



CENTRAL BANK of SOLOMON ISLANDS

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## **Consumer Empowerment: In Financial Inclusion Context**

With the advancement of the financial services and products offered by the Financial Service Providers (FSPs) in the financial sector, dissemination of relevant information is significant in order for consumers to become financially capable to utilise the products and services. This concept is called consumer empowerment.

In the context of financial inclusion, consumer empowerment plays an important role, which results in financial capability. Financial Inclusion is the availability of affordable, reliable and quality financial products and services from the FSPs both in the formal and semi-formal sector. Whilst financial capability refers to the relevant knowledge and skills obtain by consumers to manage their personal finance and to understand how to use the financial services and products.

Under the National Financial Inclusion Strategy 3 administered by the Central Bank of Solomon Islands (CBSI), consumer empowerment is one of the key thematic areas. The strategy outlined the key policy areas with an aim of empowering the consumers in the financial sector.

The CBSI and its stakeholders under the National Financial Inclusion Taskforce and the Consumer Empowerment Working Group implemented these policy areas.

**What is consumer empowerment in the context of financial inclusion?**

Consumer empowerment is the dissemination of information by FSPs to consumers/customers to build trust and strengthen customers' confidence that enables them to make informed decisions.

It also involves an interactive relationship between FSPs and their customers/consumers to discuss relevant subjects such as, the types of products and services and how to use them, fees and charges, terms and conditions, customers' concerns and issues, and the redress mechanism or what to do when customers have complaints.

### **Who are the Financial Service Providers and the consumers?**

The FSPs are institutions that provide financial services and products in the financial sector and not limited to the following, the Commercial Banks, Microfinance Institution- (SPBD), Insurance Companies, Credit Unions, National Provident Fund, Credit Corporations and Development Bank of Solomon Islands.

A consumer in this context refers to a person who use the financial products and services from the FSPs. For instance, those who have bank accounts with the commercial banks or those that access loans from the Microfinance institution.

### **What are the products and services offered by the Financial Service Providers?**

There are various products and services provided by FSPs and some of which are mobile banking, ATMs, deposits and savings accounts, EFTPOS terminals and Merchants, insurance products such as motor insurance, travel insurance and business insurance, savings and loan products from Microfinance institutions.

### **Why is consumer empowerment important?**

Consumer empowerment enables consumers to fully understand the appropriate information required before reaching an ideal decision to choose and use the products and services. The dissemination of the accurate information will also enhance the customers' confidence and trust towards the FSPs. In addition, empowering consumers will result in an increase in access to financial services and products that contributes to achieving financial inclusion in Solomon Islands.

Finally, the increase in the level of awareness and consumers' skills due to the development of innovative products and services assist consumers to make optimal decisions, develop trust and reduce uncertainty when using digital products such as mobile banking or internet banking.

In our next article we will learn how Financial Service Providers (FSP) and the Central Bank of Solomon Islands empower consumers.

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*(Prepared by the National Financial Inclusion Unit)*

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