



INDEPENDENT STATE OF SAMOA

# NATIONAL FINANCIAL INCLUSION STRATEGY 2022/2023 - 2025/2026





# Foreword

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The financial inclusion policy agenda worldwide continues to grow in importance and impact affirming its prominence as a key empowerment tool for people and economies. It is this clear recognition for what it can do for Samoa’s people and economy, and in the pursuit of furthering our mission of “*fostering a sound and vibrant financial system for Samoa’s economic development*” that the Central Bank of Samoa championed this policy agenda.

The National Financial Inclusion Strategy 2022/2023 – 2025/2026 (NFIS 2) succeeds the first national strategy for the period 2017-2020. The journey to arriving at and finalising a second national financial inclusion strategy began mid-way through the first national strategy having taken stock of progress and weaknesses at that mid-point in the life of the first strategy. An end of term evaluation was also conducted, and a consultation process across government, and the private sector was undertaken to gather significant stakeholder reflections.

The NFIS 2 in many respects aligns well with the Government of Samoa’s priorities clearly articulated in the Pathway for the Development of Samoa 2021/2022-2025/26 as well as the Finance Sector Plan 2022/2023-2026/2027. The Strategy provides a definition for financial inclusion and sets a vision for achieving financial inclusion for Samoa. It identifies a set of strategic pillars and enablers that will help accelerate financial inclusion in the country. The NFIS 2 proposes a set of Key Focus Areas under each strategic pillar while also prescribing the roles of concerned stakeholders. The strategy includes a comprehensive and sequenced roadmap with key outputs, a coordination structure, and a monitoring and evaluation system.

One of the greatest achievements coming out of the first strategy was the recognition and belief from various stakeholders of the positive impacts of the financial inclusion policy agenda. This ownership is critical to ensure the pool of financial inclusion ambassadors increases, for the necessary collaboration and partnerships that will be needed to further our reach for the positive outcomes that financial inclusion can bring about.

It is this spirit of collaboration and partnership that I would like to emphasize as we continue to journey together to advance financial inclusion for Samoa. Together we achieved a lot in the first strategy but there is still a lot more that needs to be done. I am greatly encouraged this strong spirit of collaboration and partnership together with the strong support of our development partners will endure again in NFIS 2, and ultimately produce the desired outcomes of a prosperous Samoa and its people.

**Maiava Atalina Ainuu-Enari**  
Governor  
Central Bank of Samoa  
Chairperson – National Financial Inclusion Council

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# Abbreviations & Acronyms

ADB	Asian Development Bank
AFI	Alliance for Financial Inclusion
ANZ	The Australia and New Zealand Banking Group Limited
ATM	Automated Teller Machine
AUA	Apia Urban Area
BAS	Business Advisory Services
BDS	Business Development Services
BSP	Bank South Pacific
CBS	Central Bank of Samoa
COVID-19	Corona Virus Disease 2019
DBS	Development Bank of Samoa
DFS	Digital Financial Services
DSS	Demand Side Survey
DTA	Digital Transformation Authority
EFTPOS	Electronic Funds Transfer at Point of Sale
FGD	Focus Group Discussion
FL	Financial Literacy
FSDD	Financial System Development Department
FSP	Financial Service Provider
G20	Group of Twenty
G2P	Government to People
GDP	Gross Domestic Product
ID	Identity Document
IMF	International Monetary Fund
KYC	Know Your Customer
M&E	Monitoring & Evaluation
MCIL	Ministry of Commerce, Industry and Labour
MCIT	Ministry of Communications and Information Technology
MESC	Ministry of Education, Sports and Culture
MFI	Microfinance Institution
MPG	Money Pacific Goals
MSME	Micro, Small and Medium Enterprise
MTO	Money Transfer Operator
MWCSD	Ministry of Women Community and Social Development
NBFI	Non-Bank Financial Institution
NBS	National Bank of Samoa
NFIC	National Financial Inclusion Council
NFIS	National Financial Inclusion Strategy

NFIT	National Financial Inclusion Task force
NGO	Non-Governmental Organization
NPI	National Pacific Insurance
NPS	National Payment System
NWU	North West Upolu
PFIP	Pacific Financial Inclusion Programme
PIRI	Pacific Islands Regional Initiative
ROU	Rest of Upolu
SAV	Savai'i
SBH	Samoa Business Hub
SBS	Samoa Bureau of Statistics
SCB	Samoa Commercial Bank Ltd
SDG	Sustainable Development Goal
SDS	Samoa Development Strategy
SHC	Samoa Housing Corporation
SLAC	Samoa Life Assurance Corporation
SNPF	Samoa National Provident Fund
SPBD	South Pacific Business Development
TOR	Terms of Reference
TWG	Technical Working Group
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UTOS	Unit Trust of Samoa
WiBDI	Women in Business Development Inc.

# Executive Summary

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The second National Financial Inclusion Strategy – 2022/2023 – 2025/2026 (NFIS 2) provides reinforcement to the progress made by the Samoan government in enhancing financial inclusion in the country and contributing towards the Sustainable Development Goals.

For the first time, the NFIS 2 lays down the definition of financial inclusion for Samoa. It is also guided by a medium to long-term vision that seeks to improve the quality of life for people in Samoa by providing them universal access to and usage of quality financial products and services.

There is a growing realization about the importance of building inclusive financial systems that in turn lays the foundation for an inclusive economy. Financial inclusion has proven as an important policy tool in building macro-economic and financial sector stability across economies. Even as the world grapples with a major economic crisis - a fallout of the Covid-19 pandemic - governments and policy makers are increasingly using financial inclusion as a tool to revive and re-build their economies.

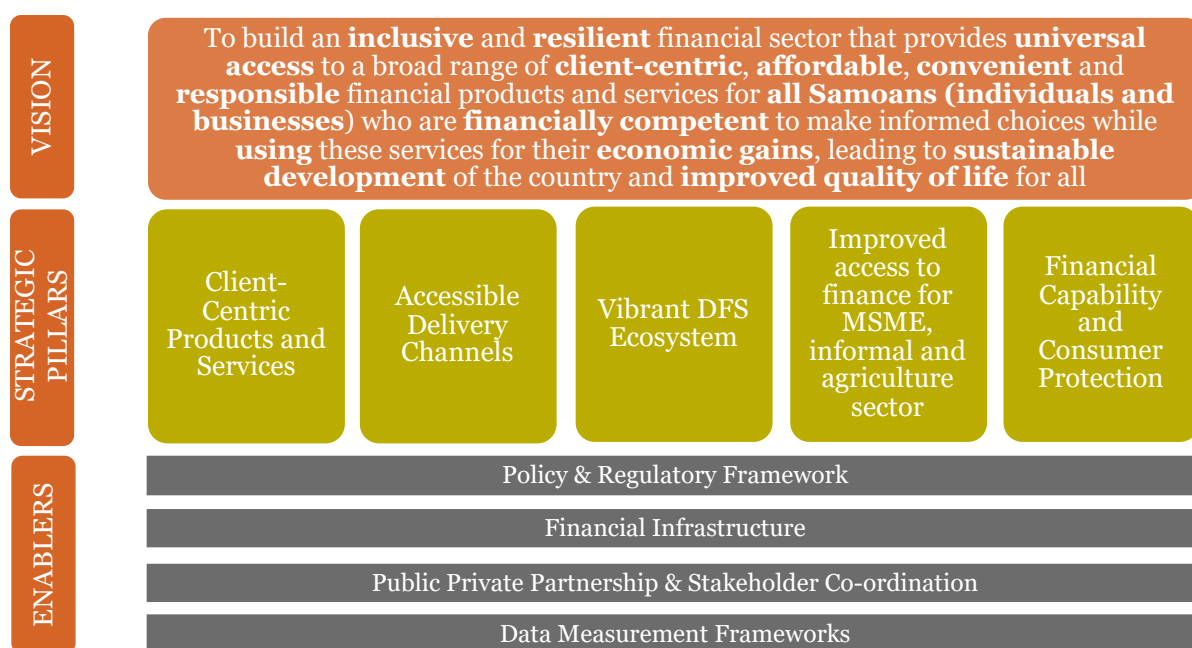
In Samoa, financial inclusion has been an area of focus for the government since 2012. The NFIS 1, implemented during 2017-2020, helped provide greater access to financial services for the people. The strategy played a key role in incentivizing financial service providers to launch digital financial services in the country. Yet, there are gaps in providing universal access to financial services to people. Limited bank branch network across the country and shrinking agency channel has kept the people on other islands devoid of access to basic financial services. Lack of customer-centricity and inappropriate design of products has further disincentivized people from not having a relationship with formal financial institution to meet their financial needs. Most people in Samoa continue to rely on family, friends, and other informal sources to meet their financial needs. Cash is still a pre-dominant medium of payment across the country. With limited value proposition and use cases on digital platforms, clients do not quite use digital finance services even after signing up for it. The result is that the proportion of active mobile money/DFS customers as well as active mobile money agents is quite low. In addition, there still exist disparities in financial inclusion between men and women, and youth and adults. The MSME and informal sector, too, has largely remained outside the purview of formal finance. The coverage of insurance and pension products among low-income segments, women, and for people living in remote, rural areas is limited. In addition, the financial competency level of people continues to remain low. Limited progress has been made in delivering financial education at schools and colleges as well as to adults and businesses.

The NFIS 2 seeks to address these gaps and constraints by identifying five strategic pillars. Each of these strategic pillars have been detailed to include a set of key focus areas. The NFIS also prescribes the activities that would need to be undertaken under each focus area. Together, these activities will help achieve the overarching goal of the strategic pillar. It is envisaged that both the public and private sector will commit itself to the shared goal and will work in collaboration to carry out the activities.

The conceptual framework of NFIS 2 is built on five strategic pillars that will help achieve the vision for financial inclusion in Samoa. The framework also includes a set of cross-cutting issues that will act as ‘enablers’ for successful implementation of activities under strategic pillars. The enablers will contribute towards building a conducive ecosystem in the country through progressive policies, robust financial infrastructure, vibrant public-private sector partnerships and effective data frameworks. It is on the strength of these enablers that Samoa can hope to achieve the vision of inclusive development during this strategy and beyond.

The NFIS provides a defined roadmap, timelines, and targets for each Strategic Pillar. It also includes a Monitoring & Evaluation plan as well as a Governance, Management, and Implementation Structure such that would ensure national ownership and coordination, and will help build accountability.

The NFIS 2 framework is aimed at providing a direction to CBS, ministries, government agencies and private sector institutions in driving the initiatives on the ground. It will enable policy makers and those responsible for implementation of NFIS 2 to create an enabling environment to foster innovation, growth, fair practices, responsible finance, consumer protection and job creation in the economy.





# 1

## Introduction

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The second National Financial Inclusion Strategy 2022/2023 - 2025/2026 (referred as ‘NFIS 2’) builds on the work done under the first National Financial Inclusion Strategy – 2017-2020 (referred as ‘NFIS 1’). It reflects the renewed commitment of the Government of Samoa to enhance financial inclusion in Samoa and contribute towards achieving the Sustainable Development Goals.

The NFIS 2 lays down the definition of financial inclusion in the context of Samoa. It is guided by a medium to long-term vision which seeks to improve the quality of life for people in Samoa by providing them universal access to quality financial products and diverse avenues for using these services.

The NFIS 2 has been developed on the basis of wide-ranging consultations with stakeholders from the public and private sector including policy makers and regulators. It is also based on the diagnostic and assessment of achievements and limitations of NFIS 1, considering the lessons learnt and gaps that still exist. In addition, NFIS 2 draws upon some of the international best practices and industry prescriptions regarding financial inclusion strategies. The recommendations and proposed strategic pillars including action areas have been validated through an industry level workshop organized and moderated by the Central Bank of Samoa (CBS) with support from the Pacific Financial Inclusion Programme (PFIP) in November 2020. The workshop was attended by senior representatives from ministries, public and private sector financial service providers, industry bodies, donors, and development partners.

# 2

## Rationale for the Strategy

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For several years now, development economists, governments, multilateral funding institutions and development agencies have seen financial inclusion as the most powerful tool for poverty alleviation, economic growth, financial sector stability, resilience building, job creation and, above all, inclusive development. The United Nations' Sustainable Development Goals (SDGs) see financial inclusion as a key enabler in helping economies achieve the SDGs.

Building inclusive financial systems is the first step towards building inclusive economies where people from all sections of the society have access to a wide range of financial products and services that help them to meet theirs and their family's life cycle needs. Universal financial inclusion helps reduce vulnerability to economic shocks by enabling people and businesses to manage risks, through consumption smoothing, and by building a pool of resources to mitigate economic shocks and unforeseen situations. Access to a range of appropriate and affordable financial products and services helps facilitate investments in human capital and boosts job creation.

The policy goal of financial inclusion is difficult to achieve through traditional, brick and mortar methods of delivering financial services. The deployment of digital technologies in design and delivery of financial products and services is seen as the most powerful approach for achieving the goal of financial inclusion. Accordingly, digital financial services have come to occupy an important position in financial inclusion initiatives of governments across the world.

A growing body of evidence also shows that financial inclusion helps build macro-economic and financial sector stability. Governments and policy makers are increasingly using financial inclusion as a tool to build resilience in the financial sector and the economy, at large. The importance of financial inclusion as an enabler for inclusive development was being felt even greater during the pandemic. Governments are tried frantically to put money in the hands of low-income segments, micro and small businesses and to other vulnerable segments which were most impacted by the global economic crisis caused due to Covid-19. Financial inclusion is therefore recognized as a significant tool in the hands of governments in their attempt to 'building back better.'

Financial inclusion has been an area of focus for the government and policy makers in Samoa since 2012. The NFIS 1 was launched and implemented during 2017-2020 to ensure that all Samoans benefit from access and use of financial services. Despite certain achievements in enhancing access of financial services in Samoa, the country still has skewed distribution of financial network across its various islands. Certain segments of Samoan society such as the elderly, youth, and women, have remained underserved from a range of quality financial

products and services that suit their needs. In addition, people impacted by natural catastrophes have limited financial options available for them to rebuild their livelihoods. The MSME and informal sector, too, has largely remained outside the purview of formal finance. The potential to leverage digital technologies to drive down transaction costs and expand the reach of the formal financial sector has not yet been fully realized. In addition, the financial competency level of people continues to remain low. Limited progress has been made in delivering financial education at schools and colleges as well as to adults and businesses. The products and services from banks and financial institutions are not designed on the basis of the financial needs of people, resulting in limited uptake. More details of the progress made so far and constraints that still exist in the financial inclusion space is discussed in subsequent section.

The Central Bank of Samoa (CBS), therefore, feels a compelling need for the second National Financial Inclusion Strategy (NFIS 2) to provide continuity to the steps and measures taken during NFIS 1, thereby maintaining the momentum that has been generated in the last few years.

# 3

## Understanding the Samoan Financial Sector

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### State of Economy

The economy of Samoa has traditionally been dependent on sectors like agriculture and fisheries besides tourism. Development aid and family remittances from overseas also contribute significantly to inflows in the economy. Agriculture and fisheries make up 90% of exports, featuring fish, coconut oil, noni products, and taro; and employ about 42% of the population. The manufacturing sector mainly processes agricultural products. It accounts for nearly 22% of GDP and provides employment to about 6% of the work force. The service sector accounts for nearly two-thirds of GDP and employs approximately 50% of the labour force<sup>1</sup>. Tourism is an expanding sector accounting for 25% of GDP. According to the 2017 Labor Force Survey, the labour force participation rate is 43.3% compared to 32.25% in 2012.

Samoa is highly vulnerable to natural disasters, particularly cyclones, which occur mainly between November and April. It is also susceptible to strong earthquakes which generate tsunamis impacting the numerous villages located along the coastlines. In February 2018, the Cyclone Gita passed by Samoa and made landfall as a category 2 cyclone. Widespread damages were reported in Samoa including localized flooding. In September 2009, a tsunami swept over the country's coastal regions, killing 143 people, and destroying infrastructure and devastating the agricultural sector as well as the tourism industry. The extent of loss of life, homes, businesses, infrastructure, livelihoods, and overall economic development is estimated to have costed between 0.1% and up to 30% of GDP resulting in erratic economic growth and periods of stagnation and negative growth.<sup>2</sup>

A large proportion of Samoan population has migrated to other countries particularly New Zealand and Australia, for employment opportunities. Overseas inward remittances are a major foreign exchange earner for the Samoan economy. The remittances inflow during 2021-2022 stood at Samoan Tala 732.43 million as compared to Samoan Tala 606.72 million in 2020-2021, contributing about 34% of GDP.

