity development strategic initiative	Medium	2026-2030	MMA	IFIs	Formulation and implementation of the initiative
2	Formulate an Islamic finance development plan	Medium	2026-2030	MMA	IFIs, CMDA, MoFP	Formulation and implementation of the Plan

Digital Finance

Vision: To create a digitally empowered Maldives where every citizen, regardless of geographical location, has seamless and secure access to financial services through an improved regulatory framework, fostering inclusive growth, economic resilience, and an enhanced quality of life for all Maldivians.

Rationale: As Maldives is a geographically dispersed country, moving towards a digital economy holds multiple benefits. Digital financial services are a solution for the financially excluded and underserved groups, as they enhance accessibility of services that are already provided by the financial sector. It is also a cost affordable and sustainable way of providing products and services. In the context of Maldives, the demand-side survey showed that Maldives has one of the highest internet accessibility and usage in the region, with 89% of respondents using internet on a mobile device. With this, internet/mobile banking is also high, with almost 60% of respondents using these services daily.

This category aims to foster a robust and inclusive digital financial ecosystem, with the promise of having such financial products and services readily available and accessible to all.

Gaps Identified:

1. A knowledge gap in financial literacy among customers, limiting access to digital financial services for certain populations
2. A gap in infrastructure and customer trust hampers the transition from traditional banking to digital financial services
3. A gender gap persists, with women underrepresented in both traditional and digital financial services due to affordability, regional, and technological barriers
4. An affordability gap exists, as many cannot access or use digital financial services due to the cost of technology and services
5. An access gap is evident in the KYC process, requiring customers to have compatible devices and resources for continuous updates
6. A gap in available investment instruments on digital platforms limits financial inclusion and broader investment opportunities

Action Plan:

Policy Objective 1: Development of a robust national financial infrastructure						
#	Policy Action	Priority	Timeframe	Implementing Agencies		KPIs
				Primary	Secondary	
1	Establish an entity to develop and operate payment systems and ensure interoperability among banks and payment service providers	High	2026	MMA	-	Interoperability among all banks and PSPs established
2	Implement support for lightweight payment acceptance mechanisms such as QR code-based payments, in line with international standards and best practices	High	2026	MMA	Banks	Support for lightweight payment acceptance mechanisms implemented
3	Utilize existing card infrastructure to enable an interoperable electronic funds transfer (EFT) switch for card Payments	Low	2028-2029	MMA	-	Card payment interoperability established
4	Implement cross-border payment by establishing integration between Favara and the payment systems of other countries	High	2026-2027	MMA	-	Cross-border integration established with one country
5	Establish a mechanism to collect and verify KYC information electronically through a centralized system	Medium	2026-2028	MMA	FIs	Centralized e-KYC system implemented
6	Develop and implement a framework for fostering innovation in payment and financial services	High	2026-2028	MMA	-	Implement Regulatory Sandbox for testing payment and other financial services
7	Implement a policy to enhance application accessibility by prioritizing customer-friendly interfaces with multi-language support	Low	2028	MMA	-	Number of service providers providing multi-language support
8	Collaborate with government institutions to improve the reliability and affordability of internet services to support the expansion of digital financial services	High	2026-2027	MMA, CAM	Ooredoo, Dhiraagu	Initiate dialogue with the relevant stakeholders

Policy Objective 2: Encourage the adoption of secure and inclusive digital financial services

#	Policy Action	Priority	Timeframe	Implementing Agencies		KPIs
				Primary	Secondary	
1	Collaborate with regulatory authorities and billers to facilitate easy access to a centralized bill payment method for payment service providers and banks	Low	2028-2029	MMA, URA	Banks, PSPs	Provide easy access to a bill payment method for Payment Service Providers and Banks
2	Conduct a comprehensive mapping exercise of significant cash-based payments in both the government and private sectors and develop a plan to reduce cheque and cash-based transactions	High	2026-2027	MMA	Banks, PSPs	1. Mapping exercise on cash payments conducted 2. Plan to reduce cash-based transactions developed

Policy Objective 3: Enhancing the regulatory framework for digital financial services

