



## PACIFIC ISLANDS FORUM SECRETARIAT

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### FORUM ECONOMIC OFFICIALS MEETING

6 – 7 July 2021

### FORUM ECONOMIC MINISTERS MEETING

13-14 July 2021

Virtual

## AGENDA ITEM 8: IMPROVING FINANCIAL INCLUSION IN THE PACIFIC- THE MONEY PACIFIC GOALS 2025

### Purpose

This paper (prepared by the Pacific Financial Inclusion Programme<sup>1</sup> in association with the Alliance for Financial Inclusion Pacific Islands Regional Initiative<sup>2</sup> and the South Pacific Central Bank Governors) aims to provide a final update on the regional efforts to support financial inclusion and awareness in the Pacific under the *Money Pacific Goals 2020*, and propose a new set of regional commitments to improve financial inclusion- the *Money Pacific Goals 2025*.

### Summary

- i. The paper highlights the areas where actions have been taken to accelerate the progress in financial inclusion in Pacific countries and in particular reference to the regional *Money Pacific Goals 2020*.
- ii. Progress under the *Money Pacific Goals 2020* which includes the establishment of National Financial Inclusion Taskforces and implementation of country financial inclusion strategies, highlights the digital innovations driving access and usage of financial services in the region.
- iii. Two successor programmes to the Pacific Financial Inclusion Programme (PFIP) have been established, namely the Pacific Insurance and Climate Adaptation Programme (PICAP), which was launched recently, and the Pacific Digital Economy Programme (PDEP), which will be launched shortly.

## A. Background

### *The Money Pacific 2020 Goals*

The *2020 Money Pacific* goals were adopted by FEMM and the Pacific Central Bank Governors in 2009. This reflected the high priority placed by Leaders across the region on building financial literacy and financial inclusion. Actions have been undertaken by Pacific countries to

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<sup>1</sup> PFIP is jointly administered by the United Nations Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP).

<sup>2</sup> The Pacific Islands Regional Initiative under the Alliance for Financial Inclusion includes Central Banks of Fiji, PNG, Samoa, Solomon Islands, Tonga, Timor-Leste and Vanuatu.

accelerate progress particularly by Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu, as well as brief inputs from a few other Pacific countries. Central Banks in the Pacific have been at the forefront of action and coordination in their respective countries to implement the *Money Pacific Goals 2020*.

2. The *Money Pacific Goals 2020* were that in each Pacific island nation<sup>3</sup> by 2020, through the combined actions of public and private sectors:

- All school children to receive financial education through core curricula.
- All adults to have access to financial education.
- Simple and transparent consumer protection to be in place.
- To halve the number of households without access to basic financial services

3. Significant progress has been made on the *Money Pacific Goals 2020*. **Annex A** provides details of the most recent and up to date progress made by the region towards the achievement of the *Money Pacific Goals 2020*.

## **B. Discussion**

### ***The Money Pacific 2025 Goals***

4. The 2020 FEMM was informed through an information paper<sup>4</sup> that the Pacific Central Banks with technical support of Pacific Financial Inclusion Programme (PFIP) will develop the new set of regional commitments on financial inclusion and literacy, *Money Pacific Goals 2025*, and will be submitted to 2021 FEMM for consideration and endorsement of Forum Economic Ministers.

5. In the last year, PFIP undertook the task of developing a new set of regional priorities and commitments (*Money Pacific 2025*) through a consultative process involving the Pacific Central Banks, Finance and Economic ministries and other key stakeholders. In addition to the Pacific countries that have Central Banks, consultations were held in Federated States of Micronesia, Republic of Marshall Islands, Nauru, Kiribati and Tuvalu. The outcome of these consultations greatly informed the development of the new *Money Pacific Goals 2025*. The new *Money Pacific Goals 2025* were discussed and endorsed by the South Pacific Central Bank Governors at the 35<sup>th</sup> South Pacific Central Bank Governors meeting which was held virtually in November 2020, and hosted by the Reserve Bank of Vanuatu. The *Money Pacific Goals 2025* are now placed before 2021 FEMM for consideration and endorsement of Forum Economic Ministers.

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<sup>3</sup> Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu are countries that have Central banks that have been in the forefront of coordinated action. There are other countries where this action has been led by respective Ministries

<sup>4</sup> PIFS(20)FEMM.Info.7 – (An update from) *Pacific Financial Inclusion Programme*

6. The *Money Pacific Goals 2025* is presented below.



#### MONEY PACIFIC GOALS 2021-2025

All Pacific islanders to enjoy a healthy financial life whereby each individual and household

- can meet their financial commitments and recover from unexpected crises;
- has control over their financial resources; and
- is able to make financial choices and afford the things beyond just basic needs.

Pacific nations will harness digitalization to accelerate economic recovery from global shocks, to financially empower vulnerable communities, narrow income inequalities, drive entrepreneurial activities and to close the gender gap.

The following goals will be pursued over the next 5 years with national progress and their relevancy reviewed annually at the South Pacific Central Bank Governors Meeting and submitted for information and guidance by Forum Economic Ministers at FEMM.

1. All citizens have access to and are regularly using a range of responsive and regulated digital financial products and services to fulfil their financial goals
2. Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19 recovery and climate disaster risks
3. Implement curricula and training programmes to strengthen the financial and digital literacy capabilities of all children and adults
4. Strengthen consumer protection measures, including privacy and data protection, to address increasing risks associated with a rapidly developing digital economy
5. Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy and strategy formulation and to monitor the achievement of national strategies

7. The successor programmes of the PFIP, the Pacific Insurance and Climate Adaptation Programme (PICAP) and the Pacific Digital Economy Programme (PDEP), have been established and implementation is underway in some Pacific countries, with a proposal to extend to other Pacific countries in a phased manner.

