



FINANCIAL SYSTEM DEVELOPMENT SUPPLEMENTARY ANNUAL REPORT

July 2012 - June 2017



Table of Contents

GOVERNOR’S FOREWORD	1
INTRODUCTION	2
FINANCIAL INFRASTRUCTURE DEVELOPMENT	2
1. FINANCIAL SERVICES LANDSCAPE	2
2. NATIONAL PAYMENT SYSTEM	4
2.1 <i>Automated Transfer System (ATS+) Implementation</i>	5
2.2 <i>National Payment System Subsidiary Legislations</i>	5
3. FINANCIAL INCLUSION DATA AND MEASUREMENT	5
4. CREDIT BUREAU	6
FINANCIAL CONSUMER AFFAIR AND MARKET CONDUCT	9
1. NATIONAL FINANCIAL COMPETENCE PROJECT	9
2. CBS FINANCIAL LITERACY BROCHURES	9
3. ANNUAL GLOBAL MONEY WEEK EVENTS	10
4. FIJI FINANCIAL EDUCATION STUDY VISIT AND SCOPING MISSION	11
STAKEHOLDERS COORDINATION AND LIAISON WITH INTERNATIONAL PARTNERS	11
1. NATIONAL FINANCIAL INCLUSION TASKFORCE	11
2. ALLIANCE FOR FINANCIAL INCLUSION	12
3. PACIFIC FINANCIAL INCLUSION PROGRAMME	13





GOVERNOR'S FOREWORD

To extend our reach to fulfill our vision of leading Samoa to economic prosperity; and our mission of excellence in ensuring monetary and financial system stability and fostering a sound and progressive financial sector to achieve sustained economic growth for the benefit of Samoa, the Central Bank of Samoa had to expand its mandated functions.

In line with the global consensus and central bank recognition of financial inclusion as an important policy objective to benefit people and economies; and in addition to being a key enabler of the Sustainable Development Goals and a key support of the Strategic Development for Samoa, the Central Bank of Samoa championed financial inclusion and included it in its expanded mandate. Another key addition to the Central Bank's mandate to oversee the country's National Payment System was with the clear

conviction to modernize, increase protection for the payments system and to comply with international standards and best practice.

The new mandated functions to promote financial inclusion and oversee the country's National Payment System formed the foundation for financial system development.

Despite the many challenges faced, significant work has been achieved with the collective help of our stakeholders and development partners, to mould a financial system that best serves the Samoan public. There is however, still much more to do. But we continue to be hopeful and rely on the strong support and collaboration of our stakeholders.



Maiava Azalina AINU'U-ENARI
GOVERNOR

INTRODUCTION

The Central Bank's new mandated functions to promote financial inclusion and oversee the country's National Payment System led to the establishment of the Financial System Development Department.

Their main objectives are to:

- achieve greater shared economic prosperity through financial inclusion,
- assist in developing deep and dynamic financial markets, and
- assist to safeguard the integrity, stability and soundness of the financial system

In the pursuit of these objectives, the work of the department is in the three areas of:

- Financial Infrastructure Development
- Financial Consumer Affairs and Market Conduct
- Stakeholder coordination and liaison with international partners

FINANCIAL INFRASTRUCTURE DEVELOPMENT

1. Financial Service landscape

Financial service access points servicing Sāmoa as at end FY2016/2017 consisted of 25 commercial bank branches, 61 ATMs, 496 EFTPOS outlets and 79 cash-in and cash-out agents. This compared to 23 commercial bank branches, 47 ATMs and 500 EFTPOS outlets and 105 cash-in and

cash-out agents in FY2012/2013. When allocated by commercial bank, most of the access points (except bank branches) are provided by the two international banks. (Refer to Figure 1)

These access points, however, are heavily clustered in the urban areas. Taking only the cash-in and cash-out access points¹, 37 percent of these access points are located in the Apia Urban Area (AUA) region², 22 percent in North West Upolu (NWU), 18 percent in Rest

¹ These access points includes bank branches, 'cash-in & cash-out ATMs' and 'cash-in & cash-out bank agents'.

