



SOLOMON ISLANDS NATIONAL FINANCIAL INCLUSION STRATEGY 3 (2021-2025)



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Abbreviations

ACOM	Anglican Church of Melanesia
AFI	Alliance for Financial Inclusion
CBSI	Central Bank of Solomon Islands
CSO	Civil Society Organisation
DSS	Financial Services Demand Side Survey
DFS	Digital Finance Services
EFTPOS	Electronic Funds Transfer at Point of Sale
FSP	Financial Services Provider
ICT	Information and Communication Technology
II	Inclusive Insurance
MEHRD	Ministry of Education and Human Resources Development
MFI	Microfinance Institution
MoFT	Ministry of Finance and Treasury
MCILI	Ministry of Commerce, Industry, Labour and Immigration
MSME	Micro, Small and Medium Enterprise
MWYCFA	Ministry of Women, Youth, Children and Family Affairs
NSB	Solomon Islands National Statistics Bureau
NFIS	National Financial Inclusion Strategy 2021 - 2025
NFIT	National Financial Inclusion Task Force
NFIU	National Financial Inclusion Unit
PFIP	Pacific Financial Inclusion Programme
PICAP	Pacific Insurance and Climate Adaptation Programme
PIRI	Pacific Islands Regional Initiative
RegTech	Regulatory Technology
RTC	Rural Training Centre
SBD	Solomon Islands Dollar
SINPF	Solomon Islands National Provident Fund
SDGs	2030 Agenda for Sustainable Development Goals
SICCI	Solomon Islands Chamber of Commerce and Industry
SICUL	Solomon Islands Credit Union League
SIG	Solomon Islands Government
SINU	Solomon Islands National University
SIWIBA	Solomon Islands Women in Business Association
SupTech	Supervisory Technology
TVET	Technical and Vocational Education and Training
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
WG	Working Group

Foreword



The Solomon Islands is characterized by its' beautiful landscape but underdeveloped infrastructure, dispersed terrain and low population density spread across 300 islands. These conditions make the provision of financial services extremely challenging. The Solomon Islands Government has made progress towards financial inclusion in recent years and prioritised building of an inclusive financial sector for the sustained economic growth and development of the country.

The Central Bank of Solomon Islands (CBSI) drives the financial inclusion agenda through the development and implementation of National Financial Inclusion Strategies. As a member of the Alliance for Financial Inclusion (AFI), the CBSI has made commitments to the Maya Declaration and adopted the Denarau Action Plan to specifically advance women's financial inclusion. These commitments were translated into gender-specific policy objectives in our National Financial Inclusion Strategy 2011 - 2015 (NFIS 1) making Solomon Islands the first country in the world to integrate women's financial inclusion into a national strategy.

Since then, the CBSI has successfully implemented the second Financial Inclusion Strategy and initiated digital financial services (DFS) as a policy objective to facilitate the provision of fast, safe and affordable financial services - especially to women and rural families. This resonates well within the Solomon Islands given its numerous challenges which are best addressed by pursuing a digital approach to financial inclusion.

The National Financial Inclusion Strategy 2021 - 2025 (NFIS 3) draws on the successes of the past Strategies and will further strengthen the financial inclusion journey towards meeting the vision to "Ensure all Solomon Islanders have access to a range of quality and affordable financial services and products and be competent to use them to increase their resilience and improved livelihood within the growing digital economy." The vision is supported by a clear mission with goals, targets and actions to be implemented through a robust coordination structure in complement to the Solomon Islands Government National Development Strategy 2016-2035 which endeavours to achieve inclusive economic growth by improving the social and economic livelihoods of all Solomon Islanders.

Based upon the review of the National Financial Inclusion Strategy 2016 - 2020 (NFIS 2), some significant milestones have been achieved. As of March 2020, there were:

- 283,954 active users of financial accounts, of which 133,046 were women;
- 825 access points extended in the country;
- 74,094 participants, predominantly women, benefited from Financial Literacy training;

- 28,890 individuals have taken up formal credit; and
- 21,441 people have participated as active savings group members.

Considering the disruptions caused by the COVID-19 pandemic and other challenges that affected the NFIS 2 implementation, the NFIS 3 takes into account the potential risks and measures to minimize the impact during its implementation. On that basis and in light of the financial inclusion initiatives taken to uplift Solomon Islanders, we expect higher levels of financial inclusion as we enter the next five-year plan.

We have already seen the benefits of our renewed focus on bringing innovative and responsive financial services, built upon digital and accessible technology, to the market. New partnerships have made possible the inclusion of the informal sector workers in the National Provident Fund and provided pathways for streamlining remittances, tax payments and savings. Together we endeavour to strengthen the resiliency of Solomon Islanders by meeting the aggressive and achievable targets set out in this strategy.

I want to thank and acknowledge the contributions of our provincial Premiers, executives, and stakeholders in the development of the NFIS 3. I further extend my appreciation and thanks to the Australian Government for their financial support, the United Nations Capital Development Fund (UNCDF) for the technical expertise and the team at PHB Development for their collaboration in the development of the Strategy.



Dr Luke Forau
Governor, Central Bank of Solomon Islands

Executive Summary

Financial Inclusion in the Solomon Islands has been pursued since 1985 and gained traction with the successful completion of the “National Conference on Financial Inclusion” jointly organized by the Central Bank of Solomon Islands (CBSI) and UNCDF’s Pacific Financial inclusion Program (PFIP) in 2010 - laying the foundation for the first National Financial Inclusion Strategy (NFIS 1) in 2011. The successful implementation of the NFIS 1 was followed by the launch of NFIS 2 in 2016.

These initiatives have brought notable progress in advancing financial inclusion in the Solomon Islands. During the NFIS 1, adults covered by formal financial inclusion exceeded the target of 70,000, while the number of access points increased by 385 primarily driven by EFTPOS and branchless banking initiatives.

In March 2020, a review of the NFIS 2 was carried out to assess the progress and prepare for the development of NFIS 3. The review revealed some progress in the key priority areas. Access points reached 825 registering a 0.48 percent growth from 2016. In terms of usage, active users of financial accounts reached 283,954 - of which 133,046 were held by women - achieving 94.7 percent and 88.7 percent of the respective targets. Financial literacy programmes covered 74,094 participants, primarily women and youth, while formal credit users reached 28,890, achieving 64.2 percent of the target. Savings groups counted 21,441 active members, or just half of the 43,000 member target.

While NFIS 2 focused on digital financial services (DFS) to drive access and usage of financial services, it fell short of the desired outcomes given the challenges of an underdeveloped digital and financial infrastructure, lack of enabling policies, as well as the limited agent network and the nascent implementations by providers. Besides, the country’s low population density coupled with the scatteredness of the islands over vast expanse of sea and a relatively underdeveloped physical infrastructure made it expensive for provision of financial services. Nonetheless, success stories from mobile money services such as Ezi Pei and youSave LoMobile underscore the potential for DFS to accelerate financial inclusion. Therefore, NFIS 3 will further emphasise the role of DFS facilitated by enabling policies, innovative partnerships and improved infrastructure.

The NFIS 3 sets the foundation to achieve the vision of ensuring all Solomon Islanders have access to a range of quality and affordable financial services and products and be competent to use them to increase their resilience and improve their livelihood within the growing digital economy.

The NFIS 3 aims to achieve the following goals by 2025:

- increase the active users of financial accounts from 283,954 to 400,000 - of which 50 percent would be women; and

- increase the number of access points from 825 to 1155.

The NFIS is a comprehensive document guided by the G20 High Level Principles of Digital Financial Inclusion and developed in a collaborative manner with inputs from key stakeholders and aligns well with SI's global and regional commitments.

Introduction

The successful development and implementation of National Financial Inclusion Strategies are key to building inclusive financial systems that promote financial inclusion. An inclusive financial system helps meet the larger goals of poverty alleviation, job creation and balanced economic growth supporting the objectives of the Sustainable Development Goals. As a result, global bodies such as the Global Partnership for Financial Inclusion, Alliance for Financial Inclusion (AFI), World Bank, United Nations, Financial Action Task Force (FATF), and the International Monetary Fund (IMF) have all pursued financial inclusion as a priority agenda.

Box 1

The Solomon Islands Government is committed to the advancement of financial inclusion and is the first country in the world to integrate gender specific targets in its strategies. The CBSI believes that National Financial Inclusion Strategies are instrumental to achieving financial inclusion objectives as they provide the opportunity to implement evidence-based policies in an effective manner. The CBSI has led the development and implementation of past strategies with support from stakeholders in the public and private sector including development agencies and women’s empowerment groups.

The formulation of the NFIS 3 commenced with a review of the NFIS 2 including stakeholder consultations and the analysis of diagnostic studies with the objective to understand the current status of financial inclusion, assess past strategies, identify key challenges and the opportunities including lessons learnt to inform the development of NFIS 3.

The major findings from the review are:

1. Although progress is seen across all Key Priority Areas of access, usage, financial literacy, formal credit and savings clubs (see *Box 1*); challenges in establishing the coordination structure¹ and general staffing constraints, and the COVID-19 pandemic affected the implementation of the NFIS 2.

2. Stakeholders emphasised the need for proper planning and provision of financial and staff support for the NFIS 3.

¹ The Coordination Structure consists of the National Financial Inclusion Taskforce, four working groups and the National Financial Inclusion Unit



3. Stakeholders stressed the importance of commitment, ownership and accountability of all parties to the NFIS 3 in pursuing the shared vision of financial inclusion.

4. It was deemed necessary to have realistic goals with achievable targets in the NFIS 3 – reflecting the existing demand-side, supply-side, and legal & regulatory constraints. Emphasis was made to first address the infrastructural challenges, including to develop an ID system, an inclusive and fully interoperable payment system, and continuous supply of power coupled with a reliable mobile network.

5. Further promotion of innovative partnerships between providers and women’s groups to develop responsive financial services and products for women and youth was noted. To enhance the uptake of formal credit, the need for enabling policies promoting collateral-free loans and simple, fast and cheap business registration procedures facilitated by tax incentives was also expressed.

6. The review findings stressed the need for specialized institutions such as an MSME bank, women’s bank and micro-insurance providers to serve the priority segments of population.

