



CENTRAL BANK of SOLOMON ISLANDS
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FinTech Innovation a solution to address financial inclusion challenges

“Access to finance is often a challenge for MSMEs in Solomon Islands and Pacific Islands Countries due to lack of credit information and collaterals.”

Governor Dr Luke Forau echoed these findings in his remarks at the Pacific Islands FinTech innovation bootcamp reception in Singapore on Wednesday 27th July.

Governor Luke Forau revealed that our financial inclusion efforts at the moment is far fetched as only 36 percent of the approximately 721,455 population have access to finance, let alone the 80 percent of the unemployed population who are in the informal sector.

“With this, I hope it exemplifies why in our case, innovation is extremely important to address our financial inclusion challenges,” he said.

The arrival of the Coral Sea fibre optic Cable in the Solomons in December 2019, together with the government’s decision to move towards a national digital economy strategy, have put the role of the Central Bank into focus.

There is a need to expand the vital infrastructure to encompass all the citizens and enable access in every corner of the country. This can only be possible through innovation and digitalization.

The Central Bank of Solomon Islands implemented its third National Financial Inclusion Strategy last year 2021 which will lapse in 2025.

Within the strategy, the role of digital finance services & financial technologies has been vastly underscored as a key driver to improve access and usage of financial services.

“With our challenging geography, declining access points and usage, leveraging digital and financial technologies to provide innovative access and usage is the way forward,” Governor Luke emphasized.

While striving to achieve the financial inclusion goals, efforts are also geared towards answering questions such as:

1. How do we enhance access to finance and usage for the unbanked, underserved and the general informal sector?
2. Why do these marginalized segments prefer semi-formal and informal savings avenues?

An example of an informal saving avenue is the Solomon Islands National Provident Funds (SINPF) **youSave Micropension** savings scheme designed mainly for the informal sector which later digitized its savings collection through a digital airtime payment solution.

This was done so with the technical support of the UNCDF and funding by the Australian Government.

To date, the scheme has 32 thousand members from the informal sector of which 54 percent are women.

“This is an example of the type of initiatives that we’re looking for, one which derives business value proposition that speaks to the minds and serves the needs of the unbanked individuals and MSMEs.

“For this reason, it is an opportune (time) for us to explore other ways in which we can harness alternative data to facilitate access to finance by developing innovative credit solutions.” Moreover, in these challenging times, it may require us to examine solutions that are beyond conventional purview and augment them to enhance provision of financial services, Governor alluded.”

Governor Dr. Luke Forau and SINPF CEO Mike Wate led a delegation from Solomon Islands to attend the Pacific Islands FinTech Innovation Challenge Bootcamp in Singapore.

“Attending the FinTech Innovative Bootcamp was an invaluable exposure for the delegation to learn, reflect and come back with pragmatic digital solutions emerging out of the Fintech Boot Camp to bolster digital payments, access to finance, and financial inclusion for Solomon Islands and (other) Pacific Islands Countries,” Governor Luke said.

The innovation bootcamp was held from the 27th to the 29th of July. The team had an opportunity to learn and explore the different market ready solutions that will enhance SINPF’s business value proposition and the ones that can be scaled across the financial sector to improve access to finance.

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By CBSI Media

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