

01100

011001110100110011



State of the Financial Inclusion 2020





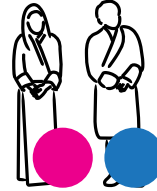
STATE OF FINANCIAL INCLUSION 2020

Bhutan's Supply Side Perspective



NFIC NATIONAL FINANCIAL
INCLUSION COLLABORATION
*In-pursuit of an Inclusive, Innovative and Resilient
Economic Development through Collaborative
Engagements*

FINANCIAL INCLUSION AT A GLANCE, 2020



76.08%

of Bhutanese have a **savings account**

● 47.34% ● 52.66%



21.79%

of Bhutanese have access to **loans**

● 42.78% ● 57.22%



25.29%

of Bhutanese have an **insurance policy**

● 40.39% ● 59.61%



16.73%

of Bhutanese have **life insurance**

● 43.67% ● 56.33%



9.24%

of Bhutanese have **non-life insurance**

● 34.79% ● 65.21%



11.98%

of Bhutanese are **Pension contributors**

● 27.9% ● 72.1%



20.50%

of Bhutanese have access to **e-money**



9.35%

of Bhutanese have **shares**



2,611

Bank agents

49.80

agents per 10,000 adults



151

Bank branches across the country



299

ATMs

5.70

ATMs per 10,000 adults



2.88

branches per 10,000 adults

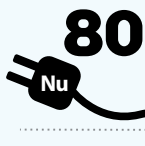


1,117

POS points

21.30

POS per 10,000 adults



80

1.53

extensions per 10,000 adults



347,054

bank app users



5

Banks

3

Insurance

1

CSI bank

5

Micro finance

1

Pension

2

Tel Cos

1

Stock Exchange

7

Share Brokers

2

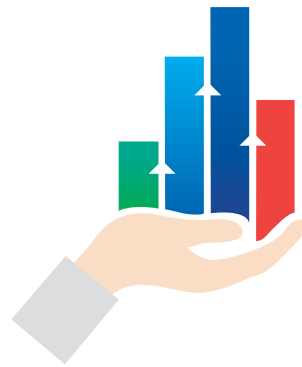
Private money lenders

Disclaimer Note!



Banks

- 1) Bank of Bhutan Ltd.
- 2) Bhutan National Bank Ltd.
- 3) Bhutan Development Bank Ltd.
- 4) Druk PNB Bank Ltd.
- 5) TBank Ltd



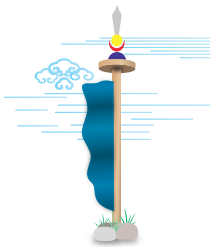
Non-Banks

- 1) Royal Insurance Corporation of Bhutan Ltd.
- 2) National Pension and Provident Fund
- 3) Bhutan Insurance Ltd.



Stock Exchange, CSI Bank and Micro Finance Institutions

- 1) Royal Securities Exchange of Bhutan Ltd.
- 2) National CSI Development Bank Ltd.
- 3) RENEW MFI
- 4) BAOWE Pelzing
- 5) MBPL



Tele Communication Companies

- 1) Bhutan Telecom Ltd.
- 2) Tashi InfoComm Ltd.

The report outlines the state of financial inclusion in Bhutan. The data was collected from different financial institutions in Bhutan as listed in the table.

This report outlines different supply side data which includes access points, saving deposits, credit, life and non-life insurance policies, pension, shares, emoney accounts and value-added services like ATMs, POS, mobile banking and Bhutan QR.

Disclaimer: We have made every attempt to ensure accuracy and reliability of information provided in this report, however, there may be cases where the data is not 100% accurate. The photos we have used is not intended to advertise any of the financial institution.

Note: Discrepancies in the total are due to rounding.

A PDF of the report, once published, will be available at <https://www.rma.org.bt/paperppt.jsp> and please use the latest report for citation, reproduction and adaptation purposes.

© Royal Monetary Authority of Bhutan
All rights reserved. Published in 2021



Preface

This report reviews the state of financial inclusion for the year 2020 that aims to provide evolution of financial inclusion with multi-dimensional measurement data highlights in terms of financial access points, financial inclusion value store transaction accounts, regulatory initiatives and financial literacy and education programs.

We thank all those who have contributed information contained in this report.





FOREWORD

It is to my greatest pleasure to endorse the 2020 State of Financial Inclusion (SoFI) report that articulates the progressive effect performance of the enabling financial inclusion strategies, policies and regulations. The state of financial inclusion report aims to inform and provide pertinent information of financial inclusion in Bhutan with multidimensional measurement data highlights in terms of financial access points, financial inclusion value store transaction accounts, regulatory initiatives and financial literacy programs.

Financial Inclusion efforts have been prioritized at the national level with the joint support from the key government agencies and financial service providers. The RMA has taken several measures to diversify and enhance financial inclusion towards strategic economic development.

The National Financial Inclusion Strategy provides a road map for Bhutan to collectively plan and strategize financial inclusion initiatives to enable regulatory interventions, enhance appropriate financial products and services through digitally defined solutions to the unreached and underserved population in the country.

Although data highlights in this report reflects much progress on the financial inclusion indicators over the years, however policy makers still need to embrace resilient mechanisms in response to COVID-19 pandemic and continue to ensure equitable balance, yet again with inclusiveness, technology advancements and effective financial literacy.

I am pleased to highlight the synopsis of this report that has been provided by the Financial Inclusion technical data team as follows:

- ✓ **Access Points:** All access points seem to be improving over the years and notably agents and POS are picking up at a faster pace than traditional bank branches. Mobile banking has been inevitably triggered with the ongoing situation of COVID-19 Pandemic and significant usage has been observed on the high rise. Additionally, with the onboarding of Bhutan Telecom and TashiCell as e-money providers, has significantly enabled in contributing to the increased usage of mobile payments.
- ✓ **FI Values Store Accounts and Dzongkhag penetration:** Bhutan as targeted an ambitious collective achievement of 85 percent checking account penetration by 2023; the 2020 SoFI reports an achievement of 76.08 percent saving account penetration, with a significant increase of 8.52 percent as compared to 2019. Credit accounts reflect 21.79 percent in 2020 (2.09 percent increase from 2019) and insurance policy ownership stands at 25.29 percent in 2020, with 5.79 percent increase from 2019. As anticipated, the account ownership contribution to the national data is significantly observed from populated areas like Thimphu and Chukha Dzongkhag mainly because of high number of people and numerous concentrated economic activities.
- ✓ **FI disaggregated to gender:** In terms of gender-based access to financial services, there are no significant gender gap in terms of savings account holding. However, the gender gap is higher for credit (3.81% higher for men) and ownership of insurance (6.85% higher for men) signifying more property and business ownership for men are higher than women in Bhutan.

Owing to some of the data highlights above, our focus towards enabling and unlocking financial inclusion further for the next few years could cluster around the following areas of financial sector development in addition to capitalizing our current efforts:

1. Create more relevant products and platforms such as Inclusive green finance, collateral replacements schemes, credit guarantee and e-commerce.
2. Fintech development to bridge offline customers to online merchants, digital identity and enabling P2P, B2B and PPP initiatives.

It is to my greatest appreciation to express gratitude to all the key Government agencies, Financial Institutions, Financial Service Providers and other relevant stakeholders involved in partnering with RMA to pursue the collective goal of enhancing 'greater financial inclusion' in the 21st century.



Dasho Penjore
Governor, RMA

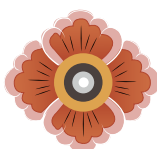
The NFIS Steering Committee (SC) shall function as the highest decision making body for any interventions related with the formulation and implementation of the Financial Inclusion National Action Plan (FINAP) 2019-2023. The role of the steering committee is also to provide overall strategic direction, guidance and enabling support to the NFIS Working Groups.

NFIS Steering Committee Members:



ACRONYMS

ATM	: Automated Teller Machine
BAOWE	: Bhutan Association of Women Entrepreneurs
BDBL	: Bhutan Development Bank Ltd.
BIL	: Bhutan Insurance Ltd.
BNBL	: Bhutan National Bank Ltd.
BOBL	: Bank of Bhutan Ltd.
CF	: Crowdfunding
DPNBL	: Druk Punjab National Bank Ltd.
eToT	: Electronic Training of Trainer
FI	: Financial Institution
FINTECH	: Financial Technology
FSP	: Financial Service Provider
MBPL	: Micro Finance Bhutan Private Ltd.
MCSML	: Micro, Cottage, Small, Medium and Large
MFI	: Micro Finance Institution
NCGS	: National Credit Guarantee Scheme
NCSIDBL	: National CSI Development Bank Ltd.
NFE	: Non-Formal Education
NPPF	: National Pension and Provident Fund
PoS	: Point of Sale
PSL	: Priority Sector Lending
RENEW	: Respect, Educate, Nurture and Empower Women
RICBL	: Royal Insurance Corporation of Bhutan Ltd.
RSEBL	: Royal Securities Exchange of Bhutan Ltd.
TBL	: TBank Ltd.



Contents

Executive Summary	15
CHAPTER 1: Introduction	20
CHAPTER 2: Access to Financial Services	
Introduction	24
Branches and extension by Districts (Bank, Insurance and MFI)	25
ATM & POS by District	26
Mobile Banking	26
eMoney	27
Bhutan QR Code	27
Chapter 3: Usage of Financial Services	
Introduction	30
Account Ownership and Gender	31
Account Ownership by other Financial Product and Services	32
Saving account ownership by District	33
Credit account ownership by District	33
Insurance policy ownership by District	34
Saving account ownership by Institution	35
Credit account ownership by Institution	35
Insurance policy ownership by Institution and Type of Policy	36
MCSML Lending Exposure in terms of number of accounts	36
Sector-wise performance and percentage of holding	37
Pension contributor by Member type and Gender	38
Investment in Shares	38
Security Brokage Firm	38

CHAPTER 4: Expanding Source of Finance

Priority Sector Lending	40
'JABCHOR' Platform for Equity Financing	42
Crowdfunding	48

CHAPTER 5: Regulatory Reforms

FINTECH Regulatory Sandboxing Framework	50
Guidelines for Bhutan QR Payment 2020	50
Guidelines for implementation of NCGS 2020	51

CHAPTER 6: Financial Literacy and Education

Formal Curriculum Updates:	
Financial Literacy in Business and Entrepreneurship Curriculum	54
FL curriculum for target learners	55
Financial Literacy FINTECH curriculum	55
FL Program Updates:	
YE-Banking Online System and eToT	56
SBS Club	56

CHAPTER 7: Conclusion

Figures

Figure 1: Financial Inclusion Milestones 2017-2020	21
Figure 2 : Branches and Extension by District	25
Figure 3 : ATM and POS by District	26
Figure 4 : Mobile Banking Users (Nos) by Banks	26
Figure 5 : eMoney Accounts (Nos) by Telecoms	27
Figure 6 : Bhutan QR Merchants by Banks	27
Figure 7 : Financial Inclusion Account Ownership (%)	30
Figure 8 : Account Ownership by Gender (100%)	31
Figure 9 : Financial Inclusion (%) to Adult Gender	31
Figure 10 : Account Ownership by Insurance Product type	32

Figure 11 : Account Ownership by other Financial Product and Services	32
Figure 12 : Saving Account Ownership by District	33
Figure 13 : Number of Credit Account by District	34
Figure 14 : Insurance Ownership by District	34
Figure 15 : Saving Account Ownership by Institution	35
Figure 16 : Credit Account Ownership by Institution	35
Figure 17 : Insurance Policy Ownership by Institution and Type of Policy	36
Figure 18 : Pension Contributory by Member Typer and Gender	38
Figure 19 : Number of Shareholder Inclusion by Year (%)	38
Figure 20: Number of Listed Company and Brokage Firms	38
Figure 21 : Crowdfunding Details in 2020	48
Figure 22 : Crowdfunding Raised in 2020 (Amount in Nu.)	48

Tables

Table 1: Number of Access Points by Year	24
Table 2 : Access point per 10,000 adults from 2018-2020	25
Table 3 : MCSML exposure in terms of number of accounts	36
Table 4 : Sector-wise performance and percentage of holding 2020	37
Table 5 : PSL Dzongkhag-wise	41
Table 6 : Financial Literacy Formal Curriculum Progress at a glance: 2021 Implementation	54

Executive Summary

Introduction

The World Bank Group considers financial inclusion as the key enabler to reduce poverty and boost shared prosperity. There is many literatures suggesting that having access to financial products and services such as savings, payment, credit and insurance makes a significant positive impact in people's life.

The most challenge for accelerating financial inclusion are accessibility to formal financial services, lack of appropriate financial product and services in terms of access points, infrastructure, affordability, KYC requirements and the lack of financial literacy particularly in the remote areas. The country's mountainous terrain also poses access barrier and increases operational costs of providing financial services.

