

# National Financial Inclusion Strategic Plan 2016–2020



**NFIT**  
National Financial  
Inclusion Taskforce

**RESERVE BANK  
OF FIJI**



## OUR VISION

**Improving the livelihoods of Fijians through inclusive financial services.**

## OUR OBJECTIVES

- To enable all Fijians to have access to a range of affordable and appropriate financial services and products.
- To support financial inclusion deepening through increased usage and quality of financial services and products.
- To ensure all Fijians have sufficient financial competencies to better utilise the financial services available and foster improved consumer protection.
- To grow financial inclusion amongst Fijians through a multi-stakeholder and collaborative approach.

# Foreword

This National Financial Inclusion Strategic Plan 2016-2020 provides a roadmap to further advance our financial inclusion journey and the effective collaboration and partnership of all our stakeholders.

The preparation of this Strategic Plan involved significant reflection and consultation with relevant financial inclusion stakeholders, the National Financial Inclusion Taskforce (NFIT) and its four working groups. The Strategic Plan, which will guide the work of the NFIT, addresses seven key priority areas pivotal to our progress in financial inclusion.

Our vision is “Improving the livelihoods of Fijians through inclusive financial services” and to us it means that irrespective of their social or economic status, gender or age, we want to ensure that every Fijian has access to basic financial services. 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. Our vision also recognises the need to close the gender disparity. Our objectives sit within a structure that integrates strategies to improving access and enhancing usage and quality to improve the livelihoods of all Fijians.

I thank all our financial inclusion partners for collaborating with the Reserve Bank of Fiji with every effort to improve the livelihoods of our Fijian people through an inclusive financial system.



**Barry Whiteside**

Governor and Chairman, National Financial Inclusion Taskforce

# Reserve Bank of Fiji New Commitments to the Maya Declaration

Policy Areas	Concrete Targets
Overall National Goals	<ul style="list-style-type: none"> <li>o Increase access to formal financial services from 64% to 85% (by 130,000) of the adult population, of which 50% are women by the year 2020.</li> <li>o Increase the percentage of youth accounts with formal financial institutions from 51% to 80% (25,000) by the year 2020.</li> <li>o Establish a policy framework for SME development.</li> <li>o Grow SME contribution to GDP by 5% by the year 2020.</li> </ul>
Digital Financial Services	<ul style="list-style-type: none"> <li>o Increase the percentage of adults using mobile money from 2% to 15% (79,000) by the year 2020.</li> <li>o Increase Government digital payments from 75% to 90% by the year 2020.</li> </ul>
Financial Education	<ul style="list-style-type: none"> <li>o Integrate entrepreneurial training into tertiary education by the year 2020.</li> </ul>
Green Finance	<ul style="list-style-type: none"> <li>o Work with partners on developing and promoting sustainable business models to support communities' response to climate change.</li> </ul>
Data Measurement	<ul style="list-style-type: none"> <li>o Formulate and report on the SME Base Set Indicators by the year 2020.</li> <li>o Enhance data measurement and analysis by collecting disaggregated data on gender, age, and ethnicity by the year 2020.</li> </ul>

September 2016



*Governor Whiteside receives the inaugural Maya Declaration Award at the 5th AFI GPF at Kuala Lumpur, Malaysia on September 2013*

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# List of Acronyms

<b>ABIF</b>	Association of Banks in Fiji	<b>MFIs</b>	Microfinance Institutions
<b>ADB</b>	Asian Development Bank	<b>MNOs</b>	Mobile Network Operators
<b>AFI</b>	Alliance for Financial Inclusion	<b>MOA</b>	Ministry of Agriculture
<b>AML</b>	Anti-Money Laundering	<b>MOE</b>	Ministry of Education
<b>ATM</b>	Automated Teller Machine	<b>MOEc</b>	Ministry of Economy
<b>BFA</b>	Bankable Frontier Associates	<b>MiTA</b>	Ministry of iTaukei Affairs
<b>CBs</b>	Commercial Banks	<b>MITT</b>	Ministry of Industry, Trade & Tourism
<b>CCoF</b>	Consumer Council of Fiji	<b>MLGHE</b>	Ministry of Local Government, Housing & Environment
<b>CFT</b>	Counter Financing Terrorism	<b>MRMDNDM</b>	Ministry of Rural & Maritime Development and National Disaster Management
<b>Co-ops</b>	Cooperatives	<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>FBoS</b>	Fiji Bureau of Statistics	<b>MWCPA</b>	Ministry of Women, Children & Poverty Alleviation
<b>FCC</b>	Fiji Commerce Commission	<b>MYS</b>	Ministry of Youth & Sports
<b>DFS</b>	Digital Financial Services	<b>NFIT</b>	National Financial Inclusion Taskforce
<b>DSS</b>	Demand Side Survey	<b>NGOs</b>	Non-Government Organisations
<b>EFTPOS</b>	Electronic Funds Transfer at Point of Sale	<b>PFIP</b>	Pacific Financial Inclusion Programme
<b>FinED</b>	Financial Education Program	<b>PFTAC</b>	Pacific Financial Technical Assistance Centre
<b>FIU</b>	Fiji Intelligence Unit	<b>PIRI</b>	Pacific Islands Regional Initiative
<b>FLWG</b>	Financial Literacy Working Group	<b>RBF</b>	Reserve Bank of Fiji
<b>FNPF</b>	Fiji National Provident Fund	<b>SWG</b>	Statistics Working Group
<b>FRCA</b>	Fiji Revenue and Customs Authority	<b>UNCDF</b>	United Nations Capital Development Fund
<b>FSP</b>	Financial Service Providers	<b>WB</b>	World Bank
<b>GPF</b>	Global Policy Forum		
<b>IFC</b>	International Finance Corporation		
<b>iTLTB</b>	iTaukei Land Trust Board		
<b>IIWG</b>	Inclusive Insurance Working Group		
<b>ISPWG</b>	Inclusive Services and Products Working Group		
<b>KYC</b>	Know Your Customer		
<b>MDF</b>	Market Development Facility		

# Acknowledgment

The Reserve Bank of Fiji (RBF) wishes to acknowledge and thank all the stakeholders, development partners and peers that contributed to the second Financial Inclusion Strategic Framework for Fiji.

We would like to make special mention of the Alliance for Financial Inclusion (AFI), Pacific Financial Inclusion Programme (PFIP), the Australian Department of Foreign Affairs and Trade, Bankable Frontier Associates (BFA), Government of Fiji in particular the Fiji Bureau of Statistics (FBoS) and the members of the Statistics Working Group (SWG) under the National Financial Inclusion Taskforce (NFIT) for their contribution to the Demand Side Survey (DSS).

We also acknowledge the support from our peers, Pacific Islands Regional Initiative (PIRI), Bank of Tanzania and AFI for their feedback. In drafting this document, we considered the financial inclusion plans from Nigeria, Philippines, the Republic of Burundi, Tanzania and Turkey.