The Samoan economy had been registering robust growth in GDP for consecutive years until 2015-2016. The period of high growth suffered a slowdown in the fiscal year 2016-17 when the economy registered a meagre growth rate of just 1%. This was followed by a negative growth of 2.2% in 2017-18. Factors such as slowdown in fishing sector - a major revenue earner for the economy - and the catastrophic impact of Cyclone Gita were responsible for this contraction. The economy, however, recovered in 2018-2019 when it registered a growth rate of 3.5%<sup>3</sup>. The recent fiscal year 2019-2020 once again saw a contraction in the economy by

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<sup>1</sup> <https://www.economy.com/samoa/indicators>

<sup>2</sup> [https://sustainabledevelopment.un.org/content/documents/26429Samoa\\_Samos2ndVNR2020reduced.pdf](https://sustainabledevelopment.un.org/content/documents/26429Samoa_Samos2ndVNR2020reduced.pdf)

<sup>3</sup> National Budget Speech 2020-2021

3.9% largely driven first by the measles epidemic and then by a general downturn in some key sectors of the economy such as Commerce, Construction, Business services, Food & Beverage, Accommodation & Restaurants, Fishing and Transport.<sup>4</sup>

The onset of Covid-19 pandemic in March 2020 has also had an impact on the Samoan economy even though the country has, fortunately, remained Covid-free till now. As per the June 2020 quarterly report of the Samoa Bureau of Statistics, the GDP fell 11.6% in June 2020 quarter. This is reported as the largest quarterly decline in the history of National Account (since quarterly measurement began in 1998) and has been attributed to factors such as travel bans, reduced trade, global impacts, and the lockdown. The pandemic has affected every sector of the economy with hospitality, restaurant, transport, postal, warehousing, retailing & wholesaling, and manufacturing activities being the hardest hit. Many sectors of the economy have been operating at levels below normal capacity since the start of the pandemic. Service industries, which make up more than two-thirds of the economy, fell 7.7% in the June 2020 quarter. On the positive side, certain industries registered positive growth in June 2020. These include financial services, personal & other services, electricity and water and ownership of dwellings.

The Government of Samoa has released the economic stimulus package in two phases in response to the effects of COVID-19. Among the various relief measures, the government aims to revitalize the coconut, cocoa, taro, and vegetable industry to accommodate those who have been rendered jobless as well as to ensure food security within the country. It has also provided interest relief of 2% for 3 months on all Business Loans given by commercial banks as well as for clients of SPBD, the only microfinance institution (MFI) in the country. It has also provided credit facility through the Development Bank of Samoa (DBS) for specific sectors most impacted by Covid. As a relief to pensioners, the government provided a one-off \$100 top-up to all pensioners in the month of July as well as raised the monthly pension from \$145 to \$160 thereafter.

## State of Financial Sector

The financial sector in Samoa comprises the following institutions<sup>5</sup>:

1. Four commercial banks
2. Six insurance companies, 3 brokers and 18 insurance agents
3. Four Non-Bank Financial Institutions
4. Foreign Exchange Industry that includes thirteen (13) Money Transfer Operators
5. Two Mobile Money providers
6. One Microfinance institution
7. Thirteen Credit Unions

Table 1: Financial Service Providers in Samoa

Name of the Institution	Ownership	Regulator / Supervisory Authority	Nature of services
<b>Commercial banks</b>			
ANZ Bank	Locally incorporated foreign companies	Central Bank of Samoa	All banking functions including foreign exchange services
Bank South Pacific	Locally incorporated foreign companies	Central Bank of Samoa	

<sup>4</sup> Samoa Bureau of Statistics GDP June 2020 Quarter Report  
<sup>5</sup>Source: Central Bank of Samoa

Name of the Institution	Ownership	Regulator / Supervisory Authority	Nature of services
Samoa Commercial Bank	Locally incorporated	Central Bank of Samoa	
National Bank of Samoa	Locally incorporated	Central Bank of Samoa	
<b>Insurance Companies</b>			
Samoa Life Assurance (SLAC)		Central Bank of Samoa	Life Insurance
Deseret Mutual Benefit		Central Bank of Samoa	Life Insurance
National Pacific Insurance (NPI)		Central Bank of Samoa	General Insurance
Progressive Insurance Company Ltd.		Central Bank of Samoa	General Insurance
Apia Insurance Company Ltd		Central Bank of Samoa	General Insurance
Federal Pacific Insurance Ltd.		Central Bank of Samoa	General Insurance
<b>Non-Bank Financial Institutions</b>			
Samoa National Provident Fund	Locally incorporated	Central Bank of Samoa	Retirement Fund and related services
Samoa Housing Corporation (SHC)	Locally incorporated	Central Bank of Samoa	Mortgage Finance and Housing Loans
Development Bank of Samoa (DBS)	Locally incorporated	Central Bank of Samoa	Development financing for agriculture and MSME sector
Unit Trust of Samoa (UTOS)	Locally incorporated	Central Bank of Samoa	Investment vehicle for local and overseas based Samoans and Samoan businesses
<b>Micro Finance Institution</b>			
SPBD		Registered under the Samoa's Companies Amendment Act 2006	Microfinance
<b>Mobile Money Provider</b>			
Digicel		Central Bank of Samoa	MyCash mobile wallet
Vodafone		Central Bank of Samoa	MTala mobile wallet
<b>Credit Unions</b>			
Credit Unions	Locally incorporated	Ministry of Commerce, Industry and Labour	Deposit accounts, low-interest loans, and other financial services to members
<b>Restricted Foreign Exchange Dealers (also called Money Transfer Operators)</b>			
Money Transfer Operators		Central Bank of Samoa	Remittance services. Also authorized to provide some foreign exchange transactions similar to authorized commercial banks (such as being authorized to make payments between Samoa and the rest of the world),
<b>Money Changer</b>			
Samoa Foreign Exchange		Central Bank of Samoa	Only authorized to buy and sell foreign currency

BSP Bank is the largest bank in the country, holding over 39% of the market share, closely followed ANZ about 25% of the market share as of 31<sup>st</sup> December 2022. The two domestic banks make up the rest of the market. A major competitor to the commercial banks is the government owned Development Bank of Samoa (DBS). Other state-owned financial institutions also play a role in providing financial services.

The Financial Institutions Act 1996 provides the framework for regulating financial institutions such as banks and insurance companies. Despite significant attention given to initiatives like mobile money and digital financial services, there are no regulation or policy guidelines, as yet, for these services. MFIs and credit unions are not subject to any regulation

of the central bank. With regard to the MSME sector, the role and function of the central bank overlaps, to some extent, with that of Ministry of Commerce, Industry and Labour (MCIL).

The National Payment Systems Act was passed in 2014 which mandated the central bank to regulate and supervise the payment systems in the country. The Financial System Development Department (FSDD) of the Central Bank of Samoa is responsible for policy formulation and is currently working towards finalizing the secondary measures and policy guidelines for national payments systems. The bank is in the process of finalising the implementation of a payment system technology solution. The payment systems operations will be managed by the Banking and Currency Department. FSDD is also tasked with the responsibility of managing the credit registry.

Consumer protection for financial services is not regulated by the central bank. Following the launch of NFIS 1 and as consumer protection was one of the strategic pillars of NFIS 1, the central bank had started to prepare a set of guidelines for consumer protection for financial services. However, through an enactment passed by the government, the Ministry of Commerce, Industry and Labor (MCIL) was given the larger mandate of ensuring consumer protection. The Competition and Consumer Act passed in 2016 provided supreme powers to MCIL in the matter of consumer protection. This law also covers financial services, especially, credit and insurance. However, it does not cover payment systems. There is, therefore, an ambiguity on regulating consumer protection issues in payment services.

# 4

## Financial Inclusion in Samoa - Current State and Future Outlook

### State of Financial Inclusion

The Amendment to the Central Bank of Samoa Act 1984 included the financial inclusion policy agenda to the mandate of the Central Bank of Samoa. In 2012, a separate unit, Financial System Development Department (FSDD), was created to manage and implement activities related to financial inclusion and financial literacy. The importance of financial inclusion and financial literacy was further reinforced in the Central Bank of Samoa Act 2015 (that repealed the 1984 Act, where these aspects are specifically listed as a function of the Bank.

Until 2015, there was no credible data on the extent and coverage of financial inclusion in Samoa. As a result, policy makers and regulators found it difficult to formulate policies without meaningful data that could throw light on the problems. The Demand Side Survey (DSS) conducted in the same year provided the first set of data on the level of financial inclusion in the country. It also sought to establish baseline information on access, usage and quality of financial services and products available to the Samoans.

The survey results revealed that about 39% of Samoan adults had a bank account, while 12% used other formal services such as credit unions, microfinance insurance, or finance companies. However, 34% of respondents were excluded from both formal and informal financial services. This translated to about 58,700 adults with no access to formal bank account. Although Samoa compared favourably with Solomon Islands, it stood far behind Fiji.

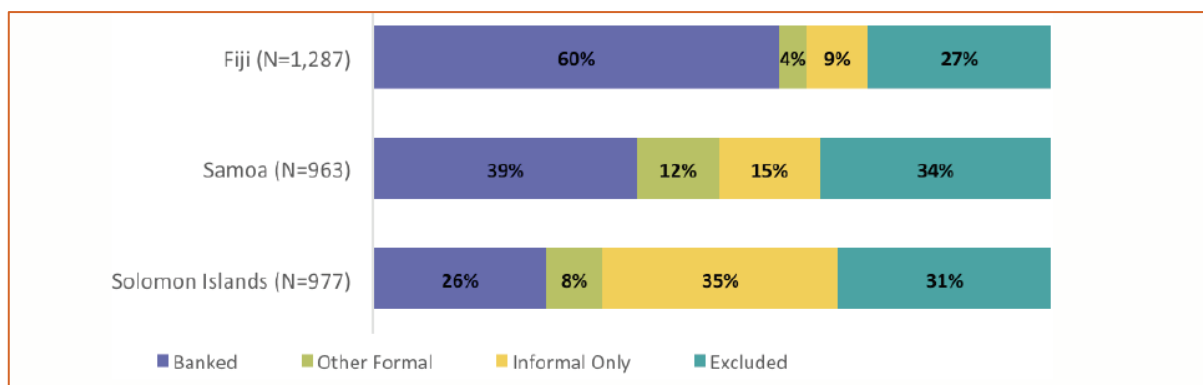


Figure 1: Financial Access Strand in Samoa vis-a-vis other Pacific countries



## Women's financial inclusion

One of the most striking findings of DSS was that women adults in Samoa were more banked than men. This is not only in contrast with the trend seen in other Pacific countries but also across the world, in general. While the gender gap in developing economies continues to hover around 9 percentage points<sup>6</sup>; in Samoa, the level of women's financial inclusion (40%) was found to be 2 percentage points higher than men (38%) (Figure 2). The DSS was of the view that there was no specific reason behind this trend; however, the financial competency of Samoan women was found to be better than that of men.<sup>7</sup> From stakeholder consultations, it is inferred that as women in families are recipients of inward remittances, they are more likely to be banked. It is estimated that a higher percentage of women (48%) receive remittances than do men (39%) in Samoa.<sup>8</sup>

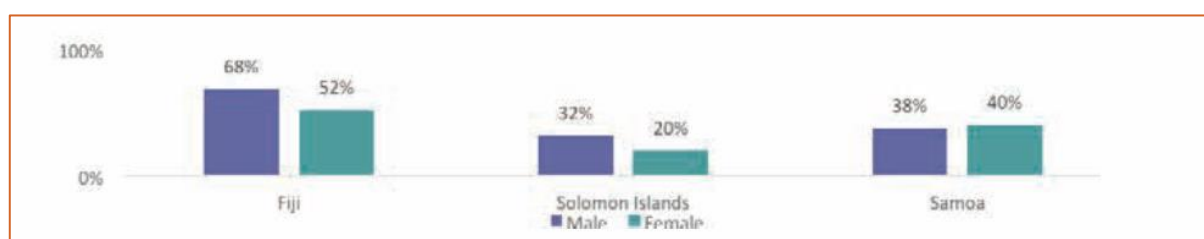


Figure 2: Women's financial inclusion in Samoa vis-a-vis Pacific countries

## Access to deposit accounts

The DSS revealed that Samoa had a higher proportion of deposit accounts for its population. In 2015, Samoa reported 1592 deposit accounts per 1000 adults, well above its peers. The IMF's Financial Access Survey report (2013), too, had showed 1592 deposit accounts per 1000 adults.

A review of the data available with CBS shows that as at June 2022, Samoa continues to have a high proportion of deposit accounts for its population, in line with the trends observed earlier. The number of deposit accounts with commercial banks per 1000 adults stood at 1363 in June 2022.

## Financial Access Points

The DSS highlighted that the brick-and-mortar branches were more accessible in Samoa as compared to other countries. ATM access was, however, lower than that in Fiji. At an absolute level, Samoa had 23 bank branches and 36 ATMs per 100,000 adults as per the DSS.

The following table shows the distribution of access points and percentage change between June 2018 to June 2022.

<sup>6</sup> Global Findex Survey 2017

<sup>7</sup> Financial Competency Survey 2012

<sup>8</sup> Pacific Finance Sector Briefs, Asian Development Bank, October 2019

Table 2: Financial Services Access Points

Financial Services Access Points	June 2018	June 2020	% change
Number of bank branches	24	25	4.17%
Number of ATMs	65	76	16.92%
Number of EFTPOS outlets	548	527	-3.83%
Number of Cash-in and Cash-out Bank Agents	81	42	-48.15%
Number of Mobile Money Agents	5	98	1860%

While the access points of all types have seen moderate to high growth, the ‘Cash-in & Cash-out Bank Agents’ have drastically reduced mainly due to closure of bank agency operations of ANZ Bank. Furthermore, the number of EFTPOS outlets have slightly decreased during the period of June 2018 to June 2022

The DSS observed that there is a skewed distribution of financially included people in Samoa. Those living in Apia and nearby areas are better reached than those living in Savai’i and other islands. As can be seen from the map below (June 2022), the financial access points are still mainly concentrated on the island of Upolu. The Apia Urban Area (AUA)<sup>9</sup> region dominates with 68% of EFTPOS outlets and 63% of ATMs. Furthermore, the Apia Urban Area (AUA) has the highest number of cash-in and cash-out points per 1000 adult. Many parts of Savai’i region continue to be financially excluded as before.

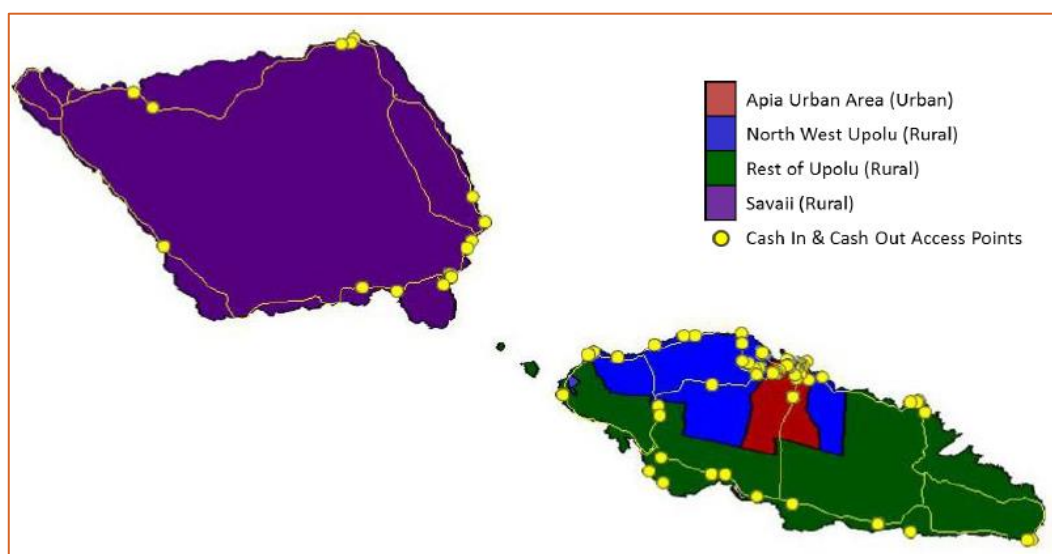


Figure 3: Cash-in and Cash-out access points per region as at June 2022

A similar but more updated region-wise comparison of various financial access points as at June 2022 is given below:

<sup>9</sup> The Samoa Bureau of Statistics has divided Samoa into four statistical regions. The Upolu Island where the capital of Apia is located is divided into three statistical regions namely: Apia Urban Area, North West Upolu and Rest of Upolu including Manono and Apolima islands while the fourth region is made up of Savaii Island.