## **C. Next Steps**

8. The United Nations Capital Development Fund (UNCDF) will be the lead agency implementing PICAP and PDEP (successor programmes of PFIP) in partnership with Pacific Central Banks, as well as Ministries of Finance and Treasury and other relevant ministries and authorities of FICs to implement and report on the progress of the new *Money Pacific 2025 Goals*.

Pacific Financial Inclusion Programme  
United Nations Capital Development Fund  
South Pacific Central Bank Governors  
10 June 2020

## **A Report on the *Money Pacific Goals 2020*: Regional Efforts to Support Financial Inclusion and Awareness**

### **Purpose**

This paper provides an overview of regional efforts to support financial inclusion and awareness in the Pacific, and progress made towards the achievement of the *2020 Money Pacific Goals*.

### **Background**

1. The 2020 Money Pacific goals were adopted by FEMM and the regional Central Bank Governors in 2009. This reflected the high priority placed by Leaders across the region on building financial literacy and financial inclusion. This paper briefly highlights areas where action is being taken to accelerate progress particularly in Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu as well as brief inputs from a few other Pacific countries. Each of these countries that have a Central Bank that have been at the forefront of action and coordination in their respective domains.

#### **Money Pacific Goals**

In each Pacific Island nation by 2020, through the combined actions of public and private sectors, our goals are:

- All school children to receive financial education through core curricula.
- All adults to have access to financial education.
- Simple and transparent consumer protection to be in place.
- To halve the number of households without access to basic financial services.

### **Progress Report:**

#### **Goal 1: All school children to receive financial education through core curricula**

2. Financial Education (FinEd) in schools, at its essence, is the teaching and learning of personal money management and investment within the school curriculum at targeted levels. FinEd is specifically focused on bringing about positive behavioral change. Principally, the emphasis has been on ensuring sustained levels of learning, particularly at the primary school level. Across the region, the Central Banks and their Governors, have been at the forefront of championing financial literacy as a national priority and financial education in schools through core curricula. Following from this, Ministries and Departments for Education are actively progressing with FinEd in schools.

**Fiji:** Fiji has successfully integrated FinEd in the school core curriculum from Years 1 to 12 and in the overarching National Curriculum Framework as a curriculum perspective. FinEd learning remains deeply embedded within core subjects of English, Mathematics, Social Studies and Commercial Studies and non-core subjects of Accounting and Economics. From April 2013, FinEd was rolled out across the country and is now offered in Fiji's 910 primary and secondary schools every year as part of national curriculum with over 200,000 students benefiting annually. The FinEd teacher and student

materials are also available online at [www.nfitfiji.com](http://www.nfitfiji.com). In 2019, the Curriculum Assessment Services team of the Ministry of Education collected the Assessment results for Year 9 Commerce subject from schools between the Nausori-Suva corridor. Additionally, they collected the Year 10 external national exam results as well, from across the nation, so to assess the students understanding of FinEd concepts. With its substantial work in Financial Education, the Reserve Bank of Fiji (RBF) was recognized by the Alliance for Financial Inclusion (AFI) for full rollout of FinEd in 2016. Furthermore, Fiji (with Mongolia) was the joint winner for the Asia and Pacific Region Global Inclusion Award recognizing Fiji's efforts in promoting financial literacy amongst youth and children.

**PNG:** In January 2021, a Memorandum of Understanding (MOU) was signed between the Department of Education (DOE) and the Center for Excellence in Financial Inclusion (CEFI). The partnership allows, under conditions outlined in this MOU, for the coordination of planning, developing, producing, printing and distribution, implementing, evaluating, funding and mobilization of resources ensuring all curriculum development stages are achieved and secondary school students in the country receive financial education through core curricula.

For financial inclusion, the financial education initiative is to introduce, integrate and strengthen financial education through collaborative efforts as a Relevant Needs Based Curriculum integrated into the existing Standard Based Curriculum (SBC), targeting pre-school to year twelve (12). The overall objective is to create a savings culture at an early age by teaching school children how to make right financial management decisions in the changing environment as they grow into adulthood.

As a result, a project approach was identified as the strategic framework to achieve the outcome of the initiative. Teacher's Resource Book and Student Resource were identified as the delivery channel for standard financial education learning. In its preparatory buildup, there have been discussions on the scope and sequencing of the subjects, topics yet to be confirmed and agreed upon are Money Management, Income Generation, Saving and Budgeting, Investments & Credits. The piloting of the teacher's resource book and student resource book will be rolled out in 48 identified schools from 2020 till 2021 before it can be assessed/modified and rolled out nationally with specific emphasis on teacher training.

**Samoa:** In Samoa, efforts are underway to integrate financial education into the core curricula at both primary and secondary level. A PFIP funded mapping exercise of learning outcome for FinEd with the Ministry of Education, Sport and Culture (MESC) was completed in 2019 and results of the mapping exercise were positively received by MESC.

During the year, the Central Bank of Samoa (CBS) continued to participate in the Global Money Week<sup>5</sup> celebrations for children and youth, by organizing artwork competitions and money talk workshops but due to COVID-19 pandemic, the Global Money Week for 2020 celebrations was cancelled.

