

Barry Whiteside: Financial inclusion developments and challenges in Fiji

Keynote address by Mr Barry Whiteside, Governor of the Reserve Bank of Fiji, at the National Financial Inclusion Strategy Workshop, Suva, 13 November 2015.

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Salutations:

Distinguished Guests;

National Financial Inclusion Taskforce and Working Group members;

Colleagues and fellow stakeholders in Financial Inclusion;

Ladies and Gentlemen.

Bula vinaka and a very warm welcome to you all.

Introduction:

It was six years ago, nearly to this very day, when we held our first ever workshop at the Novotel Lami to determine our future in financial inclusion in our country. This was the start of what has been an incredible journey of taking financial services and financial literacy to the underserved of Fiji and providing them that necessary hand-up needed to lift themselves out of poverty and continuing hardship. This was and still is the ultimate goal of financial inclusion worldwide; a goal that has been taken up by many countries targeting the almost 2 billion people across the globe that remain unbanked.

But we have also come to realise that Financial Inclusion is a key driver for economic growth. The whole world recognises that it is difficult to pursue economic growth if a large sector of our society is financially excluded from active participation in the economy. Hence we have seen massive worldwide support in this area over the last five or six years. The fact that many of the institutions driving financial inclusion initiatives are central banks and ministries of finance in their respective countries is truly a clear indication of its importance and recognition. We in Fiji, I am really glad to say, are no different.

With the completion of our initial 5-year Financial Inclusion Strategic Plan in 2014 we are now at our first major crossroads, needing to set ourselves new goals and new pathways forward.

So let me say how delighted I am to be here this morning to say a few words about our journey so far, and also elaborate a little and stir your minds into some possibilities on the way forward. I am confident that through our collaboration and sharing at this workshop today, we will be able to “hammer” out together a new strategy to take this journey to a new level, extending the boundaries and improving the livelihoods of our most vulnerable communities.

Overview of our Financial Inclusion Journey since the first Workshop

Dear friends and colleagues, a number of us sitting here today were a part of our first workshop back in November, 2009.

At that workshop, we had agreed to a home-grown structure, a financial inclusion model that would be based on collaboration, partnership and a multi-stakeholder approach. The model was embraced by all stakeholders across the public and private sectors, civil society, NGOs and development partners.

A National Financial Inclusion Taskforce was formed to provide the leadership and drive to coordinate and monitor the financial inclusion strategies and goals that would be set.

To assist the Taskforce, three working groups were formed to handle issues centred on Financial Literacy, Microfinance, and Statistics. A fourth working group on Inclusive Insurance was established only recently.

While I personally feel that this model has worked really well for us over the last six years, of course as Chairman of the Taskforce I may be a little biased. So can I suggest that at some point in our discussions today, we consider revisiting our financial inclusion structure with a view to its relevance and effectiveness as we move forward. Maybe we will come to the conclusion that it is still very relevant and workable. Maybe it could use a little tweaking. We have had the past six years to be able to make a good assessment.

Our initial goals:

So what goals did we set ourselves at the first workshop in 2009?

We wanted a quantitative reference number first up so we could monitor our progress. So a key goal was to reach 150,000 unbanked Fijians by the year 2014. We later tweaked this to read 'underserved' instead of 'unbanked'. I am happy to say that we achieved that target in the first quarter of 2014.

We also agreed to other key outcomes and these included: financial competency and financial literacy training; creating a conducive regulatory environment; and last but by no means least, good data collection.

Let me say a little about each of these.

It was agreed that in order to promote greater consumer empowerment as well as increase financial competency of households, we would need to introduce financial education into the Fijian schools curriculum as well as raise the awareness in parts of our adult population where it was most needed.

With the schools program this strategy ensures that our next generation will be more financially competent. After a successful pilot program through 28 schools in 2012, we were able in 2013, in partnership with the Ministry of Education, to roll out the FinED program to 907 schools impacting about 197,000 students. The lessons in class now help our children to develop sound habits and nurture a future as financially capable and responsible adults in our Fijian community. Thanks must go to the Ministry of Education for taking on the role with such enthusiasm.

Having established this initial footprint in the schools, I am of a strong view that there is now a need to go a step further. All our youths that leave school and tertiary institutions tend to come out with the view to getting a good job and working for someone else. There is no problem with that. I know I did this and my daughters did this as well. But, I would love to give my grandchildren an alternative mind-set when they complete their schooling and that is the ability and desire (if it is there), to establish their own businesses and work for themselves.

Now, more than ever, we are seeing the importance of micro, small and medium enterprises (MSMEs) across the world as extremely important contributors of jobs and economic growth. Fiji should be no different. I would like to see built into the education curriculum as we have done with our initial steps of financial education, some training in entrepreneurial skills and thinking. It would be nice to witness a portion of our youths developing the necessary skills to be able to work for themselves by setting up their own small businesses. "Work for Self" or "Be my own Boss" could be slogans championed to create a paradigm shift in the mentality and attitude of how our youths think and behave at the point of leaving school or tertiary training. If we can, on an annual basis, get even a small portion successfully coming out and starting new businesses with appropriate support mechanisms, then we are on our way to building what could be a strong MSME sector.

