



Branchless Banking/Mobile Money Market Research in Timor-Leste

Presentation of Results
September 2012
Dili, Timor-Leste



Agenda

- Background and methodology of the survey
- Findings on rural clients
- Findings on agents

Branchless Banking/Mobile Money survey

- INclusive Finance for the Underserved Economy (INFUSE)
 - With technical backstopping from the Pacific Financial Inclusion Programme (PFIP)
 - Consultation with Asian Development Bank (ADB)
 - Special thanks for their support and guidance to: Ministry of Finance, Direcção Nacional de Estatística, World Bank, ILO, ANZ, Digicel, Alan Marlin and Tambri-Ann Housen
- Various research methods:
- Client focus groups
 - Client survey
 - Agent survey
- Research carried-out by Catalpa

Survey objectives

- Learn about potential users of branchless banking /mobile money services in rural areas
 - Test if welfare recipients can constitute the core target group
- Inform service providers who may consider providing financial services in rural Timor-Leste (TL)
 - banks
 - mobile network operators (MNOs)
 - microfinance institutions (MFIs)

Materials made available

- Research methodology & results summary
- Client survey questionnaire (English & Tetum)
- Client survey dataset
- Agent survey dataset
- Client survey overview
- Agent survey overview

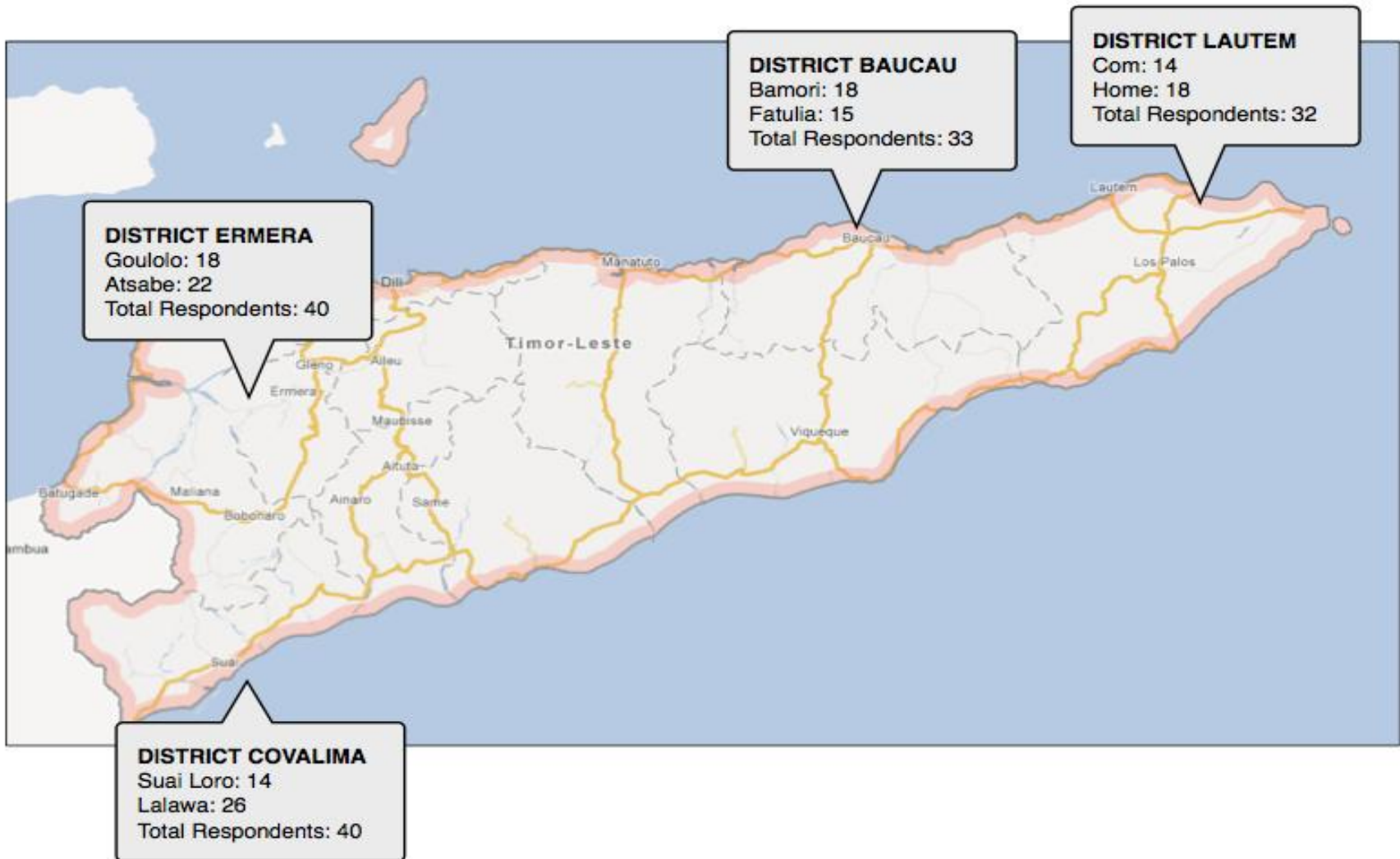
www.pfip.org/infuse

Client Survey

- 145 Client individual surveys
- Sampling methodology that includes welfare recipients
 - Clients selected with assistance of suco chiefs
- Focus areas:
 - Household (HH) information
 - Income and employment
 - Receiving social payments
 - Receiving money
 - Sending money
 - Education
 - Health
 - Airtime/mobile phone
 - Money habits
 - Cultural obligations
 - Natural disasters
- 3 Focus Group Discussions to put individual responses into perspective



Client survey – locations



Agent Survey



- 20 Agent Surveys
- Identified via matrix
- Focus areas:
 - Financial literacy
 - Mobile phone usage
 - Pula (airtime) distributors
 - Receiving money
 - Sending money

Agent Survey – business selection criteria

- 20 business surveyed in each district
- Targeted based on:
 - level of sophistication
 - willingness to participate in the agent survey
 - a matrix score identified prior to the surveying process

- Matrix tool identification
 - Location (urban or rural)

Rating criteria:

$(1-5) * 5 = 25$ Max.

1. Established distribution network with Dili
2. Financial literacy
3. Ability to facilitate numerous transactions (75-100 per day)
4. Financially stable i.e. enough capital for daily float
5. Established place of business