**Solomon Islands:** Within the Technical and Vocational Education and Training (TVET), FinEd is now fully integrated into the curriculum of six rural training centers (RTC) in 5 provinces. In addition to trained teachers imparting FinEd based on curriculum additional training inputs on insurance, taxation and specialized subjects are provided by subject matter experts from the Central Bank and

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<sup>5</sup> Global Money Week is coordinated and promoted by Child & Youth Finance International

the Inland Revenue department. . Plans to further escalate experts training to other ACOM RTCs were deferred due to COVID-19 pandemic restrictions. The integration of FinEd within TVET will continue as it has shown to have improved students' attitude and behavior which was demonstrated through their savings habits, budgeting, and small projects such as running school canteens. Global Money Week programme has been undertaken since 2017 in various schools in Provinces and Honiara. During this year's Global Money Week, Central Bank of Solomon Islands held a session with Aligegeo Provincial Secondary School covering topics on Learn, Save and Earn where a total of 95 students and teachers attended. CBSI Money Smart Day is also organized annually with focus awareness on schools. Further planning for the international Global Money Week for Lungga schools and CBSI Money Smart Day was cancelled due to the COVID-19 pandemic and closure of schools.

**Tonga:** The Ministry of Education has included financial education in the curriculum for primary and secondary schools and financial service providers continue to provide financial literacy to its customers. The National Reserve Bank of Tonga (NRBT) is currently facing the challenge of measuring effectiveness but continues to monitor the topic contents and training provided.

**Vanuatu:** Financial Education has been embedded in the National Primary and Senior Secondary school's curriculum since 2015. The Financial Inclusion Unit is currently working with the Curriculum Development Unit to facilitate the inclusion of FinEd in the Junior Secondary curriculum.

**Other Countries:** At the request of the Asian Development Bank (ADB), PFIP undertook a scoping mission to Nauru in 2019 to discuss with country stakeholders and establish the feasibility for introducing and integrating FinEd within the school curriculum. A detailed analysis and recommendations including implementation strategy and budgets were developed and submitted to the Ministry of Education, Government of Nauru through ADB. The suggested implementation to be managed by ADB had a timeline of 15 months ending Dec 2020, however due to Covid-19 restrictions, the project has been temporarily deferred.

## **Goal 2: All adults to have access to financial education**

3. Across the Pacific, Central banks and key stakeholders have prioritized financial literacy within National Financial Inclusion Strategies. A number of financial service providers and financial literacy training providers have developed and are conducting financial literacy training and awareness programs for the wider community, either as part of a new product/service rollout or a larger community engagement. Central banks across the region continue to play an instrumental and effective role as financial literacy and financial inclusion champions.

**Fiji:** A number of initiatives have been identified under the National Financial Literacy Strategy 2013-20215 that was developed by the National Financial Inclusion Task Force (NFIT) and endorsed by Cabinet. There are several adult financial literacy trainings that are ongoing and conducted in the communities/workplaces by several members of the Financial Literacy Working Group, various financial service providers, NGOs and other agencies. For example, ANZ Money Minded Programme and Westpac's Microfinance Unit Financial First Steps programme targets women and microentrepreneurs. Important to note that the financial literacy database records a total of 107,070 adults have undergone financial literacy training since 2010. Furthermore, several institutions have signed MoUs with organizations to conduct financial literacy training for their staff and stakeholders. All ongoing activities were included in the National Financial inclusion strategy 2016-2020.

There is also a compulsory training provided by the Ministry of Employment for seasonal workers who go overseas annually, which integrates financial literacy trainings as part of their pre-departure training and these initiatives have been complemented by efforts of the Reserve Bank of Fiji (RBF). The RBF in collaboration with Fiji Broadcasting Corporation has aired four seasons of a locally produced financial literacy television programme of the *Noda I Lavo* (Our Money) since 2017, Season 5 is under planning to be aired during 2021. The show is allocated a prime time viewing slot and is viewed by over 75% of FBC subscribers.

RBF has trained and certified staff trainers who undertake outreach to communities to impart structured financial literacy modules and this has been well received especially by Fijian adults in rural and maritime areas.

**PNG:** Financial Literacy journey with the Centre for Excellence in Financial Inclusion (CEFI) began in 2013 and has come a long way with key milestones achieved. CEFI together with the Microfinance Expansion Project has developed 6 adult training modules and entered into agreements with a wide range of stakeholders to hold community-based training around the country. There have been 19 partner institutions that received financial literacy training and mentoring support along with 36 training of trainer workshops that resulted in 848 trainers trained of which 308 were women trainers. Overall, 236,717 individuals have received training with financial literacy skills of which 112,210 were women.

**Samoa:** The Central Bank of Samoa (CBS) developed a set of financial literacy brochures around the themes of saving, spending, borrowing, and managing money, which continue to be widely available to the public and accessible on the CBS website. In addition, the Central Bank's "Tala and Sene's financial adventures" campaign was scheduled to be launched in January 2021 which is a yearlong financial literacy awareness campaign on facebook focusing on different financial topics every month. Financial service providers continue their financial literacy programmes, usually centered around the product and services offered by them and where requested, CBS facilitates requests to provide financial literacy presentations using its staff. Financial service providers like commercial banks and insurance companies ran their own financial literacy training outreach programs in communities. While most of these centered around the product or services offered by them, the training also covered basic elements of saving, budgeting, spending wisely, time value of money etc.