Therefore, the Royal Monetary Authority of Bhutan initiated numerous regulatory reforms, infrastructure development including the establishment of Financial Inclusion Secretariat, and other programs to enhance inclusive access to formal financial services. Moreover, the RMA initiated development of National Financial Inclusion Strategy (NFIS) and National Financial Literacy Strategy (NFLS) and) with setting up of the NFIS Steering Committee and working groups to implement the strategic activities outlined in the Financial Inclusion National Action Plan (FINAP) 2019-2023.

Account Ownership: Expanding access to affordable and appropriate financial products and services

Financial inclusion generally means access to appropriate financial products and services such as transaction account, payments, savings, credit and insurance at an affordable cost to both individuals and business delivered in a responsible and sustainable way. Financial access facilitates day-to-day living, and helps families and business plan for everything from long-term goals to unexpected emergencies. As accountholders, people are more likely to avail other financial services such as credit and insurance, to start and expand business, to invest in education or health, manage risk and weather financial shocks, which can improve the overall quality of their lives.

Of the 524,315 adult Bhutanese population above eighteen years, 76.08 percent of the adult Bhutanese population has a bank account in one of the formal financial institutions including micro finance. 21.79 percent of the adult Bhutanese population has availed credit facility from one of the financial institutions in Bhutan and 25.29 percent has an insurance policy with one of the insurance company in Bhutan.

However, like in many countries around the world, Bhutan also has the gender difference in account ownership of various financial products and services. Although the gender gap is not high in terms of savings and credit account ownership, the gap is higher in terms of the non-life insurance.

Access Points: Developing infrastructure to enhance financial accessibility

Access points play a pivotal role in enhancing access to finance as it facilitates and eases transactions cost considering the distance to be traveled in order to avail the closest access points for the clients.

The overall number of access points has increased from 2019 to 2020. Among all the access points, the branches and extension has not increased much. The alternative delivery channels such as ATM, POS and Agents increased both in terms of number of access point and per 10,000 adults. Moreover, there was a significant increase in terms of mobile banking and e-wallet users.

The number of total branches which includes banks, insurance and MFI branches have remained same comparing to last year but per 10,000 adults slightly decreased. Over all, there is an increase in the access point per 10,000 adults in Bhutan from 2019 to 2020.

Expanding Sources of Finance: Financing for economic development

Priority Sector lending is one of initiatives of expanding alternative source of finance. A total of 1,577 projects were received from all the district after its launch in 2018. Of the total project received 1,292 were approved by the Dzongkhag and recommended to the financial institutions. After the review of all the proposals, the financial institutions approved 533 projects.

Jabchor is an initiative for the entrepreneurs to partner with investors and grow with them into a successful venture, based on trust and confidence supported by legally executed business partnership deed, recognized by laws of the Bhutan. The third season of Jabchor was conducted on 16th April, 2021 in collaboration with Bhutan Chamber of Commerce and Industry (BCCI) and five entrepreneurs pitched during the conference.

Out of two applicants of the Crowdfunding platform this year, Ability Bhutan Society's project worth Nu. 724,301 was successfully raised from 106 donors and the project was financed in 2020. However, the other campaign will continue in 2021 until its campaign duration finishes.

Reforms and Regulations: FINTECH Regulatory Sandboxing Framework

The emergence of disruptive technologies, such as Application Programming Interfaces, Artificial intelligence, Big Data and Distributed Ledger, etc., are transforming the financial sector landscape and creating a new set of opportunities and values, enhancing financial inclusion and challenging the way regulators supervise and regulate. In order to respond to the dynamics of the rapidly emerging technologies, the RMA introduced the Regulatory Sandbox (RS) Framework which will provide the requisite regulatory guidance, to increase efficiency, manage risks and create new opportunities for consumers.

Guidelines for Bhutan QR Code 2020

Bhutan QR code has paved way for payment services with innovations and modern technologies that allows merchants to scan customers QR code. Bhutan QR code was a significant turning point in the Bhutanese payment systems as it allows users to make payments conveniently, easily, and safely. Since its launch in July 2020, Bhutan QR has stimulated exponential growth of mobile banking transactions. Bhutanese are increasingly adopting QR payments for their daily payments, mainly for paying for goods and services. It has been adopted by various businesses, ranging from large wholesalers to street vendors, shops, taxis, fuel stations all across the country.

Guidelines for implementation of National Credit Guarantee Scheme (NCGS) 2020

Recognizing the private sector as a critical partner for the economic growth, the Government has always placed high importance on the private sector. Further, to enhance access to financing, the Government has launched the National Credit Guarantee Scheme (NCGS), as a counter cyclical policy measure during the COVID-19 pandemic situation on October 5th 2020. It will sustain investments by easing access to credit during the COVID-19 times. The NCGS is an intervention under which the Government guarantees a portion of the loans availed for establishing a viable business entity.



Your Relationship Bank

BUSINESS LOAN

Being a Businessman is not easy, so we made getting a Business Loan easier.





CHAPTER 1:

Introduction

INTRODUCTION

The World Bank Group considers financial inclusion as the key enabler to reduce poverty and boost shared prosperity. There is many literatures suggesting that having access to financial products and services such as savings, payment, credit and insurance makes a significant positive impact in people's life. Financial inclusion, therefore, has been recognized as one of the potential drivers to improve the financial well-being of the unserved and underserved segments of the population.

The most challenge for accelerating financial inclusion are accessibility to formal financial services, lack of appropriate financial product and services in terms of access points, infrastructure, affordability, KYC requirements and the lack of financial literacy particularly in the remote areas. The country's mountainous terrain also possesses access barrier and increases operational costs of providing financial services.

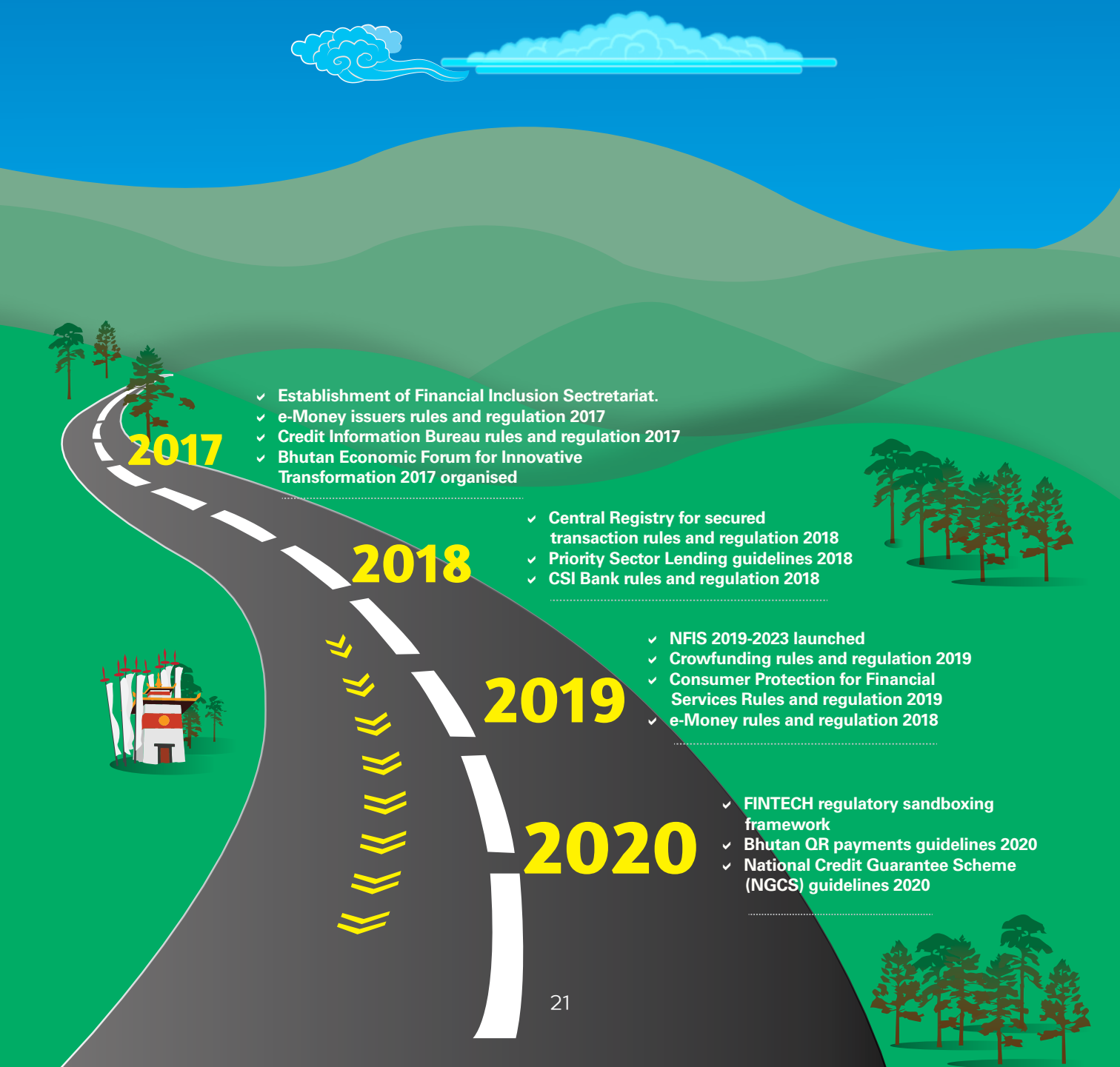
His Majesty's address to the country at the 109th National Day of Bhutan celebrations on 17th December 2016 clearly articulated the potential of the financial sector to create opportunities and improve access to finance for our youth and rural populace. Consistent with His Majesty's aspiration, financial inclusion has been acknowledged as an important national tool to ensure access to affordable financial services for all citizens.

Therefore, the Royal Monetary Authority of Bhutan initiated numerous regulatory reforms, infrastructure development including the establishment of Financial Inclusion Secretariat, and other programs to enhance inclusive access to formal financial services. Moreover, the RMA initiated development of National Financial Literacy Strategy (NFLS) and National Financial Inclusion Strategy (NFIS) with setting up of the NFIS Steering Committee and working groups to implement the strategic activities outlined in the Financial Inclusion National Action Plan (FINAP) 2019-2023.

The strategy aims to enhance access to and usage of quality and affordable formal financial services by all Bhutanese through an inclusive financial system. The following are the strategic objectives of financial inclusion:

- ✓ Expanding access to affordable and appropriate financial products and services,
- ✓ Developing infrastructure to enhance financial accessibility for all citizens of Bhutan,
- ✓ Improving accesses to finance for economic growth and development,
- ✓ Enhance the financial capability of the citizens and consumer protection.

Figure 1: Financial Inclusion Milestones 2017 - 2020





**ACCESSIBLE
BANKING
SERVICES FOR
PERSONS WITH
DISABILITIES
(PWD)**



P
R
I
O
R
I
T
Y

C
O
U
N
T
E
R
Y

CHAPTER 2:

Access to Financial Services

Expanding access to affordable and appropriate financial products and services



Introduction

Access points plays a pivotal role in enhancing access to finance as it facilitates and eases transactions cost considering the distance to be traveled in order to avail the most closest access points for the clients. Having a greater number of access point encourages easy accessibility for the population to access finance from the formal sector. Therefore, understanding the current financial infrastructure is important in designing policy and interventions to enhance access to formal financial sectors for the underserved and unserved populace. Access points are defined in terms of both physical and IT based infrastructures that enables an individual to transact through the financial institution. In this report, access points focus on branches and extensions, ATM, POS and Agents.

Table 1: Number of Access Points by Year

Access Points by Year			
Access Points	Numbers		
	2018	2019	2020
Total Branches	148	151	151
Bank Branches	98	105	106
Insurance Branches	40	36	31
MFI Branches	10	10	14
Total Extensions	70	81	80
Other Access Points			
Agents	2396	2442	2611
ATMs	246	274	299
POS	779	1035	1117

The overall number of access points has increased from 2018 to 2020. Among all the access points, the branches increased by one branch and extension has decreased. The alternative delivery channels such as ATM, POS and Agents has increased both in terms of number of access point and per 10,000 adults. Moreover, there was a significant increase in terms of mobile banking and e-wallet users.

The number of total branches which includes banks, insurance and MFI branches have remained same comparing to last year but in terms of per 10,000 adults it has slightly decreased. However, there is an

increase in the overall access point in Bhutan from 2019 to 2020.

A number of international organizations have defined a set of quantitative indicators that capture the state of financial inclusion in a country. While most focus on access per 10,000 adults, some have defined in terms of access point per km². For Bhutan, the

Table 2: Access point per 10,000 adults from 2018-2020

Access Points per 10,000 Adults			
Access Points	Percent per 10,000 Adults		
	2018	2019	2020
Population	506220	515224	524315
Total Branches	2.92	2.93	2.88
Bank Branches	1.94	2.04	2.02
Insurance Branches	0.79	0.70	0.59
MFI Branches	0.20	0.19	0.27
Total Extensions	1.38	1.57	1.53
Other Access Points			
Agents	47.33	47.40	49.80
ATMs	4.86	5.32	5.70
POS	15.39	20.09	21.30

indicator per 10,000 adults is used as less than 3 percent of the total land area of Bhutan is reported to be under cultivation. Therefore, indicator expressed in km² may be misleading because of the low population density.

