

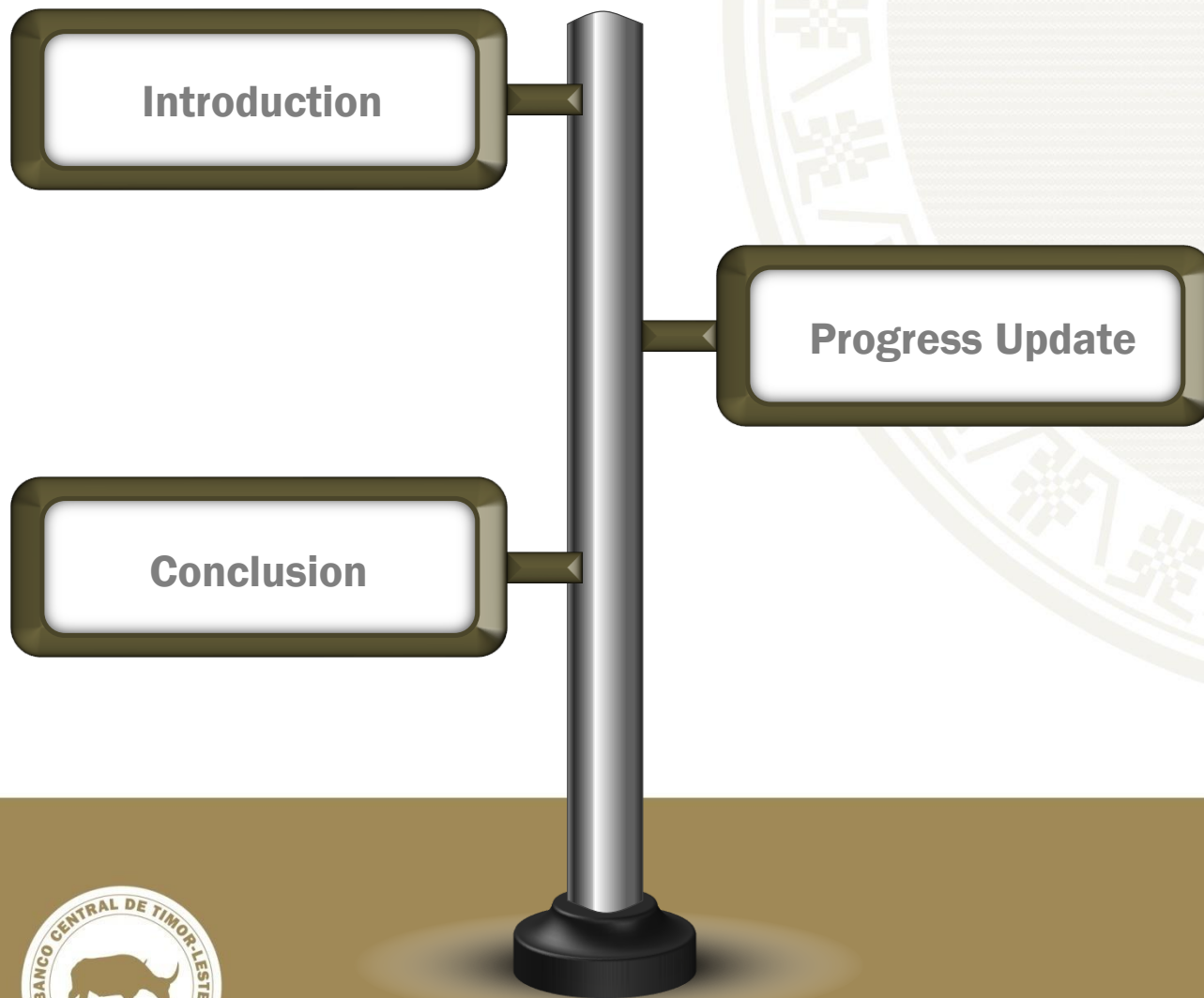
Progress on Building Timor-Leste's Financial Sector



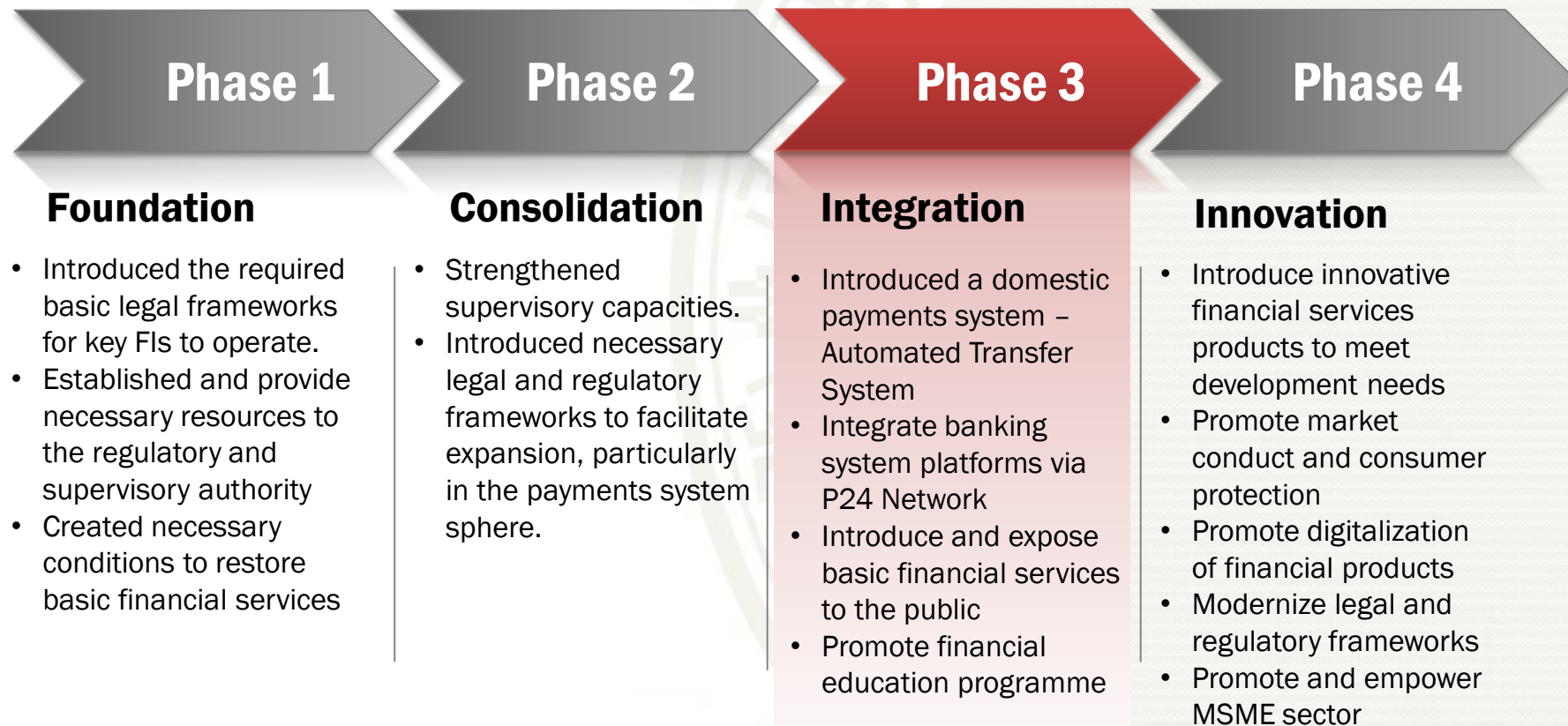
PRESENTED AT THE 2019 TIMOR-LESTE DEVELOPMENT PARTNERS MEETING
DILI, 4 JULY 2019

