Assessing financial inclusion in Portugal from the central bank’s perspective¹

João Cadete de Matos and Luís D’Aguiar,
Bank of Portugal

¹ This paper was prepared for the meeting. The views expressed are those of the authors and do not necessarily reflect the views of the BIS, the IFC or the central banks and other institutions represented at the meeting.
Assessing financial inclusion in Portugal from the central bank’s perspective

João Cadete de Matos¹ and Luís D'Aguiar²

Abstract

The paper discusses the evolution of financial services in Portugal and, in particular, the role and contribution of Banco de Portugal as a financial services provider – with emphasis on the services offered by its Central Credit Register and within the context of its Banking Conduct Supervision activities, and how they have been used to pre-empt over-indebtedness and to monitor the access to financial services, while shedding light into the usage of innovations in the payment systems. Finally, an attempt at documenting and measuring the evolution of financial inclusion in Portugal is made on the basis of the results of the Banco de Portugal’s Survey on the Financial Literacy of the Portuguese Population.

Keywords: financial inclusion; financial services; payment systems; central credit credit.

1. Introduction

Financial inclusion – loosely defined here as the ability of individuals or enterprises to obtain formal financial services that are appropriate to their needs, including access to credit and bank accounts, payments facilities, insurance, and other risk management services – is essential in fostering the development and competitiveness of an economy and in mitigating the asymmetries in the distribution of income across and within countries. However, while there has been some progress worldwide toward wider access to formal financial services, significant challenges remain – e.g., more than two billion adults do not have access to formal or semi-formal financial services; they are the financially excluded in a world where access to formal financial services can mean the difference between surviving or thriving (ATISG, 2010). What is more, financial exclusion seems to be no longer only a phenomenon in developing and emerging countries, especially in the aftermath of the 2007-08 financial crisis. Indeed, as Coffinet & Jadeau (2017) discuss, the data currently available show that, even in developed countries, many people remain excluded from the financial system, with no access to basic banking products, as is clearly the case with a plain transaction account.

The increased awareness of this problem led policymakers, regulators and development agencies globally to consider the promotion of financial inclusion as a priority. The G-20, for instance, has identified financial inclusion as a key driver of economic growth, reduced economic vulnerability for individual household, poverty alleviation, and improved quality of life for people around the world. On the occasion of its Seoul Summit in 2010, a number of initiatives directed to improving access to financial services and expanding opportunities for poor households and micro-, small- and medium-sized companies was approved (the Financial Inclusion Action Plan, the Global Partnership for Financial Inclusion and a flexible SME Finance Framework).

Against this background, the paper describes the provision of formal financial services in Portugal and, in particular, the role and contribution of Banco de Portugal as a financial services provider – with emphasis on the services offered by its Central Credit Register and within the context of its Banking

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Conduct Supervision activities, and how they have been used to pre-empt over-indebtedness and to monitor the access to financial services, while shedding light into the usage of innovations in the payment systems. The focus of the paper will be more on the provision of financial services rather than measuring the access to them, in view of the methodological difficulties inherent to the measurement of access to finance as well as the lack of comprehensive and reliable data (e.g., on the people using financial services, the types and quality of services they receive and the price they pay for such services, and also the barriers they face to broader access). That said, the absence of significant non-price barriers for firms and households in the use of financial services in Portugal, on the one hand, and the fact that the provision of financial services may be seen as an indication of the potential access to financial services, on the other hand, give justifying argument for the approach that has been followed. Notwithstanding, an attempt at documenting and gauging the evolution of financial inclusion in Portugal will be made, on the basis of the results of the Banco de Portugal’s Survey on the Financial Literacy of the Portuguese Population.

2. The evolution of financial services provision in Portugal

The provision of financial services in Portugal has been growing at a fast pace since 1986, the year that marked the Portuguese accession to the European Economic Community (EEC). This trend was fuelled by a substantial increase in the use of technological innovations (mainly in telecommunications), which made it possible to implement teleprocessing networks, either within the larger banks or through interbank links, with visible benefits to the supply of financial services, particularly in the field of retail payments. This increase was backed by the creation of SIBS (“Sociedade Interbancária de Serviços”), a company that was founded in 1983 by a number of resident banks (as of today, the company’s shareholders stand for practically the whole retail banking sector in the country). Its aim was to introduce a single payment platform that met the banking establishments’ needs while developing their facilities and technology, and extending their international scope.

