

## **Barry Whiteside: Building financial literacy and financial inclusion in Fiji**

Opening address by Mr Barry Whiteside, Governor of the Reserve Bank of Fiji, at the National Financial Competency Development Workshop, Suva, 5 September 2012.

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Mr. Knut Ostby, United Nations Development Program Resident Representative;

Distinguished Guests;

Ladies and Gentlemen.

Good morning to you all and thank you for taking out time from your busy schedules to be part of this forum. This Workshop marks another important milestone on our journey towards building financial literacy and financial inclusion in Fiji.

Over the last few years, the Reserve Bank of Fiji has taken a more proactive and broader role in promoting and developing financial inclusion in our country. We certainly have not done this alone. In fact, the key factor contributing towards the progress we have achieved so far has been the innovation and the effective collaboration by all the stakeholders. This has been our strength and we hope that this forum will provide further opportunity for consultation and participation by all of us in formulating a national strategy and action plan for developing financial competency throughout Fiji. This may be just one part of the whole financial inclusion exercise, however, it remains a critical part.

I would, at this point, like to take this opportunity to acknowledge the catalytic role and the tremendous contribution of the Pacific Financial Inclusion Programme (PFIP) our co-host and strategic partner towards greater financial inclusion. Ladies and Gentlemen, the PFIP has been involved with the Reserve Bank of Fiji and other development partners for a number of years. Its timely support and strategic programs have initiated and invigorated many projects that not only have extended the outreach and the innovation of financial products and services, but have also contributed to capacity building in Fiji and some of the larger Pacific islands.

### **Introduction**

Fiji's efforts and achievements in the area of financial inclusion have not gone unnoticed. Our experiences over the last three years have been shared at global forums as a model of success, where significant work has been achieved in such a short time and despite the fact that we are one of the smaller developing economies. I will be further updating the Alliance for Financial Inclusion annual meeting in South Africa later this month on our progress.

For a number of years policy makers and leaders have recognised that economic performance and benefits are to be gained from aligning national policies towards greater financial inclusion. In August 2008, Finance Ministers, Central Bank Governors and Senior Officials from the Pacific area and Timor-Leste attended a conference in Coombs, near Sydney, Australia.

The *Coombs Declaration* that was issued after the Conference stated,

*"...that by lifting levels of financial literacy or financial capability in the region, economic performance would be improved, with flow on social and financial benefits for individuals and families."*

The following year in 2009 regional Government leaders and central bank governors met again and endorsed what is now commonly known as *the 2020 Money Pacific Goals*.

The four key goals articulate the vision and commitment by the Pacific Island nations to take a lead action in building financial competency through the combined actions of the public and private sectors.

They state that:

- *all schoolchildren are to receive financial education through core curricula;*
- *all adults are to have access to financial education;*
- *simple and transparent consumer protection policies are to be put in place; and*
- *there must be a fifty percent reduction in the number of households without access to basic financial services.*

In November 2009, the Reserve Bank and the Pacific Financial Inclusion Programme organised a *National Microfinance Workshop* where financial service providers, mobile network operators, relevant government agencies, NGO's and donor partners all *agreed to work together to reach 150,000 unbanked clients by 2014*. One of the key outcomes of that workshop was the formation of a National Financial Inclusion Taskforce (NFIT) to set the agenda, coordinate, monitor and supervise the implementation and progress of a medium term strategy for financial inclusion in Fiji.

The *Financial Literacy Working Group* was one of three working groups set up under the Taskforce and was mandated to look into and develop strategies to strengthen and build financial literacy. In its first meeting in 2010 this *Working Group* identified three key areas of focus. These were:

- *Preparation of a national financial competency building strategy;*
- *Implementation of adult financial literacy programs; and,*
- *Integration and strengthening of financial education into the core curriculum at primary and secondary school levels.*

The Financial Literacy Working Group continues to work very closely with the Reserve Bank, PFIP, various government institutions such as the Ministry of Education and the Fiji Bureau of Statistics, the private sector and NGOs, in the implementation of projects under its area of mandate. The Financial Education or FinEd Fiji Project, currently being piloted this year in 28 "champion" schools, by the Ministry of Education and PFIP, will result in 197,000 students having exposure to financial education in all Fiji schools, annually from 2013.

