

Assessing financial inclusion in Portugal from the central bank's perspective



BANCO DE PORTUGAL
EUROSYSTEM

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Marrakech, Morocco | 14 July 2017



A G E N D A

- 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





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MOTIVATION





FINANCIAL INCLUSION

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

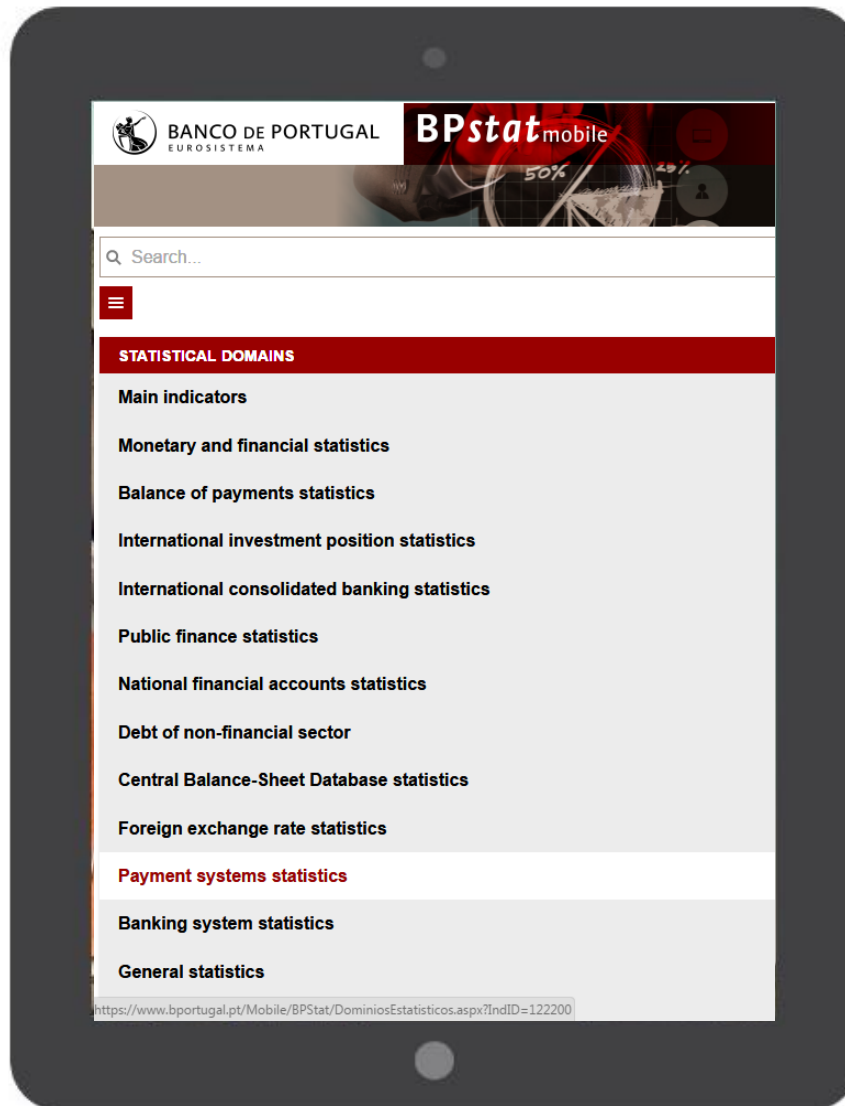
In 2010, more than **2 BILLION**
adults **didn't have access to financial**
services (ATISG*, 2010)



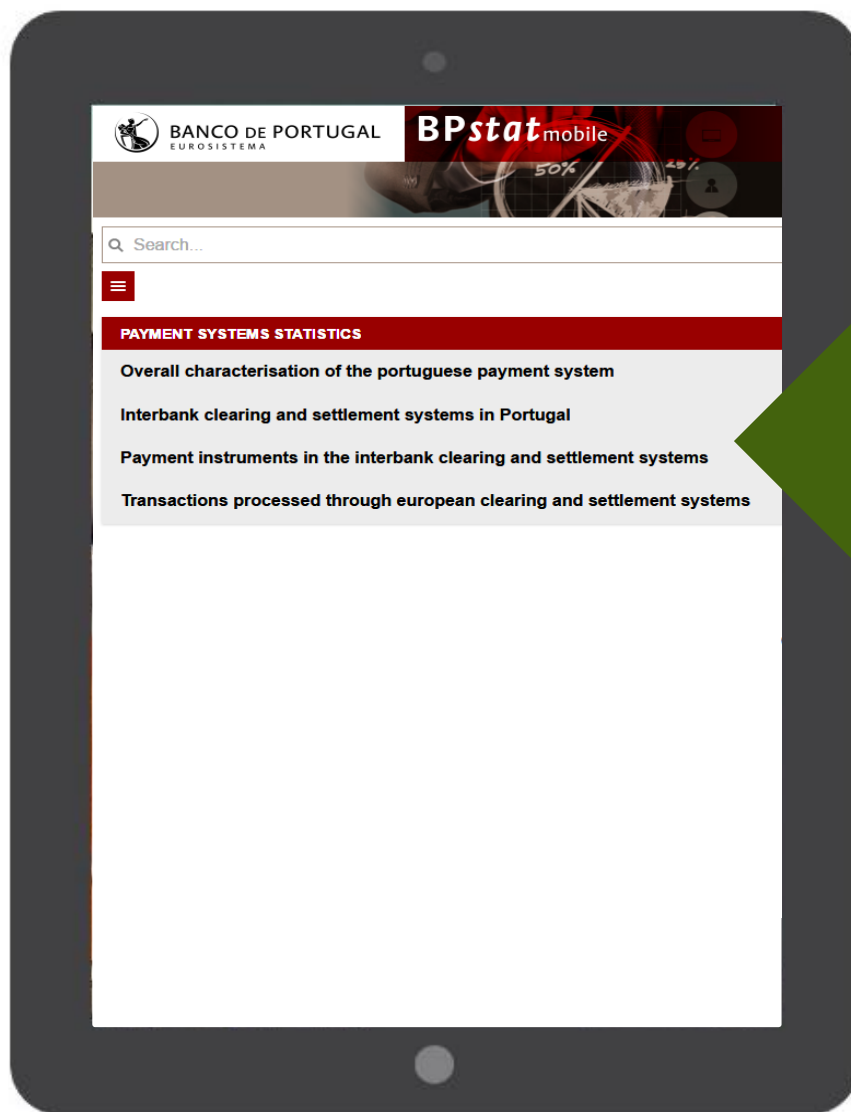
**MAJOR CHALLENGE FOR
CENTRAL BANKS AND
POLICY MAKERS
WORLDWIDE**



*ATISG: Access through Innovation Sub-Group of the G-20 Financial Inclusion Experts Group



HOW CAN THE *BANCO DE PORTUGAL* HELP POLICY-MAKERS IN ADDRESSING THIS CHALLENGE?



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?



