

Encouraging financial inclusion in a new nation

– The experience of the *Central Bank of Timor-Leste*



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Gastão de Sousa, Director of EED, BCTL

Introduction



18 July 2016
Started
collect data
and wrote
the report

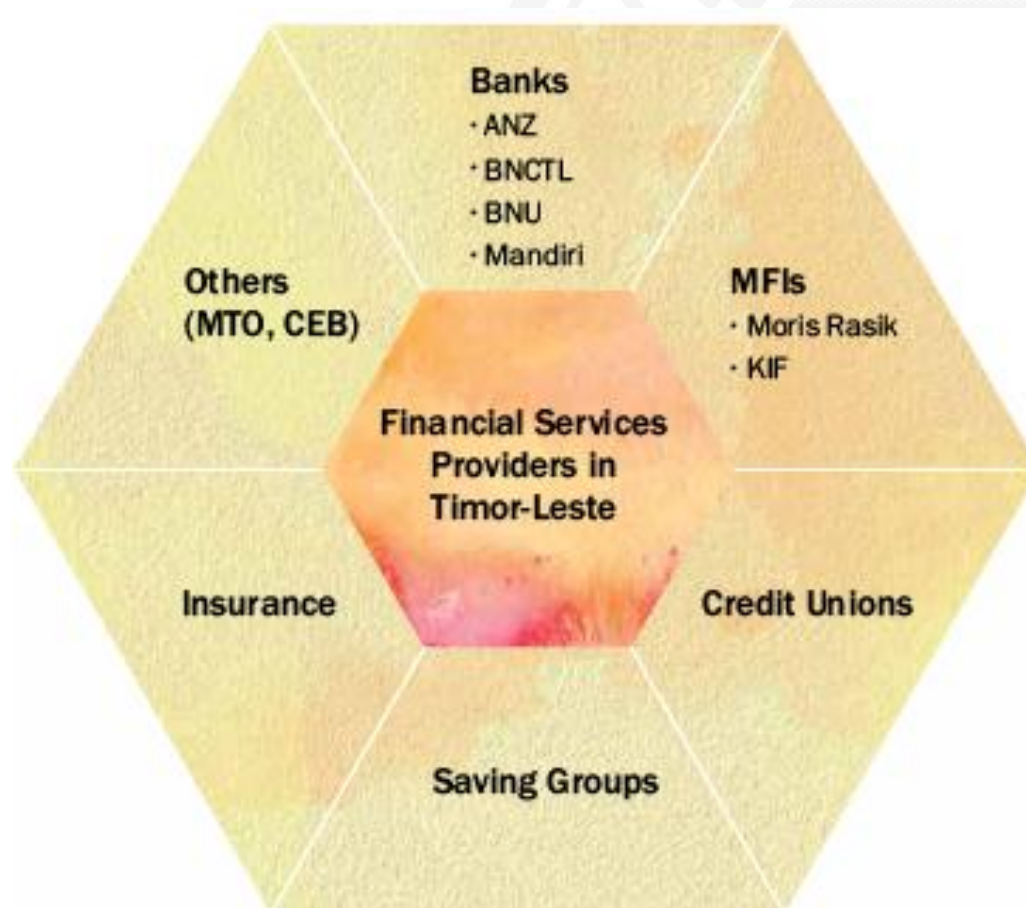
12 August
2016
Preliminary
draft

26 August
2016
Final report

13
September
2016
Launched
the report



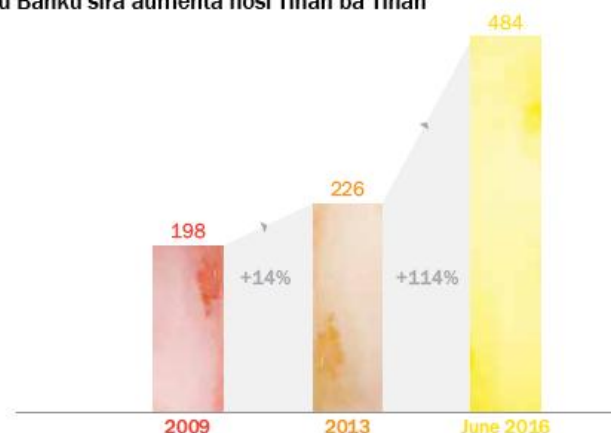
Financial Service Providers in Timor-Leste