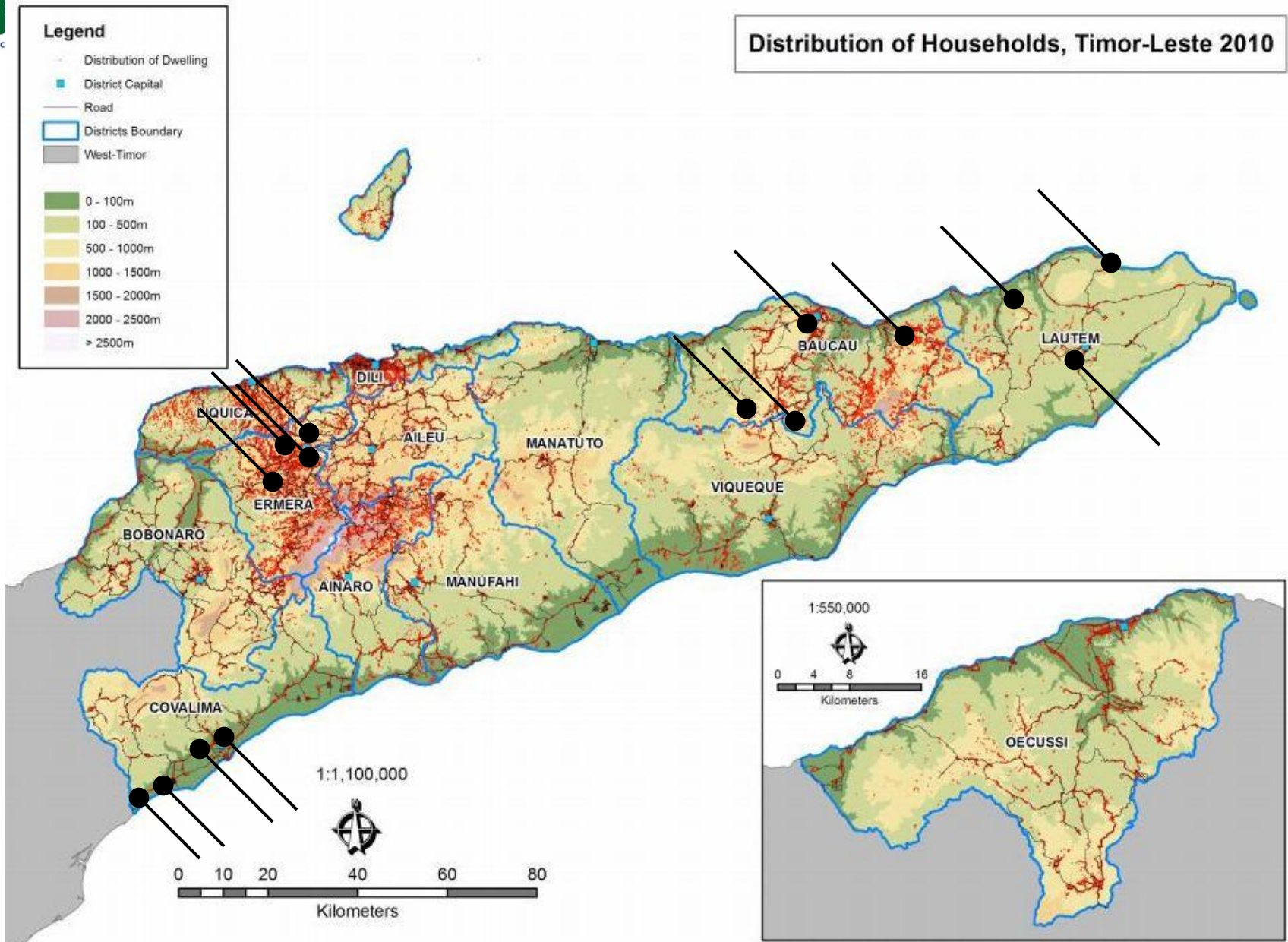
Agent survey – locations (1/2)

District capitals, sub-district capitals, and sucos (outside district capitals)

- Baucau: *Bahu, Tirilolo, Fatulia, Waioli*
- Ermera: *Lauala, Reheiu, Poetete, Leguimea*
- Lautem: *Fuiloro, Daudere, Com*
- Covalima: *Suai, Debus, Lalawa, Maudemo*

Agent survey – locations (2/2)

Distribution of Households, Timor-Leste 2010

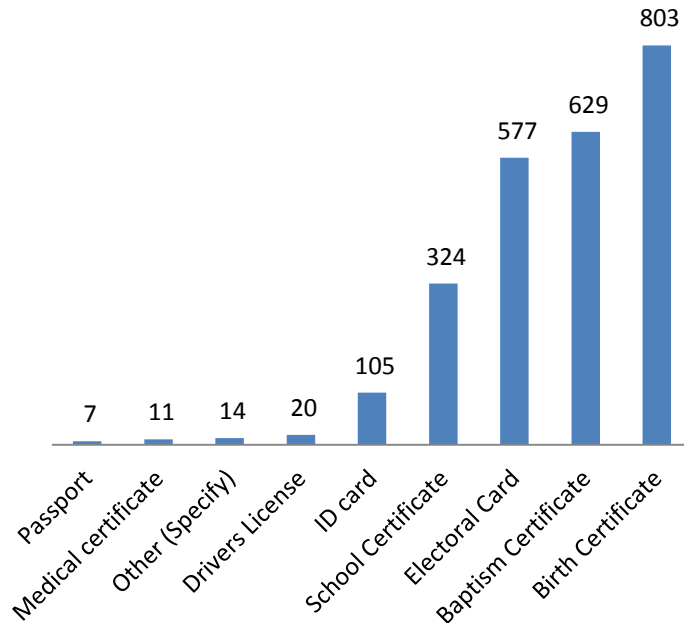


Agenda

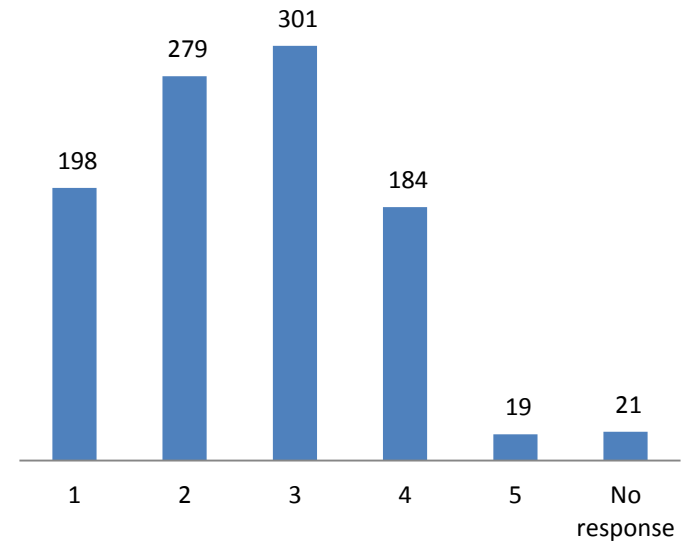
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Possession of Identification (ID)