We also wish to thank our stakeholders for their feedback at the consultation workshop in November 2015, as well as the immense contribution from the NFIT and its working groups: Financial Literacy, Inclusive Insurance, Inclusive Services and Products<sup>1</sup> and Statistics Working Groups.

<sup>1</sup> Formerly known as the Microfinance Working Group.

# Executive Summary

Financial inclusion has become an important policy and development agenda for many developing countries. The concept of inclusive finance is at the heart of most Government initiatives to level the playing field to support individuals and communities efforts, particularly the poor and disadvantaged, to work themselves out of poverty and contribute to economic growth.

Fiji is amongst the growing number of developing and emerging countries that have made public measurable commitments under the AFI's Maya Declaration to achieve financial inclusion.

The National Financial Inclusion Strategic Plan 2016-2020 hereinafter referred to as the "Strategic Plan" continues on the platform set by the first national strategy (2010-2014). This is a five year plan with measurable targets and part of a larger national agenda to contribute to a deep, competitive and stable financial system: an inclusive system that provides all Fijians, irrespective of economic and social background, an equal opportunity to improve their livelihoods.

According to the 2015 DSS<sup>2</sup> more than 36 percent of the adult<sup>3</sup> population in Fiji had not used the formal financial system in the prior 12 months. This Strategic Plan sets out a road map to move those using the informal sector to the formal sector. The focus will be on increasing the formally served adult population from 64 percent to 85 percent<sup>4</sup>, of which 50 percent are women. Priority will also be given to those living with disabilities, youth and those in the rural and maritime areas.

Our vision is *"Improving the livelihoods of Fijians through inclusive financial services"* and in doing so we aim to strengthen demand, improve equality and enhance social and economic conditions for financial stability and growth in Fiji.

In addressing the financial inclusion goals over the next five years, the strategic plan will focus on:

1. Expanding account ownership among the underserved;
2. Ensuring the regular use of accounts with financial service providers including mobile accounts;
3. Enhancing the range and quality of financial services and products;
4. Creating an enabling regulatory environment to support innovation;
5. Continuing and building on the financial literacy programmes established in the first Plan and including entrepreneurial training; and
6. Promoting the development of the MSME sector.

<sup>2</sup> "Financial Services Demand Side Survey of Fiji", Reserve Bank of Fiji, 2015.

<sup>3</sup> Adult population refers to those who are 15 years of age and older.

<sup>4</sup> This involves reaching out to at least 130,000 adult population.



# 1. Background

Financial inclusion herein is defined as an enabling environment where all Fijian adults, irrespective of where they live, socio-economic status or gender, have access to, and are able to effectively use a broad range of affordable and appropriate financial services and products that are complemented by appropriate financial education and consumer protection policies.

The RBF is committed to and has taken a strategic lead in driving financial inclusion in Fiji. This journey began with a National Microfinance workshop in late 2009 to take stock, consult and strategise on a way forward for the development of financial inclusion in Fiji. The forum included representatives, from public and private sector, civil society groups, donor agencies and development partners. This collaborative approach has been the underlying and instrumental factor contributing to the success of Fiji's financial inclusion efforts.

One of the key outcomes of the workshop was the establishment of the NFIT. This is the apex body responsible for driving, coordinating, facilitating and monitoring financial inclusion initiatives in Fiji. Amongst other goals, and to set some quantifiable measures, the NFIT was assigned a mandate to reach 150,000 unbanked Fijians by 2014.

In 2011, the RBF took the national commitment further and was one of 17 countries that made a global measureable commitment to the Maya Declaration at the 3rd AFI Global Policy Forum (GPF) in Cancun, Mexico. The four areas of focus were: (1) accessible and appropriate financial education and consumer protection to empower consumers; (2) appropriate and affordable financial services and products to the unbanked population; (3) a comprehensive data upgrade with relevant surveys; and (4) provision of an enabling regulatory environment.

Significant achievements have been made on most of the agreed targets. These included: the integration of financial education (FinED) into the school curriculum at both primary and secondary levels; the introduction of mobile money; policies for commercial banks to setup microfinance units and extend financial services to the poor, low income households and to micro and small enterprises; branchless banking guidelines to commercial banks for reliable and sustainable delivery of financial services to communities where there is no bank presence and services are difficult to access; public awareness and community outreach through a variety of initiatives such as the national microfinance awards and financial inclusion expositions; and the adoption of international financial inclusion indicators and geo-spatial mapping of financial access points that monitor geographical coverage of financial inclusion initiatives.

In recognition of its monitoring and reporting on its global commitment towards financial inclusion, the RBF was awarded the inaugural Maya Declaration Award at the 5th AFI GPF in Kuala Lumpur, Malaysia in 2013. Details of the achievements are noted in Annex 1.

In spite of these achievements, there still remains a lot to be done to ensure more of Fiji's adult population are financially included.

The financial inclusion journey has provided stakeholders with opportunities and challenges that have helped shape the financial inclusion framework in Fiji. Key factors that have contributed to the drive of this development are: the strong leadership and convening power of the RBF; the buy-in and effective collaboration and support from stakeholders; and the recognition of the need for data for effective monitoring and evaluation of goals.

The lessons learnt and progress made from the first strategy have set a sound foundation for building a national financial inclusion strategy and will be the basis for this new Strategic Plan.



*Taking financial inclusion to rural areas*

## 2. Guiding Principles

The guiding principles that have influenced this national financial inclusion policy framework take into account the nine principles that have been encapsulated by the G20 Financial Inclusion Experts Group which are:

- **Leadership** - cultivate a broad based Government commitment to financial inclusion to alleviate poverty;
- **Diversity** - implement policy approaches to promote competition and market based incentives for delivery of sustainable financial services;
- **Innovation** - promote technological and institutional innovation as a means for expanding financial access and usage, including infrastructure;
- **Protection** - encourage a comprehensive approach to consumer protection that recognises the roles of government, providers and consumers;
- **Empowerment** - develop financial literacy and financial capability;
- **Cooperation** - create an institutional environment with clear lines of accountability and coordination within government , and encourage partnerships and direct consultation;
- **Knowledge** - utilise improved data to make evidence based policy, measure progress and consider an incremental “test and learn” approach by both regulators and service providers;
- **Proportionality** - build a policy and regulatory framework that is proportionate with the risks involved in developing innovative services and products that are based on the understanding of the gaps and barriers in the existing regulations;
- **Framework** - consider the following in the regulatory framework: reflecting international standards, national circumstances and support for a competitive landscape and appropriate, flexible risk based Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFT) conditions for the use of agents as a customer interface; a clear regulatory regime for electronically stored value; and market based incentives to achieve the long term goal of broad interoperability and interconnection.

