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MEASURING FINANCIAL RESILIENCE ACROSS THE ASEAN-5 ECONOMIES (INDONESIA, MALAYSIA, THE PHILIPPINES, THAILAND AND VIETNAM)

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Abstract: *The purpose of the article is to provide an overview of the six largest ASEAN-5 economies by economic criteria, in terms of financial resilience. The financial resilience challenges facing these major economies could be categorized into: the ability to create and maintain a strong financial system capable of absorbing external shocks such as economic crises or natural disasters; diversification of the economy with investments in new and innovative sectors; social stability; and the ability to adapt to rapid changes in the economic and social environment. Both financial resilience and financial sustainability at country level implies: efficient resource management through responsible use of natural and human resources; economic equilibrium by maintaining a balance between growth, employment, inflation and public debt; allocation of resources to education, research, innovation and infrastructure to ensure long-term growth; reducing imbalances by adopting policies that reduce social and regional inequalities, ensuring an equitable distribution of wealth; protecting the environment by implementing policies that reduce pollution, conserve biodiversity and promote the use of renewable resources. The paper also focuses on the comparative analysis, of the six studied countries, examining the status of key indicators that measure financial resilience and sustainability based on data collected between 2020 and 2025.*

JEL Classification: F30; F30 053 057

Keywords: financial resilience; economic growth rate; real GDP; budget deficit; public debt relative to GDP

1. INTRODUCTION

The term ASEAN-5 is used in economics, international finance, macro-analysis, and reports by institutions such as the International Monetary Fund (IMF), World Bank, and Organization for Economic Co-operation and Development (OECD) to designate five of the largest economies in ASEAN, namely: Indonesia, Malaysia, the Philippines, Thailand, and Vietnam.

These countries are selected because they represent the largest emerging economies in Southeast Asia. They are the subject of analysis of the ASEAN market in terms of economic growth, consumption, investment, and industrial structure International institutions use the ASEAN-5 concept because they account for over 82% of ASEAN's GDP (Indonesia is the largest economy 36.2%, followed by Thailand 13.6%, the Philippines 11.5% Vietnam 11.3%, and Malaysia 10.5%, according to „ASEAN Key Figures 2024"); they are dynamic emerging economies, characterized by long-term economic growth and rapid development; a young population; accelerated industrial development; high integration into global production chains, with the group's performance influencing the economic prospects of the entire Asia-Pacific region. They are also the main destinations for foreign direct investment (FDI), with Vietnam and Indonesia attracting massive investment in industry and technology.

ASEAN-5 is considered a strategic emerging economic bloc, comparable to BRICS (in terms of growth) and EU-5 (in terms of economic aggregation).

Its economies are deeply integrated in industries such as electronics, automotive components, textiles and footwear, agriculture and natural resources, and semiconductors (especially Malaysia and Vietnam).

Financial resilience is a country's ability to withstand economic and financial shocks (economic crises, sudden price increases, political instability, natural disasters) and to adapt quickly, maintaining the stability of its economic and financial system. (Hollnagel, 2011); absorbing losses and sudden adjustments without crises (Allen and Gale, 2007); avoiding banking and debt crises in adverse conditions. (Reinhart and Rogoff, 2010). This is essential for macroeconomic stability, investment attractiveness, and protecting the population's standard of living. (Haldane & May, 2011)

The most commonly used indicators analyzed by economists, international institutions (IMF, World Bank, OECD), and central banks for macroeconomic stability, foreign exchange reserves and external position, the stability of the banking system are: real GDP and economic growth rate – sustainable growth signals resilience; inflation (stable and moderate) – a critical element of economic stability; budget deficit – a small or controlled deficit indicates robust public financing; public debt relative to GDP – a low level indicates greater financing possibilities in crisis situations; international foreign exchange reserves – how much the country can support its currency and imports in crisis situations; current account deficit – a small deficit suggests a balanced economy; degree of economic openness – measured by imports/exports; non-performing loan (NPL) ratio – a low ratio signals a healthy banking system; bank capitalization – capital adequacy indicators (CER, Tier 1); banking system liquidity – banks' ability to cope with rapid withdrawals of funds.

For all these indicators we collected and analyzed concrete statistical data for the period between 2022 and 2025 to assess the resilience of the financial system of the ASEAN-5 countries, structuring a clear synthesis analysis with final observations and conclusions, limitations and potential risks, useful for those interested in the economic evolution and development of Southeast Asia economies.