The population of Bhutanese adult over the age of 18 is estimated to be 524,315. Table 2 provides access points per 10,000 adults. The number of total branches which includes banks, insurance and MFI branches has decreased in terms of per 10,000 adults from 2019 to 2020.

There has been significant growth in the number of Agents, ATM and POS machines and per 10,000 adults has also increased slightly.

Branches and extension by Districts (Banks, Insurance and MFI)

The number of branches and extension offices are higher for Dzongkhags like Thimphu, Samtse, Chukha and Sarpang. The number of branches and extension offices are higher in higher number of population and gewogs. Thimphu has the highest with 15 branches and 10 extension offices while Gasa has the least with 3 branches and 1 extension office.

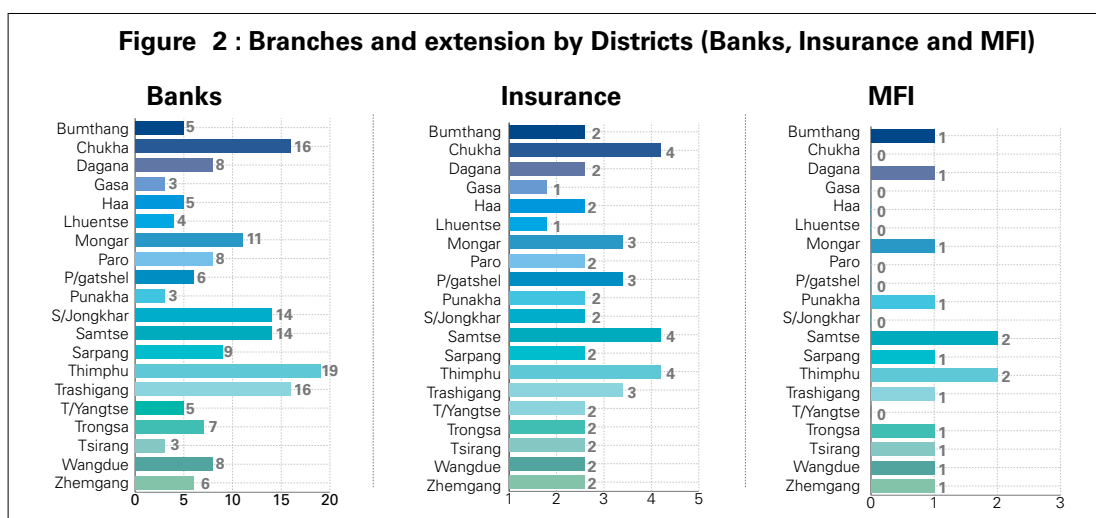
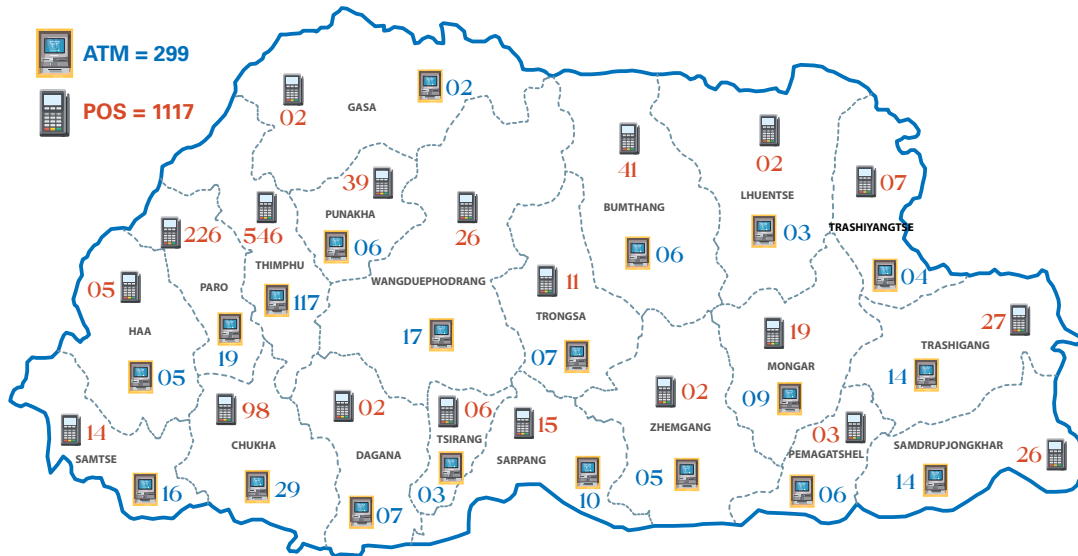


Figure 3: ATM & POS by District (Nos)



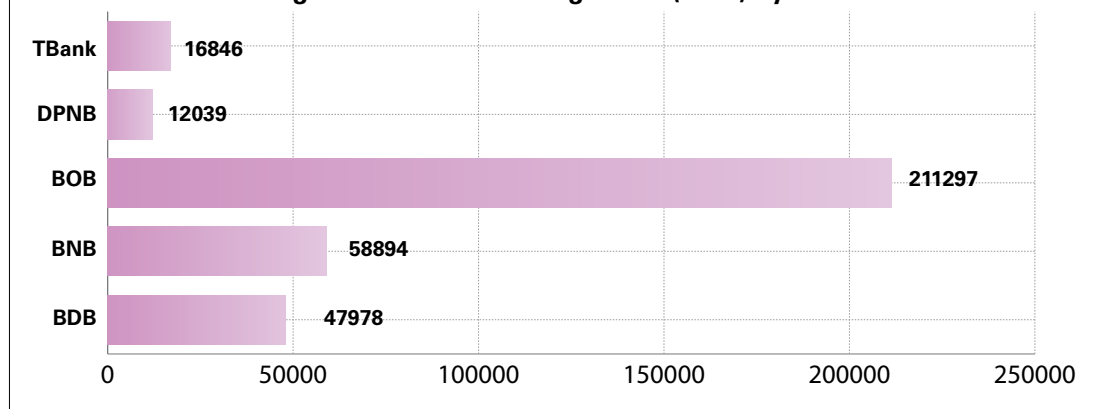
ATM & POS by District (Nos)

The number of ATM and POS shows a similar distribution pattern of branches and extension offices. Thimphu has 117 ATMs and 546 POS machines respectively followed by Chukha and Paro while Gasa and Lhuentse has less than 3 ATMs and 3 POS machines. The lesser number of ATMs and POS machine reflects the less population in the district.

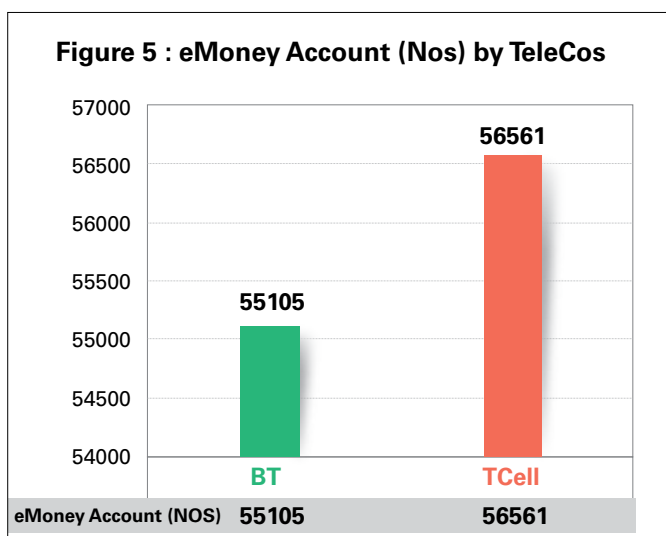
Mobile Banking

Prior to the launch of first mobile banking application in 2015, the mobile banking services were offered through SMS by telecom companies. The services offered by most of the mobile banking services include utility bill payments, mobile recharge, fund transfers,

Figure 4: Mobile Banking Users (Nos.) by Banks



insurance and loan payment, QR code payments, making donations and others. BOBL being the first to introduce mobile banking in April 2015 which makes them the highest mobile banking users with 211,297 followed by BNB with 58,894 users. The number of mobile banking accounts had grown at an increasing rate every year, more so during the national lockdown this year.



eMoney

Emoney is an electronic payment medium that fulfills the new generations preference for convenience and speed in their daily life. With various service options, mobile applications for payment for goods and service at retail outlets, e-money has gained growing popularity especially during the national lockdowns owing to COVID-19 pandemic, denoting by the continued increase in the number

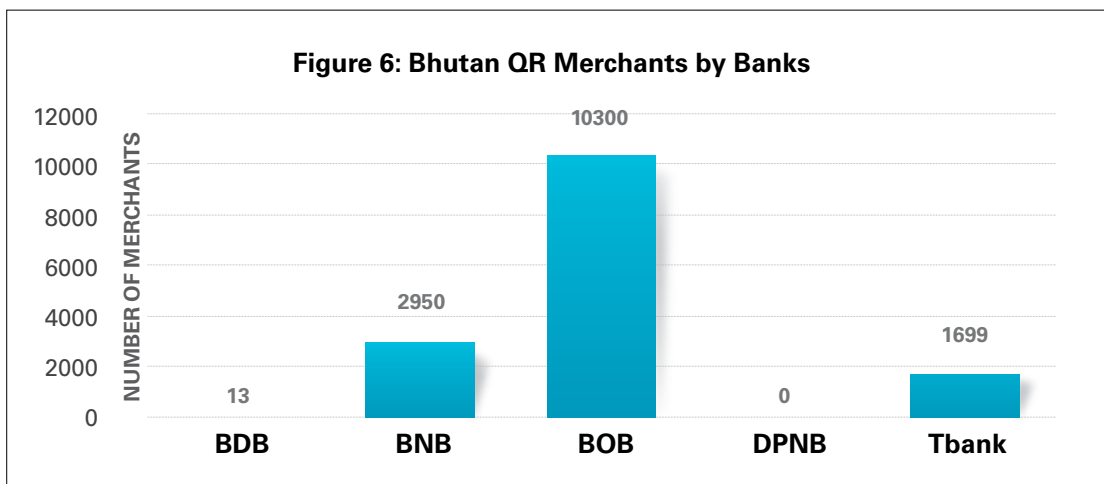
of subscribers and transactions each year. There are two e-money service providers at the end of 2020 licensed under the e-money Issuers Rules and Regulations 2019.

The number of e-money accounts at the end of 2020 totaled at 111,666 accounts whereby TashiCell has 56,561 and BT has 55,105 subscribers as of 2020. The number of subscribers increased by 120 percent from the previous year as TashiCell has come as a new emoney issuer officially launched on 6th April, 2020.

Bhutan QR Code

Bhutan QR Code was a significant turning point in the Bhutanese payment systems as it allows users to make payments conveniently, easily, and safely. Since its launch in July 2020, Bhutan QR has stimulated exponential growth of mobile banking transactions. Bhutanese are increasingly adopting QR payments for their daily payments, mainly for paying for goods and services. It has been adopted by various businesses, ranging from large wholesalers to street vendors, shops, taxis, fuel stations and all across the country.

In terms of Bhutan QR merchants, BOBL has the highest with 10,300 merchants followed by BNBL with 2,950 and Tbank with 1,699 merchants.