Financial Sector Access Points Coverage

Financial Service Providers	2016: Access Points					Total
	Branch/ Field Office	ATM	EFTPOS	Meeting Centre	Other	
Banks	33	52	164	235	-	484
MFIs	37	-	-	634	-	671
Credit Unions	-	-	-	-	32	32
Insurance	2	-	-	-	-	2
Others (MTO, CEB)	16	-	-	-	-	16
Total	88	52	164	869	32	1,205

Bank Access Points Have Been **Increasing** Over the Years
 Pontu Asesu Banku sira aumenta hosi Tinan ba Tinan



	2016	2013	2009
Municipalities	100% 13 out of 13 covered		
Administrative Posts	88% 57 out of 65 covered	92% 60 out of 65 covered	86% 56 out of 65 covered
Sucas	58% 255 out of 442 covered	63% 278 out of 442 covered	60% 265 out of 442 covered



Coverage at the administrative posts and sucos levels.

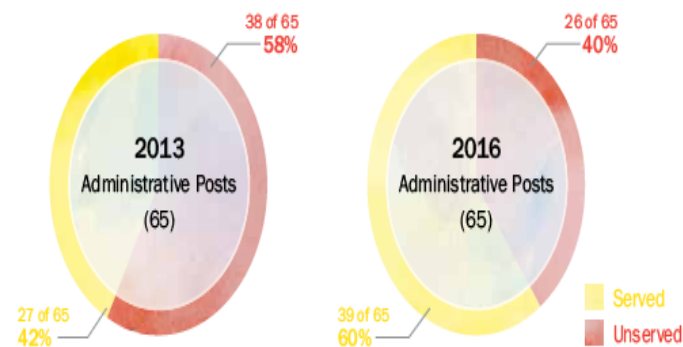
About **81%** of the Population Live in Administrative Posts with Bank Access Points
 Kuaze 81% husi Populasaun ne'ebé mak hela iha Postu Administrativu ho Pontu Asesu sira ba Banku

