Panel 3: Show me the Data – Fresh Insights on Financial Inclusion in the Pacific

Session Synopsis
While Pacific Island countries are not widely represented in global datasets, there are plans to include the larger countries progressively in the future. In the meantime, several central banks and development partners are compiling comprehensive data sets on financial inclusion, bringing new information to the forefront of stakeholder discussions. These data are providing insights regarding the overall financial inclusion landscape and are a particularly important resource for stakeholders implementing specific market interventions or programs aimed at increasing access to formal financial services.

**Demand Side Surveys (DSS) of the Pacific**

To date, demand side surveys have been conducted in three PICs to understand the needs of the citizens, to explore barriers to access and to establish a baseline. They are nationally representative and conducted by central banks and/or bureaus of statistics, and captured information on the level of knowledge of various financial products within a particular population group, and which parts of the population are currently lacking access to formal financial products or services.

Fiji has the highest percentage (60%) of formally banked citizens, followed by Samoa (39%) and Solomon Islands (26%). The results indicate lack access to formal financial services is due to a lack of identification or necessary documents to open a bank account, time and cost of travelling to a bank branch, not knowing where to go, lack of money and trust issues with banks. The demand side surveys have also established that there is some variation in financial behavior between genders, it is more significant in Solomon Island and Samoa than Fiji. In terms of mobile money, the surveys found that generally mobile banking and wallets represent less than 10% of accounts; the main reasons being lack of awareness and trust in mobile wallets.
The surveys also revealed some surprising results, including a lower use of credit and ATM’s than expected.

Future research interests are likely to focus on products and services, digital finance, and level and impact of financial literacy.

**Solomon Islands**

In the Solomon Islands the total banked population is around 57%; of this, about 27% of accounts are held by women. 60% of the adult population hold a mobile bank account, with 34% held by women.

The Solomon Islands are using these data to monitor progress on financial inclusion in the country, the development of prudential guidelines, informing the national strategy for financial inclusion, comparing results against targets set in the strategy, and to identify areas of success and gaps in financial inclusion. Gender issues are important in the Solomon Islands, with the results of the survey helping to inform new initiatives is both policy and industry practice.

Data for the Solomon Islands is used to compare country activity and issues with that occurring elsewhere in the Pacific. Data can also be an important tool for policy and regulation as it can be used to influence regulators to change policy to better meet certain objectives, as well as be used to identify areas of success and gaps in financial inclusion. A key challenge in using the data is that it is often collected in several different languages depending on the region, and converting data into a single language can potentially compromise its overall quality.

**The Fiji Experience**

Fiji has established a National Financial Inclusive Taskforce which conducted a financial competency survey in 2011 as well as a demand side survey in 2014. The Reserve Bank of Fiji also collects supply side data which has been used to map access points such as branches, agents and mobile network operators, together with the bureau of statistics. Data from the 2011 financial competency survey was used to inform the design of Fiji’s national strategy for financial literacy. A high level of correlation was found between 2011 financial competency survey and the demand side survey.

Fiji’s National Financial Inclusion Taskforce along with the Reserve Bank of Fiji have been able to use the results of the demand side survey to measure how effective Fiji’s financial inclusion strategies have been. These results have also been instrumental to identifying key barriers for
financial inclusion and locating specific areas where people are still financially excluded. Using this information development programs are now being designed to address these issues and new methods being explored by which financial inclusion programs can be linked with other government and development programs to increase impact.

**Insights from beyond the Pacific**

In just one year, India’s banks managed to open 180 million new accounts. Rather than increase the number of staff or bank branches this was accomplished through the use of innovative technology and planning. A lead bank was created in every region which undertook the responsibility of collecting data and handing it to a central administrator. Initially banks did not want to share their data, as it was considered un-strategic to openly share it with their competitors. But through various methods of encouragement from the Government, including educating banks of the strategic advantages of sharing data, they have now become much more cooperative and willing to share their data. Work is now underway to encourage other key financial inclusion stakeholders such as post offices to share their data as well. As more stakeholders become comfortable with sharing their data it will result in benefits for the entire sector and make a significant contribution to financial inclusion efforts.

The importance of reliable data is evidenced by its use around the world in influencing better decisions, including moderating interest rates charged by financial services providers (India), tax thresholds (Philippines), and greater access to formal financial institutions (South Africa).

Where data from the Pacific can be compared with data from other counties, analysis may result in uncovering potentially useful solutions or common challenges experienced by others.

**Key Points:**

- Financial institutions can make use of the information gathered in demand side surveys to better understand their clients and make informed decisions on how to best support customers or provide financial access to new markets. Recent surveys have provided important information highlighting the main reasons people in the Pacific remain excluded from the formal financial sector.

- The Solomon Islands provides a useful example of how data can be collected and used to inform financial inclusion strategy and policies. While comparing this data with other regions can often prove difficult, it is still important to recognize the benefits of utilizing quality data as a tool for progressing financial inclusion.

- Lessons on data collection and usage from Fiji and India have highlighted the impact that data collection can have on financial inclusion. These case studies have highlighted the importance of stakeholder cooperation, including identification of stakeholders, developing plans, using technology, and sharing data to raise awareness and influence decision makers.
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