CHAPTER 3:

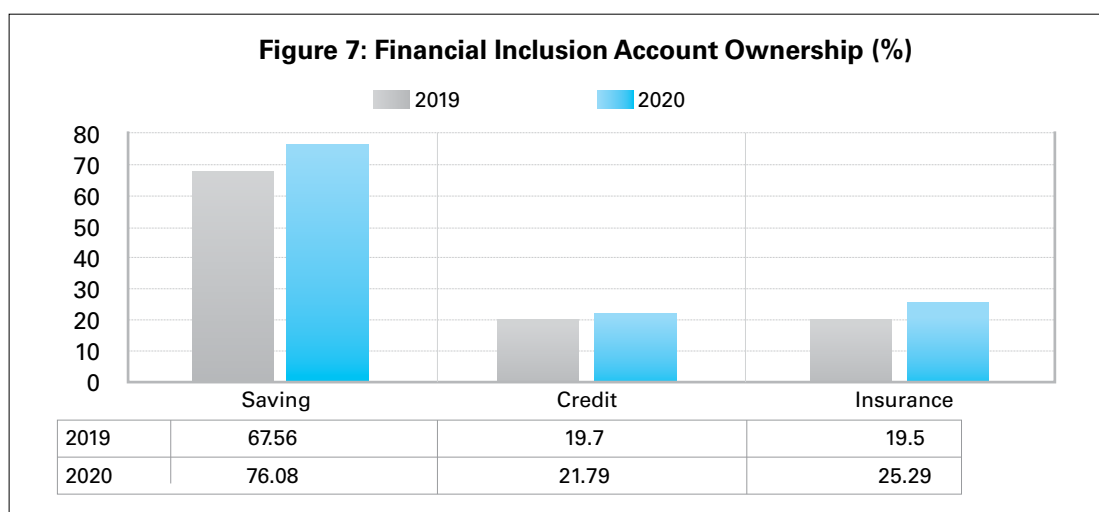
Usage of Financial Services

Introduction

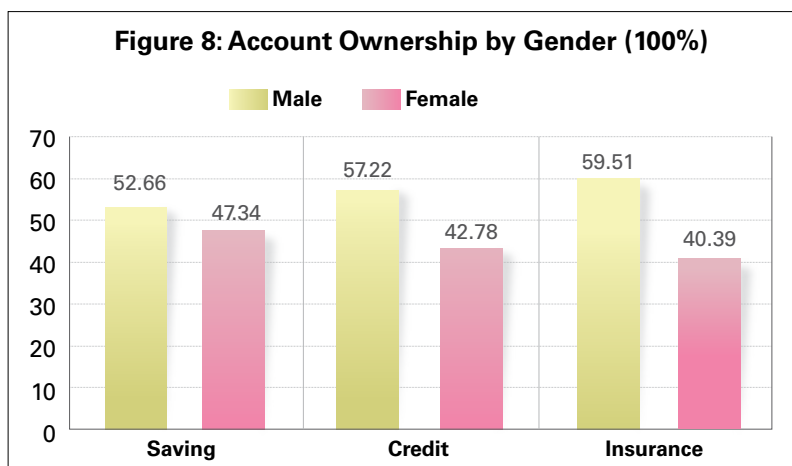
Financial inclusion generally means access to appropriate financial products and services such as savings, credit, payments and insurance at an affordable cost to both individuals and business delivered in a responsible and sustainable way. In Bhutan, it is defined as “the provision of appropriate financial products and services at an affordable cost by formal financial service providers that meet the needs of the unserved and underserved segments of Bhutan’s population.” The World Bank and many other international institution stresses on account ownership to measure financial inclusion. Since ‘accounts provide a safe way to store money and build savings for the future, and make it easier to pay bills, access credit, make purchases, and send or receive remittances. Having an account is therefore used by the World Bank and other institutions as an indicator of financial inclusion.

Determining account ownership is difficult and complex given that an individual can own saving and other accounts in more than one bank, or region. In order to determine the level of financial inclusion for Bhutan, an individual with multiple accounts in one bank or more than one bank was considered as owning to only one account. This was made possible by screening based on the unique citizenship identity card number.

Of the 524,315 adult Bhutanese population above the age of eighteen, 76.08 percent of adult Bhutanese population owns a bank account in one of the formal financial institutions including micro-finance. Saving account ownership has drastically increased by 8.52 percent from last year. 21.79 percent of adult Bhutanese population has availed credit facility which is currently active with one of the financial institutions in Bhutan. Credit has increased by 2.09 percent from last year. In terms of insurance, 25.29 percent have an insurance policy with one of the insurances company in Bhutan and it has recorded a growth of 5.79 percent this year.

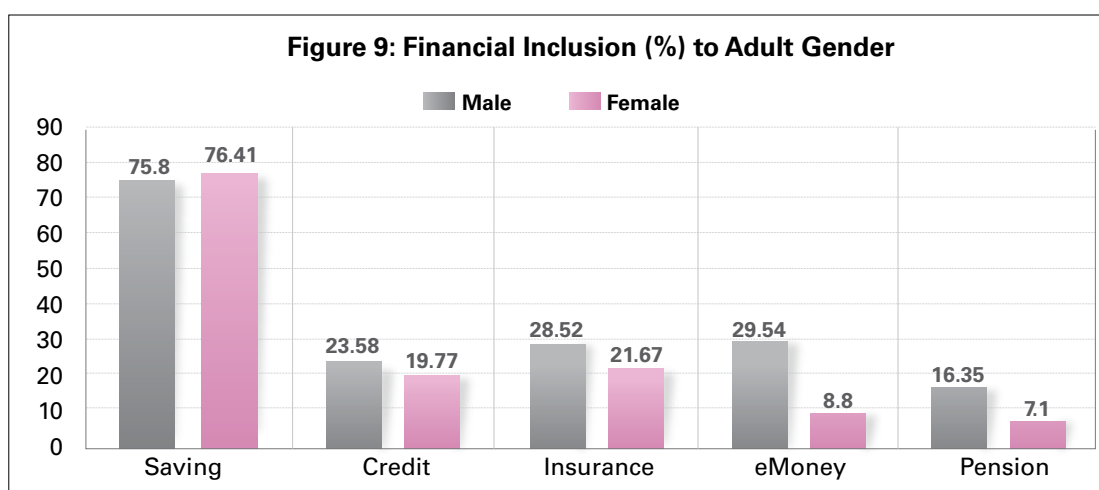


Account Ownership and Gender



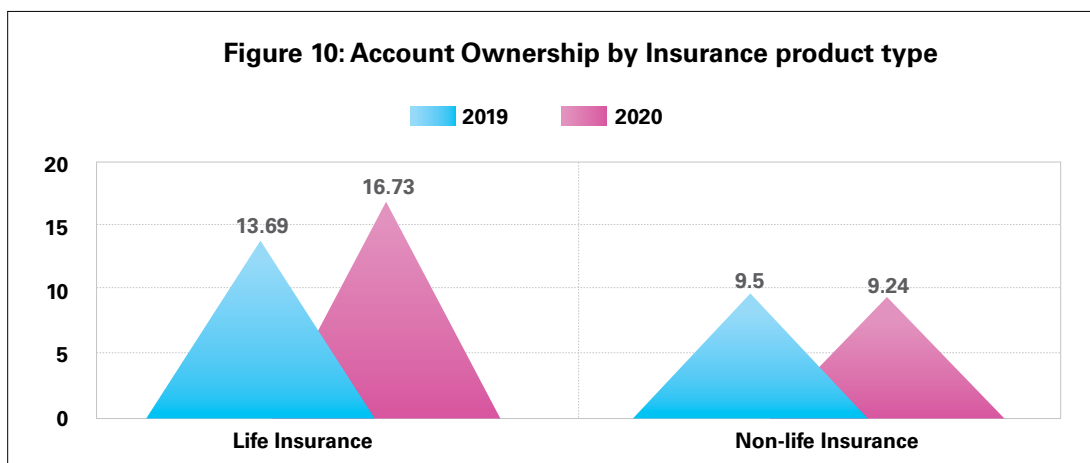
The gender difference account ownership globally exists irrespective of the development stage of the country. In Bhutan too, there is a gender difference in account ownership of various financial products and services. The gender gap is not very high in saving account

ownership, the gap is higher in terms of credit, non-life insurance and emoney.



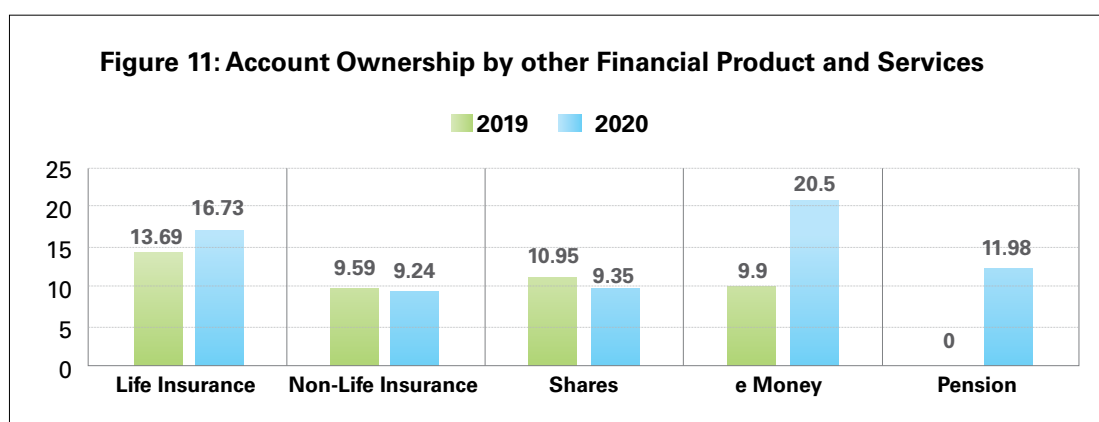
Account Ownership by Insurance product type

In terms of account ownership by Insurance product, 16.73 percent of the adult Bhutanese have a life insurance policy. It has increased from 13.69 percent last year. The increase in life insurance might be due to the current outbreak of COVID-19. While on the other side the non-life insurance has decreased to 9.24 percent from 9.5 percent last year. This is mainly due to less economic activity across the country.



Account Ownership by other Financial Product and Services (Shares, emoney and pension contributors)

When it comes to account ownership by other Financial Products and Services, the shareholder inclusion dropped to 9.35 percent from 10.95 percent last year. This was due to the de-listing of two companies namely Druk Plaster & Chemical Ltd and S.D Eastern Bhutan Coal Company in 2020. Emoney has increased significantly from 9.9 percent to 20.5 percent this year. The significant increase was mainly after the launch of TashiCell - eTeeru in April, 2020. With regard to pension contributor, 11.98 percent of the adult Bhutanese population are contributing to pension fund.

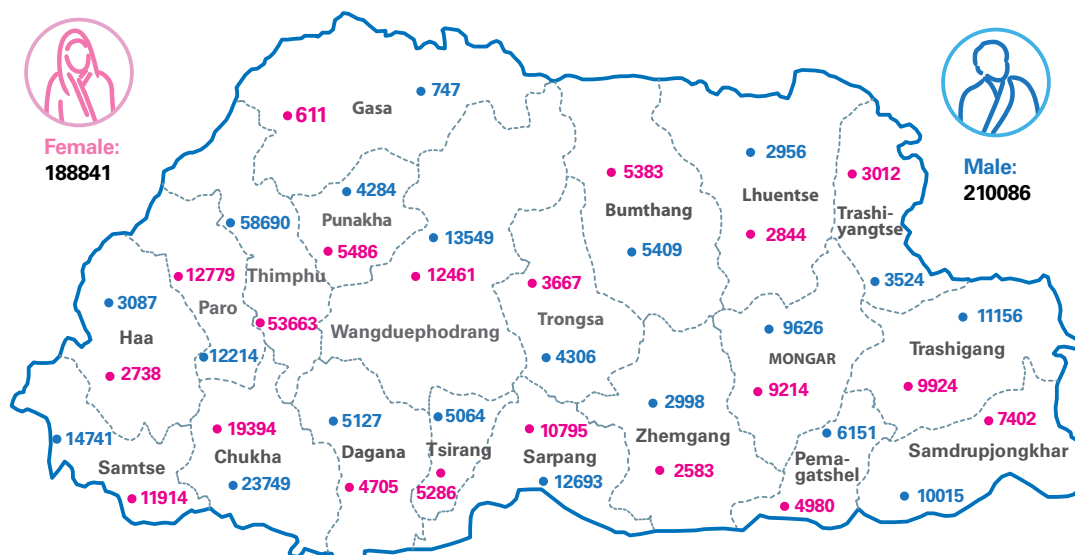


Saving account ownership by District

The account ownership distribution pattern is similar to the access point distribution across the country. Higher populated Dzongkhags like Thimphu, Chukha, Sarpang, Paro, Samtse, Wangdiphodrang, Mongar and Trashigang has higher number of account ownership. Thimphu has the highest number of saving account ownership while Gasa has the least. The higher account ownership in Thimphu may also be a result of higher proportion of population in employment who are required to own a bank account.

However, it may be noted that the account ownership by district is based on where the individual opened a bank account. Since an individual can open a bank account in any of the branch and operate the account from other branches of the same bank, the account ownership may not necessarily represent the level of financial inclusion in the district.

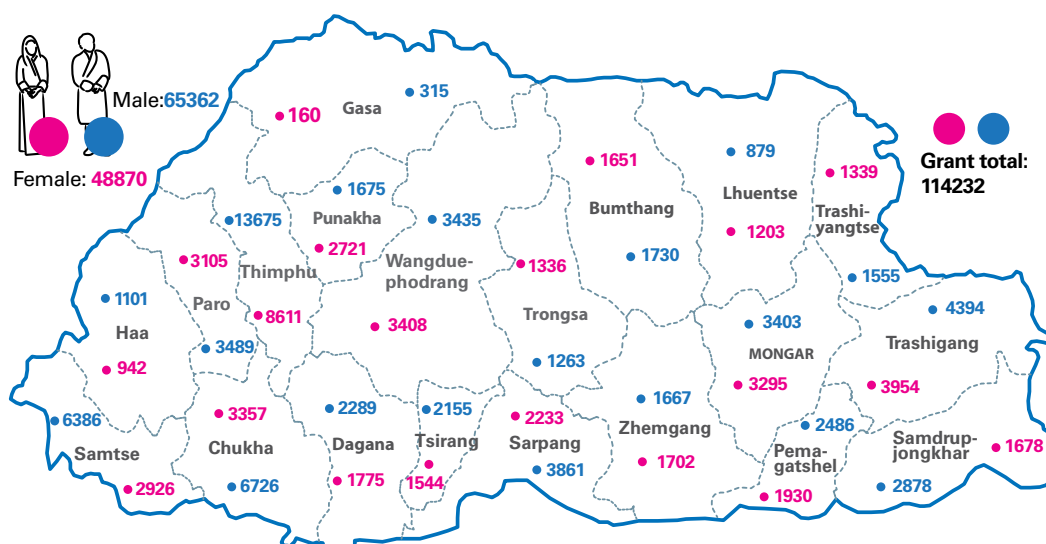
Figure 12: Saving Account Ownership by District



Credit account ownership by District

Similar to saving account ownership distribution pattern, credit account ownership shows a similar trend. Thimphu has the highest number of individuals who have accessed loans. Thimphu has more than twice the number of loans than Chukha and almost 47 times more than the number of loans than Gasa. Gasa has the lowest number of loans availed. Thimphu's disproportionate number of loans compared to other district may be result of the bank's loan approval procedure where loan beyond certain amount requires the approval of corporate head office. Since the corporate office of all the financial institutions are based in Thimphu, number of loan accounts are much higher.