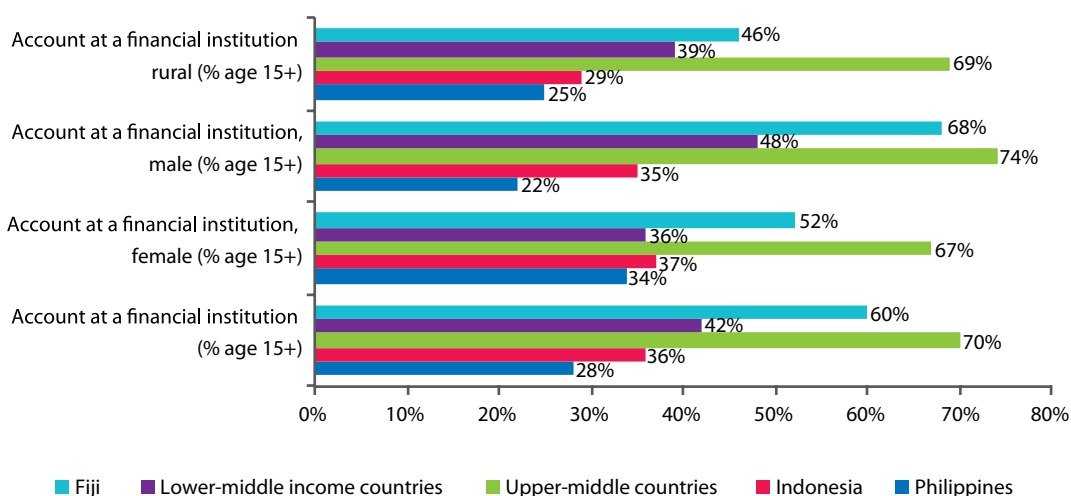
### 3. International Comparisons in Financial Inclusion

Financial inclusion is now globally recognised and many countries have adopted it as an important development agenda. The following sections provide a comparative analysis against developing countries and the Pacific region.

#### 3.1 Comparative Analysis Against Developing Countries

Formal financial inclusion is significantly lower in the Philippines and Indonesia, as measured by the World Bank's Global Findex survey, when compared to the findings from Fiji's DSS. However, Fiji's level of inclusion falls slightly behind that of other upper-middle income countries included in the Global Findex survey, particularly in rural areas and for female adults.

**Figure 1: Financial Inclusion in Fiji compared with Philippines, Indonesia and Upper and Lower-income Countries**

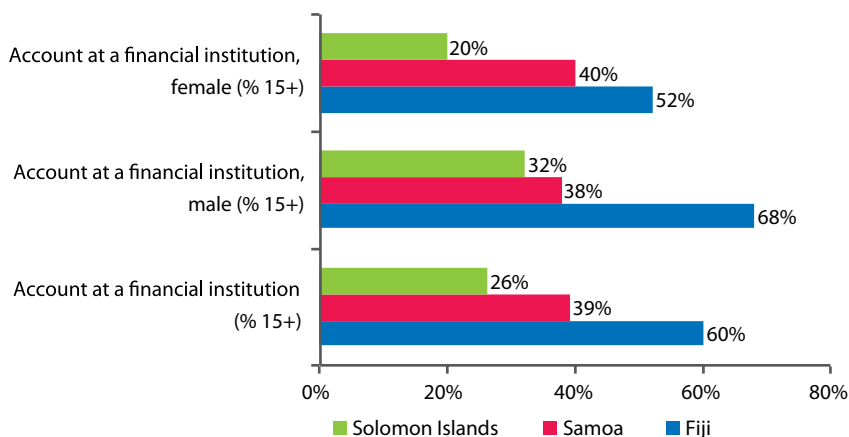


Source: Reserve Bank of Fiji on Financial Services Demand Side Survey, 2015

### 3.2 Regional Comparison

At a regional level as depicted in Figure 2 below, inclusion strands vary widely with Fiji having the highest percentage of banked adults amongst both males and females. However the **gender disparities are quite significant in Fiji, where women are 16 percentage points less likely to have a bank account compared to men**. In Solomon Islands, the gender disparity is 12 percentage points. This exceeds the average gap of nine percentage points as measured in other developing countries.<sup>5</sup> Samoa on the other hand has slightly more banked female adults as compared to males, even though policymakers and providers have yet to make dedicated efforts to include women. Regional peers such as Solomon Islands and Papua New Guinea have recently made national commitments to include women in the banking system.

**Figure 2: Financial Inclusion in Fiji compared to Solomon Islands and Samoa**



Source: Pacific Financial Inclusion Programme on Benchmarking Financial Inclusion in Fiji, Samoa and Solomon Islands, 2015

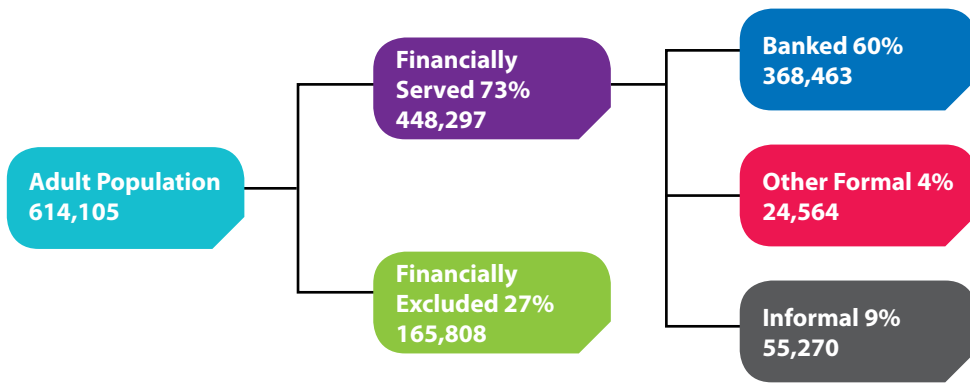
<sup>5</sup> <http://www.pfip.org/resources/uploads/attachments/documents/PIRI%20Cross%20Country%20Reportv2.pdf>

## 4. Financial Inclusion in Fiji

### 4.1 Financial Inclusion Strands

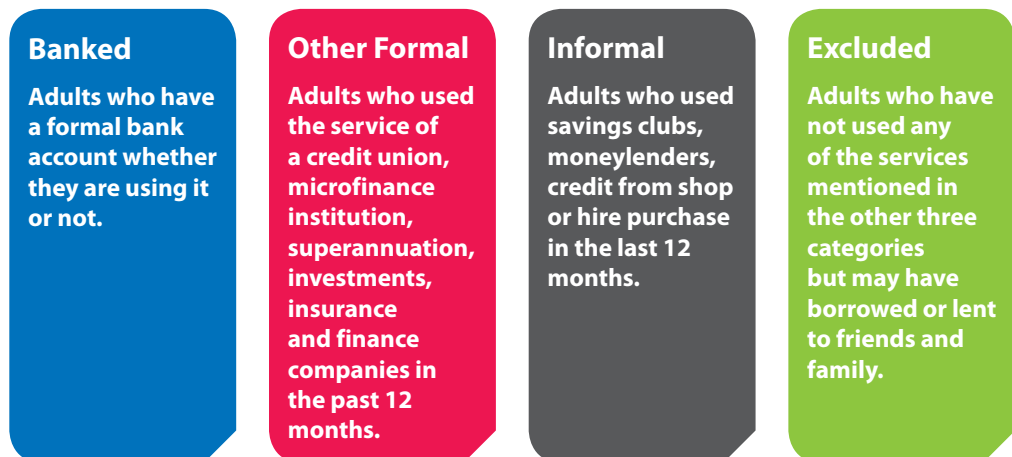
The status of financial inclusion in Fiji is outlined below. The data has been extrapolated from the 2015 DSS report.