2. ASEAN-5 REAL GDP GROWTH RATE BY COUNTRY (2022-2025/FORECAST2026)

The comparative graph of real GDP growth rate (annual percentages) for 2022-2025/forecast 2026 for Indonesia, Malaysia, the Philippines, Thailand and Vietnam, leads to the following conclusions:

Vietnam is the region’s economic growth leader and one of the most dynamic economies in ASEAN, with robust growth rates between 8.5% (2022), sharp decline to ~5% in 2023 as a result of lower global demand (affecting exports). a strong recovery to over 7% in 2024, with a slight slowdown in 2025, but remains the fastest in the group (6.7%) and a target of 6.5% for 2026 (depending on external demand and trade developments), and also the most dynamic economy within the ASEAN-5 group of countries, industrial sector and manufacturing exports (particularly electronics and textiles), foreign direct investments, infrastructure policies being the main drivers of development.

Indonesia is the most stable economy in the chart, with a large domestic market that cushions external shocks, offering the most balanced and predictable development with a very steady growth about 5% every year, without specular peaks, but no declines either. A robust domestic demand (consumption and public investment), resource sector and commodity exports; infrastructure projects are the main growth drivers for indonesian economy.

Malaysia performs very well, but fluctuates with a high volatility: in 2022 due to post-pandemic rebound, the real GDP growth rate was very high at 8.9%, after that in 2023 with a sharp decline to 3.7%, a recovery to over 5% in 2024 and a slowdown in 2025 to 4.3% and an estimate growth for 2026 of 4.2%-4.8%, reflecting the global slowdown and adjustment after the recovery boom. The main growth drivers are industrial exports (electronics), energy and oleochemical sector; domestic consumption and investment in energy/technology.

The economy of Philippines is supported by strong domestic consumption and investment, having a solid and steady growth above the ASEAN average: 7.6% in 2022, in 2023 the growth rate slowdown, but remains high at 5.5%, 5.7% in 2024 and 5.6%-6.1% in 2025. The government is targeting 5.7% in 2026. The main drivers for growth were private consumption, public investment and growth in services, stabilising remittances; investment in infrastructure.

With estimated growth below 3% (2.6% in 2022; 2.0% in 2023; 2.5% in 2024; 2.5% in 2025), Thailand is one of the slower economies in ASEAN-5, which may put pressure on fiscal and structural policies. Post-pandemic recovery is slower, with Thailand heavily dependent on tourism. Moderate growth is supported by consumption and exports, but tourism has not yet fully returned to pre-pandemic levels. The main risks are: political instability and vulnerability to external shocks.

In conclusion the most dynamic economies among the ASEAN-5 group countries are Vietnam and the Philippines, Indonesia has the most stable economy (almost constant at 5% annually), the economies with slow or volatile growth are Malaysia (fluctuating) and Thailand (slowest growth).

The main recommendations for the whole group are:

- **External diversification**: reduce dependence on a single trading partner; focus on value-added exports.
- **Stimulate productive investment**: increase productivity through structural reforms and investment in human capital/technology.
- **Absorbing external shocks**: adequate reserves, macro flexibility, and strong social safety nets.

- **Prudential management of the financial sector**: monitoring real estate exposure and consumer credit.