In 1985, this network became operational under the Multibanco designation. Multibanco, a sophisticated network shared by every bank operating in the economy that fully integrates automated teller machines (ATMs) and electronic funds transfer at point of sale (EFTPOS) terminals, profoundly transformed the way retail payment operations were carried out in Portugal. Since its implementation, new features have been constantly added to the system (involving no extra costs to its users): in addition to cash deposits/withdrawals and balance/transactions inquires, customers can also do money transfers (both to other customers in the same bank and to other banks), deposit and order cheques, pay utilities bills, pay services and purchases, pay taxes and Social Security contributions, top-up mobile phones, transport ticketing and event booking and ticketing.

The activity of SIBS was instrumental in generating economies of scale deriving from a more rational and effective use of the financial, technical and human resources needed to develop more advanced payment instruments and systems. Also, SIBS made the Multibanco network open to all those taking part in payment systems operations, which allowed for network economies and the safety inherent in a single system. In addition, this scheme has returned to its users a substantial part of the productivity gains generated from on-going technological and organisational developments, both directly, through the supply of a service that is ever wider, of better quality and at a better price, and indirectly, through increasing efficiency in the banking system as a whole.
Quantitative relevance

The Payments and Settlement Systems Statistics dataset of the European Central Bank Statistical Data Warehouse offers ample coverage about the characteristics and the dimension of the Portuguese payments system as well as of the other European Union Member States.

![Figure 1: ATM demographic coverage](image1)
![Figure 2 – POS demographic coverage](image2)

Looking into this dataset, one sees, *inter alia*, the value of transactions carried through card payments with cards issued by resident Payment Service Providers (PSPs) in Portugal has been growing steadily between 2011 and 2015, totalling 65.4 EUR billions in 2015 (55.7 EUR billions in 2011); also, the demographic and geographic coverage of the ATM and POS networks are shown to rank amongst the highest in the European Union and the Euro area. The number of ATMs provided by resident PSPs in Portugal reached 15.6 thousands in 2015 – roughly 1500 per million inhabitants (the 2nd highest demographic coverage in both the European Union and the Euro area) and 169 per 1,000 sq. km. In addition, the number of POS terminals provided by PSPs in Portugal amounted to 286.4 thousands in 2015 – approximately 27,640 per million people (the 6th highest demographic penetration in the European Union and the 5th in the Euro area) and 3,106 per 1,000 sq. km. The number of cards with a cash function issued by resident PSPs totalled almost 20 million in 2015 (19 million in 2011), while the number and related value of transactions with cards issued by PSPs totalled, respectively, about 1,375 million in this year (1,237 million in 2011) and approximately Euro 65.4 billion (55.7 EUR billions in 2011).

A *Banco de Portugal*’s study conducted in 2016 estimated that, during 2013, the usage of the different payment instruments represented a cost of 1.6 per cent of the country’s Gross Domestic Product (GDP), which was shared almost equally between the banks, non-financial firms and consumers. Moreover, the study also found that the share of this costs that were supported by the banks – estimated at 883.4 million euros – have surpassed the direct and indirect benefits generated by the usage of different payment instruments – which only amounted to an estimate of 627.2 million euros. However, when the same analysis was broken down by the different instruments, it became clear that the debit cards and the cheques were, for banks, the only “profitable” payment instrument as their benefits covered their costs in 130 per cent and 100 per cent, respectively. Conversely, cash was the payment instrument which generated the greatest gap between costs and benefits, as the costs coverage rate was only 5 per cent.