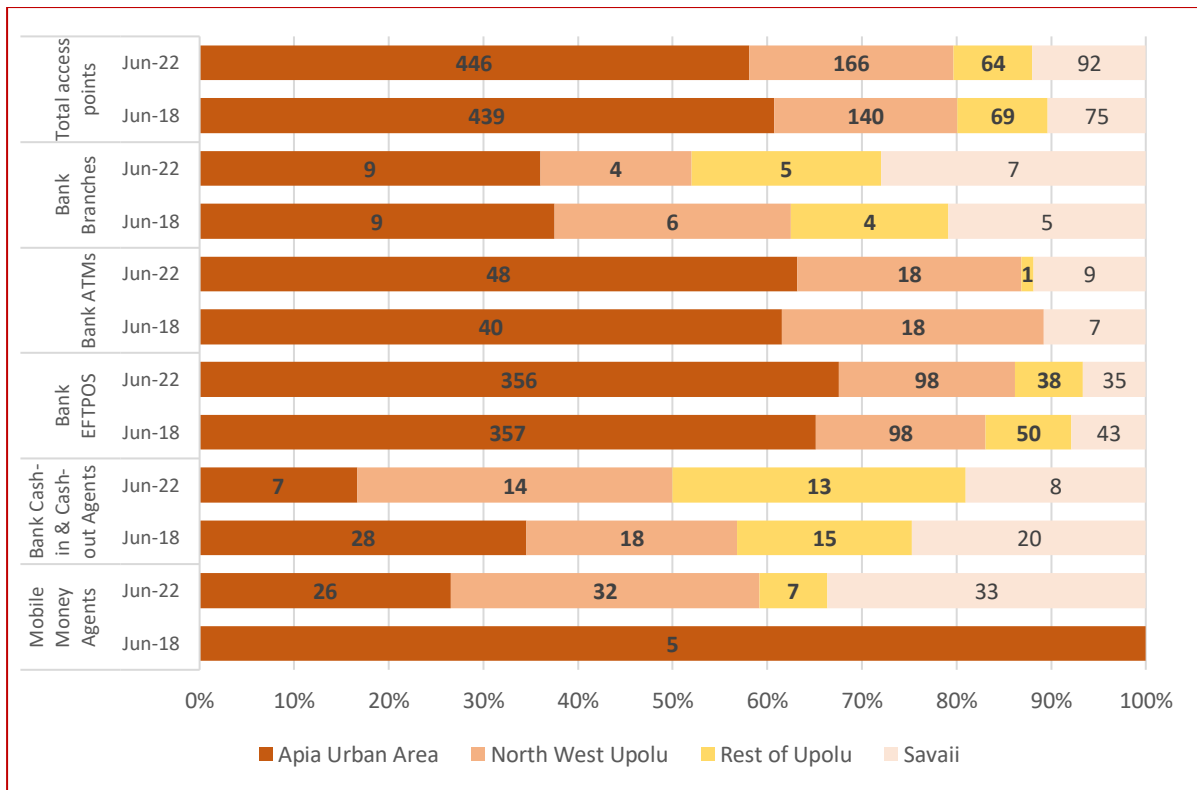


Figure 4: Region wise distribution of financial access points as at June 2022

### Access and Use of Digital Financial Services

Over the last four years, there has been some major developments in the country which have helped the expansion of digital financial services across Samoa. The commercial banks have extended their internet banking services while the two telecom providers have launched and scaled up their mobile money services. This has led to an increase in access points as well as number of customers using these services. Based on the data provided by CBS, an attempt has been made to map and assess the spread and uptake of digital financial services across client segments and geographical regions. However, due to limitations regarding the quality of data, only limited analysis could be performed. The following graphs must therefore be interpreted with caution.

The number of mobile banking customers of banks have continued to rise with an increase of 51.5% from 1,501 customers in June 2018 to 2,275 customers in December 2019.

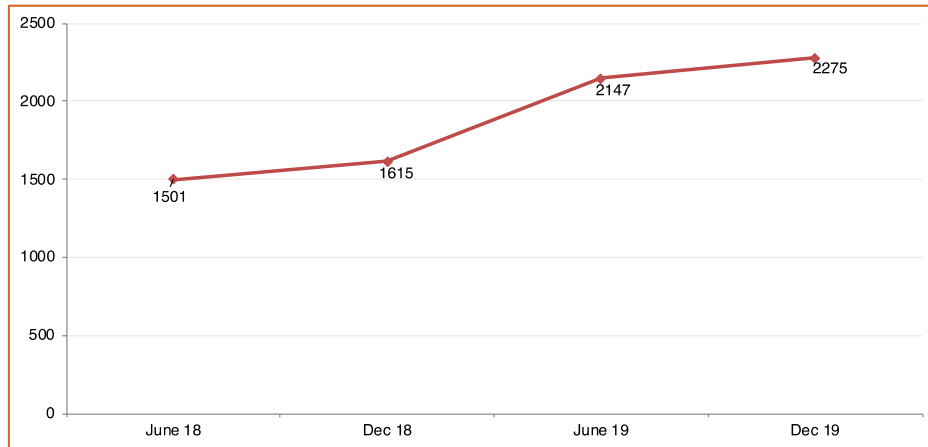


Figure 5: Number of Registered Mobile Banking Customers

On the mobile money front, while the number of customers enrolled for the service is quite high, the number of active users is still a small percentage of the enrolments. Over the period June 2018 to June 2022, the number of mobile money customers enrolled has risen by 52% to 76,515 in June 2022. As against this, the number of active users as a percentage of number of total customers enrolled has increased from just 5% to 9% during the period, thereby indicating low usage of the service among people who already have access to it (Figure 6).

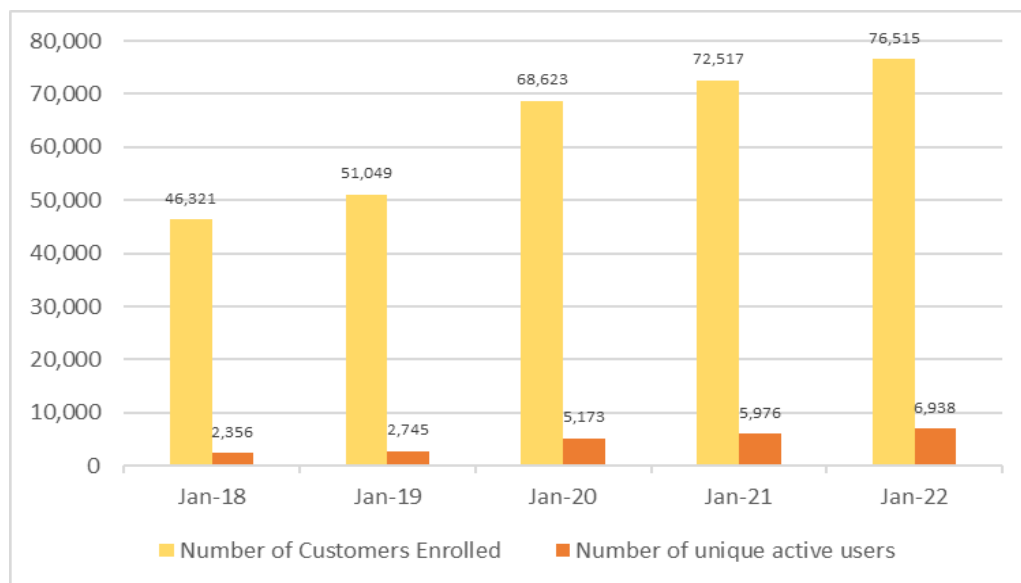


Figure 6: Number of Mobile Money Customers Enrolled vs. Active Users

Further analysis shows that the number (volume) of mobile money transactions has been going up steadily thereby indicating that the customers who are active users of the service continue to do higher volume of transactions. This could be due to increasing number of use cases in the form of utility bill payments and remittances. During the period, the number of mobile money transactions increased by 742% from 12,501 in quarter ended June 2018 to 105,825 in quarter ended June 2022.

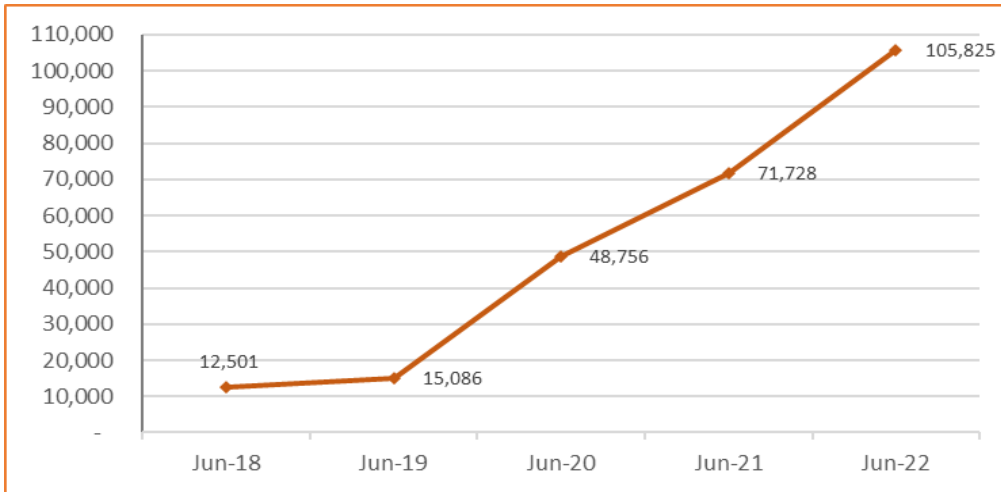


Figure 7: Volume of Mobile Money Transactions

The mobile money is serviced by agents of the two telecom providers. The number of mobile money agents have shown a rapid increase over the last five years going up from 7 in June 2018 to 98 in June 2022. The number of active mobile money agents (doing at least one transaction in the last 90 days) has also increased from 7 in June 2018 to 70 in June 2022. However, the number of active mobile money agents as a percentage of total mobile money agents has fluctuated across the period.

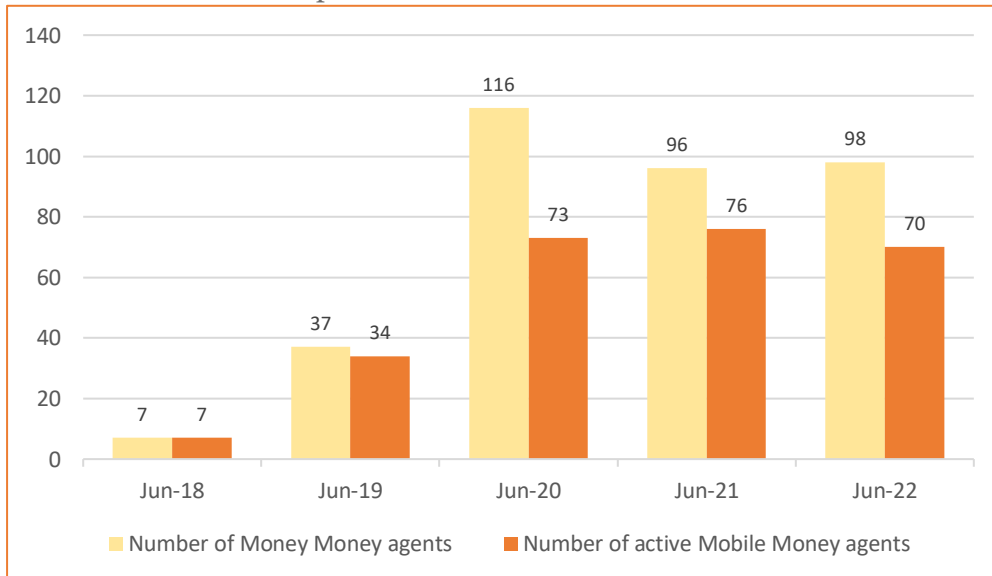


Figure 8: Number of mobile money agents (Total vs. Active)

## State of MSME Sector

The Ministry of Commerce, Industry and Labor (MCIL) is the line ministry responsible for the development of MSME sector in the country and has launched the first ever Samoa MSME Development Policy and Strategy in April 2021. Among other things, the Policy aims to strengthen the MSME sector by increasing its contribution to GDP, growing employment in the sector, increasing the number of women owned MSMEs, increasing the share of MSMEs in total exports, and building their international competitive advantage. It also aims to boost

the target sectors of tourism, agribusiness, food processing, and digital information technology services<sup>10</sup>.

As in any developing country, the MSME sector represents more than 90% of all businesses in Samoa and employs 50% of the commercial workforce. However, there is not much reliable data on the number of MSMEs in Samoa. The draft MCIL Policy document estimates around 4000 formal registered SMEs. Given the, it is reasonable to estimate that a much higher number of MSMEs would be operating under an informal set-up. Another joint study recently conducted by UNESCAP and UNCDF estimates about 4000-6000 MSMEs. About 95% of these MSMEs have a turnover of less than SAT 1 million. About 89% of these are located on the island of Upolu alone. As per the Business License database of the government and as analysed by MCIL, about 71% of the enterprises are engaged in Retail, Services, Tourism and Transport sector alone. The study also estimates, based on anecdotal evidence, that agriculture and fisheries activities dominate the informal sector enterprises.

Till recently, Samoa did not have an official definition for MSMEs or large businesses that would help differentiate between the industries on the basis of their size or scale of operations. Different agencies right from the Ministry to individual financial institutions followed their own definition. Not only has this situation resulted in policy challenges, it has also hampered effective targeting of enterprises to provide them with required financial and non-financial services. The MSME policy launched by MCIL in April 2021 proposes an ‘interim’ definition of MSMEs which will be revisited when more reliable data on MSMEs will be available. It will be useful to watch how the industry responds to the definition.

The MSMEs in Samoa, particularly micro enterprises, face dearth of capital to finance and grow their businesses. Several supply side and demand side factors along with policy issues are responsible for this situation. These include poor perception and low risk appetite of banks for financing MSMEs, tax burden on MSMEs, lack of conducive regulatory environment, information asymmetry, complex and sometimes ambiguous licensing and registration requirements, lack of appropriate business advice and management skills of businesses, etc. In the FGDs, few participants opined that they found the documentation and collateral requirements of banks for getting MSME credit cumbersome and prohibitive. Some opined that even the loans offered by Development Bank of Samoa were not suited to the needs of agri-MSMEs especially regarding repayment schedule.

The MSME Development Policy and Strategy recognizes the following barriers faced by MSMEs in Samoa:

1. Constraints in mobilizing funding for capital investment in their businesses
2. Limited and ‘not so easily available’ information about starting or operating a business
3. Lack of awareness within the MSME community about what information and business development support (BDS) is available (such as Government services, commercial Business Advisory Services (BAS) providers, and training programs).
4. Unfriendly import tariff structure
5. Limited awareness of business training opportunities despite several business training programs delivered to date by Samoa Business Hub and other training institutions.

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<sup>10</sup> MSME Development Policy and Strategy 2020

6. Limited availability of bespoke, professional expertise such as accounting, strategic planning, marketing, and branding, and information technology.
7. Limited financial and technological products for driving value chain linkages especially for rural market vendors.

