

# SECURED TRANSACTIONS IN THE PACIFIC: A COMPARATIVE STUDY

CASE STUDIES FROM FIJI, VANUATU, SAMOA, AND THE SOLOMON ISLANDS



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## ACKNOWLEDGMENTS

This case study is a product of the Pacific Islands Regional Initiative (PIRI) and the SME Finance Working Group (SMEFWG), and its members.

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We would like to thank AFI member institutions, partners, and donors for generously contributing to the development of this publication.

## OVERVIEW OF THE MSME FINANCIAL LANDSCAPE

Micro, small, and medium-sized enterprises (MSMEs) play a vital and extensively documented role in promoting economic growth and development worldwide. In the Asia-Pacific region specifically, MSMEs remain important drivers of growth and exhibit an impressive presence in the business landscape with an astonishing 96 percent share of all enterprises, 55.8 percent of the workforce, and 28.0 percent of a country's economic output.<sup>1</sup> These figures highlight the substantive roles that MSMEs play in driving economic progress.

Despite their critical role, MSMEs remain one of the sectors least prioritized by traditional financial institutions and non-banking financial institutions (NBFIs) due to their high risk exposure. In the Pacific, the challenges hindering MSME growth stem from both demand and supply-side factors, in addition to gender-related barriers, which have become more pronounced since the COVID-19 pandemic. To address these challenges, a robust financial infrastructure, including credit bureaus and collateral registry systems, is critical for reducing financing risks and improving access to credit for MSMEs. Credit guarantees play an important role in mitigating MSME credit risks and providing emergency financial assistance during unexpected events such as natural disasters and health crises. In PNG, a special credit guarantee corporation was created in 2022 to expand access to finance for more MSMEs. Similarly, the Samoa Business Hub—a private sector initiative that supports MSMEs—offers 80-100 percent guarantees covering business loans provided by designated banks, contributing to a steady increase in guaranteed loans to MSMEs in Samoa. In Fiji, while there is no independent credit guarantee corporation, the central bank operates a credit guarantee facility for MSMEs, which proved instrumental in helping businesses access finance during the pandemic.

Data infrastructure is gradually developing in the Pacific economies studied. Credit bureaus collect and provide comprehensive credit information, enabling lenders to make informed decisions. For instance, private credit bureaus operating in Fiji and PNG have enhanced the transparency and reliability of credit assessments. Similarly, collateral registries allow businesses to use movable assets as collateral, broadening the scope of assets that can be leveraged to secure loans. While legal frameworks on collateral registries are in place, the effective use of pledged assets for loans remains a challenge, highlighting the need for continued reforms and capacity building to fully realize the benefits of comprehensive financial infrastructure.

Another form of facilitation is through development financial institutions (DFIs). DFIs, including SME banks, play a crucial role in supporting the financial needs of MSMEs, particularly in developing economies. These institutions provide long-term financing and guarantees that are often unavailable through commercial banks, thereby filling a critical gap in the financial market. In many countries, state development banks are instrumental in implementing government policies aimed at economic development and financial inclusion. For instance, the Development Bank of Solomon Islands (DBSI) offers tailored financial products and services to MSMEs, focusing on sectors essential for economic growth, such as agriculture, tourism, and fisheries. These institutions not only provide much-needed capital but also offer technical assistance and advisory services to help MSMEs grow and thrive.

Financial institutions are primarily focused on larger, well-established enterprises compared to MSMEs, which typically present higher risk exposure due to asymmetric information and lack of collateral. As a result, their operations are often limited to secured transactions.

<sup>1</sup> Asian Development Bank. 2023. Asia Small And Medium-Sized Enterprise Monitor 2023 - How Small Firms Can Contribute To Resilient Growth In The Pacific Post Covid-19 Pandemic. Available at: <https://www.adb.org/sites/default/files/publication/919641/asia-sme-monitor-2023.pdf>

## CHALLENGES FACED BY MSMEs IN ACCESSING FINANCING

MSMEs from the Pacific Islands Countries (PIC) face demand and supply side constraints that impede their growth and actual potential. One of the most prevailing challenges is access to finance. In the Pacific Islands, 23-25 percent of MSMEs are classified as fully credit constrained.<sup>2</sup> Common challenges include:

- > **Collateral Shortage:** MSMEs often lack assets for loan security, increasing lender risk and limiting access to financing.
- > **Higher Cost of Finance:** MSMEs face higher interest rates due to their perceived risk.
- > **Complex Procedures:** The loan application process is often intricate and time-consuming, creating barriers for resource limited MSMEs.
- > **Information Asymmetry:** MSMEs often lack knowledge of available financial service options, similarly, from the supply-side, financial institutions face challenges in obtaining adequate MSME to provide suitable financial products.
- > **Discrimination:** Bias, particularly towards women and minorities, further complicates efforts by MSMEs to secure financing.

The major obstacle for MSMEs lies in the stringent collateral requirements, typically in the form of real estate or other immovable properties, coupled with the absence of comprehensive laws to protect creditors and enforce security interests. Given the size and nature of many MSMEs, they often lack such assets, rendering them ineligible for traditional lending practices. As a result, MSMEs tend to use informal sources of finance rather than formal financial institutions. For example, in Vanuatu, around 68 percent of businesses in urban centers relied on informal savings for business start-ups, while 19 percent

used commercial bank loans. Similarly, in the rural areas, 81 percent depended on informal savings, with only seven percent accessing commercial bank loans.<sup>3</sup>

In the Pacific Islands Countries (PICs), typical interest rate margins range from six percent in Tonga to 11 percent in the Solomon Islands and Palau (Table 1). Fiji and Vanuatu are the exceptions, with margins averaging three percent from 2010 to 2018. Over the same period, private sector lending in both countries was also greater than in other PICs, at 66 percent in Vanuatu and 62 percent in Fiji.

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Consequently, MSMEs often find themselves excluded from mainstream financial support, exacerbating their financial constraints, and limiting their growth potential.

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To address this critical issue, numerous countries, including those in the Pacific Islands, have taken proactive steps to tackle the funding gap for MSMEs. One effective solution is the implementation of the Personal Property Securities Act, which empowers MSMEs to leverage their movable assets as collateral to obtain working capital loans.<sup>4</sup> This progressive framework, known as secured transactions, offers MSMEs a practical avenue to access the necessary funding required to meet their working capital needs.

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2 World Bank Group. 2018. IMPROVING ACCESS TO FINANCE FOR SMES - Opportunities through Credit Reporting, Secured Lending and Insolvency Practices. Available at: <https://www.doingbusiness.org/content/dam/doingBusiness/media/Special-Reports/improving-access-to-finance-for-SMEs.pdf>

3 Reserve Bank of Vanuatu. 2017. Vanuatu MSMEs - Finance 2016 Survey: Exploring the MSMEs Survey Challenges & Understanding the MSMEs Characteristics for Ways Forward. Available at: [https://www.rbv.gov.vu/images/Financial\\_Inclusion/Vanuatu%20MSME%20Finance%20Survey%20Report\\_2016.pdf](https://www.rbv.gov.vu/images/Financial_Inclusion/Vanuatu%20MSME%20Finance%20Survey%20Report_2016.pdf)

4 Asian Development Bank. 2014. Unlocking finance for growth: Secured transactions reform in Pacific Island economies. Asian Development Bank. Available at: <https://www.adb.org/publications/secured-transactions-pacific>

## ROLES OF CREDIT ENABLERS

Financial institutions rely on reliable, timely, and robust financial information, data, and business plans to assess the creditworthiness of MSMEs. However, MSMEs face huge challenges because of the quality and timeliness of their bookkeeping. Their financial records are often not externally audited and are typically prepared with a lag of 9-12 months, rendering them ineffective when assessing financial health.

Furthermore, since financial literacy remains a major challenge in developing countries in Asia and the Pacific, most MSMEs find the process of preparing documentation and dealing with financial institutions confusing, often leading them to avoid formal financing altogether. Even for those that manage to overcome the initial hurdles of financial illiteracy, the issue of insufficient collateral poses an additional challenge.

The lack of adequate collateral has become a major impediment to the sustained growth MSMEs. Creating a conducive environment for MSME access to finance is crucial, focusing on mitigating their risk exposure while enhancing their credit profiles.

## METHODOLOGY

This case study is being conducted with the support of AFI's SME Finance Working Group (SMEWG)'s Pacific members. Its primary aim is to acquire and document comprehensive knowledge about the existing landscape of secured transactions within the Pacific Island nations and widely share this within the network.

The study employed two data collection methods: primary and secondary. Primary data was gathered through Key Informant Interviews (KII) conducted with key stakeholders from four member institutions: the **Reserve Bank of Fiji, Central Bank of Samoa, Reserve Bank of Vanuatu and Central Bank of Solomon Islands**. Secondary research involved desk research to collect online information, which was used to complement data from the four countries.



Fisherman with dugout canoe, diving for octopus, in Samoa. (Paul Abbitt Rml / Alamy Stock Photo)

## SECTION 1: OVERVIEW OF SECURED TRANSACTIONS

Secured transactions refer to a legal framework that governs the creation and enforcement of security interests in personal property or assets.<sup>5</sup> These transactions provide lenders or creditors with a means to secure repayment or satisfaction of a debt by obtaining rights in specific collateral, typically movable assets, owned by a borrower or debtor.

5 John M. Wilson, Murat Sultanov; Maceachern, Elaine; Salamina, Luz Maria; Chhabra, Pratibha. 2019. Secured Transactions, Collateral Registries and Movable Asset-Based Financing: Knowledge Guide (English). World Bank Group. Available at: <http://documents.worldbank.org/curated/en/193261570112901451/Knowledge-Guide>

The primary purpose of secured transaction reforms is to enable various forms of personal property to be pledged or accepted more easily as security or collateral for lending, thus providing lenders with a higher level of assurance or security by enabling them to claim the collateral if the debtor defaults on their obligations. Collateral serves as a guarantee, reducing the lender's risk and potentially allowing for more favorable lending terms, such as lower interest rates or higher borrowing limits. Secured transactions are governed by specific laws or codes that vary by jurisdiction.

Navigating the intricate landscape of secured transactions is especially important in the Pacific Islands, where economic activity and trade dynamics are closely tied to unique cultural and geographical considerations. In this diverse and dynamic region, understanding the principles and practices of secured transactions is essential for promoting economic growth, encouraging investment, and ensuring the effective flow of commerce.

### BOX 1: FIJI CASE STUDY

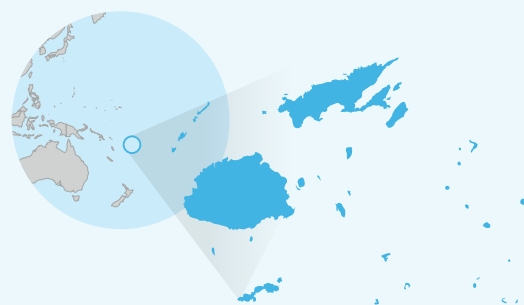
Micro, small, and medium enterprises (MSMEs) are the backbone of the Fijian economy. As of the end of 2020, MSMEs accounted for 82.4 percent of all enterprises, with microenterprises comprising 39.7 percent of all MSMEs, small enterprises 23.2 percent, and medium-sized enterprises 37.0 percent. In terms of employment, MSMEs had 21,302 employees (28.3 percent of the labor force), a sharp decline of 11.5 percent from 2019 due to the impact of the pandemic.<sup>6</sup>

MSMEs account for over 90 percent of all businesses and employ more than 70 percent of the workforce in Fiji. However, they face several challenges in accessing finance, including high collateral requirements, higher interest rates, and a lack of credit history.

As a result, many MSMEs in Fiji are unable to access the finance they need to grow and expand their businesses. This limitation negatively impacts the overall economy, as it prevents MSMEs from fully contributing to job creation and economic growth.

In recent years, the Fijian government has taken steps to address these challenges.

6 Asian Development Bank . 2023. Asia Small And Medium-Sized Enterprise Monitor 2023 - How Small Firms Can Contribute To Resilient Growth In The Pacific Post Covid-19 Pandemic. Available at: <https://www.adb.org/sites/default/files/publication/919641/asia-sme-monitor-2023.pdf>



Key initiatives include:

- > **The introduction of a credit guarantee scheme:** The Micro, Small, and Medium Enterprise Credit Guarantee Scheme (MSMECGS) provides financial institutions with a guarantee of up to 60 percent of the loan amount in the event of a default, and up to 75 percent for women-led MSMEs. This has made it easier for MSMEs and women-MSMEs to obtain loans, as banks and financial institutions face reduced exposure to potential losses.
- > **The provision of financial literacy training:** The government has implemented financial literacy training for MSMEs, helping businesses understand the different types of financing available and how to apply for loans.

By enabling MSMEs to utilize assets such as receivables, inventory, raw materials, machinery, and more as viable collateral, secured transactions provide a much-needed lifeline for MSMEs in their pursuit of sustainable growth and development. This introduction delves into the realm of secured transactions within the Pacific Islands, shedding light on the significance, challenges, and potential opportunities that arise from this crucial financial framework.

Financial institutions often impose stricter guidelines when providing credit or financing to MSMEs due to their high risk exposure and perceived lack of economic viability, which explains why most financial institutions only engage with MSMEs based on secured transactions. When a loan or financing arrangement is secured, the financial institution (lender) has a claim or legal right over the collateralized asset in case of default.

In such cases, the financial institution can sell the pledged asset to recoup its losses. Since the risk is secured, financial institutions typically offer higher credit limits with significantly lower interest rates.

#### FINANCIAL PRODUCTS OFFERED BY FINANCIAL INSTITUTIONS WHICH UNDERTAKE SECURED TRANSACTIONS

- > The Fijian government has set up a USD9 million MSME credit guarantee scheme to encourage private sector lending to MSMEs. The scheme guarantees 60 percent of the principal outstanding on defaulted loans, up to USD60,000 per business. For women entrepreneurs and businesses in rural areas, the guarantee increases to 75 percent, up to USD75,000 per business.
- > In Samoa, the Pacific Private Sector Development Initiative (PSDI) has facilitated increased access to finance for businesses by developing and implementing a secured transactions framework. The Development Bank of Samoa (DBS) has introduced financing products for the agriculture sector that utilize this framework,<sup>7</sup> under which lenders can repossess a pledged asset in the event of non-repayment without needing a lawyer and court order.<sup>8</sup>
- > The Samoa Business Hub (SBH), formerly known as the Small Business Enterprise Centre (SBEC), offers loan guarantees in partnership with the Development Bank of Samoa and commercial banks of up to



Female market stall holder selling decorative and traditional craft goods to cruise ship tourists, in Vanuatu. (KC Hunter / Alamy Stock Photo)

WST50,000 (USD20,000) at commercial interest rates to all entrepreneurs. It guarantees 100 percent of loans up to USD10,000 and 80 percent of loans up to USD50,000, supporting close to 2,000 small businesses through such loan arrangements with banks in 2015. This initiative is funded by the Government of New Zealand through its official aid program with assistance from the Government of Samoa, with the backend guarantee provided by the New Zealand Aid Programme and the Government of Samoa.