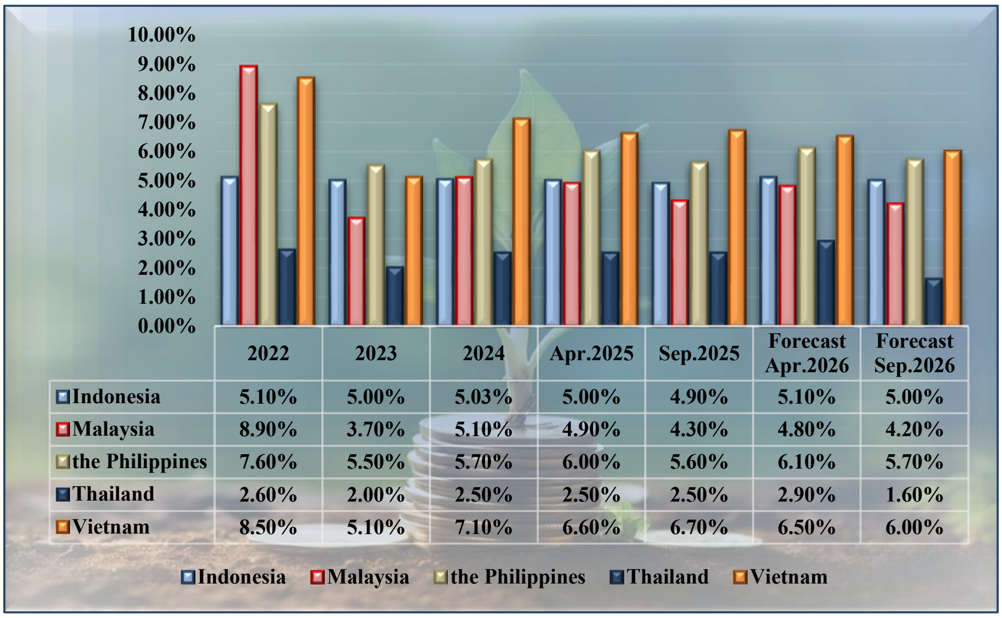


Fig. 1 – ASEAN 5 Real GDP Growth Rate (Annual %)
2022-2025/Forecast 2026

Sources: *Source: Author – representation of the data from Statistical Data, available at:* https://databank.worldbank.org/source/world-development-indicators

ASEAN+3 REGIONAL ECONOMIC OUTLOOK 2025

https://amro-asia.org/asean3-regional-economic-outlook-areo/

https://www.oecd.org/en/publications/oecd-economic-surveys-viet-nam-2025_fb37254b- en/full-report.html

3. ASEAN-5 THE EVOLUTION OF BOTH BUDGET DEFICIT (PERCENTAGE OF GDP) AND PUBLIC DEBT (PERCENTAGE OF GDP) BY COUNTRY (2022-2025/FORECAST 2026)

Below is the comparative table based on all confirmed data for the legal limits on budget deficit and public debt (% of GDP) in theASEAN-5 countries:

Table 1. The comparative table based on all confirmed data for the legal limits on budget deficit and public debt (% of GDP) in theASEAN-5 countries

Country	Legal limit on budget deficit (% of GDP)	Legal limit on public debt (% of GDP)	Comments
Indonesia	3%	60%	Limits set by national tax legislation; confirmed by recent economic reports.
Malaysia	3% (target in FRA 2023)	60% (in FRA 2023; temporarily increased to 65% in the post-pandemic period)	Tax law modernized in 2023 (FRA), very clear and strict.
Philippines	No explicit legal limit	No explicit legal ceiling	Fiscal policy is flexible; no statutory debt ceiling.
Thailand	No threshold expressed as % of GDP	70% (official legal ceiling)	Clear legislation on debt; deficit rules are defined as a structure, not a numerical threshold.
Vietnam	≈ 3.9% (limited by the state budget law)	≈ 65% (legal ceiling)	There is a legal ceiling for public debt; the deficit has an internal limit set by the budget law.

In 2022, most countries had significant budget deficits, still reflecting the economic effects of the pandemic and fiscal stimulus measures.

In 2023, some countries managed to reduce their deficits compared to 2022: Indonesia from 2.38% in 2022 to 1.65% in 2023; Malaysia from 5.5% in 2022 to 5.0% in 2023; the Philippines from 7.2% in 2022 to 6.2% in 2023; Thailand from 4.6% in 2022 to 3.9% in 2023, likely due to economic recovery and higher revenues.

In 2024, reported data show a return to deficits in some cases (Indonesia returned to 2.29% and Thailand to 4.1%) — suggesting that governments have resumed spending (investments, subsidies) or have failed to fully control costs.

2025 indicates a persistent high deficit for some countries (Philippines 5.5%, Thailand 4.5%) and a stabilization effort for others (Malaysia 3.8%, Vietnam 4.5% from 0.0% in 2022).

Indonesia is the only country that complies with the legal budget deficit limit of 3% (%GDP) for the entire period analyzed, 2022-2025.

The main general causes of variation are:

High government spending

Social programs, subsidies, and large investments in infrastructure have pushed spending up.

In Thailand, the government may continue to invest in popular programs that require funding and maintenance, which may keep the deficit high.

Insufficient tax collection

Taxation has not increased sufficiently with economic growth to offset all expenditures.

Tax evasion, the informal economy, and administrative gaps may limit revenues.

Economic and external volatility

High global interest rates can increase the cost of servicing debt.