BY ABRAAO DE VASCONSELOS, GOVERNOR

TOPICS TO BE COVERED



EVOLUTION OF FINANCIAL SECTOR DEVELOPMENT



TIMOR-LESTE FINANCIAL SECTOR ROADMAP



KEY CONSIDERATIONS

- Timor-Leste needs a clear roadmap for development of financial sector.
- Establish clear objectives to support and achieve overall goals for the national development.
- Establish mechanisms to measure the outcome.



PROGRESS ON BUILDING TIMOR-LESTE'S FINANCIAL SECTOR

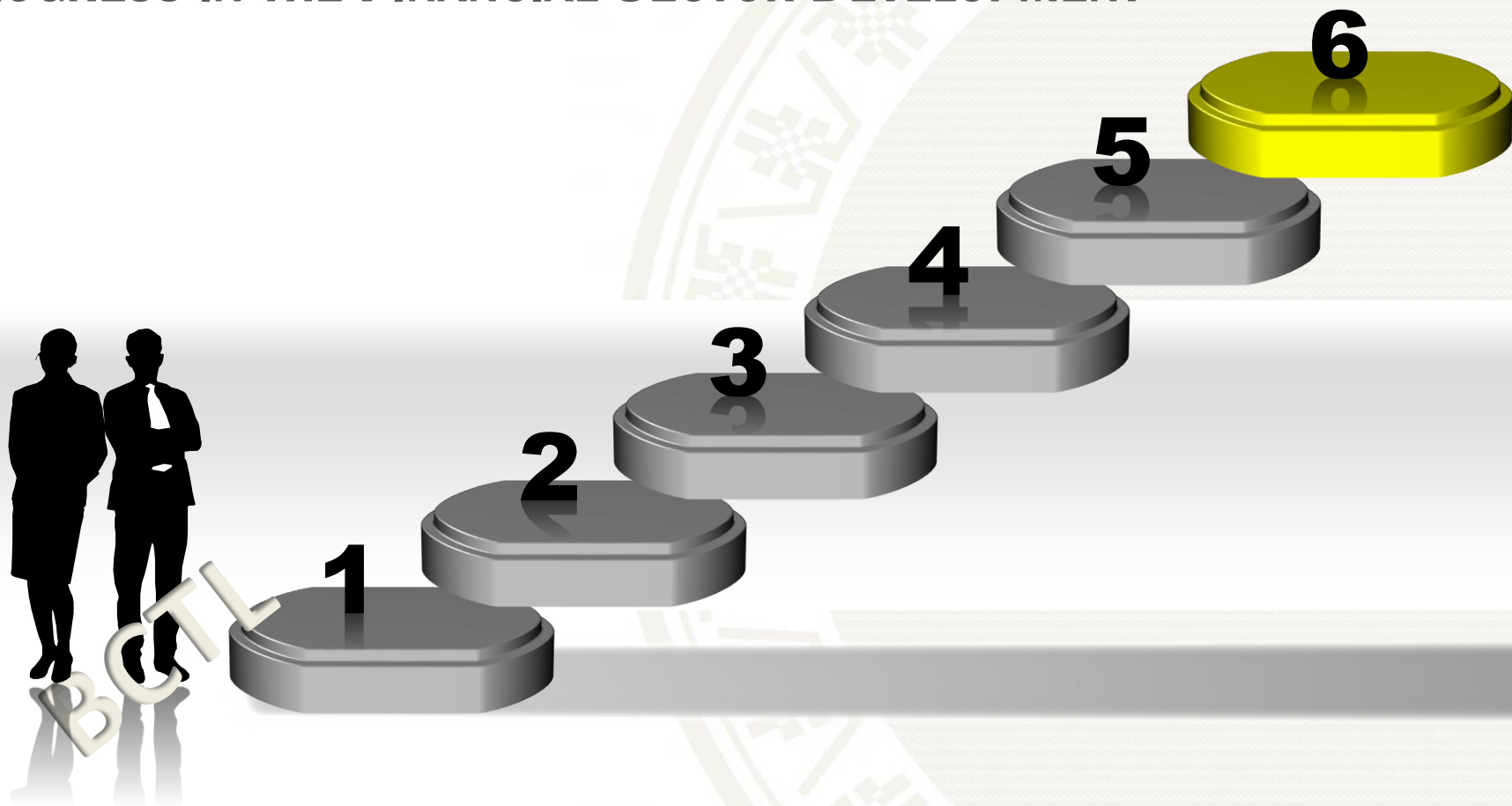
A prosperous
Timor-Leste with a
**developed and
resilient financial
system** that brings
the benefits of
financial services
to all Timorese



