

Barry Whiteside: Promoting and supporting greater financial inclusion in Fiji

Address by Mr Barry Whiteside, Governor of the Reserve Bank of Fiji, at the launch of the inaugural Microfinance Awards, Suva, 2 September 2013.

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National Financial Inclusion Taskforce Members

Microfinance Working Group Members

Our Co-Sponsors of the Microfinance Awards: Life Insurance Corporation of India and the Pacific Financial Inclusion Programme

Ladies and Gentlemen

Introductory comments

Good morning and bula vinaka to you all.

It is a great pleasure for me to welcome you to the launch of the first national Microfinance Awards.

The decision to host a Microfinance Awards this year is something that we at the Reserve Bank have been contemplating for some time. We believe that greater recognition needs to be given to those special individuals and micro enterprises that play a critical role in alleviating poverty, providing employment and income to many needy families, particularly those living below the poverty line. They are also an important component and complement the national efforts to promote and support greater financial inclusion.

The Microfinance Awards are an initiative of the National Financial Inclusion Taskforce. The National Financial Inclusion Taskforce, ladies and gentlemen, is a national committee that was set up in 2010 and represents stakeholders from the public and private sector, the donor agencies, Micro Finance Institutions and NGOs, with the goal of extending financial services to 150,000 unbanked people by the year 2014. I am pleased to report that as of 30 June 2013 we have now achieved 87 percent of this target. The NFIT has three working groups that help achieve its objective, namely the; Financial Literacy Working Group, Statistics Working Group and the Microfinance Working Group.

The purpose of us having these awards is to:

- Promote the micro enterprise sector;
- Encourage local value adding of our resources;
- To encourage self-employment; and, most importantly
- To recognize successful, innovative and creative micro entrepreneurs at a national level.

Microfinance awards

The inaugural Microfinance awards include 3 main categories:

1. Best Microfinance Entrepreneur – Individual;
2. Best Microfinance Entrepreneur – Partnership; and
3. Best Microfinance Service Provider.

These awards include enterprises with a total turnover of less than \$30,000 per annum.

Development front in the micro sector

Through these awards we hope that more people, young and old, rural and urban dwellers, will be encouraged to find opportunities for themselves and their families by starting a business.

We believe that with an enabling regulatory policy environment and with access to affordable financial services, individuals and micro-enterprises will have the opportunity to flourish and bloom. Like a small seedling, a budding micro-enterprise can in the right environment put down strong roots and grow over time.

In the same way, micro-enterprises when managed well and in the right environment will not remain micro. They can always grow into small businesses and later on graduate to medium and large enterprises. Many of our own local millionaires and renowned large companies in Fiji like Punjas, Vinod Patel, Tappoos, Marco Polo, and Joes Farm, just to mention a few, all started from very humble beginnings. Thinking about these companies and how they all started brings hope to those wanting to start a business. You can always start small; the key is hard work, perseverance and prudence.

Allow me to mention some of the policy initiatives that RBF has recently implemented to create a more inclusive financial sector.

In early 2010, under Banking Supervision Policy Statement 14, all commercial banks were directed to set up microfinance units at every branch to cater for the low income earners and especially those in the informal sector. I am pleased to report that the total value of micro deposits held by the commercial banks at 30 June 2013 was \$40.3million.

This was followed by the launch of mobile money services in June and July 2010. The mobile money ecosystem continues to expand across Fiji and is becoming an accepted mode of payment and offers many services similar to a bank. A wide range of services is available through mobile phones, such as bill payments, international remittances, domestic transfers, online shopping payments, savings, insurance repayments, payment for judicial fines, payment for municipal council services and payment of wages and salaries of civil servants. These new financial services, we believe, have created more opportunities for financial services providers and their clients to transact and conduct business with each other through the mobile phone. For example, one of the four microfinance institutions operating in Fiji today offers loan disbursements to their clients, or clients can make their loan repayments using their mobile phones. Other exciting developments that are expected to be transformational for business in Fiji include the opportunity for farmers with the use of their mobile phones to post their crops they have ready for sale online and negotiate with potential buyers directly from their farm gate.

Earlier this year, the Reserve Bank issued Agent Banking Guidelines to guide the commercial banks in the establishment of agent networks that will assist them in their delivery of financial services to unbanked communities. The objective is to encourage commercial banks to reach out and provide basic banking services to the underserved communities and individuals and entrepreneurs in the rural and maritime areas, with little or no access to regular banking services, through localised agents such as retail merchants or postal agencies. This will allow those who are living far from the main urban centres where bank branches are generally located, to be able to deposit or withdraw money from their bank accounts and also receive money from their families or friends based both locally and abroad, or make payments at these retail agents.

Our national achievements and progress towards inclusive development for the financial sector have been made possible through the collaboration and support of our development partners. I wish to highlight and mention here the tremendous contribution that the Pacific Financial Inclusion Programme and Life Insurance Corporation of India have provided over the past few years. With theirs and other stakeholders support and initiative, Fiji has gained

through the integration of financial education into the school curriculum and new micro insurance products to name a few.

The Reserve Bank has organized over 16 expositions around the country with the last rural expo in Kadavu in July. This platform is playing an important role in coordinating actions of NGOs, donors, financial institutions and government ministries in promoting microfinance and also providing entrepreneurial and financial literacy training. In brief, the expos make financial inclusion a reality by taking the services to the underserved communities.

Official launch

Ladies and Gentlemen in concluding, let me thank the Life Insurance Corporation of India and the Pacific Financial Inclusion Programme for their valuable contributions and for partnering with the Reserve Bank in co-sponsoring our microfinance awards. The Awards presentation will be held in conjunction with the Microfinance Pacific Week later in October this year at the Sheraton Resort.

I take this opportunity to wish this year's candidates all the very best and I now have much pleasure in officially launching the first ever Microfinance Awards.

Thank you