

Denton Rarawa: Financial inclusion in Solomon Islands

Remarks by Mr Denton Rarawa, Governor of Central Bank of Solomon Islands, on the occasion of the presentation of the G2P study findings, Honiara, 10 December 2014.

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Salutation:

DFAT Representatives,

Other distinguished Guests – reps from Government Ministries, Commercial bank reps, Telecommunication companies, and other financial institutions,

NFIT members and CBSI,

Members of the media,

Ladies and gentlemen,

Good morning. Let me thank you for taking the time to be here with us. Today's event is to present to stakeholders the findings of the Government to Persons (G2P) study conducted by the CBSI (Financial Inclusion team) and the United Nations Pacific Financial Inclusion Programme (PFIP) with funding assistance from the Department of Foreign Affairs & Trade, Government of Australia.

Financial inclusion in Solomon Islands

Before we listen to the findings, let me briefly explain what financial inclusion means for Solomon Islands and how we are driving this agenda in this country.

Financial Inclusion is an important agenda in Solomon Islands and is driven by the National Financial Inclusion Task Force (NFIT) and the CBSI. We will hear a progress update during the session today but let me briefly explain what it means for Solomon Islands. When we talk about financial inclusion we consider 4 dimensions of: (1) access to financial services, (2) usage of financial services, (3) quality of financial services, and (4) the impact financial service has on the lives of an individual.

The NFIT has identified key areas and has outlined strategies and action plans in our endeavour to address the financial inclusion agenda in this country. One key area that was identified was the provision and availability of data, particularly demand side data or market information. This is very crucial for evidence-based policies and market decisions by the private sector.

So far few surveys have been conducted by CBSI in partnership with PFIP, such as the Financial Competency Survey on low income households, the Market Vendor Survey and now the G2P survey. Next will be the Financial Inclusion Market Demand Side Survey. These surveys and those yet to come are aimed at providing better information to both policy makers and the private sector in the area of financial inclusion.

G2P aims to improve delivery of bulk payment type transactions.

G2P aims at addressing efficiency of bulk payments by the Government particularly through the use of digital financial services.

I was told that around 16,000 Government employees are stationed in the rural locations of Solomon Islands. The majority of them are teachers, nurses and Police officers. Some of these people travel in high seas, walk or paddle long distances to get access to their fortnightly pay. Some even regularly travel to Honiara and join the queues at the Treasury or at the commercial bank tellers to collect their house rentals and other dues.

With the recent successful introduction of mobile financial services by the commercial banks and strong up-take by the public, and delivery of Person to Person (P2P) type transactions using mobile phones and EFPTOS machines, the next question is: is there a business case for Government to People (G2P) type transactions in Solomon Islands? We will be able to hear answers to this question during the presentation this morning.

I am sure that the study has uncovered interesting findings and I encourage us to make use of these findings. I hope this will generate lively discussions and new ideas around improving mobile and branchless banking transactions and more importantly providing people in remote rural areas opportunities to access their bank accounts in a convenient and cost effective manner. I am confident that stakeholders will find the study findings useful and will be able to use the results and analysis in their own respective areas of work.

I encourage you to provide your valuable feedback and comments to us on the G2P report so that we can look at various options to improve financial services not only to the core G2P recipients but to the general public as well.

Before I take my seat, let me thank the following in making it possible to complete this study and making it available:

1. The Australian Government, especially the Department of Foreign Affairs & Trade (DFAT), for the funding assistance thru the UN Pacific Islands Financial Inclusion Program (PFIP).
2. The PFIP for their role in providing guidance and advice and support to the study.
3. The M/s Pi Strategy Consulting firm from Bangladesh, the technical service provider for undertaking and completing the G2P study.
4. The National Financial Inclusion Unit of CBSI, members of the National Financial Inclusion Task Force, and the field enumerators, for their hard work which made the G2P study possible and successfully completed.

Finally let me thank all of you invited stakeholders who are here to attend this presentation this morning. THANK YOU.