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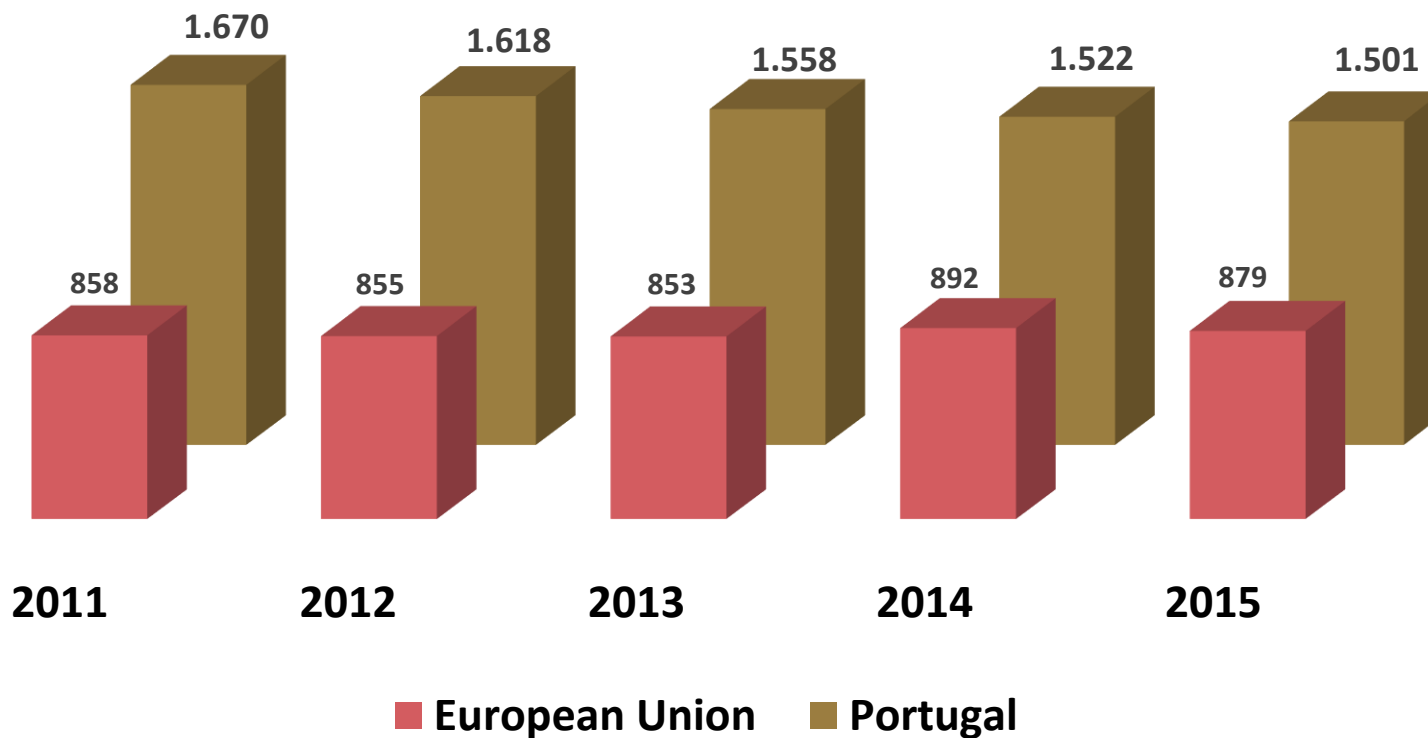
THE PROVISION OF FINANCIAL SERVICES IN PORTUGAL





ATM DEMOGRAPHIC COVERAGE

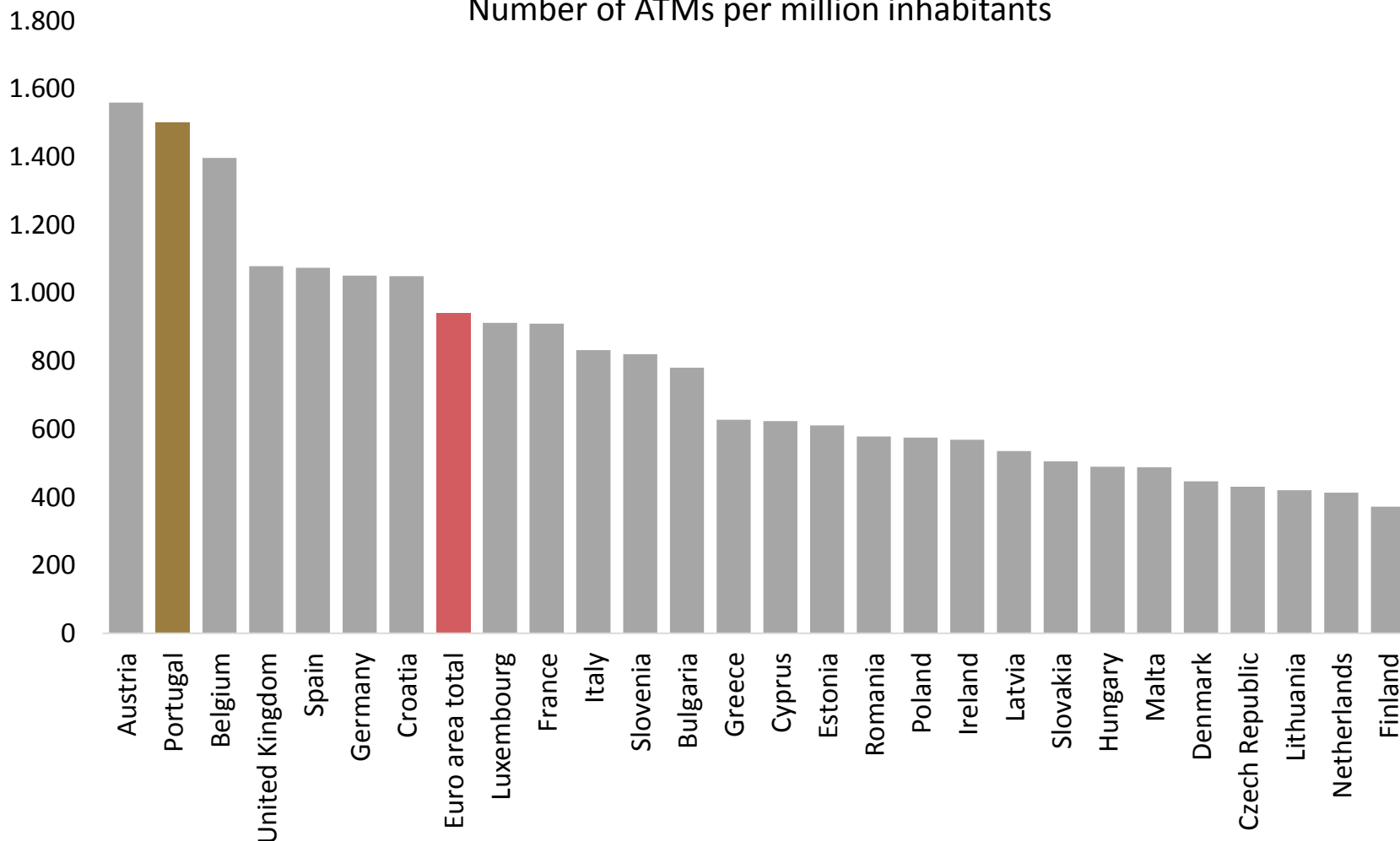
Number of ATMs per million inhabitants





ATM DEMOGRAPHIC COVERAGE IN 2015

Number of ATMs per million inhabitants





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.”