- > The Credit Guarantee Scheme, administered by the Central Bank of Solomon Islands (CBSI) in partnership with the Development Bank of Solomon Island (DBSI), ANZ Banking Group, Bank South Pacific (BSP), and Pan Oceanic Bank (POBL), offers guarantees for 90 percent of the unsecured portion (collateral shortfall) of loans provided by Partner Financial Institutions (PFIs). A two percent fee is charged on the guaranteed amount or a minimum of USD1,000.<sup>9</sup>

The CBSI also offers an Export Finance Facility to support MSMEs involved in exports, which provides working capital financing at favorable interest rates for eligible sectors, facilitating the export process, and enabling MSMEs to access funds to purchase equipment and cover export-related expenses.

- > The Reserve Bank of Vanuatu (RBV) administers and funds Credit Guarantee Schemes in which commercial banks participate. The schemes employ a partial coverage ratio to protect against moral hazard for both FSPs and MSMEs (borrowers). They also apply the “Right Interest Rate” to cover administrative costs.

<sup>7</sup> PSDI. 2020. Available at: <https://www.pacificpsdi.org/assets/Uploads/PSDI-CountryFactSheet-April2020-Samoa.pdf>

<sup>8</sup> PSDI. 2017. Available at: <https://www.pacificpsdi.org/news-and-insights/news/read/secured-transactions-registry-launched-in-samoa>

<sup>9</sup> CBSI. 2022. Available at: <https://www.cbsi.com.sb/understanding-the-finance-facilities-schemes-to-support-msmes/>

## SECTION 2: SECURED TRANSACTIONS OPERATIONS

Secured transactions reform was designed to improve the availability of loan collateral beyond immovable assets. The ADB's Private Sector Development Initiative (PSDI) assisted in developing legislation passed by Parliament in September 2017 and also helped with the establishment of an online Personal Property Securities Registry, launched on 31 May 2019.

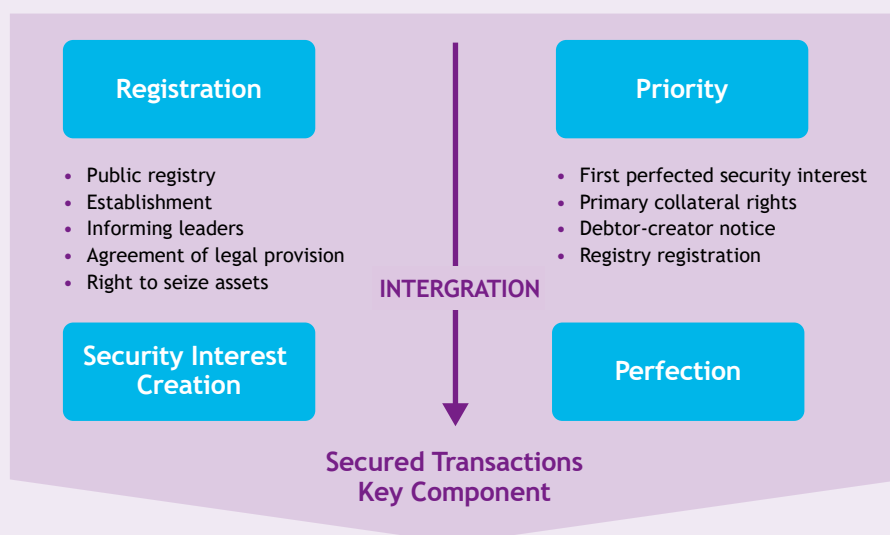
The PSDI continues to work with the Reserve Bank of Fiji to help financial institutions better use the reform, particularly in encouraging the development, rollout, and impact assessment of new MSME credit products. The Credit Information Reporting Agency (CIRA) is a private company, registered with the central bank. Operations began in October 2018, with credit data reporting governed by the Fair Reporting of Credit Act of 2016. As of March 2023, the CIRA maintained roughly 20,000 credit records, of which approximately 10 percent consisted of company data,

with MSMEs comprising less than five percent. Credit data is available to only members (which include 15 institutions—seven banks and eight nonbank finance institutions). The CIRA, which provides general credit information and data on past due or bad debts, collects data on company sales, employment, operating periods, and assets. While data primarily comes from members, the CIRA is collaborating with the Fiji Revenue and Customs Service to incorporate additional sources, such as tax ID data. The CIRA has also developed regional networks on credit reporting, which has yet to be developed, with other credit bureaus in Papua New Guinea, the Solomon Islands, and Tonga.

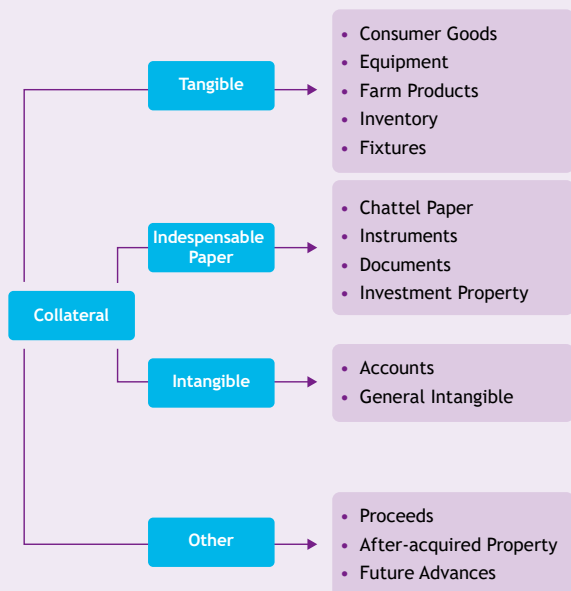
Key components of Secured Transactions include:

- > **Security Interest Creation:** Lenders gain the right to seize assets if borrowers default. This right arises through an agreement or legal provision.
- > **Registration:** Security interests typically must be registered in a public registry. This informs lenders about existing interests and establishes priority during defaults.
- > **Perfection:** Security interests are valid only when perfected. This involves registering the interest in a public registry and providing notice to the both the debtor and creditor.
- > **Priority:** The lender with the first perfected security interest has primary rights to the collateral in the event of default.

FIGURE 1: THE DYNAMIC OF SECURED TRANSACTION KEY COMPONENT



**FIGURE 2: TANGIBLE AND INTANGIBLE ASSET AS COLLATERAL FROM LUMEN BUSINESS LAW<sup>10</sup>**



<sup>10</sup> Libretext. .2024. Advanced Business Law and the Legal Environment. Available at: <https://batch.libretexts.org/print/Finished/biz-11143/Preview.pdf?view=true>

## COLLATERAL AND REGISTRIES

Collateral is permitted by secured transactions law or regulations.

### SAMOA:

- > Both movable and immovable collateral are accepted.
- > Samoa has an online registry that makes it easier to accept movable property as collateral (such as machinery, accounts receivable, or inventory), allowing lending institutions to extend credit to more businesses.

### VANUATU:

- > In Vanuatu, the Personal Property Securities Registry (PPSR) manages the registration and search of security interests in movable property.
- > Examples of movable collateral include trucks, solar panels, grass cutters, and quick cash-generating agriculture commodities.

- > The Personal Property Securities Act 2008 governs the PPSR and permits the following types of personal property:
  - **Chattels:** Mostly vehicles
  - **Chattels:** As outboard motors
  - **Deed of charge:** A document which typically records an arrangement between two companies, where one lends money to another and receives a security interest in the borrower's assets.
  - **Security trust deed:** A mechanism where the borrower provides secured property in **trust** as **security** for the facility granted by the lender(s).
  - **Charge over shares:** A charge placed on shares in a company.
  - **Floating charge:** Secured by current assets while allowing the company to use those assets to run its business operations.

### FIJI:

- > Movable property such as motor vehicles, livestock, crops, machinery, jewelry, bank accounts, intellectual property, and inventory can be used as collateral under the Personal Properties Securities Act.
- > Immovable collateral: Land, except for fixtures or goods attached to land (e.g. timber to be cut, minerals, or petroleum).

### THE SOLOMON ISLANDS:

- > The Secured Transactions Act, passed in 2008, has simplified all aspects of lending, making it easier for people to secure business loans using movable assets, such as boats, cars, or farm equipment as collateral.
- > Other examples of movable collateral include livestock, inventory, fixtures, crops, commingled goods, vehicles, and machinery.

**BOX 2: VANUATU CASE STUDY**

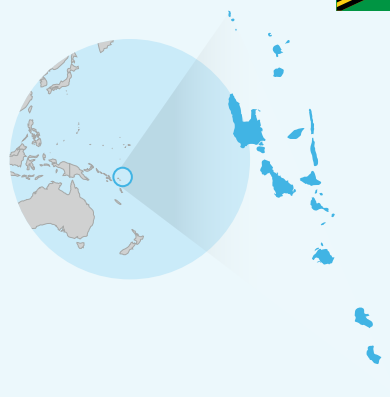
The Reserve Bank of Vanuatu (RBV) receives quarterly reports from institutions that undertake secured transactions.

These reports cover financial inclusion data and are normally received in spreadsheet format, where they are then analyzed and stored by the RBV.

Movable collateral allowed thus far include trucks, solar panels, grass cutters, and quick cash generating agriculture commodities, whereas immovable collateral include land and houses.

While land and houses are the most common forms of collateral for secured loans, movable assets are less commonly used. This may be due to the perceived risk associated with movable assets and a lack of awareness among Ni-Vans about their potential as collateral. Lenders tend to be conservative, further limiting the use of movable assets in secured transactions.

As a result of this current scenario, general awareness and usage of the registration system remains a challenge.



Signaling a shift in the times, the Vanuatu Financial Service Commission now hosts the Personal Property Security Registry, where movable assets can be registered as collateral.

The registry (available at <https://www.ppsr.vu/>) requires users to create an account and set up a 'client briefcase' to search past and current records and retrieve the Access Number needed to be amend any existing notice.

**DATA FOR COLLATERAL****SAMOA:**

- > The administrative center for secured transactions is managed by the Ministry of Commerce Industry and Labour (MCIL).

**VANUATU:**

- > The Reserve Bank of Vanuatu (RBV) receives quarterly reports from institutions that undertake secured transactions. These reports, which include financial inclusion data, are normally received in spreadsheet format, analyzed, and stored by the RBV.

**FIJI:**

- > In Fiji, data is readily available on the number of security interest filings, classified by client accounts and gender. However, classification by collateral type (aside from motor vehicles) is unavailable given the open-ended format for describing collateral.

**THE SOLOMON ISLANDS:**

- > Commercial banks maintain detailed information of their customers.

**REGISTRATION PROCESS OF SECURITY INTERESTS****SAMOA:**

- > An agreement to take a security interest (a pledge or charge) in the movable property of a debtor to secure their obligation can be registered to notify others of the security interest. Checking for prior security interests in collateral offered as security for an obligation can be done by searching the registry records (available at <https://www.businessregistries.gov.ws/wp-content/uploads/2017/02/WS-PPSR-user-manual-vs1-1.pdf>)
- > To register a security interest in Samoa, the secured party must file a notice of security interest with the PPSR and include the following information:
  - The name of the debtor.
  - The name of the secured party.
  - A description of the collateral.
  - The date of the security agreement.
  - The amount of the secured debt.
  - The PPSR is an electronic registry, allowing the notice of the security interest to be filed online. The filing fee for a notice of security interest is USD100.<sup>11</sup>

<sup>11</sup> Fees. ND. Ministry of Commerce, Industry & Labour - Samoa. Available at: <http://businessregistries.gov.ws>

**VANUATU:**

- > The PPSR serves as an online “Notice Board” providing the personal details of anyone claiming an identified interest in goods or assets. By registering a notice in the registry, a claimant publicly declares their interest in the specified goods or assets. Public searches can be conducted without login credentials, and the system is accessible 24/7 (available at <https://www.ppsr.vu/>)
- > The Personal Property Registry does not apply to mortgages or interests in land or house buildings, including the land itself.
- > To register or file a notice, the Registrar (VFSC) charges a fee of VUV3,000, and login credentials must be issued to access the system.
- > The contents of the notice must include the following:
  - The name and address of the debtor.
  - The name and address of the secured party.
  - A description of the collateral, including its serial number.
  - The expiry date of the security interest.
- > Customers, including all financial institutions, utilize the registry widely and find it highly beneficial.

**FIJI:**

- > In Fiji, the current system is available 24/7 to secured parties or their appointed registrant agents for filing notices of security interests. To do so, companies or individuals must apply for an account on the PPSR using an online form that requires key details for due diligence by the Registrar. Once approved, a client account is assigned, and the applicant is provided an administrator user account through which additional users may be created. Further information on the registration process is available in the online user guide.
- > The rules and conditions for the creation and perfection of security interests through registration are outlined in Sections 21 to 29 and 69 to 86 of the PPSA 2017. Sections 87 to 103 within the same legislation also address the enforcement of security interests, which must be interpreted in line with Fiji’s other existing laws.

**THE SOLOMON ISLANDS:**

- > MCILI/Company Haus manages the Secured Transactions System and is responsible for



Twenty-four hour market, in Vanuatu. (Owen Knight / Alamy Stock Photo)

administering registry filings. MCILI is also responsible for paying for support services for the online system.

- > Commercial banks and credit institutions, including DBSI, use secured transactions.
- > The customer approaches the bank to provide security interests for accessing credit.
- > The bank records all details of the security interests, including those related to movable or immovable assets, and undertakes a valuation.
- > The mortgage agreement is between the lender and the borrower.
- > The bank's filing agent prepares the documents for registration and pays a fee at the Ministry of Finance/Treasury (MOFT).

- > MCILI/Company Haus collects the information from MOFT for filing under the customer's name.
- > The effectiveness lies in having the information accessible when needed. However, the key issue is the borrower's ability to sell the asset prior to notifying the lending institution, requiring lenders to seek legal action for repossession.
- > It is a requirement for lending institutions (commercial banks or credit institutions) to register the secured interests at MOFT with a fee payment.
- > In cases of default, the lending institution uses the registry to determine the validity of the secured interest and to repossess the asset through legal channels.