Financial Sector Development Plan

- **Modernising the payments system**
- **Fostering Financial Intermediation**
- **Filling the current gap in the supply of long-term capital**
- **Widening the range of products available**
- **Building public confidence and participation in the financial system**
- **Building capacity and developing talent**

PROGRESS IN THE FINANCIAL SECTOR DEVELOPMENT



1 Establish key legislative framework to support fin sector to develop

2 Introduce various policy frameworks to guide fin sector development

3 Implement two keys payments system infrastructure

4 Integrate banking system Infrastructures to facilitate access

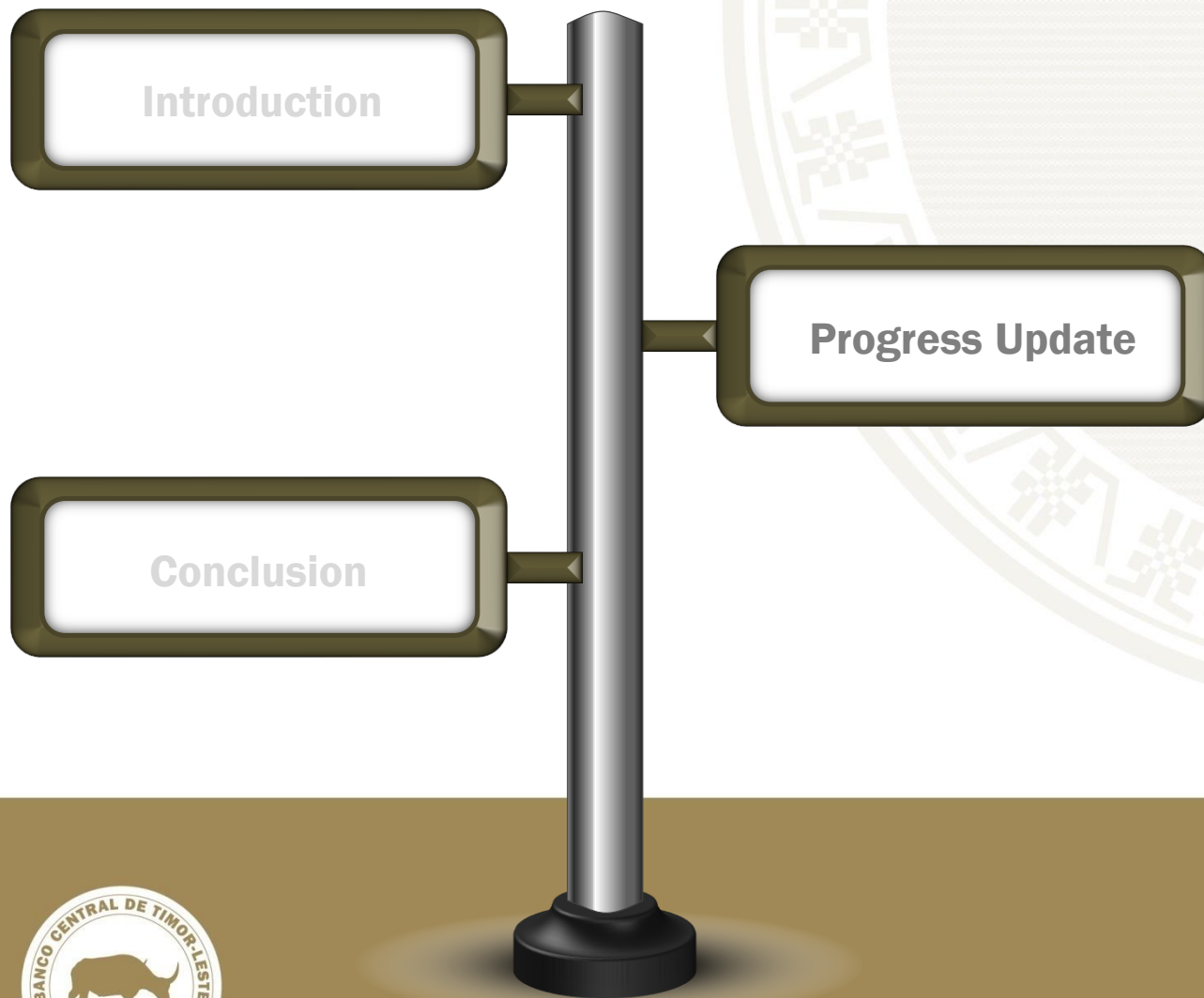
5 Promote the establishment of payments service providers

