



RESERVE BANK OF FIJI



Welcome to the Reserve Bank of Fiji's Public Awareness column. In our previous articles we introduced the importance of Financial Inclusion in contributing to economic growth, financial stability and reducing poverty. This week, we will discuss Fiji's Financial Inclusion Strategic Plan.

A NEW FINANCIAL INCLUSION ROAD MAP FOR FIJI

Last month the Governor of the Reserve Bank, Barry Whiteside, who is also the Chairman of the National Financial Inclusion Taskforce officially, launched Fiji's Financial Inclusion Strategic Plan. The five year strategic plan is aimed at advancing financial inclusion in Fiji through a collaborative and coordinated approach.

Fiji is one of many countries in the past decade that have recognised the importance of financial inclusion as a development agenda. A World Bank Study in 2012 counted over 60 countries with established formal targets and strategic plans for financial inclusion.

Fiji's National Financial Inclusion Strategic Plan is linked to the Government's mid and long term development plans. This document is very important as it specifically focuses on the development of financial inclusion and allows all stakeholders to align their activities to this Plan.

This strategic plan is a road map for stakeholders to work together in improving access, usage and quality of financial services and products to the underserved in Fiji. The overall target of the new Strategic Plan is to increase access (and usage) to formal financial services and products. The 2015 national financial services demand side survey data and supply side data have been used in the formulation of Fiji's second Financial Inclusion Strategic Plan. These provide a snapshot of the current state of financial inclusion in Fiji, and show areas where greater attention is needed in moving forward.

The Demand Side Survey showed that 64% of the adult population already have access and the target is to increase this number to 85% (or an additional 130,000 adults) by 2020. Recognising the important role that Fijian women contribute to society the roadmap specifies that at least 50% are to be women. Priority is also given to those living with disabilities, youths and those living in rural and maritime areas.

The vision of the new Plan is "*Improving the livelihoods of Fijians through inclusive financial services*". This simply means that irrespective of their social or economic status, gender or age, every Fijian should have access to a range of appropriate and affordable financial services and products. To the financially excluded population, having access and usage of financial services and products opens up opportunities for a better and higher living standard. It enables them to plan ahead and better manage their finances to put food on the table, save and invest for a better future, build a house or protect their loved ones and belongings from an unexpected disaster or crisis.

Having access to financial services and products is seen as a first, but crucial, step. For real benefits and impact customers need to be actively using them as well. To be able to do this requires a level of financial competency. This is fundamental to achieving the overall goal.



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Hence, the extent of access and the frequency of usage given the level of financial competency determine financial inclusion deepening or the depth of financial inclusion in Fiji.

In developing the strategies for the new financial inclusion Strategic Plan, due care was taken to consult widely. A national consultation workshop was organised by the Reserve Bank of Fiji and the Pacific Financial Inclusion Program in November 2015 to seek the views and buy in of relevant stakeholders in developing the strategies to advance financial inclusion in Fiji,

Participants at the workshop noted a diversity of needs and barriers that prevented Fijians, especially the low income and the poor from not using or being offered formal financial services and products. It was noted that apart from geography, social and cultural practices and norms, there were other factors that contributed to this. These included the need to further develop and empower women, youth and those living with disabilities in our communities so that they have the required leadership roles and entrepreneurial skills to actively participate in economic development, whether this is through micro, small or medium enterprises or formal career and managerial development.

The financial infrastructure which includes the policies and regulatory environment which service providers operate should be innovative. This will enable and incentivise financial service providers to develop and deliver a range of affordable financial services and products that are attractive and suitable for the needs of our people. Particular attention must be given to those living in rural areas as well as low income groups. New players should be encouraged to enter the market to provide services where needs are not being met.

Digital Financial Services and the use of technology is recognised as key to the further advancement of financial inclusion. This means less reliance on using cash or making of cash payments in the future. There is a need to promote digital financial services in retail payments through e-money channels and other modern devices such as Near Field Communication devices which can improve access and wider participation of those that are underserved. This should bring about cost efficiency and effectiveness in the payment systems. It is also recognised that consumer awareness and protection is very important in taking this forward.

New and appropriate products and designs will also add to the success of this strategy. New and innovative products tailored to the needs of our people are important and financial service providers need to focus on the requirements of customers. However, to ensure there is a sustainable demand for these products and services, it is important that they are accompanied by basic financial education and awareness and consumer protection. Financial literacy and consumer protection will continue to be the foundation of our financial inclusion plan. Financial education has been successfully incorporated in the school curriculum of the Ministry of Education from year 1 to year 12. With the adult population however, financial literacy education will continue. Going forward, this plan will also be looking at the introduction of entrepreneurial skills at Secondary and Tertiary levels of education in Fiji.

Given the challenges we have with low population density in rural and remote areas, it is really important to have effective public and private partnerships for cost sharing and sustainable and effective financial inclusion outreach. Hence, the success of a financial inclusion agenda hinges on a collaborative and partnership model and what has been developed over the last five years will continue to be strengthened over the next five years.



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The National Financial Inclusion Strategic Plan has a set of measurable targets and is part of a larger national agenda to develop a more inclusive financial system. Some of the key targets are as follows:

Financial Inclusion Dimension	Core Performance Indicators	Baseline Data	Target 2020
Access to formal Financial Products and Services.	Number of cash-in cash-out financial access points per 10,000 adults	21	30
	Percentage of rural administrative units with at least one access point	88%	90%
	Percentage of new account(s) at a formal financial institution	64%	85%
	Percentage of new account(s) at a formal financial institution - Women	52%	72%
	Percentage of new account(s) at a formal financial institution – Youth (aged 15 – 30)	51%	80%
	Usage of Products and Services	Percentage of adults that have an active mobile money account (used in the last 90 days)	2.16%
Percentage of adults using digital payments other than mobile money		8.1%	15%
Percentage of adults using formal savings products		38%	45%
Percentage of adults using formal credit products		6.9%	15%
Percentage of adults with an insurance product		12%	25%
Percentage of remittance sent through mobile money		3%	10%
Quality	Cost of entry level to the banking system	\$16.67	\$10.00
	Average number of identification documents required to open a basic bank account	2.5	1
	Percentage of adults within 5km of an access point	54%	70%

The coordination and reporting of the progress of strategies will be undertaken by the National Financial Inclusion Taskforce. The Reserve Bank of Fiji provides the leadership and secretariat for the Taskforce; tracks and monitors the overall performance indicators and targets. These are reported annually to all stakeholders.



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To assist with the monitoring and evaluation of the National Financial Inclusion Strategic Plan, a set of core indicators have been developed to measure the progress of financial inclusion efforts in Fiji and bench mark Fiji's progress against other countries around the world.

The planned monitoring and evaluation framework will have a higher degree of accountability and transparency and motivation by all stakeholders to achieve the goals and targets set out in the 2016 -2020 National Financial Inclusion Strategic Plan.

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