TABLE 1: LOAN-TO-VALUE RATIOS FOR BORROWERS<sup>12</sup>

Types of Collateral	Organisation for Economic Co-operation & Development (OECD)	Emerging Market (Friendly/Reformed)	Emerging Market (Difficult/Unreformed)
Immovable Property	Up to 90%	Up to 80%	Between 60-80% (cities), 30-60% (rural areas)
Movable Property			
Vehicles	Up to 100%	Between 70-100%	Between 60-85%
Equipment	Up to 80%	Up to 80%	Between 60-85%, most times no value (secondary collateral)
Accounts Receivable	Up to 80%	Up to 50%	No value (secondary collateral)
Inventory	Up to 50%	No value (secondary collateral)	No value (secondary collateral)

Studies confirm that countries that have implemented secured transactions reforms are better able to support economic growth and employment. Additionally, borrowers can leverage a greater proportion of their assets' value to secure loans, enhancing their borrowing capacity.

<sup>12</sup> Investment Climate Advisory Service. 2010. Secured Transaction Systems and Collateral Registries. Available at: <http://www.wbginvestmentclimate.org>.

## CHALLENGES OF REGISTERING SECURITY INTERESTS

### SAMOA:

- > Multiple awareness and training sessions have been conducted exclusively for financial institutions (the primary users) since the system was established in 2017, and these sessions are ongoing. However, there is no awareness among the public on registering security interests.

### VANUATU:

- > General awareness of the system remains a challenge. An article titled "Mobile Financial Services: 3 Critical Challenges and How to Solve Them in Vanuatu" by Md. Asad-Ur-Rahman Nil, the country coordinator for the United Nations Capital Development Fund (UNCDF) in Vanuatu, identifies significant barriers to advancing mobile financial services (MFS). This includes the lack of a

comprehensive regulatory framework, the fragmented nature of the MFS ecosystem, and the inadequacies of the agent network.<sup>13</sup> These challenges not only hinder the broader adoption of mobile financial services but also impede the effective use of systems such as the Personal Property Securities Registry. Addressing these issues is crucial to enable a more integrated and supportive environment for financial innovations in Vanuatu.

#### FIJI:

- > A lack of awareness about the application of the law and the PPSR remains a challenge among law firms handling registrations on behalf of secured parties.

#### THE SOLOMON ISLANDS:

- > The Secured Transaction system hosted at MCILI/ Company Haus does not record detailed information on movable or immovable assets.
- > A key issue involves legal action when customers with assets held under secured interests sell their assets without notifying the institution, however, banks can repossess as the interest is secured under the registry.
- > Training is required for new staff administering the Secured Transactions system to ensure proper management aligned with the implementation of the Secured Transactions Act.

<sup>13</sup>Md. Asad-Ur-Rahman Nil. 2024. Mobile Financial Services: 3 Critical Challenges and How to Solve Them in Vanuatu. Available at: <https://www.uncdf.org/article/8730/mobile-financial-services-in-vanuatu-three-critical-challenges-and-how-to-solve-them>

#### SAMOA CASE STUDY: SAMOA'S COLLATERAL REGISTRY AND POTENTIAL INTERBANK INTEGRATION

Drawing a parallel to Samoa, its secured transactions framework and collateral registry offer valuable insights. Samoa implemented a Personal Property Securities Act in 2013, establishing a centralized online collateral registry that facilitates the registration and search of security interests. This system enhances the transparency and reliability of secured lending, building confidence among lenders and borrowers.

A notable advantage of Samoa's system is its potential for integration. While there is currently no direct interbank payment connection to the collateral registry, the idea presents an intriguing future possibility. Such integration could further streamline financial transactions and enhance the registry's effectiveness by linking secured transactions directly with payment systems, simplifying processes for lenders and ensuring quicker, more secure financial operations.

#### BOX 3: SAMOA CASE STUDY

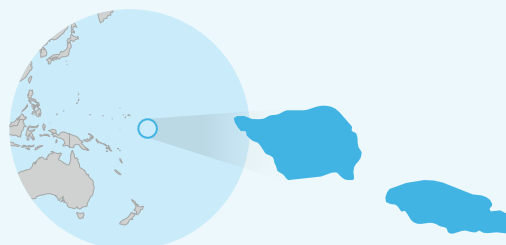
The banking systems of the four commercial banks are not interoperable. The only system for interbank payments is the cheque clearing house, operated by the banks and settled at the central bank through their settlement accounts.

This is a particular case, given that the Ministry of Commerce Industry and Labour (MCIL) administers the Personal Property Securities (PPS) Act of 2023.

Similarly, the Pacific Private Sector Development Initiative (PSDI) has collaborated with the government to raise awareness of the new system, promote new lending products, and improve understanding of secured transactions with MCIL.

A notable measure to protect the rights and interests of borrowers in secured transactions is outlined in Part IV of the PPS Act of 2023.

However, awareness and knowledge sharing, capacity building, and addressing challenges related to secured transactions remain a work in progress.



## SECTION 3: REGULATIONS AND FRAMEWORK GOVERNING SECURED TRANSACTIONS

Secured transactions laws in the Pacific Islands vary by country, yet they share common elements. These laws enable businesses to use assets as collateral for loans. Fiji took a significant step in 2017 by enacting the Personal Properties Act, followed by the establishment of a notice-based Personal Properties Securities Registry in 2019.

The Solomon Islands were early adopters, introducing the Act in 2008 and establishing the secured transactions filing office in 2010. Other countries in the region, including Papua New Guinea, Samoa, Tonga, and Vanuatu, have also passed the necessary legislation and subsequently established registries to effectively implement the law.

Another notable example outside the region is Thailand's Business Collateral Act B.E. 2558, established in 2015.<sup>14</sup> This Act removes restrictions on the types of assets that can be used as collateral. Under this legislation, a security provider's business, right of claim, movable property used for business purposes (such as machinery, inventory, raw materials), real estate, intellectual property, and other assets specified in the Act can now serve as collateral.

These efforts have created a legal framework to facilitate secured transactions and enhance access to financing for MSMEs in the Pacific Islands region. The global financial system encompasses a wide array of secured transactions products, as indicated in the concept note (please see the bottom section on the proposed structure). This diversity is reflected in the Pacific Islands region where various countries have implemented their own approaches.

For instance, in Tonga, the relevant legislation adopts a functional perspective, with Article 5 specifying that the scope of the act encompasses a broad range of transactions aimed at securing obligations through collateral.



Woman painting design on tapa cloth; in Qamea Island, Fiji.  
(Greg Vaughn / Alamy Stock Photo)

These transactions include, but are not limited to, pledges, hire-purchases, conditional sales, company charges, chattel mortgages, assignments, and similar arrangements.<sup>15</sup> Similarly, in Vanuatu, the Personal Properties Act of 2008 defines transactions that serve as means of securing payment or performance of obligations.

The specified transactions include charges, floating charges, chattel mortgages, conditional sale agreements (including agreements involving the sale subject to retention of title), hire purchase agreements, pledges, security trust deeds, trust receipts, consignments, leases, assignments, or any asset arrangement subject to conditions.

It is evident that this trend is prevalent across different member states in the region, as they have enacted regulations and rules that accommodate various forms of secured transactions. However, existing secondary literature does not provide a clear understanding of the adoption rates, utilization, and success rates associated with these diverse product offerings.

<sup>14</sup> Alliance for Financial Inclusion. 2022. SME Finance Guideline Note V.2. Available at: [https://www.afi-global.org/wp-content/uploads/2019/08/AFI\\_GN36\\_sme\\_2022\\_FINAL.pdf](https://www.afi-global.org/wp-content/uploads/2019/08/AFI_GN36_sme_2022_FINAL.pdf)

<sup>15</sup> Asian Development Bank. 2015. Pacific Islands - Secured Transactions Law Reform Project. <https://securedtransactionslawreformproject.org/reform-in-other-jurisdictions/australasia/pacific-islands/>

## SECURED TRANSACTIONS REFORMS

Fiji, Samoa, Vanuatu, and the Solomon Islands have implemented secured transactions reforms to make it easier for lenders to accept movable property as collateral.

### SAMOA:

- > Samoa passed the Personal Property Securities Act 2013 and established a digital registry to manage security interests .

### VANUATU:

- > Vanuatu enacted the Personal Property Securities Act 2008, which governs security interests in personal movable property. The Act received assent on 12 June 2008 and came into effect on 7 July 2008.

### FIJI:

- > Fiji modernized its secured transactions framework through the Personal Property Securities Act 2017 and the launch of the Personal Property Securities Registry on 31 May 2019. Under this framework, all security interests in movable property must be registered to be perfected. This represents a significant improvement over the previous system, which required creditors to physically visit registration offices to file securities. The registry is also publicly accessible, enabling anyone to quickly check whether a movable property in question is subject to an existing security interest.<sup>16</sup>

### THE SOLOMON ISLANDS:

- > The Solomon Islands passed the Secured Transactions Act 2008, which simplified the lending process.

<sup>16</sup> Secured Transaction Reform Project. n.d. Available at: <https://securedtransactionslawreformproject.org/reform-in-other-jurisdictions/fiji/>

TABLE 2: SECURED TRANSACTION REFORM IN THE PACIFIC REGION<sup>17</sup>



Jurisdiction	Relevant Act	Filing Office (and Website)
Samoa	Personal Property Securities Act 2013	Registry installed in 2024 <a href="https://www.businessregistries.gov.ws/new-online-register-ppsr/">https://www.businessregistries.gov.ws/new-online-register-ppsr/</a>
Vanuatu	Personal Property Securities Act 2008	Personal Property Securities Registry <a href="https://ppsr.vu/">https://ppsr.vu/</a>
Fiji	Personal Property Securities Act 2017	Fiji Personal Property Securities Registry <a href="https://ppsr.gov.fj/">https://ppsr.gov.fj/</a>
Solomon Island	Personal Property Securities Act 2010	Securities Transaction Filing Office <a href="https://stfosi.com/">https://stfosi.com/</a>

<sup>17</sup> Asian Development Bank. 2014. Unlocking Finance for Growth: Secured Transactions Reform in the Pacific Island Economies. Available at: <https://www.adb.org/publications/secured-transactions-pacific>

## LEGAL FRAMEWORK FOR SECURED TRANSACTIONS REFORM<sup>18</sup>

### SAMOA:

- > MCIL administers the Personal Property Securities Act 2013, which governs secured transactions in Samoa and allows movable property to be used as the subject of security interests.

### VANUATU:

- > The legal framework for secured transactions is governed by the Personal Property Securities Act (PPSA) of 2008. This Act establishes the rules and guidelines for using personal movable property, such as machinery, inventory, and receivables, as collateral for loans. It includes a system where lenders can register their security interests in an online registry, known as the Personal Property Securities Registry (PPSR), to secure their claims and determine priority in case of borrower defaults. This digital registry, administered by the Ministry of Commerce, Industry, and Labour (MCIL), aims to facilitate easier access to credit by allowing borrowers to leverage their movable assets while providing lenders with legal assurance and

<sup>18</sup> Jeremy Cleaver, Katherine Passmore & Simon Thompson. 2022. Facilitating Growth: Addressing the Challenges of Small Business Finance in the Pacific through Collateral Reforms. Available at: <https://www.pacificpsdi.org/news-and-insights/op-eds/read/facilitating-growth-addressing-the-challenges-of-small-business-finance-in-the-pacific-through-collateral-reforms>

transparency. However, the system faces challenges, including a need for more robust regulations and better interoperability among banks to effectively streamline and enforce secured transactions.

### FIJI:

- > Enforcement provisions are generally provided by the PPSA 2017, which should be read in line with existing laws that require obtaining court orders under specific circumstances, engaging the services of a bailiff, and other enforcement mechanisms.

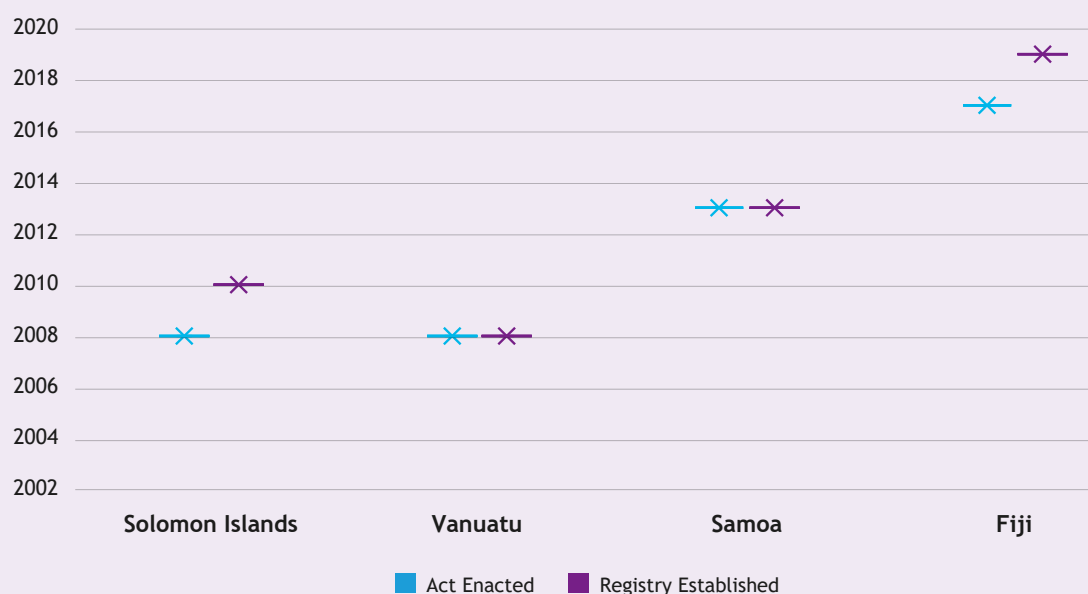
### THE SOLOMON ISLANDS:

- > The MCILI/Company Haus is responsible for overseeing these roles, however, its current function is limited to maintaining the filing system for the registry.

## COMPARATIVE ANALYSIS OF SECURED TRANSACTIONS FRAMEWORKS IN SAMOA, VANUATU, FIJI, AND THE SOLOMON ISLANDS

Secured transactions laws in the Pacific Islands play a vital role in enabling businesses to leverage their assets as collateral to obtain financing. A comparison of the legal frameworks in Fiji, Samoa, Vanuatu, and the Solomon Islands highlights their respective approaches and the impact on financial accessibility.

FIGURE 3: ACT ENACTED AND REGISTRY ESTABLISHED FOR EACH COUNTRY



## SAMOA

### > Legal Framework and Implementation

**Personal Property Securities Act 2013:** Samoa's Act, administered by the Ministry of Commerce, Industry, and Labour (MCIL), established a legal framework for using movable property as collateral.

**Digital Registry:** Samoa introduced an electronic collateral registry to facilitate the registration and search of security interests, enhancing the efficiency and reliability of secured transactions.

### > Impact and Utilization

**Market Adoption:** The introduction of the digital registry has increased transparency and encouraged lenders to accept a broader range of assets as collateral.