#	Policy Action	Priority	Timeframe	Implementing Agencies		KPIs
				Primary	Secondary	
1	Develop and implement a regulatory framework to foster digital financial innovation	High	2026-2027	MMA	-	1. Guidelines for a FinTech Regulatory Sandbox developed 2. e-CDD Regulation developed 3. Open Banking Regulation developed

2	Develop a cybersecurity framework to safeguarding financial infrastructure	High	2026-2027	MMA	-	1. Cybersecurity standards adopted 2. Cyber Security Guideline issued
3	Develop a framework to establish a tiered risk-based approach to regulation and supervision of payment service providers and non-bank financial institutions (NBFI)	High	2026-2027	MMA	-	Framework to establish a tiered risk-based approach to NBFI regulation and supervision developed
4	Develop and Implement disaster recovery and business continuity guidelines for financial institutions	Medium	2026-2028	MMA	FIs	Disaster Recovery and Business Continuity guidelines for Fis Implemented
5	Implement regulatory changes to enable prevention of fraud/scam	High	2026-2027	MMA	-	1. Regulatory changes implemented 2. Capacity building programs conducted

Inclusive Green Finance

Vision: To develop robust policy frameworks and innovative financing mechanisms, with the aim to build resilience and mitigate risks against climate related events and to that effect, promote financial inclusion and support the national sustainable goals.

Rationale: Climate change remains as a threat to the development and social wellbeing of any economy. The Maldives remains prone to climate change effects, with some vulnerabilities being flooding, changes in rainfall patterns, and saltwater intrusion. The role of financial inclusion in helping vulnerable groups to build resilience and mitigate losses caused by climate change is crucial, since a focus on this area will help to mitigate and build resilience against the disadvantages of climate change.

The demand-side survey has shown that the smaller islands in Maldives are particularly vulnerable to climate change and its impacts, with 10% of respondents in Atolls have experienced climate events. It was also reported that 7% of those who were affected by climate events had to incur a cost of damage above MVR 100,000. With this regard, it is crucial that Maldives should have robust policy frameworks and innovative financing mechanisms, with the aim to build resilience and mitigate risks against climate related events that in return promotes the financial inclusion goals of the country.

Gaps Identified:

1. Limited financing products for green or sustainable projects
2. Limited public awareness on climate change risks
3. Limited specific insurance products for climate-related risks
4. Need to enhance entrepreneurial skills for green projects
5. Limited knowledge and experience in green or sustainable finance
6. Lack of a clear definition of green or sustainable activities
7. High investment costs and lack of incentives
8. Low interest in green projects due to long return periods
9. Data and information gaps on the benefits of green projects
10. Lack of effective coordination among key stakeholders
11. Insufficient research on adaptable green finance models

Action Plan:

Policy Objective 1: Promote green and sustainable finance to support climate mitigation and adaptation measures						
#	Policy Action	Priority	Timeframe	Implementing Agencies		KPIs
				Primary	Secondary	
1	Conduct an analysis of the existing legal and policy framework for green finance	High	2026	MMA	FIs, MoTE	Analysis on legal and policy framework conducted
2	Implement green taxonomy	High	2026-2027	MMA	FIs	Green taxonomy adopted
3	Conduct a study on circular economy	High	2027	MMA, MoTE	-	Study on circular economy conducted
4	Establish an integrated sustainability assurance framework	Low	2028	MoTE, MoEDT	MoFOR, EPA	Sustainability assurance framework established
5	Establish strategic partnerships to increase the accessibility, affordability, and usage of cleaner technology	High	2027	MoTE	MoFP	1. Number of clean energy projects 2. Percentage of energy produced through clean energy sources
6	Introduce a regulatory framework to promote the role of financial sector in sustainable lending and resilience building	High	2026-2028	MMA, Banks, non-bank FIs, Insurance companies , MoFP and MoEDT	-	Regulatory framework introduced

