



SUPPLY-SIDE ASSESSMENT OF GENDER INCLUSIVE FINANCE - FIJI



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This publication is brought to you by the Reserve Bank of Fiji -the survey was jointly administered by the Fletcher Leadership Program for Financial Inclusion (FLPFI), Tufts University, USA, and the ADB Pacific Private Sector Development Initiative; Caterina Meloni, PSDI Gender Finance Specialist, with inputs from local consultants Duri Buadromo and Lanieta Rauqueqe, and the Reserve Bank of Fiji (RBF) team; Caroline Waqabaca, Chief Manager Financial System Development, Wati Seeto, Manager Financial Inclusion & Market Conduct, Swastika Singh, Former Senior Analyst RBF, Latu Kaukilakeba, Senior Analyst and Ruci Mateitoga, Analyst.

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Contents

EXECUTIVE SUMMARY	4
Key Findings.....	5
Recommendations	6
Purpose and Scope of the Report	8
Methodology.....	8
Limitations of the study	9
GENDER INCLUSIVE FINANCE IN FIJI	10
Introduction	10
Progress Achieved.....	11
Barriers to Financial Inclusion	14
Regulatory & Infrastructure Barriers	14
Demand-Side Constraints	15
Social and Cultural Barriers	15
Government grants and programs.....	16
WOMEN, YOUTH, AND PEOPLE WITH DISABILITIES	18
Understanding these segments.....	18
Access and Usage.....	19
WOMEN-OWNED MSMEs	26
Understanding this segment	26
Strategy and Approach in lending to Women-owned MSMEs.....	27
Access and Usage.....	28
Constraints in implementing credit policies to support MSMEs.....	33
FINANCIAL CAPABILITY & EDUCATION	35
GENDER DIVERSITY & INCLUSION IN THE FINANCIAL SECTOR	38
CONCLUSIONS & RECOMMENDATIONS	39

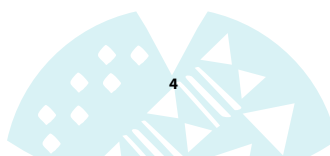


Executive Summary

This study presents the findings of a Gender Inclusive Finance survey conducted in 2023. It explored the supply of financial services to women and women-owned (W-MSMEs) in Fiji. The survey, which was administered to 18 financial institutions (FIs) alongside consultations with financial service providers (FSPs), accelerators and government agencies, captured new data insights as well as gaps and challenges on women's financial inclusion. Additionally, the study also made extensive use of the findings of a survey of 2,400 registered and active enterprises conducted by the Fiji Bureau of Statistics (FBoS) in early 2023 as part of an impact evaluation of Fiji's Secured Transaction Reform on partnership with the RBF.

Some key highlights of the findings are summarized below:

- Women remain underserved – as individuals and business owners. Less women than men, particularly in the 15-35 age bracket, have bank accounts and women-owned businesses have less access to capital, irrespective of turnover and loan documentation. Average loans to women-owned businesses are also considerably smaller than those disbursed to men running businesses of similar size.
- Despite public commitments by the Government on closing gender finance gaps and setting up of financial inclusion working groups including financial sector stakeholders, it appears that gender finance knowledge has remained within a restricted group and has not grown to reach a critical mass.
- The lack of robust data on registered women-owned businesses – numbers, turnover, contribution to the economy, and key financial needs and preferences, makes this segment little understood by the financial sector.
- Two licensed Financial Institutions (FIs) – in addition to microfinance institutions, South Pacific Business Development (SPBD) Microfinance (Fiji) Ltd that serves the informal largely W-MSME market - stood out for their different approach and the level of awareness about the benefits of segmenting the MSME market and understanding women's specific financial needs and challenges. The Fiji Development Bank (FDB) has developed new products and adjusted their appraisal processes to serve businesses that are mostly small and likely to grow slowly. SPBD serves informal businesses in rural and remote areas who have little to no alternative way of securing finance and has helped to formalize 40 percent of its customers. Merchant Finance Ltd have also designed a dedicated product to serve women-owned MSMEs.





KEY FINDINGS

On access and usage of financial products and services for individuals:

- ◆ Overall, there is a lack of awareness and buy-in from most financial institutions about gender-inclusive finance. Financial institutions question the business opportunity and the cost and efforts required to reach these underserved segments in a small market such as Fiji and many do not understand – or refuse to acknowledge – that women have specific financial needs and behaviors that warrant dedicated approaches and strategies.
- ◆ There are considerable regulatory and infrastructure barriers that affect women's financial inclusion. Stringent Know Your Customer (KYC) requirements to open individual and business accounts end up excluding individuals and businesses that lack identification from the formal financial system. The credit bureau is new and lacks historical data on customer transactions. Similarly, challenges with interoperability & interconnectivity of payment systems and the speed and coverage of the internet network make it difficult to digitize Fijians' financial behavior and reach those in more remote areas.
- ◆ Women and men have similar number of savings and deposit accounts but there is a considerable difference in average value held. Women hold on average 25 percent less than men in their savings accounts and 43 percent less in their term deposit accounts.
- ◆ The number and value of loans to women – both adults and youth, is much lower than for men. The average loan size is also lower FJD 11,500¹ in comparison to FJD 19,000 for men - or 64 percent lower.
- ◆ Through their training and financial education initiatives, the surveyed financial institutions reached a total of 18,927 Fijians in 2022 – 88% women and 12% men. Female customers are the key target group for most financial institutions.

On access and usage of financial products and services for MSME businesses:

- ◆ Women are majority owners of 30 percent of all MSMEs registered in Fiji – 37.7 percent of microenterprises, 19 percent of small businesses, and 14.7 percent of medium-sized businesses – and joint owners of another 13 percent of registered MSMEs². An estimated 40,000 women (93 percent of self-employed women) are in informal employment, i.e., run informal businesses or work for others with limited or no access to social benefits.
- ◆ The Fiji Development Bank, given its mandate to promote the development of the enterprises in the country, has a dedicated loan product for women-owned businesses. This product was only introduced in August 2022. None of the commercial banks have dedicated products for women business owners.

1 1 USD:2.20FJD (Oanda.com, accessed on 19 December 2023)

2 An enterprise is defined as being 'female-owned' ('male-owned') if a majority of owners identify as female (male) and "jointly-owned" where there are both female and male owners.





- ◆ The share of women-owned MSMEs that borrow formally is lower than men-owned businesses – 15.9 percent versus 25.4 percent. As in the case of lending to individuals, the average value is also considerably lower.
- ◆ It is estimated that 43 percent of registered and active female business owners are currently financially unserved. Women's average loan size is also much smaller than men's, likely indicating that even those women that are able to borrow are in fact underserved, i.e., they are issued a lower amount than what is desired and needed to scale their businesses.
- ◆ The most common reasons to reject loan applications for both women and men are lack of collateral, insufficient loan documents (e.g.: incomplete or inaccurate financial statements), and low sales/earnings. For women, another common reason to reject a loan application is that the capacity to run the business is considered limited, a reason that appears much less relevant for male applicants.
- ◆ Findings from the FBoS survey indicate that even when women have land/real estate and vehicles, they access loans at a much lower rate than men – 26 percent versus 43 percent in case of real estate and 37 percent versus 49 percent in case of on-road vehicles.

RECOMMENDATIONS

Recommendations for the Reserve Bank of Fiji

1. **Build awareness and understanding of gender diversity and gender-inclusive finance**, particularly related to women-owned businesses.
 - a. Agree on a workable definition of W-MSMEs and ensure that financial institutions are utilizing a consistent definition for this segment.
 - b. Review the relevant policy to require financial institutions to collect gender-disaggregated data at firm and portfolio level, i.e., reporting annual data on gender diversity and inclusion within their institutions as well as retail and business data.
 - c. Conduct demand-side market research to gain a better understanding of specific barriers, financial needs and preferences for women-owned businesses.
 - d. Share market data and build knowledge and awareness.
 - e. Build gender finance expertise at RBF to support financial institutions with their gender finance strategies, particularly those that are already committed to serving women-owned businesses.
2. **Improve Policy and Regulatory frameworks**, particularly the credit guarantee scheme and e-KYC regulations. There is an opportunity for RBF to revisit the current guarantee scheme in consultation with banks and credit institutions and re-structure it into a more efficient program that can effectively support financial institutions in lending to MSMEs.





The Financial Intelligence Unit will need to continue working with financial institutions to provide more clarity on how to apply e-KYC/online/remote onboarding of customers.

3. **Support informal businesses to formalize and access formal finance.** It is recommended that RBF collaborates with other key agencies, such as the Financial Intelligence Unit, the Registrar Office, the Revenue and Customs Service to: a) streamline regulatory requirements to make them more accessible for smaller businesses; and b) support women-owned micro and small businesses complete and renew registration through a combination of financial and advisory support.

Recommendations for Financial Institutions

4. **Integrate a Gender Strategy within FI business models.** We recommend that financial institutions integrate gender elements across their business model through a two-pillar approach that consists in designing and executing: 1) a gender finance strategy to improve their understanding of the financial needs of women and women-owned businesses and their ability to serve them better through tailored products and services; and 2) a gender diversity and inclusion strategy to support equal access to opportunities for all within the organization and embed the principles of balanced leadership and management within the structure of the organization. This is to ensure that all staff across the different departments are fully aware and comfortable on how to intentionally and effectively incorporate gender considerations into their everyday tasks.
5. **Build capacity on analyzing and using gender-disaggregated data.** The first, essential step to be able to understand women and W-MSMEs' needs and preferences is to collect robust data and make meaningful use of it. It is important that financial institutions know how to analyze data collected to generate valuable insights on product and service usage patterns and preferences and customer behavior.
6. **Design better loan products that recognize and incorporate the needs of women borrowers and MSMEs.** FI's current lending policies and collateral requirements effectively filter out most of the micro and small entrepreneurs from becoming bank borrowers. We recommend reviewing product underwriting standards and simplified application processes tailored to micro and small businesses, and particularly to women entrepreneurs who are disadvantaged by the high collateral requirements of regular bank products.
7. **Improve access to information and financial skills building programs to be more effective in supporting access to lending.** Access to information remains an obstacle in expanding women's access to banking services and financial education programs have not resulted in a meaningful increase in access to formal financial services. There are opportunities to strengthen efforts on both fronts.
8. **Provide gender sensitive staff training.** Better trained employees can more effectively serve and support customers, including MSMEs. We recommend training staff on gender diversity and





inclusion and on how to better serve their customers, including through marketing strategies that are sensitive to gender issues which would include using language and images that are inclusive of women and other marginalized groups.

PURPOSE AND SCOPE OF THE REPORT

This study aims to identify and assess the key supply-side, regulatory and structural barriers to women's access and usage of financial services in Fiji. The findings of this study will inform the scope and content of a Gender Inclusive Finance Roadmap.

The report is structured as follows:

- ◆ Chapter 2 provides a summary of the gender inclusive finance landscape in Fiji, including the progress achieved in strengthening financial inclusion and closing the gender gap. It also gives a quick overview of other important barriers that affect financial inclusion but are outside the remit of financial institutions.
- ◆ Chapter 3 presents the latest data on access and usage of financial services for women, youth, and people with disabilities, and discusses key financial needs for these segments and opportunities to serve them better.
- ◆ Chapter 4 is dedicated to women-owned micro, small, and medium enterprises and how these are currently served by financial institutions in Fiji.
- ◆ Chapter 5 discusses key customer protection and financial education data and initiatives.
- ◆ Chapter 6 provides key conclusions and recommendations.

METHODOLOGY

The findings of this study are based on primary data collected from financial institutions, supplemented by stakeholder consultations and a review of the domestic legal and regulatory framework and financial infrastructure. In line with the National Financial Inclusion Strategy 2022-2030, the study focuses on barriers to financial inclusion around four key pillars: 1) Inclusive Finance (women, youth, and people with disabilities); 2) Digital Financial Services; 3) MSME Finance (women-owned businesses); 4) Consumer Protection and Financial Capability.

The primary data collection was conducted during August and September 2023 and consisted of a questionnaire-based survey administered to 18 financial institutions and consultations with financial service providers, accelerators, and government agencies.

This study has also made extensive use of the findings of a survey of 2,400 registered and active enterprises conducted by the Fiji Bureau of Statistics (FBoS) in early 2023, as part of an impact evaluation of Fiji's Secured Transaction Reform³ in cooperation with RBF. This is the first large-scale business survey to measure female ownership in Fiji and provided us with reliable estimates on the share of the MSME sector that are majority owned by women, filling a considerable gap in Fiji's gender

³ The data was collected in greater Lautoka, Nadi, and Suva and is considered statistically representative of all registered enterprises in Fiji.





and business statistics. This survey is considered largely representative of Fijian micro, small and medium enterprises in urban and peri-urban areas. However, the survey might have underestimated the number of hidden household enterprises (likely to be very micro businesses) as the survey was based on visual inspection of enterprises.

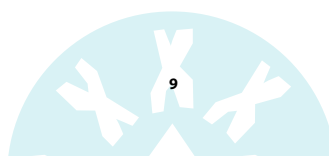
Disclaimer: Due to rounding off, percentages presented throughout this report may not always add up to 100%.

LIMITATIONS OF THE STUDY

The study was undertaken employing both quantitative and qualitative research methods. While the survey response rate was good, the quality of information received by many financial institutions affected our ability to analyze data and draw insights.

Most financial institutions provided partial information on the size of their business loan portfolio, particularly on loans to women-owned MSMEs. This is because most of them do not collect and/or do not track gender disaggregated data for their business lending. As a result, the data on the share of financing targeting women-owned SMEs should be considered an estimate. Similarly, most financial institutions do not track whether their customers live in rural or urban areas and if they have any form of disability. Hence, the study did not collect sufficient information on access and usage of financial services for these segments.