On the regulatory environment, work in this regard focused on keeping a balance between development and regulations. It is important that as we develop, with new innovations, there

is also the responsibility to ensure that this growth is orderly and within a regulatory framework that will nurture and assist growth.

Finally I would like to say something on data collection, our other major initial target.

We all can understand that the lack of a full set of reliable data on financial inclusion hinders good policymaking and prioritisation of projects at a national level. Six years ago when we started on our financial inclusion journey, there was limited data available to help us benchmark and measure the level of financial inclusion in Fiji. What we had was mainly supply side data from our financial institutions.

In 2012, we conducted a financial competency survey to measure the level of financial competency of our Fijian households. The findings from this survey were used to develop our initial National Financial Literacy Strategy. The Data Working Group has also managed to complete a detailed mapping survey of all financial access points and mobile coverage across Fiji. This vital information can now be shared and used to target areas around the country which are deficient of any coverage and service. Furthermore, in 2014, we secured funding support from the Alliance for Financial Inclusion and the Pacific Financial Inclusion Programme to carry out a Demand-Side Survey of financial services in Fiji. The survey report was released earlier this year.

All this data means we are now better placed to make evidence-based decisions on financial inclusion matters and focus our strategies going forward. The data provides the foundation for our discussions today.

My friends and colleagues, it is clear that much has been achieved during our initial strategic plan period from 2010 to 2014. It has been a truly humbling experience, as Chairman of the National Financial Inclusion Taskforce and Governor, to see complete and unselfish support across the board for the work we have been doing. Our success can only be attributed to the hard work and contributions you have all made in getting us this far. I have certainly been proud to take our model to the world stage and to witness the recognition it has received.

However, whilst a lot has been achieved, more still needs to be done. The challenge now is to build on what has already been achieved as a partnership of committed stakeholders and look at how we can extend this to greater heights. During our deliberations today a new vision will be proposed, one that will hopefully provide us with that challenge.

Our Alliances since our first strategy

Ladies and Gentlemen, before I conclude, let me acknowledge some of our important strategic alliances since we started this journey.

Financial inclusion in recent years has attracted increasing interest not only from the development and donor community, but also from developing, emerging and developed countries across the globe. We have joined international institutions and groups that play an active role in developing new research, setting standards and promoting best practices to improve financial inclusion. These include the Alliance for Financial Inclusion (AFI), CGAP, and the G20.

In 2011, Fiji made commitments as part of AFI's Maya Declaration, the first global and measurable commitments by developing and emerging countries to unlock the economic and social potential of the more than 2.5 billion unbanked people of the world. This number has since come down to 2 billion in 2014 through the concerted efforts of many countries that have taken up the challenge.

We have learned from member countries' successful models and have shared our experiences and have benefited from such fora through capacity building. More than 60 countries across the world have now set formal financial inclusion targets.

In September I had announced that through our association with AFI, Fiji has been given the nod to host this prestigious world body's Global Policy Forum on Denarau Island next September. We have the pleasure in having in our Workshop today AFI's Deputy Executive Director, Norbert Mumba, Head of Communications and Media, Peter Foster, Events Manager Pattarin Bureerax and Policy Manager Eliko Boletawa, who will be facilitating our workshop today. We welcome and extend our appreciation to Mr Mumba and his team for being part of this strategic process.

It would be remiss of me not to thank our donor partners who fall under the banner of the Pacific Financial Inclusion Program (PFIP). These include the UNCDF, EU, the Australian and NZ Departments of Foreign Affairs and Trade and the UNDP. We certainly could not have gone very far without the support provided. Our sincere thanks must also go to the staff of PFIP for the close collaboration over the years. Thanks also go to the World Bank and ADB for technical assistance provided over the duration of the first plan period.

I also express my gratitude to all members of our National Financial Inclusion Taskforce and the 4 Working Groups. Your contributions have been immense and I cannot thank you enough. The fact that it is all voluntary with everyone working towards a common goal to assist our underserved citizens speaks volumes for you, your organisations and for Fiji.

Conclusion

Dear friends, may I conclude by saying that the Reserve Bank of Fiji, as the co-host for this Workshop, greatly appreciates your presence and continued support. We have very pertinent issues to consider in today's programme, which I hope will spur very interesting and productive discussions as well as identify solutions.

This workshop is also very timely as we strategize on the next phase of financial inclusion from 2016 to 2020, and as we prepare ourselves to host the 2016 AFI Global Policy Forum and showcase Fiji and the Pacific to more than 600 delegates from across the globe.

I wish you all a very successful day of deliberations.

Vinaka vaka levu.