

Financial Literacy

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Timor-Leste's financial literacy movement focuses on financial opportunities and risks, as well as how to manage them through savings, insurance and financial education. In 2014, BCTL undertook a leadership role to introduce the National Financial Education Awareness campaign focusing on three key pillars: Plan, Save and Protect. The project started with the National Savings Day celebration on 29 November 2014, championed by the President of Timor-Leste.

Through the years, BCTL continued to promote financial literacy by conducting awareness activities throughout the country and by developing the National Strategy for Financial Literacy (NSFL). The NSFL defines financial literacy as “a combination of financial awareness, knowledge, skills, attitude and behaviours necessary to make sound financial decisions and ultimately achieve individual financial wellbeing”.

Diagram: National Strategy for Financial Literacy



The NSFL defines action plans for five years, from 2016 to 2020. The implementation of action plans are on track for the activities and programmes related to financial literacy at elementary schools and Basic Record-Keeping and Accounting Training for MSMEs. However, the implementation of financial literacy action plans for youths and adults are behind the initial schedule.

Timeframe	Action Plan	Status
Focus Area 1: Building Capacity and Capability of the Sector		
2016	Identify teachers and delivery training	●
	Train IADE (replaced CCI) trainers and Literacy Champions	●
2017	Train-of-Trainers (experienced teachers) to train other teachers	●
	Train management teams for selected schools	●
	Train university students to be peer tutors	●
2018	Train community leaders and facilitators	●
	Train a team of mentors to monitor progress of training	●
Focus Area 2: Providing Leadership		
2016	Set up working groups from: Ministry of Education, financial sector, other Government bodies	●
	Coordinate activities with other stakeholders	●
	Set up reporting and secretariat structure	●
	Promote the NSFL across the country	●
	Lead development of policies and appropriate savings products	●
2017	Set up an advisory group incorporating public, private and community sectors	●
	Develop a separate Financial Inclusion Strategy	●
	Regular meetings with key stakeholders, with expected outcomes identified for each of them	●
	Ensuring on-going funding for activities	●
	Set up a network of financial literacy providers	●
	Develop a dedicated website or a webpage	●
2018	Identify capability and delivery gaps, develop an action plan to address them	●
	Set up a coordination team for all different activities	●
	Organize an international conference to share best practices	●
Focus Area 3: Reaching Target Groups		
2016	Conduct a pilot of financial literacy to be taught at 5-10 schools	●
	Develop a communication plan to promote NSFL to target audience	●
2017	Set up a mentoring programme for teachers	●
	Explore work and resources in other Government departments to leverage their coverage	●
	Set up network of women's groups engaged in delivering financial literacy	●
	Link microfinance work with financial literacy initiatives to leverage existing programmes	●
2018	Pilot “Smart Money Clubs” at universities	●
	Roll out concept to other campuses/training institutions	●
	Appoint financial literacy champions in the community, including religious leaders	●

Timeframe	Action Plan	Status
Focus Area 4: Maintaining Quality		
2016	Develop financial literacy competency framework for adults	●
	Develop Principles of Engagement for the finance sector	●
	Develop minimum requirements for educators	●
	Develop standards for training programme and resources	●
2017	Modify the content if required and launch school programmes nationwide	●
	Develop quality resources and make them available at low or no cost	●
	Develop a central resource bank	●
2018	Review the university student training & peer tutoring model and content	●
	Organise stakeholder meeting to check mid-point progress	●
	Develop quality standards for training and education materials	●
Focus Area 5: Sharing What Works		
2016	Evaluate the awareness campaign reach	●
	Develop an evaluation plan to measure progress	●
	Develop pre and post financial health check materials	●
2017	Evaluate the school pilot and publish findings	●
	Evaluate IADE training benefits to the MSME sector and publish findings	●
2018	Evaluate the university pilot	●
	Carry out national financial knowledge and behaviour survey	●

Implementation Status:

● Postponed ● Partially Completed ● Completed and On-going Activities

6.1 Financial Literacy Programmes in Elementary Schools

BCTL and the Ministry of Education have been working together to include a financial literacy module in the national curriculum. BCTL has developed a financial literacy module targeted at school students aged 7 to 12. In 2016 BCTL and the Ministry of Education signed the MOU to implement the financial literacy module in public schools, starting with a pilot project in 14 schools from 12 municipalities.