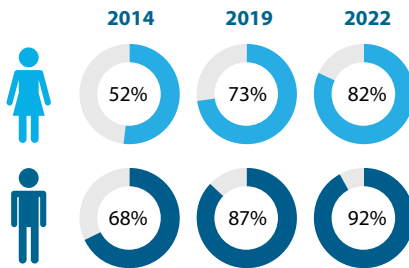
Finally, an additional limitation is that this study is solely based on information provided by financial institutions and does not include a review of customers' financing needs and experiences. Hence, while we have collected valuable data pointing to widespread gender gaps, such as the lower share of women accessing finance and the lower average value of loans issued to women, we do not have enough information to accurately explain the reasons for these gaps. As indicated, most financial institutions do not track and analyze gender-disaggregated business data and hence cannot provide objective explanations to why such gaps exist. Similarly, we have not consulted customers to document their specific experiences in this regard, as outside the scope of this study. This has been suggested for future research among our recommendations.





DEMAND DEPOSITS

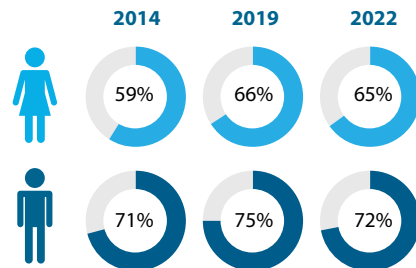
With bank accounts



Gender gap



Youth with bank accounts



Gender gap



SAVINGS ACCOUNTS

Adult 1.5%



Adult 1.7%

Youth 2.8%

Youth 3.1%

LOAN ACCOUNTS

Adult 6.6%

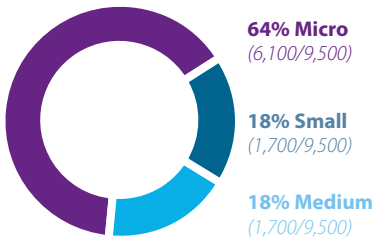


Adult 11.6%

Youth 5.7%

Youth 8.3%

ALL REGISTERED AND ACTIVE MSMEs



30.2%



Women-owned MSMEs

56.6%



Men-owned MSMEs

13.2%



Jointly-owned MSMEs

ACCESS TO CREDIT

15.9%



Women-owned MSMEs

25.4%



Men-owned MSMEs

38.6%



Jointly-owned MSMEs

15.9%

Financially served

43.1%

Unserved

40%

Not seeking finance



Women-owned MSMEs
(Registered & Active)



MSME Gender Credit Gap 2023

Source: Baseline Report of the IMPACT EVALUATION OF THE SECURED TRANSACTION REFORM IN FIJI.

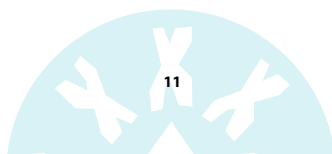
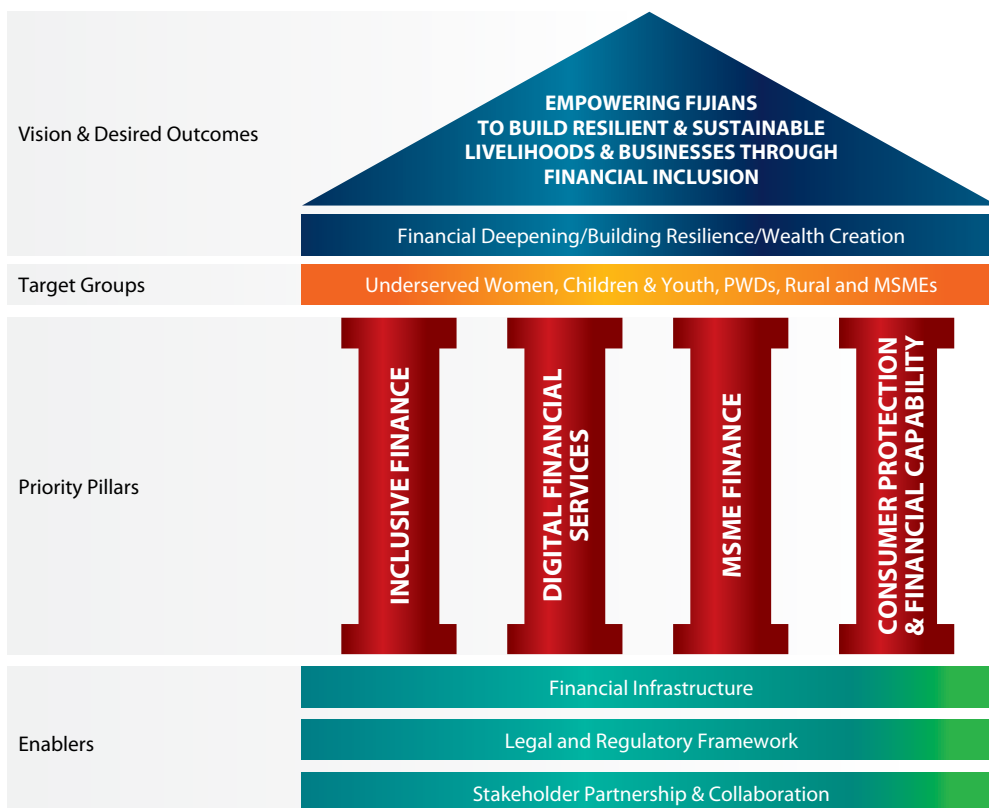


Gender Inclusive Finance in Fiji



INTRODUCTION

In 2022, the RBF launched the third National Financial Inclusion Strategy (NFIS) 2022-2030 with a vision of 'Empowering Fijians to build resilient and sustainable livelihoods and businesses through financial inclusion.' Whilst the previous strategies focused on improving access to formal financial services, the NFIS 2022-2030 has placed greater emphasis on gender inclusive finance and contains specific commitments to advance the financial inclusion of unserved and under-served segments of the population – women, youth, persons with disabilities (PWDs), MSMEs and those living in the rural and maritime areas.





Specific commitments include:

- i. developing a Gender Inclusive Finance Roadmap with an action plan for women's financial inclusion;
- ii. undertaking a gender analysis of financial products and services;
- iii. developing a Gender Equality & Social Inclusion (GESI) Toolkit;
- iv. developing a national definition for women-led MSME; and
- v. undertaking an assessment to determine existing constraints to accessing finance by women-led MSMEs.

PROGRESS ACHIEVED

Fiji has made significant progress towards women's financial inclusion in the last decade. By the end of 2022, 82 percent of women had a bank account, compared to 92 percent of men. This is a considerable improvement from 2019 when 73 percent of women and 87 percent of men had accounts and from 2014, when only 52 percent of women and 68 percent of men in Fiji had bank accounts. The gender gap in bank account ownership has narrowed from 16 percent in 2014 to 10 percent in 2022. However, a gap still persists – in access to bank accounts and other financial products.

Table 1: Number of people with bank accounts

	2014	2019	2022
Women	52%	73%	83%
Men	68%	87%	92%
Gender Gap	16%	14%	10%

Source: RBF Financial Sector Supply-side Data, 2023

For youths aged 15-35 years old, there has been a similar pattern of increasing bank account ownership for both female and male youth and a decrease in the gender gap from 12 percent in 2018 to 7 percent in 2022. Over the course of four years, bank account ownership for young women has increased from 59 percent to 65 percent. This is noticeable progress and signals that efforts are going in the right direction. However, there is considerable work to do to reach higher levels of financial inclusion, such as those reached for the adult population.

The RBF has actively played a **critical role in promoting a gender-inclusive financial system**. The most significant milestone in mainstreaming a gender lens in data collection is RBF mandating regulated financial institutions to collect and report disaggregated retail data by gender, age, and location on an annual basis since 2019. Other key initiatives are:

The Secured Transactions Reform was led by the RBF to broaden collateral options for financial institutions with the goal of increasing access to finance and – possibly - reducing the cost of it. The reform involved the passage of the Personal Property Securities Act 2017 which provided the framework for movables financing as well as the establishment of the Fiji Personal Property Securities Registry (PPSR) online. Fiji's enterprises report amount of collateral, type of collateral, and interest



rates as the three top constraints to accessing financing⁴. The PPSR has made it easier for lenders and borrowers to register and track moveable assets given as collateral for loans.

The Agent Banking regulation was introduced in 2013 to improve access to financial services in the rural and maritime areas. The Policy sets guidelines for banks to appoint agent representatives, lays out the permitted agent banking activities, and responsibilities for all parties involved. It also provides minimum standards of risk management, customer protection and disclosure in agent banking.⁵

The Fintech Regulatory Sandbox guidelines were introduced in December 2019 to encourage and enable live testing of digital financial technology (FinTech) and other innovations (i.e., financial products, services, processes, and other solutions) in a controlled environment. The Sandbox supports market-led financial solutions and allows the regulator to test, learn and adapt responses to emerging and heightened risks.⁶ Since implementation, four distinct solutions⁷ were admitted for testing.⁸

Financial education was mainstreamed into the national agenda following the Pacific Island Forum Ministers Meeting in 2009, where central bank governors endorsed the Money Pacific 2020 Goals on building financial literacy across the Pacific. Financial capability and consumer protection is a key pillar under the National Financial Inclusion Strategy and led by the National Financial Inclusion Taskforce (NFIT) the Ministry of Education integrated financial education into core subjects of the primary and secondary school curriculum (Year 1 to Year 12) since 2012.

Regulatory & Infrastructure Barriers

- ◆ Stringent KYC & compliance requirements
- ◆ Lack of Credit bureau data
- ◆ Interoperability & interconnectivity of payment systems
- ◆ Internet network coverage & speed

Demand-side Barriers

- ◆ Lower participation in the formal economy and lower income levels

Social & Cultural Barriers

- ◆ Obligations to extended family
- ◆ Gender-based violence (physical and economic violence)

Supply-side Constraints

- ◆ Women own less land and property
- ◆ Lack of sex-disaggregated data on business portfolio and understanding of specific needs of women-owned MSMEs
- ◆ No dedicated strategy/approach to target underserved segments

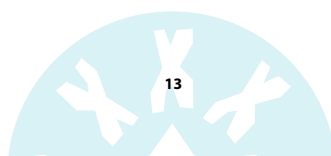
4 A total of 2,400 enterprises were surveyed as part of an impact study on PPSR.

5 RBF 2012 Press Release No.: 38/2012

6 RBF Dec 2019 Financial Sector Development Policy Statement No. 2 FinTech Regulatory Sandbox Guideline

7 A parametric micro-insurance product that offered pay-outs based on wind speed and rainfall triggers defined by the occurrence and proximity of a cyclone to a covered beneficiary; a mobile money wallet linked companion scheme card for making payments on participating Point-Of-Sale (POS) terminals and e-commerce websites; and a prepaid, non-reloadable gift card offered over-the-counter in fixed denominations for use on another international card payment network.

8 Financial Inclusion Annual Report 2022 - Reserve Bank of Fiji (rbf.gov.fj)





BARRIERS TO FINANCIAL INCLUSION

While this study focuses on supply-side barriers, it is important to recognize that there are other significant barriers that affect women's financial inclusion, broadly categorized under regulatory and infrastructure barriers, demand-side constraints, and socio-cultural barriers.

Regulatory & Infrastructure Barriers

Stringent KYC requirements to open individual and business accounts

While detailed scrutiny of customer transactions and financial arrangements via 'know your customer' (KYC) have enhanced the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) regulatory and enforcement landscape, these measures sometimes end up excluding individuals, especially women, and legitimate businesses that lack identification from the formal financial system or those that live in remote areas with less access to government offices or legal and certification services. Currently, banks in Fiji require both primary/mandatory and secondary documents to verify customer identity and to open business bank accounts. Documentary requirements include business licenses, tax registration, company resolutions, articles and memorandum, financial statements and confirmation of source of funds. Lack of documentation featured as a key barrier to financial inclusion in both the 2014 and 2020 Demand Side Surveys. In the latest survey, 12 percent of respondents attributed documentation requirements as the reason for not having a bank account.⁹

For online transactions (non-face-to-face customers), financial institutions are required to ask for additional verification requirements, such as certification of documents, third party introductions, etc. to comply with customer due diligence and AML guidelines set by the Financial Intelligence Unit¹⁰. The pressure to comply with such guidelines, combined with the lack of a central information database (CID) providing accurate and verifiable identification information, has discouraged most financial institutions from accepting online applications. This has curtailed access to online banking, further reducing convenience for all.

New credit bureau with limited historical records

The privately owned Credit Information Reporting Agency (CIRA) was licensed in 2018 following the close of the privately-operated Data Bureau. It will take time for the new bureau to build sufficient credit historical information on individuals and businesses that financial institutions can leverage to mitigate risk in their lending operations. The credit bureau does not include records of repayments to retailers and utility companies, which would be helpful to create (positive) credit histories for women and those with lower access to property and other resources key to asset-based lending.

