

Barry Whiteside: Leading Fiji to economic success

Welcome address by Mr Barry Whiteside, Governor of the Reserve Bank of Fiji, at the 12th Alliance for Financial Inclusion (AFI) Pacific Islands Working Group meeting, Denarau, 24 March 2014.

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Salutations

Mr Gane Simbe, Deputy Governor Central Bank of Solomon Islands and Chairman of the Pacific Islands Working Group (PIWG)

The G20 Presidency – Australia

Distinguished Deputy Governors and Delegates

Representatives from the Alliance for Financial Inclusion (AFI), Asian Development Bank, World Bank, International Finance Corporation, UN Capital Development Fund and the Pacific Financial Inclusion Programme

Ladies and Gentlemen.

Ni Sa Bula and a very good morning to you all.

Introductory remarks

It gives me great pleasure to be here with you this morning.

Let me say how honoured we at the Reserve Bank of Fiji are to host the Alliance for Financial Inclusion 12th Pacific Islands Working Group meeting and I take this opportunity to welcome each one of you. For our visitors from abroad, I hope you all had a pleasant flight into Fiji and that you will enjoy your stay here with us in the coming days.

At the outset I wish to commend each one of you for your continued dedication, hard work and passion towards driving financial inclusion in your respective countries. This is evident through your presence here this morning.

It is always a proud moment when our Pacific region is singled out and used as a focal point when it comes to discussions pertaining to financial inclusion. As a regional group we have made a lot of inroads since we started in 2009 and we must continue our bond in order to stay ahead. As a group, the way we work together can only be characterised as the Pacific way. I urge you all to continue our collaborative efforts and benefit from this peer learning experience.

Financial inclusion – catalyst for financial and economic stability

There is a growing body of evidence that supports the maxim of building inclusive financial sectors. Financial inclusion supports development, contributes to an efficient financial system and enables all members of the community, especially the marginalised and the poor, to improve their livelihoods and thus empowering them to effectively contribute to the economy. All this supports the UN Millennium Development goals of halving, by 2015, the portion of the world population that live in extreme poverty.

It is clear that we are also seeing changes in the landscape of central banking in recent years. Whilst many Central Banks have traditionally focused on such core policy objectives of price stability and sufficient foreign reserves, more and more have now taken additional lead roles in advocating financial inclusion initiatives in their respective countries; building towards an inclusive financial system that recognises and makes available different types of financial services and products that are affordable, accessible and appropriate for all citizens.

As a Group we learn from each other's experiences, but we also tailor our programs and initiatives to suit our own unique country situations. The environment in which we operate constantly evolves and we need to embrace the innovations in technology to facilitate the provisions of an inclusive financial system.

What's next for PIWG?

Fellow colleagues, let us take a moment to reflect on the vision and mission of our Working Group.

Our vision is that *"Financial services are widely accessed by all Pacific Islanders"*. To get there we have a mission statement that urges us *"To create conditions that lead to the financial empowerment of Pacific Islanders in the short to medium term"*.

As a region we have established and achieved a number of outcomes and we must take pride in our achievements to date. In the last five years, some of us took bold steps and established specific departments or units within our Central Banks to drive financial inclusion related matters. We have set policies and guidelines to enable other stakeholders in our countries to contribute and be a part of the financial inclusion cause. Some of us have set up a National Financial Inclusion Taskforce to guide and spearhead the development work and initiatives in this area.

With this in mind it was pleasing to note, at last year's AFI Global Policy Forum in Malaysia, that the Bank of Papua New Guinea and Central Bank of Samoa formally pledged their commitments under the Maya Declaration. They thus joined the Reserve Bank of Vanuatu, Central Bank of Solomon Islands and Reserve Bank of Fiji, who had made their commitments earlier. I am hopeful that our friends from the Banco Central de Timor-Leste and National Reserve Bank of Tonga will also make commitments in due course.

Colleagues, over the last few years we have witnessed the introduction of innovative products and services in our countries such as mobile financial services and micro insurance, as well as the opening up of a lot more bank accounts. As a group we have undertaken a comprehensive data project where we have our very own PIWG Core Plus indicators. We are all working on providing an enabling regulatory framework to support innovation in these areas. The introduction of Financial Literacy and Education programmes for school children and adults alike has also been at the forefront of our work.