**Awareness and Education:** Efforts by the government, along with initiatives such as PSDI, are crucial for raising awareness and understanding of the system among stakeholders, as it continues to evolve.

## VANUATU

### > Legal Framework and Implementation

**Personal Property Securities Act 2008:** This Act, enacted to streamline the secured transactions process, governs the registration and prioritization of security interests in movable property in Vanuatu.

**PPS Registry:** Vanuatu's registry enables the online registration of security interests, although challenges such as the lack of interoperability among banks and the need for improved regulatory frameworks remain significant barriers (PPSR Vanuatu).

### > Impact and Utilization

**Registry Challenges:** While the digital registry exists, its effectiveness is hampered by broader systemic issues in the financial sector, including fragmented banking systems and a need for more robust regulatory support.

**Capacity Building:** Continued efforts are required to build awareness and capacity among users to fully leverage the secured transactions framework.

## FIJI

### > Legal Framework and Implementation

**Personal Property Securities Act 2017:** This Act modernized Fiji's approach to secured transactions. It introduced a notice-based Personal Property Securities Registry (PPSR), which has been operational since 31 May 2019.

**Registry System:** Fiji's PPSR is a digital platform that allows creditors to register their security interests in movable property, making it easier and faster to perfect these interests without physical attendance at registration offices. This registry is also public, providing transparency and confidence for potential lenders and buyers to check the status of movable property.

### > Impact and Utilization

**Ease of Access:** The digital registry reduces transaction costs and speeds up the process for registering security interests, promoting broader acceptance of movable property as collateral.

**Market Impact:** This system promotes a more dynamic credit market by enabling lenders to quickly and confidently secure their interests.

## THE SOLOMON ISLANDS

### > Legal Framework and Implementation

**Secured Transactions Act 2008:** One of the earlier adopters in the region, this Act simplified the process of secured lending and created a structured system for registering security interests in movable property.

**Registry System:** The registry in the Solomon Islands is maintained by the Ministry of Commerce, Industry, Labour, and Immigration (MCILI), specifically through Company Haus, focusing primarily on maintaining the filing of registered interests.

### > Impact and Utilization

**Simplified Lending:** The system has simplified the process for lenders, making it easier to accept a diverse range of collateral and thus broadening access to finance.

**Operational Efficiency:** Despite its simpler approach compared to Fiji and Samoa's digital systems, the registry supports a more inclusive credit environment by providing a clear framework for secured transactions.

## COMPARATIVE INSIGHTS

### > Digital vs. Traditional Registries

**Digital Advantage:** Fiji and Samoa's digital registries provide faster, more transparent, and cost-effective means of registering and searching for security interests compared to more traditional or less integrated systems.

**Operational Challenges:** Vanuatu and the Solomon Islands face operational challenges that must be addressed to enhance the efficiency and effectiveness of their registries.

### > Regulatory and Market Integration

**Regulatory Framework:** All four countries have enacted legislation that supports the use of movable property as collateral, but the extent and ease of integrating these frameworks into the broader financial system vary.

**Market Adaptation:** The success of these frameworks in facilitating secured transactions largely depends on market adaptation and ongoing capacity building efforts to educate and integrate stakeholders.

### > Potential for Interbank and Collateral Registry Integration

While current systems do not typically integrate interbank payments directly with collateral registries, this represents a valuable future opportunity. Integration could enhance the efficiency and security of financial transactions, especially if aligned with broader improvements in financial infrastructure.

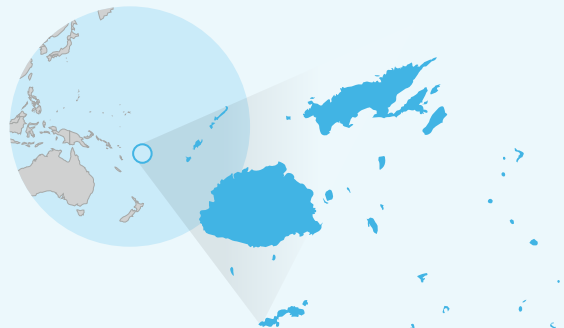


## BOX 4: FIJI CASE STUDY

THE IMPACT OF SECURED TRANSACTION REFORM:  
FIJI DIGITAL ASSET REGISTRY

In Fiji, the ADB-PSDI has partnered with the Reserve Bank of Fiji (RBF) on the reform process, as well as the post-reform socialization and development of loan products leveraging the reform.

The statistics from Fiji's secured transactions registry for 2019 show a substantial increase in the registration of security interests following the reform of its secured transactions framework. In May 2019, after the implementation of the Personal Property Securities Registry (PPSR), there were significant spikes in filings: 38,380 notices of prior transactions and 28 notices of security interest. This surge indicates that lenders and borrowers are actively engaging with the new system, which simplifies the process of registering and verifying security interests in movable assets. For MSMEs in Fiji, these reforms have had a profound impact. The ability to use a broader range of assets as collateral, and the streamlined registration process, has made it easier for MSMEs to secure loans and other forms of credit.



This increased access to finance is critical for their growth and operational stability. The data also reflects a high number of searches conducted by clients and the public, underscoring the registry's role in promoting transparency and trust in secured transactions. Overall, Fiji's reformed secured transactions framework and registry have created a more inclusive and efficient financial environment, directly benefiting MSMEs by expanding their financing options and reducing the barriers to accessing credit.

TABLE 3: FILING TYPES DATA FOLLOWING THE IMPLEMENTATION OF A SECURITIES REGISTRY<sup>19</sup>

Filing Types	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Notice of Prior Lien	2019	0	0	0	0	274	0	0	2	5	3	3	0	287
Notice of Prior Transaction	2019	0	0	0	0	38380	88	116	137	240	307	112	0	39380
Notice of Security Interest	2019	0	0	0	0	28	865	1498	909	797	924	370	0	5391
Totals						38682	953	1614	1048	1042	1234	485	0	45058

TABLE 4: CERTIFIED SEARCHES BY CLIENT TYPE<sup>20</sup>

Client Types	Certified Searches	Free Searches	Total
Administration	0	75	75
Client	21	8106	8127
Government	0	0	0
Master Administrator	0	40	40
Public	0	7768	7768
Totals	21	15989	16010

<sup>19</sup> Russell Toth. 2020. Evaluating the Impact of a Secured Transaction Reform on Access to Finance for SMEs in Fiji. School of Economics: University of Sydney. Australasian Aid Conference 2020.

<sup>20</sup> See Footnote 17.

The provided graph illustrates the relationship between the strength of collateral laws, as indicated by the Collateral Index, and two financial indicators: Private Credit to GDP and Non-Performing Loans (NPLs). The data demonstrates that countries with stronger collateral laws (higher Collateral Index) tend to have higher levels of private credit as a percentage of GDP.

This suggests that robust secured transaction frameworks facilitate greater access to credit by making lenders more confident in extending loans, knowing they have better legal protection and clearer processes for using collateral.

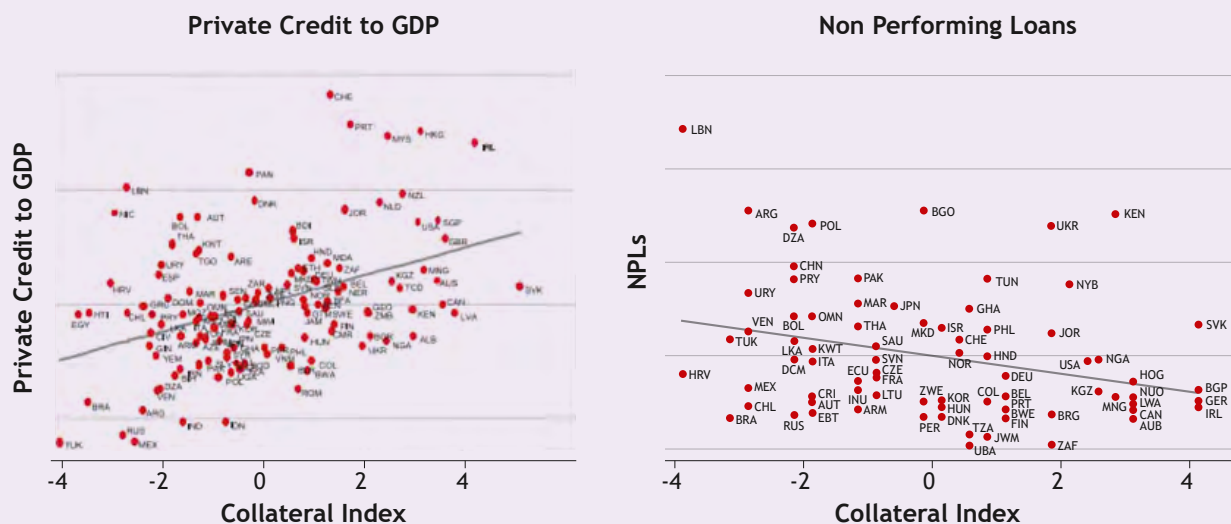
Conversely, the graph shows an inverse relationship between the Collateral Index and NPLs, indicating that stronger collateral laws are associated with lower levels of non-performing loans. Effective secured transaction frameworks reduce the risk of loan defaults, as lenders

are more likely to recover their assets in case of borrower default, leading to better loan performance.<sup>21</sup>

For the Pacific Islands, including Fiji, Vanuatu, Samoa, and the Solomon Islands, implementing robust secured transaction laws could significantly impact economic growth and financial stability. Enhanced legal frameworks would likely increase access to credit for MSMEs, allowing them to expand operations, invest in new technologies, and create jobs, thereby stimulating economic growth. Furthermore, stronger collateral laws would reduce the incidence of non-performing loans, promoting a more resilient banking sector and boosting investor confidence. By improving the overall financial stability and performance of loans, these reforms would drive sustainable economic development and enhance financial inclusion in the region. This highlights the importance of legal reforms and capacity building initiatives to support secured transactions and financial inclusion in these countries.

21 International Finance Corporation. 2010. Secured Transactions System and Collateral Registries. Available at: <https://documents1.worldbank.org/curated/en/517431468344950619/pdf/94182-REVISED-PUBLIC-SecuredTransactionsGuideJan.pdf>

FIGURE 4: THE RELATIONSHIP BETWEEN THE COLLATERAL INDEX, PRIVATE CREDIT TO GDP, AND NON-PERFORMING LOANS (NPLS)



Note: Relationships are statistically significant at the 1 percent level. Private credit analysis controls for country income, growth, and enforcement. Access to loans analysis controls for income per capita.

Source: WBG, "Doing Business 2005".

## SECTION 4: CHALLENGES OF SECURED TRANSACTIONS

### CHALLENGES FACED BY LENDERS AND BORROWERS WHEN UTILIZING SECURED TRANSACTIONS

In the Pacific Island nations of Samoa, Vanuatu, Fiji, and the Solomon Islands, both lenders and borrowers face significant challenges in the realm of secured transactions. In Samoa, high transaction costs and financial exclusion, due to the concentration of financial services in urban areas, make it difficult for rural residents to access these services. Cultural preferences for cash transactions and shared household finances further hinder the adoption of formal banking systems.<sup>22</sup> Vanuatu's borrowers struggle with securing adequate collateral, irregular incomes, and high interest rates, while lenders deal with complex documentation and a lack of borrower confidence. Fiji sees the underutilization of the Personal Property Securities Act 2017, with lenders not fully leveraging the opportunities to expand secured lending into movable assets. The Solomon Islands face issues with borrowers selling pledged assets before notifying lenders and a lack of borrower protection mechanisms.

<sup>22</sup> Asian Development Bank. 2019. Pacific Finance Sector Brief: Samoa. Available at <https://www.adb.org/publications/pacific-finance-sector-samoa>

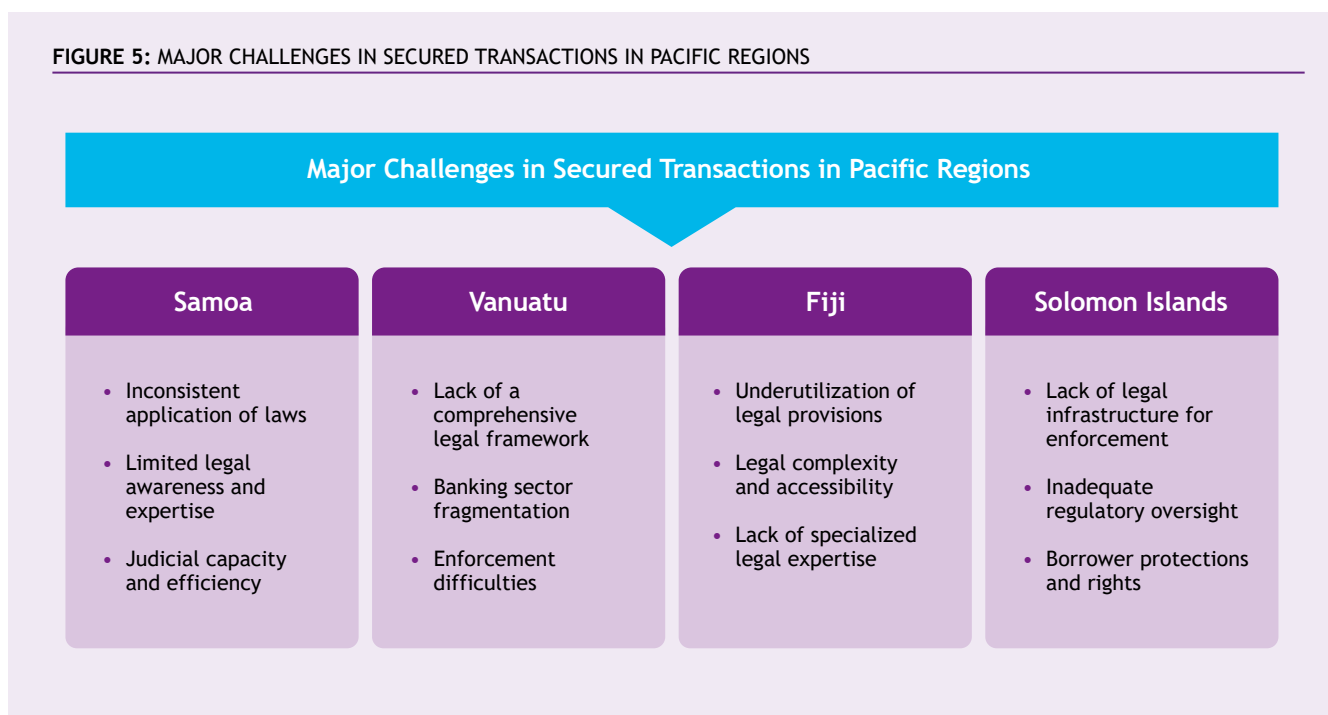
Addressing these challenges requires tailored solutions for each country. Enhancing digital and mobile financial services, simplifying loan documentation, and developing financial literacy programs can mitigate geographic and cost barriers and improve borrower confidence. Promoting innovative financial products and increasing awareness about secured transactions frameworks, such as Fiji's PPSA 2017, can expand secured lending practices. Implementing stringent monitoring mechanisms and establishing borrower protection authorities, such as an ombudsman, can prevent unauthorized asset sales and address grievances, building trust in the financial system. By focusing on these areas, these nations can improve access to finance and create more inclusive and secure financial environments for MSMEs.