Challenges with interoperability & interconnectivity of payment systems

A modern payment system is needed to improve access and usage to financial services for rural and urban businesses and households. The poor connectivity and low population density in the rural

⁹ RBF. 2020. Financial Services Demand-Side Survey. Available at: <https://www.rbf.gov.fj/financial-services-demand-side-survey-fiji-2020-2/>

¹⁰ https://www.fijifiu.gov.fj/getattachment/Left-Menu/Law-Regulations/FTR-Regulations/FTRR_FGGS-Legal-Notice-No-53-of-2007.pdf.aspx





areas are some of the challenges in digitizing Fijians' financial behavior. A key focus of the reforms is to ensure that payments are processed, cleared and settled on a timely basis, and users' funds and personal information are protected. Another priority is for increased interoperability, allowing customers of different service providers to make payments to one another seamlessly. This should help foster improved operational efficiency, lower administrative costs, reduce barriers to doing business and help improve financial inclusion.¹¹

Challenges with internet network coverage & speed

Fiji has a mobile penetration rate of 144 percent of its population.¹² However, the speed and reliability of service in urban areas as well as the lack of internet connectivity in some remote and maritime areas affect Fijians' ability to use digital channels for financial transactions –mobile and internet payments, ATM transactions, and at times the use of debit cards. While Fijian women are equally likely to use the Internet as Fijian men, they are more likely to cite cost as a limiting factor in using internet (55 percent versus 49 percent for men)¹³. Additionally, women are less likely to own their own phone and instead use phones of other family members, which can further limit their access.¹⁴

Demand-Side Constraints

Lower presence in the formal economy & Lower income levels

Fiji's female labour force participation is low, accounting for only 45.5 percent of the total labor force in 2019-20.¹⁵ It is also much lower than male labour force participation (78.4 percent). Women account for 35 percent of formal employment, 31 percent of private sector employment, while 40 percent of women are engaged in vulnerable employment.¹⁶ Also, on average, women earn one third less than men.¹⁷ In the informal sector, Fijian women lack regular income, job security, and social protection which increases their exposure to exploitation and reduces opportunity for collective bargaining. These factors all contribute to limited financial inclusion for Fijian women.

Social and Cultural Barriers

Women own less land and property

Legally, Fijian women and men are not prohibited from inheriting assets from their parents and spouses, and to own immovable property, i.e., land¹⁸. Women can acquire freehold land and lease native and crown land in their own name. In practice, however, both iTaukei and Indo-Fijian cultures traditionally prioritize the inheritance of land by sons rather than daughters who, therefore, often depend on their fathers or husbands for access to land. In iTaukei culture, women who are registered

11 Reserve Bank of Fiji, 2020. [What is the National Payments System?](#) Suva, Fiji.

12 Alliance for Financial Inclusion, 2023. *Women's Financial Inclusion, Digital Financial Services and COVID-19 Policy Response: Case of Fiji*, Kuala Lumpur, Malaysia.

13 UNCDF, 2022. *Accessing Digital and Financial Literacy in Fiji*.

14 Ministry of Women, Children and Poverty Alleviation. 2023. *Fiji Country Gender Assessment: Policy Briefs 2023*, Suva, Fiji.

15 Fiji Bureau of Statistics, 2021. *2019-20 Household Income and Expenditure Survey Main Report*, Suva, Fiji.

16 Ministry of Women, Children and Poverty Alleviation. 2023. *Fiji Country Gender Assessment: Policy Briefs 2023*, Suva, Fiji. Vulnerable work includes self-employment, and subsistence, family and community workers.

17 Ibid.

18 The 2004 Inheritance (Family Provisions) Act grants inheritance rights to sons and daughters and to male and female surviving spouses. The 1891 Married Women's Property Act grants equal rights to women and men to own immovable property and equal administrative authority over assets during marriage.



members of their mataqali or “clan” share in the communal ownership of the clan’s land but when they marry into another clan, they do not share the same rights to the land of their husband’s clan. The same also applies to men who also do not have rights to his wife’s clan land. Lease agreements were mostly held in the name of males, removing women’s legal rights to this asset. In agricultural households, women typically contribute to agricultural value chains through growing crops, raising livestock, harvesting non-timber forest products and fisheries.¹⁹ The inadequate access to agricultural lands and fishing grounds limits women’s use and income-earning capacity of these resources. In turn, this affects women’s ability to build assets and a financial track record and consequently their ability to borrow from financial institutions.²⁰

Obligations to extended family

Due to societal and gender norms, both women and girls are largely responsible for childcare responsibilities and support for sick family members. The encumbrance of unpaid care work is a major factor in Fijian women not entering or remaining in the workforce, with women spending approximately three times as much time on unpaid domestic chores and unpaid work than men²¹. Even for working women, the lack of childcare or flexible work hours and structural inequities impede their career development affecting their income levels and their access and usage of financial services.

Gender-based violence (physical and economic violence)

Fiji has one of the highest rates of violence against women and girls (VAWG) in the world – nearly two thirds of ever-partnered women experience intimate partner physical and/or sexual violence at least once in their lifetime²². The estimated cost of VAWG to the Fijian economy is equivalent to 6.6 percent of GDP²³. As Fijian societal norms consider men heads of the household and women economically dependent on them, many women engage in unpaid domestic roles in exchange for financial security rather than entering the workforce. This power imbalance makes women vulnerable to domestic violence, particularly in low-income households. Poverty is regarded as an important contributing factor to VAWG and gender-based violence (GBV). Also, disaster and climate change also exacerbate prevailing levels of GBV as access to key resources, such as food, land, and employment, might become more difficult.

Government grants and programs

Since 2019, close to FJD 122 million have been allocated to women, persons with disabilities, and youth in the form of grants, allowances, and assistance programs. Most of these funds come from government agencies, particularly for people with disabilities (PWD) and youth, but there are also contributions from NGOs and other organizations targeting women. Grants for MSMEs come from the Ministry of Trade, Co-operatives, SMEs and Communication.

19 Ibid.

20 Asian Development Bank, 2018. *Women and Business in the Pacific*, Manila, Philippines.

21 *Women's Economic Empowerment in the Pacific Region: A Comprehensive Analysis of Existing Research and Data* (adb.org)

22 UN Women, *Global Database on Violence Against Women*

23 *The Pacific Islands Cannot Afford the Human and Economic Cost of Violence Against Women* (worldbank.org)

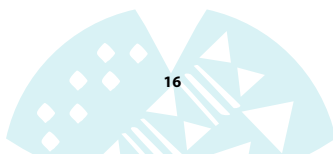




Table 2: Government grants to target segments (2019-24)

Year	Women	PWD	Youth	MSMEs	Total
2019	772,317	19,043,374	753,926	794,667	21,364,284
2020	449,315	13,934,740	438,949	573,237	1,396,240
2021	383,606	13,746,196	273,875	222,115	14,625,791
2022	418,187	25,701,276	436,201	478,396	27,034,061
2023-24	494,369	22,644,242	167,573	215,767	23,521,950
Total	2,517,794	95,069,828	2,070,523	2,284,181	101,942,326

Source: Author's own compilation based on data provided by the Ministry of Trade, Women Fiji Fund, the Young Entrepreneur Scheme (YES), and other stakeholders.

Less than two percent of these funds were channeled to support MSMEs. Economic and business activities arising from such programs directly support financial inclusion of grantees and their communities. Grants were given as part of priority programs such as the National Export Strategy (NES), the Trade Enhancement Program (TEP), the Integrated Human Resources Development Program (IHRDP), the Northern Development Program (NDP), the Micro Small Business Grant (MSBG), the Young Entrepreneur Scheme (YES), and concessional loan support during Covid.

Women Fiji Fund (WFF) is a feminist NGO that supports women in rural and remote locations who are marginalised, including those with disabilities and those discriminated against for their sexual orientation or gender identity. In 2018-2023, WFF provided over FJD 1.4 million to 18 projects focused on women's economic empowerment including support to cottage industries, tourism, agriculture in social and community enterprises.

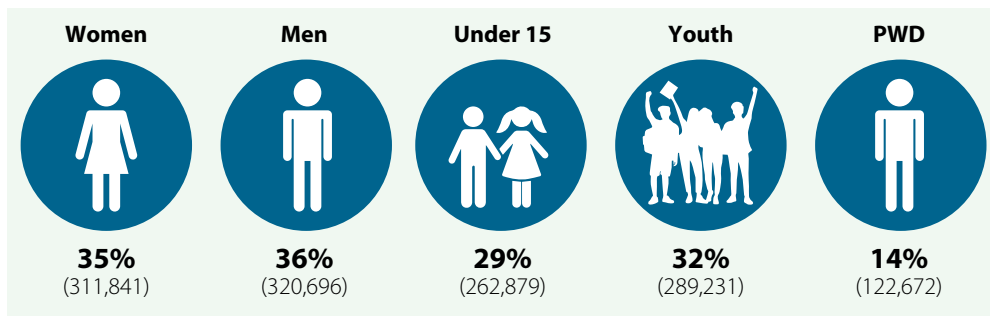




Women, Youth, and People with Disabilities

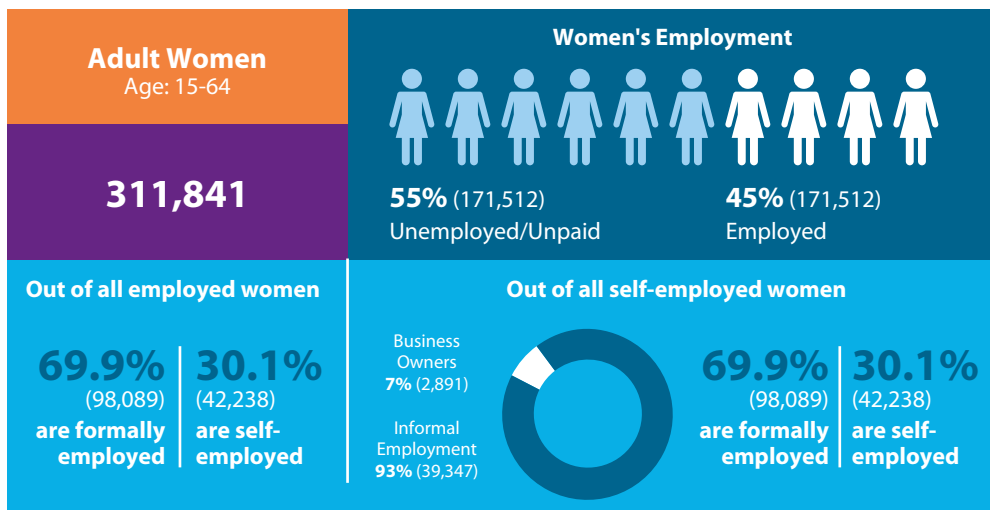
UNDERSTANDING THESE SEGMENTS

Chart 1: Population breakdown



Source: RBF Financial Sector Supply-side data, 2023; RBF Demand-Side Demand Data 2020

Chart 2: Women's Employment





Adult women – those over 15 years – compose 35 percent of the Fijian population. Of this, 45 percent are employed and 55 percent are either unemployed, students, or in unpaid employment.

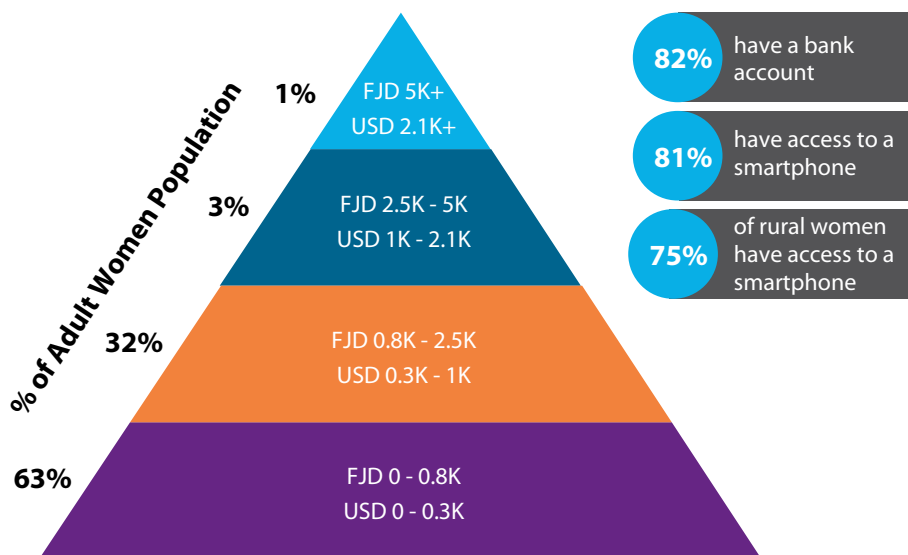
Of the 45 percent of women who are employed, 70 percent are formally employed, and 30 percent are self-employed. And out of those that are self-employed, estimates indicate that 7 percent own registered businesses and 93 percent are in informal employment, i.e., run informal businesses or work for others with limited or no access to social benefits.

According to the RBF's Demand-Side Survey 2020, the adult women population can be divided into four main groups based on their monthly income: those that earn a monthly income of up to FJD 800 make up the largest segment (63 percent); those that earn FJD 800-2,500 (32 percent); those that earn FJD 2,500 – 5,000 (3 percent); and the top 1 percent who earns above FJD 5,000. Over 80 percent of the entire female population own a bank account and have access to a smartphone.

Youth comprise 32 percent of the Fijian population and persons with disabilities (PWD) account for an estimated 14 percent of the population.

ACCESS AND USAGE

Women customer segments by monthly income



* Note – 1% is not included in the pyramid.

Source: Author's own compilation

Two thirds of Fijians have a demand deposit account at a commercial bank – 82 percent of adult women, 92 percent of adult men, 69 percent of youth, and 20 percent of those under 15. This is the entry point into the formal financial system and shows that overall Fijians have a good access to basic financial services, although work remains to be done to increase access for certain segments, particularly young women.

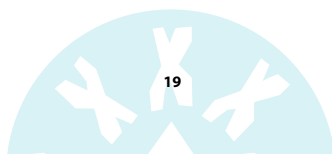




Table 3: Fijians' access to key financial services

	Women	Men	Youth – Female	Youth- Male	Under 15	Total
Number with Bank accounts	458,712	533,200	157,926	181,432	53,690	1,045,602
Number of demand depositors	254,675	294,774	92,491.1	106,178	53,511	602,959
% of segment with demand deposit account	82%	92%	65%	72%	20%	67%
Number of accounts per person	1.5	1.7	1.1	1.2	0.20	1.17
Share of dormant accounts	29.1%	29.5%	27.5%	27.3%	22.0%	28.9%

Source: RBF Financial Sector Supply-side Data, 2023

One bank – BSP – has dedicated products to serve youth and senior citizens, such as the MoneyZone accounts and the Classic Saver accounts. All other financial institutions indicated that they do not focus on any of the underserved segments identified in the NFIS.