RETAIL BANKING
RESEARCH BULLETIN

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

EUROBUSINESS

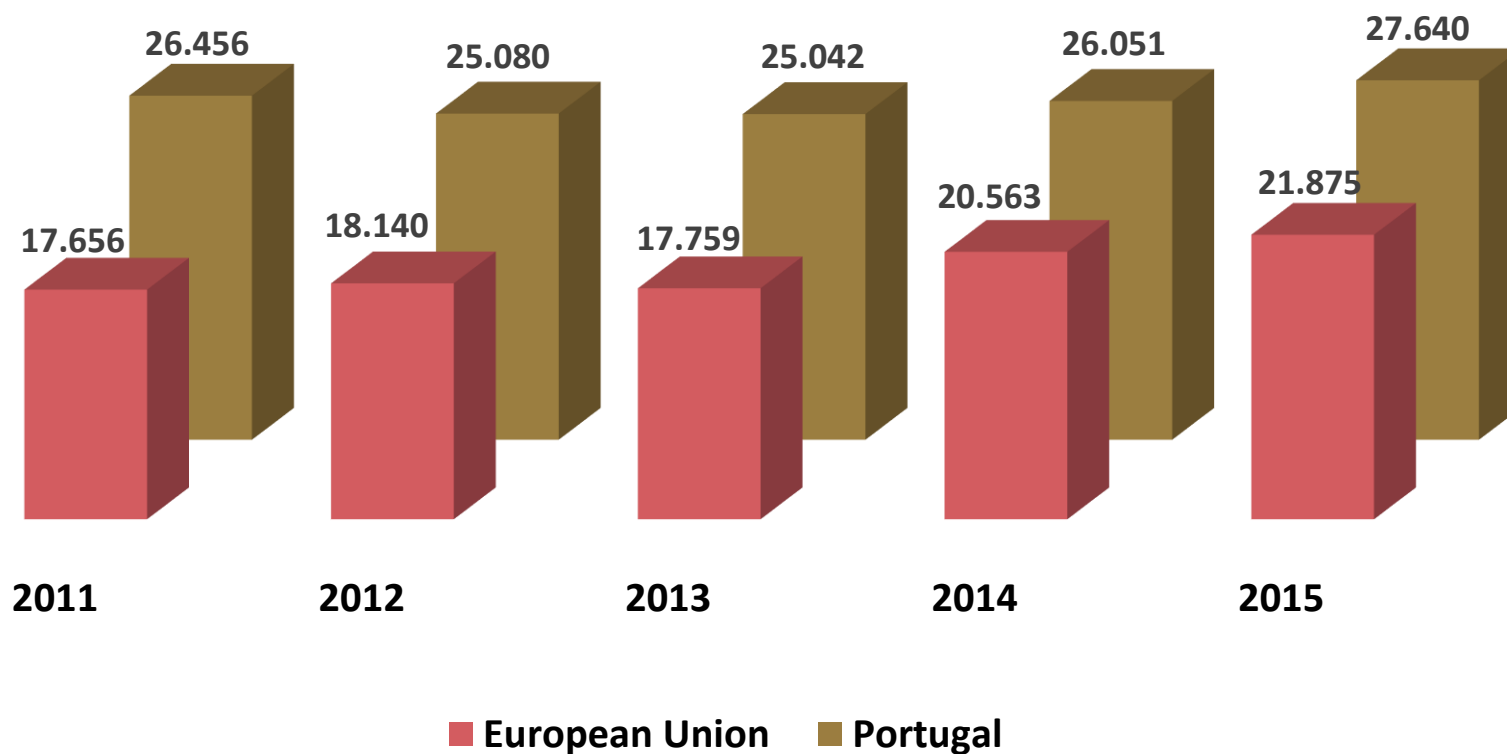
“... the example of the Portuguese system, SIBS, suggests that greater innovation may arise out of a system where all the processing for a number of payment methods is carried out centrally.”