² Source: Samoa Bureau of Statistics: Population and Housing Census Analytical Report, 2016; <http://www.sbs.gov.ws>



of Upolu (ROU) and 23 percent in Savaii (SAV). (Refer Figure 2) Whilst internet banking has long entered the market, its uptake has been slow due to the low internet penetration in Sāmoa and its associated high costs. With the help of innovative technological and institutional solutions, banking and payment services have

been expanded to the community beyond the reach of internet banking. Over the five year period under review, the four commercial banks continued to make significant investment into developments to increase the access and convenience of their financial services. (Refer to Table 1) Only one non-bank financial ser-

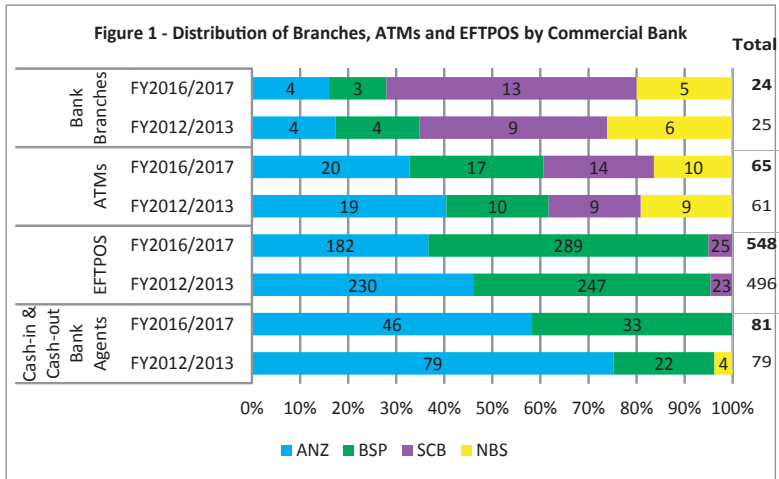
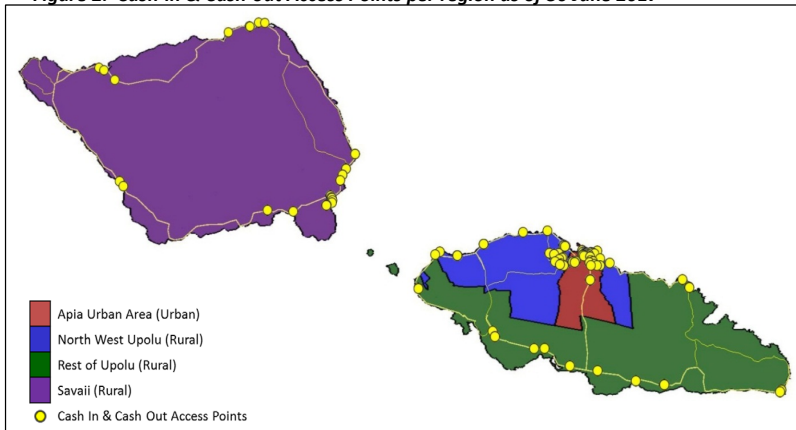


Figure 2: Cash-in & Cash-out Access Points per region as of 30 June 2017



Geographical Source: Samoa Bureau of Statistics

Table 1: Financial Services Landscape by Access Instrument at end June 2017

Service Provider	Access Instrument		
	Mobile Phone Platform	Card Supported	Internet Banking platform
ANZ Bank	- ANZ GoMoney	- ANZ ATM - ANZ EFTPOS	- ANZ Internet Banking
BSP	-None	- In-Store Banking - ATM - EFTPOS	- Internet Banking
SCB	-SCB -SMS Banking	- SCB ATM - SCB EFTPOS	- SCB Internet Banking
NBS	- None *	-NBS ATM	- NBS ibanker

* National Bank of Samoa launched its Mobile Banking Service (NBS EziBank) in March 2012 but was discontinued in December 2016.

vice provider continued to offer its Mobile Money wallet. Since 2012/2013, there has been a 17 percent increase in the number of registered mobile money customers and a 58 percent growth in the

2. National Payment System


The National Payment System (NPS) Act 2014 was enacted on 7th April 2014 following collaborative efforts between the Central

Table 2: Mobile Money Data for period 2012/2013 to 2016/2017

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Total number of mobile money wallets registered	42,796	44,100	46,318	48,594	50,084
Total number of mobile money agents	67	47	10	11	11
Total value of e-money held by customers	\$79,361	\$88,754	\$125,364	\$198,001	\$125,364

value of e-money in circulation or held by customers. This was despite a significant drop in the number of mobile money agents over the five-year period. (See Table 2)

Bank and the World Bank. The NPS Act provides CBS with oversight powers and responsibilities of the National Payment Systems of the country. This is an important legislative step for the Central Bank as Samoa's payment system



evolves following the introduction of mobile payments, mobile banking, mobile wallets, prepaid cards and other innovative technological payment products. The passage of the NPS Act 2014 completed one of the Central Bank's Maya Declaration Commitments.