**Solomon Islands:** There is ongoing Financial Literacy awareness by stakeholders of Consumer Empowerment Working Group and National Financial Inclusion Taskforce stakeholders within Honiara and out in the provinces. In 2020, ANZ Bank continued to undertake its Money Minded program throughout the year targeting farmers, women groups and customers while BSP conducted its Digital Roadshow through media from April to September. The Central Bank of Solomon Islands (CBSI) in partnership with Good Return began the Financial Competency Program in 2018 delivering face to face sessions with focus groups in Honiara and the Provinces as well as widening the reach of the program via CBSI Money Matters radio program. The Financial Competency Program "Mekem Selen Waka for gudfala Future" continued during the year where trainers deliver to their women groups on Malawi, Fourau villages in the Malaita province.

Additionally, CBSI attended International Women's day with Ministry of Women, Youth, Children and Family Affairs (MWYCFA) information booth (that contained mobile banking pamphlets, youSave, Know your money and money management) and on-stage session to public. During the year, the Central bank in partnership with Strongim Bisnis and WARA Savings Groups, conducted

workshop on Savings Groups record keeping, reporting, Money & Savings, while MWYCFA and Anglican Church of Melanesia delivered on different models of savings groups.

Youth, Digital & MSME related, trainings and awareness were held which included Financial Literacy, Small Business Enterprise Centre (SBEC) MSME business trainings, CBSI Money Matters Programme on SME Credit Guarantee Schemes (CGS). This was a follow up of CGS awareness with the financial sector and MSMEs held in 2019. Meanwhile, IRD team also conducted hands-on trainings for Businesses and awareness through media regarding E-tax. The Solomon Islands Chamber of Commerce and Industries (SICCI) & Young Entrepreneurs Council of Solomon Islands (YECSI) also conducted SME-related trainings with emphasis on youth entrepreneurship. Furthermore, there also have been awareness campaigns by Solomon Islands National Provident Fund (SINPF) and Mobile Network Operators (MNO) regarding youSave and youSave loMobile to youths and adults in the informal sector via all media platforms. youSave ambassador continued to engage customers on product awareness.

**Tonga:** Ongoing efforts in providing FinEd for children are being replicated for FinEd for adults. Financial service providers also continued their community outreach for financial literacy to adults. The Reserve Bank will also publish information on average commercial exchange rates comparison for public awareness and information on access point on their website as well as their Facebook. In addition, the NRBT requires all financial services providers including moneylenders, to disclose interest rates and all fees and charges applicable to lending in a conspicuous place at the business premises. This allows for customers to be made aware 30 days before the effective date of moneylenders proposing to increase or decrease fees and charges, and the moneylender is to inform NRBT 30 days before the effective date as well.

**Vanuatu:** There is the continuation of the Financial Literacy Programs by FinLit providers such as Financial Institutions and other relevant NGO's. As a result, there is anticipation for an increase in the number of adults that have access to financial education. This is a direct result of an increase in the number of Financial Literacy trainings that are being carried out in the communities by the commercial banks. The financial inclusion unit of the Reserve Bank of Vanuatu is currently collecting data, and when this has been fully collated and finalized, a clearer picture of the status of adult financial education will emerge.

**Other Countries:** Through a project that commenced in June 2018 and completed in early 2020 and supported by PFIP, ANZ Bank Kiribati has completed the roll-out of Money Minded financial literacy training and covered over 9300 adults (over 70% women) through 262 sessions in communities across Kiribati. This initiative was to compliment ANZ Bank's launch and roll-out of digital and internet banking, a first for Kiribati that saw a registration and usage by over 1000 new clients including several small businesses.

Bendigo Bank agency in Nauru that is the only provider of banking services in the country has been engaged in conducting several financial literacy and awareness programs to improve the financial capacities of adults in the country.

Reports from other Pacific countries also indicate that financial service providers carry on their own financial literacy initiatives.

### **Goal 3: Simple and transparent consumer protection to be in place**

4. Regional Central Banks that are members of the Alliance for Financial Inclusion Pacific Islands Regional Initiative (AFI/PIRI) have agreed to work together to develop a framework for consumer protection. The next steps on tailoring and implementing the AFI-prepared model consumer protection guidelines are being undertaken by individual countries. Many central banks in the region have prioritized consumer protection and empowerment as an important element of financial inclusion.

**Fiji:** In 2009 a dedicated Complaints Unit was established within RBF and a Complaints Management Policy to Banks and Licensed Credit Institutions was issued. The following year, in 2010, a Complaints Forum comprising of LFIs, retailers and regulators was set up to discuss consumer protection issues on a biannual basis. Additionally, LFI Consumer Advocates commenced meeting on six monthly basis.

Fiji is in the process of reviewing the Consumer Credit Act to better protect consumers as well as the implementation of the Fair Reporting of Credit Act 2016 (Credit Bureau). In addition, work has commenced on the development of a Market Conduct Framework for Fiji.

The Consumer Council of Fiji (CCF) has revamped its complaints management system and digitalizing the process with the financial and technical support from Pacific Financial Inclusion Programme (PFIP). The new system is facilitating better tracking and responses to consumer complaints.

**PNG:** The Bank of Papua New Guinea is progressing well into the establishment of a comprehensive Financial Consumer Protection Regulatory and Supervisory Framework. On the other hand, the draft Financial Consumer Protection Act has been prepared and is at the consultation process. To drive this initiative, a separate Consumer Protection and Market Conduct department will be established within the Bank whereby operationalization of the framework is in progress.