THE OFFICE OF FAIR TRADING



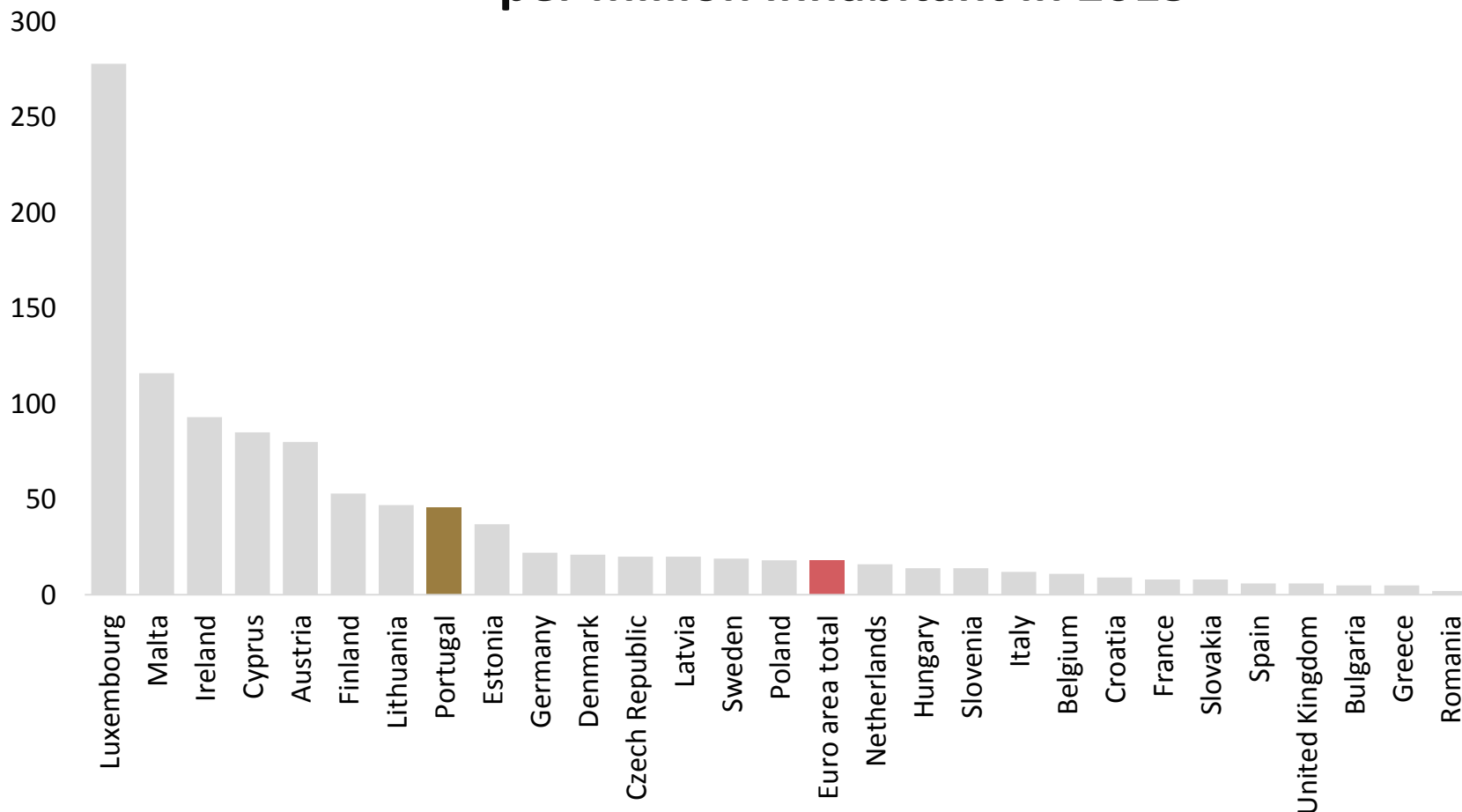
POS DEMOGRAPHIC COVERAGE

Thousands per million inhabitants



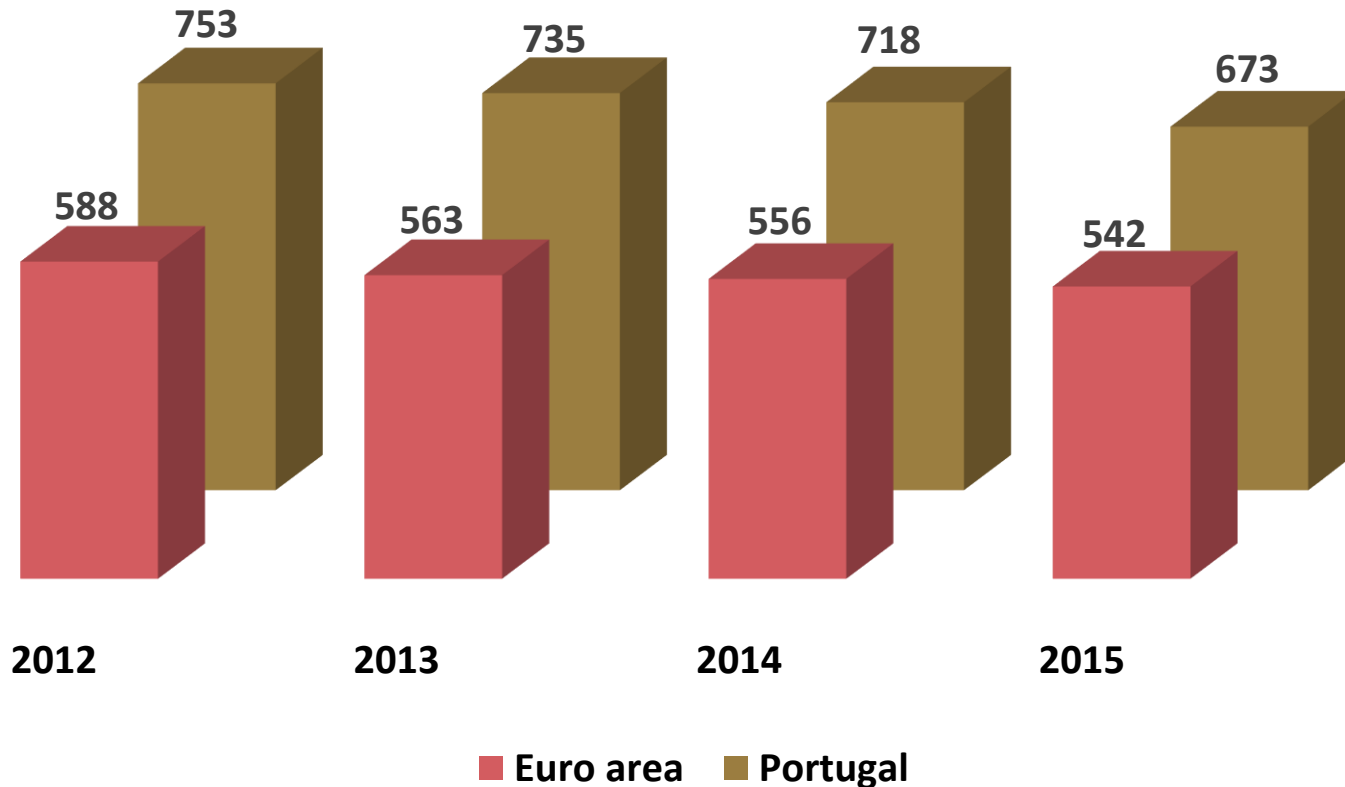


Number of institutions offering payment services per million inhabitant in 2015



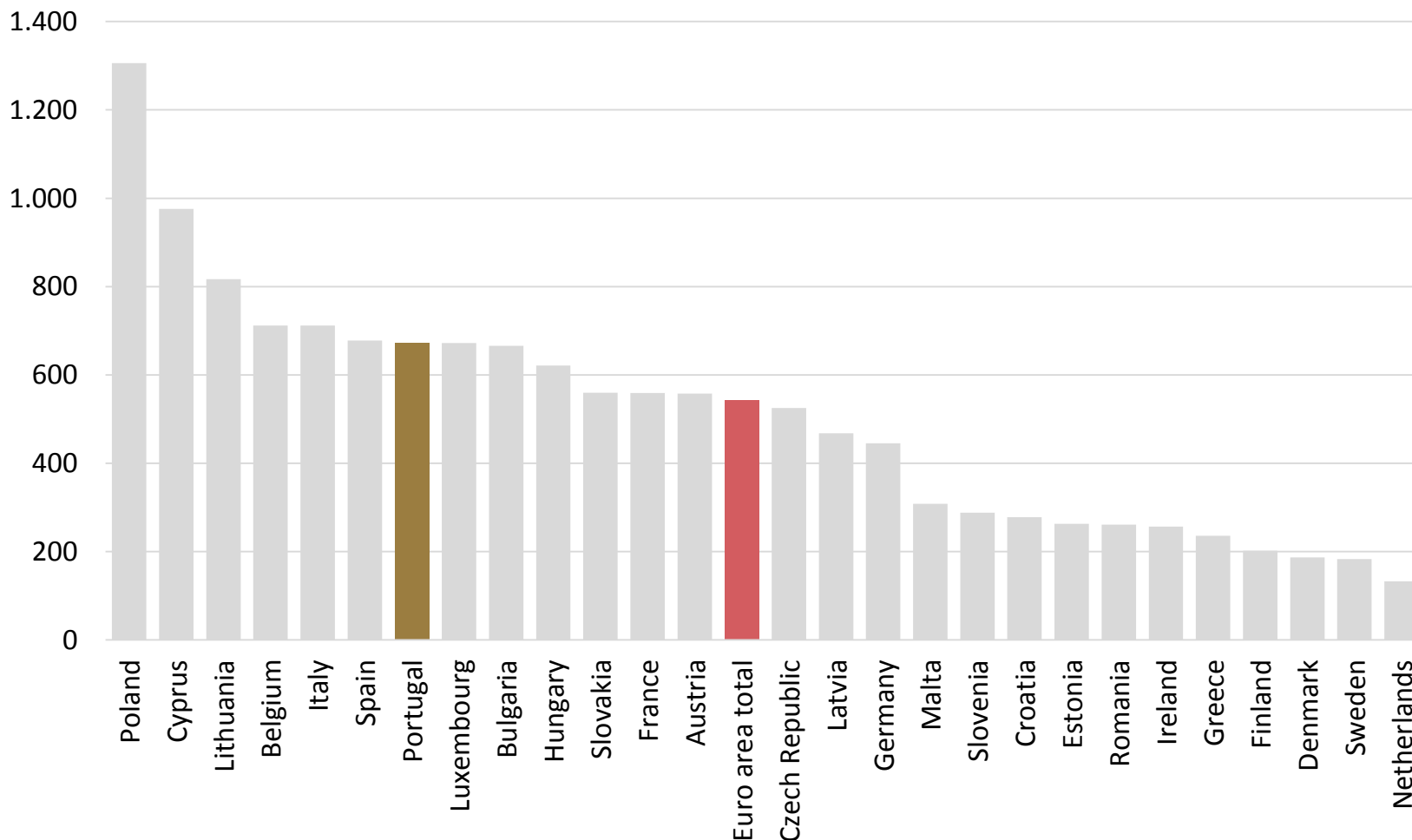


Number of offices of institutions offering payment services per million inhabitant in 2015





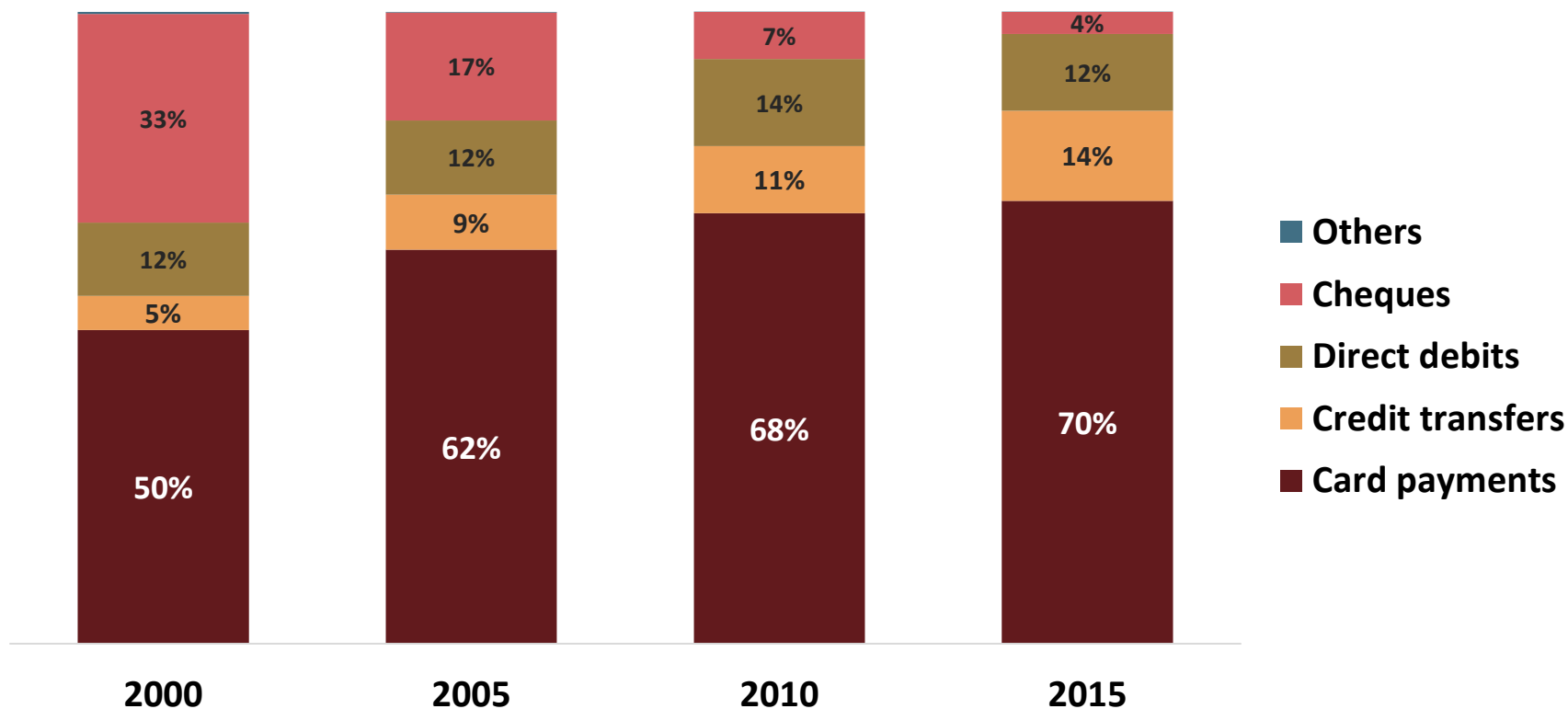
Number of offices of institutions offering payment services per million inhabitant in 2015





TRANSACTIONS PER TYPE OF PAYMENT SERVICE

Portugal 2000-2015





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THE ROLE OF THE *BANCO DE PORTUGAL* AS A PROVIDER OF FINANCIAL SERVICES





BANKING 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...

