

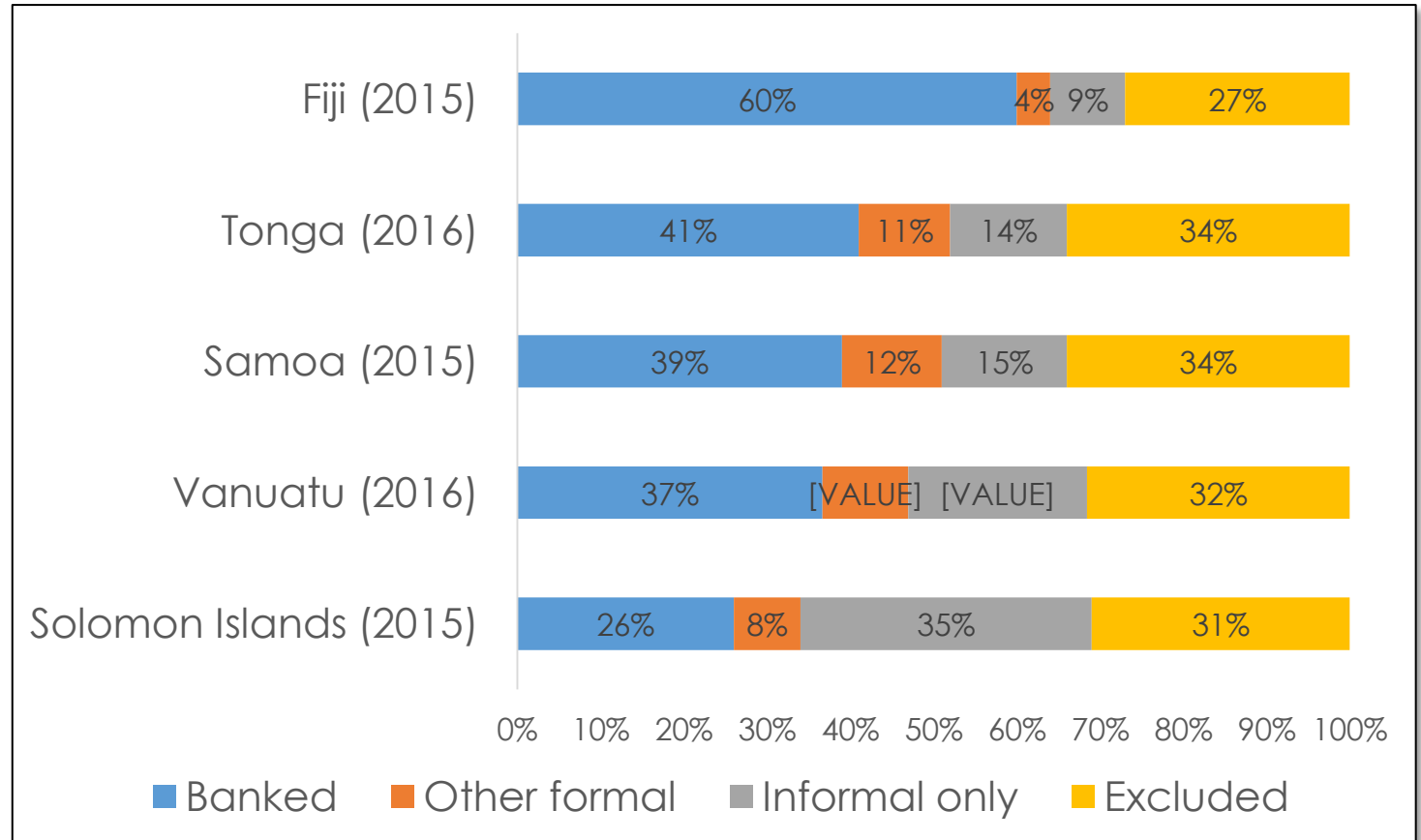


Achieving the Sustainable Development Goals: The Role of Financial Inclusion

Praneel Pritesh
Financial Inclusion Specialist (Fiji)

Financial Inclusion in the Pacific

- The South Pacific is one of the most unbanked regions, due to relatively small populations & dispersed geography, lack of infrastructure and safety - make costs of reaching remote areas prohibitive.
- Recent research in 5 PICs shows 1/3 of adults are still excluded from the formal & informal financial sector.