**Samoa:** The Competition and Consumer Act 2016 came into effect in July 2017 and is administered through the Ministry of Commerce, Industry and Labour (MCIL). This law continues to cover financial consumer protection issues under the purview of MCIL.

**Solomon Islands:** The Solomon Islands is currently in the process of drafting regulations for E-money issuers in the country with Consumer Protection provisions. These provisions will cover consumer protection principles, services terms and conditions, disclosure and consumer redress. In addition, there is also the drafting of regulations for agent banking in Solomon Islands incorporating consumer protection provisions. The Central Bank of Solomon Islands has regularly issued practice guides and prudential guidelines on fees and charges, interest rates, complaints handling procedures and this covers all licensed financial institutions. For savings clubs that are unregulated, a community of practitioners was established and a self-administered consumer protection principles has been adopted.

**Tonga:** The Reserve Bank continues to address any complaints regarding any dispute of financial products and services carried out in the financial system. On the other hand, any disputes other than financial products and services are handled by the Consumer Affairs Units under the Ministry of

Trade & Economic Development.

**Vanuatu:** The Ministry of Finance (Price Control Unit) and Ministry of Trade are taking the lead in commencing discussions to develop an Act to regulate consumer protection within all sectors of the Economy. It also saw through the inclusion of the initiative – Protecting consumers of financial products and services, within the Reserve Bank’s strategic plan.

**Goal 4: To halve the number of households without access to basic financial services**

5. All Central Banks have committed to increasing both access and usage of financial services of low-income individuals across a broad range of financial services. Through their leadership of the National Financial Inclusion Task force<sup>6</sup>, the central banks continue to monitor their country commitments to the Maya Declaration<sup>7</sup>, Money Pacific Goals 2020 and in the case of Fiji, Papua New Guinea and the Solomon Islands, the Better Than Cash Alliance. At the regional and national level, the central banks actively champion and lead financial inclusion initiatives and regularly review progress under their respective National Financial Inclusion strategies.

**Fiji:** A target set to reach 150,000 unbanked adult population was achieved in early 2014 and a second target was set in 2016, under the National Financial Inclusion Strategic Plan (NFISP) 2016-2020, to increase adult population formally served from 64 percent to 85 percent (130,000). A recently completed financial services demand side survey complimented by disaggregated supply side data as of December 2020 indicate an achievement of 82% coverage, a very significant increase and achievement.

**PNG:** The Bank of Papua New Guinea is well within its Maya Commitments along with its National Financial Inclusion Strategy 2016-2020 and has now reached 3.2 million new accounts since its journey began in early 2014. Bank of PNG has committed to reaching an additional 2 million new accounts by 2020 after reaching 1.2 million new accounts between 2014-2015.

**Samoa:** The National Financial Inclusion Strategy 2017-2020, targets an additional 40,000 adults with improved access to formal financial services, of which a minimum of 50% must be women and 50% must be from rural communities. 20,000 people who were previously excluded from the formal financial system are to gain access to a formal savings account and NFIT is currently tracking these targets and preliminary results are as follows:

<b>access to formal financial services</b>	<b>additional by end Dec 2020</b>
mobile money wallets	11,237
mobile wallets linked to bank accounts	2,108
microinsurance (funeral insurance)	1,500
DBS inclusive credit facilities	885
commercial bank depositors	19,823
<b>TOTAL</b>	<b>35,553</b>

<sup>6</sup> Fiji, Samoa, Solomon Islands and Vanuatu have set up the National financial inclusion task force comprising of stakeholders from public and private sectors, development partners under the leadership of the Governor of the respective Central Banks.

<sup>7</sup> The Maya Declaration is a commitment to unlock the economic and social potential of the world’s 2 billion unbanked population through greater financial inclusion. Launched in 2011, the Maya Declaration involves the establishment, tracking and sharing of concrete financial inclusion targets within a framework, which involves implementing and driving in-country policy changes. All Central Banks have made or renewed Maya Declaration commitments.

Central Bank of Samoa, through NFIT, continues to encourage service providers to develop product and services tailored for low income households. An initiative continues by DBS for the period under review which includes its Agriculture Value Chain product/facility for Cocoa and Taro farmers. The product/facility is designed to support the value chain for taro and cocoa to meet demand and supply for exports.

In regard to mobile money, after a year since the Vodafone's M-Tala launched, it has quickly increased its services to include utility payments for water, prepaid electricity units, and also the purchase of units from the Unit Trust Office of Samoa. Vodafone M-Tala international remittances platform was also activated.

**Solomon Islands:** By the end of the fourth quarter 2020, the aggregated number of active users of financial services reached 273,469 (active borrowers and depositors) as reported by regulated financial institutions and semi-formal/unregulated institutions, whilst the aggregate number of women reached is 140,861. CBSI continues to collate supply side data related to financial inclusion from reporting institutions and census results on financial inclusion questionnaire and it is still ongoing.

**Tonga:** The regulating and supervising of the non-banks financial institutions, including microfinance institutions and moneylenders, assisted the Reserve Bank in terms of identifying the type of financial services, other than the banks and foreign exchange dealers, that households are able to access. Tonga is also in the process of developing draft insurance bills and pensions bills that will support the Reserve Bank with improving the access to financial services by households.