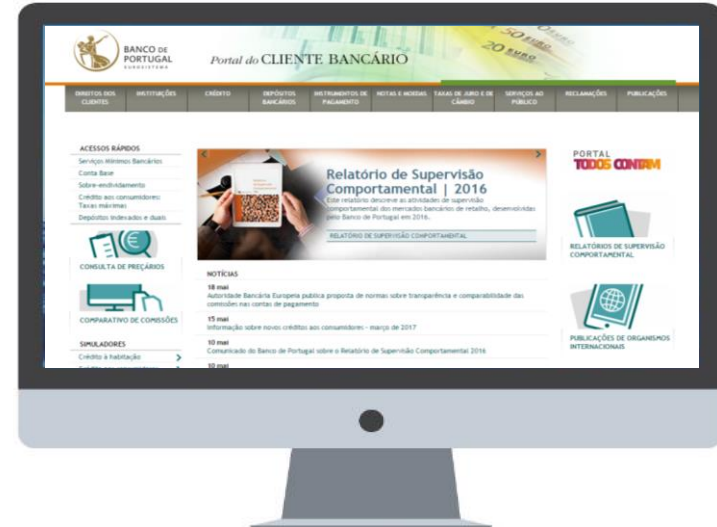
useful information
on banking
products and
services

simulators

glossary of
financial terms

answers to
frequently
asked
questions

WHERE? Bank Costumer Portal



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

Loans outstanding granted to households and corporations by type and purpose

Potential
loans

Securitised
loans

Type and value of
collateral or
guarantee

Original and
residual
maturity

Credit
defaults

Country where
the loan was
granted

etc



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

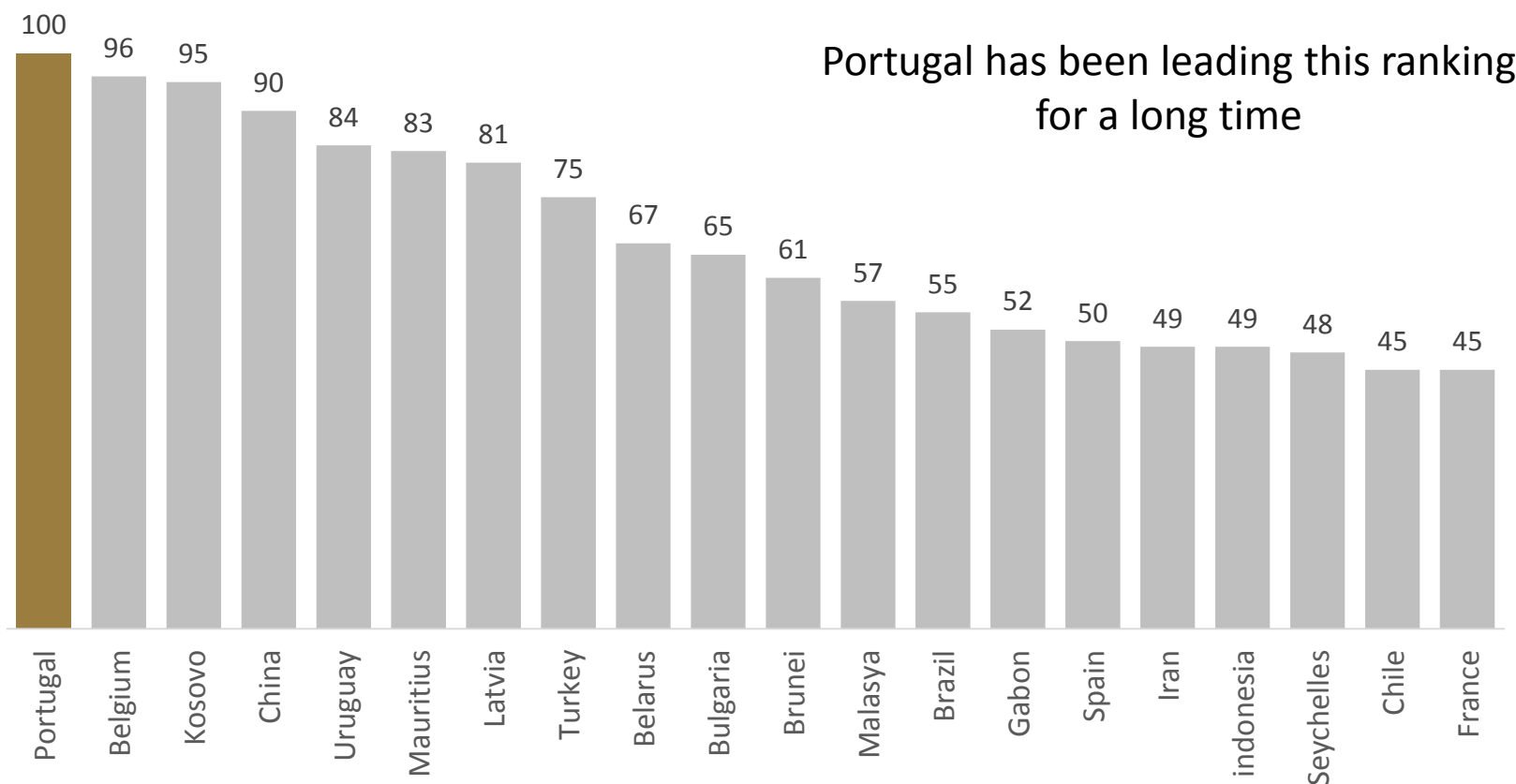


6 working days deadline



CENTRAL CREDIT REGISTER COVERAGE RATE

as % of adult population



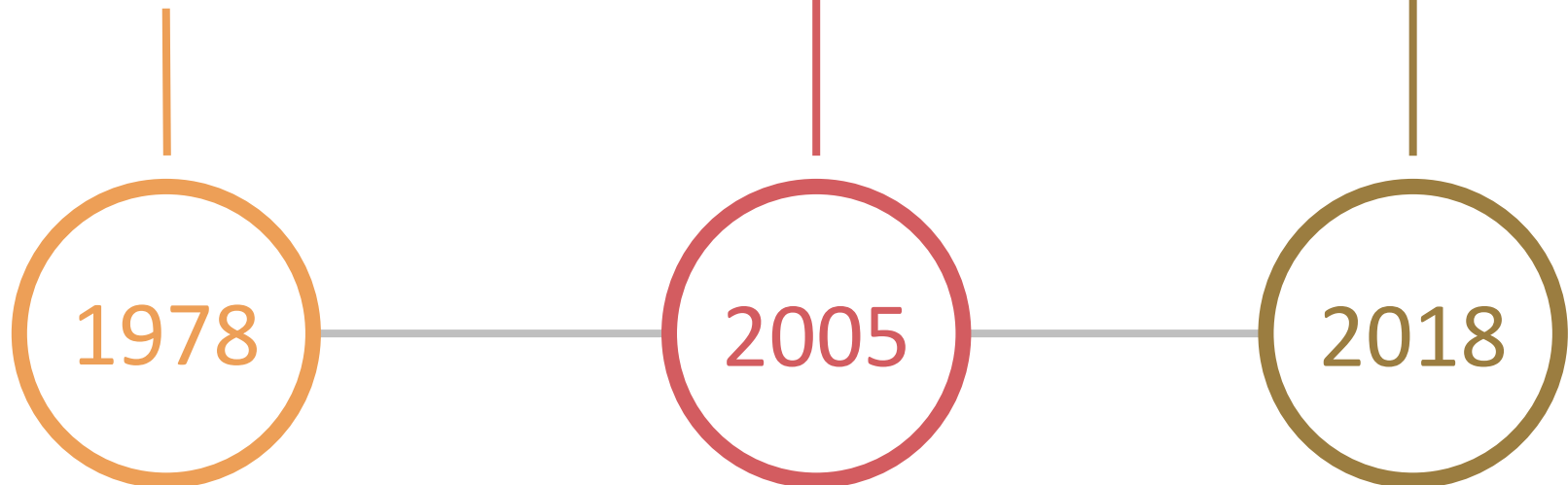


Bilateral exchange of credit data with other EU CCR

(MoU)