7	Develop guidelines for a listed investment fund for green finance initiatives	Low	2028-2030	CMDA, MMA	-	Guidelines for listed investment fund developed
8	Establish a government fund for green project financing	High	2027	MoFP, MoTE, MMA,	-	Government fund for green projects financing established
9	Develop carbon credit schemes from protected areas	Low	2028-2030	MoTE	-	Carbon credit schemes developed and adopted
10	Introduce a grants-based technical assistance program to support MSME focusing on sustainable solutions	Low	2028-2030	MoEDT, MMA	-	Technical assistance program introduced

Policy Objective 2: Capacity building in green and sustainable finance

#	Policy Action	Priority	Timeframe	Implementing Agencies		KPIs
				Primary	Secondary	
1	Conduct short-term capacity building programs	Medium	2026-2029	MMA, MoTE	-	Number of trainings conducted
2	Develop certified professionals in green and sustainable banking and investment	Medium	2026-2029	MMA	-	Number of certified professional

Policy Objective 3: Strengthen stakeholder coordination and social equity						
#	Policy Action	Priority	Timeframe	Implementing Agencies		KPIs
				Primary	Secondary	
1	Establish a green finance multi-stakeholder steering committee	High	2026	MMA	MoE, MoFP, MoTE	Steering committee established
2	Facilitate equitable resource sharing and benefits in green finance projects	Medium	2027-2030	MoTE	MoSFD	1. Develop an equity assessment framework 2. Design programs to provide additional support to vulnerable groups to ensure that they can access and benefit from green finance projects
3	Establish a platform for financial sector to exchange knowledge and discuss key policies and issues in green finance	Medium	2026-2029	MMA	-	Number of events held

Consumer Empowerment & Financial Literacy

Vision: To empower consumers through comprehensive financial education to foster informed decision-making and build and promote a culture of economic empowerment, thus contributing to a more financially literate and empowered society in the Maldives.

Rationale: The lack of a regulatory framework is a significant challenge to enhancing consumer protection in the Maldives. Establishing a robust financial consumer protection framework is imperative to instil confidence and trust in the financial system, ensure stability, and prevent fraudulent practices. Such a framework will promote fair market practices, mitigate systemic risks, and foster financial inclusion by making services accessible to diverse populations. The existence of effective redress mechanisms is also crucial, as it enhances accountability and contributes to financial stability. In essence, a comprehensive consumer protection framework is foundational for a transparent, resilient, and ethical financial ecosystem.

The lack of financial literacy, in general, is a major concern identified in the financial inclusion survey. Individuals with low financial literacy are more likely to make poor financial decisions that can negatively impact their financial well-being. This, in turn, creates a ripple effect that extends to the broader economy. Therefore, promoting financial literacy and consumer empowerment is essential for the development of the financial sector and the overall economy. A financially literate and empowered population strengthens economic resilience, fosters responsible financial behaviour, and enhances the well-being of individuals and communities

Gaps Identified:

1. Low financial literacy levels in the Maldives, particularly among the elderly, women, and residents of Atolls
2. Existence of gender disparity in all aspects of financial literacy
3. Low access and usage of insurance services
4. Lack of financial resilience-building practices, such as budgeting, saving, and financial management
5. Lack of awareness of consumer rights and responsibilities

Action Plan:

Policy Objective 1: Establish a regulatory framework for financial consumer protection						
#	Policy Action	Priority	Timeframe	Implementing Agencies		KPIs
				Primary	Secondary	
1	Develop financial consumer redress mechanism framework	High	2026	MMA	-	Redress mechanism framework established
2	Develop risk-based market conduct supervision framework	High	2026	MMA	-	Risk-based market conduct supervision framework established

Policy Objective 2: Enhance financial literacy and consumer empowerment						
#	Policy Action	Priority	Timeframe	Implementing Agencies		KPIs
				Primary	Secondary	
1	Develop and implement National Financial Education Strategy (NFES)	Medium	2027-2029	MMA	MoE & MoHELSD	NFES implemented
2	Launch a dedicated user-friendly website featuring informative and educational content to enhance financial literacy and consumer empowerment	High	2026	MMA	-	Financial education website launched
3	Develop and implement National Financial Literacy Plan (NFLP)	High	2026	MMA	MoE, MoHELSD, FIs, CMDA, MPAO, CSC & LGA	NFLP implemented

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