The same study also found that, from a cost perspective, the debit card is relatively more socially efficient than cash – representing, respectively, a cost of 50 and 53 cents per transaction – and that, for payments below 1.89 euros, cash is the less socially costly payment instrument. Above this threshold, the debit card was found to always be the less socially costly payment instrument.
Home banking and mobile banking in Portugal

The availability of Information and Communication Technologies (ICT) has also led the Portuguese banks to make considerable efforts to modernise customer access to financial services in new, cheaper ways, and to more people. As a complement to in-person services, online connections with corporate customers, home banking and mobile banking (m-banking) are now extensively available in Portugal and increasingly used by firms and households.

Indeed, the information currently available on the on-line bank penetration in Portugal (from the “Statista” website) shows that, in 2016, 29 per cent of all individuals used the internet for on-line banking, and that such usage was higher for those who had used the internet within the last three months, at 41 per cent (see figure 3).

![Figure 3 – Online banking penetration in Portugal (2005-2016)](https://www.statista.com/statistics/380873/online-banking-penetration-in-portugal/)

With m-banking, banks get information to their customers no matter where they are and at reduced costs. This is vital for a number of banking services (e.g., alerts), as well as for traditional marketing campaigns.

From the demand-side viewpoint, people often do not have time to get to a bank branch, and the Internet may not be an option in some cases – circumstances that favour the use of a more straightforward channel. For a sizeable part of the Portuguese population, using mobile phones to have access to certain financial services, like checking bank balances or conduct other basic operations, should be like a second nature. The Portuguese are clearly a tech-savvy nation. Indeed, the European Commission's Report on the Implementation of the Telecommunications Regulatory Package, published in 2015, outlined that Portugal stands out from the EU average when comparing the fixed broadband coverage (100 per cent vs. 97 per cent), the share of households subscribing high-speed connections (54 per cent vs. 26 per cent for connections faster than 30 megabits per second (Mbps) and 22 per cent vs. 9 per cent for connections faster than 100 Mbps) and the coverage of LTE Mobile broadband³.

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³ In telecommunication, Long-Term Evolution (LTE) is a standard for high-speed wireless communication for mobile phones and data terminals, based on the Global System for Mobile (GSM) / Enhanced Data (rates for) GSM Evolution (EDGE) and Universal Mobile Telecommunications System (UMTS) / High Speed Packet Access (HSPA) technologies. It increases the capacity and speed using a different radio interface together with core network improvements. (Wikipedia)
5 per cent vs. 79 per cent). Notwithstanding, the report also details that Portugal is still relatively behind the European Union (EU) average in the penetration of mobile broadband networks (46 per cent vs. 72 per cent).

The continuous expansion of Internet banking and m-banking in Portugal should contribute to improve noticeably the access to financial services, by offering services that are, concurrently, more affordable and more suited to the prospective customers, particularly to that segment of the so-called “marginally banked” (i.e., people with a deposit account that have no electronic payment facilities and no payment card or cheque book) and for those who have a bank account but rarely use the related electronic payment facilities and cards.

In view of the above, it is safe to say that the Portuguese retail payment system is widely recognised today as a highly developed system, in terms of technology, accessibility, time-saving features and nationwide coverage. The system processes millions of operations on a daily basis, both counter-based at thousands of bank branches and electronically through the ATM / POS system. Finally, its overall quality can be recognised by what is in relative terms a very small number of complaints on the part of the banks’ clientele.

3. The role of the Banco de Portugal as provider of financial services

Banco de Portugal is the Portuguese central bank and is an integral part of the European System of Central Banks (ESCB). As such, it pursues the objectives and participates in the performance of the tasks entrusted to the ESCB, particularly the maintenance of price stability, which is viewed as a pre-condition for increasing economic welfare and the growth potential of an economy. The Banco de Portugal is also accountable for the efficient and safe functioning of the country’s payment systems – including the issue of banknotes and clearing services –, an essential condition for the sound operation of the economy. In addition, the Banco de Portugal provides a wide range of services to the banks – e.g., the running of the Central Credit Register (including the centralization of information on protested bills and on cheque defaulters) – and to the non-financial companies – e.g., the maintenance of its Central Balance-Sheet Data Office and the production of specific sectoral studies. Moreover, the Banco de Portugal supervises the resident credit institutions and other financial companies, thus providing for the stability and the soundness of the financial system and ensuring the efficiency of its operation, the safety of deposits and of depositors and the protection of consumers of financial services. Also, Banco de Portugal regulates, oversees and sanctions the conduct of credit institutions, financial companies, payment institutions and electronic money institutions offering retail banking products and services. It also promotes the financial information and education of bank customers. Last but not least, another service provided by the Banco de Portugal to the community includes the compilation, analysis and dissemination of monetary, financial, exchange and balance-of-payments statistics, which are instrumental to decision-making and, in this way, influence the financial activity in the economy.