The NFIS 3 takes into consideration the above findings and calls for renewed commitment from all stakeholders. The review also highlighted the potential opportunities that new products and services built on digital and accessible technology can have in promoting financial inclusion. Innovative partnerships have in the past strategies facilitated the inclusion of previously excluded people in the financial system and provided pathways to streamline remittances, tax payments and savings. The NFIS 3 will continue to harness technology with a high priority and renewed vigour to meet the financial inclusion goals.

In comparison to regional peers², the Solomon Islands (SI) trails behind Fiji and Samoa in all indicators - except for adults³ with a mobile banking account. For instance, 26 percent of adults have a bank account in SI against 60 percent in Fiji and 39 percent in Samoa. In terms of access points, ATMs per 10,000 adults stands at 1.27 in SI against 4.64 of Fiji and

Figure 1: Comparative analysis of Financial Inclusion indicators

	Fiji	Samoa	Solomon Islands
Adults with a bank account (in Percent)	60	39	26
Adults with mobile banking account (in Percent)	9.4	7.8	40.1
Number of ATMs per 10,000 adults	4.64	3.51	1.27
Average time to reach bank agent (in minutes)	22	14	69
Average cost to reach bank agent (in USD)	2.25	2.11	9.48
Domestic remittance through physical cash (in Percent)	13	-	72
Domestic remittance through formal channels (in Percent)	87	-	28

Source: Benchmarking financial inclusion in Fiji, Samoa, and Solomon Islands, PFIP, 2016

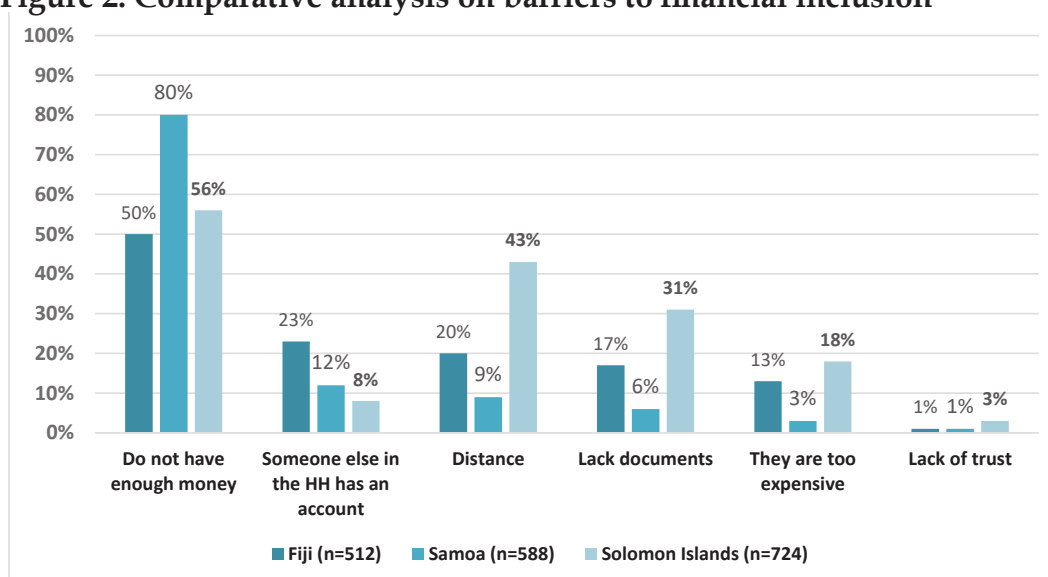
² Benchmarking financial inclusion in Fiji, Samoa, and Solomon Islands, PFIP, 2016

³ Age 15 and older

3.51 of Samoa – although it has improved to 1.43⁴ in March 2020. In remittances, 72 percent of adults use informal channels for domestic remittances in SI as opposed to 13 percent in Fiji (Figure 1).

The primary barriers to financial inclusion are indicated as: not having enough money to open a bank account, lack of functional literacy, distance to access points and lack of “Know Your Customer” (KYC) documents (Figure 2). These barriers are more pronounced for women due to various economic, social and cultural reasons. On the supply side, financial institutions have less appetite to serve rural areas due to the high cost and low returns. However, innovative products and services such as Solomon Post’s “Ezi Pei”⁵ and SINPF’s “youSave LoMobile”⁶ have shown potential opportunities do exist in bringing financial services to rural areas if pursued in the right manner.

Figure 2: Comparative analysis on barriers to financial inclusion



Source: Benchmarking financial inclusion in Fiji, Samoa, and Solomon Islands, PFIIP, 2016

The Current State of Financial Inclusion

The financial system in the Solomon Islands consists of four sectors: the banking sector with four commercial banks and two credit institutions, the superannuation sector with one provident fund bureau, the insurance sector with three insurers, four brokers and one agent, and the credit union sector with 10 Credit Unions⁷ supplemented by 812 savings groups. Except for savings groups, all others are licensed, regulated, and supervised by the CBSI.

The financial sector is dominated by banks followed by the provident fund, insurance and Credit Unions as of June 2020⁸. While the banking and the credit union sector showed

4 CBSI Usage Data, March 2020

5 Ezi Pei is a mobile money wallet which enables customers to transact using the e-value of their physical cash

6 youSave LoMobile, enables SINPF youSave members to deposit to their accounts using airtime credit.

7 These are reporting credit unions only.

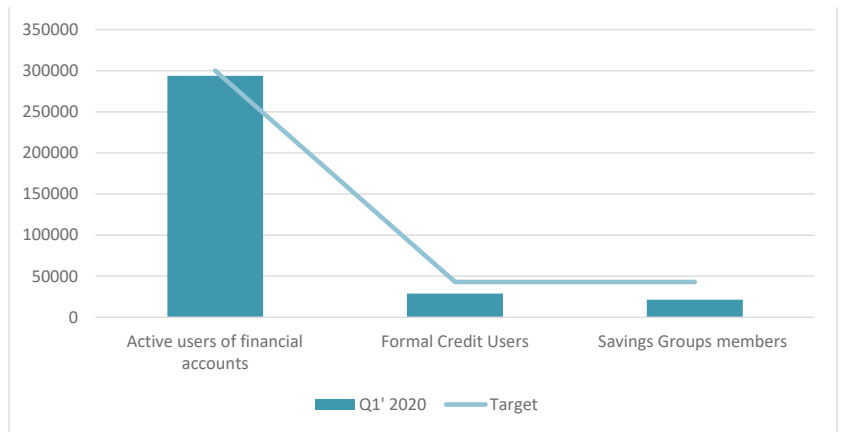
8 CBSI Financial Stability Report, June 2020

resilience against the pandemic, the superannuation and the insurance sector were affected with deterioration in assets and gross premiums respectively. Overall, the financial sector remains stable but requires constant surveillance to identify emerging stress and requires appropriate responses.

The review of the NFIS 2 shows progress in all key priority areas. As of March 2020, active⁹ users of financial accounts¹⁰ reached 283,954¹¹ - of which 133,046 were women - achieving 94.7 percent and 88.7 percent of the targets respectively. Formal credit users and savings group members reached 28,890 and 21,441, achieving 64 percent and 50 percent of the target (Figure 3). Financial Literacy programmes covered 74,094 participants primarily women, youth and rural families.

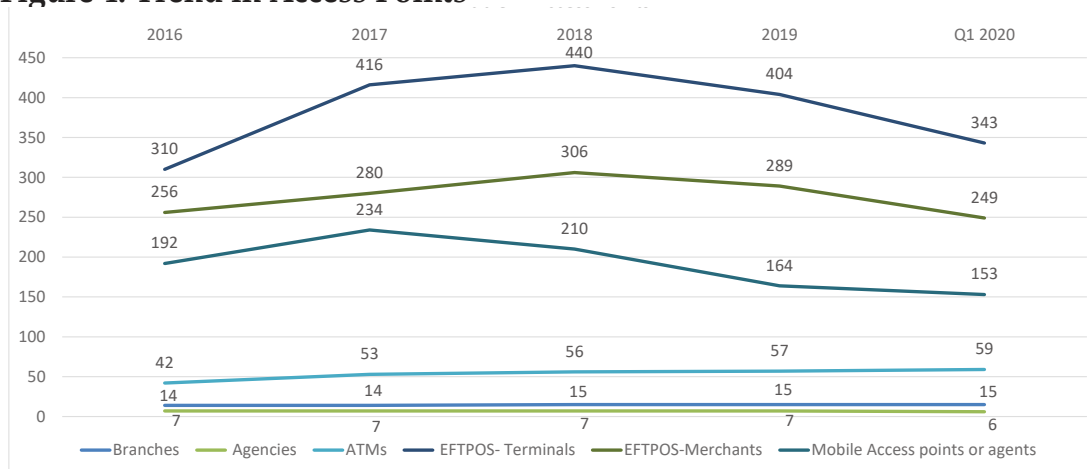
Access points reached an all-time high of 1034 in 2018 driven primarily by EFTPOS terminals which decreased to 825 in March 2020 in part due to agent liquidity constraints, agent transactional limits and high operational cost associated with rural access points (Figure 4).

Figure 3: Financial Inclusion in Solomon Islands



Source: CBSI FI Data, Q1, 2020

Figure 4: Trend in Access Points



Source: CBSI FI Data, Q1, 2020

9 Includes formal and semi-formal - deposit and credit- accounts that have been used at least once in the past year.
 10 Accounts with Banks, Credit Union, SINPF, MFIs and Savings Clubs (formal and semi-formal)
 11 CBSI NFIU FI data. March 2020

National Financial Inclusion Strategy Framework

With a population of 721,455 spread across 300 islands and underdeveloped physical, digital, and financial infrastructure - advancing financial inclusion in the Solomon Islands is a major challenge. However, in 2005, the CBSI set the stage with the national conference on “Revitalizing Rural Finance” which underscored the need for a comprehensive strategy to guide the financial inclusion journey in the country. In 2010, the CBSI became a member of AFI and the Pacific Central Bank Financial Inclusion Working Group giving a boost to the 2005 initiatives. The 2010 “National Conference on Financial Inclusion” laid the foundation for the development of the NFIS 1, which was completed in 2015 followed by the launch of the NFIS 2 in 2016. In March 2020, the development of NFIS 3 commenced with the NFIS 2 review.