6 Integrating national switch system with regional switch network

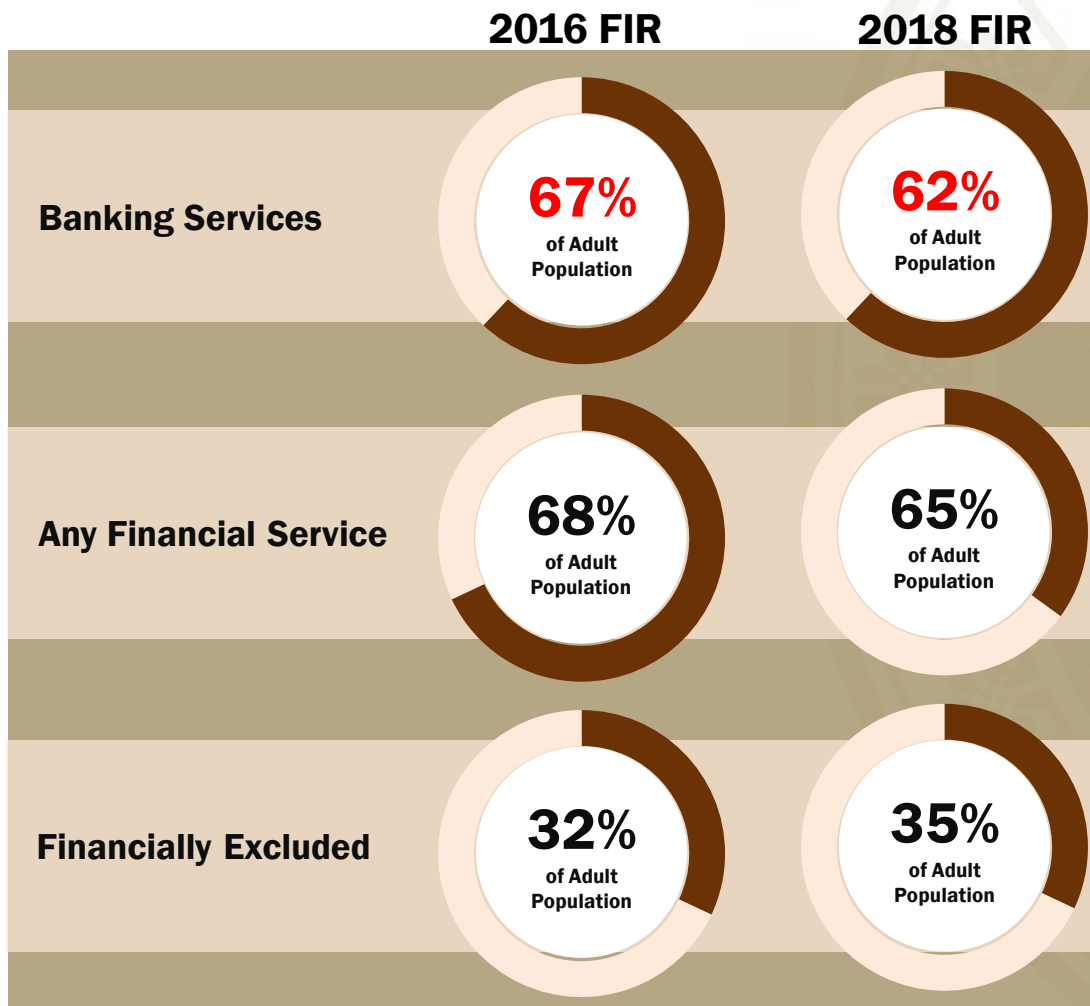
KEY DEVELOPMENTS

1. **Integrating key financial services is on the core agenda of the Central Bank** aiming to have a national payments system that is efficient and promotes competition.
2. 2/4 banks have been integrated and the remaining two will be completed late this year.
3. P24 will be responsible to integrate the services e,g, tax payments, utilities payments, school fees, electricity topup, etc.
4. Preparations are being made to **integrate the e-Wallet service provider and regional switch system with P24 Network.**
5. Implementing a nation-wide financial literacy programme focusing in the school children.
6. Implementing the credit guarantee programme for small and medium enterprises.

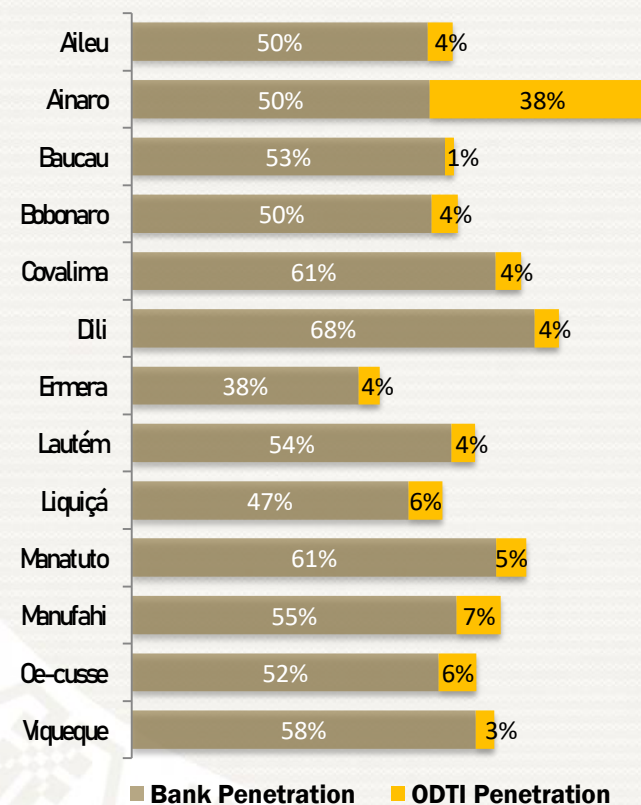
TOPICS TO BE COVERED



FINANCIAL INCLUSION INDICATOR



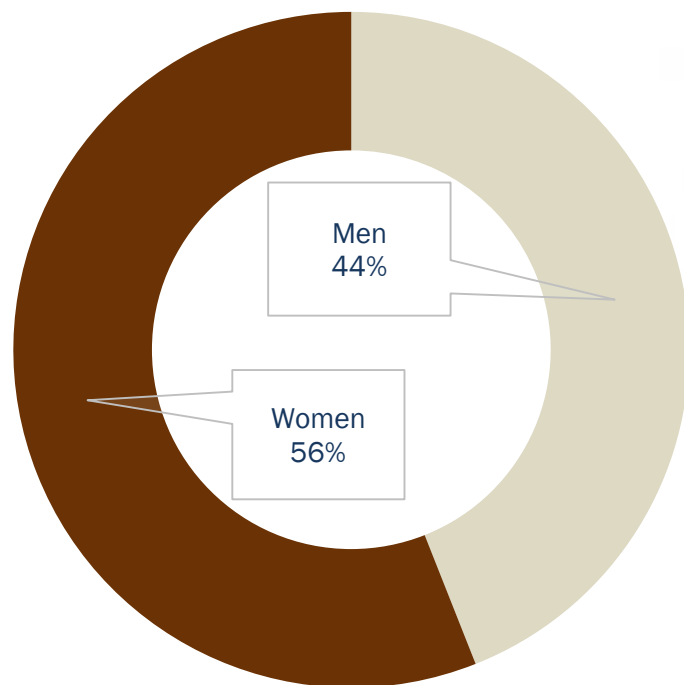
Banks and ODTIs Client Distribution per Municipality