# 5

## Definition of Financial Inclusion

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During the stakeholder consultations for review of NFIS 1, it was suggested that Samoa needs to have a clear definition of financial inclusion to ensure unified understanding by all stakeholders. As a result, the Central Bank of Samoa, in consultation with various stakeholders, defines financial inclusion in Samoa as follows:

*‘Financial Inclusion refers to a state where all Samoans (individuals and businesses) irrespective of their status<sup>11</sup> have equal and universal access to appropriate, useful, convenient, affordable and quality financial products and services<sup>12</sup> which they are able to use regularly to meet their life cycle needs based on informed choices.’*

This definition is holistic as it focusses on financial inclusion of individuals, households, and businesses of all types. This has been done to incorporate the specific context of Samoa where certain categories of consumers are still excluded from formal financial system. The definition not only focusses on broadening the range of products and services but also highlights the meaningfulness of these services for the customers. It lays due emphasis on building consumers’ trust and their capability to use these services based on their needs.

It is hoped that a standard definition of financial inclusion will provide a unified understanding to the policy makers, regulators, other public sector actors, private sector players, civil society organizations and consumers, at large. It will ensure that these actors design, implement and monitor their activities in a manner that enables them to achieve the desired state of universal financial inclusion.

The term ‘**Access**’ in the above definition has two main connotations. First, it refers to the presence of a physical touch point (bank branch, ATM, agents, POS etc.) in close proximity to the user of financial services. Second, it refers to simple, easy to understand and customer-friendly terms and conditions around customer identity, documentation and eligibility that enable higher enrolment and uptake of products and services. The term ‘**Quality**’ encompasses AFI’s following core set of indicators:

- Affordability,
- Transparency,
- Convenience,
- Fair Treatment,
- Consumer protection,
- Choice

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<sup>11</sup> Referring to location, age, gender, economic profile, people with disabilities etc.

<sup>12</sup> Financial Services refers to payments, savings, credit, insurance, pension, remittances, investments etc.



The term **'Informed choices'** refers to choices of financial product and service being made by financially capable consumers.

# 6

## National Financial Inclusion Strategy

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### Vision

The 2<sup>nd</sup> National Financial Inclusion Strategy (2022/2023 - 2025/2026), also referred as NFIS 2, is guided by a medium-term vision, which is articulated as follows:

*‘To build an inclusive and resilient financial sector that provides universal access to a broad range of client-centric, affordable, convenient, and responsible financial products and services for all Samoans (individuals and businesses) who are financially competent to make informed choices in their daily lives, leading to sustainable development of the country and improved quality of life for all.’*

The overall vision of financial inclusion in Samoa is to build a financial sector that is inclusive, on the one hand, and resilient, on the other. It aims to provide universal access of financial services to all people such that they are able to use these services for their economic advancement as well for the development of Samoa, as a whole.

The vision for the 2<sup>nd</sup> National Financial Inclusion Strategy (2022/2023 - 2025/2026) is aligned with the other national goals and priorities of the Government of Samoa. Under its Samoa Vision 2040, the government is looking at key economic opportunities with the highest potential to achieve sustainable development by the year 2040. Likewise, through the Pathway for the Development of Samoa (PDS) 2021/2022-2025/2026, the government commits to ‘Fostering Social Harmony and Freedom for All’ and has further added the theme of ‘Empowering communities, building resilience, and inspiring growth.’ The PDS identifies five key strategic outcomes, namely, Improved Social Development, Diversified and Sustainable Economy, Security and Trusted Governance, Secured Environment and Climate Change, and Structured Public Works and Infrastructure. Through these five key strategic outcomes, the government aims to pursue these through twenty-one key priority areas. Several of these key priority areas have linkages with financial inclusion issues.

In addition, the NFIS 2 takes into cognizance some of the recent systemic developments in the country which will have a bearing on the activities to be undertaken as part of the strategy. It recognizes that the government of Samoa will, in due course, introduce national ID for all its citizens. The National ID project holds immense promise and potential for financial services industry. Besides building a credible and reliable database of each citizen, the national ID will enable better planning at the government level in terms of targeting and selection of beneficiaries especially women, vulnerable communities, differently abled, senior citizens,

and youth. Another major development is the commitment made by Central Bank of Samoa at the South Pacific Central Bank Governors' Meeting in November 2020, to develop a regional 'Know Your Customer' (KYC) facility. The facility is intended to improve customer due diligence processes and Anti-Money Laundering / Countering Financing of Terrorism (AML/CFT) compliance, reduce the cost of remittances, lower legal compliance risks, and support the provision of correspondent banking services to the region.

Further, the NFIS 2 is cognizant that the Government of Samoa plans to establish the Digital Transformation Authority (DTA) to drive the digital transformation agenda at the national level. There will be a National Digital Plan that will include a whole-of-government digital transformation strategy.

The NFIS 2 is also aligned to the Maya Declaration<sup>13</sup> signed by the Central Bank of Samoa in 2014 as well as to the Money Pacific Goals 2025<sup>14</sup>. The MPG 2025 aims for 'all Pacific islanders to enjoy a healthy financial life whereby each individual and household:

- can meet their financial commitments and recover from unexpected crises;
- has control over their financial resources; and
- is able to make financial choices and afford the things beyond just basic needs.'

The following Money Pacific Goals will be pursued over the next 5 years:

1. All citizens have access to and are regularly using a range of responsive and regulated digital financial products and services to fulfil their financial goals
2. Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19 recovery and climate disaster risks
3. Implement curricula and training programmes to strengthen the financial and digital literacy capabilities of all children and adults
4. Strengthen consumer protection measures, including privacy and data protection, to address increasing risks associated with a rapidly developing digital economy
5. Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy and strategy formulation and to monitor the achievement of national strategies

The central bank's commitment to close the gender gap in financial inclusion by signing up to the [Denarau Action Plan for Gender and Women's Financial Inclusion](#) is factored into the NFIS. The strategy also recognizes that, by signing up to the [Sharm El Sheikh Accord on Financial Inclusion, Climate Change and Green Finance](#), CBS has affirmed its commitment to the understanding that financial inclusion policies help achieve positive outcomes for climate change, green finance, and sustainable development. CBS has signed the [Sochi Accord on Fintech for Financial Inclusion](#). Through the Accord, CBS acknowledges that innovative, technology-based financial services or FinTech holds promise towards advancing financial inclusion especially among vulnerable sections of the society, including MSMEs and women. All such commitments have been duly considered while identifying action areas under the NFIS.

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<sup>13</sup> Maya Declaration, spearheaded by the Alliance for Financial Inclusion (AFI), is a commitment to unlock the economic and social potential of the 2.5 billion unbanked worldwide through increased financial inclusion.

<sup>14</sup> The Money Pacific Goals 2025 have been endorsed by the Pacific Governors at its 35<sup>th</sup> Pacific Governors meeting held on 18<sup>th</sup> November, 2020. The MPG 2025 will be tabled at the FEMM 2021 for regional adoption.

## NFIS 2 Framework

The NFIS 2 uses a conceptual framework to highlight the key strategic pillars that will help achieve the vision for financial inclusion in Samoa. The framework also includes a set of cross-cutting issues that will act as ‘enablers’ for successful implementation of activities under strategic pillars. **The enablers will contribute towards building a conducive ecosystem in the country through progressive policies, robust financial infrastructure, vibrant public-private sector partnerships and effective data frameworks.** It is on the strength of these enablers that Samoa can hope to achieve the vision of inclusive development during this strategy and beyond.

The Strategic Pillars comprise a set of priority action areas, with a defined roadmap, timelines, and targets. The NFIS 2 also includes the Monitoring & Evaluation plan as well as a Governance, Management, and Implementation Structure such that it facilitates national ownership, ensures coordination, and builds accountability.

The NFIS 2 framework is aimed at providing a direction to CBS, ministries, government agencies and private sector institutions in driving the initiatives on the ground. It will enable policy makers and those responsible for implementation of NFIS 2 to create an enabling environment to foster innovation, growth, fair practices, responsible finance, consumer protection and job creation in the economy.

The NFIS 2 is informed by the review/diagnostics exercise conducted by CBS and UNCDF-PFIP, prior to design of this strategy. It also draws upon international best practices and incorporates views from different stakeholders, including ministries, regulators, public and private sector financial institutions, non-financial institutions, Fintechs, development partners, donors, industry associations, and above all, the people of Samoa.

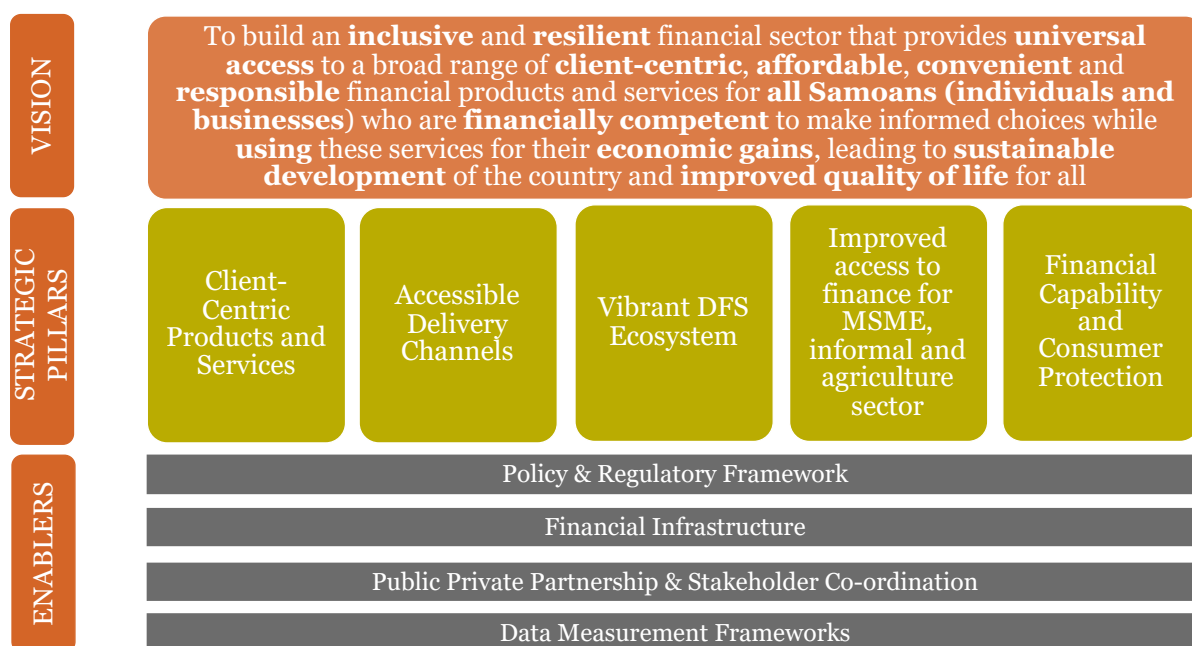


Figure 9: NFIS 2 Strategic Framework

Specifically, the priorities are organized under the following Strategic Pillars:

1. Client-centric Products and Services
2. Accessible Delivery Channels
3. Vibrant DFS Ecosystem
4. Improved access to finance for MSME, informal and agriculture sector
5. Financial Capability and Consumer Protection

The following elements of the ecosystem have been identified as enablers:

1. Policy and regulatory framework
2. Financial infrastructure
3. Public private partnerships and stakeholder co-ordination
4. Data measurement

## Strategic Goals

The overarching goal of the NFIS is to:

1. Increase the number of adults<sup>15</sup>, who were previously excluded, having access to and using formal financial services by 40,000 by 2025/2026
2. At least 50% of the above increase to be accounted for by women adults.

Given the skewness in access to and use of financial services among other segments such as women, youth, and micro and small businesses; as well as across regions/provinces, it is proposed to fix granular targets and collect disaggregated data as part of the Monitoring & Evaluation Framework outlined in Chapter 9. These targets will be monitored regularly to ensure that priority action areas and related activities detailed in the implementation roadmap translate into tangible progress in financial inclusion.

## Target Sectors/Segments

### *Focus Sectors*

Based on the findings of the review of NFIS 1 and considering the slow progress in some areas, this strategy will lay special emphasis on the following sectors:

- MSMEs
- Agriculture
- Remittances
- Digital Financial Services

About 42% of Samoan population is engaged in agriculture and related activities. A sizeable number of people earn their livelihoods from informal businesses, and micro enterprises. Although there is no credible data on the number of informal enterprises, the MCIL estimates about 4000 registered MSMEs in the country. Any financial inclusion initiative can have an impact only if it focusses on these two predominant sectors of the economy. The NFIS 2 will focus on activities that provide access to and promote usage of formal financial services by these segments.

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<sup>15</sup> Adults defined as people who are 15+ years old.

Remittances constitute an important exchange earner for the country. There exist immense opportunities to design innovative products and services that enable the recipients to save for their life cycle needs and use formal financial services, especially payment services, more regularly, thereby improving financial inclusion.

Digital financial services offer tremendous potential to enhance financial inclusion in Samoa. The NFIS 1 has laid the ground for designing and offering innovative products using channels such as mobile money, Fintechs, e-commerce, etc. The focus of NFIS 2 would therefore be to scale up the adoption and use of digital technologies in delivery of financial services as well as to support digital innovations in products, partnerships, and business models.

### **Focus Segments**

The strategy has identified the following priority segments:

- Women
- Youth
- Elderly
- Micro and Small businesses
- Other vulnerable segments such as those affected by natural disasters

Even though the demand-side survey had showed that women in Samoa are more banked than men, the reality is that the women in rural areas and from poor families are still outside the purview of formal financial system. Discussions with various stakeholders and FGDs with clients revealed lack of access of formal financial products and services for women. Limited progress was made in the first strategy to reach out to women. For women to gain equal access to formal financial services as men, a concerted action is needed both on policy front as well as at the level of individual financial service providers.

It is reported that there is higher financial exclusion (at around 65%) among Samoans aged 15–25 years<sup>16</sup>. In addition, financial products and services in Samoa are not quite aligned to the specific financial needs of elderly and other vulnerable sections of the population. Thus, youth, elderly, and other vulnerable segments such as people impacted by natural disasters require focused attention in order to achieve the goal of universal financial inclusion.

The NFIS will lay special emphasis on design of products that meet the unique needs of these segments, by using technology enabled delivery solutions, and at the same time building their financial competency.

### **Strategic Pillars**

The NFIS 2 conceptual framework envisions five strategic pillars that are critical to realizing the vision of the strategy. These include:

1. Client-centric Products and Services - Develop and provide innovative, technology-enabled, diverse financial products and services.
2. Accessible Delivery Channels - Develop accessible, efficient and technology driven delivery channels to reach unbanked and under banked segments especially women, youth, and elderly

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<sup>16</sup> Pacific Finance Sector Briefs - Samoa, ADB, October 2019

3. Vibrant DFS Ecosystem - Build a vibrant ecosystem to promote adoption, uptake & sustained use of DFS
4. Improved access to finance for MSME, informal, and agriculture sector - Deepen and expand financial services for MSMEs informal, and agriculture sector
5. Financial Capability and Consumer Protection - Build financial capability through a structured financial education and financial literacy of people supported by robust consumer protection framework

The following paragraphs provide more details about each strategic pillar.

## ***Pillar 1: Client-centric Products and Services***

**Objective: Develop and provide innovative, technology-enabled, diverse, and affordable financial products and services**

### **Rationale**

The financial products and services in Samoa are not quite attuned to the needs of poor, low-income, mass-market segments. The products also do not specifically meet the needs of focus segments like women, youth and MSMEs. In order for meaningful financial inclusion to happen, the financial sector players in the country must innovate and diversify their products and services. Introducing new credit, savings, payment, insurance, and pension products will help individuals and businesses manage their risks, smoothen consumption, plan for the future, and meet their financial goals.

The insurance companies in Samoa provide a limited range of insurance products catering to high-income individuals and large businesses. As such a vast proportion of people in Samoa are still outside the fold of formal sector insurance. MSMEs, small holder farmers, informal sector enterprises are exposed to high risk including those arising out of natural disasters that are quite common in Samoa. The funeral insurance product that was designed and rolled out during the first strategy has received an overwhelming response, pointing towards the potential of micro insurance demand in Samoa. As at present, the pension service is provided by a government agency which largely covers people employed in the public and private sector. The informal sector workers who make up a sizeable portion of the labour force are largely excluded from pension services, though a voluntary pension product does exist for them. There has been limited innovation in MSME and agricultural finance. Alternative finance products such as factoring, leasing, P2P lending, equity crowd funding, etc. remain absent from Samoan market. With the exception of DBS which provides a range of traditional financial products to MSMEs and agriculture sector, the other financial institutions have not quite come forward to support the MSME sector, especially micro and small enterprises.