**Figure 3: Financial Inclusion Strands**



Source: Reserve Bank of Fiji on Financial Services Demand Side Survey, 2015

**Figure 4: Financial Inclusion Strands Definition**



**Table 1: Financial Inclusion Strands by Division**

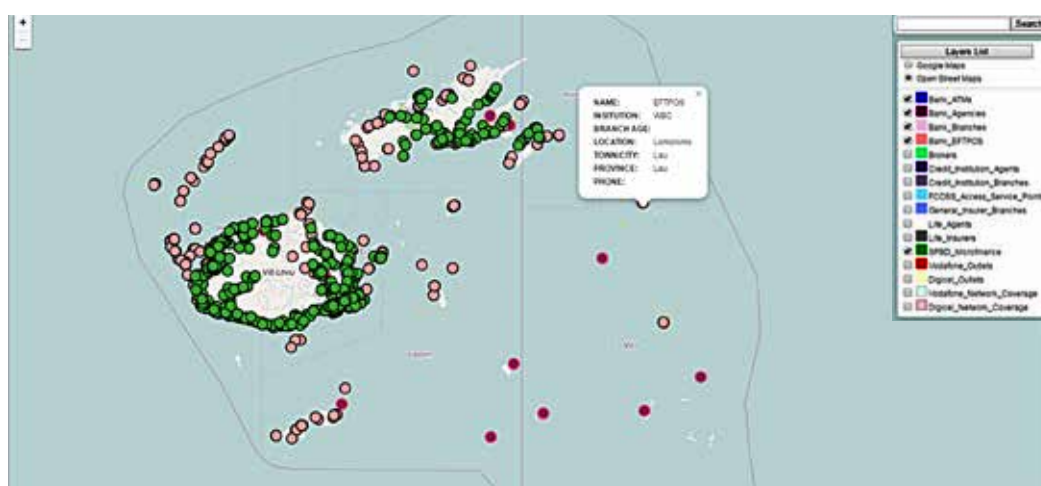
Financial Strands	% of Adult Population	Adult Population	Central	Western	Northern	Eastern
Total Population		614,105	252,169	239,023	96,495	26,418
Banked			68%	58%	51%	41%
	60	368,463	170,220	138,633	48,778	10,832
Other Formal			5%	4%	4%	3%
	4	24,564	11,340	8,366	4,198	660
Informal Only			5%	5%	25%	16%
	9	55,269	13,693	12,979	24,257	4,341
Excluded			24%	33%	21%	40%
	27	165,808	57,623	77,682	19,830	10,673

Source: Reserve Bank of Fiji and Fiji Bureau of Statistics

## 4.2 Access to Financial Services and Products

In Fiji **more than a third of the adult population do not have access to formal financial services** and exclusion is typically highest amongst women, youth (aged 15–30), and those living in the rural and maritime areas. The percentage of exclusion is highest in the Eastern division at 40 percent and the Western division in terms of population size. Generally, financial access points, as expected, are clustered mainly around urban centres.

Whilst all urban administrative units<sup>6</sup> have an access point, **12 percent of rural administrative units (accounts to 10 administrative units) do not have any formal financial access point.** The adult



Fiji's Financial Services Access Points Map

<sup>6</sup> Administrative Units are measured at "Tier 4" level in terms of urban and rural districts.



population within the excluded administration units account to less than one percent of the total adult population. Access to formal financial services is a challenge to those in the rural and maritime areas as noted in the DSS report. Rural respondents on average travel 27km to reach the nearest bank branch, 24.9km to reach an Automated Teller Machine (ATM), 13.6km to reach a bank agent and 17km to reach a mobile agent. These areas have high concentrations of agricultural workers with irregular incomes.

### 4.3 Financial Education

**Lack of financial knowledge, understanding and awareness** is noted to be a significant barrier to accessing formal financial services. A 2011 Fiji Financial Competency Survey supports the DSS findings, highlighting that low-income households displayed low levels of financial competence in managing the financial decisions of their households.<sup>7</sup> The lack of understanding about the formal financial sector along with lack of suitable products to meet the needs of the poor, further limits their opportunities to engage with the formal financial sector.



*The Financial Literacy Mascot, Vuli the Vonu with Students*

### 4.4 Digital Financial Services (DFS)

The global spread of mobile communications has created the opportunity to harness digital technology to increase access to financial services and enhance economic activity. In Fiji, **use of digital financial services is very low**. The DSS reports that less than 10% of the respondents use mobile banking

<sup>7</sup> Sibley, Jonathan. "The Financial Competence of Low-Income Households in Fiji". Pacific Financial Inclusion Programme, UNDP Pacific Centre, 2012.



and internet banking whilst only 2.2% of the respondents actively use mobile money". Two studies conducted by PFIP on mobile money attitudes in 2012 and DFS in 2014, found very low usage of digital financial services among respondents and not much appears to have changed since then.<sup>8</sup>

## 4.5 Credit

**Use of credit is relatively low** in Fiji where 32 percent of DSS respondents confirmed to have taken a loan in 2014 compared to similar upper-middle income countries at 37.7 percent.<sup>9</sup> Fijians rely primarily on informal credit sources such as friends, family and shopkeepers. According to the DSS findings, close to 50 percent of credit users are from shop credit and hire purchases (30 percent alone use hire purchases), 6 percent from credit unions and MFIs, 17 percent from commercial banks and 5 percent from finance companies.

## 4.6 Savings

According to the DSS, 60 percent of the respondents have a bank account; however, **more than 50 percent of those that have a bank account reported to be saving at home whilst 38 percent are saving with the formal sector**. It is also noted that only 27 percent use superannuation funds to save for retirement. This is mainly amongst urban adults and those with formal employment.

## 4.7 Remittances

Remittances received by Fijians were approximately 5.4 percent of Fiji's Gross Domestic Product or US\$234.2 million in 2015<sup>10</sup> and **represent Fiji's second largest foreign exchange earner after tourism**.

About 23 percent of Fijians receive money from other parts of Fiji or from abroad. It is also noted that **more women receive remittances compared to men**.

Examining the domestic channels used to remit funds, it is noted that **the Post Office is the more common channel** (51%) even though this is a more expensive option compared to mobile money at only three percent.