Services related with the Central Credit Register

The Central Credit Register (CCR) is a database managed by the Banco de Portugal on the basis of credit-related information (including potential liabilities, such as, unused amounts on credit cards and open credit lines) that is supplied by its participants (all resident credit-granting institutions). The main aim of the CCR is to provide information to assist the participants in their appraisal of the risks attached to extending credit. To this end, the participants can assess aggregate information on the credit liabilities of each client vis-à-vis the financial system. Moreover, any individual person has the right to be informed about the data recorded in his/her name in the CCR and, where necessary, ask the participant responsible
for the reporting to Banco de Portugal to correct and update such information. The Banco de Portugal is legally authorised to use the CCR information for: (i) the supervision of credit institutions and other financial companies; (ii) the analysis of the stability of the financial system; (iii) monetary policy operations and intra-daily credit; and (iv) the compilation of official statistics—e.g., on the distribution of credit by branch of activity.

The CCR database fulfils all the requirements for data protection, as laid down by the National Commission for Data Protection.

Banco de Portugal ensures the centralisation and the subsequent dissemination throughout the banking system (generally on a daily basis) of credit incidents (protested bills) submitted to the Notary Public Offices by financial institutions, thus providing the financial institutions with additional means to better evaluate the risks of their active operations.

Banco de Portugal is also responsible for checking compliance with the duties assigned to the credit institutions as regards the use of cheques. In particular, Banco de Portugal centralises the information reported by credit institutions and discloses through the banking system the list of cheque defaulters.

**Services related with the market conduct supervision of credit institutions**

In a market characterized by contractual freedom and financial innovation, it is incumbent upon the Banco de Portugal to check for compliance with the minimum requirements of information to customers on the financial conditions applied to the different operations and services, as well as on the respective risks—a mission that will hereafter refer to as banking conduct supervision, as opposed to prudential supervision, which is more focused on guaranteeing the soundness of financial undertakings and contributing to the stability of the financial system. Informed decision-making by the banks’ clientele, especially aware of the risks inherent to financial products and services, is a key requirement to the efficient operation of the retail financial markets and to mitigate the level of risk in the financial system. Indeed, the disclosure by credit institutions of relevant information concerning their products and services, in a transparent, intelligible and standardised way, promotes such decision-making. However, the dissemination of information along those lines may not be enough, given that the clients’ decisions are also determined by their level of financial literacy. Therefore, it is also necessary to foster financial education among the public at large.

Banco de Portugal’s banking conduct supervision is structured on the basis of a number of reciprocally complementing guiding rules, ranging from the requirement for credit institutions to observe the principle of transparency and rigour when informing their clients along the various stages of the marketing of banking products and services, to the development of the normative framework that governs the conduct of credit institutions in the retail financial markets. Concurrently, they include monitoring compliance with regulations—e.g., via surveillance activity related to the commercialization or promotion of financial products and services, by responding to clients’ complaints and through comprehensive on-site inspections—as well as fixing cases of non-compliance and, in the most serious situations, applying administrative sanctions. Another guiding principle consists of promoting the quality of the demand for financial products and services, by fostering initiatives that contribute to raising the clients’ competences in assessing costs, expected income and risks related to those products and services.
4. Measuring financial inclusion in Portugal

The international financial crisis has highlighted the importance of financial literacy and informed decision making by bank customers as a form of fostering financial inclusion and improving the efficiency and stability of the financial system. In this context, central banks and financial supervisors have attributed increasing importance to initiatives promoting financial literacy and becoming more involved in the definition and implementation of national strategies on financial education. The promotion of financial literacy contributes to foster the benefits of the instruments regulating transparency and duties of information of credit institutions and, therefore, to the more efficient functioning of financial markets. Citizens who are better informed have greater capacity to understand the information that is conveyed to them by the credit institutions, helping, thereby, to monitor the markets. By choosing financial products that are suited to their risk profile and financial needs, bank customers allocate their funds in the most efficient manner and contribute to the stability of the financial system.