Beginning of CCR
(on a debtor-by-debtor basis)

New system
(on a loan-by-loan basis; AnaCredit)





THE PORTUGUESE CCR: THE WAY FORWARD

Transmission of information on loans: New CCR (2018)



Credit Institutions



Statistics Department
(new CCR, including
MIR on loans)



INTEGRATED MANAGEMENT OF INFORMATION

AnaCredit

Financial Stability
Department

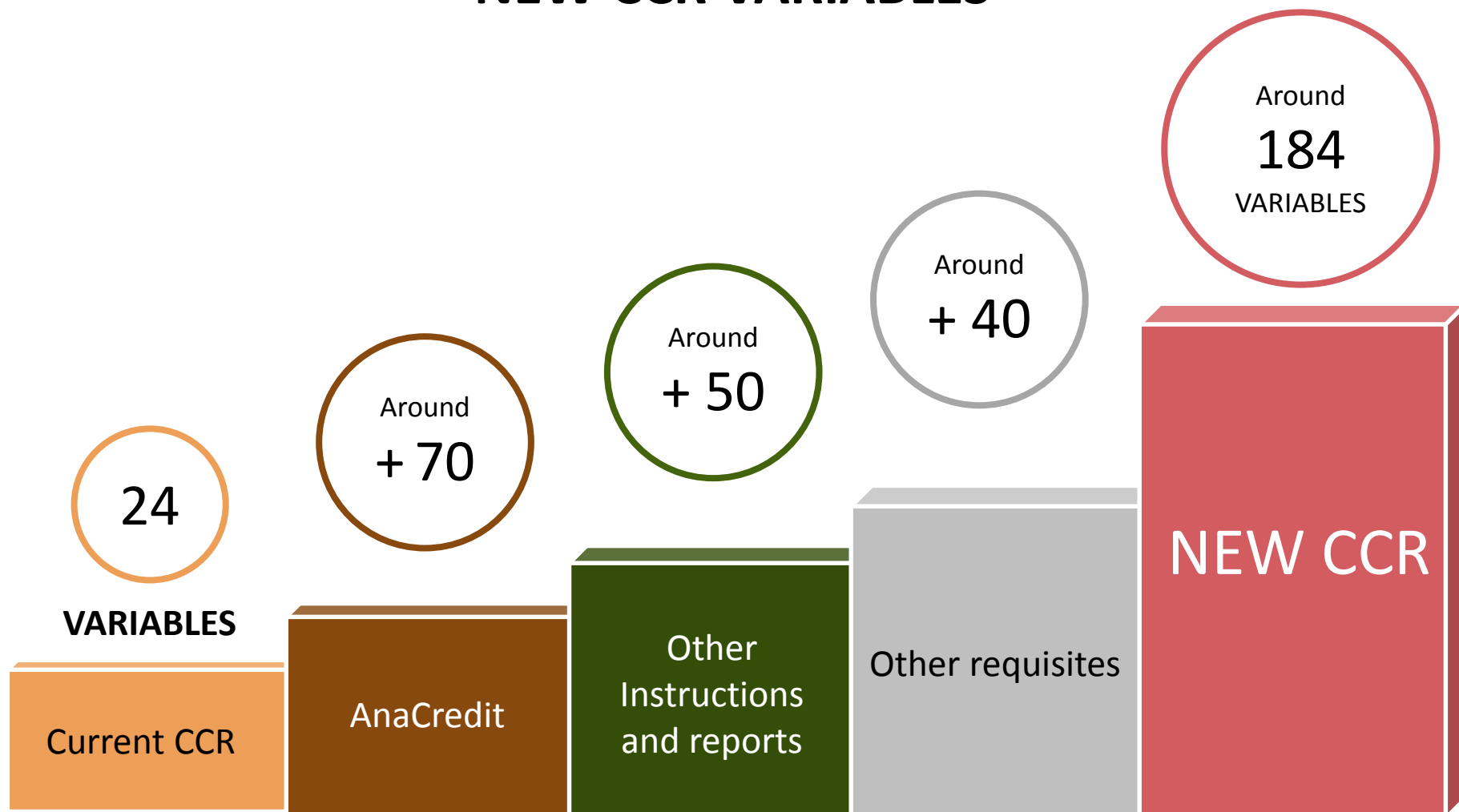
Banking Conduct
Supervision Department

Banking Prudential
Supervision Department

Markets and Reserve
Management Department



NEW CCR VARIABLES





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MEASURING FINANCIAL INCLUSION IN PORTUGAL





MEASURING FINANCIAL INCLUSION IN PORTUGAL



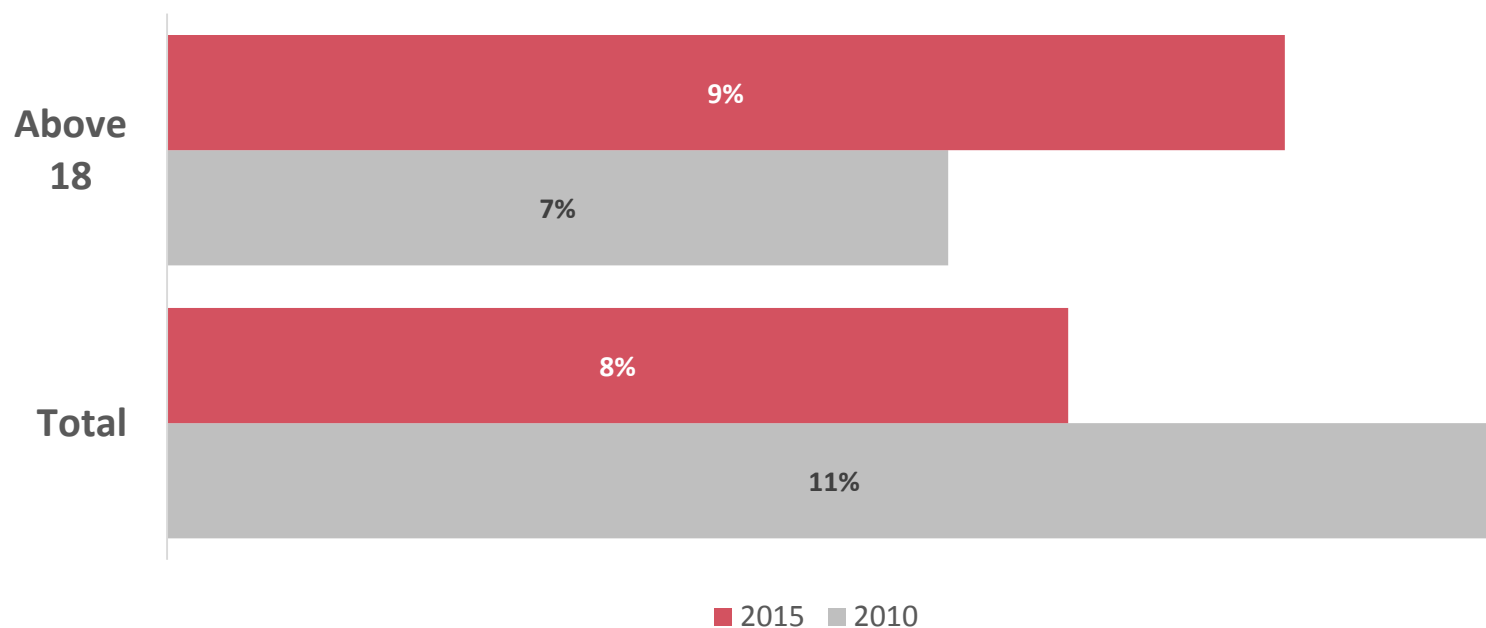
BANCO DE PORTUGAL CONDUCTED A SURVEY ON THE FINANCIAL LITERACY OF THE PORTUGUESE POPULATION