## 4.8 Insurance

Insurance provides safety and security against uncertainties and is an equally important product for driving financial inclusion. Overall, it is estimated that only **around 12 percent of Fiji's adult population have some form of insurance cover**. Similar to other formal products, insurance ownership is higher among those with formal employment and in urban areas. Interestingly 25 percent of the DSS respondents that do not have insurance do not know what insurance means and 40 percent said they do not need insurance. This implies that there is a low level of understanding of insurance.

<sup>8</sup> Subramanian, R." Mobile Money Attitudes and Perception Omnibus Survey". February 2012, PFIP Study on Digital Financial Services in Fiji, 2014.

<sup>9</sup> Global Financial Inclusion Database.

<sup>10</sup> Reserve Bank of Fiji estimates

## 5. Vision and Objectives of this Strategic Plan

### 5.1 Our Vision

*“Improving the Livelihoods of All Fijians Through Inclusive Financial Services”*

### 5.2 Objectives

1. To enable all Fijians to have access to a range of affordable and appropriate financial services and products.
2. To support financial inclusion deepening through increased usage and quality of financial services and products.
3. To ensure all Fijians have sufficient financial competencies to better utilise the financial services available and foster improved consumer protection.
4. To grow financial inclusion amongst Fijians through a multi-stakeholder and collaborative approach.

## 6. Financial Inclusion Strategic Plan 2016-2020

This Strategic Plan is part of Fiji's five and 20 year National Development Plan which have the guiding philosophy to "Build a Better Fiji for All". Government has acknowledged the growing disparities that currently exist in the access of our citizens to basic services and economic opportunity".<sup>11</sup> Government has also committed to building an inclusive and more equitable society and fundamental to this focus on inclusive development is the motto that "no one is left behind".

The Strategic Plan sets out a clear agenda for financial inclusion. Based on the recent findings from the DSS report, an estimated 221,077 (36 percent) of the adult population are underserved. These are Fijians in the informal sector and the excluded as defined by the financial inclusion strands in Figure 3.

***The overall target of this Strategic Plan is to increase the formally served adult population from 64 percent to 85 percent (by 130,000 adults), of which at least 50 percent are women. In terms of geographical distribution, it is anticipated that six percent are to be from the Eastern Division, 22 percent from the Northern Division, 40 percent from the Western Division and 32 percent from the Central Division.***

This Strategic Plan focuses on seven key areas: Empowerment of Women, Youth and those living with Disabilities; Financial Infrastructure; Digital Finance; Services and Products; Financial Literacy and Consumer Protection; Public/Private Sector Partnership; and Data Measurement.

### 6.1 Strategic Goal 1 - Empowerment of Women, Youth and those living with Disabilities

Empower women, youth and those living with disabilities through improved access, usage and quality of financial services and products.

- 6.1.1 Increase membership, affiliation and partnerships of target groups with Government, Non-Government Organisations (NGOs) and civil society organisations.
- 6.1.2 Link income-generating activities including Micro, Small and Medium Enterprises (MSMEs) and targeted programs in the various economic sectors including equal employment opportunities at all levels in the private and public sectors.
- 6.1.3 Empower target groups through training on financial competency. Training can link to leadership, awareness of human rights issues, health and quality of life through partnership, networking and coordination with women, youth and disabled groups and increased collaboration and partnership with NGOs.
- 6.1.4 Inculcate a culture of savings.
- 6.1.5 Leverage technology and digital financial services especially amongst young people who are digitally savvy to enable this target group to maximise their economic participation.

<sup>11</sup> Fiji National Development Plan 2016-2020

- 6.1.6 Develop innovative and tailor-made services and products to fully harness economic opportunities of this group.
- 6.1.7 Encourage innovation and relaxation of financial rules and procedures (AML/KYC) to address barriers faced by these groups.



*Late, Mr. Reuben Summerlin and Recipients of the National Microfinance Awards*

## 6.2 Strategic Goal 2 - Financial Infrastructure

Develop and strengthen the financial sector.

- 6.2.1 Collaborate with development partners on diagnostic exercises and evaluate the assessment of financial inclusion and financial infrastructure, including reviewing the design process, prioritisation, and sequencing of policies and legal reforms and of key interventions.
- 6.2.2 Implement a regulatory framework that is conducive to support financial infrastructure and institutional strengthening.
- 6.2.3 Enhance the range of financial services and products by strengthening existing financial service providers such as: microfinance institutions (MFIs), Credit Unions and Co-operatives, as well as facilitating the entry of additional financial service providers (FSPs), for the benefit of consumers.

- 6.2.4 Ensure there is effective collaboration between Government and the private sector in regard to improving access and usage of financial services and products in particular to rural and remote areas. This includes specific considerations for incentives where appropriate.
- 6.2.5 Advocate institutional strengthening by aligning the human resource and capacity training needs to international best practices.
- 6.2.6 Ensure consistency in KYC requirements across all financial service providers and ensure that they are revised to fit the changing market.

### 6.3 Strategic Goal 3 - Digital Financial Services

Creating a digital financial ecosystem that enhances the use of DFS.

- 6.3.1 Review product and services design and delivery of DFS in Fiji with a view to increasing usage.
- 6.3.2 Promote retail payment efficiency and an environment conducive to support consumer protection.
- 6.3.3 Implement interoperability between all FSPs and mobile network operators.
- 6.3.4 Promote the use of DFS through e-money channels and Near Field Communication devices to facilitate retail payments and cash in and cash out services.



*Digitising Fiji's social welfare payments*

- 6.3.5 Adopt or maintain proportionate and risk based regulatory supervisory framework where necessary, to develop financial services market whilst maintaining sufficient consumer protection standards.
- 6.3.6 Design education and awareness programs on DFS for consumers and service providers.

## 6.4 Strategic Goal 4 - Services and Products

To provide financial services and products that is relevant, affordable and accessible.

- 6.4.1 Pilot programs between private and public sectors that link up products and channels for delivery of financial services and products including insurance, retirement savings for the informal sector and credit for MSMEs.
- 6.4.2 Support competition and market based incentives for delivery of sustainable financial services and products.
- 6.4.3 Advocate and support the collaboration between the public and private sectors and development partners particularly with information sharing and research on services and products design and quality standards.
- 6.4.4 Assess and determine appropriate financial services and products for target groups and tailored financial literacy programs and messages.
- 6.4.5 Encourage and support innovative concepts and solutions from financial service providers and others that expand financial penetration in Fiji.
- 6.4.6 Provide support for the development of green financial services and products. This includes services and products designed for individuals, households and MSMEs that reduce negative environmental impacts or provide environmental benefits.
- 6.4.7 Advocate and ensure that services and products are offered with appropriate consumer messages or instructions in a language that is understood by the consumer.

## 6.5 Strategic Goal 5 - Financial Literacy and Consumer Protection

Improve and expand responsible and relevant financial literacy initiatives.

- 6.5.1 Strengthen and enhance the coordination and development of effective financial literacy programs for the formal and informal sectors through partnerships and collaboration amongst the private and public sector.
- 6.5.2 Review and ensure there are effective market conduct measures in place and support appropriate consumer protection mechanisms.
- 6.5.3 Develop innovative and sustainable training programs with consistent messaging.
- 6.5.4 Review, monitor and strengthen the FinED and embed financial education into the curriculum of teacher training at tertiary institutions.