The NFIS 3 is informed by the findings of the NFIS 2 review, inputs from consultations with key public and private sector entities including provinces, and development agencies. This 360-degree approach is intended to provide a clear and achievable roadmap for implementing agencies to optimize coordinated efforts in pursuing financial inclusion to the desired levels in the Solomon Islands.

Box 2

The NFIS 3 is consistent with the broader national objectives of the Solomon Islands National Development Strategy 2016-2035 and supports the achievement of the NDS Objective 1: Sustained and inclusive economic growth. Besides, four out of six strategic objectives directly support sector specific policies on green finance, gender equality and education spearheaded by different Ministries. The NFIS 3 reinforces the commitments made to the Maya Declaration and the Denarau Action Plan.

Based on the past success and the opportunities that DFS presents, the NFIS 3 will adopt a digital approach to financial inclusion guided by the G20 High Level Principles of Digital Financial Inclusion¹² (see Box 2) - which resonates throughout the objectives, targets and the action plan. This bodes well with the recent developments in strengthening the digital infrastructure with the completion of the Coral Sea Cable connecting the country to the international fibre backbone and

G20 High Level Principles of Digital Financial Inclusion

- 1: Promote a Digital Approach to Financial Inclusion
- 2: Balance Innovation and Risk to Achieve Digital Financial Inclusion
- 3: Provide an Enabling and Proportionate Legal and Regulatory Framework for Digital Financial Inclusion
- 4: Expand the Digital Financial Services Infrastructure Ecosystem
- 5: Establish Responsible Digital Financial Practices to Protect Consumers
- 6: Strengthen Digital and Financial Literacy and Awareness
- 7: Facilitate Customer Identification for Digital Financial Services
- 8: Track Digital Financial Inclusion Progress

¹² The G20 High Level Principles of Digital Financial Inclusion - adopted during the July 2016 G20 meeting in China - are intended to help countries foster digital financial inclusion through the development of digital financial services and products facilitating low cost, convenient and easy access to financial services

the build out of additional wireless connectivity by the mobile network operators. The strategy aligns well with the commitments made under the Money Pacific Goals 2025.

The NFIS 3 is a comprehensive document with a vision and a mission focusing on five key priority areas (KPA) of access and usage of financial services, financial literacy and consumer protection, formal credit, and data & measurement framework. The KPA are supported by six strategic objectives with activities, actions, and targets.

National Financial Inclusion Strategy 2021 - 2025

<p>Vision</p>	<p>Ensure all Solomon Islanders have access to a range of quality and affordable financial services and products and be competent to use them to increase their resilience and improve their livelihood within the growing digital economy.</p>
<p>Mission</p>	<p>To achieve the vision, NFIS 3 has set two national goals to be met by 2025:</p> <ul style="list-style-type: none"> • increase active users¹³ of financial accounts from 283,954 to 400,000 - of which 50 percent would be women; and • increase the number of access points from 825 to 1155.
<p>Key Priority Areas</p>	<ol style="list-style-type: none"> 1. Access to financial services 2. Usage of financial services 3. Financial Literacy & Consumer Protection 4. Formal Credit 5. Data & Measurement Framework
<p>Strategic Objectives</p>	<ol style="list-style-type: none"> 1. Amplify the reach and quality of digital financial services, products, and channels 2. Improve and promote MSME finance 3. Include women, youth and rural adults as fully engaged participants in the national financial sector 4. Build financial resilience in households and communities 5. Build financial empowerment in ways that are motivating, actionable and relevant to daily life 6. Develop and Implement Data & Measurement Framework

13 Includes both formal and semi-formal accounts- deposit and credit- that have been used at least once in past year.

Definition of Financial Inclusion

Within the context of the NFIS 3, financial inclusion is defined as:

“A state where all Solomon Islanders have access to and informed usage of a range of quality and affordable digital financial products and services responsive to their needs.”

Access means ensuring digital financial products and services are within easy reach of people.

Informed usage refers to sustained use of financial products and services in a responsible manner.

Quality refers to products that meet the needs of customer, are reasonably priced and safe to use.

Vision

The NFIS is based on an aspirational vision which provides a strong and realistic foundation to meet the long-term goal of advancing financial inclusion in the Solomon Islands, specifically to:

“Ensure all Solomon Islanders have access to a range of quality and affordable financial services and products and be competent to use them to increase their resilience and improve their livelihood within the growing digital economy.”

Providing people with financial services and products can help them to save and borrow money, make and receive payments, and build economic resilience - all of which can lead to improved livelihoods.

Mission

To achieve the vision, the NFIS has set two national goals to be met by 2025:

increase active users of financial accounts from 283,954 to 400,000 - of which 50 percent would be women; and

increase the number of access points from 825 to 1155.

The goal is precise in terms of what can be achieved with respect to “access” and “usage” of financial services by 2025. The emphasis on women contributes further to the vision of increased resilience and improved livelihoods.

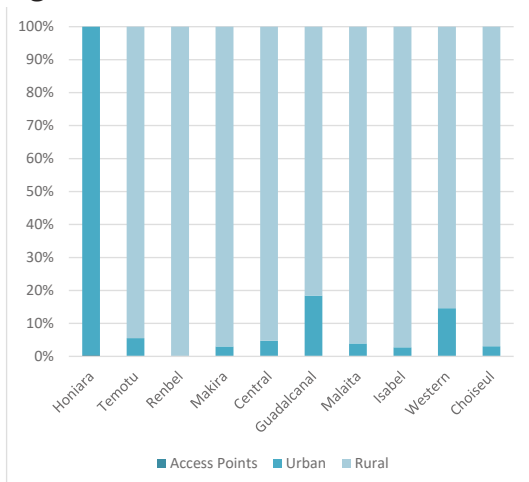
Context For The Strategy

Access to Financial Services

Despite an increase in financial access points, formal financial inclusion remains low at 34 percent¹⁴ in Solomon Islands with a gender gap of 15 percent¹⁵. Generally, women in developing countries, including the Solomon Islands, face multiple challenges in accessing financial services such as low levels of literacy, lack of time, little or no money, low self-esteem, or the inability to provide ID documents. The CBSI has always championed women’s financial inclusion and made commitments to the Denarau Action Plan – yet much remains to be done to close the gap between women’s financial needs and offerings of the financial institutions.

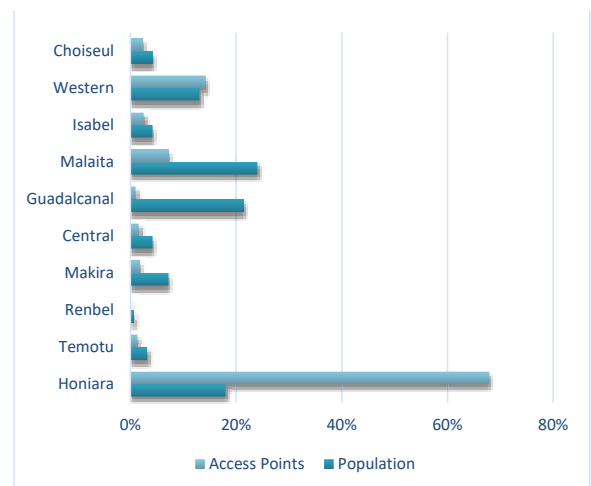
Provisional census data of 2019¹⁶ shows that 18 percent of the population of 721,455 resides in Honiara with the remaining people dispersed across the nine provinces of Choiseul, Central, Western, Isabel, Guadalcanal, Malaita, Makira, Renbel and Temotu. While women and rural families are the focus of financial inclusion, data on density and distribution of access points intended to serve them shows a different picture. For instance, 68 percent of access points are concentrated in Honiara as opposed to 32 percent in the nine provinces (Figure 5 and 6). While banks in SI have deployed various channels to serve the target groups, low returns and high cost, exclusive agents and lack of interoperability have limited or deterred growth.

Figure 5: Urban/Rural Access Points



Source: NSB 2019 Provisional census data/ CBSI FI data Q1 2020

Figure 6: Density of Access Points



Source: NSB 2019 Provisional census data/ CBSI FI data Q1 2020

14 PoWER Women’s and Girls Access and Agency Assessment: Solomon Islands, March 2020 PFIP

15 Ibid

16 National Statistics Bureau provisional census data, 2019, www.statistics.gov.sb



Access points serve as a steppingstone to bridge the gaps of formal financial inclusion, hence, “access to financial services” remains a key priority area under the NFIS 3. While acknowledging the challenges, the NFIS 3 aims to achieve a balanced and inclusive distribution of access points. Digital channels have significant potential to improve overall access while addressing the time and cost barriers experienced in the Solomon Islands¹⁷.

Usage of Financial Services

As of 2015, 26 percent of adults in the Solomon Islands had a bank account¹⁸ with another 8 percent using other formal financial services¹⁹ and an additional 35 percent using informal financial services²⁰ – thereby leaving 31 percent of adults excluded from using any financial services. Research further confirms a positive correlation between salaried people and bank account ownership – including mobile banking enabled accounts - which is supported by the banks’ appetite for high-income clients residing in Honiara. This indicates that increased quantity or usage of mobile banking accounts doesn’t necessarily or directly contribute to increased financial inclusion in the Solomon Islands.

The study also revealed that bank accounts are mostly used to receive payments and for safekeeping of money. Possibly due to the low number of bank accounts, domestic remittances are commonly made in cash, with 72 percent of adults sending and 68 percent receiving remittances through informal channels.

However, new partnerships between providers have led to innovative financial products,

17 Benchmarking financial inclusion in Fiji, Samoa, and Solomon Islands, PFIP, 2016.

18 *ibid*

19 MFI, SINPF, Insurance and Finance companies

20 Savings club, money lender, credit from shop etc.

services and channels to serve the target groups with positive outcomes. SINPF's youSave and youSave LoMobile, Solomon Post's Ezi Pei, and the Ministry of Finance and Treasury's Internal Revenue Department e-payments are indicative examples of opportunities that partnerships can provide in increasing the usage of financial services amongst target groups.