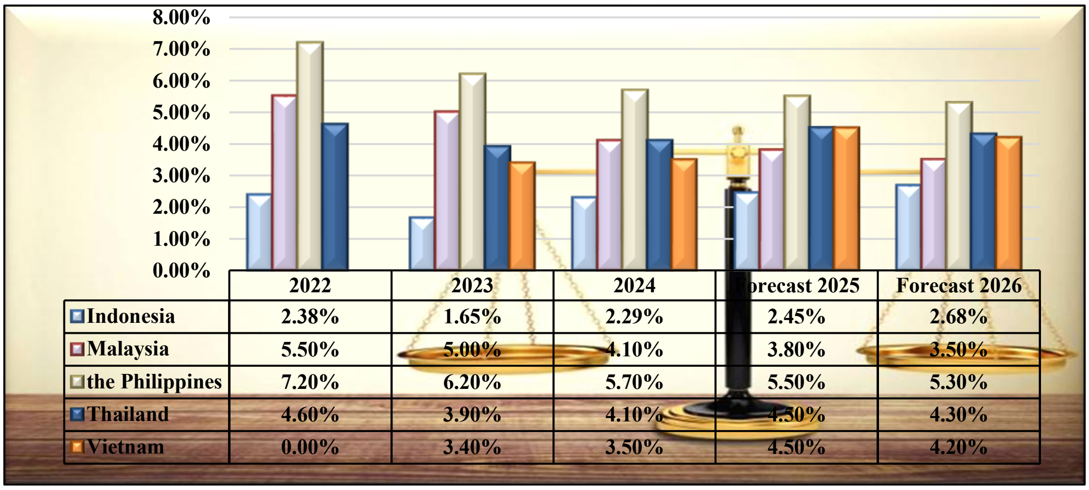
Economic changes (inflation, decline in external demand) can affect government revenues.

Debt management and refinancing

Governments need to refinance some of their old debt — if interest rates rise, refinancing becomes more expensive, which worsens the deficit.

Dependence on external borrowing can amplify risks if local currencies depreciate.

If deficits remain high, governments may need to borrow more at higher costs, also persistent deficits can erode investor confidence and put pressure on credit ratings. In this situation governments may be forced to maintain popular programs (subsidies, social spending) at the expense of fiscal consolidation and of course if debt is in foreign currency and the local currency depreciates, the cost of servicing the debt will increase significantly.



	2022	2023	2024	Forecast 2025	Forecast 2026
Indonesia	2.38%	1.65%	2.29%	2.45%	2.68%
Malaysia	5.50%	5.00%	4.10%	3.80%	3.50%
the Philippines	7.20%	6.20%	5.70%	5.50%	5.30%
Thailand	4.60%	3.90%	4.10%	4.50%	4.30%
Vietnam	0.00%	3.40%	3.50%	4.50%	4.20%

Fig. 2- ASEAN-5 Budget Deficit (% of GDP) 2022-2026

Source: Author – representation of the data from Statistical Data, available at: **FMI- World Economic Outlook (WEO)**

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Database https://www.imf.org/en/Publications/WEO

https://databank.worldbank.org/source/world-development-indicators

Asian Development

Bank (ADB) – Key Indicators for Asia and the Pacific

https://kidb.adb.org/

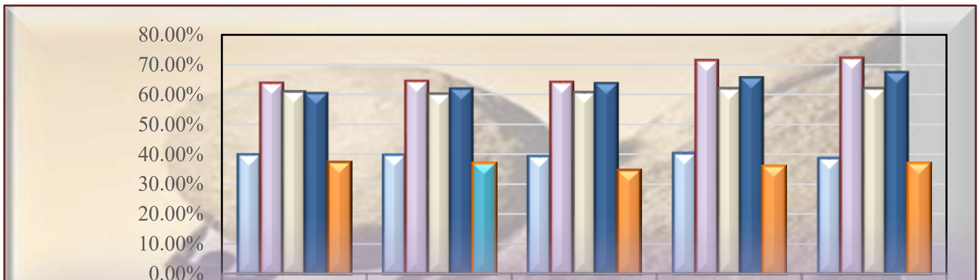
Overall, the five countries do not appear to be in a situation of extreme public debt overload (except for some risks in Thailand 67.3% estimated rate for 2026 and Malaysia 72.0% estimated rate for 2026).

Indonesia and Vietnam have relatively moderate debt levels (Indonesia is the only country that complies with the legal public debt limit % GDP of 60%), for the entire period analyzed, 2022-2025, but may be vulnerable to external shocks if the cost of debt increases. The government target for 2026 is 38.5% in Indonesia and 37.0% in Vietnam.

Malaysia appears to be engaged in fiscal consolidation, but debt guarantees remain high.

The Philippines has stable debt, but depends on its ability to keep the deficit under control and refinance without high costs. The estimate ratio for 2026 is 62.0%.

