



PRESS RELEASE

LAUNCHING OF FINANCIAL INCLUSION REPORT 2022

Getting Ready for the Next Digital Breakthrough

Dili, 19 June 2023

The Banco Central de Timor-Leste (BCTL) launched today the **Financial Inclusion Report 2022 with the theme, "Getting Ready for the Next Digital Breakthrough", highlighting the digital revolution's transformative impact on the financial services industry.** Every two years since 2016, the Central Bank collects and analyzes information to measure and monitor financial inclusion's evolution in Timor-Leste. This is the fourth edition of the Financial Inclusion Report produced by BCTL.

The report shows that the implementation of National Switch has provided a strong foundation for supporting financial services providers' development and technological innovation. Technology plays a pivotal role in fostering financial sector growth and promoting financial inclusion. Therefore, financial services providers, and even the BCTL, must be prepared to embrace and adopt innovative ways to offer financial services.

Furthermore, it shows that Financial Services access points continue to expand, and all types of financial services have increased the number of access points since 2020, except for the Currency Exchange Bureaus (CEBs). The e-wallet services and Other Deposit-Taking Institutions (ODTIs) had the most significant progress.

The report noted that financial services access points cover all sucos from Dili, Atauro, and Liquiça municipalities. On the other hand, Ermera and Manufahi have the highest number of sucos without any financial services access points. There are 29 sucos without financial services access points.

Timorese adults are using more financial services compared to 2020. By the end of 2022, around 64% of the adult population were bank clients, 6% were ODTIs clients, and 22% were e-wallet clients. From the gender perspective, women use more financial services than men, except for e-wallet services.

It noted the continuous improvement of the main financial inclusion indicators, despite the persistent barrier of lack of financial and digital literacy. Low financial literacy levels lead to low uptake of financial services, even when available, as many people may not understand the benefits of financial services or how to use them effectively.

The event was attended by representatives of financial institutions, relevant government's agencies, universities, and development partners. In addition to Governor of Banco Central de Timor-Leste Mr. Abraão de Vasconcelos who presented a summary about the Report, Ms. Christina Ongoma,

Manager, IFC Financial Institutions Group - Upstream and Advisory Services, East Asia and the Pacific expressed the IFC's view on the report.

The Governor of BCTL said in his speech during the launch ceremony that the financial report for 2022 will deepen our understanding of the state of our financial sector and its impact on the development of our nation. This report also offers insightful analysis, statistics, and trends pertaining to financial inclusion, highlighting the progress made in expanding access to financial services, promoting economic opportunities, and reducing disparities between various segments of society.

The Governor said that this Fourth Edition of the Financial Inclusion Report published by the BCTL serves as a testament to the progress we have made in the financial sector in Timor-Leste over the past two years. We have achieved significant milestones, and this is largely due to our focus on digitalization of the payments system. The Governor emphasizes that the future banking and finance is poised to significant transformation by adoption of advanced technology to ensure a sustainable and inclusive financial ecosystem that caters to the evolving of individuals and business in Timor-Leste. The BCTL believes that to fully utilize this new technology development, we will invest more in financial and digital literacy, particularly by core stakeholders to enable Timorese to confidently use digital tools and services. Therefore, BCTL has made financial and digital literacy a top priority in our development agenda.

Ms. Christina Ongoma said that IFC (International Finance Corporation) congratulated the Central bank of Timor-Leste for launching this financial inclusion report. IFC recognized that of important topics of development of financial inclusion agenda not only in your country but also globally. IFC recognised that Timor-Leste has economic challenges, and this could only be solved by having innovative products in the financial sectors.

The BCTL wishes to express appreciation to all our partners from the public and private sectors, including Government Agencies and financial service providers that contributed to the report.

BCTL would like to encourage NGOs and Government agencies to acknowledge the significance of financial inclusion as an important component of development projects and initiatives. The Central Bank is enthusiastic about working together to advance financial inclusion in Timor-Leste.

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The complete report is available on the BCTL website at https://www.bancocentral.tl/uploads/documentos/documento_1687157211_5346.pdf

Inquiries related to the Financial Inclusion Report 2022 can be sent to info@bancocentral.tl