Encouraging financial inclusion in a new nation – The experience of the Central Bank of Timor-Leste
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

- Banks
  - ANZ
  - BNCTL
  - BNU
  - Mandiri

- MFIs
  - Moris Rasik
  - KIF

- Insurance

- Credit Unions

- Saving Groups

- Others (MTO, CEB)
## Financial Sector Access Points Coverage

### 2016: Access Points

<table>
<thead>
<tr>
<th>Financial Service Providers</th>
<th>Branch/Field Office</th>
<th>ATM</th>
<th>EFTPOS</th>
<th>Meeting Centre</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>33</td>
<td>52</td>
<td>164</td>
<td>235</td>
<td>-</td>
<td>484</td>
</tr>
<tr>
<td>MFIs</td>
<td>37</td>
<td>-</td>
<td>-</td>
<td>634</td>
<td>-</td>
<td>671</td>
</tr>
<tr>
<td>Credit Unions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Insurance</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Others (MTO, CEB)</td>
<td>16</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>88</strong></td>
<td><strong>52</strong></td>
<td><strong>164</strong></td>
<td><strong>869</strong></td>
<td><strong>32</strong></td>
<td><strong>1,205</strong></td>
</tr>
</tbody>
</table>

Bank Access Points Have Been Increasing Over the Years Pontu Asesu Banku sira aumenta hosi Tinan ba Tinan
Coverage at the administrative posts and sucos levels.

About 81% of the Population Live in Administrative Posts with Bank Access Points
Kuze 81% husi Populasaun ne’ebé mak hela iha Postu Administrativu ho Pontu Asesu sira ba Banku
Financial Services Access Points
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.

(*) 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.
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
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
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.
Obrigado
Terima kasih - Thank you