

## **Barry Whiteside: Extending financial services outreach to the next level**

Opening speech by Mr Barry Whiteside, Acting Governor of the Reserve Bank of Fiji, at the National Microfinance Workshop on Extending Financial Services Outreach to the Next Level, Suva, 4 March 2011.

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Distinguished Guests, Ladies and Gentlemen.

### **Introductory remarks**

Good morning and bula vinaka to you all. Thank you for kindly accepting our invitation to participate in this one day workshop where we will be deliberating on how to take Financial Services Outreach to the Next Level.

When we first met and deliberated on the whole financial services outreach topic in November 2009, we had set ourselves medium term strategies to drive financial inclusion and microfinance in our country. A governing committee, the National Financial Inclusion Task Force (NFIT), initially chaired by the former Governor, Mr. Sada Reddy, was formed to monitor the overall implementation and progress of financial inclusion in Fiji. Three working groups: financial literacy; statistics, and microfinance, each comprising key stakeholder representatives, were set up to implement the strategy and action plans which came out of the first workshop. I am delighted to say, fourteen months on, that we can clearly witness the good progress in financial inclusion and microfinance efforts across Fiji. This is no doubt due to the passion and efforts of many of you here today. The clear challenge for us is not to lose that passion and to keep the momentum going.

I wish to extend my sincere thanks to the Government, donors, civil societies and the private sector for their respective contributions in the development of microfinance and financial inclusion. In particular I wish to thank commercial banks and the mobile phone network operators for actively taking lead roles in spearheading initiatives that we now see taking shape across our economy today.

Let me also acknowledge the on-going support of the Pacific Financial Inclusion Programme (PFIP) who were there from the word go when we first started this partnership in November 2009 and again, now, as co-host for this second microfinance workshop.

### **Progress of microfinance in Fiji**

As we all know, microfinance has been recognized in many developing countries around the world as a means to alleviate poverty and generate employment. Microfinance contributes to the empowerment of individuals, the development of communities and of the economy. It is for this reason that we have all become so passionate about financial inclusion and microfinance. We clearly realize the benefits these bring to the welfare of our unbanked, low income and poor people, as well as the overall benefits to the communities and the economy of Fiji.

At this workshop, the Chairpersons of the respective Working Groups will fully enlighten you on progress being made in their areas. However, let me share with you some of the exciting developments over the past fourteen months.

The commercial banks have now fully established and integrated microfinance into their operations and are conducting microfinance and financial literacy services in villages and communities in the rural and remote areas, as well as in the urban and semi-urban areas. Their momentum is being driven by highly capable senior staff, appointed especially for the job.

In 2010 the banks also joined the RBF, micro finance institutions, Government ministries, PFIP and other stakeholders in three very successful expos held in Ba, Labasa and Suva. It was extremely pleasing to see so many people moving through the various tents and also some of our micro finance entrepreneurs being given the opportunity to show off and sell some of their wares. We will continue the expos through 2011.

While on the subject of financial literacy, we were all delighted with the recent launch by the Ministry of Education of their FinED Programme, which will see the integration of financial education into the school curriculum from class one to form seven by 2012.

Not to be outdone in all of this, the two major mobile phone network operators also successfully launched their mobile phone money services in Fiji in the middle of last year. We are proud to say that these initiatives are the first of their kind in the Pacific region. Our example is now being used to launch similar services elsewhere. Clearly the mobile money platform can be built on and taken to the next level insofar as banking is concerned. I look forward to these developments.

At least one bank has introduced SMS banking for its customers, while internet banking, an ever-expanding ATM network and EFTPOS interchange developments, now allow many more banking options over a wider area of the country. There will definitely be some innovative options available as this technology spreads across Fiji. The opening of nearly 17000 accounts by one bank for social welfare recipients has been another important inclusion milestone in 2010, enabling participants to access their funds electronically with much greater convenience.

I also acknowledge the current efforts by our Microfinance institutions to restructure and reposition themselves on stronger platforms which will enable them to effectively and efficiently reach out to their clients and the unbanked.

Investors and institutions have shown keen interest in setting up and conducting microfinance services in Fiji. I am pleased to note that one such operator with an established presence on other Pacific island countries did set up business here in 2010. Donors have also indicated their intentions to assist the country to establish the necessary support structures and institutions to develop our microfinance sector.

All these are interesting financial sector developments and I would like to acknowledge all our stakeholders for their efforts.

## **Challenges in microfinance**

Let me touch briefly on some of the challenges that we face in pursuing the development of financial inclusion and microfinance.

Institutions conducting financial inclusion and microfinance activities in Fiji can face a variety of obstacles in providing effective services to the unbanked. Some of these challenges are macro in nature, such as prohibitive economic and investment policies and poor infrastructure. Others are more micro and may revolve around the institutions themselves, their approaches towards microfinance and the way they conduct their business.

Typical challenges institutions may face in extending financial services into the rural and maritime areas in Fiji are poor infrastructure, technology reach and transportation. Basic things such as proper roads, shipping routes, power, and communication towers may be lacking. These are needed by institutions in order to extend innovative financial services like rural mobile banking, mobile phone money services and EFTPOS banking into the unbanked areas. TIN requirements for all persons will need to be better coordinated so as to ensure the unbanked are conveniently able to open bank accounts.

Developing and extending appropriate and sustainable financial services for clients in this sector can go a long way towards building strong relationships, and instilling brand image in the communities, which could reap enormous returns in the long term.

### **Objective of the workshop**

Ladies and gentlemen, the theme of the workshop this year is “Extending Financial Services Outreach to the Next Level”. While we may say that much has been achieved over the last fourteen months in the area of financial inclusion and microfinance in Fiji, there is still room to do more.

We have been clearly thrown a challenge by our theme.

As key stakeholders, we want you to realistically review what has been achieved so far, by the National Financial Inclusion Taskforce, the three Working Groups and by yourselves, that have contributed to this development.

By the end of this workshop, we need to come up with recommendations of things that can be taken up in the next phase, by developing strategies and action plans, and agreeing on the institutions, and timelines in which, to implement them. Again we require your active involvement, commitment and ownership of the strategies and action plans that we will set out here today, to take financial inclusion and microfinance to the next level in Fiji.

### **The next level for microfinance – change, innovation and new initiatives**

This workshop is also an opportunity for us to change, improve, be innovative and come up with new approaches and initiatives that will further extend financial services to the unbanked in the rural, remote and maritime areas, including the unbanked in urban and semi-urban areas. I certainly look forward to seeing the action plans and innovative strategies that will come out of this workshop. Our action plans should be measurable and achievable and most importantly they should be implemented with commitment.

There are many microfinance initiatives we can explore and apply in the local context. I know that some of you already have innovative plans in the pipeline to take financial services outreach to the next level. I look forward to seeing their introduction in the market.

May I also add that whilst considering microfinance initiatives, it is also important that thought be given to consumer protection of the poor and the unbanked. Bad experiences can often deter the very ones that we are trying to help.

### **Concluding remarks**

In closing, it is my hope that we all continue to be passionate in our drive towards greater financial inclusion. When success is achieved, it is something we can look back on with satisfaction, knowing that we have contributed to the development of our people’s welfare and our country.

We need to work together to develop strategies in *Extending Financial Services Outreach to the Next Level*. I am hopeful that we can set the agenda for scaling-up and accelerating financial inclusion and microfinance. As part of the process, I also call on all the participants of this workshop to set and commit to your own targets, develop your own objectives, and allocate a certain budget for financial inclusion and microfinance.

The less fortunate in our society deserve an opportunity to pull themselves out of poverty through empowerment.

With these words I wish this meeting every success.

Vinaka