Women hold 45 percent of retail accounts at commercial banks, as compared to 52 percent for men. Among youth population, females account for 10 percent of bank accounts and males have slightly

Chart 3: Share of Fijians with bank accounts

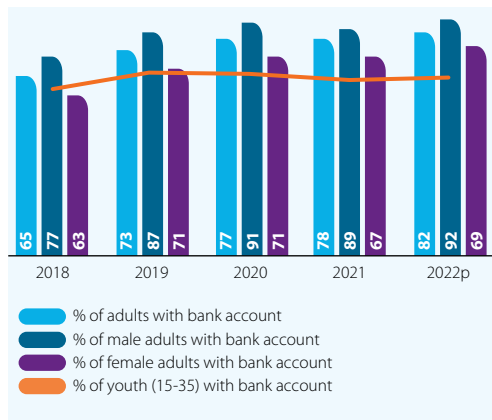
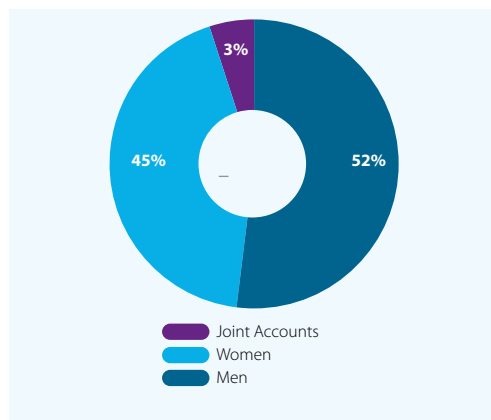


Chart 4: Share of checking accounts by customer segment



more at 12 percent.

Source: Author's calculations based on survey of licensed financial institutions, 2023

There are considerable geographical disparities in bank account ownership, with provinces such as Kadavu, Namosi, Lau, and Bua showing a much lower percentage of the population with bank accounts. Out of the financial institutions that provided information, only one credit institution allows customers to open a demand deposit account online while all commercial banks and other credit institutions require customers to visit a branch in person to open an account. This inevitably creates a barrier for those that live in more remote areas far from bank branches or that have mobility challenges, either due to disability or lack of access to transportation.



While not everyone has an account, others keep several demand deposit accounts, with an average of 1.5 checking accounts for every woman and 1.7 accounts for every man. It is likely that some people prefer to have accounts at different financial institutions to take advantage of different features and services, including accessing different ATM networks. However, there is a high share of dormant accounts – 29 percent for both adult women and men and 27 percent for youth. This is particularly high in provinces that show a high number of accounts per person, such as Rewa and Ra provinces, indicating that people have opened more accounts than they need. But it is also high in other areas that have a low number of account holders, such as Kadavu, Lomaiviti, and Namosi provinces, showing a more concerning reality of low usage of formal banking service among the population.

DEPOSITS

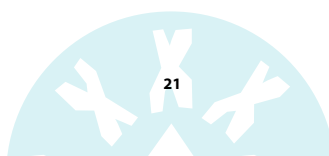
The share of Fijians with savings accounts at commercial banks is very low, at 3.4% overall. Only 1.5 and 1.7 percent of adult women and men, respectively, and 2.8 percent and 3.1 percent of young women and men have formal savings accounts. The share of the population with the highest number of savings accounts are the under 15 years old, at 7.7 percent. A share of Fijians interviewed for the DSS20 indicated that they do not have savings accounts because they have no income left to save. However, it is also likely that others do not save formally because of the low interest rates offered by commercial banks, proving not attractive enough to incentivize Fijians to save. For international banks, headquarter prudential requirements require banks to hold ample liquidity, which has also contributed to lower interest rate. Strong remittance flows into Fiji allow banks to maintain ample liquidity without needing to rely on domestic savings and hence institutions are not incentivized to offer more attractive rates.

Table 4: Access to savings accounts

	Women	Men	Youth-Female	Youth-Male	Under 15	Total
% with savings accounts	1.5%	1.7%	2.8%	3.1%	7.7%	3.4%

Source: RBF Financial Sector Supply-side Data, 2023

The data collected from commercial banks shows that women and men have similar number of savings accounts, each segment equivalent to 29 percent of total savings accounts. However, the value of savings accounts held by men is higher than for women, with women saving on average 25 percent less. The same is true for term deposits, where the number of accounts is similar – 37 and 36 percent of total for women and men, respectively – but the value of term deposits held by men is much higher. On average, women hold 43 percent less in their term deposit accounts than men. Among the youth this gender gap is reversed, as young women and men have similar levels of saving and term account ownership, but the average value of term deposit is 16 percent higher for female youth.





Our survey shows that women have a strong preference for commercial banks when deciding where to open term deposits accounts. Only 9 percent of the term accounts at credit institutions is held by women, as opposed to 39 percent held by men.

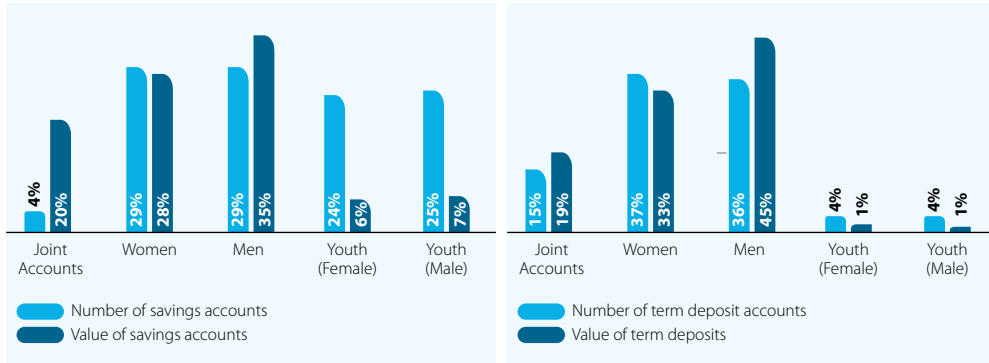


Chart 5: Number and value of savings accounts at commercial banks by gender

Source: Author's calculations based on survey of licensed financial institutions, 2023

LOANS

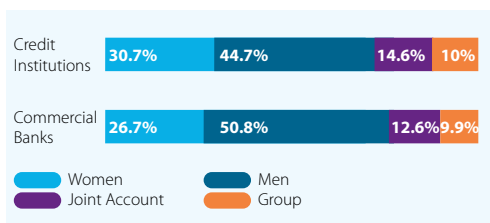
Table 5: Share of Fijians with loan accounts

	Women	Men	Youth-Female	Youth-Male	Total
% with loan accounts	6.6%	11.6%	5.7%	8.3%	9.1%

Source: RBF Financial Supply-side Data, 2023

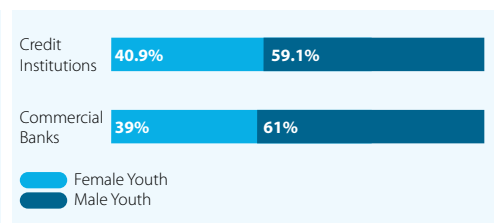
The share of Fijians with a loan from a formal financial institution is very low, at just over 9 percent. For women, this percentage is even lower and there is a gender gap among both adults and youth - less than 6 percent of young women and 6.6 percent of adult women have a loan account as compared to 8.3 percent of male youth and 11.6 percent of adult men. The retail lending portfolio of licensed financial institutions shows a much higher number of loans allocated to men than to women, equivalent to 51 percent of total retail loans at commercial banks and 48.5 percent at credit institutions, in comparison to 26.7 and 29.5 percent for women, respectively. This pattern also exists for loans to 15–35-year-olds, showing that the gender credit gap affects all age demographics across different types of financial institutions.

Chart 6: Number of retail loans by customer segment



Source: 2023 Supply Side Disaggregated Data.

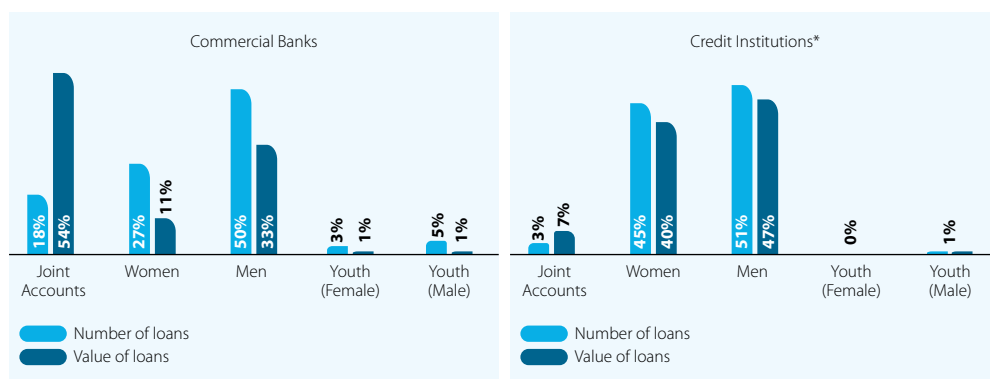
Chart 7: Loans to youth by gender





Out of total loans issued by commercial banks and credit institutions, the number of loans to women is much lower than loans to men. At commercial banks, the average loan size disbursed to women is also much smaller than the average loan to men – roughly FJD 11,500 versus FJD 19,000 or 40 percent lower. A very similar pattern and gender gap exists for youth. Among credit institutions, only one provided data on the value of its retail loan. The total amount disbursed to men is a larger share of the retail portfolio (chart 8) but loan sizes to women and men are similar.

Chart 8: Number and value of loans by financial institution and customer segment



Source: Author's calculations based on survey of licensed financial institutions

*Only one credit institution provided data

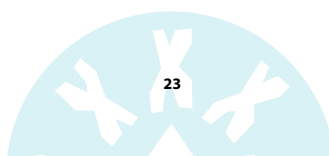
Digital Financial Services

Table 6: Share of bank customers with access to digital financial services

	Women	Men	Youth-Female	Youth-Male	Total
% with mobile banking accounts	20.7%	20.7%	31%	31%	20%
% with internet banking accounts	30.7%	30.8%	16%	15%	30%
% with debit card	75%	74%	93%	91%	74%

Source: Author's calculations on survey of licensed financial institutions

Fiji's National Financial Inclusion Strategy sees digital financial services as a key catalyst to promote further financial inclusion, particularly to reach remote residents in a convenient and affordable way. As Fiji's participation in long-term labor mobility schemes increases in the coming years, sending and receiving money internationally will become a greater need for both women and men and thus, it is critical that funds can be transferred in a cost effective way. All commercial banks indicated that retail customers can perform the following transactions digitally: transfer money between their own accounts; send and receive money domestically to customers of any financial institution in Fiji; send and receive money internationally; and make utility and school payments. Three banks also allow customers to repay their loans digitally. HFC has a partnership with Vodafone Fiji that allows its rural customers to access their accounts through Vodafone agents.





Several banks have explored the possibility of digital onboarding with industry feedback indicating a key requirement for further progress is a central information database (CID) that provides accurate and verifiable identification information. Fiji's Financial Intelligence Unit has recently issued guidelines²⁴ to provide guidance and requirements on the use of digital ID systems/eKYC for customer due diligence. These guidelines are based on the current Anti-Money Laundering law and signal to the industry that eKYC is allowed. Government reforms on improving the ease of doing business have included digitizing processes, such as creating a one-stop platform for any local or foreign investor, to extract all relevant information with respect to starting a business. A move to digitizing identification records may meet the need expressed by financial institutions for a central ID repository to help fulfill certain eKYC requirements. However, details on how the digital ID system will work, which agency will maintain this system, and how other users may access this data will still need to be clarified. Until this is clear, it is unlikely that financial institutions will offer an eKYC option to their customers without a central repository of identification records.

The use of debit cards is high among all target segments, with a higher share of women with debit cards both among adults (75% for women versus 74% for men) and youth (93% for female youth versus 91% for male youth). On the other hand, the share of bank customers with a credit card is extremely low – 1% for men, 0.7% for women, and less than 0.3% for both female and male youth. This is likely due to difficulties in meeting minimum requirements for card issuance, combined with a general preference for using disposable income rather than credit.

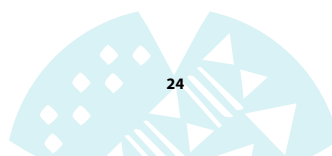
On the other hand, the share of female and male bank customers with an internet and/or mobile banking account is low – 30 percent for internet banking and only 20 percent for mobile banking, with both women and men showing very similar uptake levels. The number of internet and mobile banking users is low among youth as well but for both female and male youth, mobile banking is more popular than internet banking (31 percent of youth have a mobile banking account versus 16 percent of female youth and 15 percent of male youth who have an internet banking account).

These findings are in line with a recent study of digital and financial skills in Fiji²⁵, which found over 80 percent of Fijians have access to a smartphone but only 22 percent use banking apps to check account balances, withdraw, or deposit money in current accounts. The low level of trust in digital financial services is indicated as a key reason for this low uptake, as most Fijians reported feeling unprepared to cope with potential phishing attacks and online scams. However, the fact that most bank customers use debit cards indicates that convenience is important to them and that they are willing to put this above the fear of fraud. Similarly, many Fijians are used to mobile money wallets and online remittances. Hence, it is likely that other factors, such as the convenience and speed of performing transactions online and the overall quality of the user experience, might be preventing customers from using digital financial services more widely.