Remittance is largely dominated by money transfer operators. There is scope for digital innovations in remittance products to provide more value-added features to the recipients of remittance transfers, thereby helping them get access to formal financial system.

Overall, the Samoan financial sector should focus on diversifying its product suite to make the products relevant to people. By using digital technologies, FSPs can look at enhancing their outreach while ensuring efficiency and effectiveness of services. Box 1 below highlights some of the gaps and constraints that this strategy would seek to address.

### **Box 1: Gaps and Constraints – Products and Services**

1. Most people especially those living in remote, rural areas prefer to save in informal avenues
2. High interest rates, fee and other charges act as a major deterrent for people, especially women, to avail credit facilities from banks
3. Prohibitive terms and conditions on bank loans, cumbersome documentation and compliance requirements are other bottlenecks
4. Unsuitable product features of agri, farm and MSME loans have made financial access more restrictive rather than being the enablers
5. High prevalence of borrowing from informal sources like relatives, extended family, and friends
6. Mass market clients also prefer to borrow from their pension pool rather than availing credit access from banks
7. Limited focus of certain banks in serving the mass market, retail segment
8. At an overall level, product innovation has been very limited
9. Absence of a standard definition of micro insurance and lack of regulatory guidelines for the same
10. Insurance providers do not see business potential in inclusive insurance; lack understanding of the market
11. Absence of products such as agricultural insurance, climate risk disaster finance, climate risk insurance products
12. Limited technical expertise of insurance companies to design and pilot suitable insurance product
13. Limited understanding and lack of awareness among people about insurance as a financial product
14. Limited distribution channels and partnerships for insurance
15. Poor coverage of existing pension product in the informal sector
16. Existing pension products do not quite address the financial needs of people
17. Lack of customer-centric product design and absence of data on consumer needs and preferences

### **Key Focus Areas**

The key focus areas under this pillar include the following:

1. Promote design of new and innovative products using customer-centric design principles for all segments particularly women, youth, and elderly
2. Simplify existing products to improve their quality and availability
3. Introduce and expand micro-insurance products
4. Promote and offer value added features on remittance services

## ***Pillar 2: Accessible delivery channels***

**Objective: Develop accessible, efficient and technology driven delivery channels to reach unbanked and under banked segments**

### **Rationale**

The activities under Pillar 1 need to be backed by effective delivery channels such that individuals, MSMEs, informal and agriculture sector are able to easily access and use financial products and services. This pillar of the strategy, therefore, seeks to prioritize actions that increase the accessibility and functionality of delivery channels, including branches, agents, ATMs, and POS systems. These activities will ensure that excluded and underserved segments,



especially those located on other, remote islands are provided equal opportunity to enter the formal financial system thereby reducing disparities in financial inclusion.

Currently, people in Samoa have limited physical access to financial touch points. This is one of the key barriers to enhancing financial inclusion in the country. Most access points are concentrated on the main island of Upolu. Factors such as high operating costs of expanding to other islands, low population density and low transaction activity in bank accounts of people in rural areas deter financial service providers from expanding to other islands. It is therefore imperative for providers to leverage technology and build cost-effective delivery channels such as mobile money, agent banking, POS terminals etc. Box 2 below highlights some of the gaps and constraints that this strategy would seek to address.

### **Box 2: Gaps and Constraints – Delivery Channels**

1. Limited interest on the part of banks to set up agent banking
2. Shrinking coverage of bank agent network across the country
3. Delivery channels mainly concentrated on the main island of Upolu
4. High cost of agent banking operations constrains banks from setting up/expanding agent network
5. Lack of regulatory framework for agency and mobile banking
6. Activity rate in mobile money accounts continue to be low
7. Poor agent liquidity and low levels of agent profitability has resulted in high dormancy of mobile money agents
8. Financial products like credit, insurance and pension are still not delivered through digital channels

### **Key Focus Areas**

The key focus areas under this pillar include the following:

1. Expand financial sector outreach by increasing the network of physical and digital access points
2. Promote expansion of mobile based channels for financial services
3. Develop agency channel and expand its reach

## ***Pillar 3: Vibrant DFS ecosystem***

**Objective: Build a vibrant ecosystem to promote adoption, uptake & sustained use of DFS**

### **Rationale**

As in any developing economy, the promise and potential of digital financial services in expanding financial inclusion holds true for Samoa as well. DFS helps to overcome some of the major barriers that have hitherto constrained traditional modes of financial services delivery. Given the geographical spread of Samoa, low population density, and limited number of service providers, it is imperative to look at digital financial services as an important medium of enhancing financial inclusion in Samoa. There are a number of systemic developments currently underway or planned for near future that will have a direct bearing on

the scale-up of DFS in the country. These include the proposed national ID project, establishment of national Digital Transformation Authority to drive digital transformation of Samoan economy, proposed roll-out of new national payments systems infrastructure, proposed e-KYC, and simplified KYC guidelines etc. The emergence of mobile money providers and an e-commerce platform are encouraging development. Leveraging FinTech and technology led business can help in promoting financial inclusion in Samoa. The proposed set-up of regional regulatory sandbox can help Samoa attract Fintechs in the country. Box 3 below highlights some of the gaps and constraints that this strategy would seek to address.

### **Box 3: Gaps and Constraints – DFS Ecosystem**

1. New payment system framework yet to be launched
2. Lack of interoperability in retail payment systems
3. Cash is the most predominant medium of transaction
4. Limited use cases on digital platform present little value proposition for clients to sign up for digital financial services
5. Legacy core banking applications and technology systems in banks
6. Limited use of digital technology by financial service providers
7. Poor telecom and internet connectivity on islands other than Upolu
8. Low smartphone ownership
9. Limited product innovation and partnerships between banks, mobile money providers, e-commerce platforms and other digital finance players
10. Lack of specialized policy environment and other incentives for FinTech and start-ups
11. Absence of a national ID for citizens which could act as a major enabler for digital finance innovations
12. Lack of uniformity regarding KYC processes

### **Key Focus Areas**

The key focus areas under this pillar include the following:

1. Expand use cases for digital payments especially for women and other segments
2. Roll out payment system
3. Broad-base payment system platforms and services to achieve interoperability
4. Leverage national ID to strengthen and simplify KYC policies and procedures
5. Monitor internet connectivity and smartphone penetration in remote islands and in rural areas
6. Promote development and use of access to energy products through digital platforms
7. Promote and encourage Fintechs/technology enabled businesses through a regulatory sandbox

## ***Pillar 4: Improved access to finance for MSME, informal and agriculture sector***

**Objective: Deepen and expand financial services for MSMEs, informal and agriculture sector**

### **Rationale**

MSMEs, informal sector and agriculture employ large chunk of Samoan population and drive economic growth in the country. So far, there has been no dedicated focus by the government

to undertake initiatives that would improve financing for MSMEs, agriculture, and informal sector to achieve inclusive growth, build sustainable enterprises, and improve their competitiveness in international markets. It is only now that an MSME Policy is place since its launch in 2021.

The scope of the MSME policy is quite broad and incorporates all policy dimensions related to MSME finance as well as MSME development. The specific recommendations/action areas pertaining to access to finance in the draft MSME policy have been incorporated in NFIS 2 in line with the premise that national plans should be aligned and working in convergence. This strategic pillar therefore focusses on action areas that form part of the draft MSME policy as well as the UNESCAP study in addition to other areas that were found to be of significance during stakeholder consultations and validation workshop. Box 4 below highlights some of the gaps and constraints that this strategy would seek to address.

#### **Box 4: Gaps and Constraints – MSME, Informal and Agriculture Sector**

1. Dearth of financial resources for MSMEs to make capital investment in their businesses
2. Non-availability of advanced financial products such as equity, refinancing, and long-term finance
3. Non-availability of MSME focused savings, payments, and insurance products;
4. Limited financial products for agriculture finance and for driving value chain linkages especially for rural market vendors
5. Limited availability of products for youth and women, start-ups, greenfield projects, and green finance
6. Limited number of credit products that do not require physical collateral
7. Poor perception and low risk appetite of banks for financing MSMEs
8. High tax burden on MSMEs
9. Absence of a standard definition of MSMEs
10. High level of informality – many MSMEs are unregistered businesses
11. Lack of conducive policy and regulatory environment
12. Limited and ‘not so easily available’ information about starting or operating a business
13. Lack of awareness within the MSME community about business development support (BDS) and business training opportunities
14. Lack of data about MSMEs, which has made targeting and program design difficult
15. Ambiguous licensing and registration requirements
16. Limited availability of business advice and management skills of businesses, etc.
17. Limited availability of professional expertise such as accounting, strategic planning, marketing, and branding, and information technology
18. Limited interest on the part of banks to cover SME loans under the provisions of the Personal Property Securities Act 2013

#### **Key Focus Areas**

The key focus areas under this pillar include the following:

1. Develop and use a sector-wide data framework to enable informed policy making on MSME access to finance
2. Introduce measures that incentivize lending by banks to MSME, informal and agriculture sector
3. Strengthen financial infrastructure for MSME finance

## ***Pillar 5: Financial capability and consumer protection***

**Objective: Build financial capability through a structured financial education and financial literacy of people and strengthen consumer protection**

### **Rationale**

Increasing consumers' knowledge of and capacity to make informed choices while using the requisite financial products and services for their personal and business needs is an important element of promoting financial inclusion. Low confidence and trust in banks/financial institutions, limited awareness and understanding of financial products and services, and low levels of financial competency have contributed towards financial exclusion in Samoa. The NFIS 1 sought to improve financial competence in people. However, there has been limited progress on this front. Rigorous, and sustained efforts will need to be made in this direction to build financial capability and competency of people.

Effective financial consumer protection refers to an environment that facilitates informed decision-making through transparency, fair practices and effective complaints handling mechanisms. Effective consumer protection mechanism helps to address common threats to financial inclusion such as the lack of trust in the formal financial sector, limited competition due to low transparency and unfair practices and over-indebtedness. In Samoa, the mandate for consumer protections rests with MCIL. So far, no incidents of consumer grievance in financial services have been reported. This could be due to 1) low levels of awareness among people about grievance redressal mechanism, 2) limited use of financial products and services by people; and 3) low levels of DFS penetration. With the expansion of digital financial services and as consumers increasingly engage with formal financial services, they run the risk of frauds and other unfair practices such as non-transparency and non-disclosure of pricing and other terms and conditions. In line with international best practices, the need for having a well laid consumer protection in financial services is greatly felt. Box 5 below highlights some of the gaps and constraints that this strategy would seek to address.

### **Box 5: Gaps and Constraints – Financial Capability and Consumer Protection**

1. Limited awareness and understanding of existing financial products and services
2. Slow progress in integrating a structured financial education framework in school curriculum
3. Lack of centralized coordination of financial literacy among various agencies
4. Fragmented and unplanned approach to financial literacy training by different stakeholders
5. Limited partnership between public and private sector agencies to leverage complementarities and enhance outreach of financial literacy programs
6. Ineffective targeting of clients for financial literacy
7. Limited reach of financial literacy programs in far-off locations
8. Trainings are generic in nature which does not have the desired impact in changing the financial behaviour of clients
9. Lack of data on financial literacy trainings (disaggregated for geographies, gender, age, etc.) resulting in lack of appropriate strategies
10. Limited monitoring of FL programs and no independent evaluation implies that there is little evidence of the effectiveness/impact of these trainings.
11. Low levels of awareness among people about grievance redressal mechanism
12. Ambiguity in institutional mandates for financial consumer protection
13. Limited technical capacity of regulators in formulating policies on financial consumer protection and enforcing the same

### **Key Focus Areas**

The key focus areas under this pillar include the following:

1. Integrate financial education in school and university **and vocational training** curriculum
2. Leverage existing FL training approaches and structures
3. Improve customers' understanding of financial products and strengthen their capability to make informed financial decisions
4. Strengthen financial and entrepreneurial capacity of target segments
5. Develop consumer protection framework for financial services
6. Strengthen public awareness on consumers' rights

## **Strategic Enablers**

The conceptual framework of NFIS 2 envisages four key enablers that will be a critical determinant of the success of the strategy. These enablers will provide the foundation on which the activities of the five strategic pillars will be grounded. It is imperative that the activities under NFIS 2 are focused adequately on addressing the constraints that exist in each of the four enablers and build a conducive ecosystem for the NFIS 2.

The four enablers include:

1. Policy and Regulatory Framework
2. Financial Infrastructure
3. Public Private Partnership and Stakeholder Co-ordination
4. Data Measurement Framework

## ***Policy and Regulatory Framework***

The policy and regulatory framework in financial sector as well as in other sectors (that directly or indirectly influence financial inclusion activities) should be such that it promotes healthy and competitive market development while ensuring financial sector stability, data privacy, fair practices, and consumer protection. The NFIS 2 will promote development of conducive legal and regulatory guidelines, frameworks, and prescriptive procedures to support the growth of digital financial services, mobile money, remittances and payment services, access to finance for MSMEs, women and youth. The following are some priority policy action areas envisaged under NFIS 2:

1. Simplified / tiered KYC (especially for vulnerable segments and these located on remote islands having challenges in telecom connectivity)
2. Phased interoperability across banks, mobile wallets, and other services
3. Development of policy measures and financial infrastructure that facilitate improved access to finance for MSMEs
4. Prescription of a definition and guidelines for micro insurance
5. Development of guidelines on consumer protection in financial services jointly by CBS and MCIL.

## ***Financial Infrastructure***

It is critical to build a robust and resilient financial infrastructure that will contribute greatly to the success of the strategy and hence financial inclusion.

The payment system is the backbone of financial innovation and inclusion in any economy. It is, therefore, crucial that the legal and regulatory framework for payments systems is conducive to its stability and development. A major priority, thus, will be to launch the new payments systems currently being worked upon by CBS. The new payments systems will enable more efficient transactions between entities and provide greater convenience to people. It will also help to expand adoption of digital payments across different segments.

However, for the payment systems to be futuristic, it is recommended that CBS considers the recommendations of NFIS 2 as well as other systemic developments such as National ID project and the larger digital transformation agenda of the Government of Samoa to ensure that the legal and regulatory framework for the new payments system is inclusive and capable of meeting the needs of future innovations.

A key constituent of an enabling payment system will be interoperability of payment services. Given that payment services in Samoa are still limited, and the number of service providers as well as the total market size is quite small, it will be important to ensure that payment services are fully interoperable to enable customers to conduct transactions in a manner that is seamless and convenient. This will involve initiatives such as building more use cases for digital payments such as in insurance, salary disbursements, pension contribution, merchant payments etc.

In addition to launching and rolling out the new payments systems, it will be important to build the capacity of CBS to regulate and supervise payment system entities. Use of technologies may be considered.

It is expected that the national ID project is going to be designed and rolled out during the tenure of NFIS 2. Given the importance of this project within the domain of financial services, CBS will engage with Samoa Bureau of Statistics to ensure that the design of the national ID is such that it will meet the requirements of KYC norms as well as enable financial service providers in customer due-diligence (CDD) including identification, verification, and on-boarding, besides acting as an enabler for scaling up digital initiatives.

Another major development is the commitment made by Central Bank of Samoa at the South Pacific Central Bank Governors' Meeting in November 2020, to develop a regional 'Know Your Customer' (KYC) facility. The facility is intended to improve customer due diligence processes and Anti-Money Laundering / Countering Financing of Terrorism (AML/CFT) compliance, reduce the cost of remittances, lower legal compliance risks, and support the provision of correspondent banking services to the region. The NFIS 2 will undertake activities to roll-out implementation of the unified KYC norms.

With support from ADB's Private Sector Development Initiative, the Personal Property Securities Act 2013 was introduced to provide for movable assets to be used as collateral for loans. Although stakeholders do acknowledge the importance of this provision, most banks have not come forward to change their lending policies to allow for the use of moveable assets as collateral. The NFIS 2 will focus on identifying underlying causes for the slow uptake of the provision and take suitable steps to incentivize its adoption. In addition, the credit registry reform to build a well-developed credit information system will also help boost access to finance.