The financial landscapes of Samoa, Vanuatu, Fiji, and the Solomon Islands are shaped by various challenges that impact both lenders and borrowers in the realm of secured transactions. Understanding these challenges can help in devising strategies to improve access to finance and the effectiveness of secured transactions systems.



Fresh cocktails in the making at Tisa's Barefoot Bar, in Samoa. (Chester Voyage / Alamy Stock Photo)

FIGURE 5: MAJOR CHALLENGES IN SECURED TRANSACTIONS IN PACIFIC REGIONS



## REGULATORY AND LEGAL CHALLENGES

Secured transactions laws are fundamental to the financial systems of any country, facilitating the use of assets as collateral for loans and thus enhancing access to credit. However, the effectiveness of these laws often depends on how well they are implemented and enforced. In Samoa, Vanuatu, Fiji, and the Solomon Islands, several regulatory and legal challenges hinder the optimal utilization of secured transactions frameworks.

Enhancing digital and mobile financial services can mitigate geographic and cost barriers, while simplifying loan documentation can make it easier for borrowers to access financial services. Developing financial literacy programs can boost borrower confidence and improve understanding of financial systems. Implementing stringent monitoring mechanisms can prevent unauthorized asset sales, while establishing borrower protection authorities, such as an ombudsman, can address grievances and enhance trust in the financial system.

The above diagram highlights the regulatory challenges of secured transactions in the Pacific regions, focusing on Samoa, Vanuatu, Fiji, and the Solomon Islands. In Samoa, the primary issues are the inconsistent application of laws, limited legal awareness and expertise, and judicial capacity and efficiency. Vanuatu faces challenges due to the lack of a comprehensive legal framework, banking sector fragmentation, and enforcement difficulties. In Fiji, the underutilization of legal provisions, legal complexity and accessibility, and a lack of specialized legal expertise are significant obstacles, while the Solomon Islands struggle with a lack of legal infrastructure for enforcement, inadequate regulatory oversight, and insufficient borrower protections and rights. These regulatory challenges underscore the need for comprehensive legal reforms and capacity building to improve the effectiveness of secured transactions in these Pacific nations.

## SECTION 5: CONSUMER PROTECTION AND MARKET CONDUCT

### THE OBJECTIVE OF CONSUMER PROTECTION IN SECURED TRANSACTIONS

Incorporating robust consumer protection and fair market conduct principles into secured transactions frameworks is essential to ensure that these systems not only enhance access to credit but also safeguard the rights and interests of all parties involved. The objectives outlined in the UNDP guidelines provide a solid foundation for developing consumer protection and market conduct policies.

#### > Promote Low-Cost Credit by Enhancing the Availability of Secured Credit

**Transparent Pricing:** Ensure that the cost of credit, including interest rates and fees, is transparent and clearly communicated to consumers. This prevents hidden costs and helps borrowers make informed decisions.

**Fair Lending Practices:** Implement regulations that prevent predatory lending practices and promote fair and equitable access to credit for all consumers, particularly those in underserved or marginalized communities.

**Example:** Require lenders to provide clear, standardized disclosures about loan terms and costs, and enforce rules against excessive interest rates and unfair fees.

#### > Allow Debtors to Use the Full Value Inherent in their Assets to Support Credit

**Valuation Accuracy:** Ensure that the valuation of assets used as collateral is accurate and reflects their true market value, preventing undervaluation which can limit the amount of credit available to borrowers.

**Flexible Collateral Options:** Encourage the acceptance of a broad range of movable assets as collateral, allowing consumers to leverage various types of property to secure loans.

**Example:** Implement guidelines for fair and transparent asset valuation processes and educate consumers about the types of assets that can be used as collateral.

#### > Validate Non-Possessory Security Rights in All Types of Assets

**Non-Possessory Security:** Allow consumers to retain

possession and use of their assets while they are pledged as collateral, minimizing disruption to their personal or business operations.

**Broad Asset Classes:** Recognize non-possessory security rights for a wide range of asset types, providing flexibility and options for consumers.

**Example:** Draft laws that recognize non-possessory security interests in assets such as inventory, receivables, and intellectual property, allowing consumers to continue using these assets while securing loans.

#### > Enhance Certainty and Transparency by Providing for Registration of a Notice in a General Security Rights Registry

**Public Registry Access:** Ensure that the general security rights registry is easily accessible to the public, allowing consumers to check for existing security interests and avoid conflicts.

**Transparency and Disclosure:** Require that all security interests be registered and that information about these interests is readily available to enhance transparency and consumer confidence.

**Example:** Create a user-friendly online public registry where consumers can search for and register security interests with ease.

#### > Facilitate Efficient Enforcement of the Rights of Secured Creditors

**Fair Enforcement:** Ensure that security interests are enforced fairly and efficiently, protecting consumers from aggressive or unjust practices by creditors.

**Dispute Resolution:** Provide accessible and effective mechanisms for resolving disputes related to the enforcement of security interests.

**Example:** Implement procedures requiring creditors to follow due process and allowing borrowers to contest enforcement actions.

#### > Harmonize Secured Transactions Laws, Including Conflict-of-Laws Rules

**Consistent Legal Framework:** Promote the harmonization of secured transactions laws across jurisdictions to reduce complexity and provide consistent protections for consumers.

**Conflict Resolution:** Establish clear conflict-of-laws rules to address cross-border disputes and protect the rights of consumers in international transactions.

**Example:** Align local secured transactions laws with international standards and develop mechanisms to resolve conflicts between different legal systems.

## MEASURES TO PROTECT THE RIGHTS AND INTERESTS OF BORROWERS IN SECURED TRANSACTIONS

### SAMOA:

- > Part IV of the Act outlines the rights of secured parties and debtors.

### VANUATU:

- > No measures are currently in place to protect the rights and interests of borrowers.

### FIJI:

- > The rights of debtors regarding the enforcement of security interests are covered in sections 91 to 93, 95, 99, 100, and 102 in the PPSA 2017. These provisions address obligations to give prior notice of collateral disposition and remedies for non-compliance by secured parties.
- > The PPSA 2017 outlines several key provisions for the disposition and redemption of collateral in secured transactions. Section 91 details how collateral can be disposed of through private or public sale, auction, lease, or other commercially reasonable means. It also allows for the sale of collateral “as-is” or after necessary repairs, with repair costs added to the debt. Section 92 mandates that secured parties must act in a commercially reasonable manner when selling collateral, aligning their actions with industry standards to avoid liability. This “safe harbor” provision protects secured parties from debtor claims as long as their conduct meets commercial norms. Section 93 requires the secured party to give a seven-day

advance notice of the sale to the debtor and any other interested parties, unless the collateral is perishable or in danger of losing value, making notice impractical.<sup>23</sup>

- > Furthermore, the PPSA addresses the rights and remedies of both debtors and purchasers in collateral transactions. Section 95 ensures that purchasers acquire clear title to the collateral, free from any junior interests, thus encouraging active bidding. In the event of repossession, Section 99 allows the debtor and other interested parties to redeem the collateral by paying the owed debt and associated expenses before the sale. Section 100 grants debtors the right to reinstate the security agreement by catching up on missed payments, remedying any breaches, and covering related costs, though this can only be done once every 12 months. Finally, Section 102 offers remedies for debtors if the secured party fails to comply with the Act during enforcement, including halting the sale and holding the secured party liable for any resulting losses. This comprehensive approach ensures fairness and clarity in the handling of collateral in secured transactions.

### THE SOLOMON ISLANDS:

- > The registry serves as the central database where all information on secured interests is registered. Lessons can be drawn from the practices of other countries to enhance protections for the rights and interests of borrowers.

<sup>23</sup> Reserve Bank of Fiji. 2019. Personal Property Securities Act: Detailed Analysis of the Law. Available at: <https://www.ppsr.gov.fj/Documentation/FJ/FJ.PPSR.DetailedAnalysis.pdf>



Local villagers in Port Vila, Vanuatu. (Scott Barclay / Alamy Stock Photo)

## APPOINTMENT OF AN OMBUDSMAN TO SAFEGUARD THE INTERESTS OF MSMEs

### VANUATU:

- > The Ombudsman has three key mandates:
  - Injustice or maladministration in the Public Service according to Article 62 (2) of the Constitution of the Republic of Vanuatu.<sup>24</sup>
  - Breach of the Leadership Code and Leadership Code Act governed by Article 66 of the Constitution and the Leadership Code Act.
  - Breach of official language rights covered under Article 64 of the Constitution.
- > The Vanuatu Financial Services Commission (VFSC) operates under the Financial Dealers (Licensing) Act [CAP 70], specifically Section 7A, which empowers the Commissioner to revoke a license if any circumstance is likely to:
  - Lead to the improper conduct of business by the applicant or holder, or reflect discredit upon the method of conducting business; or
  - Indicate that the applicant or holder, or any person employed by or associated with them, is not or is no longer a fit and proper person to hold a license.
- > The purpose of the guideline is to assist the VFSC, the Financial Centre Association (FCA), and the public at large in receiving and managing complaints received in relation to Financial Dealers Licenses.<sup>25</sup>

### FIJI:

- > MSME Fiji is responsible for formulating policies and strategies for MSMEs, but it has not yet appointed an ombudsman.
- > The Reserve Bank of Fiji (RBF) has an online customer complaint site. Launched in April 2009, the RBF set up the Financial Systems Development and Compliance Group,<sup>26</sup> which handles complaints from customers of regulated financial institutions, including commercial banks, credit institutions, pension funds, insurance companies, agents and brokers, capital market participants, and foreign exchange dealers.

<sup>24</sup>Ministry of Justice and Community Services (Vanuatu). n.d. Available at: <https://mjcs.gov.vu/index.php/ombudsman-office>

<sup>25</sup>Vanuatu Financial Services Commission. n.d. Available at: <https://www.vfsc.vu/>

<sup>26</sup>Reserve Bank of Fiji. n.d. Available at: <https://www.rbf.gov.fj/core-functions/financial-system-development/submit-a-complaint-2/>

### THE SOLOMON ISLANDS:

- > The Ombudsman is mandated under Section 97(1) of the Constitution with the following core functions:<sup>27</sup>
  - Inquire into the conduct of prescribed offices and authorities in the exercise of their office or authority, or abuse thereof.
  - Assist in improving the practices and procedures of public bodies.
  - Ensure the elimination of arbitrary and unfair decisions.
  - In addition, under section 97 (2) of the Constitution, the Ombudsman is also mandated to perform other additional functions as conferred by Parliament.

## POTENTIAL IMPACT OF THE MSME OMBUDSMAN

### > Enhanced Access to Finance

- **Confidence Building:** By providing a safety net through dispute resolution and advocacy, the Ombudsman can build confidence among MSMEs to engage in secured transactions and seek financing.
- **Fair Lending Practices:** Ensuring fair and transparent lending practices can lower barriers to finance for MSMEs and encourage financial institutions to extend additional credit to this sector.

### > Improved Market Conduct

- **Accountability:** Regular monitoring and reporting by the Ombudsman can hold financial institutions accountable for their conduct, promoting a more ethical and transparent financial environment.
- **Balanced Power Dynamics:** The presence of an ombudsman helps balance the power dynamics between MSMEs and larger financial institutions, ensuring that smaller businesses are treated fairly.

### > Reduced Legal and Administrative Burden

- **Simplified Dispute Resolution:** Offering a streamlined process for resolving disputes can reduce the time and cost burden on MSMEs, allowing them to focus more on their core business activities.
- **Clear Guidance:** Providing clear and accessible information on secured transactions reduces the complexity and administrative hurdles faced by MSMEs.

<sup>27</sup>Office of the Ombudsman of Solomon Islands. 2020. Available at: <https://www.ombudsman.gov.sb/about-us/legal-mandate.html>

### > Stronger MSME Sector

- **Economic Growth:** By safeguarding the interests of MSMEs, the Ombudsman can contribute to the growth and sustainability of this vital sector, which is crucial for economic development and job creation in these countries.
- **Inclusivity and Equity:** Ensuring that MSMEs have equal access to finance and fair treatment contributes to a more inclusive and equitable economic environment.

### ENFORCEMENT OF SECURITY INTERESTS IN MOVABLE COLLATERAL

The enforcement of security interests in movable collateral varies significantly between countries that allow **out-of-court enforcement** and those that require **judicial enforcement**. In approximately 120 countries, out-of-court enforcement mechanisms are in place, enabling secured parties to swiftly enforce their security interests, often within days, weeks, or a few months. This expedited process reduces the time and costs associated with resolving secured transactions, thereby advancing a more efficient financial environment. Countries with such frameworks can effectively support secured lending, improving the liquidity and stability of their financial systems.

In contrast, around 100 countries still rely exclusively on judicial enforcement of security interests, which can be a lengthy and cumbersome process. In these nations, it can take years to enforce a security interest due to procedural delays and court backlogs. For example, in countries such as Bangladesh, Guatemala, and Colombia, enforcement through the judicial system can take over four years, while in Angola, Djibouti, and Egypt, it can take more than three years. This prolonged process not only imposes significant costs on lenders but also deters the use of secured transactions, hindering financial inclusion and economic growth. Streamlining enforcement mechanisms by adopting out-of-court processes could substantially enhance the efficiency and attractiveness of secured lending in these jurisdictions.<sup>28</sup>

Effective enforcement of security interests is crucial in Fiji, Vanuatu, Samoa, and the Solomon Islands to ensure the success of secured transactions and the efficient operation of securities registries, particularly for MSMEs. In these countries, streamlined enforcement mechanisms can significantly enhance the reliability and attractiveness of secured lending.



Solomon islander selling wares from dugout his canoe, in Solomon Islands. (Nigel Prosser / Alamy Stock Photo)

For MSMEs, which often lack access to traditional forms of collateral, the ability to use movable assets as security and enforce these interests promptly is vital. This promotes a more inclusive financial environment, enabling MSMEs to obtain the necessary credit for growth and development. Ensuring that enforcement is swift and reliable through either judicial or out-of-court processes not only reduces the risks for lenders but also encourages more robust participation in the formal financial system by MSMEs, ultimately contributing to broader economic stability and growth. Improving these mechanisms aligns with efforts to enhance financial inclusion and economic resilience across these Pacific Island nations.

