



*Welcome to the Reserve Bank of Fiji's Public Awareness column. Over the next few weeks a series of articles on financial inclusion will be published. The Reserve Bank of Fiji is co-hosting the annual Alliance for Financial Inclusion Global Policy Forum in September. This is the first time a country in the Pacific is hosting this landmark event for financial inclusion policy makers*

## **FINANCIAL INCLUSION DATA IS THE KEY TO UNLOCKING BETTER POLICY DECISIONS**

Good data in the financial inclusion space is not always easy to obtain in the initial stages of any work we wish to do in this area. However, with the increasing interest in financial inclusion at a global level, policymakers are recognising that data provides an essential foundation for evidence-based decision making. Reliable data enables policymakers to accurately diagnose the state of financial inclusion, identify barriers, craft effective policies, set relevant targets, monitor and assess the impact of financial inclusion efforts in the country.

2014 saw the completion of Fiji's first medium term strategy for financial inclusion that was set in 2010. The first strategy highlighted some important lessons, one is that data is a critical element in the financial inclusion agenda and that there is a need to fill the existing data gaps on both the usage and the perception of the general public on the various financial products and services available to them.

Regulators through their supervision role can request and receive supply side data from licensed financial institutions (such as the banks, credit institution and insurers). A set of key financial inclusion indicators have been formulated using available supply and demand side data to monitor and benchmark the progress of financial inclusion in Fiji. These Indicators were adapted from a global and regional set of financial inclusion measurement tools that have been developed by the Alliance for Financial Inclusion (AFI) member network of central banks and policy makers. They serve to align and monitor the progress of financial inclusion across countries and regions. In developing these indicators, consideration was given to the usefulness, pragmatism, consistency, flexibility, balance and aspiration. Some key financial inclusion indicators in Fiji in comparison to Samoa and the Solomon Islands are tabulated below:



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		Fiji	Samoa	Solomon Islands
<b>Country Data</b>	Adult Population	615,802	115,900	306,586
	Land Size	18,270km	2,830km	27,539km
<b>Financial Inclusion Strands</b>	Banked	60%	39%	26%
	Other Formal	4%	12%	8%
	Informal	9%	15%	35%
	Excluded	27%	34%	31%
<b>Access Indicators</b>				
<b>Number of service points per 10,000 adults</b>	Bank branches	1.17	1.92	0.46
	ATMs	4.64	3.51	1.27
<b>Percentage of adults with a mobile phone subscription</b>		74.9%	70.7%	61.7%
<b>Quality Indicators</b>				
<b>Average cost of traveling to the nearest access point (public transit fee or gas costs), converted to USD</b>	Bank branch	\$3.33 USD (FJD6.8)	\$2.2 USD (WST 5.0)	\$19.08 USD (SBD 147.5)
	ATM	USD2.06 (FJD 4.2)	USD2.9 (WST 6.5)	USD13.15 (SBD 103.02)
	Bank agent	USD2.25 (FJD 4.6)	USD2.1 (WST 4.8)	USD15.03 (SBD 116.16)
	Post office	USD1.52 (FJD 3.1)	USD2.5 (WST 5.7)	USD13.34 (SBD 103.11)
<b>Average time of traveling to the nearest access point in minutes</b>	Bank branch	46.2 min	44.8 min	291.6 min
	ATM	22.8 min	23.7 min	237.7 min
	Bank agent	21.9 min	14 min	91.1 min
	Post office	23.8 min	24.6 min	159.6 min
<b>Usage Indicators</b>				
<b>Percent of adults with at least one type of regulated deposit accounts</b>		60.2%	39.0%	27.3%
<b>Percent of adults with at least one type of regulated credit account</b>		9.4%	13.4%	3.9%
<b>Percentage of adults who have sent money through mobile financial services in the last 12 months for person to person transfers and bill pay</b>		1.4%	0.7%	4.3%
<b>Percent of adults who have received money (including e-money) through mobile money in the last 12 months</b>		2.1%	2.7%	3.3%
<b>Percent of adult women with an active deposit account</b>		43.7%	35.1%	16.6%

To get a more complete view of the status of financial inclusion in Fiji, both the supply side data as well as the demand side data is needed. Demand side data capture the user's side and



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are generally collected through surveys. Fiji has been one of the first three countries in the region that have completed a national demand side survey (DSS) in the last two years.

The main purpose of the DSS was to help financial inclusion stakeholders, and especially policymakers, gain a better understanding of the needs of Fijians in regard to financial products and services.

A brief examination of the results suggest that, overall, our level of access to a formal bank account in Fiji is low when compared to upper-middle income countries surveyed as part of the World Bank's Global Findex, though it compares well to middle income countries.

Some of the key findings:

- More than a third of the adult population do not have access to formal financial services and exclusion is typically highest amongst women, youth (aged between 15-30 years) and those in the rural and maritime areas;
- Lack of financial knowledge, understanding and awareness is noted to be a significant barrier to accessing formal financial services;
- It was noted that even though digital technology has great potential to increase access to formal financial services and enhance economic activity, usage in Fiji is relatively low. It was noted that less than 10 percent are using mobile and internet banking and only two percent are actively using mobile money;
- Use of credit is relatively low at 32 percent compared to similar upper-middle income countries at 37.7 percent according to the Global Findex database. It was noted that Fijians rely primarily on informal credit sources such as friends, family and shop credit. The DSS reports that close to 50 percent of credit users are from shop credit and hire purchases (30 percent use hire purchases), six percent from Credit Unions and Microfinance Institutions, 17 percent from commercial banks and five percent from finance companies;
- It was also noted that more than 50 percent of those who reported to have a bank account reported to be saving at home and only 38 percent reported saving with the formal sector;



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- Around 23 percent of Fijians receive money from other parts of Fiji or from abroad and more women receive remittances compared to men. The Post Office was noted to be the most common channel (51%) for domestic remittances even though this is a more expensive option compared to mobile money (3%); and
- Insurance uptake in Fiji is also very low at around 12 percent and similar to other formal financial products; insurance cover is higher amongst those with formal employment and in rural areas. It was noted that 25 percent of the respondents do not know what insurance is and 40 percent said they do not need insurance.

The findings from the demand side survey including supply side data provided baseline data that supported our efforts in designing new strategies to expand the access and usage of financial services to all Fijians.