**Vanuatu:** There have been several financial advancements on digital platforms that have increased access to basic financial services. Such examples include Oxfam's cash transfer, ATM Interoperability with BSP, NBV, ANZ Bank and Vodafone's MVatu. These platforms have made financial services more accessible to the communities at large.

Furthermore, there is the continuation of the Financial Literacy Programmes by providers such as Financial Institutions and other NGO's, which allows people in the rural areas to have access to savings and be educated on proper financial management.

### **Other Financial Inclusion Initiatives**

**Fiji:** In partnership with the Fiji Bureau of Statistics, Pacific Financial Inclusion programme and Alliance for Financial Inclusion, a 2020 Financial Services Demand Side Survey (DSS) was conducted. The objectives of the DSS is to measure the impact and progress made on the current NFISP 2016-2020 and provide insights that will assist in the development of the next NFIS 2022-2026 for Fiji. Additionally, the DSS provides focus on women and Fijians resilience to climate change events. The survey covered a nationally representative sample of over 1,000 respondents above the age of 15, distributed across all four divisions and 14 provinces in Fiji and the report outlining results of the DSS will be released in the first Quarter of 2021.

A Financial Literacy Campaign established the launching of the FinTalk Fiji, in August 2020, as the Reserve Bank's financial inclusion social media and awareness sharing platform. The platform provided Fijians with up to date information about key financial matters in a simple, easy-to-

understand language as well as creates awareness on financial products and services currently available in the financial market. FinTalk Fiji has attracted over 4,200 followers as at December 2020. In addition the Reserve Bank partnered with the Pacific Financial Inclusion Programme, through the COVID-19 Economic Response grant, and rolled out a series of financial literacy and awareness programmes between September and December 2020 in the Northern and Western Divisions to sugarcane, rice and copra farmers as well as those in the tourism industry.

A Financial Sector Development Policy No.2: FinTech Regulatory Sandbox was launched by RBF in 2019. The Reserve Bank have since received several proposals for developing, testing, and deploying innovative solutions. Through this sandbox, 16 distinct prospective FinTech solutions have been identified in the Fiji market and 14 have expressed interest in the Sandbox. Many of the prospective solutions are still in their early stages of development with four entities at their advanced stages of product development and have made formal submissions under the FinTech Regulatory Sandbox Guidelines. Assessment of the four applications are still in progress.

On the 1<sup>st</sup> of June 2019, the Financial Sector Development Policy Statement No. 1- Minimum Requirements for the Provision of Disaggregate Data came into effect. The “Disaggregated Data” policy is an industry-wide minimum requirement for all regulated and supervised financial service providers to capture granular data for gender, age, and location. The first set of data was received by the RBF on 30<sup>th</sup> September 2019 and second set of reporting for 31 December 2019 was due in March 2020 but extended to May 2020 due to COVID-19 limitations. The relevant provisional data for 2018 and 2019 will be shared with stakeholders by way of an information session prior to 31 March 2021, which is when the next set of disaggregated data i.e. 2020 is due to RBF.

**PNG:** The Bank of PNG (along with ADB, CEFI and the Government of Australia) has introduced its Gender and Social Inclusion (GESI) Policy and is into full implementation within the bank with delegated staff and office space. Bank of PNG launched and implemented its own regulatory sandbox guidelines in 2019. The bank is also a major player in the PIRI Regional Regulatory Sandbox and have completed its roadshow with AFI on the 4<sup>th</sup>-5<sup>th</sup> November 2019. Further work has been done under the Small Micro Enterprise (SME) Credit Guarantee Scheme which is an initiative of the Government of PNG to stimulate lending to the SME sector. The scheme was established in 2019 and is managed by the Bank of PNG with the intentions of the schemes to cover certain areas such as providing access to finance through market intervention that goes through a credit guarantee scheme. This provides third party credit risk mitigation to lenders to increase access to credit for SMEs and create strategic partnerships between different players in the sector, including government, private sector, financial institutions and development partners to promote the growth and development of SMEs in PNG.

Further work was done through the Risk Sharing Facility (RSF) Trust that was established on 23 October 2014, as one of the key outputs under the Micro Finance Expansion Project (MEP) with the aim to drive lending to the SME sector by second and third tier partner financial institutions. The MEP has come to the end of its life in 2019 and most functions have been transferred to the Centre for Excellence in Financial Inclusions (CEFI). Part of RSF’s business was to pay claims on defaulted loans covered under the arrangement and the figures as of December 2020 for 4 years (2017 – 2020) are currently at:

- Total Claims Received: 179

- Value of Loans Received: K804,686
- Total Claims Rejected: 43
- Value of Claims Rejected: K297,726
- Number of Claims Paid: 134
- Value of Claims Paid: K493,140
- Outstanding Claims Payable: 0
- Outstanding Value Payable: 0

Statistics of women participation from 2015 to December 2020:

- Number of Loans Covered: 2,193
- Value of Loans Covered: K16,748,198

Under the Consumer Protection and Market Conduct, a diagnostic study was carried out regarding the financial consumer protection regulatory framework and industry practices in Papua New Guinea where the finding and recommendations have been published. In addition to the study, the draft regulation was developed, and an industry consultation was completed along with consumer testing of Key Fact Statement, that is to be issued by Financial Institutions, is currently in progress. Based on the recommendation from the public and industry, the scope of the framework changed and instead of Regulation, a comprehensive FCP Act is prepared, and further consultation is in progress.

