

RESERVE BANK OF FIJI

PRESS RELEASE



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TRUST DEED TO PROVIDE ADDED ASSURANCE FOR MOBILE MONEY

The two providers of Mobile Money in Fiji, Vodafone Fiji Ltd (M-PAiSA) and Digicel Fiji Ltd (Digicel MobileMoney) gathered at the Reserve Bank of Fiji on 16 July to officially sign a Trust Deed Instrument with the Reserve Bank of Fiji acting on behalf of their customers. The Trust Deed is designed to further protect the funds that a customer provides to the mobile money provider in exchange for electronic money or E-money.

In 2010, Fiji was one of the first countries in the region to introduce Mobile Money. Since then the service has grown strongly. The number of Mobile Money agents around the country now total 520, with 45 percent located in the rural areas. In 2013 there were 334,559 registered mobile money customers, a growth of 16.5 percent on the previous year. Person to person transfers were valued at \$4.3 million in 2013 from 50,839 transactions. Inward remittances received through the mobile channel totalled \$1.2 million.

The E-Money Trust Deed is the first for the Pacific and formalises and establishes the rules of governance for the Trust Funds. It is designed to help protect mobile money customers against losses that could arise from providers' *(i) Bankruptcy or Insolvency (ii) Illiquidity and (iii) Other Operational Losses*. Under the Trust Deed Instrument, Mobile Money Providers undertake to hold customers funds in trust and also commit to other safeguards such as the establishment of a Trust Fund with strict rules to govern its operations. The Trustee's duty to maintain a balanced account means that for every dollar of E-money created, the Trustee must maintain an equivalent conventional dollar in the Trust Fund held in a deposit account at a licensed commercial bank. In addition, entitlement to interest from the Trust Fund ensures that interest earned must be applied in a manner approved by the Reserve Bank of Fiji.

The Trust Deed was made possible through the Alliance for Financial Inclusion's Pacific Islands Working Group (PIWG), the Pacific Financial Inclusion Programme (PFIP) and the in-house E-money Taskforce headed by former Deputy Governor, Mr Inia Naiyaga. According to Governor Barry Whiteside "The signing of the Trust Deed further exemplifies the Reserve Bank and the Mobile Network Operators' commitment to further strengthen and promote the electronic money platform in Fiji and is designed to provide that added comfort and assurance for the safeguarding of customers funds.

Mr Darren McLean, Chief Executive Officer Digicel thanked the Reserve Bank for its enabling role in Digicel's financial inclusion journey and commended Fiji for leading the way in the region enabling innovation such as the mobile money service. Mr Divik Deo, Chief Financial Officer Vodafone, commented that the signing of the Trust Deed was recognition of the importance of mobile money as a financial service in Fiji and that Vodafone was fully aware of the fiduciary duty for the safety of customers' funds.

Governor Whiteside thanked both teams for the collaborative effort in finalising the Trust Deeds, wished the two Mobile Network Operators all the best with their mobile money services and looked forward to seeing it grow and improve financial inclusion to the remote parts of Fiji and the unbanked.

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