



# **SAMOA'S FINANCIAL INCLUSION REPORT**

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Prepared by Financial System Development Department

## Overview

The Central Bank of Samoa (CBS) is mandated to promote financial inclusion and financial literacy in Samoa. With the support of the Pacific Islands Regional Initiative (PIRI) of the Alliance for Financial Inclusion (AFI) and the Pacific Financial Inclusion Programme (PFIP), the CBS works to improve many facets of the financial system so that it is inclusive<sup>1</sup>. One area that is of great importance is financial inclusion data so that policy designs are based on evidence, from setting targets, identifying barriers, tracking national progress and assessing the effectiveness of the policy decisions.

The Central Bank of Samoa presents its third semi-annual bulletin on financial inclusion data.

## FINANCIAL INCLUSION INDICATORS

The Central Bank of Samoa has adapted the PIRI Financial Inclusion Measurement Framework as the basis for financial inclusion measurement in the country. The measurement framework takes the AFI Core Set<sup>2</sup> of Indicators as the foundation and builds into it, indicators that measure the topics of policy relevance and interest to the region and country specifics. And importantly, the indicators reflect member country's Maya Declaration<sup>3</sup> Commitments, so that countries can measure progress against their commitments.

### Key dimensions of the Measurement Framework: Access and Usage

The PIRI core set of financial inclusion indicators addresses the three basic dimensions of financial inclusion: access, usage and quality of financial services. "Access" refers to the ability to use the services and products offered by formal financial institutions. "Usage" refers to the depth or extent of financial services and product use. Determining usage requires gathering details about the regularity, frequency and duration of use over time. Data on these dimensions is usually obtained through information provided by local commercial banks and other financial institutions, the supply side. Some elements of usage are gathered from demand side surveys (DSS) too.

The quality dimension, while important, is a more complex topic both conceptually and in terms of measurement, typically requiring DSS and the use of qualitative indicators. The Central Bank has yet to track and monitor the qualitative use of financial services.

The indicators as of December 2015 are shown in Table 1 below. Note that this is not the complete measurement framework rather the only available indicators that can be informed to date from supply and DSS.

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<sup>1</sup>The Central Bank of Samoa vision for an inclusive financial system is a sound financial system that best serves all members of society in their pursuit of economic prosperity through a state in which all people who can use them have effective access and satisfactory usage of a full suite of quality financial services from a range of service providers.

<sup>2</sup> The AFI Core Set of Indicators was compiled by the AFI Financial Inclusion Data Working Group (FIDWG) for AFI member countries to report on. It is a limited set of quantitative indicators that captures the status of financial inclusion in a country. The indicators are meant to measure the most basic and fundamental aspects of financial inclusion in a way that is as standardised as possible while remaining relevant to individual countries.

<sup>3</sup> The Maya Declaration was created at the 2011 AFI Global Policy Forum held in Mexico. Under the Maya Declaration platform AFI member countries voluntarily make commitments to promote financial inclusion and these commitments vary by scale and policy solution. They are defined and driven by AFI members themselves, which provides a unique and powerful incentive to meet their targets.

**Table 1: Financial Inclusion Indicators, December 2015**

Indicator	December 2015	June 2016	Informed by DSS <sup>4</sup>	Framework Indicator
Adult population <sup>5</sup>	119,532	120,440		
Land area in square kilometres	2,830	2,830		
Number of bank branches	23	25		AFI
Number of ATMs	50	51		AFI
Number of EFTPOS outlets	640	623		
Number of Cash-in and cash-out bank agents	127	154		
1.1. Number of cash-in and cash-out access points per 10,000 adults at the national level.	14.14	16.36		AFI
1.2. Number of branches per 10,000 adults nationally	1.92	2.08		AFI
1.3. Number of ATMs per 10,000 adults nationally	3.43	3.65		AFI
1.4. Number of EFTPOS per 10,000 adults nationally	53.54	51.73		AFI
1.5. Number of Agents per 10,000 adults nationally	11.46	13.7		AFI
2.3 Coverage of cash in and cash out access points per 1,000 km <sup>2</sup>	59.72	69.61		AFI
• Number of Branches per 1,000 km <sup>2</sup>	8.13	8.83		AFI
• Number of ATMs per 1,000 km <sup>2</sup>	14.49	15.55		AFI
• Number of EFTPOS per 1,000 km <sup>2</sup>	226.15	220.14		AFI
• Number of Agents per 1,000 km <sup>2</sup>	48.41	58.3		AFI
3.1 Number of mobile financial services access points per 10,000 adults	0.84	0.91		PIRI
4.1. Average minimum balance for clients to open a basic deposit account at banks in the country, converted to USD <sup>6</sup>	\$22.00	\$22.00		PIRI
4.3. Average cost of traveling to the nearest access point (public transit fee or gas costs), converted to USD	Bank Branch		\$2.2 USD (WST 5.00)	PIRI

<sup>4</sup> These indicators were informed after conducting the Demand Side Survey (DSS) in March 2015 and reports for the previous 12 months, i.e, March 2014 to March 2015. For the full DSS report, please refer to the Central Bank of Samoa website via <http://www.cbs.gov.ws/index.php/media/publications/financial-inclusion-report/archive/2015/>

<sup>5</sup> Source: Population and Housing Census Analytical Report, 2011 (total adult population is based on annual growth rate of 0.8 percent)

<sup>6</sup> Unless otherwise noted, exchange rate used is USD 1.00 to WST 2.27, as of 11 June 2015 via <http://www.oanda.com/>.

