

## Odo Tevi: Financial inclusion in Vanuatu

Keynote address by Mr Odo Tevi, Governor of the Reserve Bank of Vanuatu, at the National Financial Inclusion workshop, Port Vila, 9–10 August 2012.

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Honorable Minister of Finance and Economic Management,  
Deputy Governors,  
Development Partners,  
Distinguished Speakers,  
Bankers and Financial Services Providers,  
Public Figures from other jurisdictions in the Pacific and from Vanuatu,  
Distinguished Guests,  
Ladies and Gentlemen,

World leaders now recognize Financial Inclusion as an important tool to promote sustainable economic growth and development. This was evident during the G20 Pittsburg Summit in November 2009, where the leaders made fresh commitments to improve access to financial services to low income people by supporting the spread of safe and sound modes of financial services capable of reaching the low income earners and the remote rural population group.

What is Financial Inclusion?

Financial inclusion is about the delivery of affordable and sustainable financial services to the underserved. Specifically it is about making readily available safe savings products, appropriately tailored loans, and insurance and payment services affordable to low income earners, women, and those living in the rural areas.

In the Pacific region, in 2009, the Forum Finance and Economic Minister Meeting have agreed that each Pacific island nation be committed to achieve the Money Pacific Goals by 2020. This is a commitment that our Governments have already made and I sincerely thank the Honorable Minister of Finance for re-affirming the Government's full support towards greater financial inclusion in Vanuatu this morning.

The Money Pacific Goal number one recognizes the importance of financial literacy and therefore aims to incorporate financial education in the core national school curriculum. This approach aims to impart a basic life-skill to our children on understanding money and managing income to benefit their families and their communities and sustainably participate in economic activities. The Reserve Bank of Vanuatu is currently working with the ministry of Education to address this goal and I am glad to mention that the Ministry of Education is keen on this initiative.

The Money Pacific Goal number two focuses on adult financial education and is aimed to make it available to all adults in each respective nation in the Pacific. On this, I wish to sincerely acknowledge the National Bank of Vanuatu and VANWODS Microfinance for their financial literacy programs on the Radio. I would also like to acknowledge ANZ Bank, Westpac Bank, Vanuatu Agriculture Development Bank, the Department of Cooperative and Ni-Vanuatu Business, and other institutions I did not mention, for their extensive community based financial literacy and business up skilling programs. All of these organizations have committed a lot of efforts and resources to offer financial education to those who need it but are underserved. I am also delighted for our donor partners who have acknowledged the importance of financial inclusion and I look forward to working with you to expand the financial literacy further.

Goal number three is aimed at putting in place a simple and transparent mechanism to protect consumers of financial services. I am happy to inform us this morning that at the request of the Pacific Island Financial Inclusion working Group in a meeting last year at the

Reserve Bank of Vanuatu, I have agreed that Vanuatu will take the lead in implementing the Consumer Protection Goal. The Reserve Bank is currently working with other related Government ministries on this. It is highly expected that the application of a proper consumer protection mechanism will enhance the confidence and trust and encourage low income earners and rural dwellers to access readily available financial services.

Money Pacific Goal number four, as an overriding Goal, aims to reduce, by half, the number of people who do not have access to even the most basic financial services.

Ladies and gentlemen,

To achieve the common purpose of a great inclusive financial environment, all stakeholders need to work together. The Reserve Bank of Vanuatu in collaboration with the Financial Inclusion Programme and the Alliance for Financial Inclusion has purposely organized this workshop as a starting point to facilitate this partnership work approach.

I acknowledge the commitments and efforts taken by the National Bank of Vanuatu, Digicel, VANWOODS Microfinance, the Department of Cooperative and Ni-Vanuatu Business and other small financial institutions not mentioned, for reaching out and making basic financial services available to the low income earners, women and the remote rural community dwellers in deferent islands throughout the country.

Financial inclusion strategies can be defined as road maps of actions, agreed and defined at the national level that stakeholders follow to achieve financial inclusion objectives. Successful strategies coordinate efforts with the main stakeholders, define responsibilities among them, and state a clear planning of resources by, for example, prioritizing targets. A strategy can promote a more effective and efficient process to achieve significant improvements in financial inclusion, and is ideally prepared with the private sector in order to establish and achieve shared, achievable goals for financial inclusion.

The Reserve Bank of Vanuatu, like all other central banks in the region, is committed to promote a coordinated partnership work approach between stakeholders to enhance efficiency and to achieve greater financial inclusion in Vanuatu. This commitment was materialized in 2011 when the Board mandated the Reserve Bank of Vanuatu to incorporate financial inclusion in its tasks.

By extending its role to include Financial Inclusion, the Reserve Bank of Vanuatu aims to reinforce the Bank's function in promoting monetary stability and sound financial structure and to foster the financial conditions conducive to the orderly and balanced economic development of Vanuatu, in line with the Reserve Bank of Vanuatu Act [CAP 125], Part II, Section 3.

A lot of ni-Vanuatu does not have insurance. This is a sad reality after 32 years of independence. It is now important that insurance especially relating to micro-insurance becomes part of the financial inclusion strategy. I am sure that this topic will be discussed in our workshop and in the next few years I would like to see it integral part of our communities.

Ladies and Gentlemen,

The workshop theme "Medium Term Strategy for Financial Inclusion in Vanuatu" is timely. Financial inclusion is essential to our efforts in fighting poverty and inequality and being innovative and thinking outside the box is key to achieving greater access.

We see it in real life, we see it on TV, we hear it on the radio, and we read it in the newspapers. How people in the rural and outer islands struggle to make ends meet is a sad reality for us. Dokowia sang a song about "Class Six" and the difficulty of finding a job and putting food on the table. Hearing young people saying that their parent could not afford to pay for their education fees is difficult to accept.

These are the gloomy realities of how some of our people live. Whilst we sit in the comforts of our homes and within the precinct of this luxurious hotel, there are others in our communities that do not have that comfort and living standards that they should have.

I am sure that we all have a role to play in Financial Inclusion and if we all make an effort to play that role well, we can make a difference in the lives of many of our people. After this meeting I would like to see concrete outcomes and I believe that with your experience and expertise it is possible.

Last but not least, I take this opportunity to thank the Government, sponsors, presenters and all the participants to this workshop and wish you all a fruitful discussion for the next two days.

Thank you tumas.

Merci beacoup.