Forms of ID owned



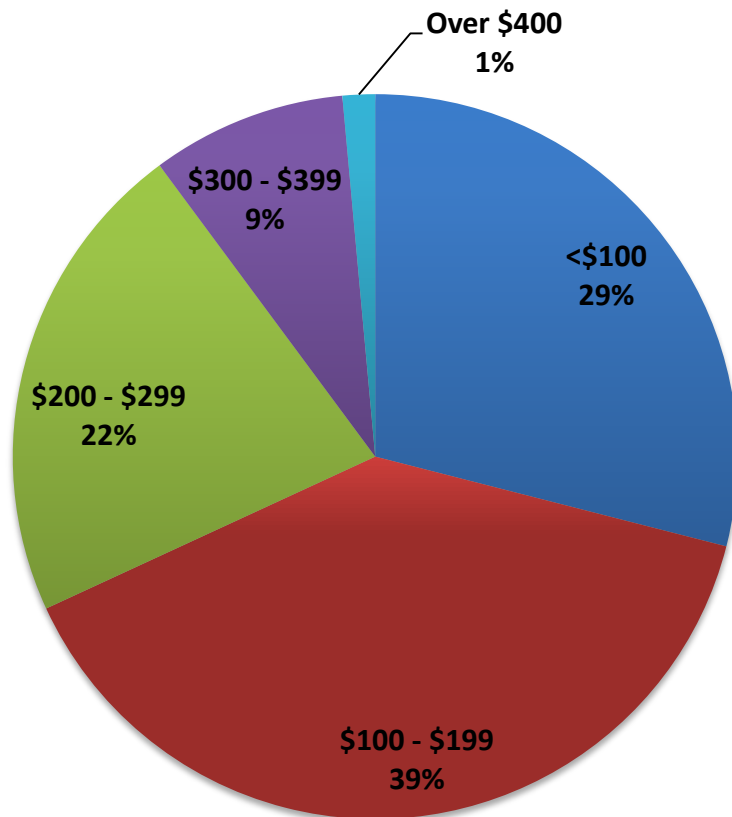
Number of IDs owned



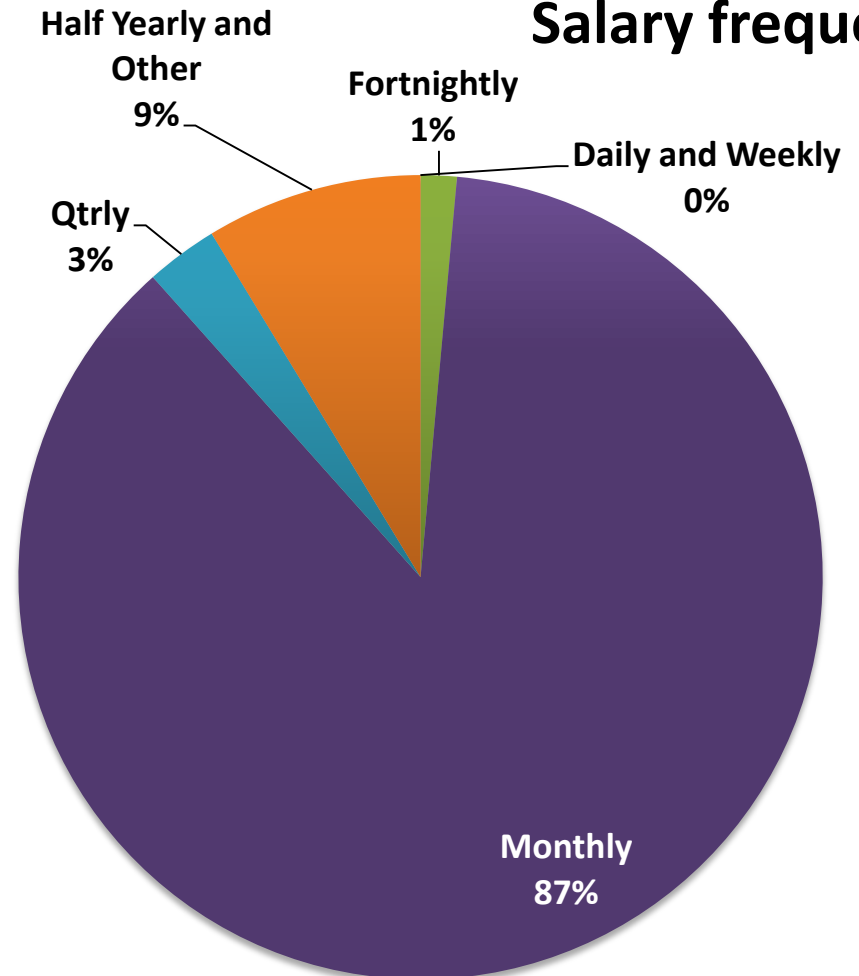
Salary and Income

- 134 HHs reported having someone that is a regular salary earner

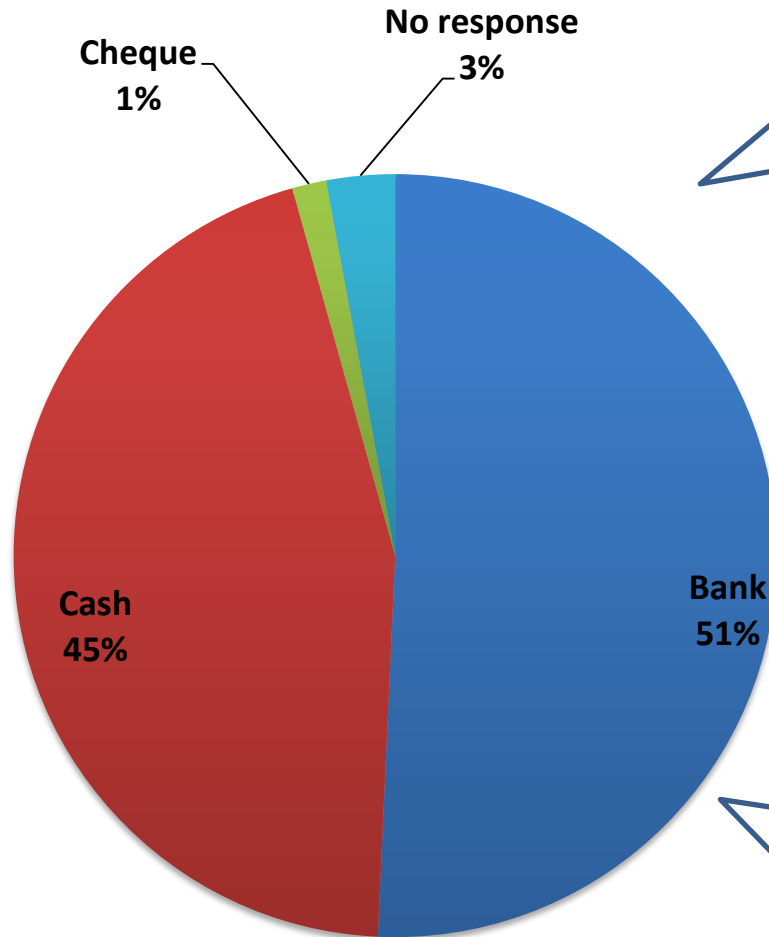
Salary ranges per month



Salary frequency



Salary payment method



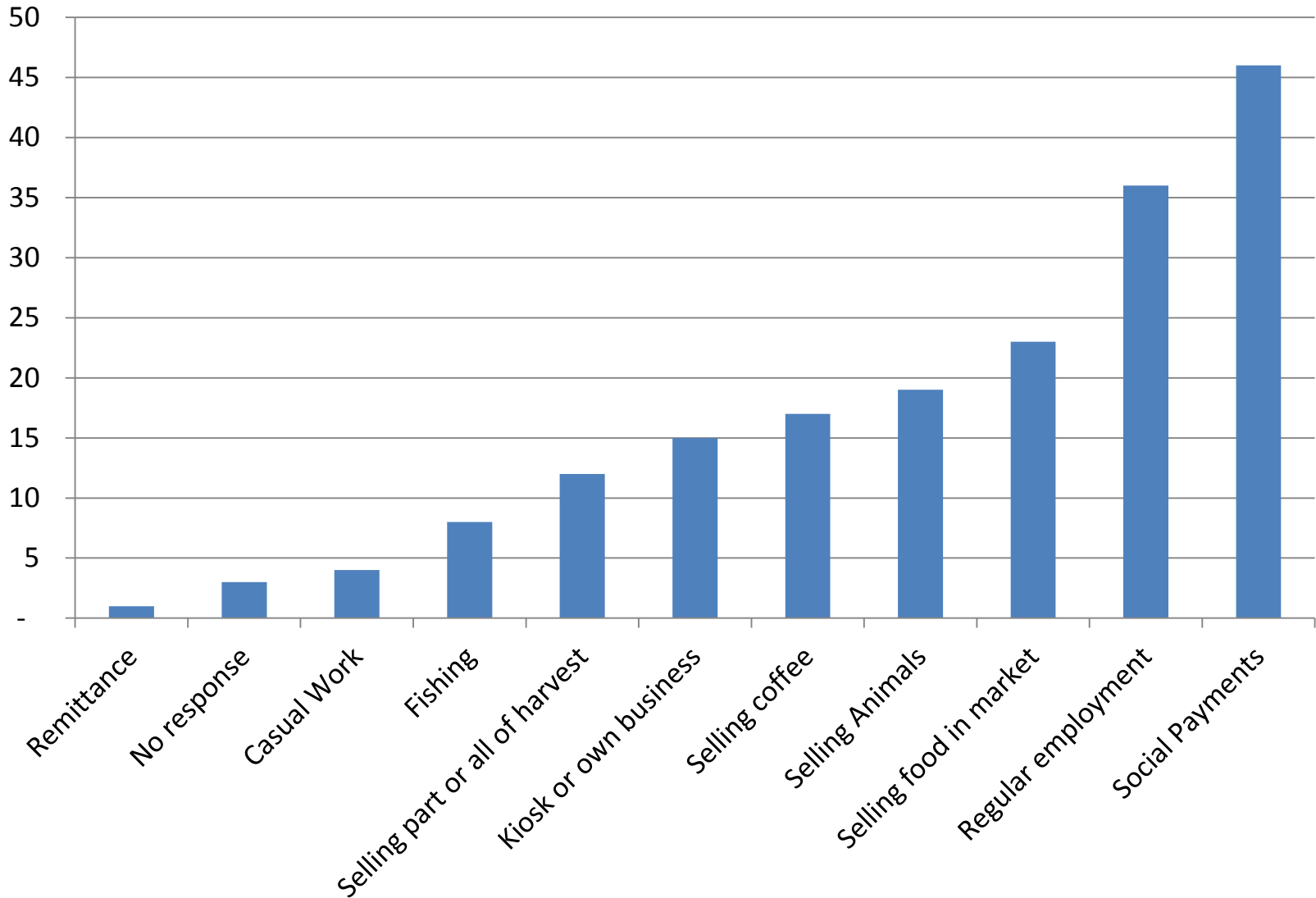
Focus group:

Men reportedly use money for goods that they needed for themselves, rather than their family. Mostly they spend money on cigarettes, pulsa, clothes and transport.