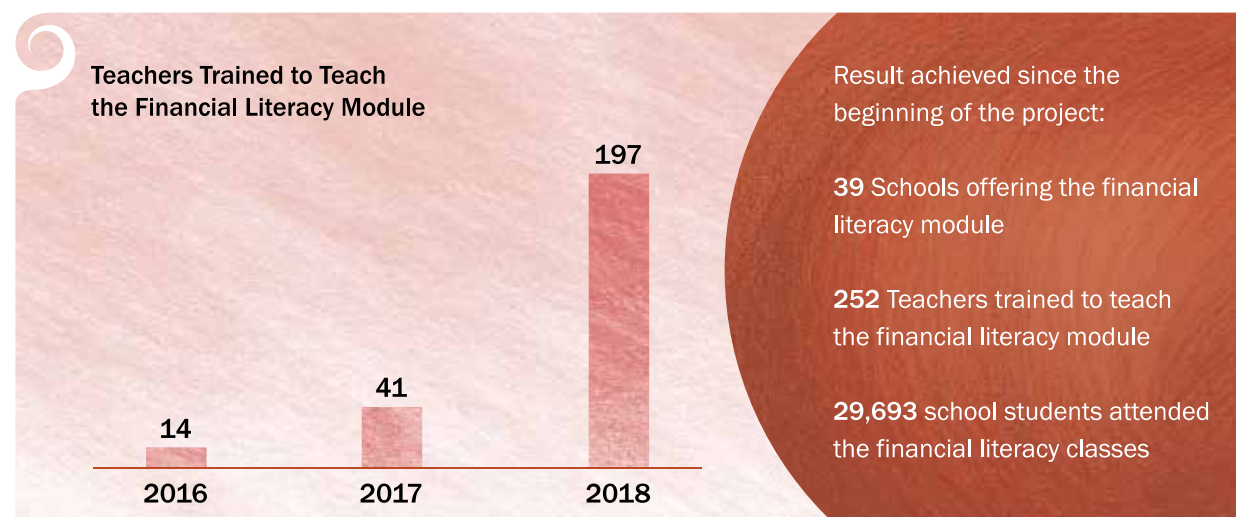
The financial literacy module includes four lessons for each age group and covers concepts of money and national currency, savings versus spending, needs versus wants, the value of products, spending and budgeting, delayed gratification (saving for future spending), supply and demand, the banking system (savings and gaining interest), and planning for the future (targets and goals).

Diagram: Key Implementation Activities of the Financial Literacy Programme



In 2018, the programme activities were focused on training more teachers in order to expand the programme to all 1,278 elementary schools across the country by 2020. Banco de Portugal has collaborated with our country for this programme by providing an external evaluation and assigning a team conduct train-of-trainers activities in Dili. The programme evaluation involved interviews with teachers and students, observation of classes, and analysis of the challenges discussed during the train-of-trainers sessions. The evaluation results were shared in a workshop conducted in February 2019 with the education directors from each municipality as well as the schools directors.

Diagram: Financial Literacy at Schools



The initiatives in 2019 will be focused on addressing the programme evaluation results, adjusting and improving the module, continuing the training of teachers, and expanding the number of schools offering the financial literacy module.

6.2

Financial Literacy Awareness Events

National Saving Day

The nationwide awareness campaign aimed at improving financial literacy launched in 2014 focuses on three key pillars: Plan, Save and Protect. The National Savings Day which was celebrated for the first time during this programme continues to be celebrated each year on 29 November. The main objective of this initiative is to raise awareness about personal and small business finances, promoting a change in the spending behaviour to encourage the habit of saving.

The celebration is centred on the financial literacy topics from the module taught at elementary schools with engaging activities such as painting and quiz competitions for school students. The HNF Accounts was also promoted to children and parents during the event. In 2015 the event was conducted in Dili, a year later the event took place in Liquiça, and in 2017 in the Special Administrative Region of Oe-cusse Ambeno.

In 2018, the celebration was carried out through a Financial Literacy Road Show to increase the number of participants. A team from BCTL visited 17 elementary schools in ten municipalities to conduct the financial literacy activities.



Global Money Week

BCTL participated in the Global Money Week for the first time in 2017. Schools students visited BCTL's head office in Dili and participate in activities and talks educating them about money, how the coins are produced, the meaning of the designs, importance to "save now for a better future", and HNF Accounts.

In 2019 the Global Money Week was conducted on 25 to 29 March. BCTL and commercial banks developed a more comprehensive programme, different activities were conducted each day of the week, including visits to BCTL and commercial banks branches, as well as programmes in schools organized by the banks.

6.3



Children Savings Accounts: Ha'u-Nia Futuru (HNF)

"Ha'u-Nia Futuru" means My Future in Tetun. This was the name chosen for a savings programme launched in August 2015 for children up to 17 years old. This account is available in all commercial banks with exception for ANZ¹⁶ and it is offered free of charge, with the same conditions and remuneration rates. The HNF Accounts only allows withdrawals when the account holder reaches 17 years of age.