In recognition of the importance for the citizens of taking informed and careful decisions in the management of their personal finance, the Banco de Portugal decided, in 2010 and in 2015, to carry out a Survey on the Financial Literacy of the Portuguese Population, taking into account the principles and best practices adopted internationally. The Survey was structured so as to enable obtaining information about the financial attitudes, behaviour and level of understanding of financial matters by the population. Through the assessment of the various dimensions of the concept of financial literacy, the Survey contributes towards identifying the population groups and financial topics with the most significant gaps in terms of literacy. This represents an important means of diagnosis of the degree of financial literacy of the population and, as such, is an indispensable step towards the definition of financial education priorities.

Outcome of the Survey

The results shown by the 2015 Survey are positive with respect to financial inclusion, where the degree of use of the banking system by the population is particularly high, and show a gradual improvement when compared to the results of the 2010 survey. This is also an important indicator of social integration, which compares very favourably in international terms. The degree of financial inclusion, ascertained namely through the percentage of citizens with access to a bank account, is in line with that of other developed countries. Likewise, the data on the use of electronic means of payment confirms the importance that bank customers in Portugal attribute to electronic currency.

Inclusion in the banking system

In 2015, approximately 9 per cent of the respondents did not hold a current account, which represented an increase of around 2 percentage points when compared with the record of 2010. However, when we consider only the interviewees above the age of 18, the percentage of those without a current account falls to 6,5 per cent, thus representing only a reduction of 1 percentage point since 2010. Moreover, in 2015, 55,3 per cent of the total of respondents who do not have a current account were aged 16 and 17 or over 70, as opposed to 50 per cent in 2010.
As the reason for not having a current account, 64.2 per cent of the individuals indicated that their income was insufficient to justify it – which represented an improvement of 3.2 percentage points when compared to 2010 – and 23.4 per cent referred that another person's account was sufficient – an increase of 6.7 percentage points since 2010.

Holding of a bank account

For the interviewees with a bank account, the average number of accounts recorded in 2015 was 1.3, slightly below the average registered in 2010 (1.4 accounts). Approximately 74 per cent of those who have a bank account have only one account, account and 23 per cent hold two accounts. Moreover, it was found that 57.5 per cent stated using the account more than once a week and that the number of bank accounts and the frequency of their use were positively correlated with the schooling (and income) level. This latter result derives from the positive relationship between these two last indicators.
Access to minimum banking services

The minimum banking services system promotes financial inclusion, by enabling access to a current account and respective debit card, with annual costs not above 1 per cent of the guaranteed minimum monthly remuneration. In order to have an account under this system, customers are merely required not to have another bank account.

The degree of information on this right is still somewhat low, since 63.7 per cent of the respondents stated not knowing of its existence and the related access conditions, which, nevertheless, represents a positive improvement when compared to the same response rate in 2010 (71 per cent).
Of the respondents who stated knowing the minimum banking services (mainly individuals with primary or elementary education), only 14 per cent gave the correct answer “having only one current account” when questioned on the conditions of access to this system. This leads to the conclusion that only 5 per cent of the total respondents actually revealed knowing what are the minimum banking services, which, albeit is a seemingly low result, is already a great improvement since 2010, when only 1.4 percent of the interviewees knew what were minimum banking services. Indeed, this improvement has also been translated through the steep growth of the number of accounts of minimum banking services, given that, only in the past four years, the number of such accounts has more than tripled.
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The World Bank, “World Development Indicators”


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Director • Statistics Department

IFC – Bank Al Maghrib Satellite Seminar on Financial Inclusion
Marrakech, Morocco | 14 July 2017
Assessing financial inclusion in Portugal from the central bank’s perspective