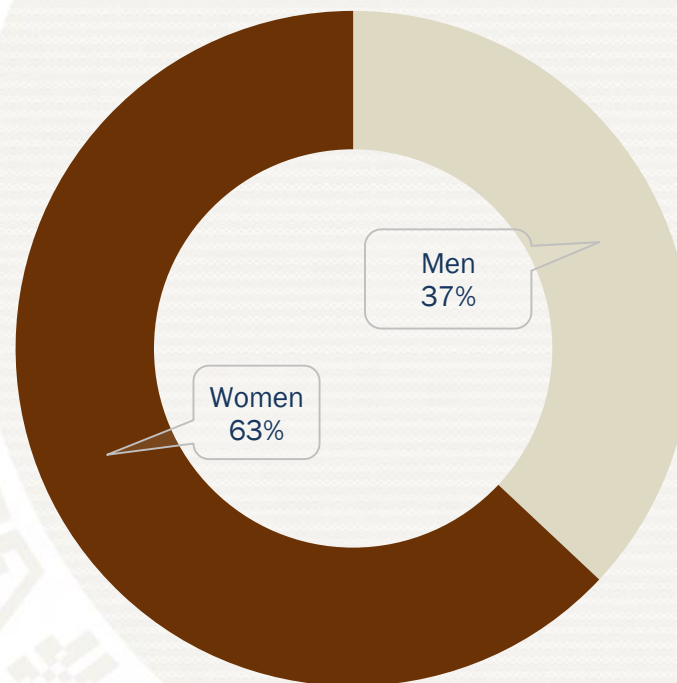
Σ Adult Population in 2016 – 624,503 Σ Adult population in 2018 – 662,285