Figure 13: Credit Account Ownership by District

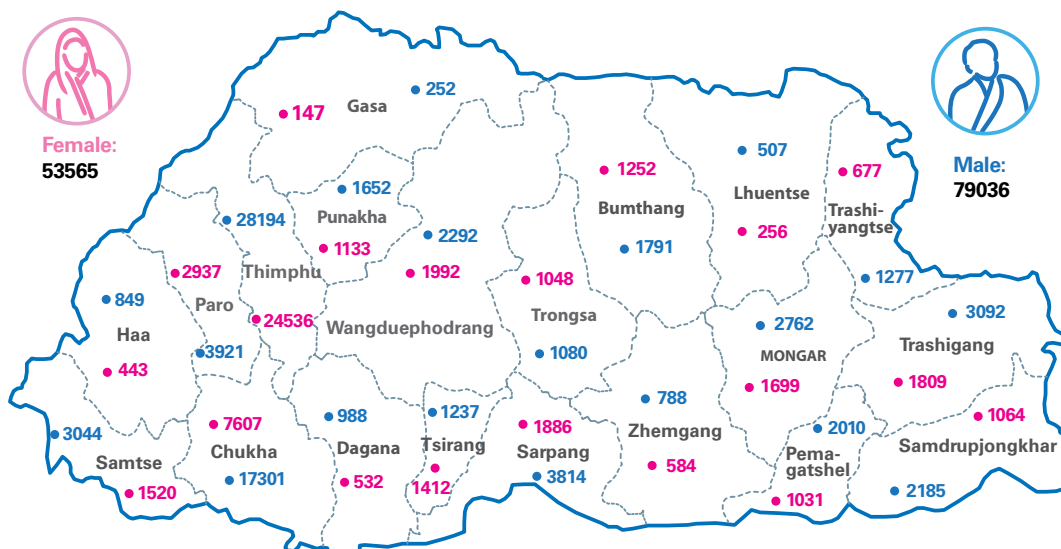


Insurance policy ownership by District

Insurance policy ownership shows similar pattern with highest insurance policy ownership is in Thimphu followed by Chukha. Thimphu has double the number of insurance policy in Chukha and 132 times more than Gasa. Gasa has the least insurance policy ownership. Since Gasa, Lhuentse and Haa have relatively fewer population compared to other Dzongkhags in Bhutan, the number of ownerships in saving, credit and insurance are fairly lower.

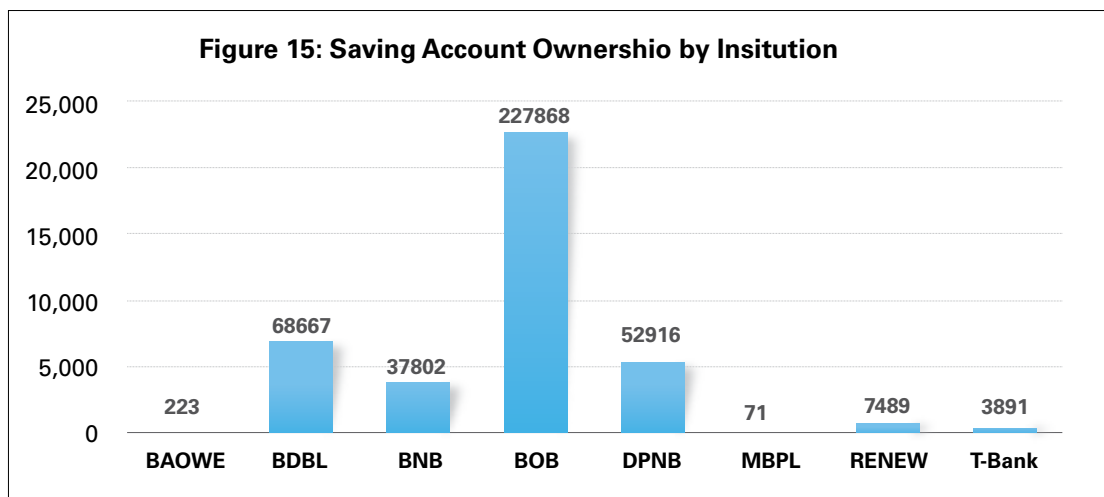
With regard to type of policy, Thimphu with the highest ownership of 52,730 insurance policy, out of which 34,935 are life insurance and 17,795 non-life insurance while Gasa has only 399 insurance policy ownership, out of which 325 are life insurance and only 74 are non-life insurance policy.

Figure 14: Insurance Ownership by District



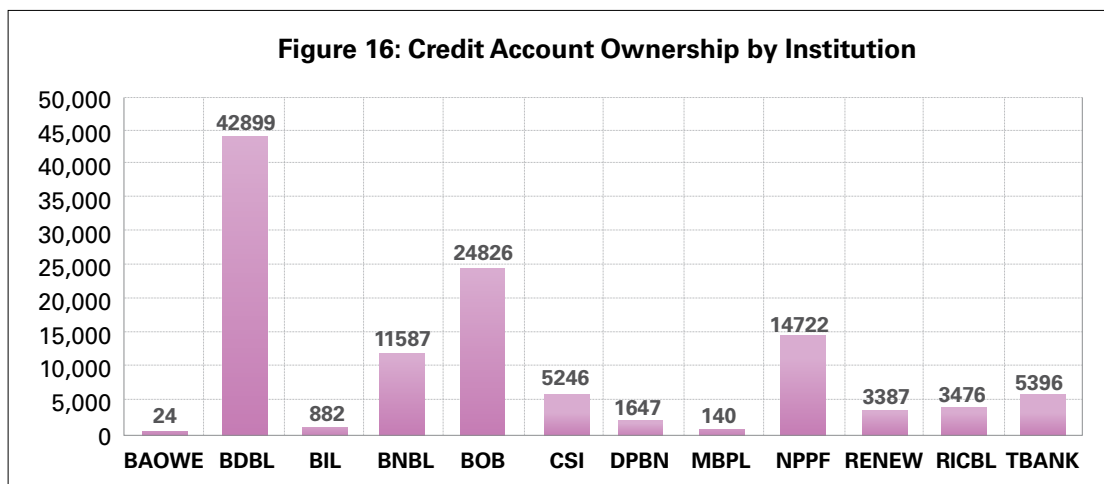
Saving account ownership by Institution

In terms of saving account ownership by institution, BOBL has the highest number of account ownership followed by BDBL, DPNB, and BNBL. BOBL holds almost 57.12 percent of total saving account ownership. MBPL micro-finance has the least number of saving account ownership among all the institutions.



Credit account ownership by Institution

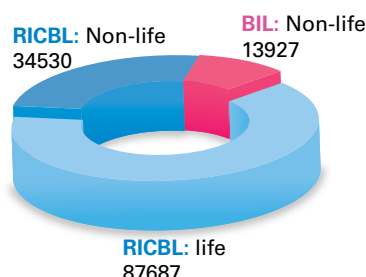
In terms of credit account ownership by institution, BDBL has the highest number of account ownership followed by BOBL, NPPF and BNBL. BDBL holds almost 37.55 percent of total credit account ownership. BAOWE micro-finance has the least number of credit account ownership among all the institutions.



Insurance policy ownership by Institution and Type of Policy

In terms of insurance policy by institution, RICBL has 87,687 life and 34,530 non-life policy holders while BIL has 13,927 non-life policy holders. The analysis shows that the life insurance seems to be more common than non-life insurance in Bhutan.

Figure 17: Insurance Policy Ownership by Institution



Lending exposure to the micro, cottage, small, medium and large industries (MCSML) sector in terms of number of accounts

The MCSML sector in Bhutan is classified by level of capital investment and number of employees. The following table shows the number of accounts and percentage holding as of December 2020. The MCSML percentage holding was 32.31 percent, largely contributed by micro and small industries with 16.86 percent and 7.95 percent respectively to total number of accounts. However, the number of accounts for both micro and cottage has decreased by 12.30 percent and 4.10 percent respectively. On the other side, the number of accounts for small, medium and large have increased by 6.57 percent, 1.11 percent and 9.60 percent respectively. The large industries have the least number of accounts with 217 accounts which is only 0.18 percent to total portfolio exposure.

Table 3: MCSML exposure in terms of number of accounts

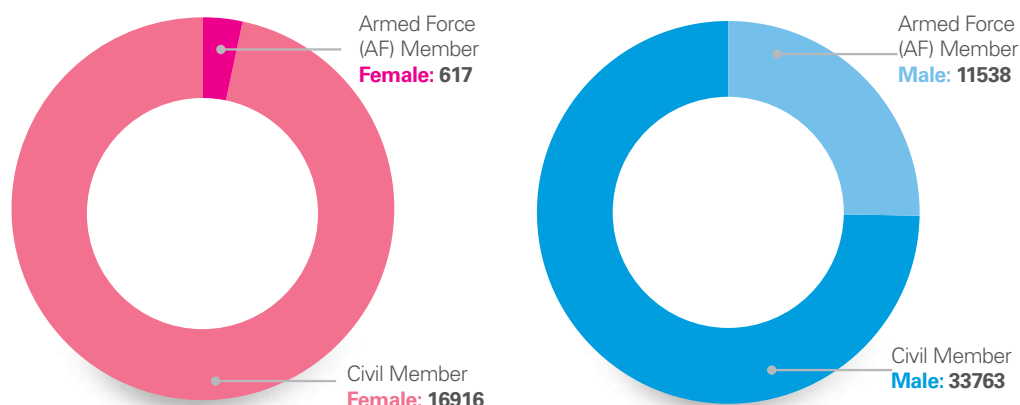
TYPE		2019		2020	
		No. of Accounts	% Holding	No. of Accounts	% Holding
MCSML	Micro	23,627	19.95	20,721	16.86
	Cottage	10,190	8.60	9,772	7.95
	Small	6,662	5.62	7,101	5.78
	Medium	1,885	1.59	1,906	1.55
	Large	198	0.17	217	0.18
Total MCSML		42,562	35.94	39,717	32.31
Non-Enterprise		75,876	64.06	83,212	67.69
Total		118,438	100.00	122,929	100.00

Sector-wise performance and percentage of holding

When it comes to sector-wise performance and its percentage holding, housing loan holds the highest share with almost 21 percent followed by tourism related and production and manufacturing with more than 14 percent each and then trade and commerce with 12 percent. Loan to government and loan to FIs has the lowest share with only 0.02 percent and 0.17 percent respectively. The major drivers of credit are housing, tourism, production and manufacturing, and trade and commerce.

Table 4: Sector-wise performance and percentage of holding 2020

Sector-Wise Loan	Amount in million (Nu.)	Percentage Holding (%)
Agriculture/Animal Husbandry	6392.00	3.83
Production/Manufacturing	24488.00	14.67
Tourism Related	24980.00	14.96
Contract (construction based)	6607.00	3.96
Others: Service	10785.00	6.46
Trade/Commerce	20257.00	12.13
Loans to FIs	284.00	0.17
Home loans	9045.00	5.42
Commercial Housing loans	34529.00	20.68
Commercial Transport	5313.00	3.18
Non-commercial Transport	1165.00	0.70
Personal Loan	14677.00	8.79
Staff loan	1530.00	0.92
Education loan	4098.00	2.45
Loan Against Fixed Deposit	1308.00	0.78
Loans to Government	27.00	0.02
Others	1497.00	0.90
TOTAL	166982.00	100.00

Figure 18: Pension Contributor by Member type and gender

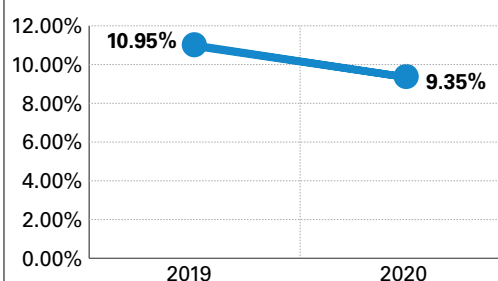
Pension contributor by Member type and Gender

There are total of 62,834 pension contributors in Bhutan as of December 2020. Out of which, 80.66 percent are civil members and 19.43 percent are armed-force members. In terms of gender, 72.1 percent are male and 27.9 percent are female pension contributors

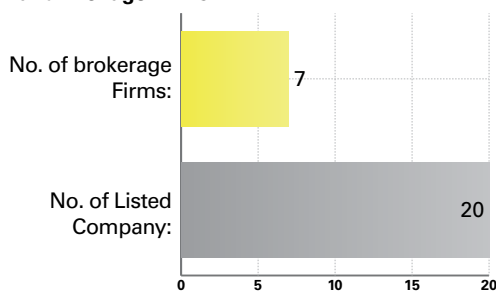
With regard to pension beneficiaries, there are total of 7897 pension beneficiaries out of which, 4532 are civil members and 3365 are armed-force members.