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

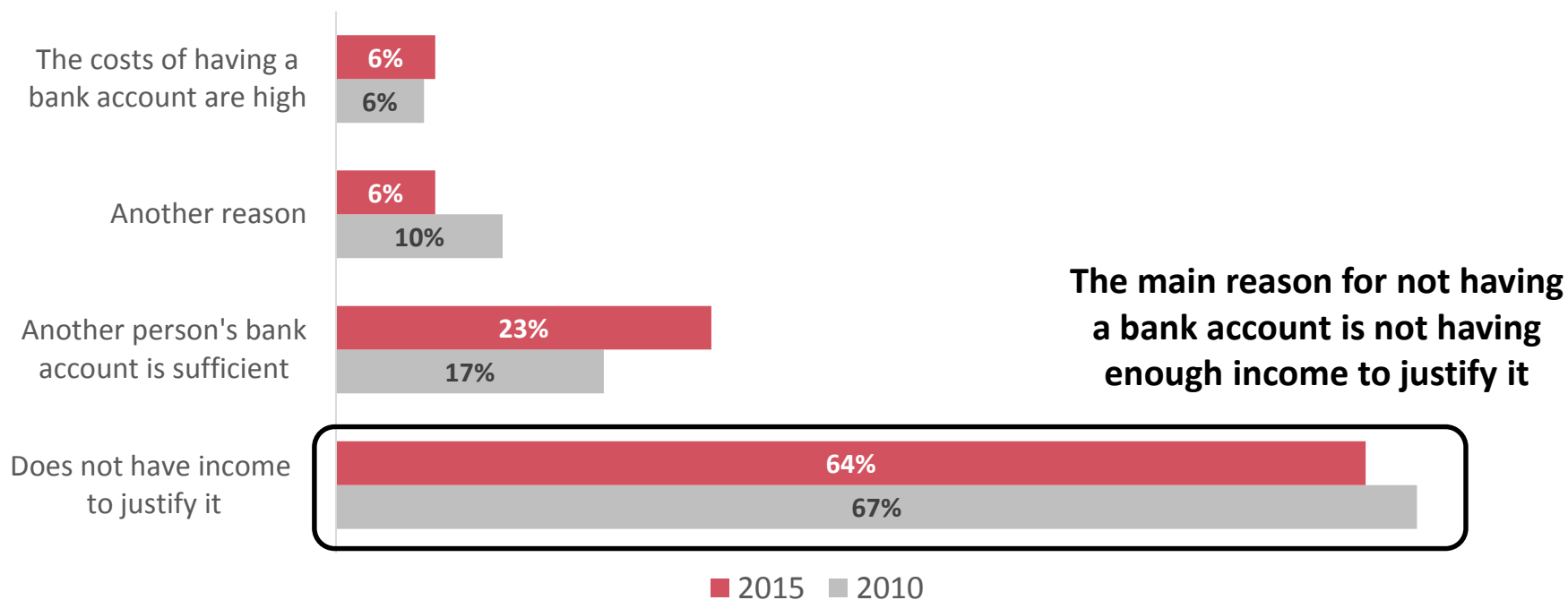
PERCENTAGE OF INTERVIEWEES WITHOUT A CURRENT ACCOUNT





MEASURING FINANCIAL INCLUSION IN PORTUGAL – RESULTS OF THE SURVEY

REASONS FOR NOT HAVING A BANK ACCOUNT

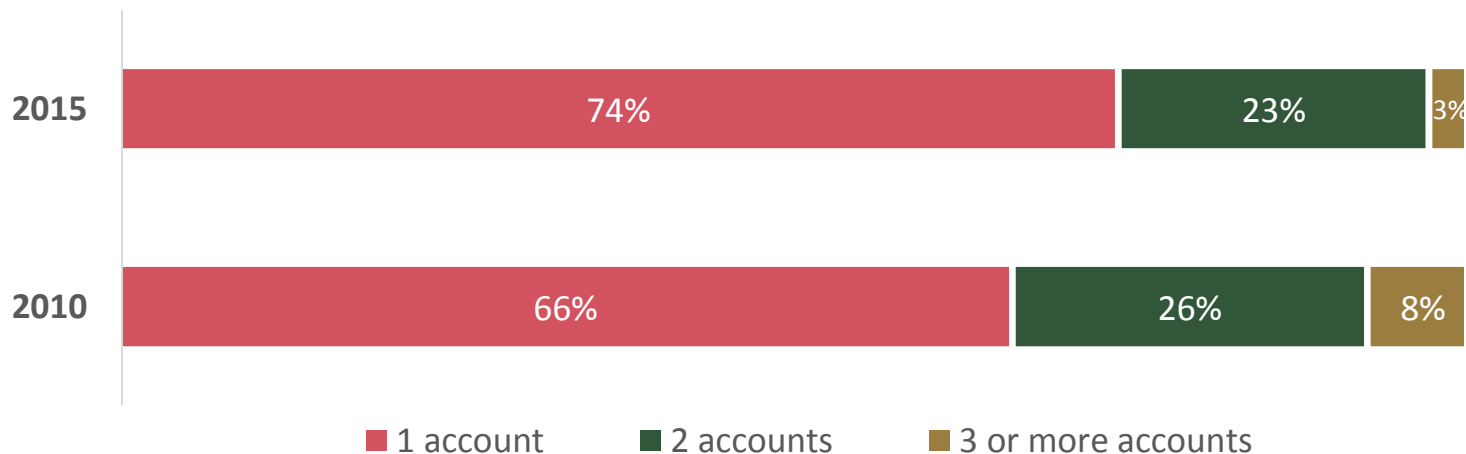




MEASURING FINANCIAL INCLUSION IN PORTUGAL – RESULTS OF THE SURVEY

For the individuals who have a bank account...

HOW MANY
CURRENT
ACCOUNTS
DO YOU
HOLD?