CLIENT DISTRIBUTION BY GENDER

Deposit Accounts Ownership



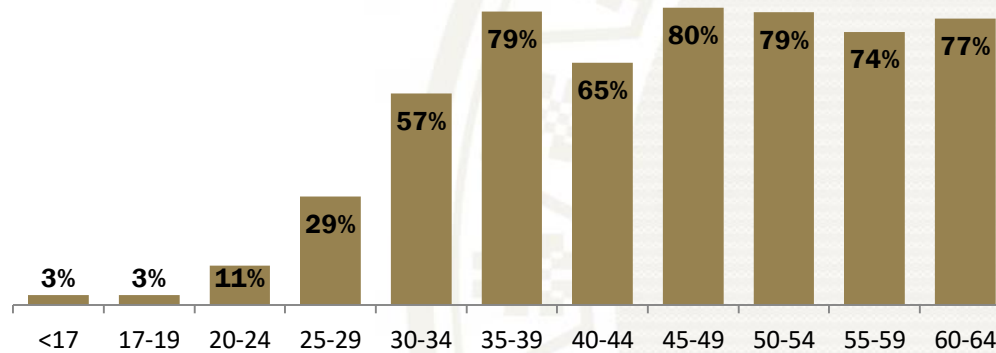
Loan Accounts Ownership



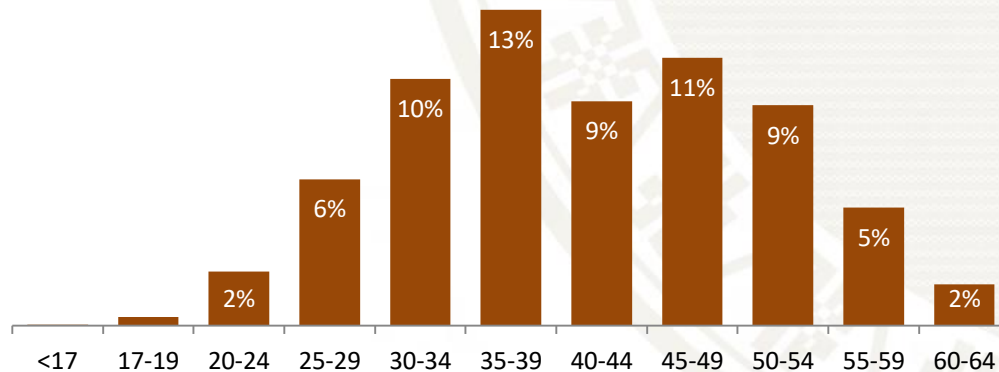
Source: 2018 Financial Inclusion Report

CLIENT DISTRIBUTION BY AGE

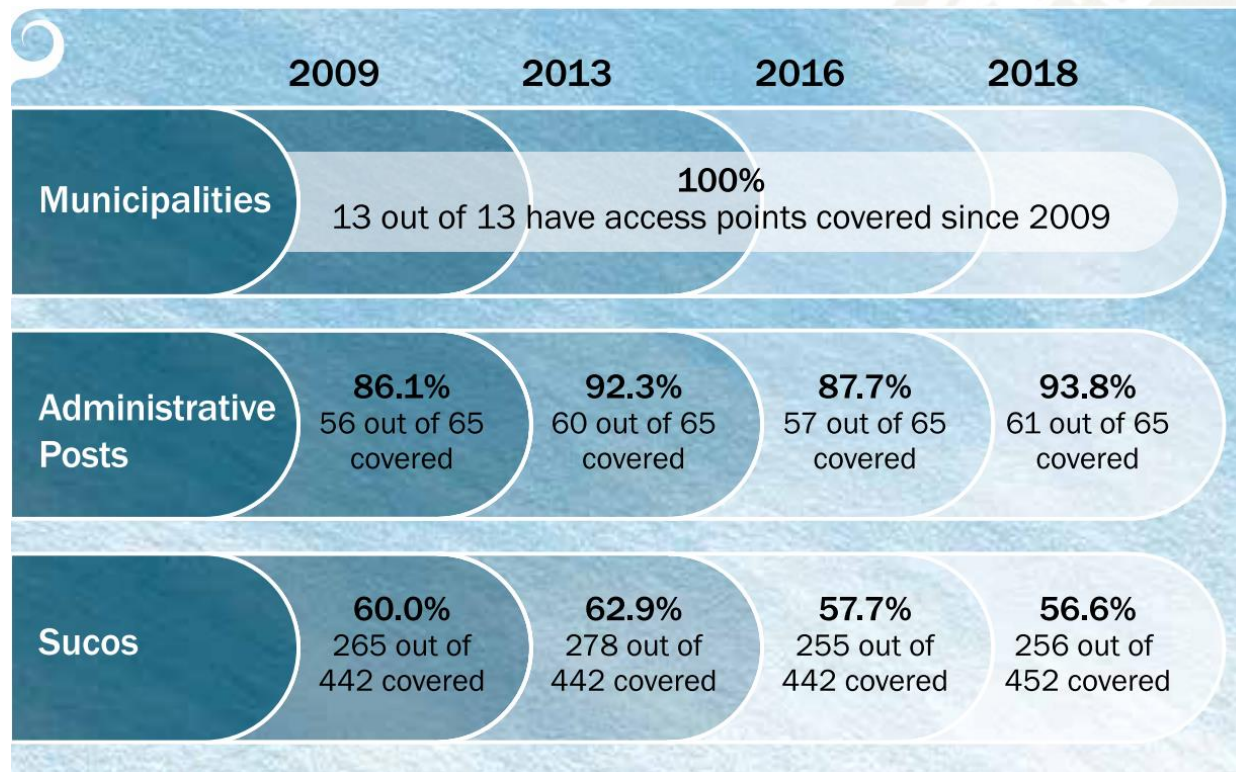
Penetration of Bank Clients by Age Group