- 6.5.5 Create and support initiatives for adequate provision for retirement.
- 6.5.6 Develop a curriculum to incorporate entrepreneurial learning and skills development as a scale-up program to FinED at tertiary level.
- 6.5.7 Advocate and support services and products that strengthen socio-cultural education of responsible environmental stewardship and civic responsibility.

## 6.6 Strategic Goal 6 - Private/Public Sector Collaboration and Partnership

Strengthen private public sector partnership buy-in and ownership.

- 6.6.1 Integrate national financial inclusion strategy with national development plans, including the development of the MSME sector.
- 6.6.2 Strengthen dialogue between stakeholders and their roles.
- 6.6.3 Collaborate on the development and delivery of viable and sustainable services and products to the underserved.
- 6.6.4 Encourage where appropriate shared services and infrastructure, the utilisation of common delivery platform or mechanisms to reduce costs and promote greater efficiency in the provision of financial services to the public.
- 6.6.5 Enhance engagement and two-way information flow.

## 6.7 Strategic Goal 7 - Data Measurement

Bridging the data gap – getting more, better and credible data.

- 6.7.1 Ensure collection of disaggregated data (gender, age, ethnicity, disability) on the financial sector. Existence of disaggregated data is critical for identifying and quantifying barriers as well as developing appropriate policies and products to meet the needs of the underserved.
- 6.7.2 Collaborate and engage relevant stakeholders to share data and continuously explore new data sources to enhance the financial inclusion database.
- 6.7.3 Annually review and make available to the public the updated financial inclusion maps.
- 6.7.4 Continuously review the existing financial inclusion data measurement framework to ensure its relevancy.
- 6.7.5 Use a unique identifier to improve on data capture and to ensure integrity and quality.
- 6.7.6 Data analytics and interpretation – obtain client oriented data to drive usage.



## 7. Stakeholders

Financial inclusion requires a multi stakeholder integrated approach and aims to bring about positive and measurable outcomes. The effective collaboration of public and private sector partners are key aspects of this policy framework.

Government of Fiji and the RBF has embedded financial inclusion into the draft national mid and long term development plan<sup>12</sup> and this provides opportunities for the public and private sector to align their goals and plans for economic growth and stability.

Key stakeholders and roles are noted below; however this is not an exhaustive list.

**Table 2: Financial Inclusion Key Stakeholders**

Categories	Institutions	Roles/Responsibilities
Regulatory Authority	RBF, FCC, FIU	<ul style="list-style-type: none"> <li>- Ensure enabling regulatory and supervisory framework in place for financial inclusion</li> <li>- Coordinate and monitor financial inclusion initiatives</li> <li>- Provide advice to government and providers on financial inclusion initiatives and developments</li> <li>- Ensure compliance with financial inclusion policies</li> </ul>
NFIT	FLWG, IPSWG, IIWG, SWG	<ul style="list-style-type: none"> <li>- Drive, monitor, coordinate and implement overall financial inclusion strategy</li> </ul>
Government Ministries/ Departments/Statutory	FBoS, MOA, MOE, MOEc, MiTA, MLGHE, MWCPA, MYS, MITT, iTLTB, FRCA	<ul style="list-style-type: none"> <li>- Drive and implement financial inclusion initiatives</li> <li>- Budget allocation for financial inclusion initiatives</li> </ul>
Financial Service Providers	CBs, MFIs, Co-ops, Credit Unions, MNOs, FNPF, Finance Companies, Capital Market Intermediaries, Insurance Companies	<ul style="list-style-type: none"> <li>- Implement financial inclusion initiatives</li> <li>- Supply relevant data to regulatory authority on regular basis</li> </ul>
Advocacy Institutions	CCoF Insurance Taskforce ABIF	<ul style="list-style-type: none"> <li>- Ensure compliance with financial consumer protection issues</li> <li>- Report financial complaints to relevant authority</li> </ul>
Development Partners	PFIP, MDF, AFI, UNCDF, ADB, WB, IFC Donor Agencies, NGOs, International Entities	<ul style="list-style-type: none"> <li>- Provide capacity building and technical support</li> </ul>
Customers	Clients and other users of financial services	<ul style="list-style-type: none"> <li>- Provide customer feedback</li> </ul>

<sup>12</sup> Draft Fiji 5-year and 20-year National Development Plan (2016-2020) (2016-2036) and Fiji's Financial Sector Development Plan (2016-2025).



## 8. Coordination, Monitoring and Evaluation

### 8.1 Coordinating Committee

The NFIT is the coordination committee for the overall financial inclusion strategies. The RBF will continue to provide leadership and secretariat support to the NFIT and its Working Groups. Membership includes representatives of key stakeholder groups and every effort has been made to ensure that all parties are adequately represented<sup>13</sup>.

The four working groups are tasked with specific areas of focus as noted below:

#### 1. Financial Literacy Working Group (FLWG)

- Improving financial competencies through financial education in the school curriculum;
- Building adult financial competency through better coordination and increase public and private sector support; and
- Enhancing financial education awareness and consumer empowerment.

#### 2. Inclusive Services and Products Working Group (ISPWG)

- Ensure the provision of sustainable, relevant, affordable and accessible financial services and products;
- Strengthen the existing financial infrastructure;
- Create an enabling regulatory environment;
- Create a digital financial ecosystem; and
- Increase and strengthen public private sector partnership.

#### 3. Inclusive Insurance Working Group (IIWG)

- Facilitate and offer relevant insurance products that are sustainable, affordable and responsive to the needs of the poor and low income groups; and
- Create a balance between regulations, enhancing access to insurance service and empowering and protecting policyholders.

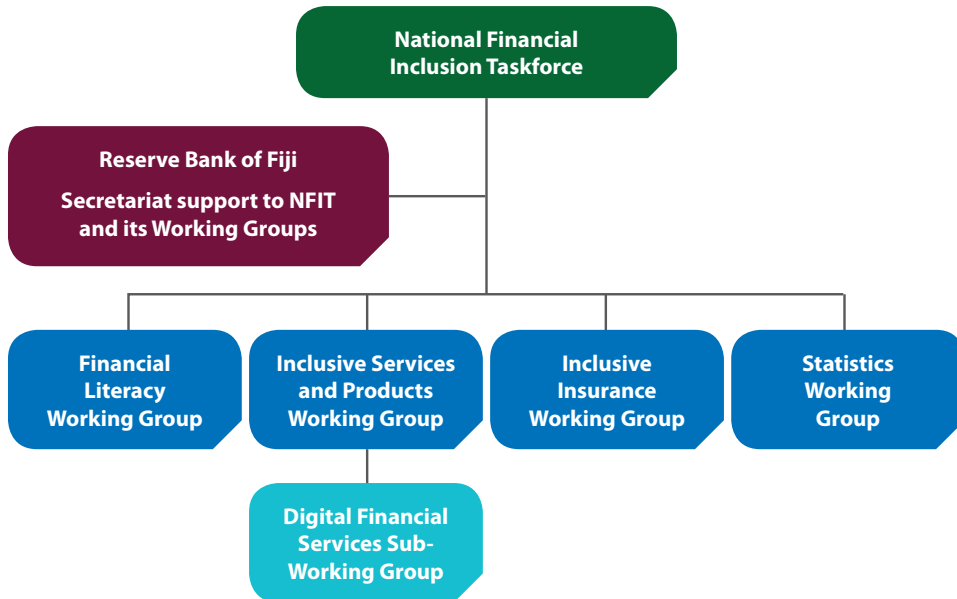
#### 4. Statistics Working Group (SWG)

- Monitor the outreach and coverage of existing financial services; and
- Regularly monitor impact of financial inclusion efforts through coordination and comprehensive data collection and sharing.