**Samoa:** The Central Bank of Samoa (CBS) is now a member of the Sustainable Banking Network (SBN). Whilst still building towards a sustainable finance framework for Samoa, CBS was able to link and be included in Governments Improving the Performance and Reliability of Renewable Energy Power System in Samoa (IMPRESS) project specifically on component 3 & 4 – Financing of Initiatives for Electricity Saving, Productive and Social uses of RE, and Electricity System Performance Improvement to build an understanding of Government work on promoting environment friendly and protection initiatives. In addition, there has been work done under the credit information bureau in March 2020, where priority was towards putting in place the appropriate legal and regulatory environment.

Lastly, PFIP has a project with SkyEye that was launched in September 2020. It aims to mitigate local market disruptions caused by the COVID-19 crisis by supporting SkyEye to scale its existing E-Commerce solution, Maua App. This will be achieved by strengthening SkyEye’s operational capacity, focusing on vendor onboarding and improving Maua App’s accessibility and usage by marginalized segments such as women, rural communities, and people with disabilities.

**Solomon Islands:** The digital marketplace (DMP) project that is supported by UNCD-PFIP & UNDP, will provide contactless payments as well as assist businesses and MSMEs to maintain supply chains and linkages during this critical COVID-19 period. This DMP project is an e-commerce initiative that will also allow “B2C business: linking commodity supply chain stores and farmers to directly interact with customers through an online App and Web service”. Under the DMP initiative, BulkShop has partnered to pilot the first ever local online e-commerce platform in Solomon Islands. Furthermore, following the successful launch of the SINPF youSave Micro-pension savings scheme

in 2017, SINPF launched the youSave loMobile channel in 2019 – an airtime digital payment channel that allows youSave members to deposit their savings using airtime credit. Furthermore, IRD with the support of PFIP-UNCDF has successfully launched the E-tax system in 2018.

Regarding COVID-19 relief measures, the CBSI has reduced the compulsory Cash Reserve Requirement to 5% for commercial banks to assist with liquidity management. There is no penalty, for a given period, for moratoriums on repayment of loans or financing from commercial banks, credit institutions and MFIs. Lastly, there is the SIG assistance for SINPF members of \$5000 withdrawal, for loss of jobs during the COVID-19. Of the total applications received, 98% (19,000 members) were approved for payout made through account, cheque, or cash. Moreover, the SIG introduced the Economic Stimulus Package to help SMEs manage the negative impacts of COVID-19 on their business.

**Tonga:** Moneylenders Act 2018 was proclaimed to be effective on 30<sup>th</sup> September 2020. This Act has been publicly posted and published on the Reserve Bank’s website and Facebook page. Regarding the Act, NRBT issued a press release to inform moneylenders that operating without a valid license from the Reserve Bank is an offence. By the end of February, more than 100 moneylenders have been registered with the Reserve Bank.

**Vanuatu:** In October 2020, the Pacific Insurance and Climate Adaptation Programme team conducted a mission in Santo and Tanna Island to carry out a feasibility survey. The survey helped identify and establish the demand for a climate insurance product, specifically for kava, copra, coffee farmers and fishers, market vendors and small business owners. . The survey pointed to over 90% of the respondents showing interest in purchasing a climate risk insurance product if it is made available. Vanuatu has an established Import Substitution & Export Financing Facility (ISEFF) that is offered through commercial banks and aims to financially assist local producers, specifically those who export and those who sell locally. These producers can get credit at a better interest rate through their commercial banks using this facility. Moreover, there is also the Disaster Reconstruction Credit Facility (DRCF), that is similar to ISEFF, which offers financial assistance to businesses and it is activated when there is a disaster. Due to the COVID-19 pandemic, this is also one of the measures the bank put in place to financially assist businesses.

#### **Kiribati and Timor-Leste update:**

In 2018, PFIP, in response to a request by the Kiribati Government through its Ministry of Commerce, Industry and Cooperatives (MCIC), PFIP provided technical assistance and completed a financial sector gap analysis and finalized the report after feedback from country stakeholders. A national stakeholders’ workshop to discuss the report and chart the course forward was held in Feb 2019. There was total consensus at the workshop for all stakeholders to work collaboratively to action the items listed in the PFIP report, and following a request from the Ministry, PFIP prepared a concept note outlining the interventions to be undertaken over a three- year period with budgets thereof. The cabinet has since endorsed this concept note for seeking financial support from donors for implementing a national financial inclusion plan and accompanying interventions to be led by UNCDF/PFIP. The MCIC has recently requested UNCDF assistance in developing a National financial inclusion strategy as well as a National digital economy strategy, both are under active consideration.

PFIP has also provided a grant assistance to ANZ Kiribati for expanding its Money Minded Pacific financial literacy training. Besides the project will also introduce digital banking to small businesses. At the end of 2020, the project has covered 262 communities, 9301 beneficiaries under the Money

Minded training with 6700 women. The technical interface for launching internet banking and the Pacific mobile app have both been completed, the services launched in Feb 2020, over 1000 small businesses registered for the service and the mobile app tested internally and launched.

PFIP completed the hiring of a full-time Financial Inclusion coordinator for Timor-Leste with the resource joining in late 2019. Following a request by the Ministry of Social Solidarity and Inclusion (MSSI) through the Australian High Commission in Timor-Leste, PFIP undertook and completed a technical consultancy to study and scope the feasibility of digitizing the social cash transfer payments. The finding and recommendations were presented to stakeholders at a workshop held on 15<sup>th</sup> August 2019. Timor-Leste is one of the five regional countries to be selected for the EU/ACP funded “Leveraging Digital finance to increase resilience of ACP countries” project, implementation is scheduled to start in 2021.