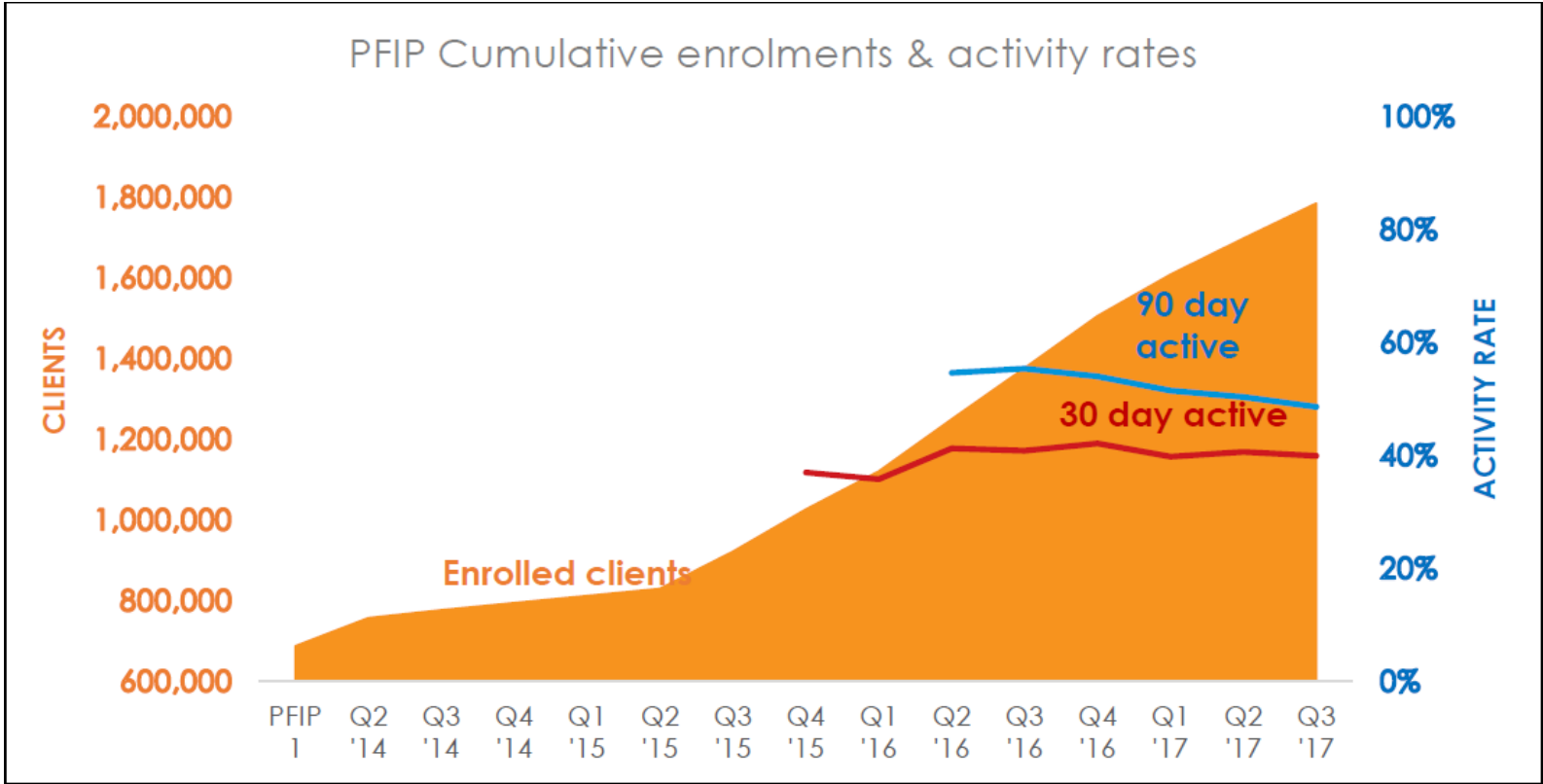
PFIP is a Pacific-wide programme helping low-income households gain access to financial services and financial education