<sup>13</sup> Detailed list of members are noted in Annex 3.

The monitoring and coordinating committee structure is noted below.

**Figure 7: National Financial Inclusion Taskforce Structure**



*National Financial Inclusion Taskforce meeting*

## 8.2 Monitoring and Evaluation Framework

The working groups under the NFIT will develop implementation plans for strategic areas relating to their respective core objectives. The NFIT will closely monitor key initiatives undertaken by each of the working groups on a quarterly basis.

The RBF as the secretariat of the NFIT will track the overall performance indicators and targets and report to the NFIT on an annual basis to ensure that efforts are in line with the agreed targets in this Strategic Plan.

The tracking process will be in two parts through: 1) continuous monitoring of the overall progress made towards achieving the stated financial inclusion objectives and new strategies that needs to be taken; and 2) mid-term evaluation of the completed and ongoing activities to determine the extent to which stated objectives are achieved as well as contribute to strategy review.

### 8.2.1 Monitoring Framework

The traffic light rating system will be used to monitor the progress made with respect to its targets.

**Table 3: Traffic Light Rating System**

Color Code	Representation
	Green signals that the set targets have been achieved.
	Amber signals that at least 50 percent of the target has been achieved and programs are underway. The programs and objectives that are outstanding will be highlighted and timelines noted for completion.
	Red signals that less than 50 percent of the target has been achieved or programs have yet to commence.

**Table 4: Illustrative Monitoring Framework**

Key Focus Area	Activity	Status Report
Financial Services Mapping Exercise	- Design an interactive financial services access points map and place it on the public domain	Completed
Regulatory Impact Assessment	- Undertake a regulatory impact assessment of financial inclusion policies	Completed
Inclusive Insurance Regulation	- Approve new regulations with proportionate prudential requirements to support inclusive insurance	Regulation has been drafted and awaiting approval. Timeline for approval - 31 August, 2016
Credit Union Act	- Review of Credit Union Act 1978	Engaged technical expertise of IMF's PFTAC in the review. The first draft of the Bill has been endorsed by the Solicitor General's Office and is now with the credit union industry for written submission. Consultations to conclude in August 2016

Key Focus Area	Activity	Status Report
FinED Knowledge Product	- Develop financial education knowledge product	A firm has been hired and development of the FinED knowledge product is well underway. Timelines for release – 31 July, 2016
Disaggregation of Data	- Collect disaggregated data in terms of gender, age, ethnicity and location	Returns to the commercial banks are yet to be revised to include disaggregation
Remittance-linked Products	- Introduce remittance linked products	A research paper has been circulated to Stakeholders through working group level and have yet to discuss and explore options

## 8.2.2 Evaluation Framework

The evaluation framework uses a mix of AFI Core Set of Indicators, Quality Indicators, Digital Financial Services Indicators and PIRI Core Plus Indicators to measure the status of financial inclusion in Fiji. The core indicators provide the foundation for measuring the country's financial inclusion efforts.

### Core Indicators:

**Access Indicators** – The access indicators are measured through: 1) availability of a financial access point and at administrative level; and 2) new accounts opened to the extent of Women, Youth and at Divisional levels.

**Usage Indicators** – The usage indicators are measured through active financial accounts, meaning that there is at least one transaction in the last 90 days.

**Quality Indicators** – The quality indicators are captured through barriers to accessing and using financial services and products.

**Table 5: Key Evaluation Indicators**

Financial Inclusion Dimension	Core Performance Indicators	Baseline Data <sup>14</sup>	Global Index Data Upper Middle Income Countries	Global Index Data Middle Income Countries	Mid-Term Target 2018	Target 2020	Measure-ment Frequency	Data Source(s)
Access to formal Financial Products and Service.	Number of cash-in cash-out financial access points per 10,000 adults	21	n.a	n.a	25	30	Annually	Supply side data from FSPs, Population Census
	Percentage of rural administrative units with at least one access point	88%	n.a	n.a	89%	90%	Annually	Supply side data from FSPs, Financial Access Points Map

Financial Inclusion Dimension	Core Performance Indicators	Baseline Data <sup>14</sup>	Global Findex Data Upper Mid-dle Income Countries	Global Findex Data Middle Income Countries	Mid-Term Target 2018	Target 2020	Measurement Frequency	Data Source(s)
Access to formal Financial Products and Service. (cont.)	Percentage of new account(s) at a formal financial institution	64%	70.4%	57.6%	75%	85%	Quarterly	Supply side data from FSPs
	Percentage of new account(s) at a formal financial institution - Women	52%	67.3%	52.9%	60%	72%	Quarterly	Supply side data from FSPs
	Percentage of new account(s) at a formal financial institution – Youth (aged 15 – 30)	51%	58.1 <sup>15</sup>	44.9%	65%	80%	Quarterly	Supply side data from FSPs
Access to formal Financial Products and Service. (cont.)	Percentage of new account(s) at a formal financial institution – Eastern Division	44%	n.a	n.a	55%	70%	Quarterly	Supply side data from FSPs
	Percentage of new account at a formal financial institution – Northern Division	55%	n.a	n.a	65%	80%	Quarterly	Supply side data from FSPs
	Percentage of new account(s) at a formal financial institution - Western Division	62%	n.a	n.a	75%	85%	Quarterly	Supply side data from FSPs
	Percentage of new account(s) at a formal financial institution – Central Division	73%	n.a	n.a	80%	90%	Quarterly	Supply side data from FSPs

Financial Inclusion Dimension	Core Performance Indicators	Baseline Data <sup>14</sup>	Global Findex Data Upper Middle Income Countries	Global Findex Data Middle Income Countries	Mid-Term Target 2018	Target 2020	Measurement Frequency	Data Source(s)
Usage of Services and Products	Percentage of adults that have an active mobile money account (used in the last 90 days)	2.16%	0.7%	1.5%	8%	15%	Quarterly	MNO Returns
	Percentage of adults using digital payments other than mobile money	8.1%	19.9%	15.1%	12%	15%	Annually	Supply side data from FSPs
	Percentage of adults using formal savings products	38%	32.2%	24.1%	40%	45%	Quarterly	Supply side data from FSPs
	Percentage of adults using formal credit products	6.9%	10.4%	9.1%	10%	15%	Quarterly	Bank Returns
	Percentage of adults with an insurance product	12%	n.a	n.a	15%	25%	Annually	Insurance Annual Returns
	Percentage of remittance sent through mobile money	3%	8.8%	8.3%	5%	10%	Quarterly	MNO Returns

