



NFIS

BELIZE
NATIONAL FINANCIAL
INCLUSION STRATEGY

2019 - 2022



Executive Summary

On 17 September 2019, Belize will launch its National Financial Inclusion Strategy. Robust evidence shows that countries across the world that have introduced financial inclusion policies and strategies, have experienced poverty reduction and improvements to the stability and integrity of their financial systems. Our national policy makers recognize the role of financial inclusion in enabling shared prosperity and reducing poverty; they have been pursuing the implementation of sustainable economic growth and development policies as outlined in Horizon 2030 and the Growth and Sustainable Development Goals (GSDS) 2016-2019. Further, the Central Bank embedded financial inclusion in its strategy map 2018-2022 as a primary objective in achieving economic growth and ensuring financial stability in Belize. National Financial Inclusion has therefore, become a significant priority for Belize.

“Our national policymakers have demonstrated commitment to maintaining a resilient financial system and, most recently, to ensuring financial access to all families and businesses. Financial stability and financial inclusion are paramount for Belize’s economic growth and development goals.”

*-Amb. A. Joy Grant, Governor,
Central Bank of Belize*

“I wish to congratulate the Government and people of Belize on the launch of the country’s National Financial Inclusion Strategy. Belize now joins the group of 35 other countries that have developed a strategy, recognizing financial inclusion as a key enabler for driving economic growth, reducing poverty and boosting prosperity. The World Bank looks forward to continuing to partner with the Government of Belize as it seeks to increase financial inclusion.”

*- Tahseen Sayed, Country Director for
Caribbean Countries, World Bank*



What is financial inclusion?

For the purposes of Belize's National Financial Inclusion (NFI) agenda and to encourage a shared understanding of critical areas of engagement across stakeholders, financial inclusion in Belize is defined as:



“The uptake and informed usage of a range of quality financial products and services by individuals and MSMEs, provided in a manner that is accessible and safe to the consumer and sustainable to the provider.”

What is the National Financial Strategy (NFIS) and how will it work?

- The National Financial Inclusion Strategy (NFIS) provides a coordinated and comprehensive roadmap to accelerate the progress of financial inclusion in Belize.
- The NFIS sets forth a series of specific, delineated and sequenced actions for a wide range of stakeholders.
- These actions are aligned with existing government and sector strategies but are specific to the goal of expanding financial inclusion in Belize.

Why a financial inclusion strategy for Belize?

- A NFIS supports the national economic growth strategies (Horizon 2030; GSDS 2016-2019) and their goals of shared prosperity and poverty reduction.
- A NFIS will help us to identify key barriers, gaps, and opportunities in financial inclusion, and provide a corresponding prioritized and concrete action plan to achieve a shared vision of an inclusive financial system in Belize.
- A NFIS can serve as a powerful tool to coordinate, deepen, and accelerate national efforts.
- The NFIS includes a monitoring and evaluation framework designed to track progress against the objectives, activities, and outputs outlined in the action plan to enable informed decisions on whether resources are being utilized effectively.

Steps to the development of the Belize NFIS



Analyzed and established, at a high level, the financial inclusion landscape, the financial behaviors of the population, and current **challenges**;



Identified **Priority Policy** areas to help reach financial inclusion goals for specified target populations;



Established a coordination and governance mechanism to oversee the implementation of actions set forth in the NFIS;



Established a sequenced action plan, with defined objectives, assigned roles, and timelines;



Provided a structured monitoring and evaluation framework to track both progress of NFIS implementation and ensure effective growth of financial inclusion.



Belize's Key Financial Inclusion Challenges

Our national policymakers have demonstrated commitment to maintaining a resilient financial system, but a national assessment revealed that several challenges remain:

- **46.7% of adults in Belize are considered financially aware based on their self understanding of financial services, products, and terms. These individuals self reported being aware of an understanding of at least 3 of the following concepts: ATM, Savings Account, Debit Card, Credit Card, interest rate, among other things.**
 - **Financial Awareness** means that financial consumers have the ability to make informed judgments and have confidence to make effective decisions regarding the use and management of money.
- **66% of the citizens have accounts in a bank or credit union, but there is a large gap between urban and rural populations.**
 - **Account Ownership** is regarded as a gateway towards other financial services like credit, savings and insurance, and greater financial inclusion.
- **32.5% of adults in Belize reported having saved in a regulated financial institution in the past 12 months.**
 - The level of **Savings** has remained virtually stagnant over the past 5 years. Savings help people build a cushion against hard times and better manage risks.
- **8.1% of Belizean adults used a mobile banking application and only 8.8% used an online banking web**
 - **Mobile banking** has a great potential for enabling financial services to the unbanked and under banked, particularly in rural areas.
- **73.4% of Belizean primary school students have received basic financial education.**
 - Financial literacy is a combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing (OECD INFE).