Among those surveyed, only one commercial bank and one credit institution disaggregate information for rural customers and have provided information on their rural portfolio. Given the

24 Guideline 10 under the Financial Transactions Reporting Act

25 UNCDF (2023). Assessing Digital and Financial Literacy in Fiji.





lack of data, this section has not been included in the analysis. However, from the limited information available, it seems that access to debit cards follows similar patterns as in urban areas – above 80% for women and above 95% for female and male youth.

Innovative Product: [Solé](#)

Sole is a digital social financial app that is designed for Pacific islanders with budgeting, savings and investment plans. In July 2023, RBF approved a license to Sole following a successful three-month test period (November 2022 – January 2023) under the Regulatory Sandbox.

The app is designed to assist users with personal financial management with a bucket allocation system for budgeting and introduced digital onboarding of new accounts. The Sole Fintech App allows customers to have as many as 25 free buckets to plan their expenses, savings and investments. Overseas remitters will have the choice on which bucket they can remit their funds to, like the payment for electricity bill, water bill, groceries, weddings, funerals or family projects. Fiji citizens living abroad can also create their local Sole account.

Sole's customer onboarding is all done online with potential customers not having to physically be present at Sole's office. Potential customers may use their birth certificate, joint FNPF- -FRCS card, voter registration card or passport for ID documents. A live selfie is part of the onboarding process to allow Sole to verify submitted photo IDs. Clients can access Sole from anywhere in Fiji using their mobile phones, tablets or laptops as long as internet connection is available. This provides a valuable opportunity for the unbanked and the marginalized communities in rural islands and on the smaller islands to onboard, access Sole services and save and invest at the same time.





Women-Owned MSMEs

UNDERSTANDING THIS SEGMENT

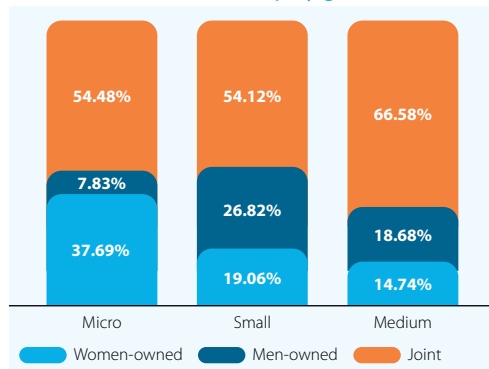
Women are majority owners of 30 percent of all MSMEs registered in Fiji and joint owners of another 13 percent of registered MSMEs²⁶.

Table 7: Number of registered and active MSMEs by gender of owner

	Overall	Women-owned	Men-owned	Jointly-owned	Women-owned (%)
Micro	6,100	2,299	3,323	478	37.69%
Small	1,700	324	920	455	19.06%
Medium	1,700	251	1,132	318	14.74%
TOTAL	9,500	2,874	5,375	1,251	30.2%

Source: FBoS Secured Transactions Reform Impact Evaluation Survey 2023

Chart 9: Business ownership by gender

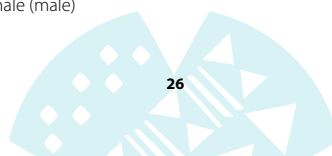


The share of businesses majority owned by women is larger among micro enterprises at 38 percent but remains a considerable 15 percent even among medium-sized enterprises.

Another 13 percent of MSMEs are jointly owned, with 90 percent of them having equal female-male ownership and all of them at least 25 percent female ownership. However, no information is available on the percentage of these businesses that are led by women.

The total number of women who own and run businesses in Fiji is much larger – it is estimated that there are about 40,000 women in informal employment, many of whom might be running a business – and some of those businesses may become formal (see chart 2). However, only registered enterprises have access to products and services from licensed financial institutions as documents of incorporation are among the documents required to open a business account.

26 As per FBoS Secured Transactions Reform Impact Evaluation survey, an enterprise is defined as being 'female-owned' ('male-owned') if a majority of owners identify as female (male)



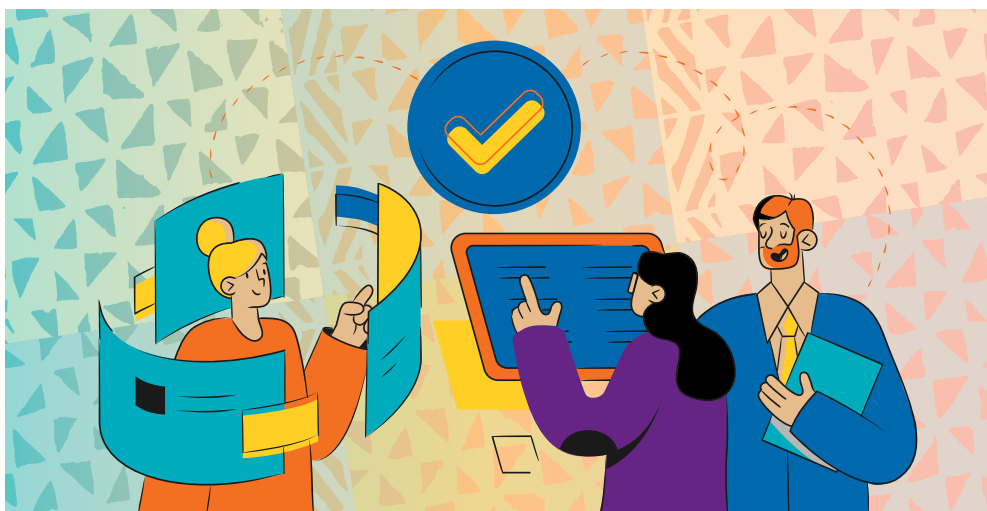


STRATEGY AND APPROACH IN LENDING TO WOMEN-OWNED MSMES

Several of the financial institutions surveyed indicated on-going efforts to serve the MSME sector, either through new products such as the case of FDB, Bank of Baroda, and Tower Insurance, or through dedicated initiatives, such as financial literacy campaigns and digital payment platforms for Westpac. Some of these are still in pilot stage, such as the case of Dua pay, (see box below) but signal nonetheless an interest in bringing innovative solutions to serve small business customers. The parametric insurance product, offered by FDB and Tower Insurance, is an exciting development as it combines gender and climate finance goals, both extremely relevant for Fiji.

However, except for FDB and South Pacific Business Development (SPBD) Microfinance Limited (Fiji) – a microfinance institutions exclusively dedicated to women - none of the financial institutions has a dedicated strategy to serve women-owned MSMEs beyond financial literacy and business training support. In fact, none of the commercial banks and only one credit institution track gender-disaggregated data on their business portfolio. This is both a cause of and a reason for not having a dedicated strategy - as they do not collect analytics on their female business customers, they do not have insights on demand for products and performance of this segment that may prompt and encourage a dedicated strategy.

Broadly, most financial institutions do not see the need to distinguish between women- and men-owned MSMEs and interviews among financial officers highlighted a commonly-held perception of women-owned businesses as mostly informal and micro and of limited interest and relevance to licensed financial institutions. FDB and Merchant Finance, together with SPBD are notable exceptions. While Merchant Finance does not currently have a dedicated strategy, it is currently conducting a market assessment to inform the design of specific products for women-owned businesses, with the support of external partners.





Box 1: Innovative Products

Parametric Microinsurance Product - In 2021 – 2022, the UN-administered Pacific Insurance and Climate Adaptation Program (PICAP) worked with Government of Fiji (GoF) Insurance Providers, RBF, mobile network operators (MNOs) and other agencies to design and implement affordable market-based and social protection micro-insurance products for farmers, MSMEs, and low-income households. The microinsurance products have been successfully tested in the market and plans are to adapt and scale these in Fiji and other Pacific Island countries.

The RBF approved the piloting of the parametric insurance products under its Regulatory Sandbox for FinTech solutions. The FinTech regulatory sandbox test stage has since been successfully completed, and RBF approved the exit of the parametric insurance solution from the regulatory sandbox.

During the first months of 2023, a total of 1097 beneficiaries have received microinsurance payouts after heavy rainfall in Fiji and two tropical cyclones in Vanuatu. The payments were sent directly to the recipients' mobile wallets, demonstrating the value of parametric insurance in delivering quick and timely payouts.

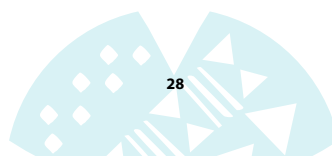
Insurance products covered 2,147 market beneficiaries (premium paid by the beneficiaries) and 2,000 social welfare recipients (premium paid by GoF), under a social protection program in partnership with the UN World Food Programme (WFP) and the Fijian Ministry of Women, Children and Poverty Alleviation. Women comprise 47 percent of market-based beneficiaries.

Dua Pay is a digital platform designed for Fijian women led MSME to accept digital payments securely on mobile devices that is linked to the MasterCard global payment platform. Dua Pay was designed locally and launched in October 2022 by MasterCard, ygap, an international development organisation, and Fintech Pacific, in partnership with the Australian Government's Business Partnerships Platform (BPP). A pilot is currently live and is expected to onboard up to 400 women led business.

The new payment solution addresses socio-economic and cultural barriers, creates more opportunity, and increases financial inclusion, sustainability and independence. Businesses participating in the pilot will receive training to facilitate easy use of the new technology, including a step-by-step guide on accepting digital payments. Westpac Fiji is supporting Fintech Pacific during the pilot, providing the infrastructure that facilitates the clearing and settlement of funds through merchant services.

ACCESS AND USAGE

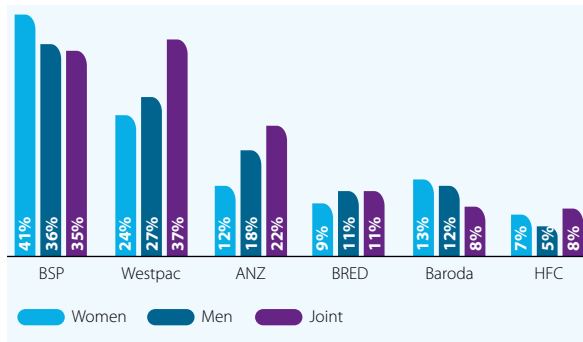
BSP is the most popular bank to open a business account for both women and men. This is likely because BSP has one of the lowest minimum deposit requirements and the most extensive branch and ATM network in the country. Westpac is the second most popular option, and the most preferred by joint account owners.





MSME businesses opening new accounts are usually not required to provide audited financial statements as long as they can provide credible evidence of cash flow and transactions, together with the business registration certificate, owners' ID documents, and clear evidence of activities that generate source of funds for the business.

Chart 10: Business account ownership by gender



Source: FBOS Secured Transactions Reform Impact Evaluation Survey 2023

As is the case for individuals, some business owners keep accounts at multiple institutions. A review of bank websites shows that information on requirements to open a business account is often hard to come by – one must navigate through multiple pages and hyperlinks to source information, and sometimes requirements are not listed as potential customers are expected to visit the branch in person. This challenge in accessing information is a barrier for many small

business owners. Sole traders, many of whom are women, often utilize their personal account to avoid the burdensome business application procedures although this compromises their ability to build business bank records for future loan applications.

Credit

FDB is the top lending institution for microbusinesses, while BSP is the top lender to SMEs – both women- and men-owned. In mid-2022, FDB introduced a dedicated unsecured microfinance loan for women entrepreneurs and it has made considerable efforts to strengthen its women's loan portfolio, leading to the development bank being by far the most popular choice for women running microbusinesses. FDB's Loan for Women Entrepreneurs grants loans up to FJD 5,000 (about USD 2,220) with up to 3-year repayment terms. FDB accepts online-only applications for this product and requires only 3 months of prior operations (reduced from 6 months in early March 2023) so it is suitable to new businesses or micro-businesses that need support for working capital or small expansions. A similar product targeted at Youths and Persons with Disabilities is expected to be launched in 2024. While this product has proven to be very popular, loan sizes are very small – even for microbusinesses. FDB is currently working on increasing the upper ceiling for unsecured loan products to serve a large segment of the micro and small business market.

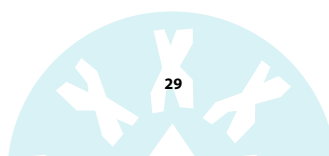
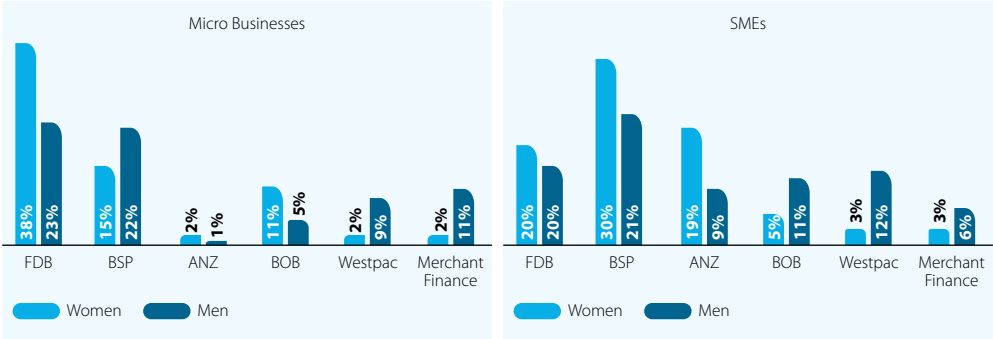




Chart 11: Top lending institutions by segment and turnover



Source: FBoS Secured Transactions Reform Impact Evaluation Survey 2023

The percentage of registered MSMEs that borrow from formal financial institutions is low across the MSME spectrum and particularly so for microenterprises. **The share of women-owned MSMEs that borrow formally is considerably lower than men-owned businesses – 15.9 percent versus 25.4 percent.** Women are also less likely to apply for credit, particularly at the microenterprise stage, which could be both a cause and a consequence of the low access to finance for women-owned businesses as discouraged owners might give up before even lodging an application. FBoS survey shows that the percentage of women-owned MSMEs who are not seeking finance and do not intend to apply for loans is 41 percent. Considering that only 16 percent of women-owned MSMEs are currently accessing formal finance, this leaves a 43 percent of registered and active female business owners who are currently financially unserved.