AGENDA

1 Motivation

2 The provision of financial services in Portugal

3 The role of the Banco de Portugal as a provider of financial services

4 Measuring financial inclusion in Portugal

5 Conclusions
MOTIVATION
FINANCIAL INCLUSION

The ability of individuals or enterprises to obtain formal financial services appropriate to their needs

In 2010, more than 2 BILLION adults didn’t have access to financial services (ATISG*, 2010)

MAJOR CHALLENGE FOR CENTRAL BANKS AND POLICY MAKERS WORLDWIDE

*ATISG: Access through Innovation Sub-Group of the G-20 Financial Inclusion Experts Group
Assessing financial inclusion in Portugal from the central bank’s perspective

HOW CAN THE BANCO DE PORTUGAL HELP POLICY-MAKERS IN ADDRESSING THIS CHALLENGE?
Assessing financial inclusion in Portugal from the central bank’s perspective

These data can be used to monitor the provision of financial services in Portugal.

HOW CAN THE BANCO DE PORTUGAL HELP POLICY-MAKERS IN ADDRESSING THIS CHALLENGE?
ATM DEMOGRAPHIC COVERAGE

Number of ATMs per million inhabitants

- **European Union**
- **Portugal**

<table>
<thead>
<tr>
<th>Year</th>
<th>European Union</th>
<th>Portugal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>858</td>
<td>1.670</td>
</tr>
<tr>
<td>2012</td>
<td>855</td>
<td>1.618</td>
</tr>
<tr>
<td>2013</td>
<td>853</td>
<td>1.558</td>
</tr>
<tr>
<td>2014</td>
<td>892</td>
<td>1.522</td>
</tr>
<tr>
<td>2015</td>
<td>879</td>
<td>1.501</td>
</tr>
</tbody>
</table>
Assessing financial inclusion in Portugal from the central bank’s perspective.

ATM DEMOGRAPHIC COVERAGE IN 2015

Number of ATMs per million inhabitants

Austria: 1.500
Portugal: 1.600
Belgium: 1.400
United Kingdom: 1.300
Spain: 1.200
Germany: 1.100
Croatia: 1.000
Euro area total: 1.000
Luxembourg: 0.800
France: 0.700
Italy: 0.600
Slovenia: 0.500
Bulgaria: 0.400
Greece: 0.300
Cyprus: 0.200
Estonia: 0.100
Romania: 0.100
Poland: 0.000
Ireland: 0.000
Latvia: 0.000
Slovakia: 0.000
Hungary: 0.000
Malta: 0.000
Denmark: 0.000
Czech Republic: 0.000
Lithuania: 0.000
Netherlands: 0.000
Finland: 0.000
And why is that? ... The role of MULTIBANCO

The ability of individuals or enterprises to obtain formal financial services appropriate to their needs

In addition to cash operations, it offers a wide range of more than 60 different services (e.g., money transfers, payments for utilities bills, payments to the State and the Social Security, mobile phone top-ups, transport ticketing, event booking and ticketing, ...)

“Portugal’s ATMs are among the most high functional of Western Europe. A wide range of unusual facilities are also available (...). ATMs are also advanced in terms of hardware features.”

“Portugal’s MULTIBANCO system is acknowledged to be one of the most sophisticated and comprehensive in the world.”

“... the example of the Portuguese system, SIBS, suggests that greater innovation may arise out of a system where all the processing for a number of payment methods is carried out centrally.”
Assessing financial inclusion in Portugal from the central bank’s perspective

POS DEMOGRAPHIC COVERAGE
Thousands per million inhabitants

<table>
<thead>
<tr>
<th>Year</th>
<th>European Union</th>
<th>Portugal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>17.656</td>
<td>26.456</td>
</tr>
<tr>
<td>2012</td>
<td>18.140</td>
<td>25.080</td>
</tr>
<tr>
<td>2013</td>
<td>17.759</td>
<td>25.042</td>
</tr>
<tr>
<td>2014</td>
<td>20.563</td>
<td>26.051</td>
</tr>
<tr>
<td>2015</td>
<td>21.875</td>
<td>27.640</td>
</tr>
</tbody>
</table>
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Number of institutions offering payment services per million inhabitant in 2015

