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**WELCOME ADDRESS BY THE  
GOVERNOR OF THE RESERVE BANK OF FIJI, BARRY WHITESIDE  
AT THE PFIP/PIRI/AFI INCLUSIVE INSURANCE WORKSHOP**

**SOFITEL HOTEL, DENARAU, NADI  
5 April 2016**

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Your Excellency, Ms. Margaret Twomey, the Australian High Commissioner to Fiji,

Mr Mark Flaming, Regional Financial Inclusion Project Manager - PFIP

Mr Eliko Boletawa, Head of Policy, Programmes and Regional Initiatives - AFI

Deputy Governor Gane Simbe, Chair of the Pacific Islands Regional Initiative - PIRI

Mr Michael Carr, Regional Inclusive Insurance Specialist - PFIP

Distinguished Resource Persons and Speakers

Workshop Participants

Ladies and Gentlemen

*Ni sa Bula Vinaka* and a very good morning to you all!

## **Welcome**

It is with great pleasure that I welcome you to this Inclusive Insurance workshop, jointly organised by the Alliance for Financial Inclusion (AFI), the Pacific Financial Inclusion Programme (PFIP) and the Pacific Islands Regional Initiative (PIRI). Fiji is indeed privileged to be the host country for this regional workshop designed for officials from insurance supervisory authorities of our PIRI countries comprising Papua New Guinea, Samoa, Solomon Island, Timor Leste, Tonga, Vanuatu and Fiji.

An especial thank you to her Excellency, Ms Twomey, for her keen support of all the work we are doing in financial inclusion. I also thank Eliko Boletawa, who on this occasion is representing AFI, but whom I am sure has no qualms about donning his Fiji and Pacific hats when called upon as one of our own.

And finally to all our regional friends, thank you for taking the time to travel to Denarau for this very important workshop.

No doubt you are coming to Fiji at what is a very challenging time for our nation, as we seek to recover from the devastation of Tropical Cyclone Winston, a Category 5 cyclone which hit our beautiful islands one short month ago. We truly appreciate your being here, confirming that Fiji is still “open for business” in terms of our tourism sector and our ability to still host such regional events.

May I at the outset, also acknowledge with sincere gratitude the commitment and ongoing assistance, to our region, of the Alliance for Financial Inclusion and the Pacific Financial Inclusion Programme. The support provided has enabled PIRI to be near the forefront of significant developments in financial inclusion, not just in the Pacific, but also globally.

The financial and technical assistance by AFI and PFIP in the form of regional meetings, like this workshop, has continued to strengthen the platform we have for capacity building and knowledge sharing, which are key to the effective implementation of our respective financial inclusion strategies and initiatives.

### **Fiji - Financial Inclusion Journey and Key Milestones:**

Ladies and Gentlemen and fellow colleagues, while our focus this week will be on inclusive insurance, to put things in perspective please allow me to briefly take you through some key milestones of Fiji’s financial inclusion journey.

The Reserve Bank took the stand, back in 2009, to strategically drive financial inclusion in Fiji. I acknowledge in this regard the vision of our former governors and senior staff, as well as our key stakeholders, for realising and accepting the potential for financial inclusion to significantly contribute to Fiji's economic development. This resulted in the Reserve Bank, in 2009, establishing a new Group within its organisation structure to focus on financial systems development.

Our partnership with the Pacific Financial Inclusion Programme was also established in that same year, when we hosted our first National Microfinance Workshop.

Fiji's first national financial inclusion strategy was adopted as the major outcome of this initial Workshop. Since that time we have continued to take a collaborative approach, with the setting up of the National Financial Inclusion Taskforce and its four working groups spearheading much of what we do.

This model has worked well for us in providing a platform for effective collaboration between all stakeholders, which include the financial institutions, government agencies, donors, mobile network operators and civil society. Getting the buy-in of our stakeholders was considered critical to the success of our collaborative efforts, and ensuring that this is in place all the time during our journey has been instrumental in the effective implementation of our financial inclusion strategy.

In early 2010, the Reserve Bank of Fiji issued three supervision policies with the objective of engaging commercial banks to extend their reach to the unbanked in Fiji and in 2011 Fiji was one of the first of 17 countries to make commitments under the Maya Declaration at the 3<sup>rd</sup> AFI Global Policy Forum in Cancun Mexico.

In 2013, the Reserve Bank of Fiji was awarded the inaugural Maya Declaration Award in recognition of what was assessed as the effective monitoring and reporting of our global commitments towards financial inclusion. Some of the significant achievements which contributed to the meeting of our agreed targets included:

- the integration of financial education (FinED) into the school curriculum at both primary and secondary levels;
- the introduction of mobile money;
- implementation of policies for commercial banks: which included the setup of microfinance units to extend financial services to the poor and low income households and to micro and small enterprises; and branchless banking guidelines for reliable and sustainable delivery of financial services to communities where there is no bank presence;
- continuous public awareness, financial literacy and community outreach through the national microfinance awards and financial inclusion expositions around the country; and the
- establishment of financial inclusion indicators and geo-spatial mapping of financial access points for monitoring of coverage and financial inclusion initiatives.