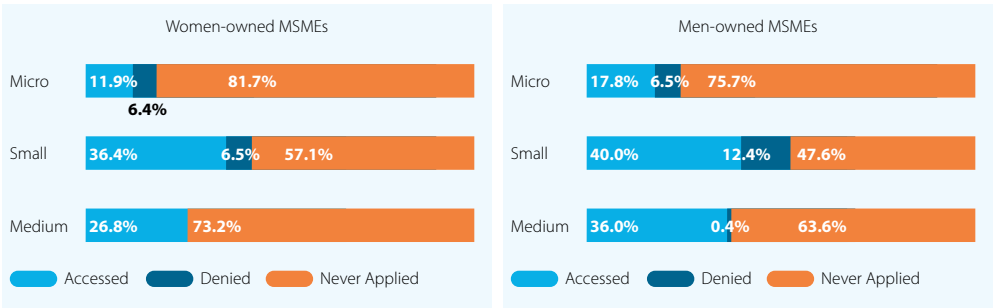
Table 8: Share of MSMEs who have accessed finance in the past 5 years

Women-owned	Men-owned	Jointly-owned
15.9%	25.4%	38.5%

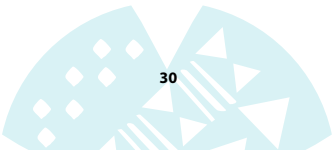
Source: FBoS Secured Transactions Reform Impact Evaluation Survey 2023

Chart 12: Credit access by turnover

Source: FBoS Secured Transactions Reform Impact Evaluation Survey 2023



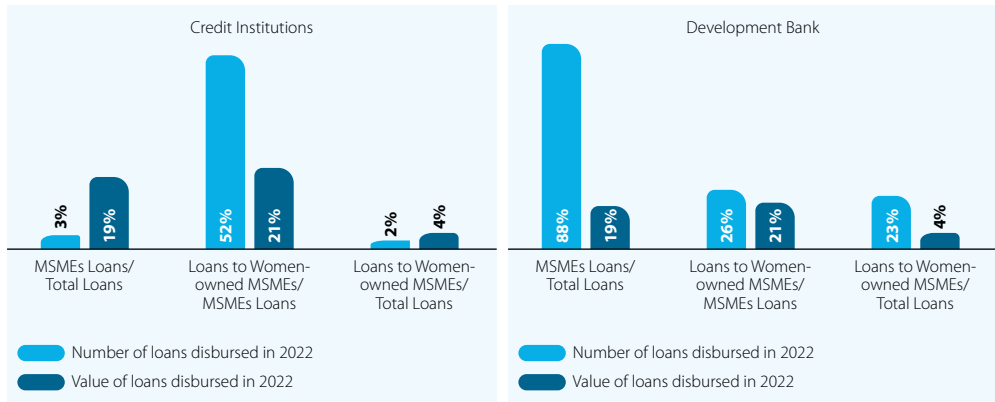
The limited information collected from financial institutions shows that even when the number of loans to women-owned and men-owned MSMEs is similar, the value of capital lent to women is





considerably lower. In the case of the two credit institutions that shared data, while a combined 52 percent of loans to MSMEs are issued to women, this is equivalent to only 21 percent of the total combined MSME lending portfolio, indicating that women's average loan size is much smaller than men's ²⁷. Among the possible reasons is that more men than women borrow to finance equipment and machinery, which tend to be higher in value than working capital loans. This also likely indicates that even those women that are able to borrow are in fact underserved, i.e., they are issued a lower amount than what is desired and needed to scale their businesses.

Chart 13: Share of MSME loans disbursed in 2022



Source: Author's calculations based on survey of licensed financial institutions

MSME lending from commercial banks is concentrated in wholesale and real estate, which account for close to 55 percent of total MSME lending. Licensed financial institutions indicated that the most common types of loan collateral requested are hard collateral (real estate); movable assets (vehicles, machinery, equipment); and savings/deposits in a financial institution.

No information was provided on the share of loan applications rejected but the most common reasons for both women and men are lack of collateral, insufficient loan documents (e.g.: incomplete or inaccurate financial statements), and low sales/earnings. Financial institutions also reported that another common reason to reject women's loan application is that the capacity to run the business is considered limited, a reason that appears much less relevant for male applicants and that may indicate potential biases (conscious or unconscious) in assessing applications from women owners. Findings from the FBoS survey also indicate that even when women have land/real estate and vehicles, they access loans at a much lower rate than men – 26 percent versus 43 percent in case of real estate and 37 percent versus 49 percent in case of on-road vehicles. This also points to potential biases in assessing credit applications from women versus men and women being held to higher standards.

²⁷ Considerable differences in the share and value of loans to W-MSMEs as a percentage of their total MSME portfolio exist between the two credit institutions that provided data. However, in both cases the value of loans to W-MSMEs is lower than the number of loans to W-MSMEs out of total MSME portfolio.

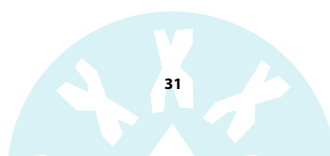
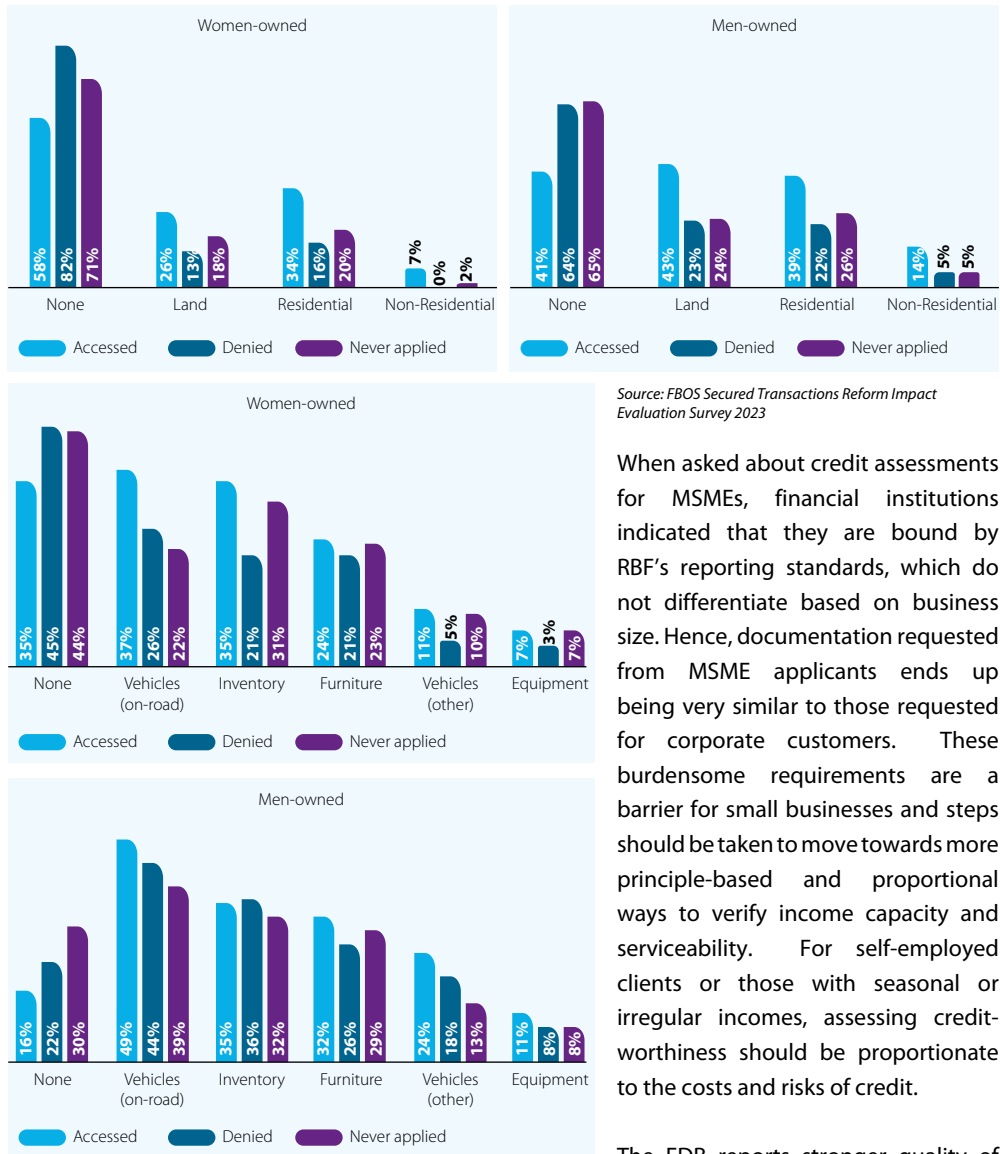




Chart 14: Access to loans based on ownership of real property



When asked about credit assessments for MSMEs, financial institutions indicated that they are bound by RBF's reporting standards, which do not differentiate based on business size. Hence, documentation requested from MSME applicants ends up being very similar to those requested for corporate customers. These burdensome requirements are a barrier for small businesses and steps should be taken to move towards more principle-based and proportional ways to verify income capacity and serviceability. For self-employed clients or those with seasonal or irregular incomes, assessing credit-worthiness should be proportionate to the costs and risks of credit.

The FDB reports stronger quality of its women-owned MSMEs portfolio as compared to the total MSME portfolio. This corresponds to global research, which consistently shows better performance and stronger repayment rates for women-owned businesses. In a surveyed sample of 140 IFC client financial institutions in 2022, the average NPL ratio for loan portfolio of Women-owned SMEs was 3.6 percent, significantly lower than the average NPL ratio for total SME loan portfolio (4.7 percent), comprising men- and women-owned SMEs.



CONSTRAINTS IN IMPLEMENTING CREDIT POLICIES TO SUPPORT MSMEs

A key instrument used by the Government of Fiji to support MSMEs is the Micro Small and Medium Enterprises Credit Guarantee (MSMECGS). The MSME CGS was established in 2012 to encourage and expand private sector lending to MSMEs. Administered by the Reserve Bank, it guarantees 60 percent of MSME loans for up to FJD 100,000 per business, which goes up to 75 percent for businesses owned by women.

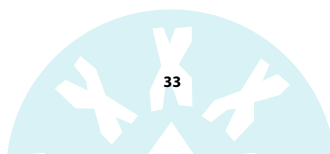
As of July 2023, the MSME Credit Guarantee Scheme had a total of 250 loans with an outstanding value of FJD 9.6 million registered under this facility. While demand for the credit guarantee spiked to close to 500 loans and a value of FJD 30 million during the first nine months of the COVID-19 pandemic (until November 2020), it subsided soon after with the introduction of additional government-guaranteed credit facilities²⁸. For the past two years, the credit guarantee has had an average of 250-280 loans registered for values ranging from FJD 9-12 million.

Since 2020, when the facility started collecting gender-disaggregated data, financial institutions have registered 39 loans to women-owned businesses for a value of FJD 265,728. In total, 41 claims have been submitted for the value of FJD 482,000. Five of these claims were against defaulting women-owned businesses equivalent to FJD 43,810. Most of the loans to women registered with the Credit Guarantee originate from the FDB.

The **Fiji Personal Property Securities Registry** was launched in 2019 to assist lenders register security interests over movable assets pledged as collateral. This was made possible by the **Personal Property Securities Act** adopted in 2017, which enabled a secured transaction framework and allowed loans to be secured against movable assets such as crops, contracts, machinery, and other non-land assets.

Both the Credit Guarantee Scheme and the Personal Property Security Registry have not yet proven fully effective in meaningfully unlocking financing for MSMEs. Key reasons for the underutilization of the MSMECGS are the interest rate cap, which excludes all loans with rates higher than 9.49 percent per annum, and the burdensome claim application process that requires financial institutions to submit detailed documentation of the defaulting business, loan, proof of sound credit assessments, and of an exhaustive recovery process. The interest rate cap set by the MSMECGS is lower than what most financial institutions would charge for MSME loans, which is typically in the 12-15 percent range. Similarly, one of the key challenges of lending to MSMEs is the fact that small businesses often struggle to provide robust loan documentation – strong financials and business plans. By requiring extensive documentation to be able to submit claims, MSMECGS is effectively discouraging financial institutions from using this facility and reinforcing those same issues and behaviours that are at the roots of low lending to MSMEs.