- Luxembourg
- Malta
- Ireland
- Cyprus
- Austria
- Finland
- Lithuania
- Portugal
- Estonia
- Germany
- Denmark
- Latvia
- Sweden
- Poland
- Euro area total
- Netherlands
- Hungary
- Slovenia
- Italy
- Belgium
- Croatia
- France
- Slovakia
- Spain
- United Kingdom
- Bulgaria
- Greece
- Romania
Number of offices of institutions offering payment services per million inhabitant in 2015

- **Euro area**
  - 2012: 588
  - 2013: 563
  - 2014: 556
  - 2015: 542

- **Portugal**
  - 2012: 753
  - 2013: 735
  - 2014: 718
  - 2015: 673
Assessing financial inclusion in Portugal from the central bank’s perspective

Number of offices of institutions offering payment services per million inhabitant in 2015
TRANSACTIONS PER TYPE OF PAYMENT SERVICE
Portugal 2000-2015

- 2000: 50% Card payments, 33% Others, 12% Cheques, 5% Direct debits, 9% Credit transfers
- 2005: 62% Card payments, 17% Others, 12% Cheques, 9% Direct debits, 4% Credit transfers
- 2010: 68% Card payments, 7% Others, 14% Cheques, 11% Direct debits, 1% Credit transfers
- 2015: 70% Card payments, 4% Others, 12% Cheques, 14% Direct debits, 1% Credit transfers
THE ROLE OF THE BANCO DE PORTUGAL AS A PROVIDER OF FINANCIAL SERVICES
BAN KING CONDUCT SUPERVISION

*Banco de Portugal* promotes the financial information and education of bank customers, complementing the regulation and oversight of the retail banking markets.

**HOW? By providing...**

- useful information on banking products and services
- simulators
- answers to frequently asked questions
- glossary of financial terms

**WHERE?** Bank Costumer Portal

[clientebancario.bportugal.pt](http://clientebancario.bportugal.pt)
## THE CENTRAL CREDIT REGISTER (CCR)

Database managed by *Banco de Portugal*.

Registers information supplied by reporting institutions (institutions that grant loans) concerning the credit liabilities of their clients (individuals and organizations).

### MAIN PURPOSE

To support credit institutions when EVALUATING THE RISK of granting credit to the economic agents (allowing them to obtain information on the aggregated indebtedness of their clients or any individual / organization asking for a loan).

### DATA REPORTED

<table>
<thead>
<tr>
<th>Loans outstanding granted to households and corporations by type and purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Potential loans</strong></td>
</tr>
<tr>
<td><strong>Original and residual maturity</strong></td>
</tr>
<tr>
<td>etc</td>
</tr>
</tbody>
</table>
THE PORTUGUESE CCR: SOME FIGURES

- 20 million records monthly
- 6 million private individuals
- 292 thousand corporations
- 186 reporting agents
- 50€ threshold
- 15 different types of loans
- 6 working days deadline
Assessing financial inclusion in Portugal from the central bank’s perspective

CENTRAL CREDIT REGISTER COVERAGE RATE
as % of adult population

Portugal has been leading this ranking for a long time
Beginning of CCR (on a debtor-by-debtor basis) 1978

Bilateral exchange of credit data with other EU CCR (MoU) 2005

New system (on a loan-by-loan basis; AnaCredit) 2018
THE PORTUGUESE CCR: THE WAY FORWARD

Credit Institutions

Statistics Department
(new CCR, including MIR on loans)

INTEGRATED MANAGEMENT OF INFORMATION
NEW CCR VARIABLES

Current CCR

AnaCredit
Other Instructions and reports
Other requisites

24 VARIABLES
Around + 70
Around + 50
Around + 40

NEW CCR VARIABLES

Around 184 VARIABLES
MEASURING FINANCIAL INCLUSION IN PORTUGAL

**BANCO DE PORTUGAL** CONDUCTED

**A SURVEY ON THE FINANCIAL LITERACY OF THE PORTUGUESE POPULATION**

To acquire information on the financial attitudes, behaviours and on the levels of understanding of financial matters by the population.
MEASURING FINANCIAL INCLUSION IN PORTUGAL – RESULTS OF THE SURVEY