- Phase 1 (2008 - 2014) – 500,000 clients
- Phase 2 (2015 - 2019) – 1 million clients
- Jointly administered by UNCDF & UNDP
- Operates in Fiji, PNG, Solomon Islands, Tonga, Samoa & Vanuatu
- Funded by the Australian & NZ Governments & the EU
- *Phase 2: 3 workstreams – V2.0*

WHERE PFIP WORKS



Results Dashboard



1,784, 896
New Clients



48%
Women

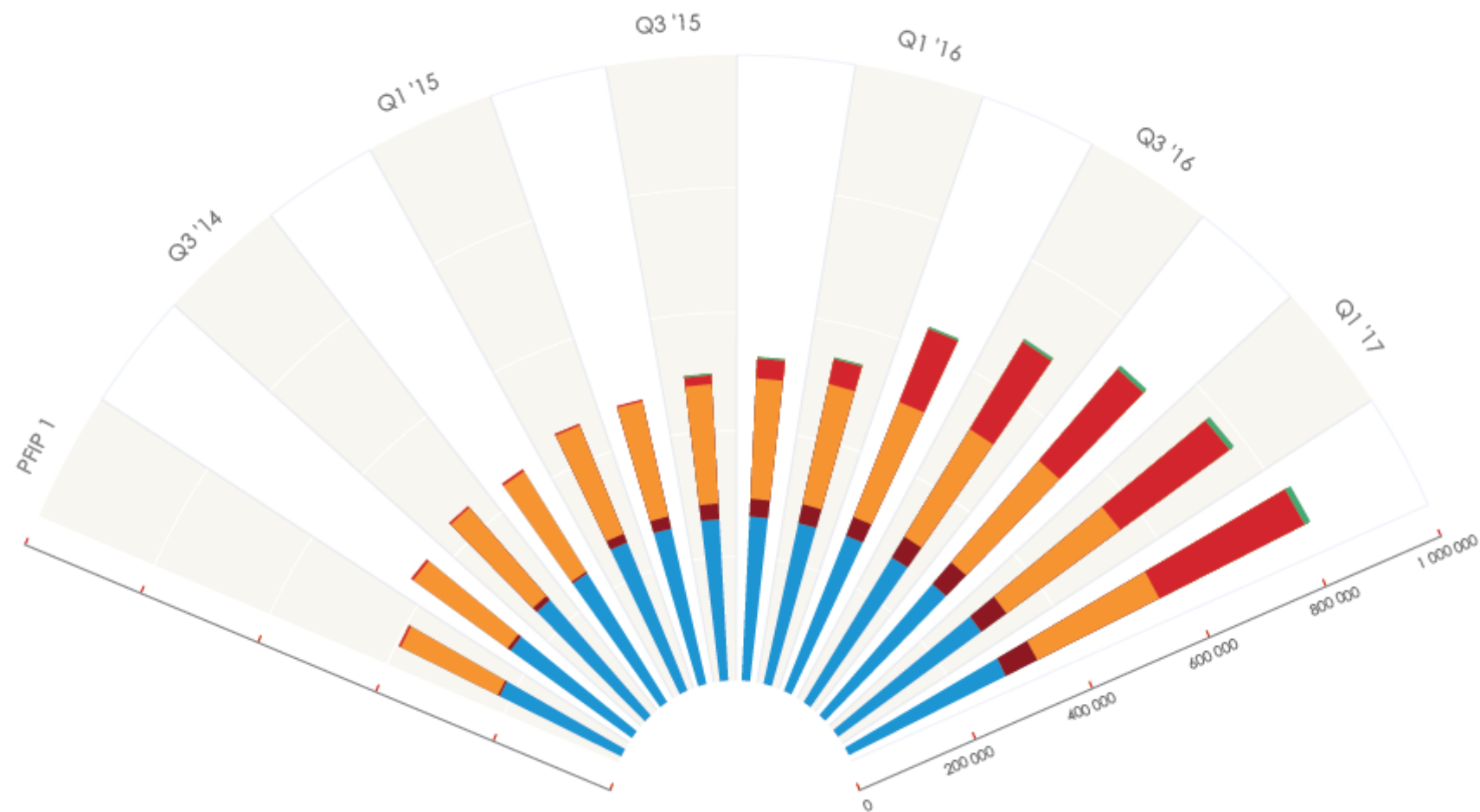


50% of current clients active in 90 days





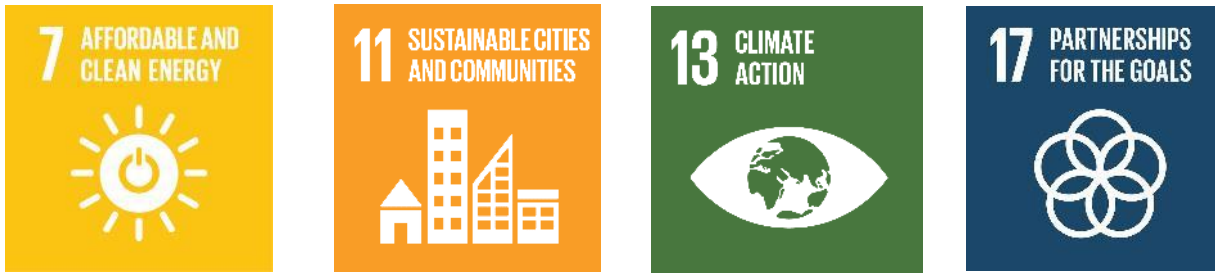
Women clients by product



PFIP and the SDGs



UNSGSA's decision that financial inclusion be recognized and embedded it in the agreement, not as an end goal itself but as a **powerful enabler of development progress** – included in the wording of 7 goals



PFIPs workstreams also interact with 4 other goals



No Poverty—SDG 1

Services such as savings allow families to better absorb financial shocks, smooth consumption, accumulate assets, and invest in human capital such as health and education. This helps people climb out of poverty and can lead to higher growth. Digital financial payments allow people to receive money during times of crisis and have improved the delivery of government anti-poverty programs.



Zero Hunger—SDG 2

About 795 million people globally are undernourished, with most living in rural areas neglected by the financial system. Farmers who have access to financial services, including savings, credit, and insurance, often produce more bountiful harvests and can build resilience against external shocks such as bad harvests, leading to progress on SDG 2. Digital financial products that do not require travel to a bank branch benefit farmers who live in areas that are poorly served by traditional banks.



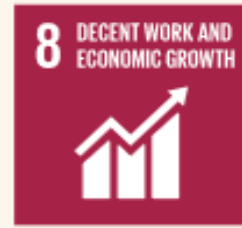
Good Health and Well-being—SDG 3

Financial inclusion improves health by giving people the ability to manage medical expenses and rebound from health crises. Payments on health care in developing countries are a main reason why people remain in poverty. Financial services like medical insurance can mitigate the risks of health emergencies. Women especially have a high demand for health insurance products to deal with pregnancy and child birth.



Gender Equality—SDG 5

Financial services help women assert their own economic power, and the financial inclusion of women can create gender equality by giving them greater control over their finances. Increasing the share of household income controlled by women changes spending in ways that benefit women. It also supports many development objectives beyond SDG 5 since female-controlled finances are more likely spent on necessities such as food, water, school fees, and health care.