Penetration of ODTI Clients by Age Group



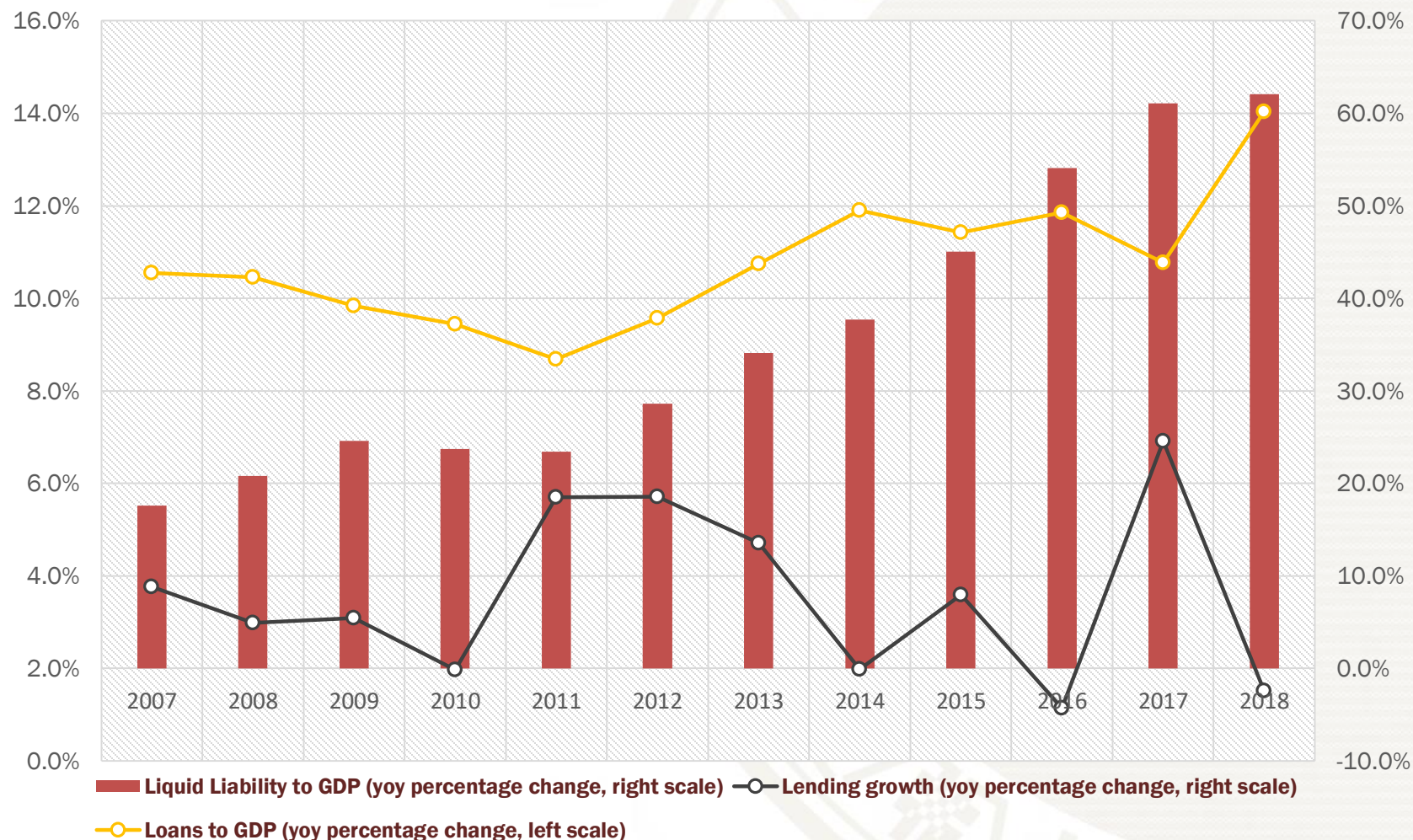
FINANCIAL SECTOR ACCESS POINTS COVERAGE



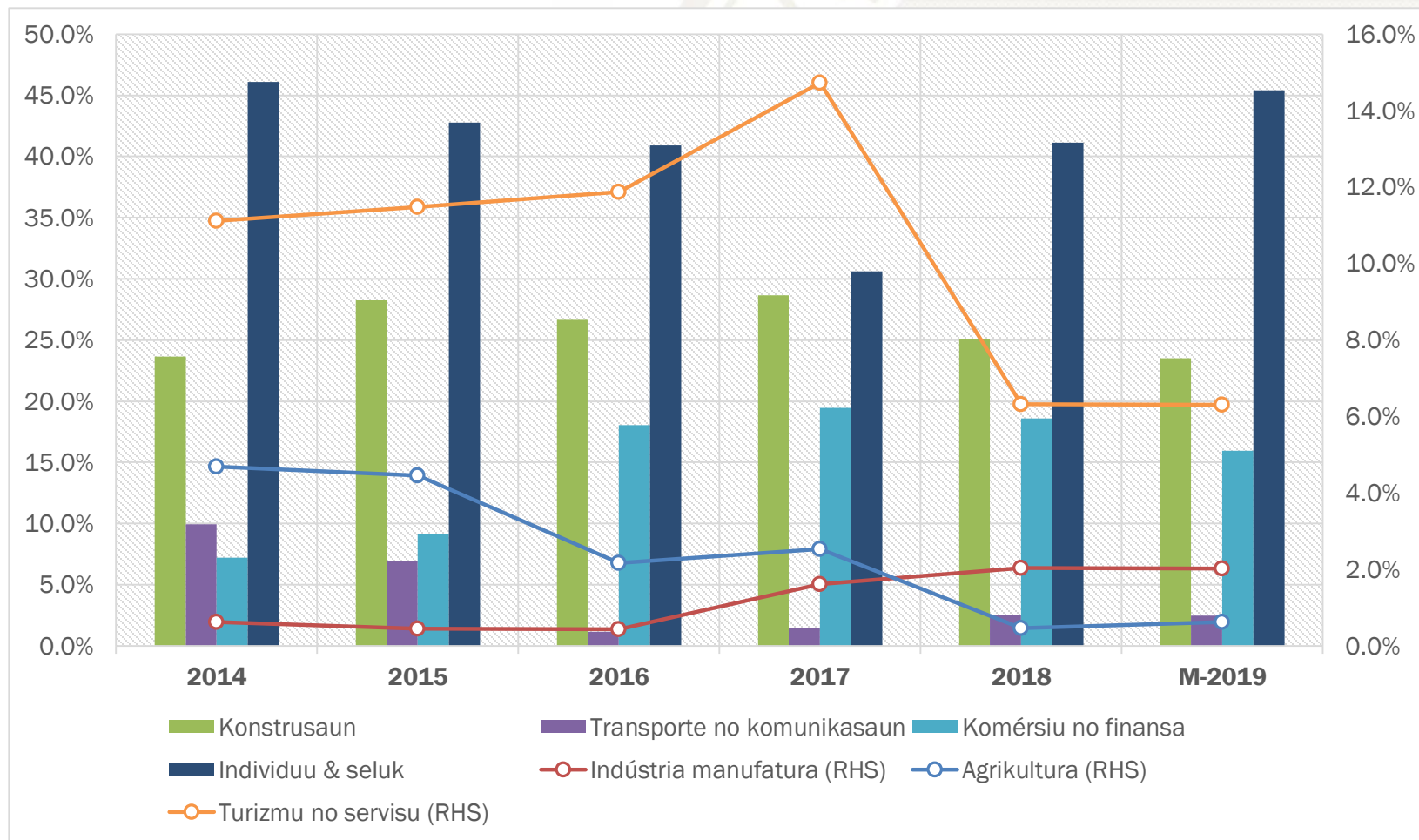
Key Changes:

- Total financial services access points increased from 1,205 in 2016 to 1,642 in 2018
 - ODTIs increased meeting centres by 52% compared to 2016
 - Registered e-wallet agents
- Administrative posts covered by financial services access points improved from 57 in 2016 to 61 in 2018
- The number of sucos covered by financial services access points increased from 255 to 256

EVOLUTION OF CREDIT MARKET IN TIMOR-LESTE



BANK CREDIT BY ECONOMIC SECTOR

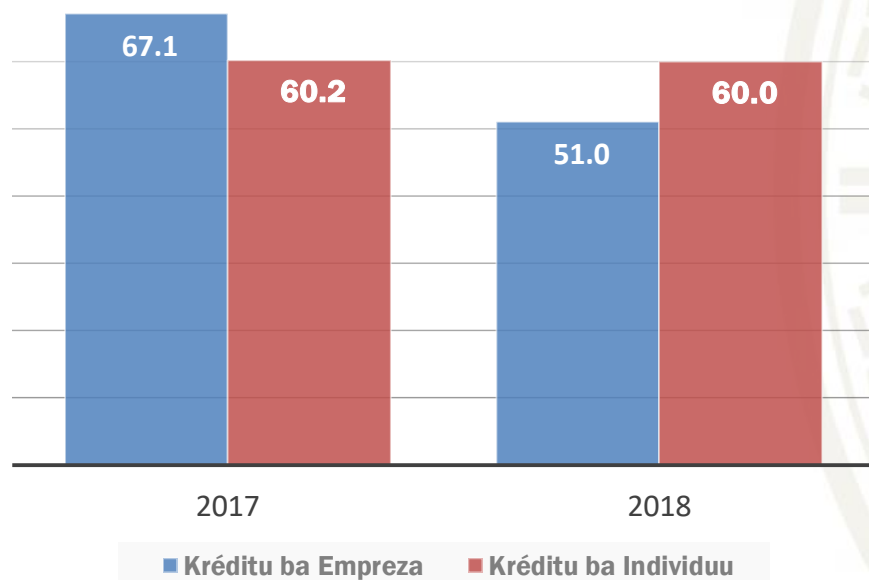


Totál karteira de-kréditu iha tinan **2014 hamutuk \$177 millaun** no **Marsu 2019 ho total \$223 millaun**