As of March 2020, active bank account users reached 149,917 of which 57,310 are women followed by SINPF, Savings Groups, MFI (SPBD) and Credit Union (Figure 7). In terms of digital initiatives, the number of youSave LoMobile members reached 4,266 with value of airtime deposits at SBD915,000 while Ezi Pei had 1632 clients with 40,485 transactions. In view of the huge untapped market and based on the indicative success of youSave LoMobile and Ezi Pei, "usage of financial services" remains a priority area under NFIS 3.

Figure 7: Active Depositors and Members

Institutions	Depositors/ Members Total	Depositors/ Members Women
Banks	149,917	57,310
Credit Unions	6790	3395
MFIs (1)	8,174	8,174
Savings Groups	21,441	19,297
SINPF	68,742	34,752
Total	255,064	122,928

Source: CBSI FI Data, Q1 2020

Financial Literacy and Consumer Protection

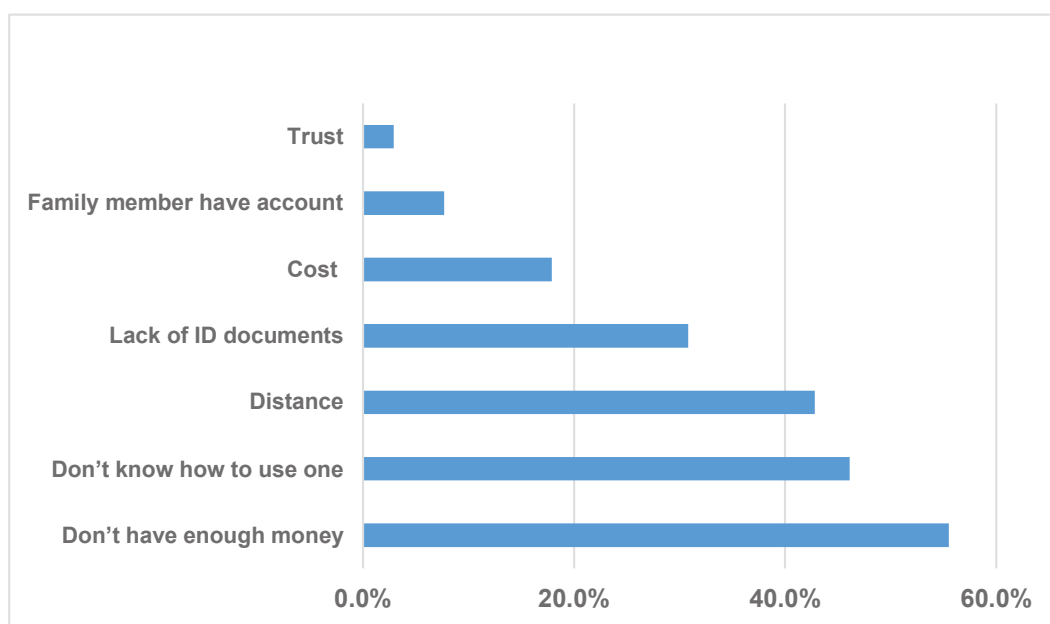
Financial Literacy and financial Consumer Protection play a crucial role in increasing access, usage, and quality of financial services. While financial consumer protection helps build trust in the financial sector; financial literacy equips consumers with the skills and knowledge to make informed decisions and use financial services responsibly.

One significant achievement under the NFIS 2 has been the progress made in financial literacy and financial education programmes. As of March 2020, 74,094 people participated in various financial literacy and financial education activities - up from just 10,639 in 2016. The major highlights are the development of key financial literacy messages under the Financial Competency document and the successful piloting of FinEd in six ACOM RTCs.



However, more needs to be done given the low levels of functional literacy among rural adults, especially women, who are the target segment of the NFIS.

Figure 8: Demand Side Barriers to Financial Inclusion



Source: Benchmarking financial inclusion in Fiji, Samoa, and Solomon Islands, PFIP, 2016

According to the 2016 PFIP survey²¹, 56 percent of adults did “not have enough money” for a bank account with 46 percent “not knowing how to use one”, and 31 percent citing “lack of documents” (Figure 8). These responses, including the general misconception that banks are meant for the salaried class, could be arising from low digital and financial literacy and the lack of a consumer protection framework. The level of education determines the uptake of financial services with higher educated people being more banked than people with low education. These challenges are acute for women due to low levels of education coupled with socio-cultural barriers which can translate to low confidence and may ultimately lead to self-exclusion from formal financial services. For these reasons and with the increased focus on digital financial services, financial literacy and consumer protection calls for renewed focus and hence is a key priority area under NFIS 3.

Formal Credit

As of March 2020, active credit users reached 28,890 with banks having a majority of the clients followed by Credit Union, and the MFI (Figure 9). Uptake of formal credit is low in the Solomon Islands although studies show there exists a demand for it. According to PFIP research²², borrowing by unbanked adults²³ is high at 60 percent - mostly serviced by shops, friends, family, and moneylenders. These findings were supported during the NFIS 3 consultations wherein most of the respondents expressed that there is a lack of rural-

²¹ Benchmarking financial inclusion in Fiji, Samoa, and Solomon Islands, PFIP, 2016

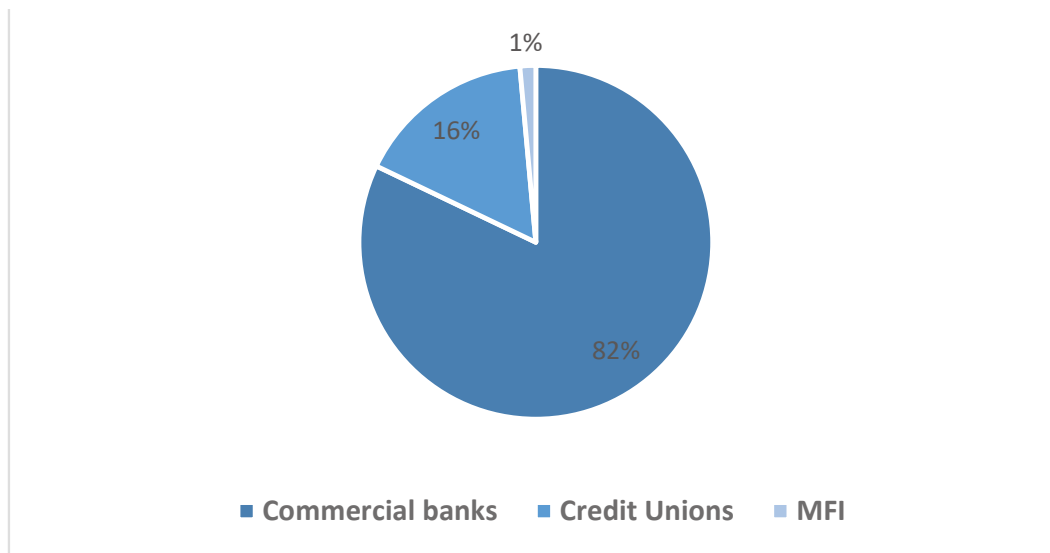
²² Benchmarking financial inclusion in Fiji, Samoa, and Solomon Islands, PFIP, 2016.

²³ ibid

centric financial services and products. Recent data²⁴ reinforces the finding that women who borrowed, preferred moneylenders over formal options despite the higher cost.

The CBSI June 2020 Financial Stability Report shows that the banking sector is flushed with excess liquidity implying ample opportunities to expand its credit portfolio, of course with adequate risk management measures. On one hand, it is acknowledged that the lending business of the licensed financial institutions has been affected by Covid-19 resulting from a slump in economic activities and high non-performing loans. On the other

Figure 9: Active Credit Users



Source: CBSI FI Data, Q1 2020

hand, deposits to loan ratio at 148.9 percent - with a surplus cash reserve of 33.1 percent - well above the CBSI's minimum Cash Reserves Requirement of 5 percent- shows weak financial intermediation by the financial institutions.

With 82 percent of the population residing outside of Honiara, it is imperative to increase access to finance despite the numerous challenges. These include low appetite of providers to serve rural customers, conflicting priorities (commercial vs. social), lack of suitable products, lack of incentives, or absence of a business case compounded by the fact that rural clients are often unable to meet the loan application requirements, have low functional literacy, no credit history and own little or no collateral. With a huge mismatch between demand and supply of credit, and the potential opportunities presented by the surplus liquidity - increasing access to formal credit is a key priority area under the NFIS 3 with a target of 48,000 by 2025.

Data & Measurement Framework

Having in place a robust database helps support evidence-based policymaking, facilitates setting financial inclusion goals, objectives, targets, actions and enables monitoring of progress and evaluation of strategies. One of the primary challenges faced during the NFIS 2 was the limited availability of robust data and the need to improve the existing financial inclusion (FI) database. This has limited the ability to conduct robust data diagnostics for effective monitoring and evaluation of the NFIS2 and impacted the NFIS3 development. As a result, internal monitoring and external evaluation of the NFIS 2 was done manually which is not only time consuming but can compromise the veracity of the data as well.

Therefore, data and measurement is a key priority area under the NFIS 3. The objective is to review and revise the current data and measurement framework and align it with the CBSI FI data project to facilitate automation of collection, analysis, measurement, and sharing of financial inclusion data with other stakeholders. Further, having in place a quality database including gender disaggregated data will facilitate crafting of enabling policies and responsive products and services. The development of the FI data and measurement framework will also support incorporation of RegTech and SupTech to strengthen the CBSI regulatory and supervisory functions.

It is noteworthy that - in the absence of final census data during the strategy development - targets set against each activity under the strategic objectives will be revalidated by the end of 2021 to ensure consistency with the final census data.



Governor Dr. Luke Forau (seated 2nd from left) meets with members of the Choiseul Provincial Government and other provincial stakeholders during the NFIS 3/NDES consultation program conducted in 2020. Governor was accompanied by PHB consultant Mr. Sanjay B. Shah (standing first from left) and Manager for Financial Inclusion, Mrs. Linda Folia.

Strategic Objectives

Six strategic objectives are vital to achieve the goals are supported by 21 activities to ensure the overall success of the NFIS 3. Details of the activities, targets and implementing agencies are further expanded in the Action Plan of the NFIS 3.

