



# RESERVE BANK OF FIJI



*Welcome to the Reserve Bank of Fiji's Public Awareness column. Over the next few weeks a series of articles on financial inclusion will be published. The Reserve Bank of Fiji is co-hosting the annual Alliance for Financial Inclusion Global Policy Forum in September.*

## **FIJI'S FINANCIAL INCLUSION MODEL SETS THE PACE**

Over the past decade financial inclusion has emerged at the forefront of the development world as a means to improving people's lives and reducing poverty as well as contributing to economic growth.

Financial inclusion requires a public and private sector collaborative approach and is about empowering individuals and businesses to access and use a range of affordable and appropriate financial services and products. The financial inclusion drive hit Fiji in late 2009. This was the result of a two day national stakeholder consultation workshop co-hosted by the Reserve Bank of Fiji and the Pacific Financial Inclusion Program. This was a watershed event for the country in the financial inclusion space.

Two key outcomes transpired from that November Workshop. The first was the consensus to a shared vision and overall target of reaching 150,000 unbanked Fijian adults with a range of accessible, affordable and appropriate financial services. The second was financial inclusion was to be driven by both the private and public sectors. The stakeholders in this decision included the Reserve Bank of Fiji, government ministries and agencies, commercial banks, other financial service providers, credit unions, insurance companies, civil society organisations and donor development partners.

A further key outcome following the workshop was the implementation of a financial inclusion framework for Fiji. This model embraces collaboration and partnership engaging multiple financial inclusion stakeholders who had the same vision, passion and drive to progress financial inclusion in Fiji. It took the form of a National Financial Inclusion Taskforce chaired by the Governor of the Reserve Bank of Fiji and three Working Groups namely: Microfinance (now renamed Inclusive Products & Services); Financial Literacy and Statistics. A fourth working group covering Inclusive Insurance was recently added. Membership to the Taskforce and working groups is voluntary. This model has been a tremendous success due to the commitment, dedication and strong relationship amongst its stakeholders.

The workshop also resulted in the formation of a medium term strategy for the period 2010 – 2014 which included:

- The need for an enabling and conducive regulatory environment
- The enhancement of Financial Education and Financial Literacy amongst our people
- The promotion of Microfinance to encourage entrepreneurship
- And the accessibility and reliability of Data Collection.

The Reserve Bank of Fiji began work on creating an enabling regulatory environment to allow for innovation in the area of financial inclusion. In this regard, the RBF issued conditional licenses of approval to Mobile Network Operators (MNOs) to offer mobile money services or “wallets” for the first time. The proactive approach taken by the RBF has been



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considered innovative and bold given the absence, at the time, of a national Payment System law in place.

Vodafone and Digicel launched their mobile money products, M-PAiSA and Digicel money, in 2010. This provided the platform for financial inclusion to reach new heights in Fiji through the use of mobile phone services. These services have developed further in recent years and can now facilitate bill payments, person to person transfers, inward remittances, loan repayments, insurance payments, online shopping and other payments and recently, direct transfers from customers' Westpac bank accounts to their M-PAiSA wallet. This has added a new dimension to financial inclusion in that people in the city are able to send money to their relatives in rural villages and remote islands using their mobile wallets.

The use of ATMs and EFTPOS machines with retail merchants in the remote areas has made financial services accessible to many people that were previously not reached. Digital financial services together with Agent banking have clearly increased the penetration of financial services in rural and maritime areas and will continue to play a major role in the drive for financial inclusion in Fiji.

A Branchless Banking Policy was also issued to enable financial institutions to take their services, through agents, to the remote rural and maritime areas in Fiji. These included withdrawals, deposits, transfers, collect account opening and loan forms, bill payments, loan disbursements and repayments.

Financial literacy and financial education are essential to financial inclusion because they enhance the financial competency of our people and enable them to make informed choices on better managing their money as well how to access and use financial products and services. The Reserve Bank of Fiji launched a Green Ribbon campaign for the promotion of financial literacy in Fiji in 2011. To signal its importance, a financial literacy mascot was introduced, a green turtle called Vuli the Vonu. This mascot was named appropriately, as "Vuli" in the iTaukei language means education or learning whilst the turtle or "Vonu" signifies two things – Longevity in that financial education is a lifelong process and Certainty in that once learned, it will stay and become a way of life.

Whilst our adult population was the focus of various stakeholder financial literacy programs, Fiji's Financial Education programme targeted our children in both primary and secondary schools. All students from year 1 to year 12 now learn basic money management skills as these had been incorporated into the educational curriculum from 2013.

The Reserve Bank, together with its stakeholders has also held expositions across Fiji including some main towns in Viti Levu and Vanua Levu and the Maritime islands of Taveuni, Gau, Koro, Ovalau and Kadavu. The Hibiscus Festival held in Suva every year has also prominently featured these expositions.

The expositions allowed for interaction between financial service providers, micro entrepreneurs and the public, with the providers and government taking their products and services to the people. The promotion and development of micro-entrepreneurs has always been central to these microfinance expositions. The expositions also provided the opportunity for the providers to sell and promote their products, enabled financial literacy to be conducted, bank accounts to be opened and other financial services and products to be accessed by many underserved people in the rural and remote areas.



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In an effort to promote microfinance and to recognise outstanding entrepreneurial performance in the microfinance sector, the Reserve Bank held its first microfinance award in 2013. The Awards were given under the categories of Best Microfinance entrepreneur of the year, Best Microfinance Service Provider and Best Microfinance Partnership. In 2015, a Youth Microfinance Entrepreneur Award was introduced. Since its inception, these awards have grown in popularity and provide the recognition due to our small business operators.

Data collection for financial inclusion is critical for evidence based decision making. Initial financial inclusion data collection was driven from the supply side (ie. through the providers of financial services). At the end of 2014, demand side data (from users of financial services) was obtained through a public demand side survey, which served to compliment the supply side data, providing a much better picture of our financial inclusion position in Fiji.

At the end of 2014, Fiji achieved its initial target, set in 2010, of providing financial services to the 150,000 which were previously unbanked or underserved.