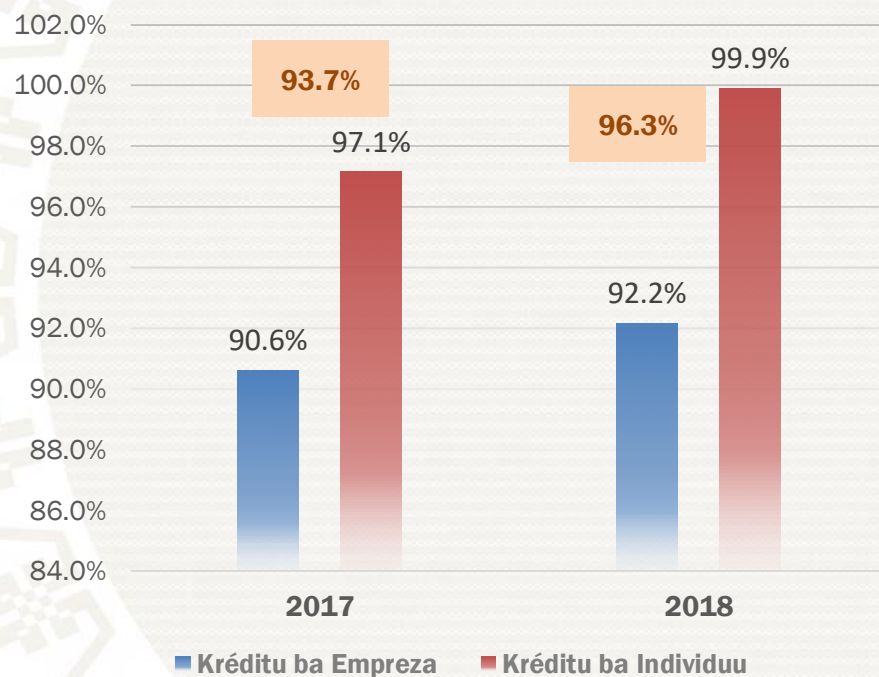


CREDIT DEMAND IN THE BANKING SECTOR

Demand for Credit

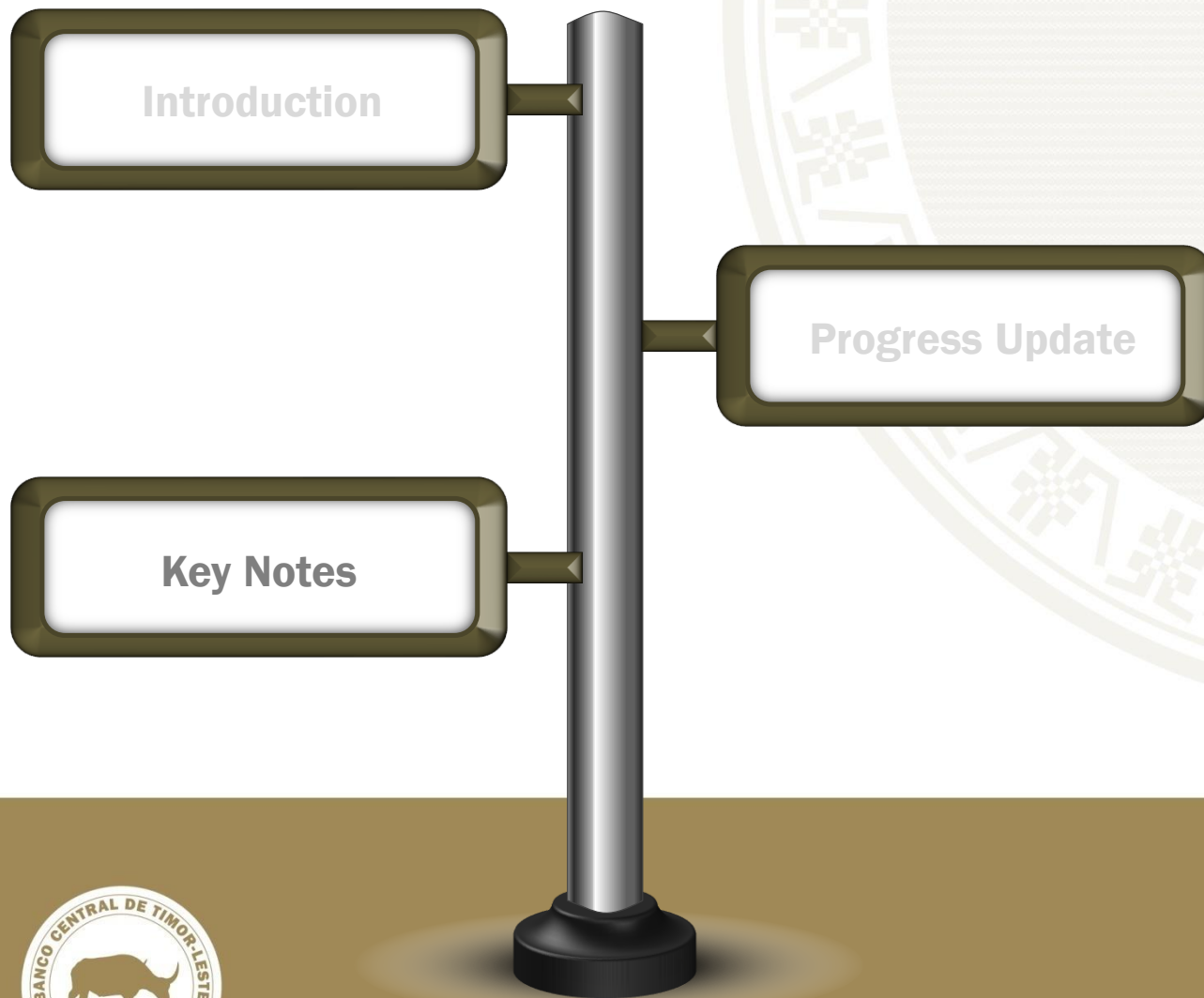


Credit Approval Rate



Source: BCTL's Bank Lending Survey Report for 2017 and 2018

TOPICS TO BE COVERED



SUCCESS FACTORS



Achieving the
Goals

- **Strong engagement from key stakeholders by aligning their strategies and resource allocation**
- **Adaptation to current developments in technology – Fintech**
- **Adaptation of appropriate monitoring mechanisms**

Obrigado