Decent Work and Economic Growth—SDG 8

When poor people are excluded from the formal financial system, the foundations of shared economic growth are weak. Access to financial institutions and products allows people to gain higher returns on capital. This leads to increases in their income and affects economic growth. Effective financial systems can mobilize savings to finance productive ventures and improve the probability of successful innovations. The reverse also is true: Financial exclusion can deepen income inequality, slow economic growth, and create poverty traps.



Industry, Innovation and Infrastructure—SDG 9

Access to financial services, particularly credit, is likely to allow more businesses to be started and allow existing firms to expand by enabling greater investment. An increase in the number of medium and small enterprises allows economies to create jobs. While credit has limited or no impact on client welfare, the evidence that credit enhances business start-ups and expansion is more robust.



Reduced Inequalities—SDG 10—and Peace, Justice, and Strong Institutions—SDG 16

Wide swaths of the developing world are wracked by instability. In developed and developing countries alike inequality is rampant, generates instability and slows economic growth. Often the poorest half of the population controls less than 10 percent of overall wealth. By providing a foundation for equitable growth and improving the lives of the poor, financial inclusion helps reduce inequality (SDG 10) and promote peace (SDG 16). Financial services also help people get assistance when crisis ensues.

Prioritizing financial services does not take away resources from other key priorities set through the SDGs - financial inclusion helps create the conditions that ultimately bring many of the SDGs within reach.



Innovation for Financial Inclusion

7 YEARS

14 MARKETS

24 M
SUBSCRIBERS

3,500 FIELD
AND CALL
CENTRE
AGENTS

LATIN AMERICA

- Honduras
- Paraguay
- Haiti

AFRICA

- Ghana
- Tanzania
- Senegal

ASIA

- Bangladesh
- Sri Lanka
- Indonesia
- Philippines
- Cambodia
- Papua New Guinea
- Pakistan
- Fiji

UPCOMING MARKETS

- El Salvador
- Egypt

UNDER EXPLORATION

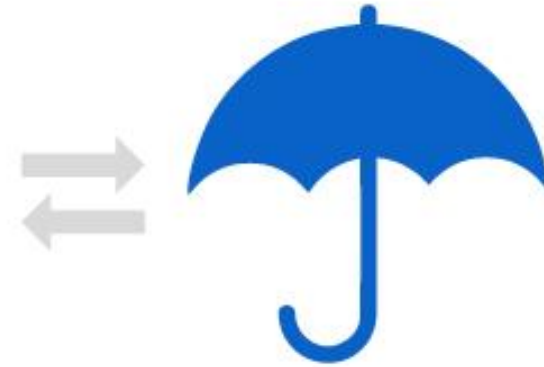
- Kenya
- Ivory Coast
- Cameroon
- Mali



MOBILE OPERATOR



BIMA



INSURANCE PROVIDER

PRODUCT DEVELOPMENT

Bespoke product design driven by operator KPIs

Simple, affordable, high value products

DISTRIBUTION

Fully managed agent sales force

High quality registration & consumer education

TECHNOLOGY

Proprietary Mobile Insurance Platform for a fully automated process

Plug & play solution with 24/7 technical support

CLAIMS

Dedicated claims teams & customer service hotline

Fair, transparent processing & fast payment

Why brick and mortar model doesn't work? Geography challenges, insurance awareness & penetration, premium collection, validation/verification of clients.