The HNF Accounts aims to encourage children to discover the benefits of saving money in a bank account by monitoring the balance increases due to new deposits and interest payment. It also aims to incentivize families to build a reserve to finance the children's further education.

In 2017, BCTL and Care International developed a cartoon story about the HNF Accounts which was published in the Lafaek Magazine¹⁷ to promote the product. BCTL also continued to promote the HNF Accounts in all events and programmes related to financial literacy.

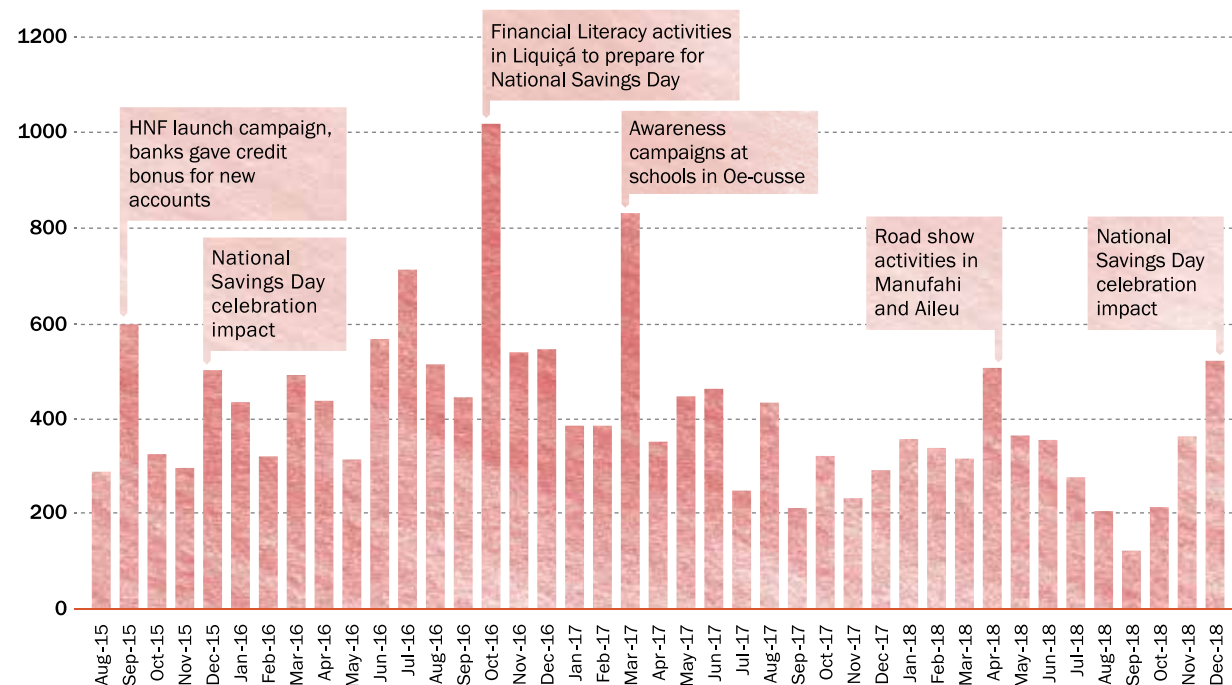
The data collection for this report revealed that at December 2018, there were 14,648 HNF Accounts in the country. The growth of new accounts was lower in 2018, compared to the previous years. The number of new account in 2018 stood at 3,448 compared to 5,336 new accounts in 2016 and 4,615 new accounts in 2017. The account penetration for the children up to 17 years old is 2.8%, signifying room for improvement for usage of this account.

¹⁶ANZ Bank's activities in Timor-Leste have shifted focused to corporate clients since September 2018. HNF clients and other individual clients were invited to close their personal accounts and withdraw their bank balances, or move their bank balances to other commercial banks.

¹⁷Lafaek educational magazine is a Care International initiative to introduce a culture of reading and learning to children and adults in Timor-Leste. The magazine has been published and distributed since 1999. The Lafaek magazine is printed three times a year and reaches over 120,000 students and 9,000 teachers; it is distributed to every school in Timor-Leste.

