

Barry Whiteside: Fiji's financial inclusion goals

Welcome address by Mr Barry Whiteside, Governor of the Reserve Bank of Fiji, at the Stakeholder Engagement Workshop, Suva, 4 April 2016.

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Excellency, Ms Litia Mawi, Roving Ambassador for Fiji

Mr Mark Flaming, Manager , Pacific Financial Inclusion Program (PFIP)

Mr Eliko Boletawa, Head of Policy, Programmes & Regional Initiatives, Alliance for Financial Inclusion (AFI)

Permanent Secretaries and CEOs

Senior Government Officials

Colleagues

Ladies and Gentlemen

Ni sa Bula Vinaka and a very good morning to you all!

Welcome

We are honoured to have so many Government officials here today and it is with great pleasure that I welcome you all to this workshop, which has been jointly organised by the Alliance for Financial Inclusion (AFI), the Pacific Financial Inclusion Programme (PFIP) and the Reserve Bank of Fiji.

On behalf of the Reserve Bank and the National Financial Inclusion Taskforce I wish to also express our sincere appreciation and gratitude to the Alliance for Financial Inclusion and the Pacific Financial Inclusion Programme, for their continuing commitment and support of financial inclusion in Fiji.

Introduction

Ladies and Gentlemen, let me begin by explaining why we have invited you here today. The key objective of this Workshop is to further engage Government and cultivate a truly broad based commitment to financial inclusion initiatives for Fiji.

In one sentence, financial inclusion is all about providing relevant and affordable financial services and, importantly, the accompanying knowledge, to all our people, to enable them to improve their lives and wellbeing.

Financial Inclusion is a **key ingredient** in Fiji's current 5- and 20-year National Development Plans which promote **"A Better Fiji for All"**.

As stated in the Plans, "A Better Fiji for All" means more employment opportunities, a decrease in income inequalities and significant reduction in poverty, empowerment of women, and greater social and economic progress in the less-developed regions of our country - all leading to a better balance in our rural and urban livelihoods.

All these issues are aligned to the strategic goals of our soon-to-be launched second National Financial Inclusion Strategic Plan (2016 – 2020), of which you will hopefully hear more during the course of today.

To put things in perspective, allow me to briefly share some key outcomes of Fiji's recent financial inclusion journey. Some of you may already be aware of the developments and achievements which have already been implemented, but for others, this may help you to connect the dots.

Fiji – financial inclusion journey

Prior to 2009, very little was known about financial inclusion in Fiji and it wasn't something that was going anywhere in great leaps and bounds!

For the Reserve Bank, our financial inclusion journey really began in 2009 with the establishment of a new group within the Bank to provide more focus on financial systems development. In November of that year the Reserve Bank, together with the Pacific Financial Inclusion Programme, hosted the first National Microfinance Workshop, which brought together many of the key stakeholders who were to play important roles in contributing to, and driving, financial inclusion.

An important outcome of this initial workshop was the first 5-year National Financial Inclusion Strategy for Fiji (2010-2014), from which the current financial inclusion policy framework was adopted.

Since then a collaborative approach has always been taken, with the establishment of the National Financial Inclusion Taskforce and its four working groups (covering financial products and services, financial literacy, data and inclusive insurance). This model provided a platform for effective collaboration between all stakeholders who agreed to make financial inclusion work in Fiji. Getting the buy-in of our stakeholders (including financial institutions, government agencies, mobile network operators, civil society and donors) was a critical first step in the process. This approach, I believe, has been instrumental to the success of most of our financial inclusion efforts.

Some of the significant achievements which contributed to the meeting of our agreed targets from that first strategic plan, which ended last year, include:

- the integration of financial education (FinED) into the school curriculum at both primary and secondary levels (the Education Department, together with PFIP, obviously played a major role, for which we are very grateful);
- the introduction of mobile money (through the mobile network operators);
- the implementation of policies for commercial banks: which included the setup of microfinance units to extend financial services to the poor and low income households and to micro and small enterprises; and branchless banking guidelines for reliable and sustainable delivery of financial services to communities where there is no bank presence;
- the continuous public awareness, financial literacy and community outreach through the national microfinance awards and financial inclusion expositions around the country; and
- the establishment of financial inclusion indicators and geo-spatial mapping of financial access points for monitoring of coverage and financial inclusion initiatives.

Notwithstanding the success of our journey so far, we recognise that there is still a lot to be done to ensure the ongoing effectiveness and sustainability of the initiatives that have been put in place. In this regard, we are now embarking on our second Financial Inclusion Strategy which will bring more of the underserved population into the formal sector by improving access and the actual usage of financial products and services. This will empower households and communities to effectively contribute to poverty reduction, improved quality of life and be agents for economic growth.

Why financial inclusion is important to government?

Ladies and Gentlemen, financial exclusion can impose significant costs on individuals, families and our society as a whole and tackling financial exclusion requires actions across a range of areas and of key stakeholders, especially Government departments.

In 2015, the Reserve Bank together with AFI and the Pacific Financial Inclusion Programme, carried out a demand side survey of financial access and usage. It is important to note from the results of this survey that more than a third of our adult population (approximately 221,000 people) are excluded from any formal financial services.

Building inclusive financial sectors improves people's lives especially the vulnerable and poor in our communities. Improved financial access, such as a small loan, a savings account or an insurance policy, can make a difference to peoples' lives. When individuals and families are able put some money away for the rainy day, save and invest in education for their children, housing and health, they are better able to deal with the unforeseen events and from falling deeper into poverty. Access will help people to better plan for the future.

Government's role

Ladies and Gentlemen, according to international best practices, financial inclusion is a collective responsibility that requires the buy in and support of the public and private sectors, civil society, donors and NGOs. We have a model that is built along these lines. I am also pleased to say that our hard working Prime Minister has agreed to be a special advocate or a champion of financial inclusion in Fiji.

Government has a very important role in driving and creating an enabling environment for greater financial inclusion that can incentivise the private sector to invest in technology and offer affordable products and services to meet the needs of all consumers, particularly those that are underserved and excluded.

What perhaps can be improved is the coordination and collaboration between the public and private sector in the alignment of programs and budgets from the National Development Plans to the National Financial Inclusion Strategies.

It is pleasing to note areas where Government is already involved in driving and creating an enabling environment for greater financial inclusion. Some examples include promoting savings and catalysing sustainable transaction volumes by moving social welfare payments, wages, lease payments and other G2P (Government to People) payments onto electronic channels and ensuring that these channels are linked to easily accessible, basic transaction accounts. I am pleased to note the efforts by various departments in moving away from cash pay-outs to direct bank deposits. By doing this it has enabled many of the recipients to actually own a bank account for the very first time!

Keeping the momentum

Coming back to our second National Financial Inclusion Strategy (2016 – 2020) which is one of the key topics of today's Workshop. This is a five year plan with measureable targets to guide the collaboration amongst multiple stakeholders and is part of the national agenda to contribute to a deep, competitive and stable financial system: an inclusive financial system that provides all Fijians irrespective of social and economic background, an equal opportunity to improve their livelihoods.

The key, Ladies and Gentlemen, is partnership and coordination. This is the reason for the workshop today, to get your understanding and buy in and hopefully your partnership.

Closing

In closing, I thank you once again for taking time out of your busy schedules to attend this workshop. I urge you to openly discuss ways in which Government may better assist us in helping drive towards our financial inclusion goals. In the end it is all about helping our people and give them that hand up to a better life.

I wish you all fruitful and productive day of sharing.

Vinaka.