<sup>28</sup> Elaine MacEachern. 2015. UNNExT Workshop on Paperless Trade Facilitation for Small and Medium-sized Enterprises: Secured Transactions & Collateral Registries for SMEs.

## SECTION 6: DIGITALIZATION AND MOVABLE ASSET REGISTRY

### OVERVIEW OF THE ROLE OF DFS IN FACILITATING SECURED TRANSACTIONS

Digital Financial Services (DFS) have revolutionized the way secured transactions are conducted by providing streamlined, efficient, and transparent processes. They leverage technology to facilitate the registration and management of security interests, making it easier for lenders and borrowers to engage in secured transactions. DFS systems help reduce paperwork, eliminate geographic barriers, and enhance the accuracy and speed of transactions.

**FIGURE 6: BENEFITS OF DIGITAL REGISTRIES FOR SECURED TRANSACTIONS**



### COUNTRY-SPECIFIC REGISTRY SYSTEMS

Fiji, Samoa, the Solomon Islands, and Vanuatu have established online registries for secured transactions.

#### SAMOA: INTEGRATION WITH BUSINESS REGISTER, ONLINE PROCESSES

- > Samoa's PPSR allows authorized users to register and maintain security interests and liens.
- > Samoa's PPSR<sup>29</sup> is integrated with the country's business register, enhancing the accuracy and ease of use of both systems. The online registry allows users to register and maintain security interests and liens electronically, streamlining business and

financial processes and making it easier for businesses to secure credit.

#### VANUATU: TRANSPARENCY AND EFFICIENCY THROUGH THE PPSR WEBSITE

- > Vanuatu's PPSR allows users to search for and register notices of security interests in movable property.
- > The PPSR<sup>30</sup> website provides a transparent and efficient platform for registering and searching for security interests in movable property. The system allows lenders to quickly and securely verify the status of collateral, enabling confident lending decisions. The online registry also supports economic growth by making credit more accessible to businesses and entrepreneurs.

#### FIJI: SIMPLIFIED REGISTRATION PROCESS, ELIMINATION OF PHYSICAL FILINGS

- > Fiji's PPSR<sup>31</sup> allows lenders to instantly and inexpensively register security interests, applying those laws to secure a pledge over an asset since May 2019.
- > Fiji's PPSR simplifies the registration process by requiring only essential details such as debtor information, secured party details, and collateral descriptions. The digital system eliminates the need for physical paper filings and manual searches, which were previously conducted through the Titles Office at the Ministry of Justice. This digital transformation has significantly reduced the time and cost associated with secured transactions.

#### THE SOLOMON ISLANDS: ONLINE ACCESSIBILITY, RESTRICTED ACCESS FOR COMMERCIAL BANKS AND GOVERNMENT ENTITIES

- > The Solomon Islands Secured Transactions Filing Office<sup>32</sup> operates an online registry system that allows users, such as commercial banks and government entities, to search for and file notices of security interests. While the system is not accessible to the general public, this restricted access ensures that only authorized users can register and search for security interests, safeguarding the integrity and security of the system. The online registry helps financial institutions to efficiently certify secured interests before proceeding with collateral repossession.

<sup>30</sup> The Republic of Vanuatu Personal Property Securities Registry. n.d. Available at: <https://www.ppsr.vu/>

<sup>31</sup> Fiji Personal Property Securities Registry. n.d. Available at: <https://www.ppsr.gov.fj/>

<sup>32</sup> Solomon Islands Secured Transactions Filing Office. n.d. Available at: <https://stfosi.com/>

<sup>29</sup> Ministry of Commerce, Industry, and Labour (Samoa). n.d. Available at: <https://www.businessregistries.gov.ws/new-online-register-pps/>

## DIGITAL FINANCIAL SERVICES (DFS): FACILITATING SECURED TRANSACTIONS

### SAMOA:

- In Samoa, integrating a PPSR into the business register enhances the accuracy and ease of use of both the companies and secured transactions registers.<sup>33</sup> Registration and related processes are accessible and can be conducted online.<sup>34</sup>

### VANUATU:

- In Vanuatu, DFS facilitates secured transactions through the PPSR website, allowing lenders to register and search for notices of security interests in movable property online. This system provides a transparent and efficient way for lenders to verify if the collateral offered by borrowers is free from prior claims, thereby securing their interests and enabling confident lending decisions. By offering a streamlined and accessible platform, the PPSR enhances the availability of credit, particularly benefiting businesses and entrepreneurs.

<sup>33</sup> Please see: <https://www.fostermoores.com/news/samoa-adds-secured-transactions-business-registry>

<sup>34</sup> Please see: <https://www.businessregistries.gov.ws/wp-content/uploads/2017/02/WS-PPSR-user-manual-vs1-1.pdf>

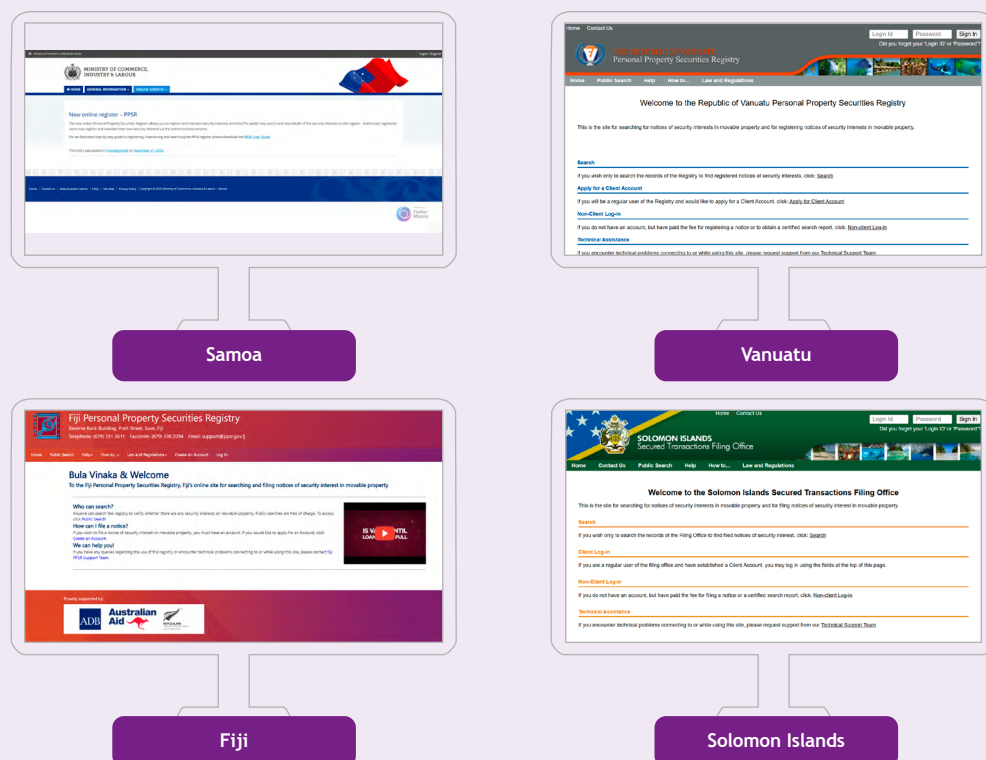
### FIJI:

- Fiji offers a highly accessible and convenient system for secured transactions. Registration is simplified, as the law requires a few key details to perfect security interests, such as the debtor's information, the secured party's details, and description of the collateral. Technology has eliminated the need for physical paper filings and manual searches, which were previously managed by the Titles Office at the Ministry of Justice.

### THE SOLOMON ISLANDS:

- The Solomon Islands operates an online registry system that is exclusively accessible to commercial banks and MCILI/Company Haus, with no direct access provided to customers. This Secured Transaction system enables financial institutions and the registry to certify secured interests before repossessing collateral. The only efforts undertaken toward digitizing registration are through the online Secured Transaction Registry.

FIGURE 7: ONLINE PERSONAL PROPERTY REGISTRY IN THE PACIFIC ISLANDS



## IMPACT OF DIGITALIZATION ON ACCESS TO CREDIT

### How Online Registries Improve Credit Availability for Businesses and Entrepreneurs

Online registries make it easier for businesses and entrepreneurs to use their movable assets as collateral to secure credit. By providing a transparent and efficient way to register and search for security interests, digital registries reduce risk for lenders and increase their willingness to provide loans. This enhanced access to credit supports business expansion and economic development.

### CASE STUDIES: INCREASED LENDING DUE TO DIGITAL REGISTRIES

- > **Fiji:** Since the implementation of the digital registry in May 2019, there has been a significant increase in the registration of security interests, indicating higher lending activity. Businesses have benefited from improved access to credit, which has supported their growth and development.

- > **Vanuatu:** The transparency and efficiency of Vanuatu's PPSR have encouraged lenders to provide more loans to businesses and entrepreneurs, confident in their ability to quickly and securely verify the status of collateral. (Latest data on the number of loan applications to finance institutions is needed.)

FIGURE 8: COMPARISON OF SECURITY INTERESTS IN MOVABLE COLLATERAL: ONLINE VS. OFFLINE IN OTHER COUNTRIES<sup>35</sup>

Online Modern Collateral Registries			Weak Collateral Registries		
New Zealand	China	Mexico	Haiti	Senegal	Bulgaria
<ul style="list-style-type: none"> <li>• Real time information on existing security interests on all movable assets</li> <li>• 24/7 accessibility to information from any computer</li> <li>• Low nominal fees or no fees</li> <li>• Disaster recovery site</li> <li>• Online payment (electronic transfer, credit card, etc.)</li> <li>• Averaging 200,000 registrations per year</li> </ul>			<ul style="list-style-type: none"> <li>• Paper-based registry for certain type of assets only</li> <li>• Access to information is very limited or not immediate</li> <li>• Very high fees, usually based on percentages, from 1% to 5%</li> <li>• No data security</li> <li>• Cash payments</li> <li>• Averaging a few hundred registrations per year (e.g. Haiti with only six registrations)</li> </ul>		

<sup>35</sup> Elaine MacEachern. 2015. UNNExT workshop on Paperless trade facilitation for Small and Medium-sized Enterprises: Secured Transactions & Collateral Registries for SMEs. International Finance Corporation.

## SECTION 7: KEY STAKEHOLDERS AND COOPERATION

### INTRODUCTION AND KEY STAKEHOLDERS

The success of secured transactions reforms in Fiji, Samoa, Vanuatu, and the Solomon Islands depends on the effective cooperation and involvement of a range of stakeholders, including government bodies, financial institutions, business entities, and legal entities.

#### SAMOA

##### Key Stakeholders:

1. **Ministry of Commerce, Industry, and Labour (MCIL):** Spearheads awareness and implementation of secured transactions reforms.
2. **Central Bank of Samoa:** Facilitates the integration of secured transactions into the broader financial system.
3. **Commercial Banks:** Key users of the PPSR to secure loans.
4. **Business Entities:** Utilize the PPSR for securing interests in movable property.

##### Roles and Cooperation:

- > MCIL raises awareness among stakeholders and oversees the integration of the PPSR with the business registry, enhancing accuracy and usability. The Central Bank of Samoa ensures the financial system's alignment with secured transactions legislation.

#### VANUATU

##### Key Stakeholders:

1. **Vanuatu Financial Services Commission (VFSC):** Manages the PPSR and supports business law reforms.
2. **Reserve Bank of Vanuatu:** Develops financial sector reforms to increase access to finance.
3. **Commercial Banks and Financial Institutions:** Utilize the PPSR to verify collateral and extend credit.
4. **Business Entities:** Engage with the PPSR to register and search for security interests.

##### Roles and Cooperation:

- > The VFSC, supported by the PSDI, implements the secured transactions framework and updates business laws. The Reserve Bank of Vanuatu collaborates with the VFSC to enhance the financial sector's capacity and regulatory framework.

#### FIJI

##### Key Stakeholders:

1. **Reserve Bank of Fiji (RBF):** Oversees the secured transactions reform process and chairs the National Financial Inclusion Taskforce.
2. **Fiji Registrar of Companies:** Manages the registration of secured interests under the PPSA 2017.
3. **Commercial Banks:** Play a crucial role in utilizing the secured transactions registry to extend credit.
4. **Business Entities:** Engage with the secured transactions system to leverage assets for financing.

##### Roles and Cooperation:

- > The RBF leads reform efforts and coordinates with commercial banks and the Registrar of Companies to ensure smooth implementation and operation of the secured transactions framework. The taskforce also works to align financial inclusion priorities with national development goals.

#### THE SOLOMON ISLANDS

##### Key Stakeholders:

1. **Ministry of Commerce, Industry, Labour, and Immigration (MCILI):** Oversees the Secured Transaction Filing Office.
2. **Commercial Banks:** Primary users of the secured transactions registry.
3. **Company Haus:** Manages the registry system and coordinates with lenders.
4. **Legal Entities:** Provide the legal framework for enforcing secured interests.

##### Roles and Cooperation:

- > MCILI, through the Company Haus, manages the secured transactions registry and facilitates coordination between lenders and borrowers. Commercial banks rely on the registry to secure their interests before lending, while legal entities ensure the enforcement of secured transactions laws.
- > The Solomon Islands has a Secured Transactions Filing Office in place under the Ministry of Commerce, Industry, Labour, and Immigration. Transactions can be conducted online at: <https://stfosi.com/public/howto.aspx?cn=AccessTheRegistry>

## COOPERATION AND COORDINATION AMONG DIFFERENT STAKEHOLDERS

### SAMOA:

- > Samoa has made significant progress in modernizing its secured transactions framework, passing the PPSA in March 2013. Once fully implemented (or “activated”), the new legislation should improve access to credit for both Samoan businesses and individuals—removing a significant barrier to private sector growth. Many entrepreneurs interviewed for this private sector assessment, including successful exporters, reported difficulties in obtaining credit to finance economic activity.<sup>36</sup>

### VANUATU:

- > In Vanuatu, the cooperation level between lenders, borrows, and registries remains insufficient. Though the PPSR is available to facilitate loans using movable property as collateral, many Ni-Vans are unaware of its existence. This lack of awareness, particularly among rural communities, highlights a disconnect between banks and the VFSC. As a result, many rural Ni-Vans do not access loans, as they are unaware that the PPSR can support them in securing credit. This underscores the need for greater cooperation between lenders, borrowers, and registries.