However, whilst we may want to give ourselves a pat on the back, let us not get complacent. Rather, let us be inspired to further push the boundaries and produce more tangible results in our countries and across the region. Financial inclusion is about thinking outside the box, because what is required is beyond the norm. What is required is innovative thinking. I therefore invite us to put on our collective thinking caps in this regard.

Allow me to suggest a few issues for possible deliberation over the next two days.

Financial inclusion usage

The financial inclusion monitoring framework, according to international standards, looks at access, usage and quality indicators.

Financial access points are just the building blocks. What is important is getting our people to *understand and use* these financial products and services. For example, even though remitting funds through mobile phones is perhaps the cheapest of the channels, we still see other alternative expensive mediums being used. We ask the question, why is this so?

As a Working Group, we need to see the translation to active usage of all these positive developments. It is promising to note that we are beginning to gain ground on the financial access points being now visible in our countries, but this must simultaneously be accompanied by active usage. This will provide economies of scale for the provider and, therefore, the sustainability of a particular product or service.

Diagnostic exercises – surveys

During the next two days, I think it would be timely if we can deliberate on why there is low uptake for certain financial products and services, for instance mobile financial services. I know answers to some of these questions can only be determined by asking the very people on the ground, the intended customers. To this end we need to work towards a National Demand Survey in our respective countries.

PIWG may also explore the idea of a Progress out of Poverty Index (PPI). The Index measures, assesses and tracks the poverty level over time and is a tool that is statistically sound, yet simple in its implementation.

Remittances and MSMEs

Remittances are another important area for us. What can be done to improve remittance flows, as they can play a pivotal role in advancing financial inclusion in our countries?

Similarly the encouragement of micro, small and medium enterprises is another crucial area in the Financial Inclusion sphere. What do we need to do to further develop and grow these sectors in our economy?

Developments in Fiji

Ladies and Gentlemen, please allow me to give you a quick update on developments in Fiji after our last meeting in September, 2013. I understand we have a session for country updates later today, so I will keep this brief.

In the last two quarters, we have been able to accomplish a number of initiatives. The National Financial Literacy Strategy for Fiji has been endorsed by the Government for implementation; we hosted the inaugural National Microfinance Awards during the Pacific Microfinance Week, which a number of you witnessed first-hand; and we finalised the Consumer Protection Pre-Disclosure (CPPD) template, which will be implemented by our Licensed Financial Institutions in the coming quarter.

Colleagues, it gives me immense pride and joy to inform all of you that on the 28th February 2014, we successfully achieved our target of reaching 150,000 unbanked Fijians. This is a target we had initially set in November 2009 following our first stakeholder workshop and one which we made a part of our Maya Declaration in Cancun in 2011. This goal would not have been achieved without the collaborative effort of all the stakeholders in Fiji and we are sincerely grateful to them.

While we have had some success, this does not in any way mean that the work has finished. In fact, this is only the first step in the longer journey that we committed to undertake. This is a great platform from which we will chart the next phase of development for financial inclusion in Fiji. I would therefore like to announce that the Bank, together with the National Financial Inclusion Taskforce, is taking stock of all the financial inclusion initiatives undertaken in the country to date and we will use this information over the coming nine months to develop a new Financial Inclusion Strategy for Fiji that will run from 2015 to 2020.

Concluding remarks

In closing, I thank you again for making it to Denarau this week. I urge you to keep your focus on the goals you have set out to achieve. This meeting provides a great platform to take stock, share experiences, discuss issues concerning the region and challenges encountered, and identify opportunities to pursue to take our goals to another level.

In a few days we will also be welcoming delegates from different parts of the world for the AFI Strategy Peer Learning Working Group Meeting. Let our small Pacific countries be a good financial inclusion example of firm collaboration and achievement. Last year when the

Reserve Bank of Fiji was awarded the inaugural Maya Declaration Award, I could see the immense pride among all Pacific member countries present and such achievements bring us closer together as a region. Thank you for your continuous support and we hope to see PIWG stay ahead of game.

I am certain that at the end of two days of fruitful discussion, we will reiterate the commitment we made as a region in overcoming barriers and building bridges to deliver quality financial services to all our citizens.

Lastly, I encourage you all to take advantage of our Fijian hospitality. Please enjoy the array of goods, services and attractions that we have to offer and, most of all enjoy your experience with us.

Thank you for your kind attention

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