Key stats:

Grant: PNG - US \$503, 236, Pacific Hub - US \$500,641

Target:

PNG - 76,542 active rural policies, 138,019 active women with policies

Pacific Hub - 91,420 previous uninsured clients

Current reach:

PNG - **172,879** unique clients and 448,146 policies (life/health)

Fiji - **28,873** unique clients and 57, 193 policies (health/life)



Milestones:

- In PNG, BIMA surpassed all its targets in less a year
- First Mobile Microinsurance product introduced to the Pacific
- Done away with tradition insurance hassles – paperwork, identification and uses community referees to help process claims
- Won multiple awards including MasterCard Foundation has awarded its global “Clients at the Centre” prize and the Wall Street Journal and Met Life Financial Inclusion Award.
- Insurance awareness: risk protection, emotional ease.



Project:

Piloting pension products targeted at self employed Solomon Islanders without pension schemes.

Key stats:

Partner: Solomon Islands National Provident Fund

Date: September 2015 – June 2018

Grant: US \$176,820

Target: 200-500 clients

Current reach: 1000+

Milestones:

- Surpassed initial testing target due to high demand for the product
- One customer banked SBD \$50,000 on her second savings
- Average deposit SBD \$181 (AUD\$30) & member balance SBD \$462 (AUD\$80)
- SBD \$420,000 banked since May
- Majority of customers are women – 57%
- Most active member has saved 48 times, majority around 15 times
- SINPF Board given go ahead to scale, national stakeholder meet on 30th Nov
- New bill pay option added on ANZ goMoney- fee free
- Developing an agent network





Project:

Design and test financial services and delivery models to increase the user base and transaction activity on the Vodafone M-PAiSA

Key stats:

Country: Fiji / Partner: Vodafone Fiji

Date: April 01, 2017 – September 30, 2018

PFIP Grant: US \$529,800 + TA US \$200,000

PFIP Direct Contract: US \$176,000

Target: 60,000 new active customers

Current reach: N/A

Milestones:

- Assisted Fiji Government & Vodafone with e-Transport roll out – compulsory nationwide as of 1st October, 2017
- Top up of e-transport card using M-PAiSA now being tested and roll out from January, 2018
- Testing customer experience that will drive adoption may require adjustments to several client “touch points” – in any part of the business.
- Launching new bill pay option – FNPF Voluntary pension Contributions
- **Digital literacy**



Project:

Expansion of ANZ's goMoney™ network into rural areas of the Solomon Islands, with a focus on agricultural value chains.

Key stats:

Country: Solomon Islands / Partner: ANZ

Date: Sept 2016 – June 2019

Grant: USD \$175,000 plus TA worth over USD \$200,000

Target: 24,000 new or newly activated customers

Current reach: **17,521**



Milestones:

- Visiting a bank used to cost rural Solomon Islanders 1 days pay and would take them on average 8 hours to travel to the nearest bank – teachers attendance at school affected by them traveling to collect pay
- Developing agent network operations - excellent progress with 141 agents now
- First digital transactions for coconut value chain in Malaita – September 2017
- New billing channel for school fees and voluntary superannuation – incremental payments allowed





Project:

Test, validate and prototype insurance products that will help reduce the impacts and losses that stem from weather and climate change related events.

Key stats:

Country: Regional across Pacific

Partner: Disaster Resilience for the Pacific (RESPAC) (UNDP - Russian Programme) / FijiCare Insurance Limited

Date: October, 2017 – October, 2019

Grant given to PFIP: 2017:US \$100,000 / 2018: US \$250,000 / 2019: US \$240,000

Target: N/A

Current reach: Fiji Care - 12,500



Milestones:

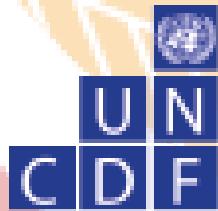
- Survey started with Fiji dairy farmers – need and demand for cattle insurance; insurance awareness and benefits
- Sugarcane farmers signed up for bundled insurance – July (3 years insurance covered by the Fiji Sugarcane Growers Fund)
- \$108,000 already paid out in claims (28 claims in 4 months including death, funeral and household fire)
- Likely funeral insurance cover in Samoa





PFIP

**Pacific Financial
Inclusion Programme**



**Australian
Aid**



www.pfip.org