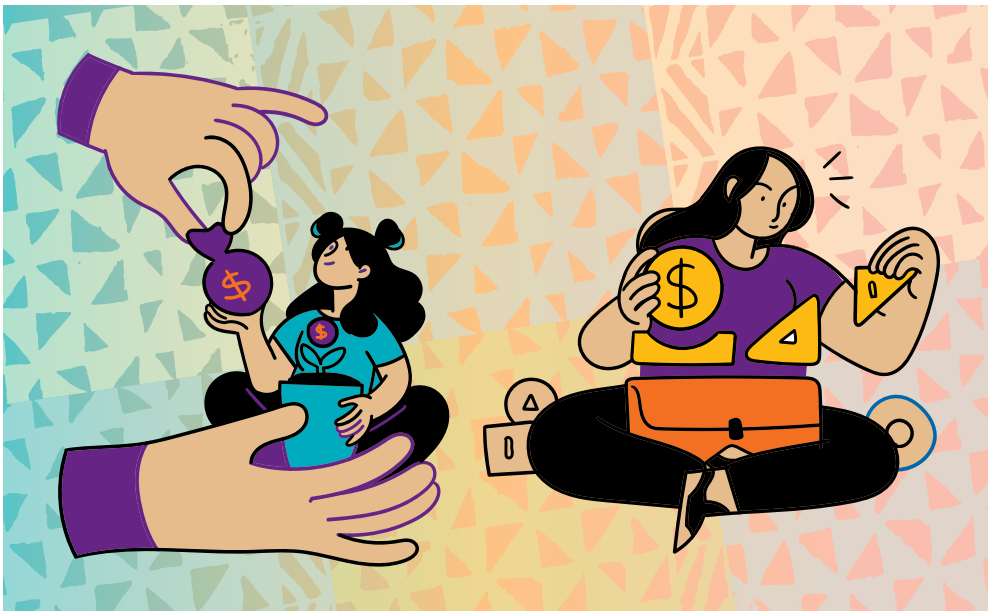
²⁸ The Disaster Rehabilitation and Containment Facility, introduced at the end of 2020 and now discontinued, and the Import Substitution and Export Finance Facility (hereafter referred to as the ISEFF) allowed commercial banks, Fiji Development Bank (FDB), and licensed credit institutions to borrow from RBF at 0.25 percent per annum and on-lend to eligible applicants at a maximum rate of 3.99 percent per annum for a maximum term of up to five years.





The Personal Property Securities Registry reported that more than 79,500 security interests had been registered in Fiji by mid-2022. The secured transactions reforms to date have not convinced financial institutions to revise their credit risk assessment and make it easier for MSMEs to access credit. One likely reason is that RBF provisioning policies for loans secured against moveable assets are set at 100 percent (the same level as for unsecured lending), whereas loans against land require 50 percent provisioning. Also, banks in Fiji have been slow to innovate as the banking sector remains profitable, well-capitalized, and liquid. There is a hesitancy amongst most lenders to consider other forms of collateral for loans than real estate or land and offer simple products, such as invoice discounting, working capital finance, that are common in many countries. RBF and other development partners are working to encourage further innovation in this area.

In assessing the impact of secured transactions reforms in Fiji, insufficient collateral was the most common reason cited for loan application rejections, despite high levels of ownership of motor vehicle ownership (over 70%) and other movable or intangible assets (almost 50%).²⁹ A more innovative and open-minded approach from the FIs would have a significant positive impact on women's access to finance.



29 Asian Development Bank, 2023 (forthcoming). *Baseline Report: Impact Evaluation of the Secured Transaction Reform in Fiji*, Manila, Philippines.



Financial Capability & Education



Digital and financial skills are limited across the population but particularly so among rural residents and older Fijians. While most people understand the inevitability of use of digital financial services at all levels of society, as well as the potential benefits, three in five Fijians believe that digital financial services are risky for ordinary people and are concerned about their ability to navigate these services safely³⁰. Cash remains the preferred form of payment for regular transactions, such as grocery shopping and eating out. There is an opportunity to raise awareness about the benefits of using digital financial services (what they are and how to use them safely) to raise Fijians' level of digital familiarity and reduce reliance on cash.

Financial literacy for adults is monitored by the National Financial Inclusion Taskforce, a multi stakeholder national committee led by the RBF. Most financial institutions surveyed provide financial literacy or business training to at least some of their customers. Brief training sessions are sometimes also conducted at community events or organized through NGOs or government agencies. Three quarters of banks provide financial literacy to their retail customers, and half of them also target micro, small, and medium enterprises, and youth. Similarly, half of credit institutions provide business training or financial education to their retail customers. SPBD provides business training only in rural areas and targets both existing and potential customers.

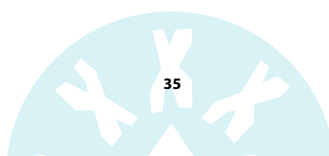
Through their training and financial education initiatives, the surveyed financial institutions reached a total of 18,927 Fijians in 2022 – 88% women and 12% men. **Female customers are the key target group for most financial institutions.** Commercial banks focus on women in urban areas (80 percent of their participants) while SPBD focuses on women in rural areas where their centres are concentrated. As financial institutions do not track the age of participants, it was not possible to determine the percentage of youth reached through their programs.

Table 9: Participants of financial education sessions provided by financial institutions

	Women	Men	TOTAL
TOTAL	16,613	2,314	18,927
Urban areas	24%	56%	28%
Rural areas	76%	44%	72%

Source: Author's calculations based on a survey of licensed financial institutions, 2023

30 UNCDF, 2022. Accessing Digital and Financial Literacy in Fiji.



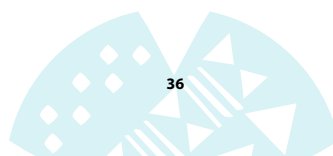


Financial institutions usually partner with other organizations to deliver financial and business training, both in cities and in rural areas. For example, BSP has partnered with Australian Business Volunteers (ABV) to deliver business development training to MSMEs. Westpac partners with UNDP, Ministry of iTaukei Affairs, WEBC, the Catholic Church vocational institutes for youths, and the Montfort Boys Town. FDB has developed a collaboration with the Visa Foundation and provides free online business financial education, available on its website. The bank also provides in-person training through different channels (roadshows, information sessions/booths, etc.) and mostly in collaboration with others – Ministry of Women, Ministry of Agriculture, NGOs, business networks, and private sector organizations. Tower insurance uses Mobile Insurance Consultants to make information easily accessible by going to people’s homes and workplace to discuss their products and the benefits of insurance.

ANZ’s MoneyMinded is the signature financial education training program of the ANZ Bank. Whilst it holds awareness and financial education training across all spheres, currently a lot of its focus is aimed at preparing seasonal workers to better manage their finances overseas and covers topics such as budgeting, saving, internet banking, ANZ apps, international money transfers and Smart ATMs. An internal impact evaluation in 2020 of 50 seasonal workers who had taken the training found that the program had helped them save and plan more, and set more sustainable financial goals for themselves.

The cost of delivering financial literacy and business training is entirely borne by financial institutions and their partners, who decide on content, scope, target audience, and who are responsible for monitoring and evaluation activities, if any. NFIT members are planning to standardize a common manual across RBF and FIs to streamline the process and undertake a more targeted approach nation-wide. An evaluation of NFIT members’ financial literacy initiatives is being planned to determine how effective this work has been in advancing financial inclusion and what could be improved. For example, the number of individual borrowers and savers has not increased since RBF started collecting disaggregated supply data, and access to finance for micro, small, and medium-sized businesses remains a challenge. While there are different reasons for each of these realities, it is also likely that financial literacy programs could be strengthened to improve financial service accessibility for their participants. This could entail reviewing different factors, such as better target audience selection, improving the relevance and practicality of content to achieve specific financial goals (i.e., training MSMEs on utilizing book-keeping apps for their regular accounting and to produce acceptable financial statements for those that want to apply for loans), and enhancing delivery to fit participants’ needs and preferences.

Customer outreach and awareness, which all financial institutions provide on an on-going basis, has been successful in steadily increasing the share of Fijians with access to the formal financial sector. Access to information remains a barrier preventing the inclusion of certain demographics, i.e., the elderly, the lowest income bracket, and ethnic minorities, and it is important that financial institutions continue allocating resources to reach these groups.





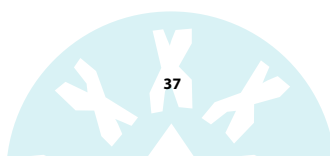
When asked for suggestions on how to effectively disseminate information to the harder to reach demographics, financial institutions provided a wide range of options (see table 10), from talanoa sessions and rural visits, to talk shows, social media, and digital onboarding.

Table 10: Suggestions on how to ensure access to information for the following customer segments

MSMEs in rural areas	<ul style="list-style-type: none"> • Rural visitations, radio talk back shows and expos • Collaboration with other stakeholders, such as MFIs, and provide financial literacy sessions plus banking services • Women/Men meetings or talanoa sessions • Promotion of digital awareness and onboarding customers on digital platform • Use of social media (Facebook) to provide information
Women in rural areas	<ul style="list-style-type: none"> • Rural visitations, radio talk back shows and expos • Collaboration with Ministry of Women, Women Entrepreneur Business Councils • Collaboration with SPBD, Financial Literacy sessions to AWE trainings with WEBC • Promotion of digital awareness and onboarding customers on digital platform
Youth	<ul style="list-style-type: none"> • Rural visitations, radio talk back shows and expos • Collaboration with village headmen, Ministry of Youth & Sports and other stakeholders that are affiliated with them (e.g.: sporting bodies) • Promotion of digital awareness and onboarding customers on digital platform • Social media and talanoa sessions/ special youth days- even religious church gatherings
Others	<ul style="list-style-type: none"> • Financial literacy for the unbanked • Account opening for school children in collaboration with Ministry of Education, Training for urban and rural market vendors • Yasana/village/ Faith based meetings

Source: Author's compilation from survey of licensed financial institutions, 2023

The RBF collects data on lodging and resolution of consumer complaints against financial institutions. In 2022, a total of 5,153 complaints were received by supervised financial institutions. The top three types of complaints received by Banks and Credit Institutions were electronic banking, customer service and systems related issues. This data is disaggregated by year, location and sector but not by sex/gender, hence we are not able to determine the share of complaints lodged by women, their key types of complaints, and whether these were resolved.





Gender Diversity & Inclusion in the Financial Sector

There is a positive correlation between more women in leadership and stronger operational performance³¹ and a correlation between gender-diverse leadership teams and more inclusive outreach strategies. Financial institutions are much more likely to embed a gender lens into their business model if they are themselves gender diverse with sufficient representation of women at all levels of their organizations.

The financial sector in Fiji is heavily male dominated at the top, in decision-making positions. Among the 13 financial institutions that provided data on gender diversity and inclusion, women make up 53% of total staff but only 23% of board directors and 26% of senior managers. In contrast, women are well-represented in mid-level management at 48% and among support staff at 61%. Two financial institutions – FDB and Westpac – are leading in terms of gender diversity at board levels in Fiji. If excluding these two financial institutions, the share of women at board level goes down to 18%. HFC, Fiji's only local bank, has no women in its board of directors.

At branch level, women represent 35% of commercial banks' staff focused on MSME clients and 30% of MSME-focused staff at credit institutions.

In terms of creating a supportive work environment, particularly for employees with caring responsibilities, a few institutions have flexible work policies, one has a gender equality and social inclusion policy, and one has dedicated employee groups on diversity and inclusion and women and youth. Several financial institutions have policies and provide training and awareness raising session on GBV and family and sexual violence, a very relevant topic given the high level of domestic violence in Fiji. Overall, there is much more that financial institutions could do to embed gender diversity and inclusion principles and initiatives in their organizations – in view of achieving a stronger gender balance in leadership positions.

Table 11. Gender diversity and banks' headquarters as of December 31, 2022

Indicators across banks interviewed	Overall total	Board of Directors	Senior Management	Mid Management	Technical Staff	Support Staff
Proportion of female employees (%)	53%	23%	26%	53%	40%	65%

Source: Authors' compilation from survey of licensed financial institutions, 2023

31 IFC, in partnership with CDC and support from the Government of Canada, *Private Equity and Value Creation: A Fund Manager's Guide to Gender-smart Investing*



Conclusions & Recommendations

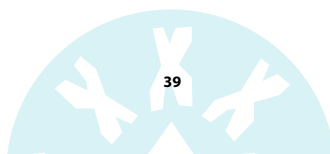


Women remain underserved – as individuals and business owners. Less women than men, particularly in the 15-35 age bracket, have bank accounts and women-owned businesses have less access to capital, irrespective of turnover and loan documentation. Average loans to women-owned businesses are also considerably smaller than those disbursed to men running businesses of similar size. This may indicate the existence of gender biases that somehow impose – consciously or unconsciously – more stringent requirements to women and make it more difficult for women to borrow.

While the Government of Fiji has made clear public commitments towards closing gender finance gaps and several financial inclusion working groups have been set up with financial sector stakeholders, it appears that gender finance knowledge has remained within a restricted group and has not grown to reach a critical mass. The report has highlighted a lack of awareness and buy-in from most financial institutions about gender-inclusive finance. Financial institutions question the business opportunity and the cost and efforts required to reach these underserved segments in a small market such as Fiji and many do not understand – or refuse to acknowledge – that women have specific financial needs and behaviors that warrant dedicated approaches and strategies.

The lack of robust data on registered women-owned businesses – numbers, turnover, contribution to the economy, and key financial needs and preferences – makes this segment little understood by the financial sector. Additionally, many women-owned businesses stay informal due to the excessive red tape and stringent requirements from business registration to opening bank accounts etc. As a result, most financial institutions do not see the business opportunity to serve women-owned MSMEs and have not considered segmenting the MSME market based on gender.

In this context, two licensed financial institutions – in addition to microfinance institution SPBD that serves the informal market - stood out for their different approach and the level of awareness about the benefits of segmenting the MSME market and understanding women's specific financial needs and challenges. FDB has developed new products and adjusted their appraisal processes to serve businesses that are mostly small and likely to grow slowly. SPBD serves informal businesses in rural and remote areas who have little to no alternative way of securing finance and has helped 40 percent of its customers formalize. Merchant Finance is in the process of designing a dedicated strategy to serve women-owned MSMEs. There is much need for further supporting these efforts.





Our key recommendations are listed below.

RECOMMENDATIONS FOR THE RESERVE BANK OF FIJI

1. **Build awareness and understanding of gender-inclusive finance, particularly related to women-owned businesses.** Currently, there is a low level of awareness about the need and benefits of gender inclusive finance among Fiji's financial institutions and it is important to increase knowledge and understanding to ensure meaningful, positive changes. This is true particularly in relation to the business sector, as almost no licensed financial institution collects, tracks, and analyzes gender-disaggregated data and there is an overall dearth of market data.