(Sources: Global Findex 2014, SIB Labour Force Survey 2019)



Key Elements in Addressing Financial Inclusion

VISION

“Every individual and enterprise in Belize is equipped to make full use of accessible, quality, and affordable financial services.”

1. **Accessibility** refers to consumers’ ability to conveniently access financial products and services.

It means that consumers have sufficient physical proximity to access points (e.g. branches, agents, ATMs, and mobile phones) enabling them to easily select and use a range of financial products and services.

The easing of barriers to opening and maintaining accounts will also improve accessibility.

FINANCIAL INCLUSION

2. **Informed usage** refers to a financially capable consumer actively using a financial product or service.

Understanding that consumers use products with different frequencies, means that it is important to ensure that financial products are well-targeted and fit the needs of consumers.

Financially capable consumers are those capable of acting in their own best financial interest, as well as those with the skills and behaviors to manage their resources, understand, select and make the best use of financial services that fit their needs.

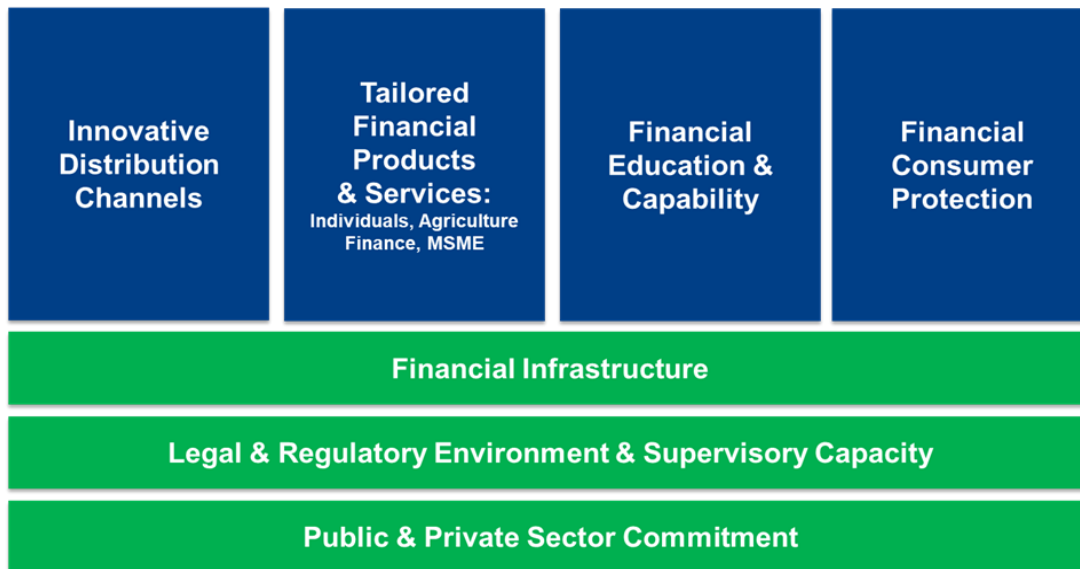
3. **Quality** refers not only to the characteristics of the financial products and services such as cost, convenience and usefulness but also to the way customers are treated, empowered and protected; and specifically:

- ◆ Providing a range of customer-centric designed products and services that respond to their particular needs at an affordable cost.
- ◆ Creating an enabling environment that allows market entry and development of innovative financial solutions to influence diversity and competitiveness in the marketplace.
- ◆ Building consumer trust that financial service providers are aligned with their needs and interests, and ensure that they truly benefit from financial inclusion.



Policy Framework for Financial Inclusion

The national financial inclusion strategy (NFIS) framework is structured with Enabling Foundations and drivers identified through a financial inclusion assessment and through stakeholders consultations.



The green bars signify the **Enabling Foundations** to expand financial access and inclusion in Belize. These include:

- **Public & Private Sector Commitment:** encouraging sustained public and private sector involvement and collaboration in building a robust financial system.
- **Legal and Regulatory Environment and Supervisory Capacity:** Appropriate laws and regulations are in place to facilitate access, innovation, competition as well as stability, with corresponding capacity of authorities to monitor and enforce these.
- **Financial Infrastructure:** In addition to infrastructure needed to ensure effective and rapid transaction services, payments, and Information and Communications Technology (ICT) infrastructure, enabling support for electronic registries and credit reporting systems.

The blue pillars show the **Cross-Cutting Drivers** necessary for individuals to uptake and use financial products and services, wisely.

