



Leveraging Digital Finance and Payments of Credit Unions to Increase Resilience of its Members in Timor-Leste



Key Information



Sector	Digital financial services for credit unions in Timor-Leste
Lead Partner	UN Capital Development Fund (UNCDF)
Implementing Partners	Secretary of State for Cooperatives (SECoop), Telemor FinTech, Tuba Rai Metin (TRM)
Financial Partner	European Union
Duration	2 years
Project Location	Timor-Leste
Total Budget EU	US \$130,000
Total Budget	US \$265,000
Date	July 2021 to December 2023

Background



Timor-Leste has a nascent financial system and Credit Unions (CUs) are playing an important role in serving communities in rural and remote areas of the country. In the last two decades, there has been phenomenal adoption of mobile and digital technology in emerging markets and mobile money can be one of the best ways of reaching people when formal banking facilities are not available or have limited reach.

Recognizing the trend of increased mobile adoption and its potential to reach underserved rural and remote populations, the project's overall objective is to develop, test and scale services that inspire and increase adoption and usage of digital financial services by individuals and households, especially women living in rural areas. The introduction of a digital mobile money platform to credit unions will enable them to deliver basic financial services to underserved communities more conveniently and efficiently. With increased opportunities to transact digitally at affordable costs, new and existing credit union members will also transact regularly.



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Project Details



This project aims to create and strengthen digital financial ecosystems that support low-income households, individuals (particularly women, youth, and farmers in remote, rural areas) by providing credit unions (CUs) with a digital platform to channel their payments to their members. Credit unions have solid links and presence outside the urban centers of Dili and/or other municipalities. At the same time, there are limited DFS products and services available for clients. In this project, UNCDF will support the Secretary of State for Cooperatives (SECoop), the government body responsible for monitoring and supervising CUs. SECoop will work with its implementing partner, Telemor Fintech (TF), to provide a digital solution, a phone-based e-wallet. CUs' members will transact – receive loans, make loan repayments and make deposits/savings. Additionally, other services will be made available through the platform, such as transfer from B2W/W2B, transfer from P2P, top-up, buy data, and other payments.

A human-centered design approach will be used to create, test and scale services that inspire adoption and usage of digital financial services by households/individuals, especially those living in remote rural areas. Women empowerment will also get a specific focus as most CU members for the pilot phase are women.

Expected results

The project aims to deliver the following :



Launch a mobile-based member onboarding & transaction platform

to reduce transaction time and costs, especially for remote rural members of credit unions



5000 members from production cooperatives

migrate to a mobile-based transaction platform in a phased manner



Enable bank account to mobile e-wallet transfers

for 5000 CU members with bank accounts to transact on the platform



Test & validate combined use of mobile-based transaction platform & digital financial literacy training

to support increased uptake and usage

Project Partner Logos



Impact Capital
for Development



Contact Details



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Key Achievements: Q1 & Q2 2023



Tuba Rai Metin (TRM) staff trained and onboarded

as a partner to support the registration and training of all Credit Union members on the Mosan system



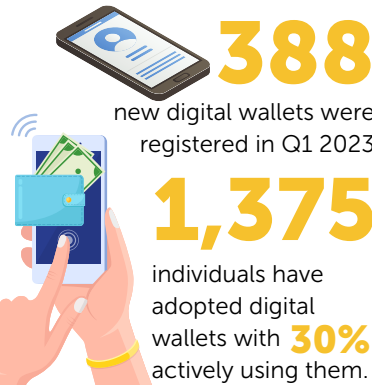
SECOOP Staff

were trained by Telemor FinTech on how to use the Mosan system in daily operations and its benefits



534

members from various Credit Unions were trained on digital and financial literacy by Tuba Rai Metin (TRM)



388

new digital wallets were registered in Q1 2023

1,375

individuals have adopted digital wallets with **30%** actively using them.



4 Credit Unions

transitioned to the new system, demonstrating their trust and adoption of the technology



Development of marketing materials

such as handbooks and video guides by Telemor Fintech as part of its marketing efforts to reach more credit unions and their members.

Challenges



1

Limited and delayed Information for Beneficiaries About Trainings

Difficulty in providing timely information about the training by coordinators.

2

Time Constraints for Public Servants

Many credit union members are public servants. Their work schedules often clashed with project activities.

3

Rainy Season

The rainy season conditions made it difficult for participants to travel and attend the training sessions.

4

2023 Elections

The project activities occurred during the electoral campaigns rallies, making it difficult to mobilize participants for the training sessions.

Lessons Learned



Timely information is crucial to mobilize participants



Tailored Training and Support for Credit Union members is essential



Project activities must have flexibility



Partners working together enables more efficient training and ensures improves registration process



Development of appropriate marketing materials can enhance user education and adoption

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