We recommend the following key steps:

- a. **Agree on a workable definition of W-MSMEs.** The first step in building meaningful market data on women-owned businesses is to ensure that financial institutions are utilizing a consistent definition for this segment. The Reserve Bank had provided a definition when mandating disaggregated reporting for financial institutions³². However, most of the licensed institutions covered in this study do not seem to be aware of it or use it.

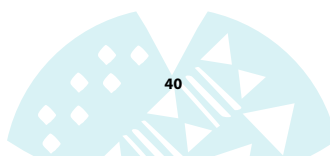
Global experience has shown that requiring majority female ownership is too restrictive and that a more flexible definition is preferable. The definition most widely used internationally - adopted by IFC and members of the Financial Alliance for Women - accounts for both female ownership and leadership and allows businesses with minority female ownership to be considered women-owned, provided that a woman holds a top decision-making position³³. In Fiji, licensed financial institutions are required to disclose all individual shareholders who own at least 30 percent of any registered businesses – directly or indirectly. A 30 percent minimum female ownership is a good option to consider for a definition of women-owned businesses that is pragmatic and realistic for Fiji's financial institutions but also close enough to international definitions to allow for easy comparisons and benchmarking.

- b. **Require financial institutions to collect gender-disaggregated data at firm and portfolio level.** Global research shows that diverse leadership teams tend to have a more diversified portfolio of investees and that there is a robust correlation between gender-balanced teams and stronger operational performance³⁴. Thus, increasing gender diversity at the institution level is important and essentially a pre-requisite to stronger gender diversity at portfolio level. In Fiji's financial sector, women are under-represented in leadership positions, and most financial institutions are well below the minimum threshold

32 A micro, small, or medium enterprise is women-owned enterprise when it has 51.0 percent ownership by one or more women; and where day-to-day and long term control and management of the business is managed or overseen by one or more women as stated in [Minimum Requirements for the Provision of Disaggregated Data](#)

33 "A woman-owned enterprise has either: (a) at least a 51 percent ownership/stake held by a woman/women; or (b) at least a 20 percent ownership/stake held by a woman/ women AND ≥ 1 woman as CEO/COO (President/ Vice-President), as well as ≥ 30 percent of the board of directors being women where a board exists."

34 IFC, in partnership with CDC and support from the Government of Canada, [Private Equity and Value Creation: A Fund Manager's Guide to Gender-smart Investing](#)





of 30 percent for women's representation. It is recommended that RBF request licensed financial institutions to report annual data on gender diversity and inclusion within their institutions and actively encourage greater gender diversity at board, senior, and executive management levels.

At the portfolio level, financial institutions have been reporting disaggregated retail data to RBF for several years. The next step is to add reporting of gender-disaggregated data for their micro, small, and medium-sized business portfolio so that RBF can track access and usage of financial services for the small business sector, particularly women-owned businesses, and can leverage this information to determine appropriate actions to deepen financial inclusions. As very few of Fiji's licensed financial institutions are currently tracking gender data for their business portfolio, this step is likely to require considerable time and effort and RBF may consider providing technical assistance to support financial institutions in this endeavor.

- c. **Conduct demand-side market research to gain a better understanding of specific barriers, financial needs and preferences for women-owned businesses.** There is a dearth of granular data on the specific financial needs and behaviors, and key economic characteristics of women-owned businesses. For this information to be effective in informing RBF and financial institutions on how to close the gender finance gap, it needs to be disaggregated by turnover, years in business, sector, location, and other key characteristics. As per DSS20, it would also be useful to have data on financial inclusion and lending to i-Taukei and Indo-Fijian women. Women-owned businesses are not a homogenous group and it is important to understand the specific gaps and opportunities for each segment to serve them better.
- d. **Share market data and build knowledge and awareness.** RBF is advised to make gender intelligence easily accessible to financial institutions and industry practitioners to build awareness and buy-in. Regular access to data and insights on the women-owned MSMEs sector will help financial service providers increase their understanding of these segments and how to better serve them. It is also likely to encourage and incentivize their data collection efforts as information is turned into valuable intelligence and analytics, which can also be used to benchmark themselves against competitors. In addition to disseminating data and insights online, it is advised to create opportunities for financial service providers to absorb and discuss supply and demand data and how this can be utilized to increase financial inclusion for all, including how to address and remove gender biases in the lending process that were highlighted by the findings of this study.
- e. **Build gender finance expertise at RBF to support financial institutions with their gender finance strategies.** As most of Fiji's financial institutions are new to gender-inclusive finance, they are likely to require dedicated support as they build their own internal capacity in this area. Developing and implementing a gender-inclusive finance strategy is a learning process likely to take time, require collaboration and support, and go through several iterations. As regulator and main driver of the National Inclusion Finance Strategy,



RBF is well positioned to provide this type of support both directly, by building sufficient internal gender finance expertise, and indirectly by negotiating technical assistance packages with international development agencies. This could also be in the form of support to financial institutions on what indicators to track and how to use, analyze, and turn sex-disaggregated data into actionable insights to inform strategy and operations. While this support should be made available to all, in a small country such as Fiji it may be more efficient and practical to give priority and focus on supporting those financial institutions that have already begun a process of tailoring their products and processes for women-owned businesses rather than requesting all providers to develop a gender finance strategy to serve this market in the short to medium-term. One of these institutions – the FDB – is accredited with the Green Climate Fund and active in designing climate finance projects. Hence, additional support to advance its gender finance strategy might also prove effective in advancing Fiji’s climate finance goals. For example, FDB is actively supporting women-owned MSMEs and, as a GCF accredited institution, it has also a mandate to design and execute new climate finance projects in Fiji. Thus, it is recommended supporting the Bank in exploring the design and roll out of innovative financing products that target the small business sector, with a focus on women-owned businesses.

Recommended Gender-disaggregated indicators for reporting by financial institutions

Diversity & Inclusion

- ◆ Share of women within the organization (board of director, executive level, senior management, middle management, overall)

MSME Portfolio

- ◆ Number of business accounts by gender
- ◆ Loan volume and number by gender, sector, purpose, duration, location (urban/ rural)
- ◆ PAR 30/60/90 days by gender

Retail Portfolio *(already being reported to RBF)*

- 2. Improve Policy and Regulatory frameworks, particularly the credit guarantee scheme and e-KYC regulations.** This study has identified the need for a well-functioning credit guarantee scheme to mitigate the hard collateral challenge faced by many women-owned businesses – and MSMEs overall – and unlock much-needed finance to the sector. The current guarantee scheme is underutilized and financial institutions have indicated specific reasons for this. There is an opportunity for RBF to revisit the scheme in consultation with banks and credit institutions and re-structure it into a more efficient program that can effectively support financial institutions in lending to MSMEs. Similarly, it is advised that the Financial Intelligence Unit work closely with financial institutions in fleshing out the details of the new eKYC guidelines to ensure that these are practical and realistic for financial institutions to put in place and roll out. Simplifying know-your-customer processes (KYC), e-KYC, and due customer due diligence requirements for lower-risk customers is important to increase access and usage of financial services, particularly for those that live in remote areas. It is also advised to upgrade the credit bureau and improve





interoperability and interconnectivity of the payments system.

3. Support informal women-owned businesses to formalize and access formal finance.

As indicated above, the cost and burden of registering and complying with regulatory requirements are keeping thousands of women entrepreneurs in the informal sector, unable to fully participate in the economy, access formal finance, formal business contracts, and social security benefits. It is recommended that RBF collaborates with relevant government agencies, such as the Financial Intelligence Unit, the Registrar Office, the Revenue and Customs Service, to: a) streamline regulatory requirements to make them more accessible for smaller businesses, particularly for those in remote areas; b) support women-owned micro and small businesses complete and renew registration through a combination of financial and advisory support to be provided either by a dedicated government unit (for example, through MSME Fiji) or through partner organizations with a track record of working with women-owned informal businesses and a wide network in rural and remote areas, such as SPBD and Women Fiji Fund. One of the biggest challenges is securing financial advisors that can produce unaudited financial statements for such small businesses at an affordable price and it advised to also engage Business Assistance Fiji (BAF) to address this issue.

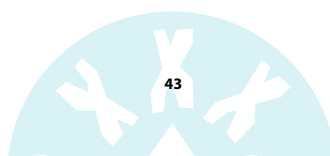
RECOMMENDATIONS FOR FINANCIAL INSTITUTIONS

4. Integrate a Gender Strategy within their business model.

In line with recommendation 1.e above, we recommend assisting financial institutions integrate gender elements across their business model through a two-pillar approach that consists in designing and executing: 1) a gender finance strategy to improve FI's understanding of the financial needs of women and women-owned businesses and their ability to serve them better through tailored products and services; and 2) a gender diversity and inclusion strategy to support equal access to opportunities for all within the organization and embed the principles of balanced leadership and management within the structure of the organization.

A Gender Finance Strategy reflects the Bank's commitment, motivation, and goals in targeting women customers. It provides direction and guides the institution in applying a gender lens throughout its operations, identifying the optimal target segments that fit with their business model and value proposition, and improving its products and services to better serve these customer segments. Essential components will be improving the collection and integration of gender-disaggregated customer data and analytics to guide products and business development, and enhancing credit products and processes – from sourcing to portfolio management to staff training - to reflect specific needs and preferences of targeted customer segments.

It is advised that FIs strengthen their internal gender diversity and inclusion with the goal of transitioning to a more balanced leadership and gender representation across the institution in the medium-term. As indicated above (recommendation 1.b), FIs should aim at achieving at least 30% female representation within the senior and executive team and at the Board level.





5. **Build capacity on analyzing and using gender-disaggregated data.** It is anticipated that all licensed financial institutions will be required to report sex-disaggregated data on their business portfolio. This is a first, essential step for FIs to be able to design their gender finance strategy and tailor their products and outreach programs based on specific customers' needs and preferences. To make meaningful use of data collected, it is important that financial institutions know how to analyze it to generate valuable insights on product and service usage patterns and preferences and customer behavior. Together with reliable demand-side information, this will help financial institutions have a better understanding of the market opportunity and can be effectively used to inform their product development and business development efforts. It is advised that financial institutions consider partnering with research and data analytics firms for support and guidance on how to build their gender intelligence database.
6. **Design better loan products that recognize and incorporate the needs of women borrowers and MSMEs.** It is important that the security requirements of loan products for MSMEs better reflect the underlying risk profile of the product and customers. International research – and the example of FDB in Fiji – show that women-owned MSMEs consistently have lower non-performing loans than men-owned MSMEs. By matching loan underwriting standards with the risk profile of the product and target customer group, financial institutions can better manage their risk while meeting the needs of women borrowers and MSMEs. This can lead to a more inclusive financial system that better serves all members of society. It is advised that credit assessment processes for micro and small loans are simplified, and all loan officers are trained and comfortable using them. Streamlined loan application processes and clearer loan application requirements reduce the burden on both MSME borrowers and bank staff. This means more complete loan applications, reduced preparation time and quicker loan assessment times leading to more efficient use of Bank resources, loan book growth and satisfied customers.
7. **Improve access to information and financial skills building programs to be more effective in supporting access to lending.** Access to information remains an obstacle in expanding women's access to banking services. DSS20 showed that respondents felt that formal products and services are complicated and preferred to use cash instead. There is more that financial institutions could do to simplify the information provided, avoid overly complex technical jargon, and provide the information in iTaukei and Fiji Hindi, in addition to English. Information could be presented in much simpler and clearer ways to make it more accessible to those with little familiarity with formal financial institutions. For example, having a simpler tool that allows customer to quickly compare features among different bank accounts and choose the one most suitable to them; having all necessary requirements listed in one place instead of redirecting customers to several pages; and providing the information in visual or video format (particularly for non-English content).

Most of Fiji's financial institutions invest in financial education programs for their customers and have done so for many years. However, when it comes to micro, small, and medium enterprises, this has not resulted in increased access to formal financial services, and it is not clear how participants are being impacted. It is advised that RBF, in collaboration with the Financial Literacy





working group, encourage and/or support its members to design more practical training programs for MSMEs focusing on addressing specific challenges and needs. For example, for those businesses that are planning to apply for loans, it would be useful to focus on addressing some of the common issues for rejection as reported by financial institutions, such as the lack of a verifiable financial track record, solid financial statements, and a reasonable business plan. With an increased push towards digital financial services in Fiji, it would be useful to train suitable MSMEs on the use of book-keeping apps to produce financial statements acceptable to financial institutions and user-friendly templates and guidelines to build satisfactory business plans.

8. **Provide gender sensitive staff training.** Gender diversity and inclusion training can build staff's gender awareness increasing staff awareness on the benefits and business case for diversity and inclusion. This is also a chance to reflect on internal gaps and opportunities to ensure that FIs offers a supportive environment for all, and to sensitize staff on the specific needs and challenges of women clients to be able to serve them better.

Training is also needed for customer facing staff and loan officers both on credit analysis and on customer relationship and sales so that they will be more comfortable identifying and serving clients' needs. This should include how to identify and address gender biases and how to provide gender-sensitive customer service, develop marketing strategies that are sensitive to gender issues which would include using language and images that are inclusive of women and other marginalized groups. Training will allow FI staff to acquire technical and soft skills and are in a better position to perform their roles effectively. Better trained and engaged employees can better serve and support customers including women and MSME borrowers.

1 Considerable differences in the share and value of loans to W-MSMEs as a percentage of their total MSME portfolio exist between the two credit institutions that provided data. However, in both cases the value of loans to W-MSMEs is lower than the number of loans to W-MSMEs out of total MSME portfolio.

