

Why focus on Financial Inclusion?

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Key Points

- Reserve Bank of Fiji, together with a number of industry stakeholders, has made significant progress in the area of financial inclusion over the last few years.
- An inclusive financial system not only allows for the unbanked and the underserved to gain access to basic banking services, but it also improves overall financial accessibility.
- Basic money management skills now taught in Fiji school curriculums, allows students to better understand the importance of saving and investing for future.
- As commercial banks and mobile network operators come together to expand their range of services to provide for more mobile-enabled financial services, the Government and the relevant industry regulators will be weary of the increased risks and challenges this expansion will bring.

Financial Inclusion in Fiji

Financial inclusion has become a key ingredient to Fiji's national development plans and is seen as an effective way to alleviate poverty and improve quality of living. An inclusive financial system not only allows for the unbanked and the underserved to gain access to basic banking services, but it also improves overall financial accessibility such as the ability to save, obtain an insurance cover or access a small loan.

For many, saving and investing for the future can be a far-fetched notion as they tend to take short-term outlook on money matters and "live in the moment". Hence it has been challenging to instil the culture of savings and securing a financial future where individuals have the ability to do so.

Reserve Bank of Fiji (**RBF**), together with a number of industry stakeholders, has made significant progress in the area of financial inclusion over the last few years with key focus areas being financial literacy, products and services, data and inclusive insurance. RBF even co-hosted the 2016 Alliance of Financial Inclusion (AFI) Global Policy Forum which is an annual event organised to get members, partners and stakeholders from across the globe together to enhance development in national policies and strategies relating to financial inclusion. It was the very first such gathering to be held in the South Pacific. This has indeed set the stage for Fiji to take a lead role in the region when it comes to developing a strong national framework to further enhance financial inclusion.

With integration of basic money management skills into school curriculums, students in Fiji are able to better understand the importance of saving and investing for future. RBF has also increased awareness in this area amongst students by holding a range of competitions, such as oratory contests on financial literacy topics, through its program "Be Money Wi\$e". Other successful campaigns such as the Green Ribbon Campaign and the Yellow Ribbon Campaign have targeted various socio-economic groups and different layers of the communities to improve the understanding of the financial sector and access to banking services. "Vuli the Vonu" (vuli meaning education and vonu which is turtle in the Fijian language), is a green turtle that has been an effective mascot for financial education over the years.

What's next?

In making financial services more accessible and affordable, Fiji and other members of AFI have committed to the seven main pillars of strength that the last Global Policy Forum highlighted. The Fiji Government has revealed its target for 2020 to include increasing access to financial services to 85% of all adults and for women to account for 50% of that. Along with the commitment to women's financial inclusion, the five year strategy going forward will also focus heavily on the SME development.

With a strong banking and financial sector to work with, Fiji stands a good chance of fulfilling these commitments in the coming years. Also, by capitalising on technology and through close partnership with sectors such as telecommunication, greater access to financial services nationwide can be achieved through improved networks and expanding services to remote areas.

As commercial banks and mobile network operators come together to expand their range of services to provide for more mobile-enabled financial services, the Government and the relevant industry regulators will be weary of the increased risks and challenges this expansion will bring. With mobile money accounts and transactions executed via mobile phones continue to increase rapidly, it is vital to have proper education regarding the use of financial technology and the corresponding risks and processes involved. For regulators, it is important to ensure that there are sufficient levels of protection for customers, including proper forms of recourse, as this market expands.

Other areas that need to be carefully monitored are shadow banking and regulation around use and privacy of data that help analyse trends and patterns that could be used for advancement of financial inclusion.

Similar to its regional counterparts, Fiji faces geographical challenges such as remote areas, extreme environmental conditions, SME sector facing growth hurdles and a gender gap in the financial system where women are not able to access quality and affordable financial services. Hence the progress of financial inclusion in Fiji and the Pacific will play a fundamental role in development of these nations.

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