### FIJI:

- > Unresolved matters of interest under the PPSA 2017, including enforcement frictions that may affect lenders licensed by the RBF or the overall objectives of the law, have largely been addressed. Since the commencement of the PPSA 2017 in May 2019, significant issues have been resolved, demonstrating the success of the Secured Transactions Reform.
- > The National Financial Inclusion Taskforce of RBF<sup>37</sup> is responsible for fulfilling its objectives by undertaking the following:
  - Endorsing the National Financial Inclusion Strategy 2022-2030.
  - Approving detailed, time-bound action plans prepared by each Working Group based on the overall NFIS implementation plan.
  - Ensuring alignment between financial inclusion priorities and the National Development Plan, sectoral plans, and global and regional commitments.



Woman with pineapples and other fruit for sale, in Port Vila, Vanuatu. (John Holmes / Alamy Stock Photo)

- Coordinating efforts between government institutions and the private sector to better utilize new or existing infrastructure to support financial inclusion programs.
- Guiding, supervising, and providing technical advice to the Working Groups while annually monitoring their performance against their action plans.
- Monitoring and evaluating the overall progress of the NFIS every three years, and approving appropriate course corrections, including revisions to NFIS action plans as required.

### THE SOLOMON ISLANDS:

- > The coordination primarily occurs between lenders and borrowers. For filing purposes, coordination takes place between the lender and the registry (MCILI/Company Haus). In terms of legal matters, coordination is between the lender and the borrower, while the registry provides evidence of validity to support the courts in granting authority to sell or repossess the asset.

<sup>36</sup> Asian Development Bank. 2015. Reform Renewed: A Private Sector Assessment for Samoa. Available at: <https://www.adb.org/sites/default/files/institutional-document/167330/reform-renewed-psa-samoa.pdf>

<sup>37</sup> Reserve Bank of Fiji. 2022. Fiji National Financial Inclusion Strategy 2022-2030. Available at: <https://www.rbf.gov.fj/wp-content/uploads/2022/12/NFIS-2022-2030.pdf>



Market stall with dresses and plants for sale underneath a Poinciana, in Vanuatu. (Genevieve Vallee / Alamy Stock Photo)

## PUBLIC-PRIVATE PARTNERSHIPS

### Collaborative Efforts to Enhance Secured Transactions Reforms

Public-private partnerships play a crucial role in enhancing the effectiveness of secured transactions reforms in the Pacific region. These partnerships involve:

1. **Government Agencies:** Provide the regulatory framework and oversight needed to implement the reforms. They ensure that the legal infrastructure is in place and that the registry systems are functional and accessible.
2. **Private Sector Entities:** Commercial banks, financial institutions, and business associations actively participate in the implementation process. They provide feedback on the practical aspects of the registry systems and work with government agencies to ensure that the systems meet the needs of the business community.
3. **Development Partners:** International organizations like the ADB and the PSDI support the reforms by providing technical assistance, funding, and expertise.

For instance, in Fiji, the collaboration between the Reserve Bank of Fiji, commercial banks, and business entities has been pivotal in successfully implementing the PPSA 2017. Similarly, in Samoa, the integration of the PPSR with the business registry has been achieved through close cooperation between MCIL, the Central Bank of Samoa, and the private sector.

## INTERNATIONAL COOPERATION AND ASSISTANCE

### Role and Contributions of International Organizations

International organizations like the ADB and the World Bank play a significant role in supporting secured transactions reforms in the Pacific region:

1. **Technical Assistance:** These organizations provide technical expertise and advisory services to help design and implement secured transactions frameworks that align with international best practices.
2. **Funding:** They offer financial support for developing and maintaining online registry systems, conducting training programs, and raising awareness among stakeholders.
3. **Capacity Building:** They organize workshops and training sessions to build the capacity of local institutions and stakeholders to effectively utilize the new secured transactions systems.

TABLE 5: INTERNATIONAL ORGANIZATIONS AND THEIR ROLES IN THE PACIFIC REGION<sup>38</sup>

Organization	Programs/Initiatives	Support Mechanisms	Beneficiary Countries	Sources
Asian Development Bank (ADB)	Pacific Private Sector Development Initiative (PSDI)	Technical assistance Policy advice	Fiji, Samoa, Vanuatu, Solomon Islands	ADB - PSDI ADB - Secured Transactions
United Nations Capital Development Fund (UNCDF)	Pacific Financial Inclusion Programme (PFIP)	Financial system development Digital financial services	Fiji, Samoa, Vanuatu, Solomon Islands	UNCDF - PFIP UNCDF - Benchmarking Digital Financial Services
World Bank	Secured Transactions Systems Financial Sector Reform	Funding Technical support Regulatory framework improvement	Fiji, Samoa, Vanuatu, Solomon Islands	World Bank - Financial Inclusion World Bank - Secured Transactions
International Finance Corporation (IFC)	Microfinance and SME Finance Digital Financial Services	Investment Advisory services	Fiji, Samoa, Vanuatu, Solomon Islands	IFC - Financial Inclusion in the Pacific IFC - Collateral Registries
Australian Government (DFAT)	Pacific Financial Inclusion Programme (PFIP) Aid and Development Programs	Funding Strategic guidance	Fiji, Samoa, Vanuatu, Solomon Islands	DFAT - PFIP DFAT - Financial Inclusion
New Zealand Ministry of Foreign Affairs and Trade (MFAT)	Pacific Financial Inclusion Programme Regional Development	Funding Collaboration on projects	Fiji, Samoa, Vanuatu, Solomon Islands	MFAT - PFIP MFAT - NZ Aid
United Nations Development Programme (UNDP)	Financial Literacy and Inclusion Programs Capacity Building and Policy Support	Technical assistance Policy support	Fiji, Samoa, Vanuatu, Solomon Islands	UNDP - Financial Inclusion in the Pacific UNDP - Initiatives
Alliance for Financial Inclusion (AFI)	Policy Support, Capacity Building Peer Learning	Technical support Policy development Knowledge sharing	Fiji, Samoa, Vanuatu, Solomon Islands	AFI - Financial Inclusion in Fiji AFI - Initiatives

38 Further information is available at: <https://www.pacificpsdi.org/who-we-are/about-psdi/>; <https://www.undp.org/pacific/projects/pacific-financial-inclusion-programme>; <https://www.worldbank.org/en/topic/financialsector/brief/collateral-registries>; <https://www.ifc.org/en/what-we-do>; <https://www.dfat.gov.au/development/australias-development-program>; <https://www.mfat.govt.nz/en/countries-and-regions>; <https://www.afi-global.org/activities/regional-initiatives/pacific-islands-regional-initiative-piri/>

## CROSS-BORDER INITIATIVES

### Collaborative Initiatives and Sharing Best Practices

Cross-border initiatives between Pacific countries and international partners help share best practices and resources:

1. **Regional Workshops and Conferences:** Countries participate in regional forums and conferences organized by international organizations to share experiences and learn from each other's successes and challenges.
2. **Technical Exchanges:** Programs that facilitate the exchange of technical expertise and knowledge between countries to help implement and refine secured transactions systems.

3. **Harmonization Efforts:** Collaborative efforts to harmonize secured transactions laws and practices across the region, ensuring consistency and facilitating cross-border lending.

The success of secured transactions reforms in Fiji, Samoa, the Solomon Islands, and Vanuatu relies heavily on the cooperation and coordination among key stakeholders. In Samoa and Fiji, clear stakeholder identification and active involvement of government bodies, financial institutions, and business entities have facilitated effective implementation and awareness of the reforms. National task forces and committees, such as Fiji's National Financial Inclusion Taskforce, play a crucial role in overseeing and guiding these efforts.

TABLE 6: CROSS-BORDER INITIATIVES IN THE PACIFIC REGION

Initiative	Description	Key Activities
<b>Pacific Financial Inclusion Programme (PFIP)</b>	A joint initiative by UNCDF and UNDP to improve financial inclusion across the Pacific.	<ul style="list-style-type: none"> <li>&gt; Provides technical assistance for developing national financial inclusion strategies.</li> <li>&gt; Supports the creation of digital financial services and mobile money platforms.</li> <li>&gt; Enhances consumer protection and financial literacy across the region.</li> </ul>
<b>Pacific Private Sector Development Initiative (PSDI)</b>	Managed by the ADB to promote private sector growth and financial inclusion.	<ul style="list-style-type: none"> <li>&gt; Assists with the reform of secured transactions laws and establishment of collateral registries.</li> <li>&gt; Promotes the use of movable assets as collateral to increase access to finance.</li> <li>&gt; Supports policy and institutional reforms to improve the business climate.</li> </ul>
<b>Alliance for Financial Inclusion (AFI) Regional Initiatives</b>	AFI supports financial inclusion policy development and implementation across the Pacific.	<ul style="list-style-type: none"> <li>&gt; Hosts regional workshops and conferences for peer learning.</li> <li>&gt; Supports the development of national financial inclusion strategies.</li> <li>&gt; Promotes digital financial services and inclusive policies tailored to the Pacific context.</li> </ul>
<b>Regional Harmonization of Secured Transactions Frameworks</b>	Efforts to create a consistent legal and regulatory environment across the Pacific.	<ul style="list-style-type: none"> <li>&gt; Aligns secured transactions laws and collateral registry systems with international best practices.</li> <li>&gt; Facilitates dialogues and workshops to share experiences and align regulatory approaches.</li> <li>&gt; Encourages mutual recognition of collateral and security interests.</li> </ul>
<b>Pacific Islands Forum Secretariat (PIFS)</b>	Facilitates regional cooperation and integration among Pacific Island countries.	<ul style="list-style-type: none"> <li>&gt; Coordinates regional policy frameworks and initiatives to enhance economic integration.</li> <li>&gt; Supports capacity-building programs for financial regulators and policymakers.</li> <li>&gt; Promotes sustainable economic development through regional cooperation.</li> </ul>
<b>Melanesian Spearhead Group (MSG)</b>	Promotes economic cooperation and integration among Melanesian countries.	<ul style="list-style-type: none"> <li>&gt; Promotes the development of a unified economic space in the region.</li> <li>&gt; Facilitates cross-border trade and investment through regulatory alignment and cooperation.</li> <li>&gt; Supports regional economic initiatives that benefit the member states.</li> </ul>

## SECTION 8: AWARENESS AND CAPACITY BUILDING

### AWARENESS AND KNOWLEDGE SHARING

The level of awareness and understanding of secured transactions among the people in Samoa, Vanuatu, and the Solomon Islands is relatively low, with moderate awareness in Fiji.<sup>39</sup>

#### SAMOA

- > Lack of awareness or understanding of secured transactions.

#### VANUATU

- > The level of awareness of secured transactions is quite low.
- > FSPs and stakeholders do not always collaborate to organize important awareness campaigns for this critical product.
- > As a result, not all Ni-Vans, particularly in rural areas, are aware of secured transactions as a viable option to access credit.

#### THE SOLOMON ISLANDS:

- > There is still a low level of awareness.
- > MCILI/Company Haus conducts some face-to-face awareness on the registry.
- > Lenders inform borrowers during the process of securing interests for accessing credit.
- > Banks inform customers.

#### FIJI:

- > Moderate awareness.
- > While filings and public searches continue to increase, the Registrar occasionally receives several queries related to physical filings.
- > This may be due to a lack of awareness, infrequent use, or lack of internal capacity building by selected small law firms regarding the PPSR.
- > Digital literacy among some senior law firms may also be a factor.



Central market in Port Vila, Vanuatu. (Thomas Cockrem / Alamy Stock Photo)

- > However, financial inclusion in Fiji has significantly improved, with a narrowing gender gap. The level of access to formal financial services among Fijians has increased from 64 percent in 2014 to 81 percent in 2020. The market has also observed adoption of digital financial services, accelerated by the COVID-19 pandemic.
- > In Fiji, the ADB-PSDI has partnered with the RBF on the reform process, as well as post-reform socialization and development of loan products leveraging the reform.

To mitigate the low awareness of secured transactions in Samoa, Vanuatu, Fiji, and the Solomon Islands, a combination of educational initiatives, stakeholder engagement, and digital outreach is essential. Tailored approaches that consider the unique contexts of each country will ensure that more businesses and individuals can leverage secured transactions frameworks to access credit and foster economic growth.

<sup>39</sup> Asian Development Bank. 2014. Unlocking finance for growth: Secured transactions reform in Pacific Island economies. Available at: <https://www.adb.org/publications/secured-transactions-pacific>

TABLE 7: MITIGATION STRATEGY IN THE PACIFIC REGION<sup>40</sup>

Country	Current Situation	Mitigation Strategies	Sources
Samoa	Low awareness and understanding of secured transactions.	<ol style="list-style-type: none"> <li><b>1. Educational Campaigns:</b> Nationwide awareness campaigns through traditional media and community outreach. Workshops and seminars for MSMEs and legal professionals.</li> <li><b>2. Collaboration with Financial Institutions:</b> Partnerships with banks to integrate secured transactions education into their processes. Provide informative materials at bank branches and online.</li> <li><b>3. Government and Stakeholder Engagement:</b> Policy support from MCIL to promote secured transactions. Coordination with business associations for joint training sessions.</li> </ol>	<p>CBS - Financial Services Sector Assessment for Samoa</p> <p>ADB - Financial Inclusion in Samoa</p>
Vanuatu	Very low awareness, especially in rural areas. FSPs and stakeholders do not consistently promote secured transactions.	<ol style="list-style-type: none"> <li><b>1. Targeted Awareness Campaigns:</b> Implement rural outreach programs through mobile units and local radio. Engage community leaders and influencers to champion secured transactions.</li> <li><b>2. Capacity Building for FSPs:</b> Conduct training sessions for financial service providers. Provide incentives for FSPs to promote the PPSR.</li> <li><b>3. Use of Digital Platforms:</b> Develop and promote online resources, including tutorials and webinars. Ensure mobile-friendly access to educational content and the registry.</li> </ol>	<p>UNCDF - Financial Inclusion in Vanuatu</p> <p>World Bank - Vanuatu Financial Inclusion</p>
Fiji	Moderate awareness, but gaps remain in digital literacy and use among some legal professionals.	<ol style="list-style-type: none"> <li><b>1. Enhance Digital Literacy:</b> Provide digital literacy training to legal professionals and small law firms. Develop e-learning modules on secured transactions and the PPSR.</li> <li><b>2. Expand Financial Inclusion Programs:</b> Include detailed information on secured transactions in financial inclusion workshops. Partner with NGOs and community groups for effective outreach.</li> <li><b>3. Leverage Partnerships:</b> Continue partnerships with the RBF and ADB-PSDI to promote secured transactions. Share case studies and success stories of businesses using secured transactions.</li> </ol>	<p>Reserve Bank of Fiji - Financial Inclusion Strategy</p> <p>ADB - Secured Transactions Reform in Fiji</p>
Solomon Islands	Low level of awareness. Awareness efforts are largely through face-to-face interactions.	<ol style="list-style-type: none"> <li><b>1. Diversified Communication Channels:</b> Use social media, local newspapers, and community radio to reach a wider audience. Create engaging content such as videos and infographics.</li> <li><b>2. Strengthen MCILI/Company Haus Programs:</b> Provide additional resources and training for MCILI/Company Haus staff. Organize regular awareness sessions and clinics with local banks.</li> <li><b>3. Empower Lenders and Borrowers:</b> Conduct workshops to educate lenders and borrowers on using the PPSR. Encourage banks to include information about secured transactions in customer onboarding processes.</li> </ol>	<p>World Bank - Financial Inclusion and Digital Finance in Solomon Islands</p> <p>ADB - Pacific Private Sector Development Initiative</p>

<sup>40</sup> Ibid

## CAPACITY BUILDING AND TRAINING PROGRAMS

Not much is known about financial literacy programs in Samoa, but in Vanuatu, different financial institutions offer their own financial literacy training that enhances the basic understanding of clients on savings and budgeting, improving financial management for individuals and MSMEs. Other NGOs also provide financial literacy training. However, limited training is offered specifically to enhance the understanding of secured transactions. The Second National Financial Inclusion Strategy (NFIS) for Samoa, spanning 2022-2023 to 2025-2026, is driven by a vision to cultivate an inclusive and resilient financial sector that ensures universal access to a diverse array of affordable, user-friendly, and responsibly managed financial products and services tailored to the needs of all Samoans, both individuals and businesses. The strategy emphasizes building financial competence, enabling Samoans to make well-informed financial decisions in their everyday lives, thereby contributing to the nation's sustainable development and enhancing the overall quality of life.