PERCENTAGE OF INTERVIEWEES WITHOUT A CURRENT ACCOUNT

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 18</td>
<td>9%</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>8%</td>
<td>11%</td>
</tr>
</tbody>
</table>
MEASURING FINANCIAL INCLUSION IN PORTUGAL – RESULTS OF THE SURVEY

### REASONS FOR NOT HAVING A BANK ACCOUNT

<table>
<thead>
<tr>
<th>Reason</th>
<th>2015</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>The costs of having a bank account are high</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Another reason</td>
<td>6%</td>
<td>10%</td>
</tr>
<tr>
<td>Another person's bank account is sufficient</td>
<td>23%</td>
<td>17%</td>
</tr>
<tr>
<td>Does not have income to justify it</td>
<td>64%</td>
<td>67%</td>
</tr>
</tbody>
</table>

The main reason for not having a bank account is not having enough income to justify it.
For the individuals who have a bank account...

<table>
<thead>
<tr>
<th>Year</th>
<th>1 account</th>
<th>2 accounts</th>
<th>3 or more accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>66%</td>
<td>26%</td>
<td>8%</td>
</tr>
<tr>
<td>2015</td>
<td>74%</td>
<td>23%</td>
<td>3%</td>
</tr>
</tbody>
</table>
MEASURING FINANCIAL INCLUSION IN PORTUGAL – RESULTS OF THE SURVEY

For the individuals who have a bank account...

FREQUENCY OF USE OF BANK ACCOUNT

<table>
<thead>
<tr>
<th>Education Level</th>
<th>More than once a week</th>
<th>More than once a month</th>
<th>Not every month</th>
<th>Almost never over the year</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate or graduate education</td>
<td>73%</td>
<td>24%</td>
<td>2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary education</td>
<td>72%</td>
<td>22%</td>
<td>5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elementary education</td>
<td>55%</td>
<td>41%</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary education</td>
<td>44%</td>
<td>44%</td>
<td>9%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Without primary education</td>
<td>19%</td>
<td>62%</td>
<td>12%</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Total</td>
<td>58%</td>
<td>35%</td>
<td>6%</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>
WHAT IS REQUIRED IN ORDER TO ACCESS THE MINIMUM BANKING SERVICES?

Minimum banking services

- Yes: 35%
- No: 64%
- No response: 1%

Conditions of access

- Low income: 58%
- Unemployment: 28%
- Having only one current account: 14%

MINIMUM BANKING SERVICES: an initiative taken by Banco de Portugal to promote financial inclusion
MEASURING FINANCIAL INCLUSION IN PORTUGAL – RESULTS OF THE SURVEY

EVOLUTION OF THE NUMBER OF MINIMUM BANKING SERVICES ACCOUNTS

MINIMUM BANKING SERVICES ACCOUNTS HAVE MORE THAN TRIPLED SINCE 2013!
C O N C L U S I O N S
Assessing financial inclusion in Portugal from the central bank’s perspective

PAYMENT STATISTICS are increasingly more RELEVANT IN EVALUATING THE DEGREE OF FINANCIAL INCLUSION of an economy and, thus, CRITICAL FOR POLICYMAKERS AND CENTRAL BANKS

The DEVELOPMENT OF COMPREHENSIVE CENTRAL CREDIT REGISTERS are key to FOSTER FINANCIAL INCLUSION, by supporting credit institutions in the assessment of credit risk.

Central banks also play an important role as CONDUCT SUPERVISORS, by ADVERTISING BEST PRACTICES and MANAGING COMPLAINTS that encourage credit institutions to promote financially inclusive actions.

Despite that the CURRENT RESULTS ARE ENCOURAGING, the challenges ahead demand that policymakers and central banks KEEP FINANCIAL INCLUSION HIGH IN THE AGENDA.
Assessing financial inclusion in Portugal from the central bank's perspective

THANK YOU FOR YOUR ATTENTION

jcmatos@bportugal.pt