

Denton Rarawa: Financial inclusion

Opening address by Mr Denton Rarawa, Governor of Central Bank of Solomon Islands, at the 10th Meeting of the Pacific Islands Working Group (PIWG) on “Financial inclusion”, Honiara, 12–14 February 2013.

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Salutations

Governor Loi Bakani;

Deputy Governor Peter Tari;

Deputy Governor Gane Simbe;

Co-Chairs Ms Lana Lome-Ieremia and Vereimi Levula;

Resource persons for the Data workshop Ms Sandford and Mr Dermish;

Representatives from our key partners: Mr Reuben Summerlin and Jeff Liew from Pacific PFIP and Mr Eliko Boletawa from AFI;

Other participants of the Pacific Islands Working Group (PIWG) meeting;

Ladies and Gentlemen;

Welcome to Solomon Islands

Good morning and let me warmly welcome you all to Solomon Islands. Thank all of you for making time to attend this 10th PIWG meeting. I am delighted to see a lot of familiar faces. And it is good to see everyone smiling this morning even though some of you have travelled a long way to be here.

Pacific Islands Working Group – a family committed to each other

The idea to set up the Pacific Islands Working Group was endorsed during the South Pacific Governors meeting here in Honiara in 2009. So this meeting can be described as the PIWG coming back to its roots. The exciting agendas before us and the opportunities to share country experiences amongst members during these three days are the main reasons why we are all here.

I think it is important to regularly remind ourselves of the objectives of PIWG, when it was established four years ago. The objectives of PIWG are as follows:

- To identify barriers and challenges to financial inclusion unique to the Pacific, and formulate appropriate policy responses.
- To work together to advance financial inclusion policy in the region,
- To learn from each other as members develop and implement policy solutions for financial inclusion.

I commend the PIWG for taking a collaborative approach to addressing the financial inclusion issues and challenges in the region by working together and sharing our individual experiences. We face similar but also different “country-specific” challenges. For example, our countries are separated by the sea but the level of separation differs between countries. With these inherent challenges, we have no choice but to work together as a group.

I believe that is what we have done and already we have made progress and achieved a lot in our respective countries. We have ensured our voices are heard. International groupings like the Alliance for Financial Inclusion (AFI) have recognised our work and other regions are

trying to emulate what we are doing. We owe all that recognition and success to the PIWG. I am sure a lot of these achievements will be highlighted during the course of this meeting.

Another major achievement in my view is that all of you here attending this meeting represent a pool of financial inclusion experts in the region. This is a key resource for our region and I would like to encourage us to make use of our regional experts so that we continue to build our pool of experts.

Financial inclusion activities in Solomon Islands

Ladies and gentlemen, let me briefly share some of the efforts we are making in addressing financial inclusion issues in Solomon Islands. Our current focus is on the twin pillars of **Access to** and **Use of** financial services in the country.

The question of **Access** requires making financial services available and affordable to as many people as possible. At the moment financial services in Solomon Islands are available only in Honiara and in the provincial centres. If we define access by say, less than 2 hours walk (or paddle) to the nearest financial services access point as the ideal, then more than 80% of the Solomon Islands population is being denied access to financial services. This is huge challenge for the country. So the primary target in our national financial inclusion action plan is that by *2015 an additional 70,000 people should have access to financial services* in the country. In order to achieve this, we are focusing on **technology** as a means of financial distribution channels and **community based** approaches to promoting and delivering savings and credit activities. And to ensure that our legal framework supports these efforts, we have, with ADB support, completed a review of our current laws and policies last year to ensure any legal impediments to financial services innovation are identified and addressed.

The second pillar of our approach to financial inclusion is on the **Use** of financial services. Financial services and products should be used by anyone anytime. This means we have to unlock and remove barriers that deny ordinary people from using the available financial services. This requires further effort in two areas: first to enable people who are being denied using financial services because of legal and administrative barriers and secondly to assist people who cannot use and benefit from financial services because of lack of knowledge and understanding. Our approach in trying to address both areas has been to identify and remove the legal and policy barriers that inhibit usage and to enhance people's understanding of financial services through financial education and literacy.

We have made progress in some areas but a lot of work still needs to be done. Some of our recent achievements include:

- **New CBSI Act:** A new CBSI Act was passed by Parliament in November last year and one of the new provisions in the law is to specifically include financial inclusion as a mandate of the Bank. This now formalises the Bank's involvement in financial inclusion activities.
- **Review of Legal Framework:** And to ensure that our other laws also support these efforts, we have, with ADB support, completed a review of other laws and policies last year to ensure any legal impediments to financial services innovation are identified and addressed.
- **Simplified KYC requirements:** One of the barriers is the stringent bank requirements for opening bank accounts. So in collaboration with the Anti Money Laundering Commission, we have issued to the commercial banks simple requirements for identifying customers when opening bank accounts. This will make it easier for more rural people to open accounts with the banks.
- **Financial Education:** In partnership with the Ministry of Education, we have set up a Working Committee to integrate financial education into the national school curriculum, targeting class one up to form three. The revision of the curriculum has

been done but further work is required to prepare course materials and train teachers.

- **Adult Financial Literacy:** This is a very important area for us, given the low literacy level in the country especially among rural adults. The Central Bank is actively engaged in financial literacy through its Money Smart Day programs, its weekly Money Matters Radio program, and also through financial literacy workshops for communities and women groups.

These achievements have been possible because of close collaboration and partnership with key stakeholders. Working together with other stakeholders is critical if we are to achieve the goals and objectives we have set ourselves in terms of financial inclusion. I am sure this is also true for your respective countries.

But I think our biggest weakness is trying to measure what we have done. How are we performing against our set targets? This is where data and indicators become very important. We need relevant data to measure progress and review our performance. And I am delighted to note that the whole of tomorrow is devoted to this very important issue.

Concluding remarks

I would like to conclude by reiterating the importance of continuing to work together to address our common challenges as we strive to enable more of our people benefit from financial services. At the same time I would like to register our appreciation to both of our key partners, the Pacific Financial Inclusion Program (PFIP) and Alliance for Financial Inclusion (AFI) for the tremendous support to PIWG. This support has enabled the group to progress their financial inclusion agendas and hopefully to make an impact in our countries and also on the international stage.

Finally, I would like to wish you all a lively, interesting and productive meeting.

Thank you for your kind attention.