The Fiji RBF facilitates presentations requested by external stakeholders where necessary. Materials for the use of PPSR services are accessible online, however, there are no capacity building or training programs to enhance understanding of secured transactions among stakeholders in the Solomon Islands.

## COMPARATIVE ANALYSIS OF CAPACITY BUILDING AND TRAINING PROGRAMS OF SECURED TRANSACTIONS IN SAMOA, VANUATU, FIJI, AND THE SOLOMON ISLANDS

### SAMOA: FOCUS ON FINANCIAL COMPETENCE AND INCLUSION

**Current Efforts:** Samoa's Second NFIS 2022-2023 to 2025-2026 emphasizes building an inclusive and resilient financial sector that focuses on universal access to diverse and affordable financial products and services tailored to both individuals and businesses.<sup>41</sup>

**Gaps in Training:** While the NFIS promotes overall financial competence and informed decision-making, it lacks specific training programs focused on secured transactions. This highlights the need for targeted educational initiatives to strengthen the understanding and application of secured transactions among stakeholders.

**Opportunities for Enhancement:** The strategy can incorporate modules on secured transactions to educate stakeholders about leveraging movable assets for credit, which would support MSMEs in more effectively accessing finance.

### VANUATU: BROAD FINANCIAL LITERACY BUT LIMITED FOCUS ON SECURED TRANSACTIONS

**Current Efforts:** Various financial institutions in Vanuatu offer financial literacy training that enhances basic financial management skills, such as savings and budgeting. NGOs also contribute by providing similar training programs.<sup>42</sup>

**Gaps in Training:** Despite these efforts, there is a significant gap in training specifically tailored to understanding and using secured transactions, which limits the ability of individuals and MSMEs to fully leverage their assets as collateral for credit.

**Opportunities for Enhancement:** Introducing specialized training programs on secured transactions could bridge this gap. These programs should be integrated into existing financial literacy initiatives to provide comprehensive financial education that includes the benefits and processes of using movable assets as collateral.

### FIJI: MODERATE AWARENESS BUT ROOM FOR SPECIFIC CAPACITY BUILDING

**Current Efforts:** The RBF facilitates presentations and provides online materials regarding the PPSR upon request by external stakeholders. Financial inclusion in Fiji has significantly improved, driven by initiatives like the ADB-PSDI partnership.<sup>43</sup>

**Gaps in Training:** Although general awareness and financial inclusion are improving, more focused capacity building programs are needed, specifically on secured transactions. This gap is evident among some legal professionals and small law firms, which may lack the digital literacy to effectively use the PPSR.

**Opportunities for Enhancement:** Developing comprehensive training programs and e-learning modules on secured transactions and digital literacy would support improved utilization of the PPSR. Such initiatives could be integrated into broader financial inclusion efforts to ensure that all stakeholders can effectively participate.

41 Pacific E-Commerce Initiative. 2023. Samoa National Financial Inclusion Strategy 2022/2023. Available at: <https://pacificcommerce.org/pei-project/samoa-national-financial-inclusion>

42 Reserve Bank of Vanuatu. Vanuatu National Financial Inclusion Strategy 2018-2023. Available at: [https://www.rbv.gov.vu/images/Financial\\_Inclusion/Vanuatu%20National%20Financial%20Inclusion%20Strategy%202018-2023.pdf](https://www.rbv.gov.vu/images/Financial_Inclusion/Vanuatu%20National%20Financial%20Inclusion%20Strategy%202018-2023.pdf)

43 Asian Development Bank. 2014. Unlocking Finance for Growth: Secured Transactions Reform in Pacific Island Economies. Available at: <https://www.adb.org/publications/secured-transactions-pacific>

### THE SOLOMON ISLANDS: LIMITED CAPACITY BUILDING FOR SECURED TRANSACTIONS

**Current Efforts:** There are no specific capacity building or training programs focused on secured transactions among stakeholders in the Solomon Islands. Existing efforts are largely limited to face-to-face awareness by MCILI/Company Haus.<sup>44</sup>

**Gaps in Training:** The absence of structured training programs on secured transactions suggests a critical gap that must be addressed to enhance the understanding and application of secured transactions.

**Opportunities for Enhancement:** Developing targeted training programs and workshops on secured transactions, coupled with digital resources, would significantly benefit stakeholders. These initiatives should be designed to reach a broad audience, including rural and underserved populations.

<sup>44</sup> Asian Development Bank. 2016. Pacific Private Sector Development (PSDI) Initiative. Available at: <https://www.adb.org/publications/pacific-psdi-brochure>

The review of capacity building and training programs in Samoa, Vanuatu, Fiji, and the Solomon Islands reveals significant gaps and opportunities. While general financial literacy programs are available, there is a distinct lack of specific training on secured transactions, limiting the effective use of movable assets as collateral and restricting MSMEs access to credit. Each country could greatly benefit from tailored educational programs focused on the specifics of secured transactions, integrated into broader financial literacy and inclusion strategies. By leveraging existing financial inclusion frameworks and partnerships, these countries can develop comprehensive and accessible training initiatives that address the diverse needs of their populations.

#### BOX 4: SOLOMON ISLANDS CASE STUDY



The Solomon Islands Transactions Filing Office allows users to search for and file notices of security interests. However, there is still limited awareness, as MCILI/Company Haus conducts some face-to-face outreach on the registry. Lenders are then expected to inform borrowers during the process of securing interests for accessing credit, and banks subsequently inform customers.

Currently, there are no capacity building or training programs aimed at enhancing the understanding of secured transactions among stakeholders in the Solomon Islands. There is a clear need to improve this understanding in alignment with the implementation of the Secured Transactions Act.

The Act, passed in 2008, simplified various aspects of lending, making it easier for individuals to obtain business loans using movable assets such as boats, cars, or farm equipment as collateral.

However, borrowers may sell assets before notifying the banks, making it difficult for the banks to repossess the collateral.



Movable collateral includes livestock, inventory, fixtures, crops, commingled goods, vehicles, and machinery. Additionally, there is no Ombudsman to protect the interests of borrowers, leaving full responsibility with the Secured Transactions Filing Office, which manages the filing and searching of notices of security interests.

# CONCLUSION AND RECOMMENDATIONS

## CONCLUSION

The comparative study of secured transactions frameworks in Fiji, Vanuatu, Samoa, and the Solomon Islands reveals several critical insights into the challenges and opportunities related to financial inclusion and the use of secured transactions to support MSMEs. Despite the diverse contexts and developmental stages of these countries, common themes emerge:

### 1. Awareness and Education:

- Awareness of secured transactions frameworks is generally low across all four countries, with Fiji having a moderate level of awareness compared to Samoa, Vanuatu, and the Solomon Islands.
- Educational and training gaps are significant barriers to the effective utilization of these frameworks. There is a clear need for targeted financial literacy programs that specifically address secured transactions.

### 2. Cultural and Social Barriers:

- Traditional financial practices and a preference for cash transactions limit the adoption of formal financial services in these countries. Cultural norms and gender disparities further exacerbate these challenges.

### 3. Digital Literacy and Technology Adoption:

- Low digital literacy and mistrust in digital payment systems limit the adoption of online financial services and secured transactions registries. Enhancing digital literacy and building trust in digital systems are crucial steps toward broader adoption.

### 4. Institutional and Regulatory Challenges:

- Institutions face human and financial resource constraints that impair the implementation and promotion of secured transactions frameworks. Regulatory frameworks, while established, often lack sufficient public awareness and enforcement.

### 5. Access to Financial Services:

- A shortage of financial access points, especially in rural areas, significantly limits the reach of secured transactions frameworks. This geographical disparity contributes to financial exclusion, particularly for underserved populations.



## RECOMMENDATIONS

To address these challenges and enhance the effectiveness of secured transactions frameworks, the following recommendations are proposed:

### 1. Enhance Educational and Training Programs:

- > Develop comprehensive financial literacy programs that include specific modules on secured transactions. These programs should target diverse stakeholder groups, including MSMEs, financial service providers, and the general public.
- > Partner with educational institutions, NGOs, and international organizations to effectively deliver these programs.

### 2. Promote Cultural and Gender Inclusivity:

- > Design and implement gender-sensitive financial inclusion initiatives that specifically address the barriers faced by women. This includes promoting women's economic empowerment and ensuring equal access to financial services.
- > Engage community leaders and influencers to shift cultural norms and encourage the adoption of formal financial practices.

### 3. Improve Digital Literacy and Trust in Technology:

- > Launch digital literacy campaigns to educate the public about the benefits and security of digital financial services. These campaigns should focus on building trust and demonstrating the reliability of digital payment systems.
- > Ensure that digital financial platforms are user-friendly and accessible, particularly for individuals with low digital literacy.

### 4. Strengthen Institutional Capacity and Regulatory Frameworks:

- > Increase funding and support for institutions responsible for implementing secured transactions frameworks. This includes providing training and resources to enhance their capacity.
- > Simplify regulatory procedures and ensure clear, accessible communication of these regulations to the public. Effective enforcement of regulatory frameworks is also essential.

### 5. Expand Financial Access Points:

- > Invest in expanding the financial infrastructure to increase the number of access points in rural areas. This includes establishing mobile banking units and digital platforms to reach underserved populations.
- > Collaborate with financial institutions to develop innovative solutions that address the geographical barriers to financial inclusion.

### 6. Promote International Cooperation and Assistance:

- > Leverage support from international organizations such as the ADB, World Bank, and UNCDF to implement best practices and access resources that enhance financial inclusion.
- > Participate in regional initiatives and cross-border collaborations to share knowledge, resources, and strategies that improve secured transactions frameworks.

### 7. Conduct Data Collection on Securities Registry Usage:

- > Implement a comprehensive data collection initiative to gather detailed usage statistics of securities registries in Fiji, Vanuatu, Samoa, and the Solomon Islands. This data should include information on the types of assets registered, the volume of transactions, and user demographics.
- > Use the collected data to identify trends, challenges, and areas for improvement in the current systems. This information will be invaluable for policymakers, financial institutions, and researchers in developing targeted interventions and measuring the impact of secured transactions frameworks over time.

With the implementation of these recommendations, Fiji, Vanuatu, Samoa, and the Solomon Islands can improve the awareness, adoption, and effectiveness of secured transactions frameworks, contributing to greater financial inclusion, supporting the growth of MSMEs, and driving sustainable economic development in these Pacific Island nations.

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## ADDITIONAL RESOURCES

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<https://mjcs.gov.vu/index.php/ombudsman-office>

<https://www.vfsc.vu/>

<https://www.rbf.gov.fj/core-functions/financial-system-development/submit-a-complaint-2/>

<https://www.ombudsman.gov.sb/about-us/legal-mandate.html>

<https://www.businessregistries.gov.ws/new-online-register-ppsr/>

<https://www.ppsr.vu/>

<https://www.ppsr.gov.fj/>

<https://stfosi.com/>

## GLOSSARY OF TERMS

<b>ADB</b>	Asian Development Bank	<b>POBL</b>	Pan Oceanic Bank
<b>AFI</b>	Alliance for Financial Inclusion	<b>PPS</b>	Personal Property Securities
<b>AML</b>	Anti-Money Laundering	<b>PPSA</b>	Personal Property Securities Act
<b>BSP</b>	Bank South Pacific	<b>PPSR</b>	Personal Property Securities Registry
<b>CBSI</b>	Central Bank of Solomon Islands	<b>PSDI</b>	Pacific Private Sector Development Initiative
<b>CIRA</b>	Credit Information Reporting Agency	<b>PSDI</b>	The Pacific Private Sector Development Initiative
<b>DBS</b>	Development Bank of Samoa	<b>RBV</b>	Reserve Bank of Vanuatu
<b>DBSI</b>	Development Bank of Solomon Islands	<b>SBEC</b>	Small Business Enterprise Centre
<b>FCA</b>	Financial Centre Association	<b>SBH</b>	The Samoa Business Hub
<b>FSPs</b>	Financial Service Providers	<b>SMEFWG</b>	Small Medium Enterprises Finance Working Group
<b>GDP</b>	Gross Domestic Product	<b>UNCDF</b>	United Nations Capital Development Fund
<b>KII</b>	Key Informant Interviews	<b>UNDP</b>	United Nations Development Programme
<b>MCIL</b>	Ministry of Commerce, Industry, and Labour Samoa	<b>VFSC</b>	Vanuatu Financial Services Commission
<b>MCILI</b>	Ministry of Commerce, Industry, Labour, and Immigration		
<b>MFS</b>	Mobile Financial Services		
<b>MOFT</b>	Ministry of Finance and Treasury		
<b>MSME</b>	Micro, Small, and Medium-sized Enterprises		
<b>MSMECGS</b>	Micro, Small, and Medium Enterprise Credit Guarantee Scheme		
<b>NBFIs</b>	Non-banking Financial Institutions		
<b>NFIS</b>	National Financial Inclusion Strategy		
<b>NGO</b>	Non-Governmental Organization		
<b>NZ</b>	Government of New Zealand		
<b>OECD</b>	Organisation for Economic Co-operation & Development		
<b>PFI</b>	Partner Financial Institutions		
<b>PIC</b>	Pacific Islands Countries		
<b>PIRI</b>	Pacific Islands Regional Initiative		
<b>PNG</b>	Papua New Guinea		



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