### **End and a new beginning:**

Supported by the Pacific Islands Forum Secretariat (PIFS), the Pacific Financial Inclusion Programme (PFIP) was launched in 2008 as a joint initiative of the United Nations Capital Development Fund (UNCDF) and United Nations Development Programme (UNDP). PIFS continues to be part of the governance structure of PFIP and remains at the forefront of several initiatives aimed at improving access to and usage of appropriate and affordable financial services by Pacific Islanders. Through its workstreams covering Financial Innovation, Policy & Regulation and Consumer Empowerment, PFIP has supported the development, testing, piloting and scaling of innovative mass market financial products and services covering savings, credit, microinsurance, micro pensions, mobile money and remittances. PFIP, after more than a decade (2008-2021) journey of excellence, fostering innovation and incubating frontier ideas, will officially close by June 2021 and at the same time be succeeded by new initiatives, led by the United Nations Capital Development Fund in partnership with other UN agencies- The Pacific Insurance and Climate Adaptation Programme (PICAP) that was launched on 2<sup>nd</sup> Dec 2020 is a joint initiative by UNCDF with the United Nations University Institute for Environment and Human Security (UNU-EHS) and the United Nations Development Programme (UNDP). The Pacific Digital Economy Programme (PDEP) is expected to be launched in the second quarter of 2021 will be led by UNCDF with the United Nations Conference on Trade and Development (UNCTAD) and the UNDP. Other programmes that are underway include the EU/ACP supported “Leveraging Digital finance to increase resilience of ACP countries”. Both PDEP and PICAP will have the support of and participation by PIFS by way of representation in the respective Investment committees.

The Pacific Insurance and Climate Adaptation Programme aims to address a persistent development challenge in the region, the lack of disaster risk financing and insurance solutions for the low income and vulnerable populations to meet the immediate post-disaster financing needs. The objective of PICAP is to improve the financial preparedness of Pacific households, communities, small businesses, organisations and governments towards climate change and natural hazards” through a combination of stakeholder engagement, co-creation of solutions, awareness and capacity building, innovative financing options and digital linkages – with a robust interface to the 2030 Sustainable Development Goals. The programme will develop parametric insurance products and services for the micro and meso segments and pilot, test and scale these through local partners including the private sector. The multi-year programme has started implementation in Fiji and Vanuatu with an inception phase of two years (2021 and 2022) with a phased expansion to other Pacific SIDS. . The first parametric microinsurance product for farmer groups is under development and expected to be launched in the second half of 2021. After piloting, testing and validation, further product iterations

to cover other groups such as fishers, small businesses, women market vendors will be undertaken before replication in Vanuatu and other Pacific countries

PDEP has been designed under the UNCDF global “Inclusive Digital Economies” practice and with the overarching theme of ‘Leaving No One Behind in the Digital Era’. It aims to work with private and public sector partners to build inclusive digital economies targeting low-income households with cross-cutting focus on women, youth, migrant and MSME segments. The Programme is structured regionally with an inception phase of two years (2021-2022) covering implementation in Fiji, Vanuatu, Tonga, Solomon Islands, Samoa, and Timor-Leste.

## **CONCLUSION AND WAY FORWARD:**

Significant progress towards achieving the 2020 Money Pacific goals has been made by the countries. Fiji, Solomon Islands and Papua New Guinea have completed their second phase financial inclusion strategies in 2020 and have met most of their high-level targets. Plan are afoot to develop the third phase national strategies with PFIP actively engaging the Central Banks of Fiji and Solomon Islands. Samoa has developed its second National strategy to be implemented from 2021 onwards while, Timor-Leste and Vanuatu are presently implementing their first phase national financial inclusion strategy. While the first-generation efforts were mostly aimed at increasing access to appropriate and affordable financial services to the mass market, the next wave of innovation is directed towards increasing usage of these services and building viable businesses models for the providers.

The involvement and participation of country stakeholders through the National Financial Inclusion Task Force and the working groups have led to several collaborative projects and positively moving the financial inclusion indicators in the region. With better alignment to national priorities and development plans, financial inclusion is now recognized as an important development tool across the region. With development partners support, the private sector is increasing their investments and launching innovative financial products and solutions, increasing adoption and usage. The regional Central Banks continue to be at the forefront of developing and implementing the national strategies and have been leveraging their convening capacity in bringing together a broad set of national stakeholders under the Taskforce.

The global Covid-19 pandemic has spurred a digital revolution across the world, the Pacific is no exception. Countries in the region have seen significant increases in development and use of new digital services, not just financial services. Digital technologies are here to stay and become part of everyone’s daily lives, the next generation of innovation will leverage the power of access to finance to unlock the potential of real economic sectors like agriculture, MSME, education, health, energy as well as addressing climate change related risks. The investment by donor and development partners in digital infrastructure like the undersea fiber optic cables in many Pacific countries is set to contribute to increasing bandwidth, improving reliability of networks, reducing costs and making digital solutions accessible to the presently under-served sections of society. UNCDF is supporting countries to develop their “Inclusive Digital Economy Scorecards (IDES), a strategic performance tool that governments can use to help set the priorities of their country’s digital transformation. IDES helps identify the key market constraints hindering the development of an inclusive digital economy and helps set the right priorities with public and private stakeholders in each country to foster a digital economy that leaves no one behind.