Thailand has one of the highest debt-to-GDP ratios among these countries, which raises risks, especially if the economy slows or financing costs rise.



	2022	2023	2024	Forecast 2025	Forecast 2026
Indonesia	39.70%	39.60%	39.20%	40.10%	38.50%
Malaysia	63.65%	64.30%	64.00%	71.30%	72.00%
The Philippines	60.90%	60.20%	60.70%	62.00%	62.00%
Thailand	60.40%	61.90%	63.70%	65.60%	67.30%
Vietnam	37.40%	37.00%	34.70%	36.00%	37.00%

Fig. 3 – ASEAN-5 Public debt level (% of GDP) 2022-2026

Sources: *Source: Author – representation of the data from Statistical Data, available at:* FMI – World Economic Outlook (WEO)

Bank Indonesia https://www.bi.go.id

Bank Negara Malaysia https://www.bnm.gov.my
Bangko Sentral ng Pilipinas https://www.bsp.gov.ph
Bank of Thailand https://www.bot.or.th
State Bank of Vietnam https://www.sbv.gov.vn

Budget deficits were mainly generated by recovery measures, social spending, public investment, post-pandemic support spending (health, social, compensation), decline in tax revenues - exports, tourism, taxes - due to the pandemic or external shocks,
large infrastructure, economic development investments; modernization, public support plans, high debt costs: interest, refinancing, debt servicing, external volatility - commodity prices, global demand, international inflation, global uncertainties.

4. ASEAN -5 THE EVOLUTION OF THE INFLATION RATE (ANNUAL %) BETWEEN 2022-2025

The comparative graph of inflation rate (annual percentages) for 2022-2025/forecast 2026 for Indonesia, Malaysia, the Philippines, Thailand and Vietnam, leads to the following conclusions: With annual inflation ratios between 5.51% in 2022 and 1,7% in 2025 (in 2024 –2025, inflation remained within the central bank's monetary policy "target corridor" (≈ 2.5% ± 1%), Indonesia seems to have managed to keep inflationary pressures under control, through monetary measures (prudent policy) and regular interventions in the food/energy market (price controls). The estimation for 2026 is 2.62%.
In Malaysia annual inflation has fallen to moderate levels from 3.3% in 2022 to 2.5% in 2023: it was relatively low in 2024, 1,8% and continues with the same low value in 2025. The forecast for 2026 is 2.0%. Inflationary pressure is relatively weak — a positive factor for economic stability and medium-term planning. However, risks come from potential energy/fuel price increases, subsidy reviews, etc. (old subsidies may hide hidden pressures).
In the Philippines, inflation reached 5.82% in 2022 and 5.98% in 2023 (high inflation after the pandemic reflects vulnerability to external factors - currency, international prices), but slowed to 3.2% in 2024 and 1.7% in 2025 (suggests stabilization efforts through monetary and fiscal policy), with an unfavorable outlook for 2026, when it is expected to rise to 3.1%.

The main causes for high inflation are: currency depreciation (peso) — which makes imports and imported goods more expensive — and rising food and utility prices.

Inflation moderated significantly in Thailand after 2022. In 2022 the country had a high CPI (106.8%), but in 2023 the inflation rate was only 1.23%, and in 2024 the annual average was only 0.4%.

In 2025, the data is volatile: some months may indicate negative inflation/deflation, -0.76% (declines in food and energy prices), reflecting deflationary pressures.

Thailand has undergone a rapid transition from high inflation to stability/stable prices; this may help consumers and economic planning. But deflation (or very low inflation) can be problematic for economic growth, investment, and domestic demand.

Recent data show for Vietnam moderate inflation (3.16%–3.9%), figures close to the Asian average.

As an emerging economy, Vietnam remains sensitive to food and energy prices, production costs, and changes in external demand which can cause inflation to move up or down.

Moderate inflation can support economic stability, but authorities need to closely monitor energy and food prices, as well as monetary/credit dynamics, to avoid sudden price increases.

The common causes and factors influencing inflation in ASEAN-5 countries can be summarized as follows: food and energy prices — in many of these countries (Indonesia, Philippines, Vietnam, Thailand), food and energy are important components of the "consumer basket." External shocks (oil, gas, grain prices) can quickly drive them up; depreciation of local currencies vs. the dollar/imported prices with major impact on import-dependent countries (e.g., the Philippines); monetary/fiscal policy and price controls/subsidies which means the ability of governments to moderate prices (energy subsidies, food price controls) and central banks to manage interest rates influences net inflation (e.g., Indonesia has kept inflation within its target range); domestic demand and demand pressures - economic recovery after the pandemic, consumption rebound, wage increases can increase demand for goods/services and generate inflation; external volatility and global chains which affect commodity prices, transport, imported materials; any global shock (war, energy crisis, grain price increases) has a rapid effect on consumer prices.