### ***Public Private Partnership and Stakeholder Co-ordination***

The activities envisaged under Strategic Pillars as well as Strategic Enablers can be successfully taken up if there is active partnership between public and private sector participants in the country. Given the small size of financial sector and limited number of actors, it is important for the players to collaborate so as to derive economies of scale and optimize the use of limited resources.

The NFIS 2 will promote partnership between ministries and private sector players to create mechanisms, platforms, and programs to reach financial and non-financial services (such as financial education, financial literacy, consumer protection, etc.) to people across the country. It will also promote collaboration between private sector players to draw complementarity with each other.

In addition, the NFIS 2 is anchored on the premise that there will be strong commitment and effective coordination between the various stakeholders, including policymakers, regulators, supervisors, and the private sector. The commitment from stakeholders will be in the nature of time as well as contribution of manpower and financial resources in the implementation of activities.

Detailed governance, management, and implementation structure as well as arrangements for co-ordination has been outlined in Chapter 7.

## ***Data Frameworks***

Designing and implementing data frameworks that is comprehensive, yet feasible, will serve to be a key enabler for NFIS 2. In the absence of meaningful, accurate and timely data, the NFIS will not be able to progress realistically and in a time bound manner.

The data architecture for the strategy will be created considering the overall M&E framework of NFIS 2 as outlined in Chapter 9. A starting point will be to take up a comprehensive review of data systems that currently exist within CBS (in various departments) and other institutions and identify the gaps. Based on the assessment, detailed data templates will be developed in consultation with various institutional stakeholders. For data systems to be suitably institutionalized not just within CBS but also in various institutions including policy makers, public and private sector entities, it is important to identify a core team in each institution, who will be responsible for data management and reporting. Suitable capacity building training will be provided to the core team of institutions, from time to time.

For data templates to be effective, it is important for all institutions to commit to the data measurement frameworks and ensure that data collection and reporting is done as per the required protocols.

Chapter 9 provides the roles and responsibilities of various institutions in data collection, analysis, and reporting.



# 7

## Governance, Management, and Implementation Arrangements

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This chapter provides detailed structure and arrangements that will be followed during the tenure of NFIS 2 for effective governance, management, and implementation of activities. However, the proposed structure will only be effective in achieving the objectives of NFIS 2, if the following basic premises are fulfilled. These premises are pre-requisites to ensuring success of the strategy.

### **Alignment of interests**

The proposed structure provides a tiered arrangement through which the roles and responsibilities have been clearly delineated. It will be crucial for agencies at all the three tiers to hold regular consultations with the government and public sector, on the one hand, and with the private sector, on the other. This will not only help to identify issues of national importance that need to be factored into NFIS implementation but also help to take priority action. Another critical aspect is to ensure alignment of interest among all stakeholders at all the three tiers. This will help ensure consensus among all concerned and therefore a strong implementation support.

### **Co-ordination among stakeholders**

The design of NFIS 2 involves actions and activities by a range of stakeholders both within the financial sector and beyond. The constitution of the proposed governance and management structures also involves a number of institutional stakeholders. It is therefore imperative to have a buy-in of all stakeholders in addition to having a strong co-ordination among them. This will ensure efficient implementation of activities and optimum utilization of resources. The Technical Working Groups (TWGs) should comprise all relevant stakeholders related to that domain area and must include financial service providers, industry bodies, donors, and development agencies etc.

### **Data collection and reporting**

The experience of NFIS 1 shows that without the support and commitment of all concerned agencies, the data collection mechanism does not function properly. Without accurate and timely data, implementation and execution of strategy is fraught with challenges. Data is critical to gauging progress on the NFIS targets and M&E framework. For the success of NFIS 2, it is highly imperative that all stakeholders (government agencies, ministries, public sector institutions, regulators, financial service providers, other service providers, industry bodies etc.) must recognize and acknowledge the importance of data collection in the implementation of the strategy. They must commit to building in-house systems and processes to ensure collection of requisite data and reporting of the same on a regular basis (e.g., quarterly) to TWGs, and/or NFIS Secretariat for further reporting to higher bodies. If the data is not

accurate and/or is not shared timely, it will be difficult to not only monitor progress on financial inclusion, but also to understand the opportunities and constraints in implementing the planned activities. While NFIS Secretariat will be responsible for coordinating the data collection process, it is important that they receive support from all concerned agencies. In addition, it will also be important for NFIS Secretariat to build its capacity, technical skills, and systems to collect, consolidate, and disseminate the information shared by stakeholders.

## Governance, Management, and Implementation Structure

The experience from NFIS 1 shows that a multi stakeholder approach, including both public and private sector, is needed to implement the various components of the strategy and to achieve success in enhancing financial inclusion. At the same time, it is important to delineate the governance role from management and implementation role to ensure clarity and provide better decision making.

The governance, management, and implementation plan of NFIS 2 envisages a three-tier structure, namely 1) National Financial Inclusion Council; 2) National Financial Inclusion Task Force (NFIT); and 3) Technical Working Groups. Four Technical Working Groups (TWG) comprising private, public, and development partners will be responsible for driving activities related to their respective domain area, thus playing an important role in implementing the NFIS. In addition, an NFIS Secretariat will act as a coordinating body across and between the three tiers described above. The implementation plan of NFIS 2 envisages a participatory model of governance and management to give life to the strategy and achieve the key goals.

The figure below provides an overview of the national governance, management, and implementation structure for NFIS 2.

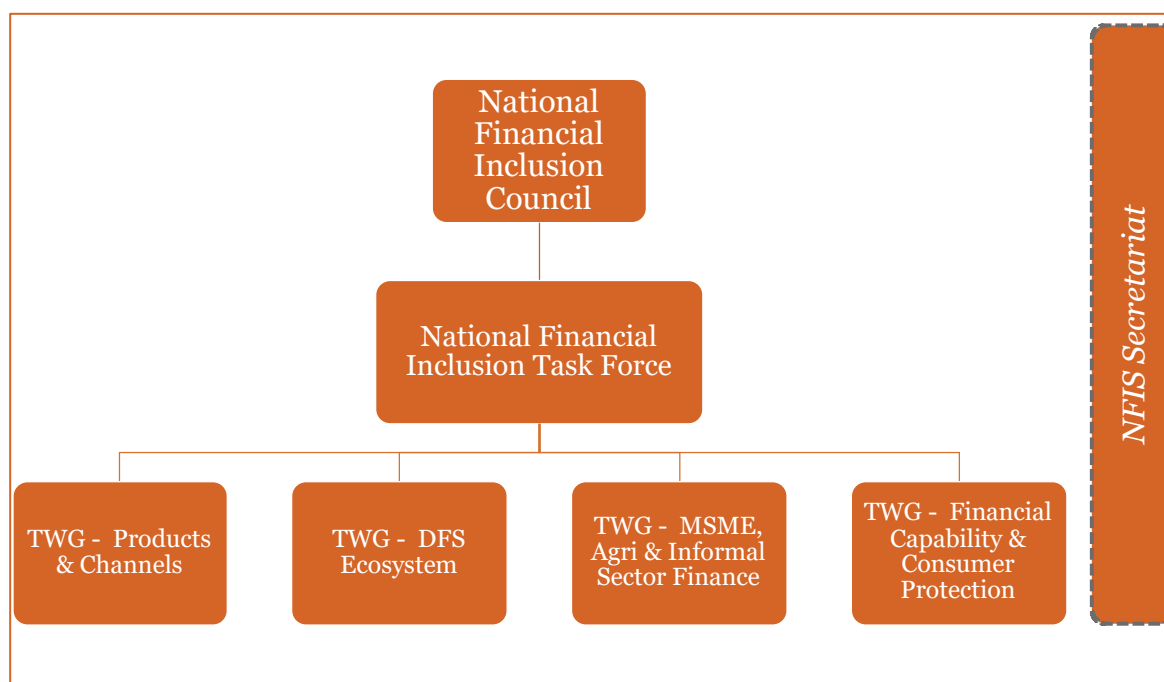


Figure 10: Governance, Management & Implementation Structure

The above model of governance, management and implementation will involve representation from regulators in financial sector, key ministries in the government of Samoa, financial

institutions, and service providers in the private sector, among others. The ministries will work towards designing and developing policies and programmes that will contribute to deepening of the financial system, directly and/or indirectly. These policies would allow Central Bank of Samoa to design and enforce regulatory and supervision frameworks to support financial inclusion, financial literacy, and consumer protection in financial services. The policies would also allow financial institutions to design and develop products and services for the under-banked and poor.

## **National Financial Inclusion Council**

### **Roles & Responsibilities**

A number of initiatives in NFIS 2 will require policy formulation, modification, and/or alignment, both in areas relating to financial sector as well as in other sectors like telecommunication, education, agriculture etc. This would specifically include initiatives that facilitate expansion and adoption of digital financial services and digital technologies across different sectors. Such policy issues will require decision making at the highest level across different ministries. The National Financial Inclusion Council (NFIC) will have the overall mission to foster financial inclusion and development. It will be the supreme body to discuss, guide and provide direction for high level policies, as needed from time to time. To achieve this, it will provide effective leadership and coordination among ministries and key government agencies. The National Financial Inclusion Council (NFIC) will also ensure mutual convergence between financial inclusion priorities and other national strategic plans/vision document of the Government of Samoa.

Specifically, the National Financial Inclusion Council will be responsible for the following:

1. Approve the National Financial Inclusion Strategy 2;
2. Ensure mutual convergence between financial inclusion priorities and other national strategic plans/vision document of the Government of Samoa;
3. Discuss, guide, and provide direction for high level policy formulation in areas that help realize Samoa's national financial inclusion vision;
4. Lead the efforts to co-ordinate across different ministries for policy implementation;
5. Provide strategic direction to the NFIC, supervise its activities, and monitor its performance;
6. Work with ministries and government agencies to earmark funds/provide sufficient resources to drive activities related to their respective authority;
7. Regularly monitor and evaluate the progress of NFIS 2, including progress of policy implementation;
8. Take up other functions as required to achieve the goals of NFIS 2.

### **Composition & Membership**

The National Financial Inclusion Council will comprise the following members:

1. Governor, Central Bank of Samoa – Chair
2. CEO, Ministry of Finance
3. CEO, Ministry of Commerce, Industry & Labour
4. CEO, Ministry of Women, Community and Social Development
5. CEO, Ministry of Education, Sports & Culture
6. CEO, Ministry of Agriculture & Fisheries
7. CEO, Ministry of Communication & IT
8. Assistant Governor, Central Bank of Samoa - Member Secretary

### **Frequency of Meetings**

The National Financial Inclusion Council will meet at least once every year or as required to consider policy and regulatory issues on financial inclusion.

## ***National Financial Inclusion Taskforce (NFIT)***

### **Roles & Responsibilities**

The NFIT will be responsible for the overall implementation of Samoa's National Financial Inclusion Strategy 2 under the guidance of the National Financial Inclusion Council. It will aid and advise the National Financial Inclusion Council on all policy matters. The NFIT will derive support from TWGs, in addition to overseeing their functioning.

Specifically, the National Financial Inclusion Taskforce will be responsible for the following:

1. Aid and advise the National Financial Inclusion Council on all policy and strategic matters relating to the implementation of NFIS 2;
2. Refer relevant matters to the National Financial Inclusion Council where NFIC's intervention is needed;
3. Scan the evolving financial, economic, social, and political environment to identify opportunities and/or obstacles to enhance financial inclusion and take necessary actions;
4. Review the NFIS on a periodic (preferably annual) basis and make necessary amendments to align the strategy with the abovementioned developments;
5. Lead all inter-ministerial, inter-institutional, and public-private coordination for policy design as well as for implementation of planned activities;
6. Identify and mobilize necessary resources from various sources including governments, donors, international funding agencies etc. for implementation of activities;
7. Constitute Technical Working Groups (TWG); select members and define Terms of Reference of each TWG including establishment of clear guidelines and mechanisms for their functioning;
8. Review and approve detailed, time-bound action plans prepared by each TWG based on the NFIS 2 overall implementation action plan;
9. Guide, co-ordinate, supervise and monitor the activities and performance of TWGs against their action plans;
10. Establish a mechanism for flow of data/information relating to assigning, implementation, and reporting of financial inclusion activities by implementing institutions and TWGs;
11. Ensure that an adequately staffed NFIS Secretariat is constituted within Financial System Development Department of CBS and define its role and responsibilities;
12. Guide and support the NFIS Secretariat in the implementation of NFIS 2 and review its functioning;
13. Ensure that the M&E framework for NFIS 2 is updated, as needed, from time to time to incorporate the evolving situation;
14. Review, monitor, and evaluate implementation of activities by institutions against M&E targets and milestones, and provide timely feedback;
15. Provide periodic reports and updates to the National Financial Inclusion Council on progress made and results achieved under NFIS 2;

16. Perform other duties as assigned by the National Financial Inclusion Council from time to time.

### **Composition & Membership**

The National Financial Inclusion Taskforce will comprise the following members:

1. Chief Executive Officer, Development Bank of Samoa
2. Chief Executive Officer, Samoa Bureau of Statistics
3. Chief Executive Officer, Samoa Life Assurance Corporation
4. Chief Executive Officer, Samoa National Provident Fund
5. Chief Executive Officer, Samoa Business Hub
6. General Manager, South Pacific Business Development
7. Chief Executive Officers of all banks (if not represented as Chairpersons of Technical Working groups)
8. Chief Executive Officers of all telecom companies (if not represented as Chairpersons of Technical Working groups)
9. Assistant Governor, Central Bank of Samoa (Chair)
10. Assistant Chief Executive Officer, Ministry of Finance
11. Assistant Chief Executive Officer, Ministry of Commerce, Industry & Labor
12. Assistant Chief Executive Officer, Ministry of Women, Community and Social Development
13. Assistant Chief Executive Officer, Ministry of Education, Sports & Culture
14. Assistant Chief Executive Officer, Ministry of Agriculture & Fisheries
15. Chairpersons of Technical Working Groups
16. Country Lead, UNCDF
17. Head, NFIS Secretariat – Member Secretary

### **Frequency of Meetings**

The NFIT will meet quarterly to oversee the implementation of the strategy and consider the recommendations of the TWG as well as suggest regulations and legislations to the National Financial Inclusion Council.

### **Technical Working Groups**

#### **Roles & Responsibilities**

Four Technical Working Groups (TWGs), which will form the third tier of the implementation structure, will handle the technical aspects of the implementation. Each TWG will focus on one of the following domain areas:

1. Products and Channels
2. DFS Ecosystem
3. MSME, Agriculture and Informal Sector Finance
4. Financial Capability and Consumer Protection

Broadly, the TWGs will be responsible for the following activities. However, as stated earlier, their specific Terms of reference will be drawn by the NFIT.

1. Develop detailed action plans pertaining to their domain area, including timelines, assignment of responsibilities, targets, indicators including data collection mechanism, for submission to and approval by NFIT
2. Undertake activities as envisaged under the action plan and measure the progress of each activity

3. Engage and consult with other stakeholders/service providers from the industry to ensure their commitment/buy-in into the proposed activities;
4. Co-ordinate with other TWGs to ensure collaboration in matters of common concern;
5. Recommend to NFIT, all matters requiring policy and regulatory intervention for consideration at NFIT and/or National Financial Inclusion Council level.
6. Propose to NFIT the various changes and course corrections to agreed action plans or targets, as required.
7. Ensure that all concerned agencies responsible for implementation of activities pertaining to their TWG provide accurate and updated data, at a stipulated periodicity for reporting against action plan and M&E framework
8. Provide data and information on progress in implementation and related targets to the NFIS Secretariat at a stipulated periodicity, or as needed;
9. Prepare the terms of reference (ToR) for specialized committees that may need to be set up to study / recommend on a specific issue;
10. Facilitate technical research with support from NFIS Secretariat on relevant topics, publish whitepapers to solicit public comments, and manage the process of public consultations;
11. Provide support to NFIS Secretariat to organize workshops and seminars to engage stakeholders involved – including the government, industry, and civil society groups;

### **Composition & Membership**

The TWGs will draw members from the public and private sector implementing entities with the requisite technical expertise in the specific domain area. The TWGs will also include members from the lead and cooperating agencies (specific departments from the regulators or ministries) implementing a specific action area under the strategy.