### **National Financial Competency Survey**

Ladies and Gentlemen, in the first quarter of 2011, the Reserve Bank was approached to take the lead role as Project Manager and coordinate a survey that would provide a reliable set of data to assess the current levels of financial literacy of low income households as well their attitudes towards money. The actual survey was undertaken in the last two weeks of November 2011 and some key initial results were released in the first quarter of this year.

A draft report entitled "*The Financial Competence of Low Income Households in Fiji*" was presented to the National Financial Inclusion Taskforce last month.

I understand that an embargoed copy has been circulated and is now available to all the participants present here today.

The Report makes interesting reading and I am sure that participants may have further questions. I am especially interested in the recommendations on critical issues that are pertinent to our financial system: such as lack of understanding among the low income households about financial products and services, particularly the cost of money; what are some of the innovative ways of disseminating financial literacy training and information; what kind of information do financial service providers need to design appropriate financial

products; how can the private sector facilitate financial literacy training ; and, what are solutions that can provide for the risk of poverty in old age.

We are fortunate to have here with us today, Dr. Jonathan Sibley, the consultant, who designed the framework and assessed the financial competency data. Dr Sibley will discuss his Report and would be able to respond to questions relating to the findings.

### **The importance of financial literacy**

Ladies and Gentlemen, the value of financial literacy and its policy implications is well documented and we are again very fortunate to have two senior representatives from the Ministry of Finance and the Ministry for Strategic Planning, National Development and Statistics, to share insights from the Government's perspective.

The challenge for the Reserve Bank, and indeed all of us here today, is to ask ourselves what we can all do collectively to create an inclusive environment. An environment which empowers consumers and those from low income households to have access to affordable and appropriate financial services and products: and, in having such access, being further able to make informed financial decisions and choices.

What else can be done to encourage all individuals to prepare a budget, and support them to save and invest wisely? For every household that does this there is an opportunity to improve living standards and bring about a more prosperous community and nation. Financial literacy is the key driver in achieving financial competency.

### **Importance of financial literacy to Reserve Bank of Fiji**

Ladies and gentlemen, various country studies have shown that when people are financially literate and have access to appropriate financial services there is greater potential for socio and economic development and opportunities for people to work their way out of poverty.

As I have mentioned throughout this speech, much has already been done by the stakeholders here today in our drive towards full financial inclusion. We can perhaps give ourselves a little pat on the back. However, the momentum must continue. And this is why we are all here! We each still have a part to play.

The Reserve Bank pledges its ongoing support to continue the role we have taken on. A role which we felt so strongly about that it required us to create a new department in order to facilitate the need that was evolving.

In addition to what we have been doing, the Bank is also currently reviewing and developing an appropriate consumer protection framework mechanism to provide minimal standards both for consumer empowerment and market conduct. To this end we are working with other central banks in peer learning and sharing of lessons learnt and best practices.

We will continue to budget for and facilitate and promote financial literacy during the financial inclusion and microfinance expositions that we organise around the country. We encourage our fellow stakeholders to advocate this important issue and are monitoring and collating data to see where this can be effectively used.

### **Conclusion**

Ladies and Gentlemen, the theme for the workshop is an apt one: "Financial Literacy and Competency for All", clearly with the emphasis on the all.

The focus of this workshop is to develop and ensure that there is a policy in place at national level to support and empower both consumers and stakeholders. It is about empowering and making available necessary information, knowhow and tools, for all citizens to be able to make informed financial decisions. This is particularly so for vulnerable groups, such as the

poor and underserved. This has to be a national agenda. Every Fijian must take ownership of this. Our decisions today impact the later generation and it is essential that this is taken seriously.

Learning never stops. Knowledge is accumulated over time with each passing day. What we deliberate and strategize over the next one and a half days will impact the lives of each and every individual in Fiji. Take a moment to realize this fact that the decisions made today will make a change. Let us make it happen!

With these words, I declare this workshop open and wish you all the very best in your deliberations.

Vinaka.