Investment in Shares

The number of shareholders of listed companies under Royal Securities Exchange of Bhutan limited has decreased from 10.95 percent to 9.35 percent this year. This was mainly after delisting of two companies namely Druk Plaster & Chemical Ltd and S.D Eastern Bhutan Coal Company in 2020.

Figure 19: Number of Shareholder Inclusion by Year (%)

Security Brokage Firm

Figure 20: Number of Listed Company and Brokage Firms

A security brokage firm's main duty is to act as a middleman that connects share buyers and sellers to facilitate a transaction. As of December 2020, there are 7 security brokerage firms registered with RSEBL namely BDBL securities, BOBL securities, BNBL securities, RICBL securities, Drukyul Securities Broker Pvt. Ltd, Lekpay Dolma Securities Broker Pvt. Ltd and Serashing Securities.

BNB NGOTSHAB

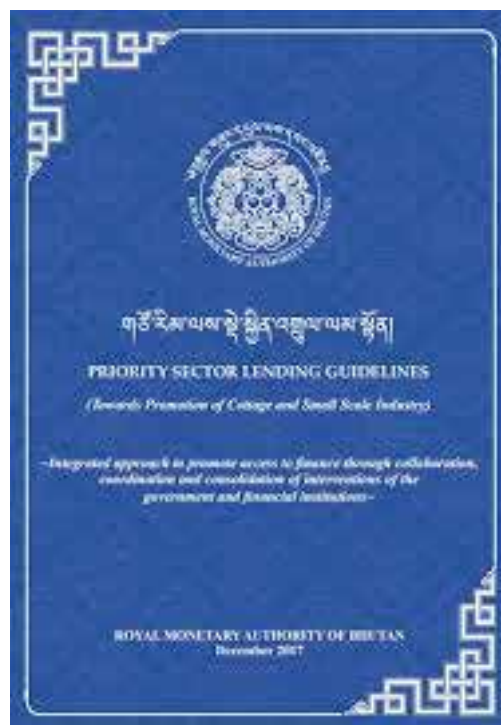
Banking convenience at every part of
the country.

CHAPTER 4 **Expanding Sources of Finance**

Priority Sector Lending

The Priority Sector Lending (PSL) initiative was launched on 13 December 2017 for implementation with effect from 1st January, 2018. The main objectives of the programs are

- ✓ To transform the CSI sector into a more enterprising and commercially-oriented sector through coordinated interventions and better access to finance,
- ✓ To increase opportunities for youth employment
- ✓ To promote domestic production and import substitution
- ✓ To catalyse the CSI sector as a driver of Bhutan's economic transformation



A total of 1,577 projects were received from all the district after its launch in 2018. Of the total project received 1,292 were approved by the Dzongkhag and recommended to the financial institutions. After the review of all the proposals, the financial institutions approved 533 projects.

Table 5: PSL Dzongkhag-wise

PSL Applications: Status with Financial Institutions
January 2018 - December 2020

SL. #	Dzongkhag	PSL Projects Processed by Dzongkhag		Projects financed by Financial Institutions		
		Total Received	Total Approved	Total No. of Loan A/cs	Loan Sanctioned (Nu. in millions)	Loan Outstanding (Nu. in millions)
1	Bumthang	115	87	19	22.02	20.90
2	Chhukha	45	42	28	33.61	30.02
3	Dagana	165	107	24	8.42	6.86
4	Gasa	13	12	6	2.28	1.59
5	Haa	44	38	14	7.16	6.58
6	Lhuntse	6	5	1	0.34	0.30
7	Mongar	28	24	5	5.00	3.30
8	Paro	105	69	31	22.52	18.78
9	Pemagatshel	92	89	5	6.30	6.34
10	Punakha	17	15	17	12.07	10.94
11	Samdrup Jongkhar	38	33	8	17.87	17.78
12	Samtse	152	144	57	20.72	16.32
13	Sarpang	163	144	49	24.71	20.84
14	Thimphu	293	239	152	206.66	184.10
15	Trashigang	5	5	1	0.50	0.28
16	Trashigang	52	42	46	28.78	25.08
17	Trongsa	18	13	6	8.54	4.43
18	Tsirang	133	105	25	15.44	13.87
19	Wangduephodrang	28	21	22	27.36	25.85
20	Zhemgang	65	58	17	9.41	8.65
Grand Total		1577	1292	533	479.70	422.80

JABCHOR 'Platform for Equity Financing'

Jabchor is an initiative to partner with entrepreneurs and grow with them into a successful venture, based on trust and confidence supported by legally executed business partnership deed, recognized by laws of the Bhutan. The third season of Jabchor was conducted on 16th April, 2021 in collaboration with Bhutan Chamber of Commerce and Industry (BCCI) and five entrepreneurs pitched during the conference.

The five entrepreneurs are:

Mr. Karma Namgyel, founder of DrukYul **Production** – A manufacturing unit of jute fabric at Phuentsholing.

Mr. Tashi Wangdi, founder of **iHUB** – A Co-working facilities provider at Thimphu

Mr. Rinzin Dorjee, founder of **Mineral Pigment Production** – A pigment production business at Taba, Thimphu

Mr. Namgay Tenzin, founder of **Paysap** – A fintech start-up business at Thimphu

Ms. Dorji Dema, founder of **Zhiwa** – A manufacturer of healthy plant-based proteins at Thimphu.



JABCHOR SEASON 3 Entrepreneurs



Personal Information

Name: Karma Namgyel

Village: Sergithang

Dzongkhag: Tsirang



Education & Experiences

B.com graduate from Royal Thimphu College in 2012, PGDFM graduate for Royal Institution of Management in 2013

Worked at Ugen Trading House from 2014-2017 as Finance Officer.

Worked at Bhutan Union Pharmaceutical & Medical supplies as General Manager from 2017-2019. Successfully completed entrepreneurship training program from Institution of Management and Studies supported by MoLHR in 2013.

Contact: 77677172 Email: karmanamgyel.kn@gmail.com

Business Profile

The manufacturing unit aims to improve the environment conservation through minimizing usage of plastic bags in Bhutan. Although Bhutan first banned the use of plastic bags in 1999, it was reinforced in 2005, re-enforced in 2009 and again in 2019 as plastic bag poses an excellent threat to the environment therefore, it was prohibited in Bhutan.

The plastic bags stay a profit to retailers and customer, although the impact was at grate height on the environment but the ban has been mostly ineffective. The prohibition of using plastic bags has been challenged by the people. The government initially wasn't setting up strong foundation because if they were than despite then ban people wouldn't dare to use it, the amendment of law and set of rules were weakly formed since the ban of plastic bag rather than tributary to waste management, it created a lot more tension because individuals are still being using the bags.

In view of the above concerns, we are taking the initiative to start up this firm. The raw material used in the production process is jute fabric which is imported from India and Bangladesh. The raw material comes in the form of jute Hassan fabric cloth, then cut into various shapes and size and the stitch by industrial sewing machine, 50kg sack packaging (size as per the specification by the customer).

Production main aims to substitute plastic carry bags and polypropylene (PP) carry bags with bio degradable carry bags and enhance the conservation of environment and stop the plastic and PP pollution. We are not only into objective of maximizing profit but aims to go green concern and creating employment opportunities.



Personal Information

Name: Tashi Wangdi

Contact: 77312694.

Email: fhubbbhutan@gmail.com

Qualification: Bachelor of Computer Application
Business Consultation and Co-working.

Having worked with government, aboard and in private sector has given me a life changing experience, witnessing a strong need of economic development through innovation and entrepreneurship. Since then a deep and constant thinking in role play and value positioning of youth in Thimphu. Hence I take on entrepreneurship journey with 3 start-ups founded since 2016, raised fund but failed to exit successfully. 4 years work and start-up and global development experience in emerging market aspires me to be an influencer and young leader in global market.

Business Profile

iHub Co-Work is the solution to the mobile worker's dilemma, providing an attractive shared environment optimized for the mobile professional and work team. iHub Co-Worker appeals to a wide market-from software development and design teams to entrepreneurs and researchers. It provides a flexible work environment offering clients communal and private spaces with secure hi-speed wifi, accessibility 24/7, parking and business options such as conference rooms, white boards, printers, scanners, and damn good coffee.

Mineral Pigment Production



Personal Information

Founder: Rinzin Dorjee
From: Kurtoe Khoma.
Contact: 17688109
Email: rinzindorji343@gmail.com



After completion of high school from Lhuentse, in the year 2004 he has joined Trashiyangtse Zorig Institute and completed the diploma in traditional painting with distinction in 2009. Right after completion of the training, he has been working with numerous art masters in the country. In the year 2017, he has formed a team to carry out R&D on mineral pigment production and established a company in the year 2019.

Business Profile

Mineral Pigment Production is a pigment production company located at Taba, Thimphu. The company was established in the year 2017. After completion of six years training in traditional painting in Trashiyangtse Zorig Institute, he has been working for 7 years in the painting field in and around the country. During the course of working in the field, he has seen huge scope in producing mineral pigment and its market within and outside Bhutan.

The key focus of the company is to produce rock pigment within the country and make the products available to Zorig institutes and artists of the country –to curtail the imports of the chemical colour in the country.



Personal Information

Name: Namgay Tenzin

Village: Punakha

Contact: 17287795

email: namgaytenzee10@gmail.com

I'm Namgay Tenzin from Punakha, graduated from Ugyen Academy, a scholarship recipient and studied at RTC in the field of Economics and Environmental Science. My personal interest ranges from carpentry, mechanics, painting and web designing to cooking and public service. Serving the public and bringing changes to myself and the community brings me the utmost happiness.

Business Profile

Paysap is a public Fin-Tech startup aiming to sell public services and build a payment system by firstly serving the public in many aspects of ticketing, couriering, helping represent our partnered clients and being their agent we mutually help each other, the public earn their Good Will Point and a big base in currently being created to prepare our self for Fin-Tech World.

We have an online bus booking platform and cashier login system, custom design to suit our needs. We operate the Public Utility Booth(PUB) which serves the public and in the busy areas from all walks of life, Irrespective of where they are, or whether they have a phone or not or a bank account or not. Paysap was a long dream and a lot of research, traveling throughout the country-the business model was designed based on our Bhutanese consumer habits, our technological and logistics systems and start-up came to life on 2019 December. We believe its one of the few start-ups in Bhutan that is world unique, have the vision and strategy to expand abroad, at least in the neighbouring Indian states of Sikkim, Arunachal and in Nepal.

Few flagships of the start-up are R2-reuse Recycle, Donate Dot and the Public Utility Booth.



Personal Information

Name: Dorji Dema

Qualification: B.Com (Finance)

Contact: 17707447

email: ljeezal@gmail.com

.....

I have a pure, rational mind with a practical approach to problem-solving and drive to see things through to completion. I have more than 2 years of experience in managing and leading teams across the business operation for social cost. I am eager to learn. I enjoy overcoming challenges, and I have genuine in business management and asking organization successfully.

Business Profile

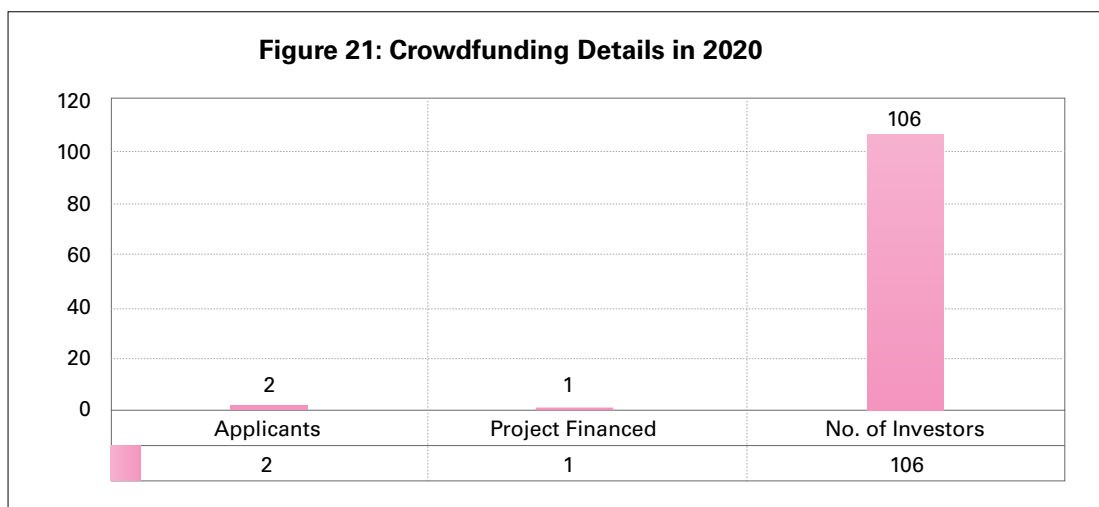
Zhiwa was given birth during the first Bhutan national startup weekend held in 2018. Zhiwa manufacture healthy plant based protein, using natural grown and non-dairy ingredients. The company aim to inspire people to be healthier, greener, and instil values of consumption. We provide quality, nutritional, tasty and healthy meat substitute products made from plants. We outsource all ingredients from local farmers. Currently vegan steak and eazy are in five dzongkhag. We have launch veg meat jerky in October 2020 in market. In pipeline we want to manufacture frozen vegan beef, vegan chicken, vegan pork and sausages. We envision a society where everyone is responsible for the planet, themselves and religion aspects on their consumption habit.