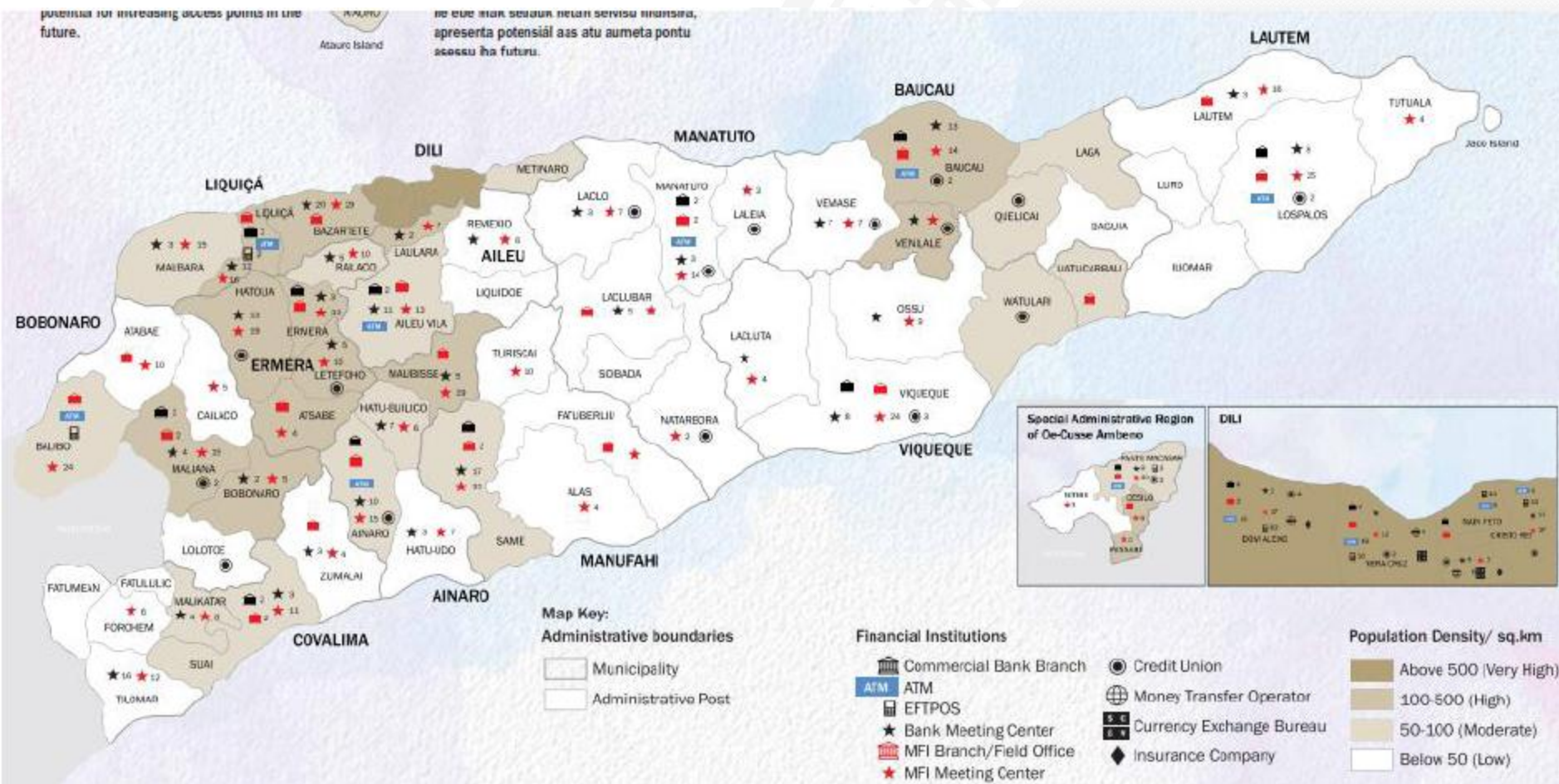


Increase in Sucos With Regulated Financial Services by Banks Aumenta iha suku ho servisu finansa regular sira liuhusi banku



Increase in Administrative Posts with Regulated Financial Services by Banks Aumenta iha Postu Administrativu ho Servisu Finansa Regular sira Liuhusi Banku