	ATM			\$2.9 USD (WST 6.50)	PIRI
	Bank Agent			\$2.1 USD (WST 4.80)	PIRI
	Mobile Money Agent			\$2.5 USD (WST 5.7)	PIRI
<b>4.4. Average time of traveling to the nearest access point in minutes</b>	Bank Branch			44.8 min	PIRI
	ATM			23.7 min	PIRI
	Bank Agent			14 min	PIRI
	Mobile Money Agent			24.6 min	PIRI
<b>4.5. Average time waiting to be served when opening a deposit account (in hrs.)</b>				2.6 hrs.	PIRI
<b>4.7. Percentage of adults reporting that they do not have all identification documents required to open a basic account</b>				5%	PIRI
<b>5.3. Percent of adults with at least one type of regulated deposit account</b>				39%	PIRI
<b>5.4. Percent of adults with at least one type of regulated credit account</b>				13.4%	PIRI
<b>5.5. Percent of adults with at least one regulated financial product</b>				39%	PIRI
<b>5.6. Percent of people with an active deposit account– have had any deposit or withdrawal in the last 90 days</b>				34.9%	PIRI
<b>5.7. Percentage of adults earning below US \$2 per day who have a deposit account</b>				25.6%	PIRI
<b>6.2. Percentage of adults who have sent money through mobile financial services in</b>				0.7%	PIRI
<b>6.3. Percent of adults who have received money (including e-money) through mobile money in the last 12 months</b>				2.71%	PIRI
<b>7.1. Percent of adult women with an active deposit account OR percent of deposit accounts held by women</b>				35.1%	PIRI

## ANALYSIS OF FINDINGS

Overall, the total access points in the country have steadily increased. The following outlines specific findings on these access points since the last report.

**Bank Branches & Automatic Teller Machines (ATM):** Throughout the 6 months period, two new bank branches and three new ATM machines were opened. However, two other ATM's have been removed since the last report. This dis-establishment was mainly due to the low usage from the public which affected maintenance costs for the commercial banks.

**EFTPOS outlets:** 17 EFTPOS terminals were removed since the last report. The deactivation of these merchants was a result in a clean-up performed by commercial banks. A few of the merchants had terminals but were inoperable. Some inactive merchants either closed shops or had extra terminals that they did not require, hence the deactivation.

**Cash-in & Cash-out Bank Agents:** The main increase in the access indicators were because of the increase in cash-in and cash-out bank agents. In the reporting period, 27 new cash-in and cash-out bank agents were opened. Based on the information collected, the increase was through opening new Point of Sale (POS) terminals that allow cash-in and cash-out transactions.

# Annex 1

## Definition Notes for the Measurement Framework

**Access points** are defined as regulated cash-in and cash-out points. This includes traditional bank branches, bank agents and mobile financial service cash-in and cash-out points, and other offices of regulated entities (such as MFIs) that perform cash in and cash out functions. Depending on the type of transactions permitted, this will also include agents of regulated entities and automated teller machines (ATMs) that perform cash-in as well as cash-out transactions.

**Active** - a financial product is understood to be active if it has been used in the past 90 days.

**Adults** refer to the population aged 15 years and older.

**Agent** - any third party acting on behalf of a bank or other financial services provider (including an e-money issuer or distributor) to deal directly with customers. This includes retailers that perform mobile financial services and cash-in and cash-out services.

**ATM (Automatic Teller Machine)** - An electronic banking outlet that allows customers to complete basic transactions without the aid of a branch representative or teller. There are two primary types of automated teller machines, or ATMs. The basic units allow the customer to only withdraw cash and receive a report of the account's balance. The more complex machines will accept deposits, facilitate credit card payments and report account information.

A **bank branch** is a retail location different than a bank's corporate office where a financial institution offers face-to-face and automated services.

**Cash-in** is the exchange of cash for electronic value (e-money).

**Cash-out** is the exchange of electronic value (e-money) for cash.

**Document**— in this case we refer to the identification documents that are required to open an account, and not the forms that must be filled out. In the Pacific, this often includes a driver's license, passport, or birth certificate, among other documents.

**E-money** (also called mobile money) — A type of monetary value electronically recorded and generally understood to have the following attributes: (i) issued upon receipt of funds in an amount no lesser in value than the value of the e-money issued; (ii) stored on an electronic device (e.g. a chip, prepaid card, mobile phone, or computer system); (iii) accepted as a means of payment by parties other than the issuer; and (iv) convertible into cash. This does not include the transfer of airtime.

**EFTPOS access point** is an access point possessing a terminal which captures payment information by electronic means using a card-reading electronic point of sale device. Payments and withdrawals of cash by means of payment cards can be done at these electronic payment terminals in shops, for example.

**Mobile banking** is the use of a mobile phone to access banking services and execute financial transactions. This covers both transactional and non-transactional services, such as viewing financial information on a bank customer's mobile phone.

**Mobile financial services (MFS)** is the use of a mobile phone to access financial services and execute financial transactions. This includes both transactional and non-transactional services, such as viewing financial information on a user's mobile phone.

**Mobile financial services account** is the storage of e-money linked to a mobile account and a bank account. This is the account in a bank-led model of mobile financial services.

**Mobile financial services access points**— access points that also allow for cash in and cash out of mobile money into and out of mobile wallets or a MFS accounts. This is a subset of all access points.

**Mobile payment**— a payment with electronic funds transfer that is made with a mobile phone.

**Mobile wallet**— the storage of e-money that can be loaded or cashed out, but that can be held only in a mobile linked account and not customer bank account. This is the account in a mobile network operator (MNO)-led model of mobile financial services.

A **regulated deposit** or **credit** account is an account held by a regulated entity.