- **Innovative Distribution Channels:** Expanding the geographic coverage of easily available financial access points in Belize can be made possible through the employment of technology and interoperable access channels.
- **Tailored Financial Products & Services** for individuals, agriculture finance, and MSMEs: Promoting a variety of product offerings to meet the diverse needs of target populations.
- **Financial Education and Capability:** Equipping consumers with awareness, understanding, and skills to make improved financial decisions.
- **Financial Consumer Protection:** Ensuring the fair treatment of customers, including through safeguards on market conduct in areas such as transparency and disclosure.

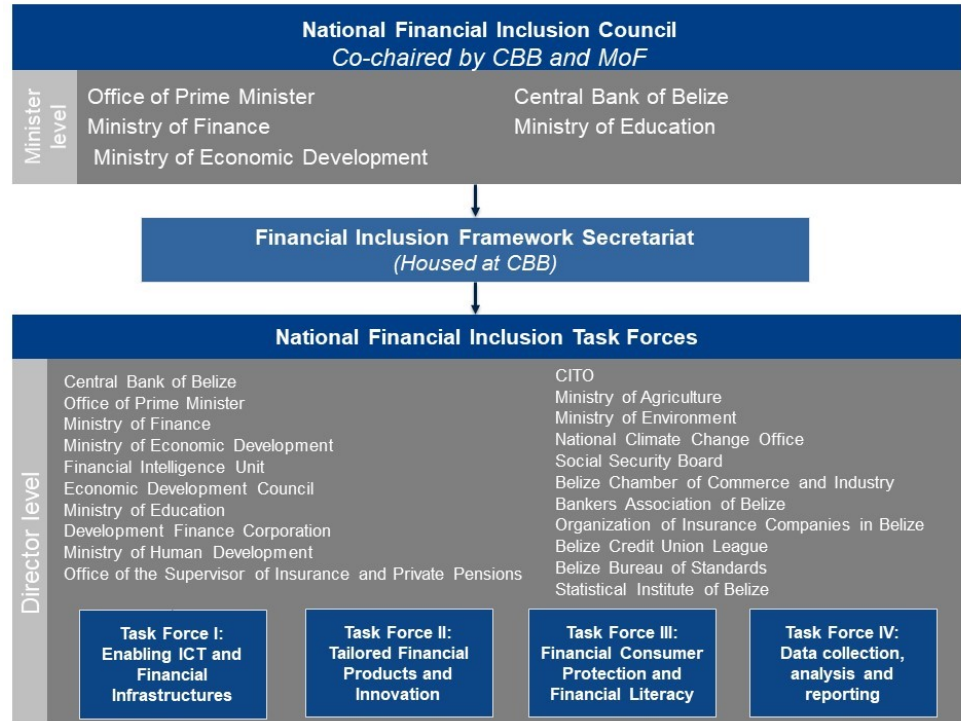


Coordination and Governance Mechanisms

In order to effectively coordinate financial inclusion efforts in Belize, the following governance arrangements will oversee the implementation of the actions outlined in the NFIS.

National Financial Inclusion Council

The National Financial Inclusion Council (NFIC) provides policy guidance within the NFIS governance structure. The NFIC ensures effective leadership and coordination of relevant public and private stakeholders' efforts toward advancing financial inclusion.



Financial Inclusion Secretariat

The NFIS Secretariat will provide continuous support to the NFIC and the FITF to coordinate, monitor and evaluate the implementation of the NFIS action plan. The Secretariat is housed at the Central Bank.

Financial Inclusion Task Forces

The Financial Inclusion Task Forces (FITFs) is composed of director-level representatives of different public and private sector institutions. The FITFs meets as needed during the first year of implementation and at least quarterly for the subsequent years. The FITFs execute the agreed upon Actions.

Initially, four FITFs will be established, each related to a key thematic area including:

1. Enabling ICT and Financial Infrastructures;
2. Tailored Financial Products and Innovation;
3. Financial Consumer Protection and Financial Literacy; and
4. Data Collection, Analysis and Reporting.



Action Plan

The **Cross-Cutting** Actions are tabled below.

| Policy Objective Area | Actions |
|--|---|
| Public & Private Sector Commitment | |
| Improve cross-agency, cross-sector coordination for financial inclusion | Convene and ensure public-private participation in task forces meetings Produce NFIS annual reports with contribution from task forces' members and organize annual stakeholder convening event on NFIS implementation progress |
| Improve data infrastructure for financial inclusion | Ongoing collection of demand-side financial inclusion data through Financial Inclusion Module in Labour Force Survey Collect disaggregated supply-side financial inclusion data by priority groups (gender, age, rural, MSME, etc.) Collect data on agriculture finance Expand data collection on financial capability |
| Legal & Regulatory Environment & Supervisory Capacity | |
| Enabling policy to support financial services technology acceleration | Develop and Enact a Digital Signature Legislation |
| Increase capacity for oversight framework | Expand implementation of oversight framework for non-bank financial institutions |
| Facilitate Access to Payment Systems | Develop secondary regulation for the National Payment Systems Act |
| Financial Infrastructure | |
| Reduce cost of electronic transactions | Financial services providers to align retail transaction fees with the lower cost structure associated with digital transactions Implement National Switch as a private-public partnership Credit unions to invest and increase capacity to connect directly to the National Payments System |
| Increase access to consumer credit information | Establish a Credit Registry Develop and implement a Secure Transaction Law and establish a Moveable Collateral Registry |