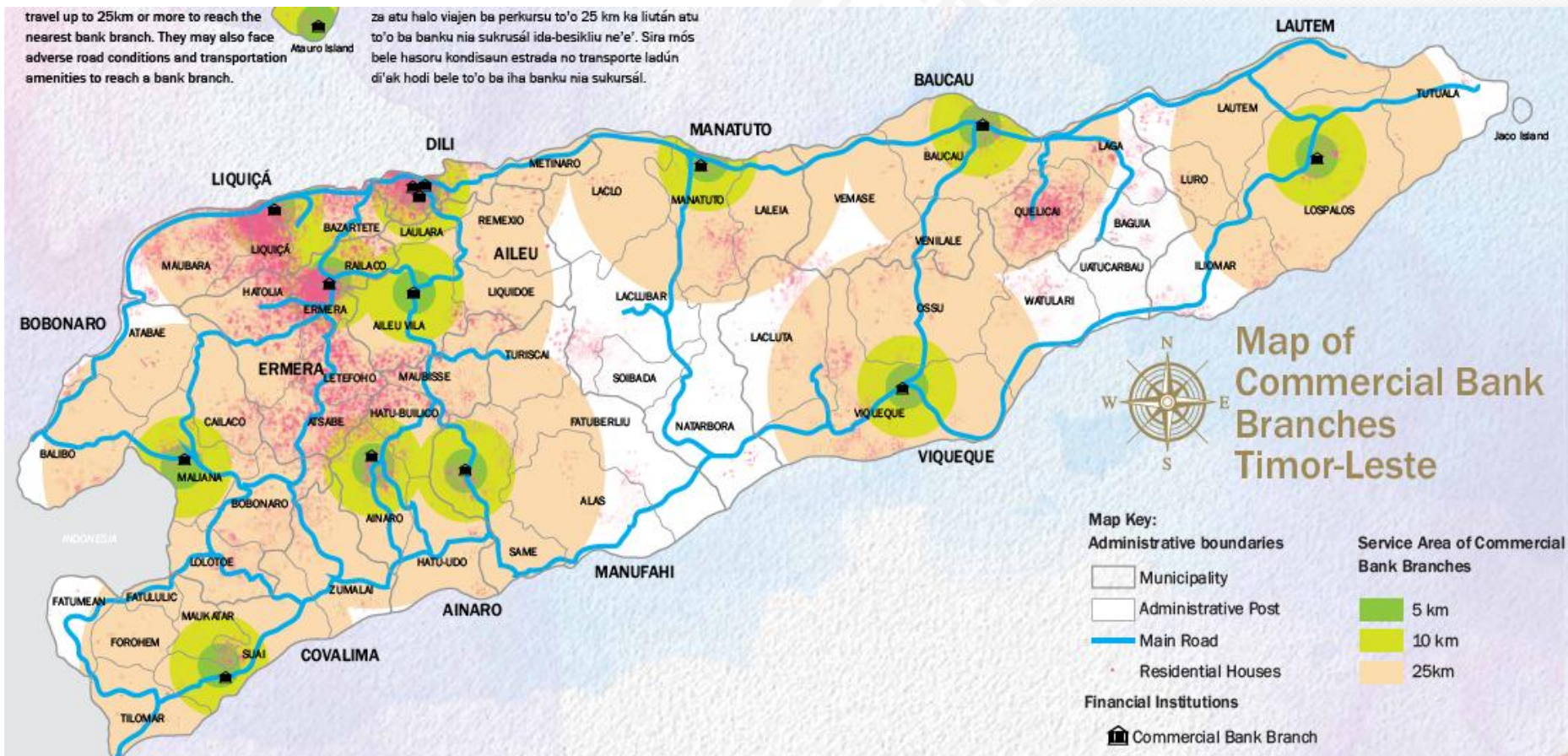




Limited Branch Coverage

travel up to 25km or more to reach the nearest bank branch. They may also face adverse road conditions and transportation amenities to reach a bank branch.

za atu halo viajen ba perkursu to'o 25 km ka liután atu to'o ba banku nia sukursái ida-besikliu ne'e'. Sira mós bele hasoru kondisaun estrada no transporte ladún di'ak hodi bele to'o ba iha banku nia sukursái.



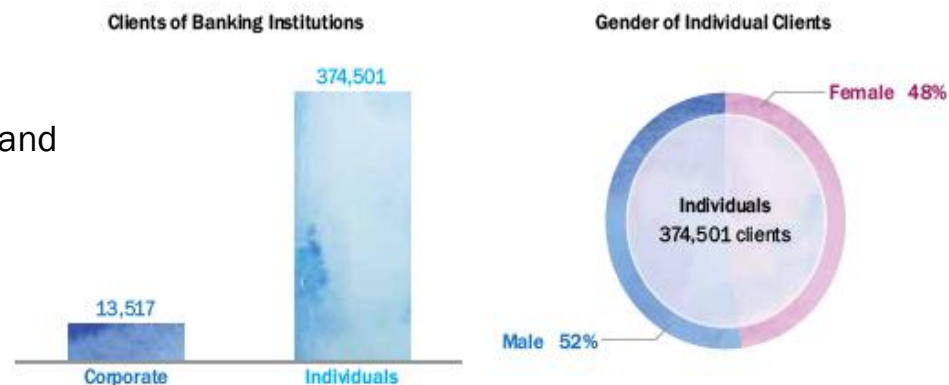
(*) Census 2010: 29.6% of total population live in urban areas

Usage Indicators

- There were 422,941 clients with accounts in banks, MFIs and credit unions. Given this figure, it is estimated that about 42% of the population (or 68% of adult population) use financial products and services.
- The largest share of clients in the financial system is held by banking institutions, with a total of 388,018 customers.
- 96.5% of this total clients are individuals
- Breakdown by gender of this: 52% are males and 48% are female clients.

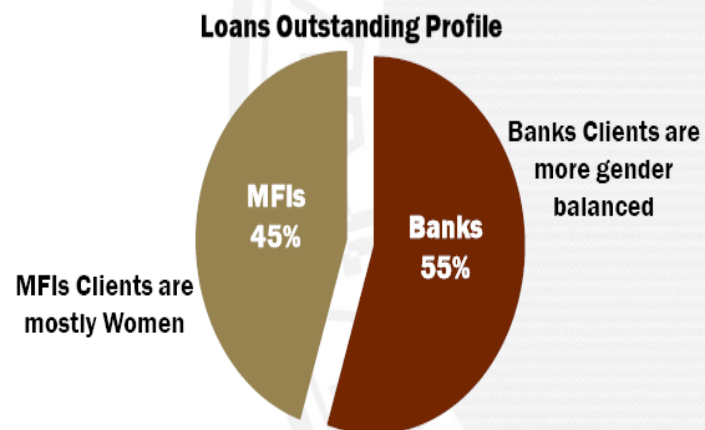
Financial Institution	Total Clients
Banks	388,018
MFIs	26,873
Credit Unions	8,059
Total	422,941