Objective 1:

Amplify the reach and quality of digital financial services, products, and channels

- 1.1 Permit non-banks to offer digital financial services
- 1.2 Establish an inclusive payments infrastructure
- 1.3 Create enabling legal and regulatory environment to increase access and usage of financial services
- 1.4 Promote digital payment channels in all Government transactions
- 1.5 Promote digital payment channels in private transactions

Objective 2:

Improve and promote MSME finance

- 2.1 Enhance MSME finance through implementation of a revised MSME Credit Guarantee Scheme
- 2.2 Strengthen the credit risk information system and information sharing to increase credit to MSME
- 2.3 Target MSMEs in strategic rural value chains for business mentoring and skills development
- 2.4 Develop and implement MSME centric financial literacy programmes

Objective 3:

Include women, youth and rural adults as fully engaged participants in the formal financial sector

- 3.1 Promote access to innovative and transformational financial services for women, youth and rural families leveraging rural-centric digital and physical channels
- 3.2 Promote sustained usage of financial services by women, youth, and rural families through provision of innovative and transformational, rural-centric financial services and products
- 3.3 Develop and disseminate digital and financial literacy programmes for women, youth, and rural families
- 3.4 Consolidate, strengthen, and expand savings groups as a pathway to financial inclusion

Objective 4:

Build financial resilience in households and communities

- 4.1 Promote Green Finance products and services through an enabling regulatory environment

- 4.2 Integrate basic financial education into targeted education levels and promote nationwide implementation
- 4.3 Develop a user-friendly e-learning portal to facilitate distance learning

Objective 5:

Build financial empowerment in ways that are relevant to daily life, motivating and actionable

- 5.1 Agree on national principles of consumer protection in financial services with focus on rural clients
- 5.2 Develop a national policy for customers that illustrates the customers' rights and the providers responsibilities, including a clear and well-developed redressal mechanism for digital financial services

Objective 6:

Develop and Implement a Data and Measurement Framework

- 6.1 Develop database to monitor and evaluate the strategy implementation progress and its dissemination to stakeholders
- 6.2 Develop and maintain a geo-spatial map of all access points in the Solomon Islands
- 6.3 Continue to conduct financial inclusion surveys and studies to support evidence-based policymaking



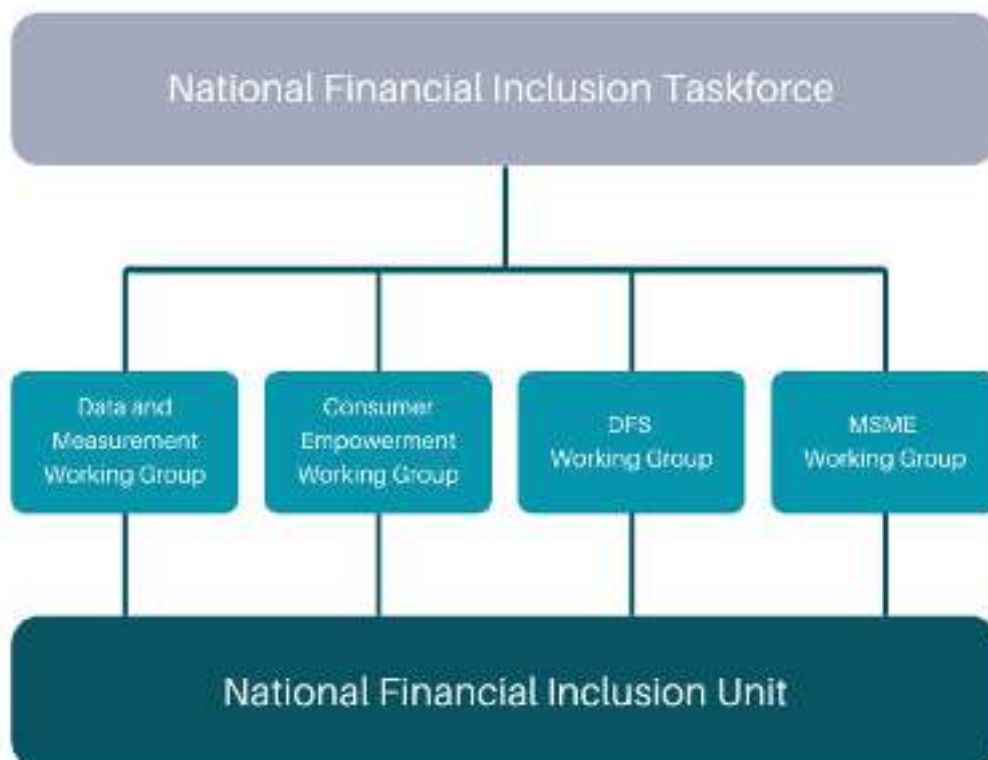
Deputy Governor Mr. Raynold Moveni conducts consultation meeting with Gaudalcanal Provincial Government members on NFIS 3 drafting in late 2020. He is accompanied by CBSI Manager for Financial Inclusion, Mrs. Linda Folia, with additional meetings with other major stakeholders.

Coordination Structure

The effective implementation of any financial inclusion strategy requires a strong governance structure with commitment and support from stakeholders to meet the financial inclusion objectives. Based on the success of the past strategies, the NFIS 3 implementation will continue with the same coordination structure (Figure 10) with the National Financial Inclusion Taskforce (NFIT) as the highest-level Committee responsible to provide strategic direction and policy guidance in meeting the strategy deliverables. It will coordinate the implementation of the NFIS 3 supported by four thematic Working Groups (WG) of Digital Finance, MSME, Consumer Empowerment, and Data & Measurement. The WG will provide technical expertise in their respective thematic area and support the NFIT. The National Financial Inclusion Unit (NFIU) in the CBSI will provide administrative support and coordinate the day-to-day activities of the implementation.

Prior to the recomposition of the NFIT, the NFIU will review the existing coordination structure in terms of responsibilities, member institution and the level of representation, including the required financial resources for the NFIS 3. The proposed membership to be validated by the NFIT could include the following: Governor of the CBSI; NFIT Members:(Secretary or Equivalent) MoFT, MCA, MECDM, MEHRD, MAL, MID, MPGIS, MRD, MWYCFA, Provincial Premiers, Deputy Governor (CBSI), Heads of Development Agencies, CEOs (Financial Service Providers), Heads of Associations. Once the NFIT is formed, it will induct members with the right skills, experience and knowledge in the WG.

Figure 10: Coordination Structure



Monitoring & Evaluation Framework

A robust framework for continual progress monitoring and impact evaluation is essential for the successful implementation of the NFIS 3. While the progress monitoring of the strategy will be done internally and on a continuous basis; the impact evaluation will be done by external entities to ensure an independent assessment of the strategy implementation. The NFIU will monitor all the activities of the WG in line with the Action Plan to facilitate the performance and progress review and will report to the NFIT on a regular basis. Each WG will prepare a quarterly progress report on the relevant strategic objective(s), activities, actions and targets of the Action Plan and report to the NFIU, who will then consolidate the WG progress reports and present them to the NFIT on a quarterly basis. This will facilitate a high-level review of the NFIS 3 implementation to ensure the performance and progress made is in line with the Action Plan. The performance and progress will be assessed using the financial inclusion indicators provided in the Measurement Framework²⁵ (Figure 11).

The NFIU will prepare a yearly performance report on the NFIS 3 and share with the key stakeholders including the public. The evaluation of the NFIS 3 will be done twice during the strategy period 2021-2025 resulting in a mid-term review report and final review report. The Financial Inclusion Measurement Framework will facilitate the effective evaluation of the strategy supported by periodic demand side surveys and studies.



²⁵ The FIMF is developed in line with the G20 Financial Inclusion Indicators, AFI DFS indicators and AFI Core Set of FI indicators

Figure 11: Financial Inclusion Measurement Framework

Dimension	Indicator	Baseline 2020	Target 2025	Reporting Frequency
Access	Number of Access Points	825	1155	
	Percentage of constituencies with ≥ 1 access point			
	Percentage of adults with ≥ 1 account with a formal FSP Percentage of women with ≥ 1 account with a formal FSP			
Usage	Active users of a financial account	283,954	400,000	
	Women users of an active financial account	133,046	200,000	
	Percentage of adults with an active financial account			
	Percentage of women with an active financial account			
	Percentage of adults with an active credit account Percentage of women with an active credit account			
Financial Literacy	No. of FinLit providers			
	No. of FinLit participants			
	No. of FinLit women participants			
	No. of FinEd providers			
	No. of educational institutes covered by FinEd programmes			
Consumer Protection	No. of FSPs with CP Policies and Procedures			
	No. of FSPs who have implemented CP Policies and Procedures			
	No of complaints received (FSP wise)			
	No of complaints unresolved (FSP wise)			
Formal Credit	Adults with active credit account	28,890	48,000	
	MSME loans guaranteed by Credit Guarantee Scheme			
	No. of MSME mentored by SME Advisory Centre			
Savings Groups	Percentage of Savings Clubs linked to FSP			
	Number of Savings Clubs digitized			
Digital Financial Services	No. of DFS transactions by type			
	Value and volume of DFS transactions by type			
	Percentage of adults that sent domestic remittance using formal channels			
	Value and volume of domestic remittance using formal channels			

Risk & Mitigation

While the development of the NFIS 3 is based on realistic assumptions supported by detailed analysis of past strategies, it is still susceptible to risks which require mitigation plans to safeguard the success of the NFIS 3. The potential risks and the mitigation measures are summarized below.

Figure 12: Risk and Mitigation Measures

Risk	Mitigation Measures
Lack of financial and human resources to implement the strategy.	Mobilise and allocate human and financial resources to implementing agencies.
Lack of commitment and support from implementing partners (public, private and development agencies)	Involve key stakeholders in all the stages of strategy development. Develop an effective communication strategy and disseminate it publicly.
Delay in the implementation of legal and regulatory reforms	Allocate required human, financial and other resources to expedite the process.
Delay in the development of infrastructure (Electricity, ICT, Financial and Payments Systems, e-KYC)	Strengthen the inter-agency coordination structure and seek buy-in from the highest level.
Deteriorating financial sector stability leading to reduced capital, high NPLs, low profits and less liquidity	Introduce macro-prudential policy and framework to improve financial sector stability

Action Plan

The Action Plan provides the list of activities with specific actions and targets organized around the six strategic objectives linked to key institutions responsible for the strategy implementation during the period 2021 - 2025. Following the Action Plan is a proposed mapping of the Working Groups to the activities of each of the Strategic Objectives.