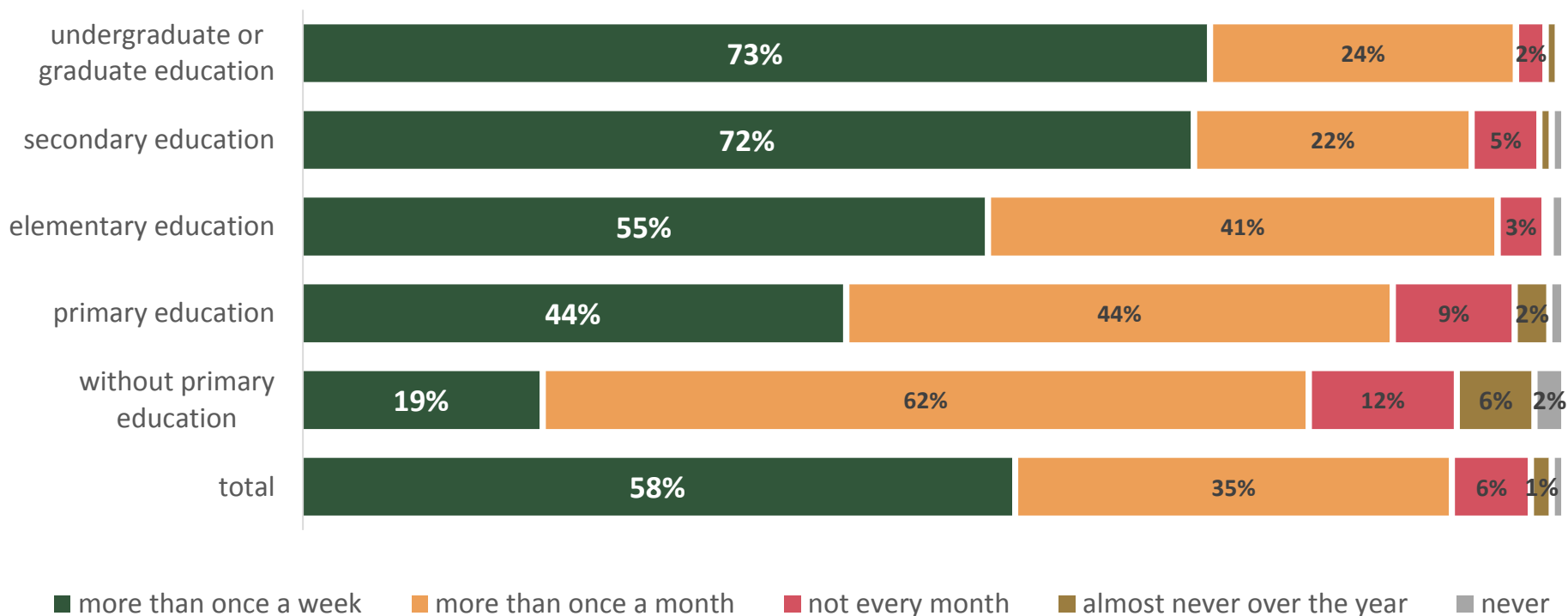




MEASURING FINANCIAL INCLUSION IN PORTUGAL – RESULTS OF THE SURVEY

For the individuals who have a bank account...

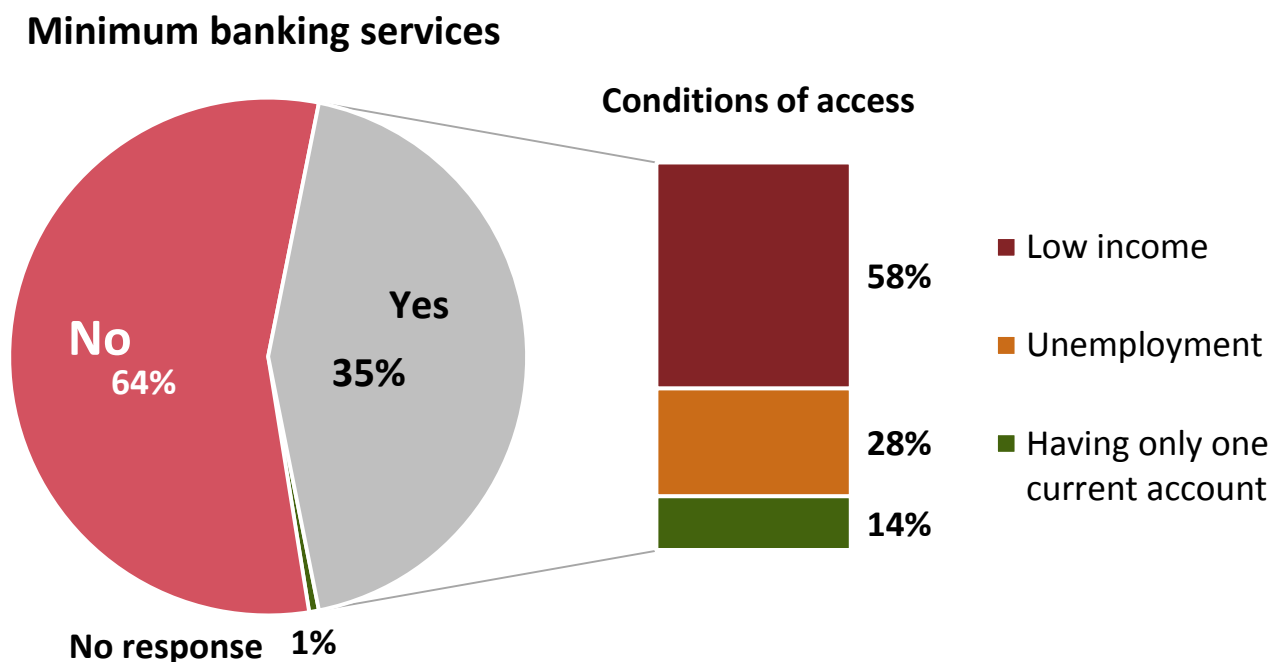
FREQUENCY OF USE OF BANK ACCOUNT





MEASURING FINANCIAL INCLUSION IN PORTUGAL – RESULTS OF THE SURVEY

WHAT IS REQUIRED IN ORDER TO ACCESS THE MINIMUM BANKING SERVICES?

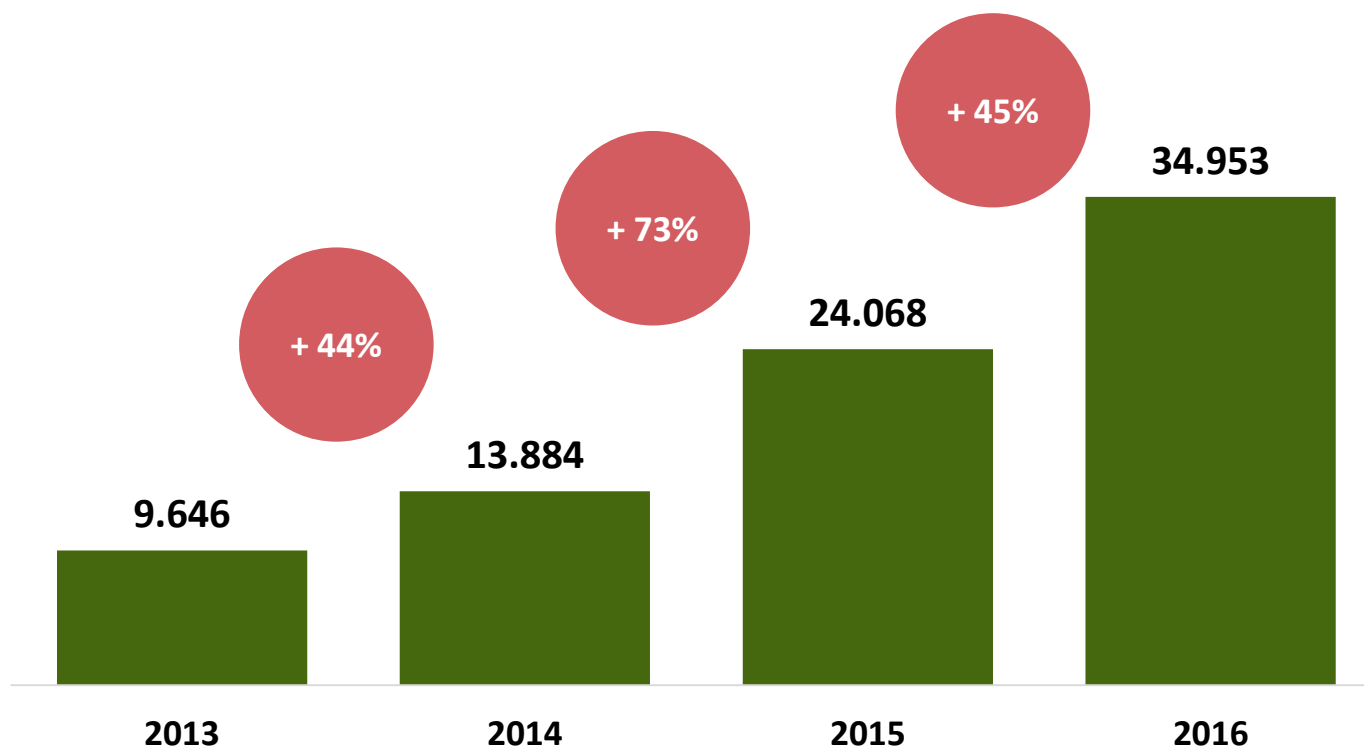


MINIMUM BANKING SERVICES: an initiative taken by *Banco de Portugal* to promote financial inclusion



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!



CONCLUSIONS





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**





THANK YOU FOR YOUR ATTENTION

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