Financial Inclusion Dimension	Core Performance Indicators	Baseline Data <sup>14</sup>	Global Findex Data Upper Middle Income Countries	Global Findex Data Middle Income Countries	Mid-Term Target 2018	Target 2020	Measurement Frequency	Data Source(s)
Usage of Services and Products (cont.)	Percentage of adults with a FNPF membership account	65%	n.a	n.a	70%	75%	Annually	FNPF
	Percentage of adults using pension products	27%	n.a	n.a	30%	35%	Annually	FNPF
Quality	Cost of entry level to the banking system	\$16.67	n.a	n.a	n.a	\$10.00	Annually	Mystery shopper/ Bank Information
	Average number of identification documents required to open a basic bank account	2.5	n.a	n.a	n.a	1	Annually	Mystery shopper/ Bank Information
	Percentage of adults within 5km of an access point	54%	n.a	n.a	60%	70%	Annually	Financial Access Points Map
	Entrepreneurial training is integrated into tertiary education.						Annually	MOE

<sup>14</sup> Baseline Data is from the Demand Side Survey and Supply Side data for 2015.

<sup>15</sup> Global Findex measures Youth from age 15-24.

# Annex

## 1. Highlights and Achievements from the 2010-2014 Strategy

The achievements of the first strategic objectives and key focus areas were made through the combined effort and commitment from all the key stakeholders involved as outlined below:

### Policy & Coordination

- National Financial Inclusion and National Financial Literacy strategies formulated.
- National Financial Inclusion Taskforce and Working Group structure was established.
- Introduction of agent banking and increased deployment of EFTPOS and ATM machines in rural and outer areas.
- Commercial banks setting up Microfinance Unit in all their branches.
- Active involvement of Commercial Banks and other Financial Service providers in financial inclusion work and getting the lower income household empowered for a secure financial future.
- RBF joins the Alliance for Financial Inclusion global policy network.
- Active member of the Alliance for Financial Inclusion's Pacific Island Working Group including three other Working Groups, Financial Inclusion Data Working Group, SME Finance Working Group and the Financial Inclusion Strategy Peer Learning Group.
- Maya Declaration commitment made and regular updates provided to AFI.
- Inclusive insurance action plan put in place.
- Model e-money Trust agreement implemented.
- Managed to build a strong network and good working relationships with the stakeholders (private and public sectors).
- Hosted two of AFI's Working Group meetings (Pacific Islands Working Group and Financial Inclusion Strategy Peer Learning Group).



**Deepening Access**

- 207,083 underserved people banked – 138 percent of target achieved by end of 2014.
- Implementation of mobile/branchless banking deployments.
- Piloting and issuance of microinsurance products.
- Introduction of low-cost international remittances to mobile wallets.
- 23,000 social welfare clients paid through electronic savings account by end of 2014.

**Competent Consumers**

- Financial competency baseline for low income adults established.
- Approximately 67,352 adults participated in financial literacy trainings conducted by various financial stakeholders by end 2014.
- Full roll-out of financial education in the school curriculum in 2013 impacting around 910 schools and 197,000 students.
- Supplementary policy notice issued on standardised and minimum disclosure on consumer credit products.

**Other Major Highlights:**

- Awarded the Inaugural AFI Maya Declaration Award in September 2013.
- Hosted 18 RBF Microfinance Expositions around Fiji, with active participation from both the private and public sectors.
- Introduction of the National Microfinance Awards.
- Licensed Financial Institution's active involvement in organizing public awareness and education campaigns to support financial inclusion.

## 2. NFIT and Working Group Representatives

### 2.1 NFIT Members

Mr Barry Whiteside, Governor Reserve Bank of Fiji (Chairman)

Mr Ariff Ali, Deputy Governor, Reserve Bank of Fiji

Mr Vereimi Levula, Chief Manager, Financial System Development, Reserve Bank of Fiji

Mr Yogesh Karan, Permanent Secretary, Office of the Prime Minister

Mr Naipote Katonitabua, Permanent Secretary, Ministry of iTaukei Affairs

Mr Meleti Bainimarama, Permanent Secretary, Ministry of Rural & Maritime Development & National Disaster Management

Mrs Litia Mawi, Roving Ambassador for the Pacific Island Countries, Ministry of Foreign Affairs

Mr Mark Flaming, Regional Financial Inclusion Adviser & Project Manager, PFIP

Mr Dijendra Singh, Former Company Director.

Mr Kevin McCarthy, Country Manager, Bank South Pacific

Ms Eseta Nadakuitavuki, Manager Sustainability and Head of Rural Banking, Westpac Banking Corporation (Chairperson FLWG)

Mr Nafitalai Cakacaka, GM Business Risk Services, Fiji Development Bank (Chairman ISPWG)

Mr Lolesh Sharma, CEO SUN Insurance (Chairman IIWG)

Mr Epeli Waqavonovono, Government Statistician, Fiji Bureau of Statistics (Chairman SWG)

### 2.2 Financial Literacy Working Group Representatives

Westpac Banking Corporation (Chairperson)

BSP Life

Fiji National Provident Fund

Bank South Pacific

Pacific Financial Inclusion Programme

Bank of Baroda

ANZ Banking Group

Consumer Council of Fiji

Ministry of Education

Ministry of Women, Children and Poverty Alleviation

HFC Bank

Bred Bank

Department of Strategic Planning & National Development

### **2.3 Inclusive Services and Products Working Group Representatives**

Fiji Development Bank (Chairperson)

South Pacific Business Development

National Centre for Small and Micro Enterprise Development

Vodafone

Telecom Fiji

ANZ Banking Group

Westpac Banking Corporation

Office of the Prime Minister

Ministry of Industry Trade and Tourism

Ministry of Women, Children and Poverty Alleviation

Ministry of Rural & Maritime Development & National Disaster Management

Pacific Financial Inclusion Programme

Handy Finance Ltd

International Trade Centre

## **2.4 Inclusive Insurance Working Group Representatives**

SUN Insurance (Chairperson)

Pacific Financial Inclusion Programme

BSP Life and Health

FijiCare Insurance Ltd

Life Insurance Corporation of India

Fiji Revenue and Customs Authority

Ministry of Economy

National Disaster Management Office

## **2.5 Statistics Working Group Representatives**

Fiji Bureau of Statistics (Chairperson)

Pacific Financial Inclusion Programme

University of the South Pacific

Market Development Facility

Digicel

Vodafone

Telecom Fiji

Tebbutt Research

Commercial Banks









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