Strategic Objectives ²⁶	Activities	Actions/Targets ²⁷	Implementing Agencies
Objective 1: Amplify the reach and quality of digital financial services, products, and channels	1. Permit non-banks to offer digital financial services	Issue e-money issuers regulations by Q4 2021 <i>License a minimum of 2 e-money issuers by Q1 2022</i> All Financial Services Providers ²⁸ to implement risk-based tiered AML-CFT PG issued by CBSI (SIFIU) by Q2 2023.	CBSI CBSI, MCA, MCIL, TCSI CBSI, MWYCFA, MCIL, SI Credit Union League (SICUL)
	2. Establish an inclusive National Payments System (NPS)	<i>Establish a National Payments System with full interoperability between financial institutions and payment service providers by Q2 2022</i> Issue Payment System Rules (SOPs) by Q4 2021 All financial institutions to participate in NPS by Q3 2022 <i>All Payments Service Providers (e-money issuers) to participate in NPS by Q3 2023</i>	CBSI, MCA, FSP CBSI, MCA, MCIL, FSP CBSI, FSP CBSI, MCA, FSP, TCSI

²⁶ The action plan is developed with the assumption that telecommunication, transportation and power infrastructure constraints will be addressed through sector specific policies aligned with the NFIS 3

²⁷ Existing and ongoing activities are in italics.

²⁸ Financial Service Providers (FSP) refers to all providers licensed and/or registered with the CBSI to provide deposit, credit, payments, social security, and insurance products and services.

National Financial Inclusion Strategy 2021 - 2025

Strategic Objectives	Activities	Actions/Targets	Implementing Agencies
Objective 1: Amplify the reach and quality of digital financial services, products, and channels	3. Create enabling legal and regulatory environment to expand digital financial services	<i>Enact National Payments Bill by Q3 2022</i> Establish Payments Advisory Council by Q3 2022 Strengthen regulatory and supervisory skills of relevant Departments by Q2 2022 Implement Solomon Islands sandbox procedures by Q3 2022. Issue Payments licensing Regulations by Q3 2022 Develop policy guideline to support tiered agent structure based on their function and risk by Q1 2022.	CBSI CBSI, MCA, FI, PSP, MCILI, MWYCA, SICUL, SICCI CPBD, FSRD, SIFIU, NFIU CBSI, FIs, E-money Issuers (Payment Service Providers) CBSI, MCA, MCILI, TCSI CBSI
	4. Promote digital payment channels in bulk Government transactions	<i>Pilot 3 digitization projects in payment streams such as civil salaries, pension payment, social transfers, and personal / commercial payments to government such as registrations, taxes or fees by Q3 2024</i> <i>Digitize Government payments to, and receipts from, public, private sector entities including citizens by Q3 2025</i>	CBSI, MOFT, MEHRD, MCILI, MWYCA, FSPs CBSI, MOFT, FSPs
	5. Promote digital payments channels in bulk private transactions	Pilot 3 digitization projects by migrating B2B and B2P transactions in private sector by Q3 2023 Implement digitization awareness programme through all channels CBSI and FSP (FIs and PSP) to consider first 3 e-payments free per month by Q4 2021	CBSI, MEHRD, MWYCA, MAL, SICCI, SIWA, SIEA, SI Postal Corporation, FIs, E-money issuers CBSI, FIs, PSPs, SIWA, SIEA, MEHRD, MWYCA, MAL, SICCI, Credit Unions, Savings Groups, CBSI, FIs, PSPs,

National Financial Inclusion Strategy 2021 - 2025

Strategic Objectives	Activities	Actions/Targets	Implementing Agencies
<p>Objective 2:</p> <p>Improve and promote MSME finance</p>	<p>1. Enhance SME access to finance through implementation of revised SME Credit Guarantee Scheme (SMECGS)</p>	<p>Expand SMECGS participants to include all qualified credit institutions by Q3 2021</p> <p>Promote the simplification of the loan proposal documents - enable and allow online submission through implementation of 2 pilot activities by Q3 2022</p> <p>Require all SMECGS applicants to undergo business programme conducted by SME Advisory Centre by Q3 2021</p> <p>Develop an effective communication SMECGS strategy and disseminate it through audio, print and visual media channels</p> <p>Increase in SMECGS loan clients of which 25% are rural SMEs and 25% women SMEs by Q2 2023</p> <p>Include at least 1 green finance products under the SME Credit Guarantee Scheme by Q1 2023</p>	<p>CBSI, MOFT, FSPs (FI, NBFIs, Credit Institutions) MCILI, MWYCA, MAL, SICCI, SICUL</p> <p>CBSI, FSPs, MAL, SICCI, SICUL, YECSI, SIWIBA, MFIs, Savings Groups</p> <p>CBSI, FSPs</p> <p>CBSI, FSPs (FI, NBFIs, Credit Institutions)</p> <p>CBSI, FSPs, MAL, SICCI, SICUL, YECSI, SIWIBA, Credit Unions, Savings Groups</p> <p>CBSI, FSPs (FI, NBFIs, Credit Institutions), SICCI, SICUL, YECSI, SIWIBA, MFIs, Credit</p>

National Financial Inclusion Strategy 2021 - 2025

Strategic Objectives	Activities	Actions/Targets	Implementing Agencies
Objective 2: Improve and promote MSME finance	2. Strengthen the credit risk information system and information sharing to increase credit to MSME	<p><i>Implement MSME Bill with supporting policies and regulations by Q3 2022</i></p> <p>Issue regulations incorporating comprehensive credit reporting by Q3 2021</p> <p>FSPs to implement comprehensive credit reporting regulations by Q4 2022</p> <p>All other lending institutions to implement comprehensive credit reporting regulations by Q2 2023</p> <p>Establish priority sector lending for MSME by Q3 2021</p>	<p>MCILI</p> <p>CBSI, SI Credit Bureau, FSPs</p> <p>CBSI, SI Credit Bureau, FSPs</p> <p>CBSI, SI Credit Bureau, FSPs</p> <p>CBSI, SICCI, YECSI, FSPs, MCILI, MWYCFA, SIWIBA, MAL</p>
	3. Target MSMEs in strategic rural value chains for business mentoring and skills development.	<p><i>Develop skills and capacity of financial services providers to increase lending to MSME</i></p> <p>In coordination with MCILI and provincial government, encourage the establishment of SME Advisory Centre representative in each constituency as a one-stop centre for MSME mentoring and skills development (finance, training, business mentoring and advisory support facilitation) by Q2 2023</p>	<p>MCILI, SICCI, FSP, CBSI</p> <p>MCILI, Provincial Governments, CBSI, SI Credit Bureau, SICCI, YECSI, SIWIBA</p>
	4. Develop and implement MSME centric financial and digital literacy programme	<p><i>Develop MSME-focused financial and financial literacy programme with appropriate topics based on the MCILI diagnostic report</i></p>	<p>CBSI, CCSIL, SPBD, DBSI, Credit Unions and Savings Groups, MCILI, FSPs</p>

National Financial Inclusion Strategy 2021 - 2025

Strategic Objectives	Activities	Actions/Targets	Implementing Agencies
Objective 3: Include women, youth and rural adults as fully engaged participants in the national financial sector	1. Promote access to innovative and transformational financial services for women, youth and rural families through digital and physical channels	<p><i>Encourage partnerships between FSP to provide financial services to target segments with 2 pilot activities launched by Q4 2023</i></p> <p>To subsidize FSP to establish access points in unviable areas by Q2 2025</p>	<p>CBSI, FSPs, Provincial Governments, SICCI, YECSI, SIWIBA, Credit Unions, Savings Club</p> <p>CBSI, FSPs, Provincial Governments, SICCI, YECSI, SIWIBA, Credit Unions, Savings Club</p>
	2. Promote sustained usage of financial services by women, youth and rural families through provision of innovative and transformational, rural-centric products and services.	<p><i>Encourage FSP to partner, develop and provide complete package (savings, credit, insurance, payments, social security) of financial services and products through product bundling.</i></p> <p>FSPs to roll out risk-based tiered KYC savings products with limits on transaction volume, value and frequency by Q2 2022</p> <p>FSPs to roll out at least 1 low interest nano-loan product for women, youth and rural families by Q2 2022</p>	<p>CBSI, DFS WG, FSPs, MWYCFA, MCILI, Credit Unions, Savings Club, DBSI, CCSIL</p> <p>CBSI, FSPs, MWYCA, MCILI, Savings Club, DBSI, CCSIL, SICCI, YECSI, SIWIB</p> <p>CBSI, FSPs, MWYCA, MCILI, Savings Club, DBSI, CCSIL, SICCI, YECSI, SIWIBA, Credit Unions</p>
	3. Develop and disseminate digital and financial literacy programs for women, youth and rural families	<p><i>Develop key digital and financial literacy messages for women, youth and rural families</i></p> <p>Issue guidance requiring promotion of all financial services and products to be accessible in Pidgin or plain simple English by Q3 2021</p> <p>Conduct digital and financial literacy programs in consultation with provincial governments</p> <p><i>Continue to deliver TOT programme and dissemination of CBSI led "Mekem Selen Waka for Gudfala Future" programme covering all constituencies by 2025</i></p>	<p>CBSI, CEWG, FSPs, MWYCFA, MCILI, SICCI, YECSI, SIWIBA, Credit Unions, Savings Club</p> <p>CBSI, FSPs</p> <p>CBSI, CEWG, FSPs, MWYCFA, MCILI, SICCI, YECSI, SIWIBA, Credit Unions, Savings Groups</p> <p>CBSI, Good Return, Savings Groups</p>