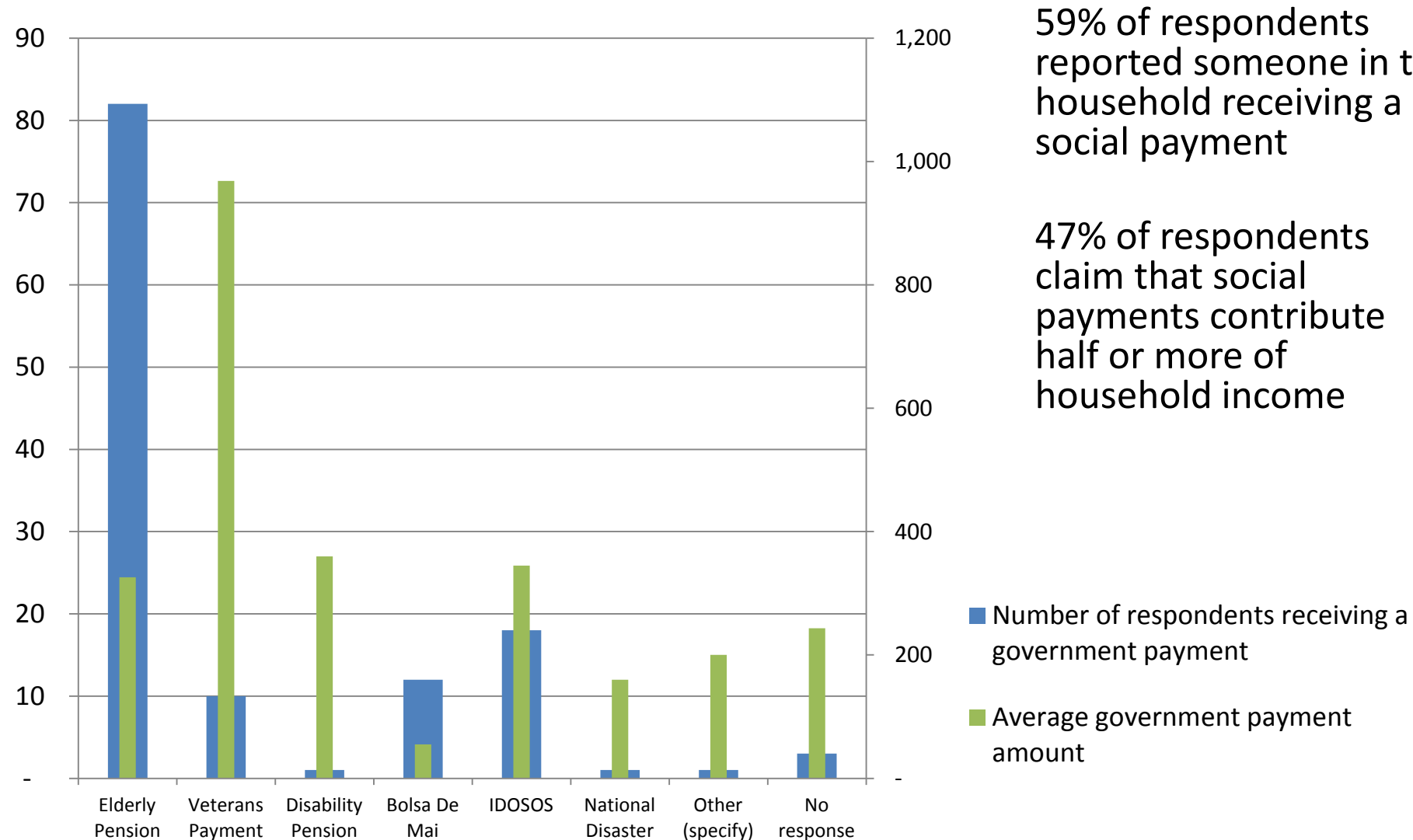
Focus group:

Women reportedly use money for goods for their family. They identified: child necessities, food, betel nut, clothes for the family and household items as being important.

Main source of yearly income



Types of social payments and average amount received

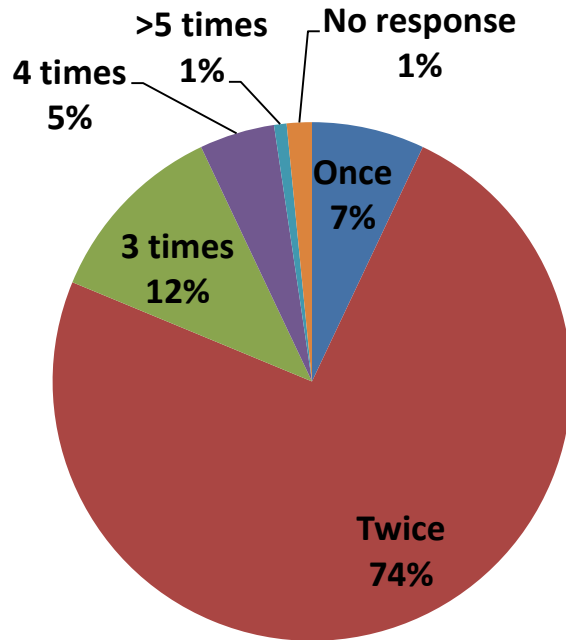


59% of respondents reported someone in their household receiving a social payment

47% of respondents claim that social payments contribute half or more of household income

