

Leasi Papali'i Scanlan: Financial inclusion and mobile banking in Samoa

Address by Mr Leasi Papali'i Scanlan, Governor of the Central Bank of Samoa, at the official opening of the Workshop/Information Exchange on "Financial Inclusion and Mobile Banking in Samoa", Apia, 20 January 2010.

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At the outset, I would like to thank all of you for accepting our invitation to participate in today's **Workshop on Mobile Money and Mobile Banking**, which are two key strategies for implementing what is known as **Financial Inclusion**. I would also like to extend a warm welcome to our partners on financial inclusion in the Pacific, **Mr. Tillman Bruett** and **Mr. Michael McCaffrey** of the **United Nations Capital Development Fund's Pacific Financial Inclusion Program**.

As stated in our invitation letter, you have been identified as Individuals and Representatives of Organizations with the potential to make a significant contribution to **financial inclusion** and **financial literacy**, especially those of you with an interest in **mobile telephones and financial services businesses in general**. I trust that the free exchange of your valuable knowledge and experiences, will not only greatly benefit the other Participants of today's Workshop but also Financial Inclusion (as a whole) in Samoa.

In July 2009, I attended a Pacific Regional Meeting in Fiji to discuss the advent of **Microfinance** in the Pacific. At this Meeting, I was introduced to the concept of **Financial Inclusion**, and I was subsequently convinced of its relevance and importance to Samoa.

As you will be hearing from Mr. Tillman Bruett, Financial Inclusion is simply described as the extension of financial services, at affordable costs, to reach those that are classified as the **"unbanked"**. These are people who have little or no access to formal financial services generally, not only as a result of the lack of financial education, but also due to their rural and isolated locations or low incomes. The purpose of the many Financial Inclusion strategies that are being implemented around the world, is to connect these "unbanked" people with the formal banking system, to enable them benefit from the various financial services that are available, and thus help equip them with the confidence to make informed financial decisions.

Financial Inclusion has the potential to play a very important role in Samoa's economic development. Traditionally, much of the efforts of the Central Bank of Samoa (like most other central banks in the world) have been concentrated on promoting **financial** and **economic stability**, on the **"macro"** level. Unfortunately, there has not been enough attention given directly to developing and promoting the **"micro"** sector of the economy, which accounts for the major part of the population.

Reflecting the leading roles increasingly played by many overseas central banks, in driving Financial Inclusion in their economies, the Board of the Central Bank of Samoa recently approved for the Bank's mandate to be expanded to include Financial Inclusion. No longer will the Central Bank of Samoa stand on the sidelines and play only a promotional role, and hoping for the desired economic and financial results to eventuate.

The adoption of Financial Inclusion, as part of our mandate will ensure that the Central Bank takes on a more **holistic** approach to promoting and maintaining financial and economic stability in the country. Moreover, it would lend support to Government's efforts to facilitate the achievement by Samoa of the Millennium Development Goals, on a timely basis.

Here at the Central Bank of Samoa, Financial Inclusion is tasked to the Financial Research and Markets Development Area, headed by Deputy Governor Losefo Bourne. The Financial Markets Department assumes the role of Financial Inclusion Secretariat, supported by a

financial inclusion team comprising of selected staff from the Research and Statistics, Banking and Corporate Services and Financial Institutions Departments.

Financial Inclusion is not a completely new concept, as some elements of it (particularly **Micro Credit Schemes**) have already been implemented in some countries of the Pacific, including here Samoa. And, these micro-credit schemes have been promoted mostly through private **Non-Government Organisations**.

In the Pacific Region, Financial Inclusion is being spearheaded by the **Pacific Financial Inclusion Program** of the **United Nations Capital Development Fund (UNCDF)**, with their Head Office located in Fiji. Recognizing its great potential to alleviate poverty in the Pacific, the **UNCDF** has joined forces with the **UNDP, the European Union, AUSAID** and other **Donor Agencies** together with Governments and central banks in the region, to drive and spread the benefits of financial inclusion throughout the Pacific Island Countries.

For today's Workshop, the focus will be on **Mobile Money and Banking**, an important Financial Inclusion strategy already launched in many developing countries. And, I don't want to pretend that I am an expert on mobile money or mobile banking. Suffice it to say, that these **Initiatives** have presented great opportunities for the previously unbanked communities in large, developing countries such as Kenya, the Philippines, Mexico, and Brazil to name a few.

Here at the Central Bank of Samoa, we believe that the introduction of **mobile money and mobile banking** in the domestic economy will be hugely beneficial. It will allow better financial access to our low-income community in the rural and isolated areas as well as to improve and speed up our payments system.

In launching an Automatic Teller Machine (or ATM) for one of the commercial banks yesterday, I acknowledged the benefits of having and maintaining bank branches out in the rural areas, as these will help increase access to financial services. It is expected that some of these rural branches will not be financially viable in the short term. But, in the longer term, as more people become more financial literate, business activities will increase and thus help generate more revenue for these bank branches.

Financial literacy and financial inclusion also has great potential to address several issues specific to the economy of Samoa, like reducing the current relatively high costs of Remittances into the country.

Today's Exchange of Information on **Mobile Money and Mobile Banking** kick starts the Central Bank's involvement in Financial Inclusion. To this end, I would like to acknowledge, with appreciation, the kind assistance of the Pacific Financial Inclusion Program of the UNCDF and AUSAID in assisting the Bank in its new role by co-hosting and co-sponsoring today's Workshop and Information Exchange.

Ladies and Gentlemen, I encourage you to share generously your knowledge and experiences in your specific fields of expertise so that we are able to put together an effective and secure mobile money and banking network for Samoa.

Because you may not have sufficient time to fully cover the important topics that you are going to discuss, I hope that at the end of the formal part of the Workshop, we can all relax and continue the dialogue over some refreshments.

With these brief remarks, I would now like to welcome to the podium our Information Exchange Co-ordinators, Mr. Tillman Bruett and Mr. Michael McCaffrey, of the UNCDF Pacific Financial Inclusion Program.

Thank you for your attention.

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