National Financial Inclusion Strategy 2021 - 2025

Strategic Objectives	Activities	Actions/Targets	Implementing Agencies
<p>Objective 3:</p> <p>Include women, youth and rural adults as fully engaged participants in the national financial sector</p>	<p>4. Consolidate, strengthen and expand savings as a pathway to financial inclusion</p>	<p>Encourage FSPs to adopt Savings Groups as a one-stop centre for provision of financial services</p> <p>25 percent of Savings Groups adopted by FSP by Q2 2023 and 50% by 2025</p> <p>Develop and roll out one simple and easy to use Application to digitize cash-based Savings groups by Q3 2022</p> <p>Transition 50% of Cash Savings Groups to Digital Savings Groups by Q3 2023 and 100% by 2025</p> <p>Provide digital literacy programs to all Savings Groups by 2025</p> <p><i>Promote the distribution and use of Savings Practice Guide partly or wholly by Savings Groups</i></p>	<p>CBSI, FSPs, Savings Groups</p> <p>CBSI, FSPs, Savings Groups</p> <p>CBSI, Development Partners, Savings Groups</p> <p>CBSI, Development Partners, Savings Groups</p> <p>CBSI, Savings Groups</p> <p>CBSI, Savings Groups</p>
<p>Objective 4:</p> <p>Build financial resilience in households and communities</p>	<p>1. Integrate basic financial education into targeted education levels and promote nationwide implementation</p>	<p><i>Implement financial education at targeted year levels of schooling by 2025</i></p> <p><i>Implement FinEd programme in all RTCs and similar institutes by 2025</i></p>	<p>CBSI, MEHRD, UNCDF</p> <p>CBSI, ACOM, YECESI, YWCA, Development Partners</p>

National Financial Inclusion Strategy 2021 - 2025

Strategic Objectives	Activities	Actions/Targets	Implementing Agencies
Objective 4: Build financial resilience in households and communities	2. Promote Green Finance products and services through an enabling regulatory environment	<p>Strengthen cooperation and coordination with MECDM, MAL to promote green finance initiatives</p> <p>Align PICAP and PIRI projects under the green finance initiatives by Q2 2023</p> <p><i>Roll out at least 3 green finance initiatives supporting agriculture value chain financing, green bonds, climate risk insurance and micro-insurance by Q2 2024.</i></p> <p><i>Insurance Bill is legislated by Parliament</i></p> <p><i>License at least one micro-insurance company by Q3 2022</i></p> <p>Research and develop a plan that all insurance companies create a Micro-insurance fund with a levy from yearly profits with equal contribution from provincial Government to implement green finance initiatives in all provinces by Q3 2023</p>	<p>CBSI, MAL, MECDM, AFI, FSP</p> <p>CBSI, UNCDF, AFI, FSP</p> <p>CBSI, FSPs, MAL, MECDM</p> <p>CBSI, MOFT</p> <p>CBSI, MOFT</p> <p>CBSI, Insurance Companies, Provincial Government, Development Partners</p>
	3. Develop an e-learning portal to facilitate distance learning.	<p>Digitize at least 1 successful FinLit and FinEd programs by 2025</p> <p>Develop and implement Training of Trainers (TOT) programme</p> <p>Select, train, and deploy youth and women as FinLit Ambassadors in all provinces in coordination with provincial government by Q3 2022</p> <p>Provide Ambassadors with appropriate FinLit tools, including devices, by Q3 2022</p> <p>Test run and implement the e-learning programme with FinLit Ambassadors in 50% of provinces by Q4 2022 and 100% by 2025</p>	<p>CBSI, MEHRD, Development Partners</p> <p>CBSI, Development Partners</p> <p>CBSI, Development Partners, Credit Unions, Savings Groups, YWCA, CBSI, MWYCFA, MCILI, SICCI, YECSI, SIWIBA, Credit Unions</p> <p>CBSI, FSP, Development Partners</p> <p>CBSI, Development Partners</p>

National Financial Inclusion Strategy 2021 - 2025

Strategic Objectives	Activities	Actions/Targets	Implementing Agencies
<p>Objective 5: Build financial empowerment in ways that are motivating, actionable and relevant to daily life</p>	<p>1. Agree on national principles of consumer protection in financial services with focus on rural clients</p>	<p>Establish an inter-agency Consumer Protection Committee to strengthen Consumer Protection framework by Q2 2023</p> <p><i>Review and strengthen CP Practice Guidance incorporating the principles of transparency, fair practice and recourse by Q4 2021</i></p> <p>Strengthen supervisory and enforcement functions to ensure compliance to CP Practice Guidance by Q4 2022</p> <p><i>FSPs to develop and implement internal CP policies and procedures by Q2 2022</i></p> <p>FSPs to provide regular training to its front-line staff and agents on the CP policies and procedures by Q1 2023</p>	<p>CBSI, MCILI, MCA</p> <p>CBSI, MCILI, MCA, FSPs,</p> <p>CBSI</p> <p>CBSI, MCA, MCILI, FSPs,</p> <p>FSP</p>
	<p>2. Develop a national, standardized policy for customers that illustrates the customers' rights and the providers responsibilities including a clear and well-developed redressal mechanism</p>	<p><i>Finalize and issue the SOP for Mobile Money Customers by Q2 2021</i></p> <p><i>Develop Mobile Money Services SOP (MMS SOP) by Q2 2022</i></p> <p><i>Conduct MMS SOPs awareness programme for DFS customers in all provinces by Q1 2023</i></p> <p><i>Promote the distribution and use of MMS SOP by DFS clients in 50% of provinces by Q3 2023 and 100% by 2025</i></p> <p><i>Dissemination of MMS SOP through audio, visual, print media including e-learning portal and DFS's website</i></p>	<p>CBSI, MCA, MCILI, DFSP</p> <p>CBSI, DFSP</p> <p>CBSI, DFSP, MWYCFA, SICCI, YECSI, SIWIBA, Credit Unions</p> <p>CBSI, DFSP, MWYCFA, SICCI, YECSI, SIWIBA, Credit Unions</p> <p>CBSI, DFS, MWYCFA, MCILI, SICCI, YECSI, SIWIBA, Credit Unions, Savings Clubs</p>

National Financial Inclusion Strategy 2021 - 2025

Strategic Objectives	Activities	Actions/Targets	Implementing Agencies	
<p>Objective 6:</p> <p>Develop and implement a Data and Measurement Framework</p>	<p>1. Develop database to monitor and evaluate the strategy implementation progress and its dissemination to stakeholders</p>	<p>Establish a Data and Measurement Framework Working Group by Q2 2021</p>	NFIT, NFIU	
		<p>Review and revise the existing FI Data and Measurement Framework and align with FI data project by Q3 2021</p>	CBSI, NFIU, Development Partners	
		<p>Develop NFIS 3 monitoring and progress reporting module with dashboards for members of NFIT, WGs and NFIU by Q2 2022</p>	CBSI, NFIU, Development Partners	
		<p>Develop a Data Management and Analysis System (DMAS) user guide manual by Q3 2022</p>	DMF WG, NFIU, CBSI, Development Partners	
		<p>Provide User training on DMS to relevant CBSI and FSP staff by Q3 2022</p>	CBSI, NFIU, FSP	
		<p>Work with key stakeholders to provide unique bank verification number (BVN) or explore other alternatives such as shared KYC utilities in the interim to address duplication of accounts in the existing Data and Measurement process by Q4 2025</p>	CBSI, FSP	
		<p>2. Develop and maintain a geo-spatial map of all access points in Solomon Islands</p>	<p><i>Coordinate with Land Department (Statistics Division) or National Statistics Office (NSO) to develop a geo-spatial map of access points and gather transactional data disaggregated by product, transaction, gender by Q3 2022</i></p>	CBSI, Land Department (Statistics Division), NSO (MOFT)
			<p>Update geo-spatial map quarterly, with map data to be available online, on a role-based access through CBSI website by Q1 2023</p>	CBSI, NFIU
		<p>3. Continue to conduct financial inclusion surveys and studies to support evidence-based policymaking</p>	<p><i>Acquire deeper financial inclusion insights through embedding of questions to national census and other periodic governmental surveys</i></p>	CBSI, Development partner
<p><i>Conduct 1 nationwide demand side survey by Q4 2023</i></p>	CBSI, MOFT(NSO), Development partner			

Working Group Mapping²⁹

Strategic Objectives	Activities	DF WG	MSME WG	CE WG	DM WG ³⁰
Objective 1: Amplify the reach and quality of digital financial services, products, and channels	1) Permit non-banks to offer digital financial services	●			
	2) Establish an inclusive National Payments System (NPS)	●			
	3) Create enabling legal and regulatory environment to expand digital financial services	●			
	4) Promote digital payment channels in bulk Government transactions	●			
	5) Promote digital payments channels in bulk private transactions	●			
Objective 2: Improve and promote MSME finance	1) Enhance MSME access to finance through implementation of revised MSME Guarantee Scheme (MSMEGS)		●		
	2) Strengthen the credit risk information system and information sharing to increase credit to MSME		●		
	3) Target MSMEs in strategic rural value chains for business mentoring and skills development.		●		
	4) Develop and implement MSME centric financial and digital literacy programme	●	●	●	
Objective 3: Include women, youth and rural adults as fully engaged participants in the national financial sector	1) Promote access to innovative and transformational financial services for women, youth and rural families through digital and physical channels	●		●	
	2) Promote sustained usage of financial services by women, youth and rural families through provision of innovative and transformational, rural-centric products and services.	●		●	
	3) Develop and disseminate digital and financial literacy programs for women, youth and rural families	●		●	
	4) Consolidate, strengthen and expand savings as pathways to financial inclusion			●	
Objective 4: Build financial resilience in households and communities	1) Integrate basic financial education into targeted education levels and promote nationwide implementation			●	
	2) Promote Green Finance products and services through an enabling regulatory environment			●	
	3) Develop an e-learning portal to facilitate distance learning.			●	
Objective 5: Build financial empowerment in ways that are motivating, actionable, and relevant to daily life	1) Agree on national principles of consumer protection in financial services with focus on rural clients			●	
	2) Develop a national, standardized policy for customers that illustrates the customers' rights and the providers responsibilities including a clear and well-developed redressal mechanism			●	
Objective 6: Develop and Implement a Data & Measurement Framework	1) Develop database to monitor and evaluate the strategy implementation progress and its dissemination to stakeholders				●
	2) Develop and maintain a geo- spatial map of all access points in Solomon Islands				●
	3) Continue to conduct financial inclusion surveys and studies to support evidence-based policymaking				●

²⁹ Working Groups will provide technical input for the specific activities to support the implementing agencies responsible for the related actions as outlined in the Action Plan

³⁰ Working Group Legend: Digital Finance, MSME, Consumer Empowerment, Data and Management

Annex 1: List of Consultation Meetings

The following organizations and individuals - comprised of both supply side and demand side stakeholders - were consulted to support the development of the NFIS 3. It is notable that many consultations were conducted using a hybrid approach with consultations lead by the Lead Policy Consultant and Senior DFS Consultant via video conferencing with onsite support provided by PHB's on site Senior DFS Advisor and flawless administrative support from the CBSI FIU. Provincial Consultations in Choiseul, Western, Makira/Ulawa, Malaita and Guadalcanal Provinces were all conducted on-site.