Breakdown of Banking Institution Clients
Repertisaun iha Kliente Instituisaun Bankária



Credit Market

- Only 6% of adult population has an outstanding loan (55% from banks and 45% from MFIs)
- Loan products offered by banks are granted in a higher proportion to male clients, 63% of the total costumers
- However, MFIs loan products are more demanded by female clients, 96% of the total costumers



Gender Distribution of Loan Account Ownership

Distribuisaun Jeneru tur Propriedade Konta impréstimu

Gender	No. of Clients		
	Banks	MFIs	Total
Female	7,642	16,257	23,899
Male	13,354	678	14,032
Not Informed	33	-	33
Total			37,964



Other Financial Products Usage Still Limited

Bank Deposit Accounts Clients

- Clients with Debit Card: 7% (28,177), out of the total 387,063 deposit accounts registered in banks
- Clients with Deposit Balance below USD10: 63%
- Age groups: Young adults (15-30) is the age segment with lowest bank account penetration
- E-Wallet: 1,573 clients (only 0.4% of bank clients) and around 2,000 transactions per month

Insurance

- There are a total of 1,052 individual insurance policy holders in the country and 212 group insurance policy holders

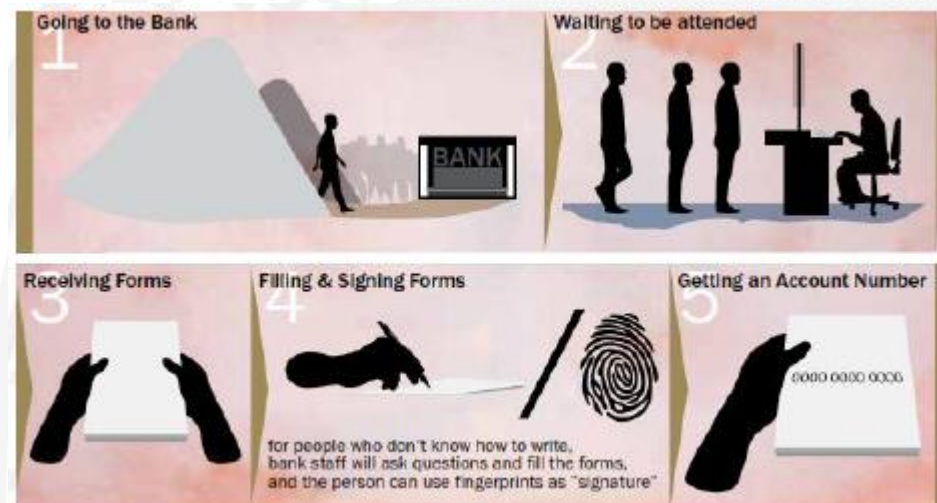
Remittances

- Timorese mostly use MTOs to conduct international transfers, being outbound transfers make up 70% of total transactions



Identified Barriers for Financial Inclusion

- Account Opening procedures
- Language
- Affordability
- Collateral & Other Requirements



Is literacy a significant barrier for financial inclusion?

Alfabetizasaun ka literasia ne'e bele sai hanesan obstáculu signifikativa ba inkluziun finanseira?

Men
mane sira 37%

Womien
feto sira 47.5%

aged 15 and above are **not** able to write
a simple sentence in any of the 4 languages used
in Timor-Leste

ho idades entre 15 ba leten laiha kapasidade para
bele hakerek fraze simples ruma uza lian kuaikeir ida
hosí idioma 4 uzadu iha Timor-Leste



Identified Gaps & Challenges for Inclusive Finance



BCTL Key Initiatives to Promote Financial Inclusion

E-Wallet

Banking Agents

SME's Access to Credit

Modernizing Payment Systems

Financial Literacy & Consumer
Protection



Financial Literacy Program

Purpose

Improve basic financial literacy levels of the Timor-Leste people through a nationally coordinated network of financial education programs and awareness campaigns

Mission

Timor-Leste people are able to use products and services offered by the finance sector to enhance their wellbeing thus contributing to the economic growth of the nation

Expected Outcomes

Identified target groups have improved financial knowledge, skills and attitudes that will result in fostering economic growth in the country

Save now for
a better future



Obrigado

Terima kasih – Thank you