The members of the TWGs, representing a range of institutions, will play an important role in contributing ideas and shaping the output of the strategy. They will join the TWG at the invitation of the NFIT to leverage their cross-functional expertise. The members would include senior officials who handle relevant technical matters in their respective organizations.

Each TWG will be chaired by a member institution (public or private sector) appointed by the NFIT. The appointed official of the agency would be at a senior management level. The secretariat support for each working group shall be provided by the institution appointed as Chair of that particular TWG.

### **Frequency of Meetings**

The TWGs will meet quarterly to conduct their business or more frequently if required.

### **NFIS Secretariat**

#### **Roles & Responsibilities**

The NFIC and NFIT will receive assistance in performing their role from the NFIS Secretariat. The NFIS Secretariat would be set up in the Financial System Development Department of the Central Bank of Samoa and headed by an official of the level of the Manager. The NFIS Secretariat will have between three to five staff. The members of the NFIS Secretariat will also provide research, logistical, and administrative support to TWGs, the National Financial Inclusion Council, and any other body or committee formed as part of the implementation of

the strategy. The NFIS Secretariat will also be responsible to liaise with external parties such as technical experts, think tanks, consultants etc. as needed.

Specifically, the NFIS Secretariat will be responsible for the following:

1. Convene and co-ordinate meetings of the National Financial Inclusion Council and NFIT including follow-ups on action taken by concerned agencies;
2. Provide other technical and administrative support to the National Financial Inclusion Council, NFIT and TWGs;
3. Oversee the implementation of all the components of NFIS 2 by coordinating between the TWGs, NFIT and National Financial Inclusion Council;
4. Support the creation of data collection templates and protocols to ensure the timely collection of all relevant data points from all involved stakeholders.
5. Ensure that data for establishing baselines is available and communicated to concerned agencies;
6. Collect information, data, and implementation updates from TWGs and implementing agencies as per data templates;
7. Review the NFIS implementation plan and TWGs' action plan to monitor and report on the implementation progress vis-à-vis the monitoring and evaluation framework;
8. Conduct or contract research, studies, and technical assistance assignment to inform the implementation of the NFIS;
9. Liaise with consultants, subject matter experts, think tanks to support technical research and analysis. These experts may include specialists with skills in digital financial services and FinTech; policies and regulations on financial inclusion; launching and managing effective distribution channels; designing and implementing SME products and services; and developing policies for women and youth; design of human-centric products etc.
10. Organize and co-ordinate knowledge sharing events, workshops, and other meetings;
11. Build a database relating to financial inclusion progress and updates (quantitative and qualitative) to analyse and disseminate information from time to time;
12. Provide quarterly progress reports on NFIS implementation to NFIT and NFIC

# 8

## Implementation Roadmap

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The strategy will be implemented over a four-year period from 2022/2023 - 2025/2026 under the stewardship of Central Bank of Samoa and as per the governance, management and implementation structure outlined in the previous section.

This section provides a detailed implementation roadmap for realizing the objectives of each strategic pillar and the overall strategic goal of NFIS 2. The implementation roadmap is presented separately for each Strategic Pillar. The key focus areas identified under the Strategic Pillars have been listed along with related set of activities and a timeline broken down to the annual level. However, these are high-level activities and it is recommended that a detailed, time-bound action plan be drawn up by the respective Technical Working Group under the broader provisions of the roadmap.

Each activity has been assigned to a specific lead entity in addition to indicating the relevant supporting entities and others stakeholders. While the TWGs will be primarily driving the activities through consultation, dialogues, and industry engagement, it will be the Lead Agency that will have the ultimate responsibility for the implementation of each activity.



## Strategic Pillar 1: Client-centric products and services

**Objective: Develop and provide innovative, technology-enabled, diverse financial products and services**

Sr. No.	Key Focus Areas	Gaps to be addressed (Refer Box 1)	Activities	Implementation Timeline				Lead Agency	Other Stakeholders	Priority	Indicator
				'23	'24	'25	'26				
1.1	Promote design of new and innovative products using customer-centric design principles for all segments particularly women, youth, and elderly	1, 5, 8, 17	Introduce and promote basic transaction accounts to be offered by FSPs					CBS	Commercial banks	High	3,4,5, 10, 11, 13, 14
			Develop and pilot micro savings and credit products through formal financial institutions using digital channels					Commercial banks, DFS providers	CBS	Medium	
			Map institutions who offer specialized products for focus segments (like women & youth)					FSPs	CBS	High	
1.2	Simplify existing products to improve their quality and availability.	2, 3, 4, 6, 7, 17	Conduct a comprehensive review of existing financial products and their processes (eligibility conditions, documentation requirements etc.) to identify gaps/challenges					CBS	Commercial banks, DBS	High	3-14
			Based on the study refine and pilot simplified tailored products					CBS	Commercial banks, DBS	Medium	
			Encourage and incentivize financial service providers to offer simplified products					CBS	Commercial banks, DBS	Medium	
1.3	Introduce and expand micro-insurance products	9, 10, 11, 12, 13, 14	Conduct a study to assess the demand for parametric and bundled micro insurance in Samoa and identify regional best practices and innovative approaches					CBS	Insurance providers, Development partners	High	6-8
			Develop partnerships between insurance companies and digital finance providers to offer digital micro insurance and premium payment					Insurance providers, DFS providers	CBS	High to Medium	
			Provide technical and institutional capacity building support to insurance companies for design and pilot of suitable products					CBS, Development partners	Insurance providers	High to Medium	
			Use innovative methods and campaigns to promote the uptake of the insurance among target population					CBS	Insurance providers, MAF, MWCSO, MCIL, MNRE	High	

Sr. No.	Key Focus Areas	Gaps to be addressed (Refer Box 1)	Activities	Implementation Timeline				Lead Agency	Other Stakeholders	Priority	Indicator
				'23	'24	'25	'26				
			Improve partnerships between SNPF and digital finance providers to allow members to pay contributions and SNPF to transfer dividend or loan amounts through digital channels					SNPF, DFS providers	CBS	High to Medium	
1.4	Promote and offer value added features on remittance services.	7,8	Conduct a study to assess remittance flow					DFS providers, Banks, MTOs	CBS	High	12
			Improve digitally enabled products for last mile delivery of remittance services					DFS providers, Banks, MTOs	CBS	High	
			Map solutions for in-kind remittance senders to make direct digital payments for local products and utility bills for their local families					CBS	FSPs, DFS providers, MTOs	High	

## Strategic Pillar 2: Accessible delivery channels

**Objective: Develop accessible, efficient and technology driven delivery channels to reach unbanked and under banked segments**

Sr. No.	Key Focus Areas	Gaps to be addressed (Refer Box 2)	Activities	Implementation Timeline				Lead Agency	Other Stakeholders	Priority	Indicator
				'23	'24	'25	'26				
2.1	Expand financial sector outreach by increasing the network of physical and digital access points.	2, 3	Set up a comprehensive geo-spatial mapping of financial access points					CBS	FSPs	High	15-23
			Maintain and regularly update (at least bi-annually) geo-spatial map of financial access points					CBS	FSPs	High	
			Use the geospatial maps to incentivise expansion of physical and/or digital access point expansion by financial service providers					FSPs	CBS	High	
2.2	Promote expansion of mobile based channels for financial services	6, 8	Expand partnerships between banks and mobile wallet providers to allow for linkage between bank accounts and mobile wallets					Banks, Mobile wallet providers	CBS	High	23-24
			Promote use of mobile-based delivery channels for credit, insurance, remittance, and pension services to offer greater value proposition for customers to use digital channels					Banks, Mobile wallet providers, Other DFS providers	CBS	Medium	
			Encourage FSPs in technological upgrade for providing mobile/digital based channels					CBS	FSPs	Medium	
2.3	Develop agency channel and expand its reach	1, 4, 5, 7	Conduct a study to assess the potential, opportunities and challenges of agent banking and suggest suitable regulatory framework and business models					CBS	Development partners, Commercial banks		22
			Based on the study, issue comprehensive agent banking guidelines (on licensing, training, liquidity, monitoring and risk management)					CBS	Commercial banks		
			Support banks and DFS providers to undertake institutional, technological, and business model innovations in setting up and rolling out shared platforms					CBS	Commercial banks, MFIs, DFS providers	Medium	

## Strategic Pillar 3: Vibrant DFS ecosystem

**Objective: Build a vibrant ecosystem to promote adoption, uptake & sustained use of DFS**

Sr. No.	Key Focus Areas	Gaps to be addressed (Refer Box 3)	Activities	Implementation Timeline				Lead Agency	Other Stakeholders	Priority	Indicator
				'23	'24	'25	'26				
3.1	Expand use cases for digital payments especially for women and other segments	3, 4, 6, 9	Design and conduct a pilot to digitize a specific government payment within a ministry/public sector agency; and roll out the services based on lessons learnt					Ministries	Development Partners, Commercial banks	High	25, 31, 32
			Promote public-private partnership between institutions to design solutions that create more use cases for women clients such as e-commerce for informal women entrepreneurs					Banks, DFS providers	DBS, SBH, UTOS	High	
3.2	Roll out payment systems.	1	Implement and complete roll out of the new payment systems					CBS	Payment Service providers,	High	25, 28, 29
			Monitor transactions done through payment system e..g. ACH (EFT and IFT) and RTGS					CBS	Payment Service providers,	High	
3.3	Broad-base payment system platforms and services to achieve interoperability	2,4, 6, 9	Promote private-private partnership between institutions to design solutions that create more use interoperability					CBS	Payment Service providers, financial institutions, DFS providers, e-commerce platforms, Fintech	High	25, 28, 29
			Develop and implement interoperability guidelines for banks (ATM/EFTPOS/agent banking)					CBS	Banks	Medium	
			Develop and implement guidelines for interoperability between mobile wallets					CBS	Mobile wallet providers	Medium	

Sr. No.	Key Focus Areas	Gaps to be addressed (Refer Box 3)	Activities	Implementation Timeline				Lead Agency	Other Stakeholders	Priority	Indicator
				'23	'24	'25	'26				
			Develop and implement guidelines for interoperability between mobile wallets and banks					CBS	Banks, Mobile wallet and DFS providers	High	25-30
			Monitor DFS providers offering interoperable products and solutions					CBS	Banks, Mobile wallet providers, DFS providers, Development partners	High	
3.4	Leverage National ID to strengthen and simplify KYC policies and processes	12	Develop, and implement tiered KYC requirements; issue e-KYC guidelines as and when National ID is available.					CBS/FIU	CBS	Medium	28-30
3.5	Monitor internet connectivity and smartphone penetration remote islands and rural areas.	7,8	Monitor affordable internet connectivity in the remote and rural islands and to inform advocacy with ministries					CBS	MCIT	High	25-27
			Monitor smartphone penetration to inform advocacy with ministries					CBS	MCR, MFAT		
			Promote partnerships between FSPs and telecom providers to offer smartphones on low interest-rate loans to consumers					FSPs, telcos	CBS, MCIT	Medium	
3.6	Promote development and use of access to energy products through digital platforms.	4, 9	Support development of renewable energy solutions in rural areas to enable access to energy					Energy providers	CBS	Medium	28-29
3.7	Promote and encourage Fintechs/technology enabled businesses through a sandbox	9, 10	Support innovations in digital transaction and payment options through APIs, QR code based mobile payments etc.					CBS	Payment Service providers, financial institutions, DFS providers, e-commerce	Medium	25,28,29

Sr. No.	Key Focus Areas	Gaps to be addressed (Refer Box 3)	Activities	Implementation Timeline				Lead Agency	Other Stakeholders	Priority	Indicator
				'23	'24	'25	'26				
									platforms, Fintech		

### **Strategic Pillar 4: Improved access to finance for MSME, informal and agriculture sector**

**Objective: Deepen and expand financial services for MSMEs, informal and agriculture sector**

Sr. No.	Key Focus Areas	Gaps to be addressed (Refer Box 4)	Activities	Implementation Timeline				Lead Agency	Other Stakeholders	Priority	Indicator
				'23	'24	'25	'26				
4.1	Develop and use a sector-wide data framework to enable informed policy making on MSME access to finance	14	Engage with key stakeholders (ministry, policy makers, MSME financing institution and industry bodies) to agree on the agenda, methodology, mechanisms and set of data templates to periodically collect granular data on MSME access to finance from financing institutions, and analyse the trends					CBS	MCIL, SBS, SBH, FSPs	High	33-36
			Build the capacity of financing institutions to institutionalize the system of data collection and reporting					CBS	MCIL, SBS, SBH, FSPs	High	
			Regularly publish and disseminate the analysis of data on MSMEs' uptake of financial products and services to inform policy decisions					CBS	MCIL, SBS, SBH, FSPs	Medium	
4.2	Introduce measures that incentivize lending by banks to MSME, informal and agriculture sector	4, 5, 6, 7	Examine the recommendations of UNESCAP study to set up a Collateral Shortfall Partial Guarantee Scheme for MSME finance					CBS	MCIL, DBS, SBH, FSPs	High	34-35
			Design, pilot and roll out the Collateral Shortfall Partial Guarantee Scheme for MSME finance					CBS	MCIL, DBS, SBH, FSPs	Medium	

Sr. No.	Key Focus Areas	Gaps to be addressed (Refer Box 4)	Activities	Implementation Timeline				Lead Agency	Other Stakeholders	Priority	Indicator
				'23	'24	'25	'26				
			Build capacity of banks in identifying bankable proposals, cash-flow based lending, assessment of start-ups etc.					DBS, CBS, SBH	Commercial banks	Medium	
			Promote partnerships between financial institutions and digital technology providers such as e-commerce platforms to offer digital solutions like credit, payments, insurance etc. for informal sector enterprises women MSMEs etc.					FSPs, DFS providers	CBS	Medium	
			Build capacity for FSPs to design and offer agriculture finance products					DBS, SBH	FSPs	High	
			Identify FSPs that are interested in providing inclusive green finance products for MSMEs and smallholder farmers and provide support to them in designing, piloting rolling-out such products					DBS, MNRE	FSPs	Medium	
4.3	Strengthen financial infrastructure for MSME finance	6, 7, 11, 18,	Design and roll-out the Credit registry					CBS	Development Partners	High	34-36
			Conduct workshops and capacity building sessions with financial institutions to train them on credit registry information reporting and use.					CBS	Development Partners, FSPs	High	
			Conduct a study to assess the response of banks towards Personal Property Security Act provisions and identify challenges					MCIL	Development Partners, banks, CBS	High	
			Engage with policy makers and conduct an industry dialogue to introduce measures that would encourage banks to provide credit against moveable assets					CBS	DBS, MCIL	High	

## Strategic Pillar 5: Financial capability through a structured financial education and financial literacy of people

**Objective: Build financial capability through a structured financial education and financial literacy of people and strengthen consumer protection**

Sr. No.	Key Focus Areas	Gaps to be addressed (Refer Box 5)	Activities	Implementation Timeline				Lead Agency	Other Stakeholders	Priority	Indicator
				'23	'24	'25	'26				
5.1	Integrate financial education in school, university, and vocational training curriculum	1, 2	Re-engage with MESC to agree on a common agenda to integrate financial education in national curriculum					MESC	Development Partners, CBS	High	37, 38, 40, 41
			Review and revisit MESC's National Teaching Learning Framework vis-à-vis consultant's Report on Development of Financial Education Learning Framework for the Samoan Curriculum developed in October 2019, and identify gaps in the present curriculum of FE subjects offered at primary and secondary level					MESC	CBS	High	
			Based on the findings, develop, and finalize the revised design of financial education component in the curriculum					MESC	CBS	High	
			Develop a time-bound action plan for rolling out FE in schools and implement the same					MESC	Schools	High	
			Conduct training of teachers on FE topics					MESC	Schools	Medium	
			Establish partnerships with colleges, universities and vocational training institutions to design and offer FE in their core curriculum					MESC	Colleges, Vocational Institutes, Universities	Medium	
5.2	Leverage existing FL training approaches and structures	3, 4, 6, 9, 10	Map all existing financial literacy initiatives by public and private sector stakeholders including ministries, regulators, donors, and civil society organizations; and assess current gaps in content and delivery of financial literacy programs					CBS	Development Partners	High	37-41
			Support with centralized reporting coordination mechanism for monitoring of FL programs for different stakeholders					CBS	FL providers	High	



Sr. No.	Key Focus Areas	Gaps to be addressed (Refer Box 5)	Activities	Implementation Timeline				Lead Agency	Other Stakeholders	Priority	Indicator
				'23	'24	'25	'26				
			Provide support to institutions (financial and non-financial) that are willing to integrate financial literacy and product awareness into their programs/financial services					FL providers	Development partners	Medium	
			Identify and support innovative & cost-efficient channels for delivering financial literacy					FL providers	Development partners	Medium	
5.3	Improve customers' understanding of financial products and strengthen their capability to make informed financial decisions	1, 8	Develop step by step procedure and 'how to' booklet, videos, and other media resources for disseminating among customers for using financial services offered through mobile and digital channels					FSPs, DFS providers	CBS	High	37-41
5.4	Strengthen financial and entrepreneurial capacity of target segments	1, 8	Review existing entrepreneurship training modules for women and identify gaps					DBS, development partners	SBH	High	37-41
			Develop and update training modules to align with emerging needs of women entrepreneurs					DBS	SBH	High	
			Develop new and/or refine existing entrepreneurship training, skill building and incubation support for youth-led start-ups					DBS, SBH	CBS	High	
5.5	Develop consumer protection framework for digital financial services	12, 13	Engage with MCIL to clarify legal mandates and responsibilities for financial consumer protection.					CBS	MCIL	High	39
			Develop guidelines for financial consumer protection including insurance and payment services setting clear roles and responsibilities of the agencies involved.					CBS	MCIL	High	

# 9

## Monitoring and Evaluation Framework

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The Monitoring & Evaluation Framework of NFIS 2 is an integral component of the strategy. The Framework provides a mechanism to track, measure and monitor the progress of financial inclusion goals, objectives, and initiatives in Samoa. It will provide data, information and trends that will help CBS and other stakeholders to conduct a stock-take of the relevance of ongoing activities, identify successes as well as challenges, disseminate results, and undertake course-correction, as needed. Since the resources are limited, the M&E framework will also enable the stakeholders to allocate resources in manner that is optimal, yet impactful.