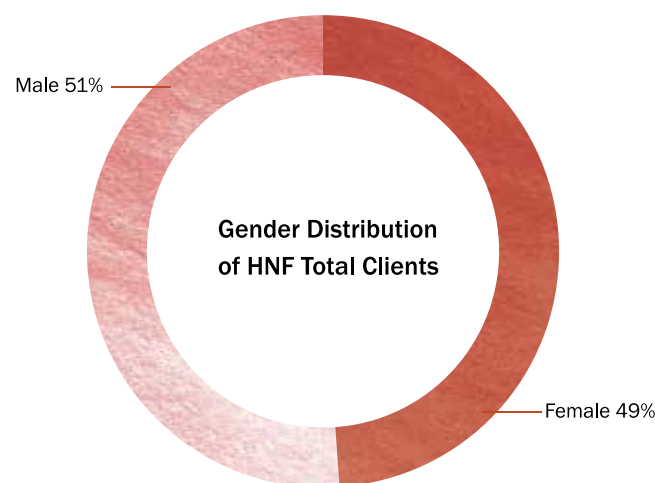
It was observed that product awareness is important in encouraging the opening of these accounts. The data shows spikes in account openings around timing of financial awareness campaign activities, as presented in the graph below.

Diagram: New HNF Accounts



The gender distribution of the HNF Accounts is balanced. There are HNF clients distributed across all municipalities, but Dili has the highest concentration of accounts making up 42% of the total accounts. This is likely due to the larger number of bank branches in the municipality and frequency of financial literacy activities in the capital.

Diagram: Gender Distribution of HNF Account Holders



6.4

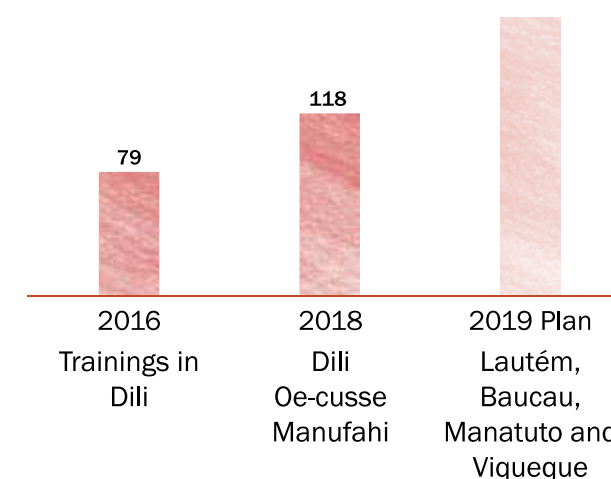
Basic Record-Keeping and Accounting Training for MSMEs

A vibrant and diverse MSME sector is essential for the development of enterprises in Timor-Leste. BCTL launched a module on Basic Record Keeping and Accounting for MSMEs in 2016 to enhance the financial awareness and capabilities of MSME owners. In the same year, the first training was carried out with the objective is to equip MSMEs with the skills and knowledge to prepare financial reports and loan applications.

BCTL coordinated the development of the module and the overall training. A specialized training organization, Industry Safety Assessment and Training (ISAT), conducted trainings for four groups of MSME staff. The Chamber of Commerce Industry Timor-Leste (CCI-TL) was responsible to inform the members and select participants for the training.

Monitoring and evaluation activities were conducted throughout 2016 and 2017, and this included visits to MSMEs to evaluate their ability to implement the content learned. Based on the evaluation results, the participants' feedback, and the ISAT instructors' suggestions, the training module was revised and improved for the next phase of the project. The module was adapted into three main topics, basic accounting, financial plans and financial documentation. The topic on financial plans was newly added after the pilot evaluation.

Diagram: Number of Participants in the Basic Record-Keeping and Accounting Training for MSMEs



In February 2018, BCTL, Institute for Entrepreneurship Development (IADE) and CCI-TL signed a MOU to collaborate in the expansion of this training. The training will be available in all 13 municipalities, conducted in stages. During the 2018 period, the two-week full-time training was conducted in Dili, Oecusse and Manufahi municipalities, and in 2019 new sessions are planned to take place in Lautém, Baucau, Manatuto and Viqueque.

6.5

Key Takeaways

The financial literacy promotion among children has gained momentum, with the success of the financial literacy module currently being offered in many schools across the country. The effort of training the teachers will pave the way for this financial literacy module to reach all public elementary schools by 2020. BCTL's partnerships with key stakeholders such as the Ministry of Education, Instituto Nacional de Formação de Docentes e Profissionais da Educação (INFORDEPE) and Banco de Portugal have been indispensable for the project implementation. The awareness campaigns and the creation of HNF Accounts play a key role to spur financial literacy efforts especially amongst children as they are given the opportunity to experience a real financial product design specifically for their needs. Thus, BCTL will continue to focus on promoting the HNF Accounts.

In addition to children, BCTL will also devote attention to other target groups as it is necessary to reach out to as many segments of society as possible to empower them with financial literacy. It is crucial to educate both individuals and MSMEs on the benefits which financial literacy can bring. Over the next few years, BCTL will be emphasizing the development of programmes for youth and adults segments, as well as continuing the on-going plans to push the Basic Record-Keeping and Accounting training for MSMEs to reach more municipalities.