Bhutan Crowdfunding is the first digital platform developed by the Royal Securities Exchange of Bhutan licensed under the Crowdfunding Regulations issued by the Royal Monetary Authority of Bhutan. Bhutan Crowdfunding aims to provide an alternate financing model for Start-ups, New Business Ventures and Cottage & Small Industries in Bhutan to access funds from the general public. The platform offers entrepreneurs the opportunity to raise funds for their new businesses and at the same time provides new investment avenues for the public.



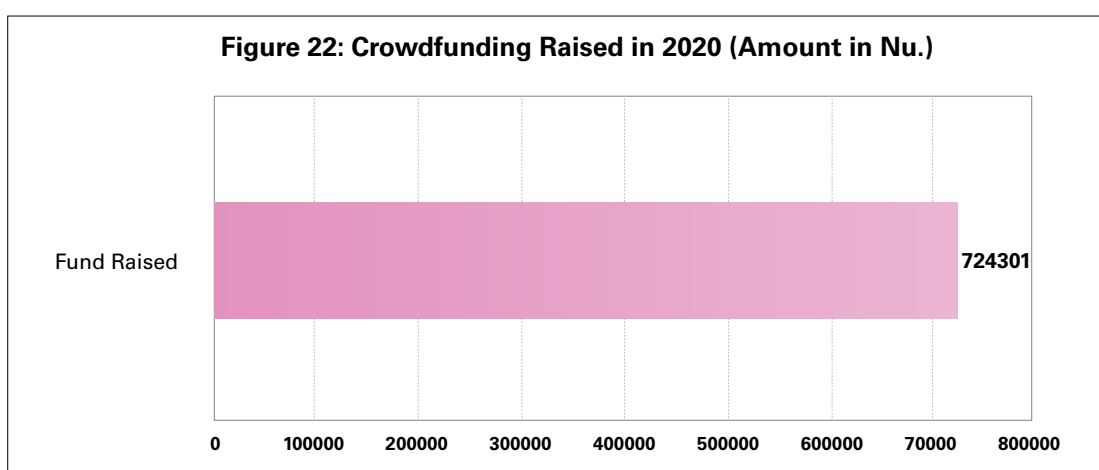
BHUTAN CROWDFUNDING





Crowdfunding

The Bhutan Crowdfunding Platform (BCP) has also started with donation-based crowdfunding with the focus on making finance accessible to social entrepreneurs, projects, charities and other activities as deemed fit by the platform which will have a positive impact on the community and the country as a whole. This year Ability Bhutan Society and Antarctica Expedition applied to raised fund through donation-based crowdfunding. Ability Bhutan Society successfully raised Nu. 724,301 from 106 donors (individual and institution) while Antarctica Expedition is still under campaign as the campaign started in December this year.



ACCESSIBLE BANKING SERVICES FOR PERSONS WITH DISABILITIES (PWD)

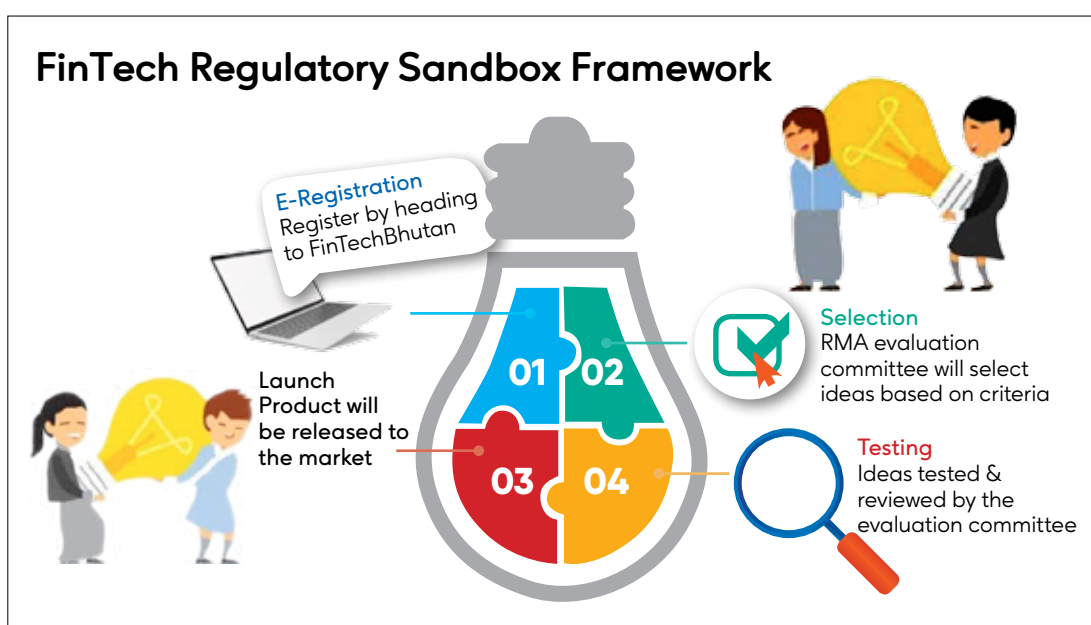
CHAPTER 5: **REFORMS AND REGULATIONS**



FINTECH Regulatory Sandboxing Framework

The emergence of disruptive technologies, such as Application Programming Interfaces, Artificial intelligence, Big Data and Distributed Ledger, etc., are transforming the financial sector landscape and creating a new set of opportunities and values, enhancing financial inclusion and challenging the way regulators supervise and regulate. In order to respond to the dynamics of the rapidly emerging technologies, the introduction of Regulatory Sandbox (RS) Framework will provide the requisite regulatory guidance, to increase efficiency, manage risks and create new opportunities for consumers. Regulatory Sandbox will be useful for start-ups and established IT firms seeking for clarity around applicable rules and regulations related to a new digital solution that does not easily fit into the existing regulatory framework.

The regulatory Sandbox will provide a structured avenue to engage with the firms and innovator to successfully test their solution, before a wider-scale launch, within a well-defined space and duration, while carefully monitoring and containing the risks.



Guidelines for Bhutan QR Payment 2020

Bhutan QR code has paved way for payment services with innovations and modern technologies that allows merchants to scan customers QR code. Bhutan QR code was a significant turning point in the Bhutanese payment systems as it allows users to make payments conveniently, easily, and safely. Since its launch in July 2020, Bhutan QR has stimulated exponential growth of mobile banking transactions. Bhutanese are increasingly adopting QR payments for their daily payments, mainly for paying for goods and services. It has been adopted by various businesses, ranging from large wholesalers to street vendors, shops, taxis, fuel stations all across the country.

Guidelines for implementation of **National Credit Guarantee Scheme (NCGS) 2020**

Recognizing the private sector as a critical partner for the economic growth, the Government has always placed high importance on the private sector. Further, to enhance access to financing, the Government has launched the National Credit Guarantee Scheme (NCGS), as a counter cyclical policy measure during the COVID-19 pandemic situation on October 5th 2020. It will sustain investments by easing access to credit during the COVID-19 times. The NCGS is an intervention under which the Government guarantees a portion of the loans availed for establishing a viable business entity.

Growth in domestic credit is critical for investments, boosting domestic demand and generating employment. However, collateral requirement has been a major impediment, in particular, for aspiring entrepreneurs to avail financing. Therefore, the NCGS will alleviate this challenge of aspiring entrepreneurs. Under the NCGS, for availing loans, Cottage and Small category will not require collateral except 10 percent equity and startups under this category will be eligible for 100 percent debt financing under the NCGS.

Unlike practices across the globe, the medium and large categories will also be eligible for loans under the NCGS. However, under such categories, a loan financing up to 50 percent or Nu 30 million, whichever is lower will be guaranteed by the Government and the balance will be shared between the lender and the borrower.

In addition, CGS will also be available for up-gradation of businesses from CSI to medium and medium to large.

Therefore, the NCGS has been designed to be an inclusive instrument for all categories of industries.

The projects under the NCGS will focus on the following thrust areas of:

- ✓ Boosting exports;
- ✓ Reducing economic dependency by investing in import substitution-based projects;
- ✓ Promoting innovation and technology; and
- ✓ Creating jobs to absorb the displaced and unemployed.

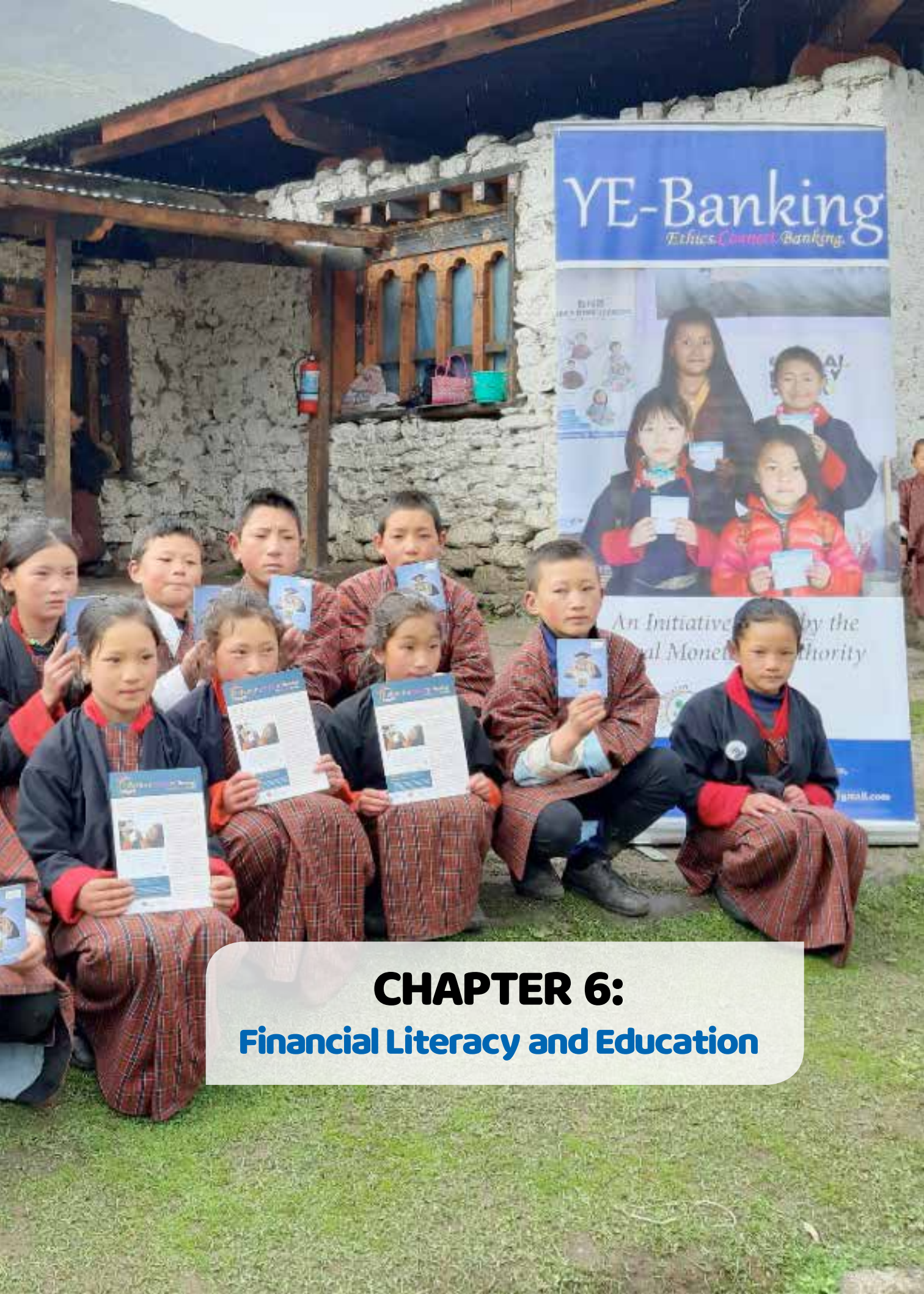
Implementations:

The NCGS will be implemented under the overall guidance of a National Credit Guarantee Committee, which will be chaired by the finance minister with representative from key economic sectors;

The NCGS will be implemented in partnership with the State-owned Banks, namely Bank of Bhutan, Bhutan Development Bank and the National CSI Development Bank (NCSIDBL); and

A full time NCG Support Facility (NCGSF) will be established with the NCSIDBL, to provide all necessary support in availing loans and implementing projects under the NCGS. Under the COVID-19 Pandemic situation, the NCGS will go a long way in securing financing for the establishment of viable new business entities besides supporting the upgradation of existing businesses.