Notwithstanding the success of our journey to date, we recognise that there is still more to be done to ensure the ongoing effectiveness of the initiatives that we have put in place. In this regard, we have embarked on the development of our second financial inclusion strategy which we hope will not only bring more of the underserved population into the formal sector and improve access to, and usage of, financial products and services, but will also progress into achieving the important outcomes of poverty reduction, improved quality of life and enabling the SME sector to be an engine of growth in our developing economy.

Our second financial inclusion strategy, to be launched shortly, will also place special emphasis on insurance and we hope that this workshop will provide our participants with insights into how we can further develop relevant strategies in this area.

### **Inclusive Insurance**

Ladies and gentlemen, I observe from the Workshop Agenda the expectation for the Fijian participants to talk about our experiences to date in regard to inclusive insurance initiatives and also a particularly exciting mixed policy cover which is in its final planning stages. I shall therefore leave this task to my colleagues.

I have also been told about the exciting BIMA product currently available in PNG, which we will all be looking at closely, and which our BPNG colleagues can share with us.

However, before we get ahead of ourselves, please allow me to make a few statements on the importance of inclusive insurance.

The objective of this workshop is to help our PIRI members build an enabling environment for inclusive insurance. Inclusive insurance markets, as a contributing element to overall financial inclusion, are characterised by affordable, sustainable, convenient, and responsible delivery by licensed and supervised insurers and intermediaries, of insurance products and services.

Inclusive insurance therefore refers to the provision of insurance products to the low income and vulnerable sectors of our respective populations, with other financial services such as microfinance and savings.

A 2012 Micro-insurance study undertaken by the Pacific Financial Inclusion Programme concluded that most Fijians currently depend on loans from financial institutions, family and friends and moneylenders, to manage financial emergencies.

Most loans are used to pay for expenses that could otherwise be covered through insurance, such as healthcare and family obligations related to funerals. The recent Fijian Financial Inclusion Demand-Side Survey noted that only about 12 percent of the adult population in Fiji are covered by insurance. Such a low level of insurance penetration directly implies that the vast majority of our low income communities are vulnerable to sustain financial losses as a result of a disaster, whether this is man-made or natural.

This workshop is particularly timely for us in Fiji, as we continue to undertake rehabilitation actions after the devastation of Tropical Cyclone Winston. It allows us to ponder on this very important subject and whether inclusive insurance could have assisted the recovery efforts of our people at this time. I am certain it could have.

Friends and colleagues, I would highlight one issue which I believe is key to the successful implementation of an inclusive insurance framework for developing economies like ours. That is the important role that Government plays in this initiative.

Traditional insurers have tended not to consider low-income segments as attractive, for various reasons. These include:

- the individual premium sizes are perceived as too low given the per-policy fixed costs;
- the premium calculation is seen as more complicated due to limited available data; and,

- the nature of the demand and risks of this segment remain unknown.

The distribution network which was more comfortable and familiar with the middle or higher income segments also did not find doing business with the low-income segments lucrative. Simply put, traditional remuneration structures provide incentives to focus on larger premium products.

The insurance industry therefore needs to be incentivised to play an active role in the development of a national inclusive insurance strategy, and the Government is the only agency that can provide these incentives. But I will also not downplay the important role that we as insurance regulators have in this regard, and you will be receiving, from the facilitators at this workshop, a lot of advice on how we can be enablers as well.

### **2016 AFI Global Policy Forum**

Ladies and Gentlemen, before concluding I wish make a brief reference to the upcoming 8<sup>th</sup> AFI Global Policy Forum that will be convened on this very island just five months from now, from the 6<sup>th</sup> to the 9<sup>th</sup> of September. The event will be co-hosted by the Reserve Bank of Fiji and the Alliance for Financial Inclusion, and we are sharing some of the hosting arrangements with our fellow PIRI members.

The opportunity to host such an important and significantly extensive forum is building up to be a key national event in 2016 for Fiji as a nation. We are looking forward to welcoming over 500 delegates and we hope many of you will be able to attend. This will be a great opportunity for Fiji and the Pacific region to showcase some of the innovative solutions that we have developed and implemented, and we at the Reserve Bank of Fiji are gearing ourselves to bring our Pacific flavour to the Forum and all its delegates.

## **Closing**

In closing I wish you all a productive four days of sharing and learning. I urge all participants to make the best use of this networking opportunity. Please share your own experiences and be open to the insights shared by the speakers and your fellow colleagues.

Our gratitude again to AFI and the Pacific Financial Inclusion Programme for the ongoing initiative towards the up-skilling of our regulators in the region and we look forward to many such opportunities in the future. May I also acknowledge again the presence of the Australian High Commissioner to Fiji. Thank you, your Excellency for taking the time to be with us today.

To all our visitors, while I realise that you will be fully dedicated to the sessions, I do hope you will also take time to explore Denarau and Nadi, and enjoy our Fijian hospitality and our world famous Bula Smiles!

Vinaka vaka levu and I wish you all a pleasant stay in Fiji.

End.