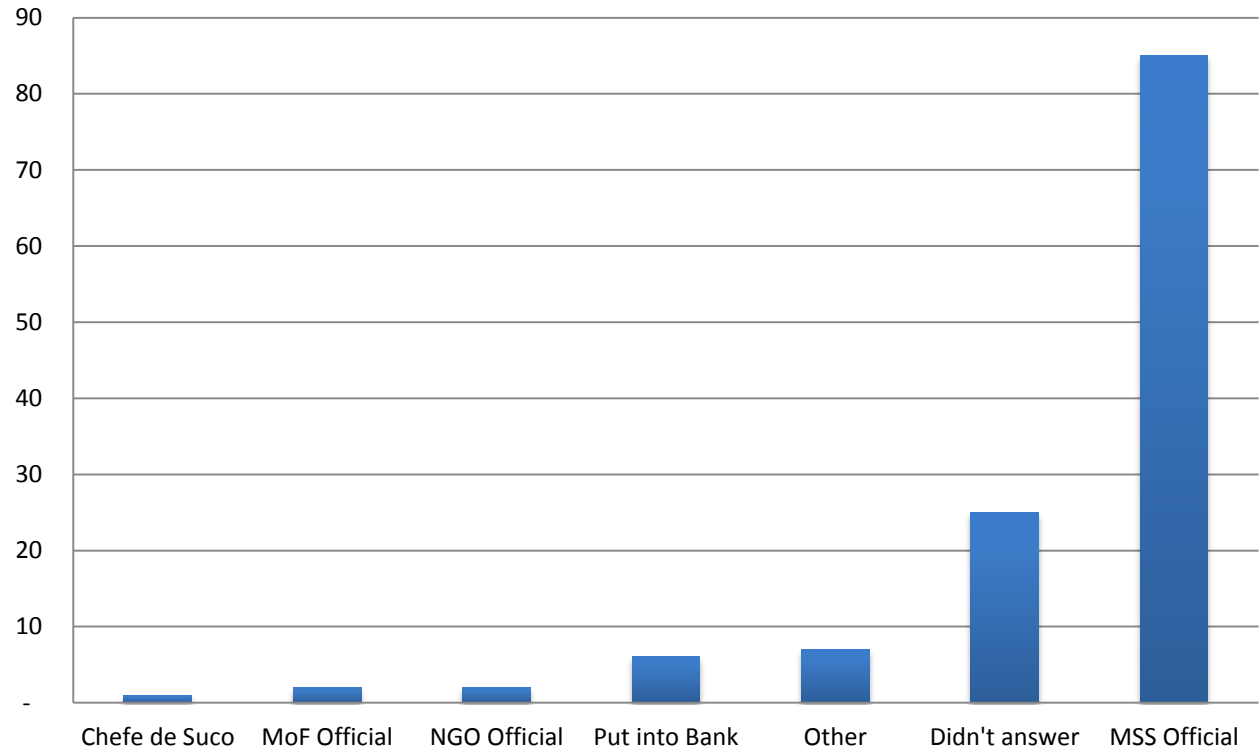
How & how often social payments are received

No. of times a social payment was received in the last year



In general respondents (surveys, focus groups) are happy with social payment delivery

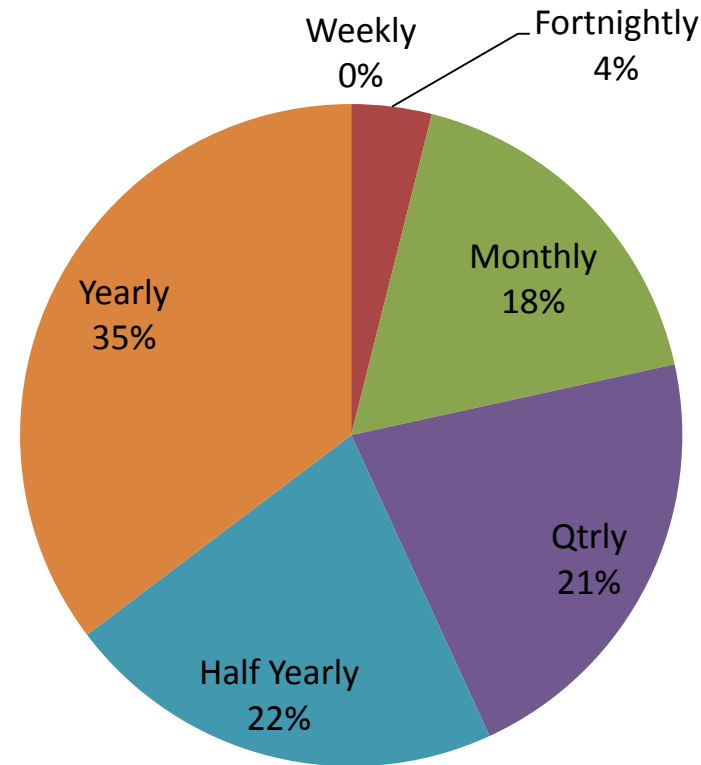
Receiving social payments



Remittances to the rural HH

- 32% of HHs report receiving a remittance
- 90% receive from HH member living apart (permanently or temporarily)