The Enabling foundation Actions are tabled below are tabled below.

| Policy Objective Area | Actions |
|---|---|
| Innovative Distribution Channels | |
| Expand financial service provision via mobile technology | Financial service providers to develop and expand reach and functionality of mobile banking applications |
| Expand financial service provision via agents | Develop and implement an oversight and licensing framework for the development of agents for payment services providers |
| Tailored Financial Products & Services | |
| Reduce barriers of documentation and customer due diligence | Consistent implementation of CDD requirements within banking and credit unions sectors |
| | Develop tiered KYC/ AML/ CFT guidelines to facilitate the development of low-risk products |
| Expand availability of financial products and services for women, youth, MSMEs, and agribusiness | Development of tailored-made financial products for target populations |
| | Collect data on climate risk for the development of disaster and climate insurance |
| Financial Education & Capability | |
| Strengthen financial capability of consumers | Scale-up targeted and sector-specific financial capability training to entrepreneurs, MSMEs, agribusiness, rural communities, and women |
| | Enhance financial capability training to primary, secondary, tertiary education instructors |
| | Financial Service Providers to develop and implement sector-specific financial education initiatives |
| Financial Consumer Protection | |
| Improve transparency and disclosure practices of financial service providers, including through accessible language | Develop and implement guidelines for the standardization of the disclosure of fees and charges |
| Establish Financial Consumer Protection framework | Develop and implement the financial consumer protection regulatory and oversight framework |
| Increase trust in the financial system | Establish a deposit insurance scheme |



National Financial Inclusion Results Framework

The NFIS results framework allows implementing institutions and other stakeholders to monitor the progress towards the goals and vision set forth by this NFIS. The NFIS results framework includes indicators on all the NFIS policy driver areas based on data sources that are currently available or are planned to start collection in the short-term.

| Policy driver area | | # | Indicator | Baseline (year) | Target (2022) | Source | |
|--|----------|----|---|---|---------------|-------------------------|--------------------|
| Tailored financial products and services | Accounts | 1 | % of adults with a deposit or transaction account at financial institution | 65.5 (2019) | 80 | Findex/ SIB Survey | |
| | Savings | 2 | % of adults saving via a regulated financial institution* | 32.5 (2019) | 40 | Findex/ SIB Survey | |
| | Credit | | 3 | Volume of loans to MSMEs as percentage of total loans (banks and credit unions) | - | tbd | CBB |
| | | | 4 | % of adults who borrowed from financial institution in past year | 17.3 (2019) | No target; monitor only | Findex/ SIB Survey |
| | | | 5 | Getting credit index (out of 100 points) | 20 (2018) | 40 | Doing Business WB |
| | Payments | | 6 | Cashless retail transactions per 1,000 adults | - | tbd | CBB |
| | | | 7 | % of adults who made or received digital payments in the past year | 44.8 (2019) | 65 | Findex/ SIB Survey |
| Innovative distribution channels | | 8 | Total access points** per 100,000 adults | 75.9 (2018) | 80 | CBB | |
| | | 9 | Total access points per 1,000 km ² | 7.7 (2018) | 9 | CBB | |
| | | 10 | % of financial institution customers that use online or mobile banking | 17.2 (2019) | 25 | CBB | |
| Financial Education and Capability | | 11 | % of school-aged children who receive financial education as part of the curriculum | 73.4 | 100 | Ministry of Education | |
| | | 12 | % of adults who are aware of financial system concepts | 46.7 (2019) | 65 | SIB Survey | |
| Financial Consumer Protection | | 13 | % of clients who were charged a fee that was unexpected | 18.4% (2019) | 10 | SIB Survey | |

*Includes saving at a bank or credit union.

** Access points considered include bank and credit union branches and ATMs. Statistics on agents will be included once agent framework is in place and statistics become available.

NFIS Jingle

You want the best for your family
You're a value to your community
But financially you just can't get it right

And if you're aiming for prosperity
To achieve financial security
Learn how to use your money to make your future bright.

"In a financially inclusive country, every Belizean and micro, small and medium business must know how to use a range of quality, affordable financial services, paving the way for a better, brighter future."

You must seize the opportunity
To get financial security
So, learn the system to make your future bright.



CENTRAL BANK

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