Organization / Affiliation		Participants in Consultative Discussions
Central Bank of Solomon Islands	Financial Inclusion Unit	Linda Folia, Manager Junior Faka, Analyst Digital & MSME Freda Diau, Analyst Consumer Empowerment & Insurance
	Currency, Banking and Payments Department	Daniel Haridi, Chief Manager
	Financial System Regulation Department	Samuel Warunima, Chief Manager (ag) Ronsley Pana, Manager Applied Research, Policy & Regulations
Financial Inclusion Thematic Working Groups	Consumer Empowerment Working Group	Joyce Nukumuna, Chairperson Dr Alice Aruheeta Pollard, WARA Osbert Lalahu, World Vision Alvina Erekali, UN Women Isaac Holly, UNCDF Linda Folia, CBSI Freda Diau, CBSI
	Digital Finance Working Group	Anna O'Keefe, former Chair of DFWG Gibson Sanau, IRD Reinhard Lal, Bmobile Augustine Wateani, ANZ Caroline Kanoko, Strongim Bisnis Don Fakari'i, SINPF Lindy Au, SI Telekom Isaac Holly, UNCDF Linda Folia, CBSI Junior Faka, CBSI
	Inclusive Insurance Working Group	Diana Tasion, Tower Insurance Gau Gomea, Capital Insurance Group Julie Haro, Premier Group John Ta'amora, SICCI Isaac Holly, UNCDF Linda Folia, CBSI Freda Diau, CBSI
	MSME Working Group	Morris Rapa'ai, Director BCD MICLI Jacob Gala, Director IOD MICLI John Ta'amora, Advocacy SICCI Rachael Ili, Project Officer CBSI Caroline Kanoko, Strongim Bisnis Dalcy Ilala, ADB Shiu Raj Singh, ADB Sydney Vimlesh Bhatt, ADB Sydney Isaac Holly, UNCDF Linda Folia, CBSI Junior Faka, CBSI

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Organization / Affiliation	Participants in Consultative Discussions
Government Ministries & Entities	Solomon Islands National Provident Fund Michael Wate, CEO Aluta Kakadi, Manager Operations Wilson Hano, Team Lead youSave
	Ministry of Education and Human Resources Development (MEHRD) Constance Nasi, Under Secretary Linda Wate, Director & Manager Curriculum
	Ministry of Finance and Treasury (MoFT) Rictor Luaboe, Director ERU Gibson Sanau, Team Lead e-tax
	Solomon Islands Chamber of Commerce and Industry (SICCI) Atenasi Ata, CEO John Ta'amora, Advocacy SICCI
	Ministry of Commerce, Industry, Labour and Immigration (MCILI) Riley Mesepitu, Permanent Secretary Morris Rapa'ai, Director BCD MICLI Jacob Gala, Director IOD MCILI
	Ministry of Women, Youth, Children and Family Affairs (MWYCFA) Cendrick Alependava, Permanent Secretary Thompson Araia, Senior officer
	Solomon Islands Postal Corporation Alfred Kituru Ghemu, Chief Executive Officer
Provincial Government & Stakeholders	Choiseul Province Government and Stakeholders Hon. Watson Qoloni, Premier Geoffrey Pakipota, Provincial Secretary Nelson T Kere, Deputy Provincial Secretary Hon. Ronald Zakele, Minister for Natural Resources Basilio Solevudua, Provincial Accounting Specialist Sam Keqa, Provincial Treasurer Eric George, PCDA Hon. John Matapaza, MPA Hon. Greg Sokeni, Speaker - Choiseul Province Joy Vunagi, SFO - Forestry Division Nellie Siope, Coordinator - Youth & Sports Ishmael Lekelalu, Manager - Choiseul Bay township Gibson Vilaka, Senior Admin Officer Cynthia Baripapa, Planning Coordinator Jerrick Vazoto, SPP - MLHS Thompson Miabule, Fisheries Officer Charles Tagimana, Treasurer Qoso Carrlmarx, Tourism Officer Nawaia Amon, Choiseul Province (CP) Virginia Qalo, United Church Women Savings Group Sam Moroto, United Church Women Savings Group Pepetua Qilatala, Catholic Savings Group Carlix Kodo, CP Maclean Biliki, Lauru Land Council Cleophas Rooney, MSME Vincent Eria, RSIP Malachi, Market Vendor Murray Rotoava, Choiseul Bay Provincial Secondary School Court Vore, MSME Abednigo Pitapanapi, Solomon Power

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Organization / Affiliation	Participants in Consultative Discussions
Provincial Government & Stakeholders	<p>Western Province Government and Stakeholders</p> <p>Patrick Toiraena, Deputy Provincial Secretary Billy Maelagi, Western Provincial Govt (WPG) John Tiokera, WPG Salome Topo, WWF Lesley Lamani, Hometech Gizo Chad Maui, Ecological Solutions Foundation Clotilda Londeka, BSP Charles Vatopu, SINPF Alex Padakana, Gizo Market Vendor Association (GMVA) Laurretta Nasala, GMVA Serah Kuligi, Bmobile Nerolyn Loni, Savings Group Lisi Binet, Women Development Division - WPG Rendy Solomon, Western Province Council of Women Judy Basi, Social Welfare, Western Province Giftson Sisiolo, Solomon Telekom</p>
	<p>Makira / Ulawa Province Government (MUPG) and Stakeholders</p> <p>Hon. Julian Maka'a, Premier Hon. Douglas Kuper, Minister for Finance Hon. Davis Maemae, Minister for Works Hon. Henry Perongo, Minister for Commerce Hon. Ramsey Sirai, Minister for Lands Hon. Joe Takeli, Minister for Planning Hon. Francis Tahokea, Minister for CGR Hon. Benson Piringi, Minister for health Hon. Richard Fagarh, Special Assignment, MPA Hon. Terence Ri'itau, MPA Commins Ikioa, PCDA Hon. Jimmy Riunga, Minister Hon. Henry Rata, Minister Andy Erei, MUPG Donnis Ramogerea, World Vision Hilda Wale, MUPCW Jessica Ngere, MUPCW Edna Campbell, F.S.C Mesach Putakolo, Solomon Post, Kirakira Mr. Dennis Taro, Kirakira Clement R, MUPG Marvin Kaea, MUPG</p>
	<p>Malaita Province Government and Stakeholders</p> <p>Hon. Daniel Suidani, Premier Frederick Fa'abasu, Provincial Secretary Timson Talui, Youth Coordinator Faye Saemala, Council of Women Patterson Aurthur, Market Vendor Coordinator Liily Lufi, Rose Rarangia, Women Caucus Kathy Peaka, AMVA Tony Wale, NDMO Rex Leafasia, SIRC Timmy Afia, Principal, Auki CHS Joy Ramo, Market Vendor Association John Funi, World Vision Lency Saeni, BSP Ellison Gauwane, MPG Planning Alice Teioli, Council of Women Charles Waimua, Agent</p>

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Organization / Affiliation		Participants in Consultative Discussions
Provincial Government & Stakeholders	Guadalcanal Province Government and stakeholders	Hon Francis Sade, Premier Rose Tala, MPA Andrew Tahisihaka, MPA Francis Iso, MPA Lazarus Rina, MPA Tobias Verabola, MPA Daniel Besaia, MPA Timothy Ngele, PS Don Damikura, Market Vendor Daisy Beli, Vovo Savings Group Gwen Para, Numbu Savings Group Joyce Alfred, WDD Agnes Poru, MSME Francis Kokoe, MSME Lynnette Mane, Mataniko Women Savings Group Roselyn Leua, EPS James Tiva, PDO Hezilyn Wilson, Market Vendor
Banking Sector	Bank South Pacific	David Anderson, Country Manager
	ANZ Bank	Martin Beattie, Country Manager Joseph Magnus, Head of Retail Augustine Wateani, Digital & Channel Management
	Bred Bank	Pierre-Antoine Vallet, COO Farrington Ero, Manager
	POBL	Upul Hettiarachchi, CEO
	Development Bank of Solomon Islands	Tukana Bovoro, Interim Chief Executive Officer
	Credit Corporation	Ronald Vikash Prasad, Acting Country Manager
Telecom Sector	Solomon Telekom	Arthur Yen, CEO Christina Lasaqa, Assistant CEO Robertson Szetu, Manager
	bMobile	Arvind Autar, Acting Country Manager Reinhard Lal, Group IT Manager
Savings Groups and Business Representatives	United Pentecostal Women's Savings Group, Kombevatu	Fourteen Members Consulted in Focus Group Forum
	WARA Savings Group	Ten Members Consulted in Focus Group Forum
	MSME Representatives	S. W. Kumar, Honiara Lesley Hirata, Point Cruz Walter Waneoroa, Honiara Dennies Dampu, Ranandi James Kana, Ueniusu'unu Agribusiness
International Organizations	Asia Development Bank	Shiu Raj Singh, Financial Sector Specialist Vimlesh Vikash Bharat, Financial Sector Officer Dalcy Ilala, Senior Coordination Officer
	Alliance for Financial Inclusion	Helen Walbey, Head of Gender Inclusive Finance Eliki Boletawa Head, Policy and Regional Initiatives Johanna Nyman Head of Inclusive Green Finance Jeanette Moling, Specialist Inclusive Green Finance
	United Nations Capital Development Fund	Isaac Holly, Technical Specialist

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