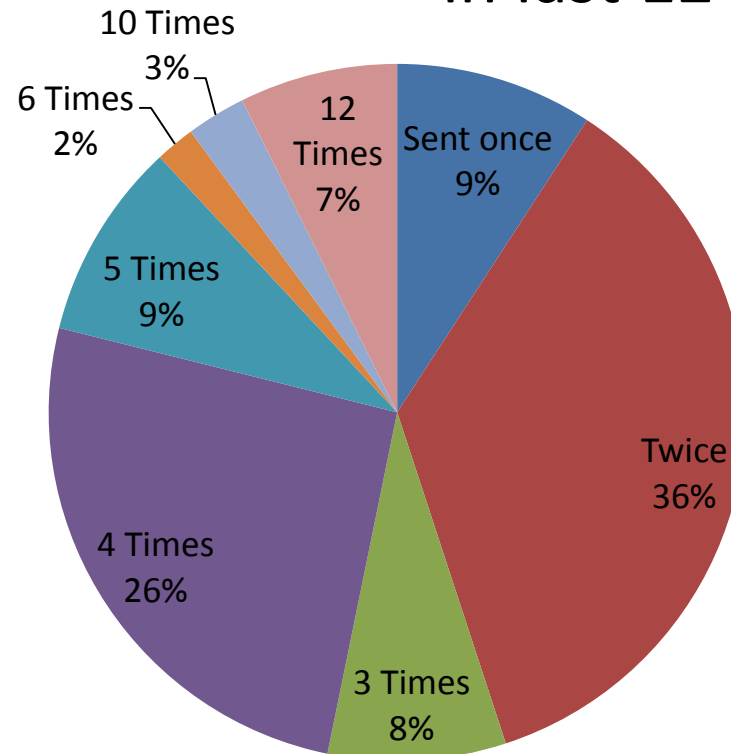
Frequency of money received



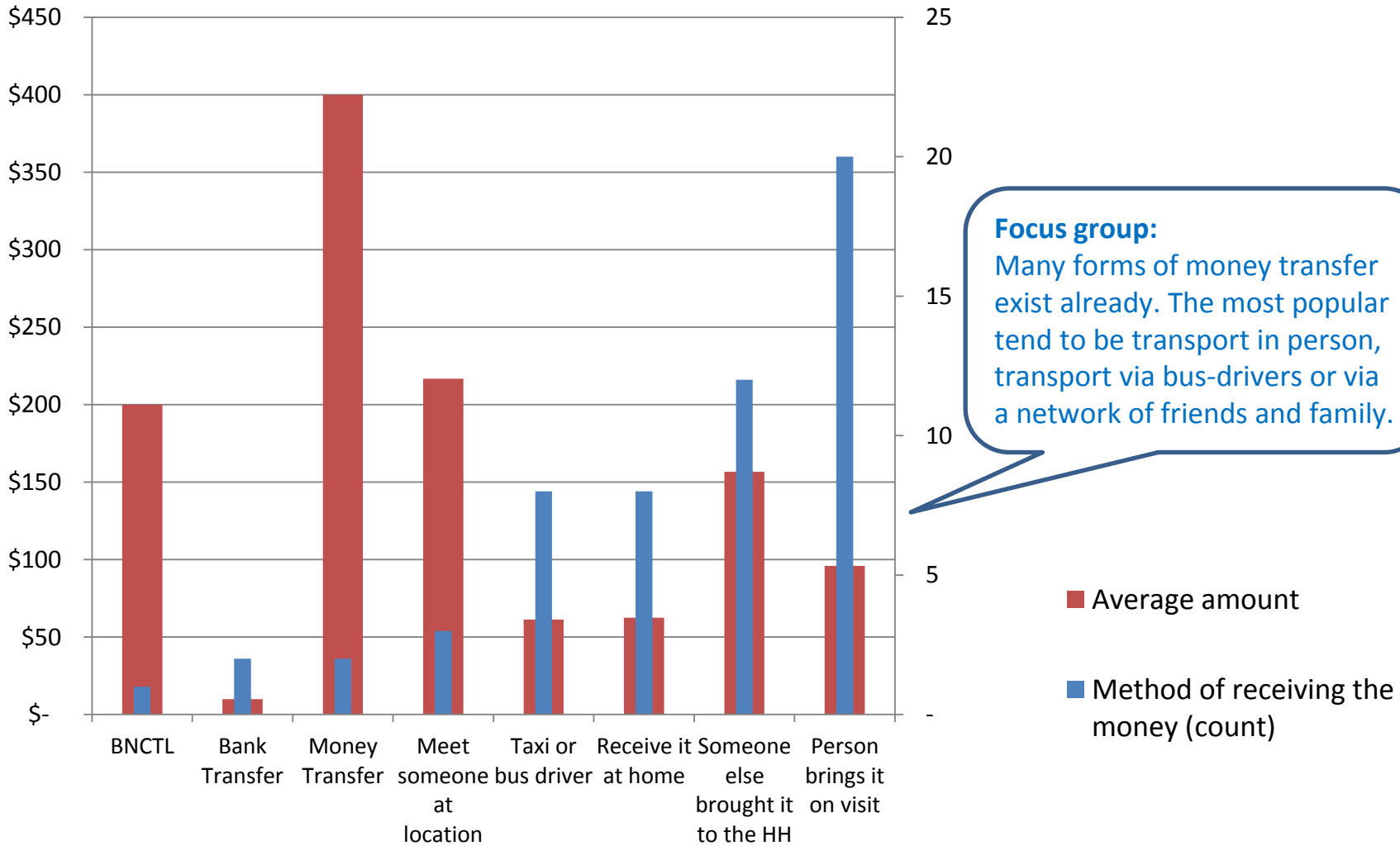
Remittances from the rural HH

- 72% of HHs reported sending money, most of which was sent to Dili
- 96% to a member of the HH living apart (perm. or temp.)
- *FG: usually children, mainly in Dili or Baucau for education and basic needs*