However, for the M&E framework to serve its intended purpose, it is critical that all stakeholders have complete buy-in into it and commit adequate resources individually and collectively. It is important for stakeholders to efficiently co-ordinate the activities and provide support to NFIS Secretariat.

Specifically, the function of the M&E Framework for NFIS is to:

1. Provide a structure through which activities and actions taken under various strategic pillars can be tracked and monitored
2. Track activities and measure progress against each activity
3. Provide data and information to facilitate informed decision-making
4. Make course corrections, if required
5. Evaluate the program to assess its outcome and impact

### ***Roles and Responsibilities of NFIS Secretariat***

The primary responsibility for M&E of NFIS 2 will rest with the NFIS Secretariat. It will be responsible for the following:

1. Conduct a review of data systems that currently exist within CBS (in various departments) and other institutions and identify the gaps.
2. Based on the assessment, develop detailed data templates as well as templates for qualitative progress reports for different strategic pillars and for different categories of institutions
3. Provide training and technical expertise to data teams of respective institutions to strengthen their internal capabilities and to help them institutionalize the process of data collection, data cleaning and periodic reporting to NFIS Secretariat
4. Collect data from different institutions/agencies as per stated periodicity
5. Analyse the data to study progress, gaps, and trends
6. Present analysed data to NFIT and NFIC for review and decision making

7. Disseminate results
8. Convene quarterly meetings of data teams of respective institutions to discuss emerging issues

### ***Roles and Responsibilities of institutional stakeholders***

The various activities under NFIS 2 have been mapped to a specific lead agency along with supporting institutions. It will be the responsibility of these agencies to ensure that the activities are being executed as per the established timelines. Each implementing institutions will therefore be responsible for reporting the progress and status of implementation in addition to data. Specifically, the roles and responsibilities of the implementing institutions will be to:

1. Commit and sign up to the data measurement frameworks
2. Assign a core team within their institutions for data collection and reporting
3. Build internal processes to ensure that data collection and reporting is done as per the required protocols
4. Provide periodic qualitative reports as per specified templates on the status of progress, problems faced and plans for the next period.
5. Provide quantitative data as per templates prescribed by NFIS Secretariat.

### ***NFIS M&E Framework***

The M&E framework presented below includes separate set of indicators for each strategic pillar. In addition, it also includes a couple of indicators at the strategic goal level. At the start of the NFIS 2, the NFIS will determine the baseline as well as fix end-of-program targets in consultation with various stakeholders. The end-of-the-period target will be broken down into annual targets to allow for better monitoring of the progress. Indicators which have been drawn from AFI's AFI Core Set of Financial Inclusion Indicators as well as PIRI's set of indicators have been suitably highlighted. In some cases, these indicators have been tailored to Samoan context.<sup>17</sup>

The source of data for each indicator has been mentioned. There are some indicators for which data will need to be captured through surveys conducted by Samoa Bureau of Statistics. The NFIS Secretariat will work with SBS to identify ways of incorporating relevant questions in SBS surveys.

The M&E framework also provides for reporting frequency as well as the granularity in which the data is to be captured. This is especially important since regional data as well as gender and age disaggregated data will provide more insightful information and help in better and more informed decision making.

It is recommended that CBS makes it mandatory for all regulated entities under its purview to maintain and report disaggregated (gender, age, geographical etc.) data on financial inclusion on quarterly basis. CBS would issue clear, detailed instructions to all entities in this regard.

The NFIS 2 recognizes that there are limitations around demand side data for individuals as well as MSMEs in Samoa. It is also recognized that conducting demand side surveys, in themselves, is a costly proposition and may, therefore, not be feasible. However, there is a

<sup>17</sup> These indicators have been tailored to reflect the Samoan population size by taking the denominator as per 1000 adults instead of per 10000 adults as proposed by AFI.

definite need to capture demand side information to get a clearer picture of the level and extent of financial inclusion in Samoa. Over the course of the strategy, NFIS Secretariat will work with SBS to identify ways in which the existing survey designs can be modified to collect basic demand side information on financial services.

### ***Evaluation of NFIS***

In addition to monitoring progress, it is proposed to conduct an independent mid-term as well as end-of-period evaluation of NFIS 2 to assess the relevance, coherence, efficiency, effectiveness, and impact of the strategy.

## Indicators

Sl. No	Indicator	Baseline 2021/2022	Target 2022/2023	Target 2023/2024	Target 2024/2025	Target 2025/2026	Linkage with AFI /PIRI indicators	Source	Reporting frequency	Reporting granularity
<b>Indicators for Strategic Goals</b>										
1	Percentage of adults financially included (formal and informal) <sup>18</sup>							Household income and expenditure survey or other relevant survey undertaken by Samoa Bureau of Statistics	As available	District, Gender, Age, Income, Disability status
2	Percentage of adults financially included (formal) <sup>19</sup>							Household income and expenditure survey or other relevant survey undertaken by Samoa Bureau of Statistics	As available	District, Gender, Age, Income, Disability status
<b>Indicators for Strategic Pillar 1 – Products &amp; Services</b>										
3	Percentage of adults with basic transaction account	139%						Supply side data/ collation and analysis by CBS	Quarterly	District, Gender, Age, Income
4	Number of regulated savings accounts per 10000 adults						AFI	Supply side data/ collation and analysis by CBS	Quarterly	District, Gender, Age, Income
5	Number of loan accounts per 10000 adults	1,504					AFI	Supply side data/ collation and analysis by CBS	Quarterly	District, Gender, Age, Income
6	Number of insurance policy holders (individuals) per 10000 adults (CDRFI)							Supply side data/ collation and analysis by CBS	Quarterly	District, Gender, Age, Income, Microinsurance products (parametric)

<sup>18</sup> Financially included Adult ( Informal) – Adult who have used a saving club or other non-regulated financial instrument, such as taking credit from a shop, money lender or hire purchase over the past 12 months

<sup>19</sup> Financially included Adult ( Formal) – Adult who has a bank account or have used the services of mobile money wallet, credit union, microfinance institution, the Samoa National Provident Fund, investment or insurance over the past 12 months (Report both numerator and denominator)

Sl. No	Indicator	Baseline 2021/2022	Target 2022/2023	Target 2023/2024	Target 2024/2025	Target 2025/2026	Linkage with AFI /PIRI indicators	Source	Reporting frequency	Reporting granularity
										and climate disaster risk financing insurance)
7	Number of insurance policy holders (individuals) per 10000 adults (CDFRI)	966						Supply side data/ collation and analysis by CBS	Quarterly	District, Gender, Age, Income, Microinsurance products ((parametric and climate disaster risk financing insurance)
8	Number of insurance policy holders (individuals) per 10000 adults (non-life)	399						Supply side data/ collation and analysis by CBS	Quarterly	District, Gender, Age, Income, Microinsurance products (parametric and climate disaster risk financing insurance)
9	Number of pension policy holders per 10000 adults							Supply side data/ collation and analysis by CBS	Quarterly	District, Gender, Age, Income
10	Number of unit holders <sup>20</sup> per 10000 adults							Supply side data/ collation and analysis by CBS	Quarterly	District, Gender, Age, Income
11	Number of MFI customers per 10000 adults	1,621						Supply side data/ collation and analysis by CBS	Quarterly	District, Gender, Age, Income
12	Amount of remittance transactions in a quarter per 10000 adults							Relevant department of CBS	Quarterly	District, Gender, Age, Income
13	Percentage of women owned MSME with a current account in a formal financial Institution	NA						Supply side data/ collation and analysis by CBS	Quarterly	District, Micro/Small/Medium

<sup>20</sup> Refers to clients of Unit Trust of Samoa

Sl. No	Indicator	Baseline 2021/2022	Target 2022/2023	Target 2023/2024	Target 2024/2025	Target 2025/2026	Linkage with AFI /PIRI indicators	Source	Reporting frequency	Reporting granularity
14	Percentage of women owned MSME with outstanding line of credit with a formal financial Institution	NA					AFI	Supply side data/ collation and analysis by CBS	Quarterly	District, Micro/Small/Medium
<b>Indicators for Strategic Pillar 2 – Delivery Channels</b>										
15	Percentage of administrative units <sup>21</sup> with at least one access point <sup>22</sup>	29.6%					AFI	Supply side data/ collation and analysis by CBS	Quarterly	
16	Percentage of total adult population (15yrs +) living in administrative units with at least one access points	45%					AFI	Supply side data/ collation and analysis by CBS	Quarterly	
17	Percentage administrative units with at least one Mobile Money agent outlet	21.6%					AFI (tailored to Samoan context)	Supply side data/ collation and analysis by CBS	Quarterly	District
18	Number of cash-in and cash-out access points per 10000 adults	14.85					PIRI	Supply side data/ collation and analysis by CBS	Quarterly	District
19	Number of bank branches per 10000 adults	1.84					PIRI	Supply side data/ collation and analysis by CBS	Quarterly	District
20	Number of ATMs per 10000 adults	5.91					PIRI	Supply side data/ collation and analysis by CBS	Quarterly	District
21	Number of EFTPOS per 10000 adults	50.85					PIRI	Supply side data/ collation and analysis by CBS	Quarterly	District
22	Number of banking agents per 10000 adults	13.01					PIRI	Supply side data/ collation and analysis by CBS	Quarterly	District
23	Number of Mobile Money agents per 10000 adults	9.74					AFI (tailored to Samoan context)	Supply side data/ collation and analysis by CBS	Quarterly	District
24	Number of active Mobile Money agents <sup>23</sup> per 10000 adults	6.41					AFI (tailored to Samoan context)	Supply side data/ collation and analysis by CBS	Quarterly	District
<b>Indicators for Strategic Pillar 3 – DFS Ecosystem</b>										

<sup>21</sup> Administrative units for the purpose of this indicator means Village as defined in Samoa Housing and Population Census by Samoa Bureau of Statistics.

<sup>22</sup> Access Point –A facility where both function of cash-in (deposit) and cash-out (withdrawn) can be done from a bank account or mobile money account

<sup>23</sup> Active Mobile Money Agents- Mobile Money agent who has undertaken at least one transaction within last 90 days

Sl. No	Indicator	Baseline 2021/2022	Target 2022/2023	Target 2023/2024	Target 2024/2025	Target 2025/2026	Linkage with AFI /PIRI indicators	Source	Reporting frequency	Reporting granularity
25	Percentage of adults making or receiving a digital payment (Report both numerator and denominator)							Supply side data/collation and analysis by CBS	Quarterly	District, Gender, Age, Income
26	Number of registered DFS customers <sup>24</sup> per 10000 adults (Report both numerator and denominator)	4,873						Supply side data/collation and analysis by CBS	Quarterly	District, Gender, Age, Income
27	Number of active DFS customers <sup>25</sup> per 10000 adults	585						Supply side data/collation and analysis by CBS	Quarterly	District, Gender, Age, Income
28	Number of DFS transactions per registered account in a quarter							Supply side data/collation and analysis by CBS	Quarterly	District, Gender, Age, Income, Product type
29	Amount of DFS transactions per registered account in a quarter							Supply side data/collation and analysis by CBS	Quarterly	District, Gender, Age, Income, Product type
30	Number of remittance transactions through mobile wallet in a quarter							Supply side data/collation and analysis by CBS	Quarterly	District, Gender, Age, Income
31	Percentage of G2P payments <sup>26</sup> made via digital channels in a quarter							Supply side data/collation and analysis by CBS	Quarterly	District, Gender, Age, Income
32	Percentage of P2G payments <sup>27</sup> made via digital channels in a quarter							Supply side data/collation and analysis by CBS	Quarterly	District, Gender, Age, Income
<b>Indicators for Strategic Pillar 4 – MSME, Informal sector and Agricultural Sector Finance</b>										
33	Percentage of MSMEs with a current account							Supply side data/collation and analysis by CBS	Quarterly	Micro/Small/Medium
34	Number of MSME loans as a percentage of total number of business loans							Supply side data/collation and analysis by CBS	Quarterly	District, Micro/Small/Medium

<sup>24</sup> DFS Customer-Customer who has registered for mobile money wallet or bank online portals or FinTech service or any other digital finance platform (as applicable).

<sup>25</sup> Active DFS Customer - Customer who has done a transaction through mobile money wallet or bank online portals within last 90 days

<sup>26</sup> G2P Payments - Government to person payments, includes social transfers as well as wage and pension transfers

<sup>27</sup> P2G Payments - Person-to-government (P2G) payments are the transfer of funds from an individual to a government agency to pay for a public good (e.g. school fees), settle an outstanding amount (e.g. a traffic fine) or file taxes (e.g. individual or business tax returns).



Sl. No	Indicator	Baseline 2021/2022	Target 2022/2023	Target 2023/2024	Target 2024/2025	Target 2025/2026	Linkage with AFI /PIRI indicators	Source	Reporting frequency	Reporting granularity
35	Amount of MSME loan outstanding as a percentage of total amount of loan outstanding of business loans							Supply side data/collation and analysis by CBS	Quarterly	District, Micro/Small/Medium
36	NPA (in percent) of MSME loans						AFI	Supply side data/collation and analysis by CBS	Quarterly	District, Micro/Small/Medium
<b>Indicators for Strategic Pillar 5 – Financial Capability &amp; Customer Protection</b>										
37	Percentage of adults who know exactly how much money they have available for their day-to-day spending							Survey undertaken by Samoa Bureau of Statistics	As available	District, Gender, Age, Income
38	Percentage of adults who check terms and conditions of financial products before acquiring them							Survey undertaken by Samoa Bureau of Statistics	As available	District, Gender, Age, Income
39	Percentage of adults who try to resolve conflicts with financial institutions							Survey undertaken by Samoa Bureau of Statistics	As available	District, Gender, Age, Income
40	Percentage of adults with understanding of how interest works							Survey undertaken by Samoa Bureau of Statistics	As available	District, Gender, Age, Income
41	Percentage of adults with understanding of main purposes of insurance							Survey undertaken by Samoa Bureau of Statistics	As available	District, Gender, Age, Income