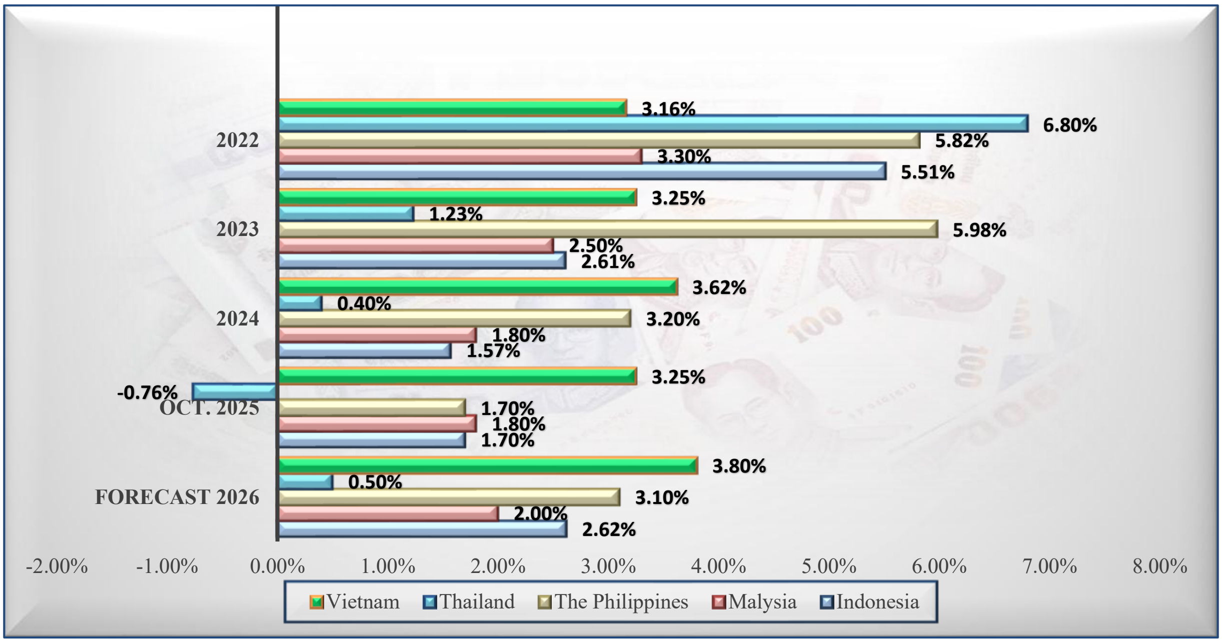


Fig. 4 – ASEAN-5 Inflation Rate (annual %) 2022 forecast 2026

Source: Author – representation of the data from Statistical Data, available at

https://data.adb.org/dataset/inflation-rate-asia-and-pacific-asian-development- outlook

https://www.bi.go.id/en/statistik/indikator/data-inflasi.aspx

https://www.foi.gov.ph/requests/historical-data-of-inflation-rate-in-the-philippines/

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5. CONCLUSIONS

In terms of financial resilience factors, the main comparative conclusions for the ASEAN-5 economies are:

In terms of macro stability the most resilient countries are Indonesia and Malaysia due to the size of the economy (in the case of Indonesia), domestic demand, solid banking, foreign reserves, industrial diversification.

The economy of Vietnam has great potential of growth, but risks stem from corporate debt and real estate sector exposure, which places it in the category of economies with good growth but structural vulnerabilities.

The Philippine economy depends on domestic consumption and external flows, which gives it relative resilience but exposes it to global shocks.

Thailand has reserves, relatively prudent fiscal policy, but it must to manage weak domestic demand and dependence on tourism and exports; it is a country that needs structural rebalancing if it has the tools for stabilization.

The common risks and vulnerabilities are: dependence on external flows: foreign capital, exports, remittances — vulnerable to global cycles, trade tensions, devaluations; rising debt — public (in some cases) or private/corporate (especially in real estate sectors) — which can undermine stability if major shocks occur; fiscal space constraints: in a crisis context, not all countries can afford large stimulus packages without risking public debt sustainability; exposure to external factors: changes in global demand, commodity prices, supply chains, climate change, geopolitical shocks.

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