Frequency of money sent in last 12 months

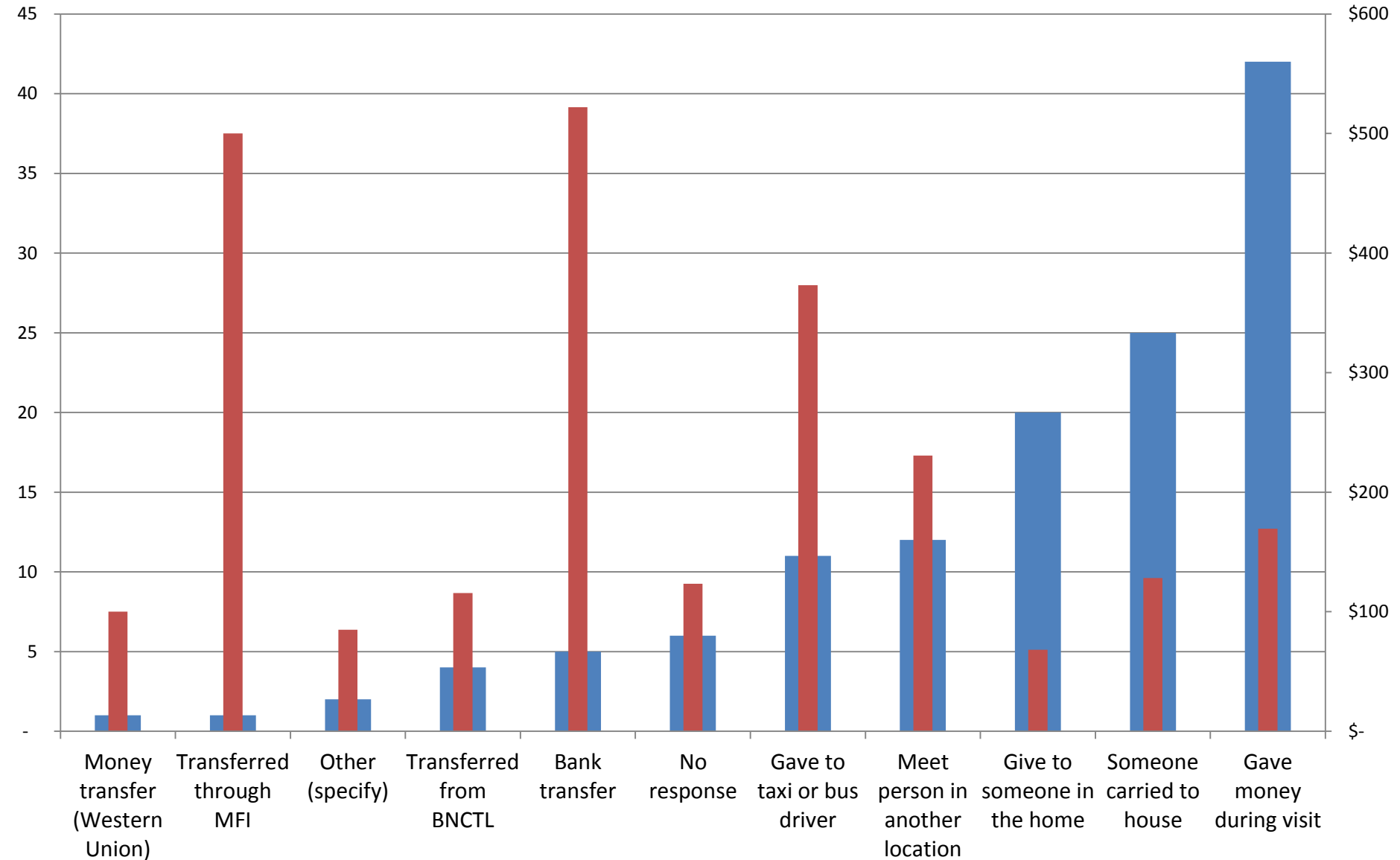


Method of receiving the money



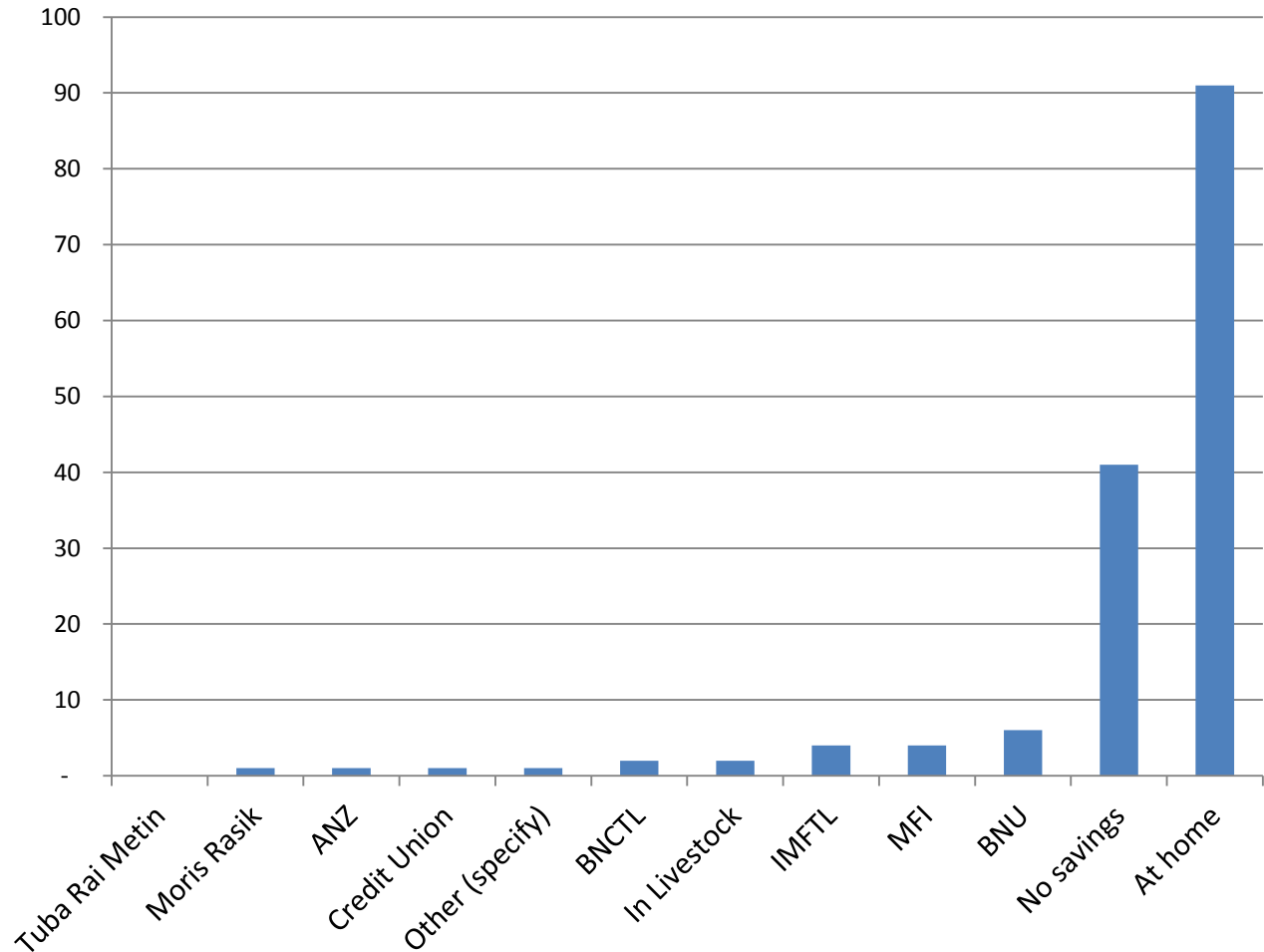
Method of sending the money

■ Method of sending the money (count) ■ Average amount



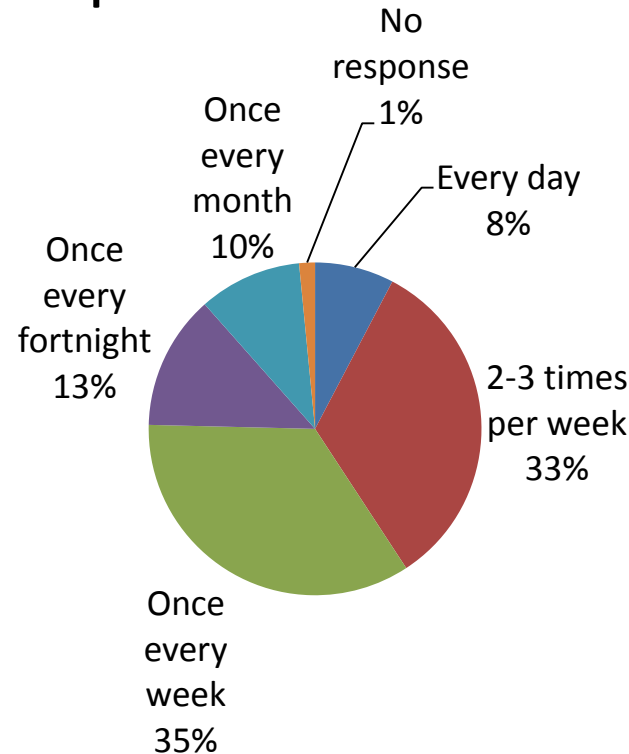
Where HHs keep savings

FG: All groups reportedly save; prefer using multiple forms.



Rural HH pulsa (airtime) habits

Frequency of pulsa purchase

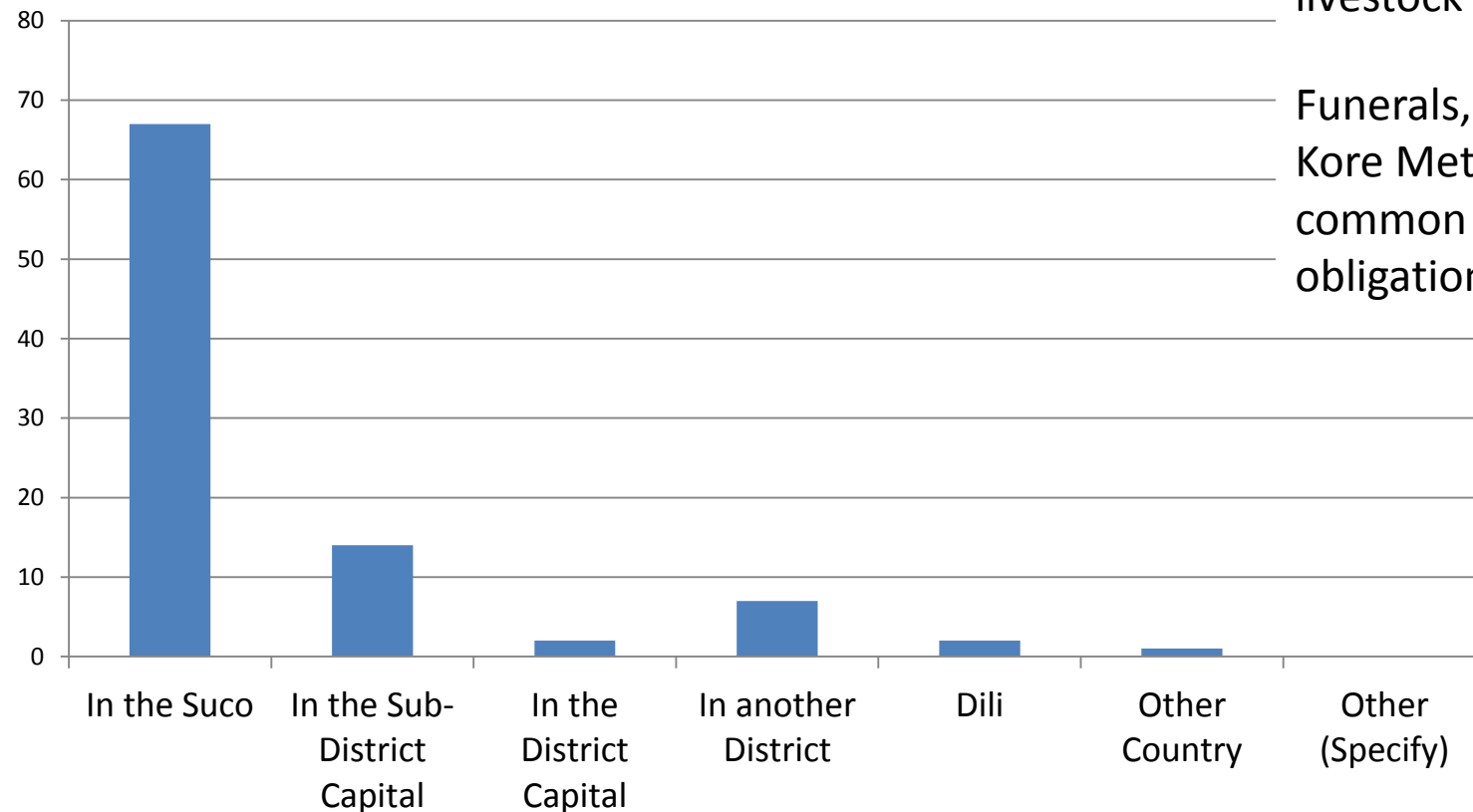


- 65% say they never send pulsa
- 8% said they do 3-5 times a week

- 90% of HHs in the sample contained a member with a mobile phone
- 55% of those said their HH has more than 1 phone
- 88% primarily buy pulsa from a kiosk