There will be challenges and risks in the journey of implementing the NCGS. Globally, monitoring and support mechanisms of such initiatives have been critical in determining the success of such schemes. While the government will ensure that and fulfill its responsibility to create the environment and platform, we urge the private sector to grab the opportunity, with responsibility. Through collaboration with responsibility, the investments that emerge as a result of the NCGS shall sustain economic activities, and turn aspirations into a reality for a resilient economy.



CHAPTER 6:

Financial Literacy and Education

Formal Curriculum Updates:

Integration of FL into the formal mainstream curriculum education

Table 6: Financial Literacy Formal Curriculum Progress at a glance: 2021 Implementation

1	English	Grade PP-III
2	Social studies	Grade V
3	Economics	Grade X
4	Business and entrepreneurship	Grade XI
5	Mathematics	Grade PP-II

Financial Literacy in Business and Entrepreneurship Curriculum

Entrepreneurship is a process of generating new business ideas, gathering economic resources and establishing business ventures. A person who carries out such activities and willing to bear risks and enjoy profit as a reward is known as an entrepreneur.

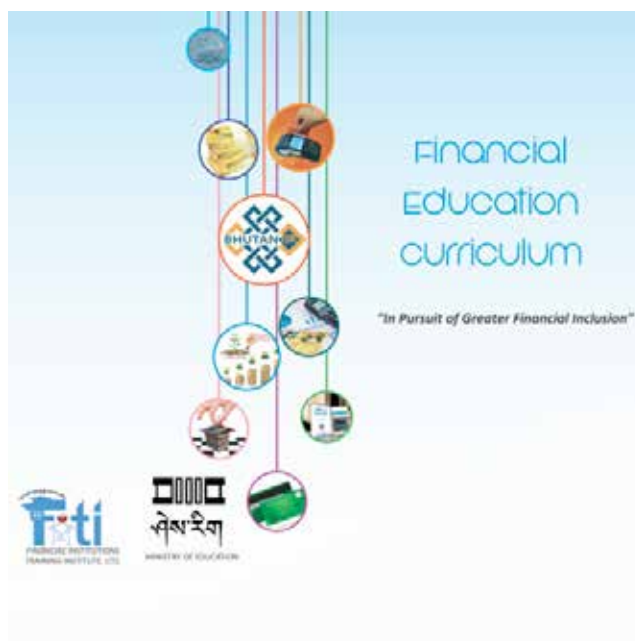
Entrepreneurs play a critical role in the economic development of a country. They mobilise resources from the entrepreneurial ecosystem and add value to create new goods and services required in the society, generate employment opportunities and become revenue contributors to the government in the form of taxes besides other contributions.

The new business and entrepreneurship curriculum developed by Royal Education Council intends to enable learners to develop foundational knowledge and competencies in generating and pitching business ideas, developing business proposals, and mobilising finance to pursue entrepreneurship as a career.

Finance is the lifeblood of business. Infact, it is very hard to find any activities that are undertaken without involvement of money. Hence, financial literacy education is crucial for any persons including students as it helps to identify investment opportunities and match the sources of fund with the expenses. Although, students do not deal with finance to carryout day to day activities while in the school, it is important to equip them with the skills of fund management at the very young age to enable them to build strong money habits early on and avoid many of the mistakes that lead to lifelong money struggles. Therefore, the new curriculum has considered financial literacy education as integral part of business and entrepreneurship education to ensure that our learners are equipped with the skills of fund management at very young age.

FL curriculum for target learners like non formal education and continuing learners

Financial Education Curriculum was developed for target learners like Non-Formal Education learners and Technical and Vocational Education Trainees. The curriculum was designed to equip the target learners with the conceptual knowledge, skills and long-term behavior changes to deal successfully with twenty first century financial eco-system. In addition, the curriculum provides avenue for learners to practically learn theoretical concepts of banking for better understanding and implementation in their daily lives. The curriculum was developed by FITI in collaboration with Non-Formal and Continuing Education Division under Department of Adult and Higher Education (DAHE), Ministry of Labour and Human Resources, National Institute of Zorig-Chusum and other relevant stakeholders.



Financial Literacy FINTECH curriculum

“Financial Literacy and FINTECH Curriculum” was officially launched and it is an initiative of Royal Monetary Authority of Bhutan (RMA) in collaboration with Gedu College of Business Studies.

FL Program Updates:

YE-Banking Online System and eToT

Online YE-Banking System has been launched and connecting all schools in one portal. Due to the current COVID-19 pandemic, it was deemed necessary to initiate and launch this very platform.

Moreover, YE-Banking eToT was also developed as a value-added resource whereby all the schools will have access to e-resources for both self-learning and replication from the YE-Banking Online System.



SBS Club

The SBS club is a networking hub established within the educational institute to enhance business ideas and promote problem solving skills as a part of livelihood learning. The nucleus shall function like any other clubs but with vested focus sparking creative business ideas, problem solving skills, building prototypes, finding opportunities in life, getting acquainted to business model canvas and financial literacy.

The program is outlined on the onset of three key implementing areas:

CAPACITY DEVELOPMENT - financial literacy sessions, developing knowledge sharing products/publications and managing the business bulletin

PRODUCT DEVELOPMENT AND INNOVATION - conducting Little CEOs session with development of prototypes and managing the home incubation labs

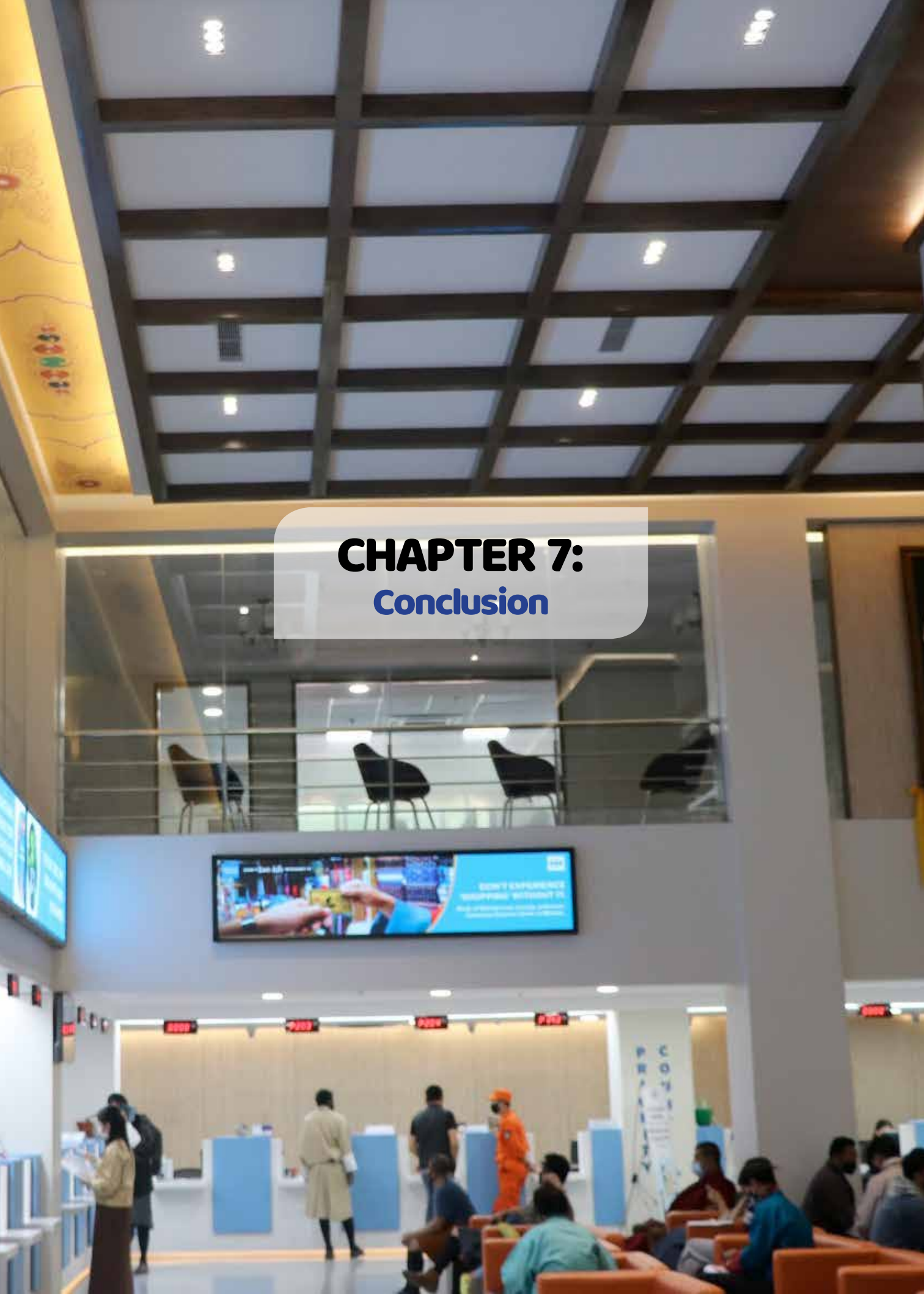
PROJECT PARTICIPATION - learning to participate and invest in school projects, community projects or even private companies.

SBS Club is an add-on Feature to the YE-Banking program to recognize smart ideas under the banner of Students Business Seedling (SBS) program. The program shall aim to provide hands-on experience with real life learning on entrepreneurship skills at an early age. The SBS program so far included design thinking workshops, developing business model canvas, prototype building, mentoring sessions, STEMSELS, field visits, development of simple business proposals and pitching business ideas.

The Authority piloted SBS Nucleus at Jigme Losel Primary School, Thimphu; Olathang Primary School, Paro and Zangkhar Primary School, Lhuentse to incubate school project to help the schools sustain YE-Banking in future.

CHAPTER 7:

Conclusion



Conclusion

The state of financial inclusion report highlights the status of financial inclusion with multi-dimensional measurement data in terms of financial access points, financial inclusion value store transaction accounts, regulatory initiatives and financial literacy programs and education in the year 2020.

Financial Inclusion efforts have been prioritized at the national level with the joint support from the key government agencies and financial service providers. The RMA has taken several measures to diversify and enhance financial inclusion towards strategic economic development. The National Financial Inclusion Strategy provides a road map for Bhutan to collectively plan and strategize financial inclusion initiatives to enable regulatory interventions, enhance appropriate financial products and services through digitally defined solutions to the unreached and underserved population in the country.

All access points seem to be improving over the years and this year due to the current outbreak of COVID-19 pandemic, the number of mobile banking users have significantly increased. Moreover, with the effective regulatory intervention with the launch of emoney institutions like Bhutan Telecom and TashiCell has played a vital role at this hard time.

The mobile banking and emoney has become very popular in a short span of time and usage has been tremendously increased. Bhutan targets an ambitious collective achievement of 85 percent account penetration by 2023 and we are on track with 76.08 percent saving account penetration for 2020, significant increase of 8.52 percent as compared to 2019. Credit accounts reflects 21.79 percent in 2020 (2.09 percent increase from 2019) and insurance policy ownership stands at 25.29 percent in 2020, 5.79 percent increase from 2019. As usual the account ownership is significant in populated areas like Thimphu and Chukha Dzongkhag because higher the population, there is more economic activities taking place leading to more employment opportunities which mandate them to open a basic saving account.

In terms of gender-based access to financial services, there is no significant gender gap when it comes to savings account ownership. However, the gender gap is higher for credit (3.81 percent higher for men) and insurance (6.85 percent higher for men) significantly more property and business ownership for men are higher than women in Bhutan.

As an overall strategy for the 21st Century, embracing the need for a vibrant financial sector to support Bhutan's path to become a developed nation, RMA has begun the task of preparing a 10-years financial sector strategy, largely focusing on an open digital banking framework with emphasis on FINTECH products, strong cyber security and relevant governing rules and regulation for greater financial inclusion.

© All rights reserved
Please acknowledge if materials
contained in this Report are reproduced.

POSTAL ADDRESS

Royal Monetary Authority of Bhutan
Chhophel Lam, Kawajangsa
Thimphu, Bhutan
Post Box No. 154

Telephone: 02-330521 or 02-332245
Email: tddorji@rma.org.bt

All publications related to the
Royal Monetary Authority of Bhutan
can also be assessed online at
<https://www.rma.org.bt>

Design and Layout **TJ Colours**

A digital print and graphic design firm
Chorten Lam, Karsang Building