Cultural Payments

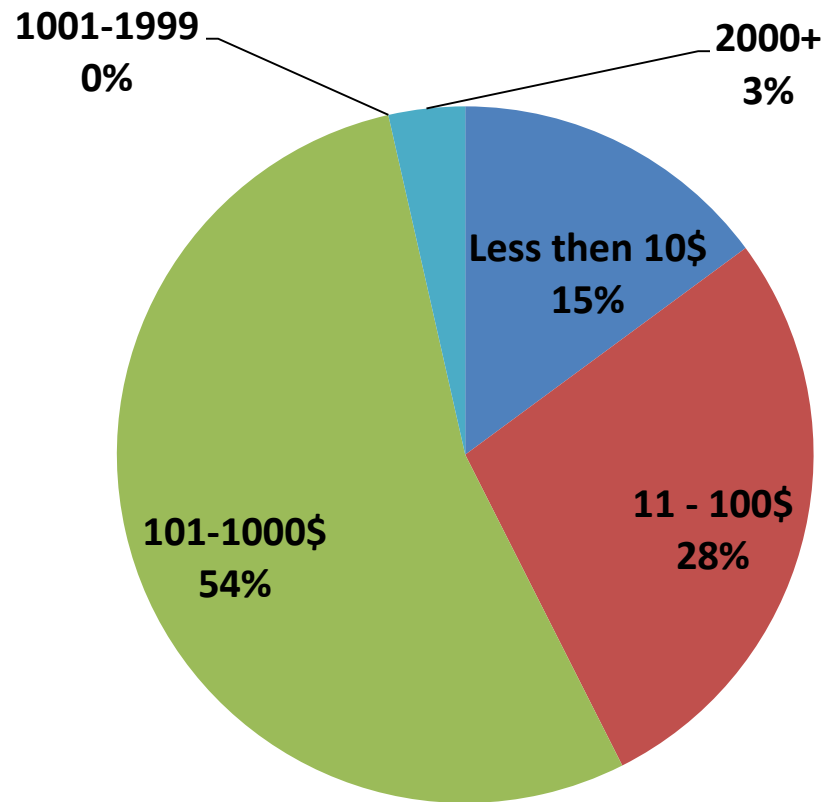
Where cultural payments take place



The payments are generally paid in either livestock or money

Funerals, Uma lulik and Kore Metan are most common cultural obligations

Amount spent on cultural payments in the last 12 months



Summary conclusions

- Though an important, common source of HH income, more frequent, direct social payments may not be a perceived need in rural households
- Remittances are most often hand-delivered, so cost, speed and safety could be attractive selling points for branchless banking/mobile money
- Client ID should not be a significant problem for opening accounts
- Rural people have access to phones, but are not frequently remitting pulsa (airtime)
- Paying for cultural obligations is ubiquitous, which indicates potential for microinsurance

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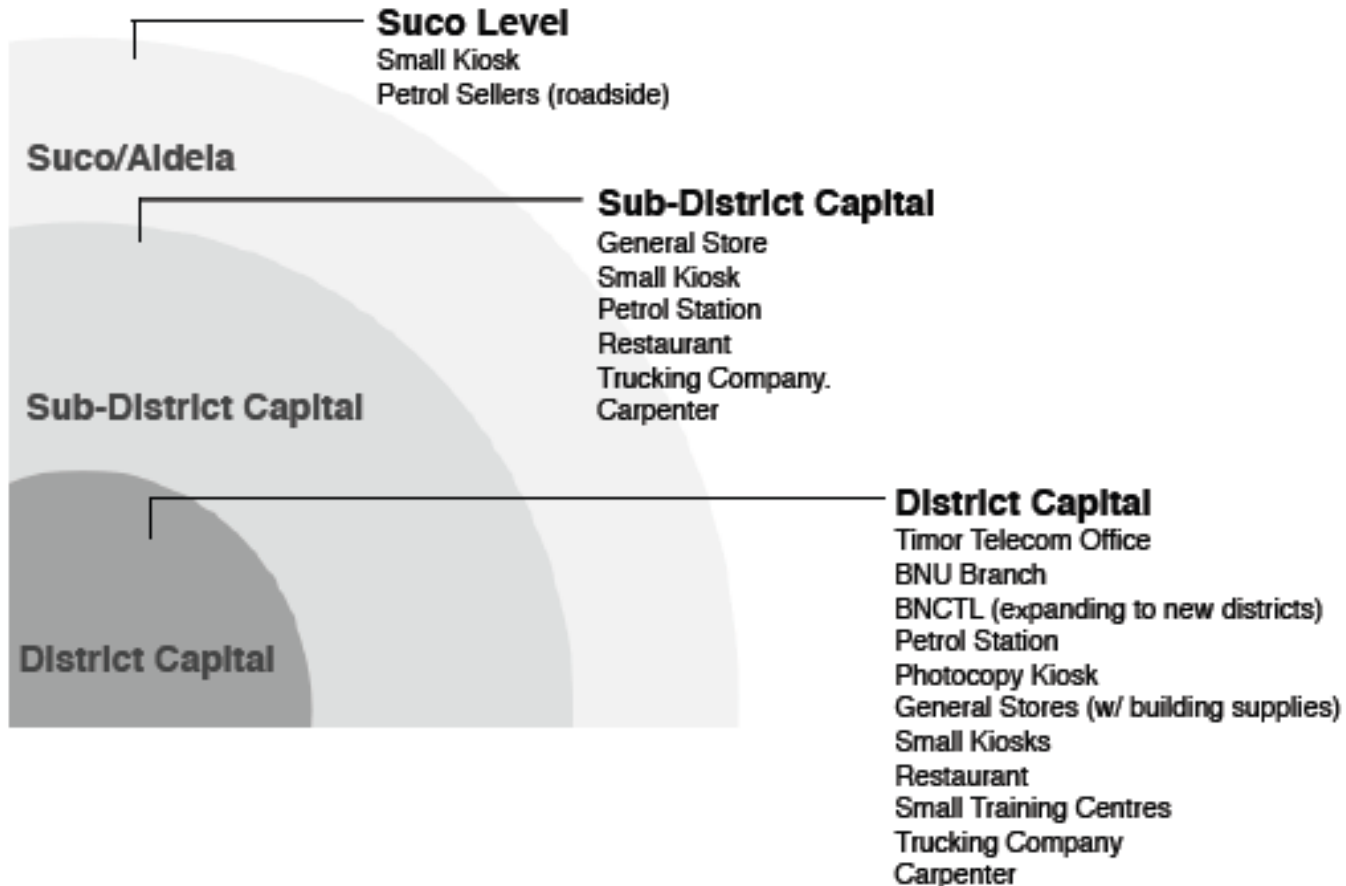
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Matrix totals – urban and rural

RANK	URBAN	RATING		RANK	RURAL	RATING
1	Petrol Station	25		1	General Store	19
1	General Store	25		2	MFI	18
2	Truck Company	24		3	Brick Maker	15
2	Restaurant	24		4	Kiosk	14
3	Photocopy Kiosk	23		5	Truck Company	13
4	MFI	22		6	Carpenter	12
5	Brick Maker	21		7	Petrol Station	11
6	Kiosk	20		8	Tais Maker	7
7	Carpenter	18		9	Photocopy Kiosk	5
8	Mechanic	17	9	Mechanic	5	
9	Tais Maker	13	9	Tais Maker	5	

The connecting lines indicate an informal distribution network between the various market levels.

Stratification of business and capacity



Preferred method of saving

- Most businesses saved money at local bank branch
- Complaints: small daily withdrawal limits; difficulty, length of process
- Concerns: distrust linked to collapse of system in 1999

Bookkeeping, financial literacy and pulsa (airtime)

Bookkeeping, Fin. Lit skills

- Education levels low (no school or primary)
- Difficulty assessing monthly earning
- Provide receipts on request, but bookkeeping skills vary

Selling pulsa

- Most receive from Chinese or Indonesian re-sellers
- Min. purchase: \$200 to stock
- Margins, incentives too low for interest
- Some mark up (up to 25%)

Perception of Mobile Banking

- Most responded positively to the idea of mobile banking
- Trust and security issues raised
- Need awareness campaigns
- Good support systems would be needed for mobile banking agents