2.1. Automated Transfer System (ATS+) Implementation

Part of the responsibilities for the oversight of the country's National Payment System is installing a system that aligns all available payments system by various service providers. To this end, the World Bank/IFC continued to provide technical assistance, for CBS to procure an Automated Transfer System (ATS+). A Memorandum of Understanding was signed in FY2013/2014 between CBS and WB/IFC, with the following subsequent steps undertaken by the World Bank as part of the procurement process:

- i. Request for Information (RFI) – to seek responses from interested and qualified international vendors
- ii. Request for Proposals (RFP) – follows the review of submissions by interested international vendors

The first step was initially done in FY2014/2015, however, the process was later delayed due to internal procurement issues within the World Bank. A further World Bank mission to Samoa in FY2015/2016 presented information about the ATS+ to the payments industry. However, by end FY2016/2017, the World Bank was still reviewing their procurement processes in relation to this system.

2.2. National Payment System Subsidiary Legislations

The work continues with the review of the regulations and guidelines of the NPS Act 2014. Namely the;

- i. NPS Oversight Regulations
- ii. NPS Guidelines for Agents
- iii. NPS Guidelines for Retail Payment instruments.
- iv. Directives for Electronic Funds Transfer

The next steps are the stakeholder consultation of Oversight regulation before cabinet endorsement and internal review of other law pieces.

3. Financial Inclusion Data and Measurement

With the assistance of a grant

from the Alliance for Financial Inclusion (AFI) and the Pacific Financial Inclusion Programme (PFIP), the CBS in close collaboration with the Samoa Bureau of Statistics (SBS) successfully completed the second phase of the Pacific Islands Regional Initiative (PIRI) Financial Inclusion Data and Measurement Project on 1 April 2015. The second phase involved the implementation of the Financial Services Access and Usage Demand-side Survey (DSS).

The survey covered 114 villages around Upolu and Savaii, interviewing adults aged 15 years and over who had been randomly selected from different households across the four regions of Samoa. The field work was conducted over 21 days.

The results of the survey and the Financial Services Sector Assessment conducted in October 2015 enabled a clearer understanding of the financial inclusion situation in Samoa.

The national financial inclusion strategy (NFIS) workshop in November 2015 was the culmination of these studies. The outcome of the workshop was a draft NFIS and a proposed implementation

model to drive the strategy. The NFIS 2017-2020 was officially launched on 27th January 2017. The DSS findings also helped to complete and inform Samoa's Financial Inclusion Measurement Framework, which was missing demand side information and indicators. Selected indicators from the Financial Inclusion Data framework for Sāmoa at end June 2017 are as follows:

From FY2012/2013 to the current FY2016/2017, there was a substantial drop in the number of Cash-in and Cash-in Access points (indicator 1.1) from 15 to 10 access points per 10,000 adults. This is directly related to the decrease in the number of cash-in and cash-out bank agents during this period (from 105 to 79 agents), following the removal of inactive cash-in and cash-out bank agents throughout the period.

4. Credit Bureau

With assistance received from the International Finance Centre arm of the World Bank, the Data Bureau of Samoa was set up based on the regional model approach with Fiji Data Bureau Limited by December 2015. How-



Table 3: Selected Indicators for Samoa's Financial Inclusion Data Framework

Indicator	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	Indicator
Adult population ¹	117,716	118,624	119,532	121,142	122,177	General
Land area in square kilometers	2,830	2,830	2,830	2,830	2,830	General
Number of bank branches	23	22	23	25	25	General
Number of ATMs	47	49	51	51	61	General
Number of EFTPOS outlets	500	647	674	528	496	General
Number of Cash In and Cash Out Bank Agents	105	103	113	116	79	General
1.1. Number of cash-in and cash-out access points per 10,000 adults at the national level.	15.12	15.26	13.55	13.13	10.15	AFI
1.2. Number of branches per 10,000 adults nationally	1.95	1.85	1.92	2.06	2.05	AFI
1.3. Number of ATMs per 10,000 adults nationally	3.23	3.37	3.51	3.63	4.34	AFI
1.4. Number of EFTPOS per 10,000 adults nationally	42.48	54.54	56.39	43.59	40.60	AFI
1.5. Number of Agents per 10,000 adults nationally	12.40	12.64	10.88	10.48	7.45	AFI
2.3 Coverage of cash in and cash out access points per 1,000 km ²	62.90	63.96	57.24	56.18	43.82	AFI
• Number of Branches per 1,000 km ²	8.13	7.77	8.13	8.83	8.83	AFI
• Number of ATMs per 1,000 km ²	13.43	14.13	14.84	15.55	18.73	AFI
• Number of EFTPOS per 1,000 km ²	176.68	228.62	238.16	186.57	175.27	AFI
• Number of Agents per 1,000 km ²	51.59	53.00	45.94	44.88	32.16	AFI
3.1 Number of mobile financial services access points per 10,000 adults	3.48	3.96	1.42	0.91	0.98	PIRI
3.3 Number of mobile financial services accounts/mobile wallet accounts per 10,000 adults	3093.21	4157.51	3938.36	3632.6	3654.37	PIRI
3.5 Percentage of banks offering mobile banking, such as checking one's balance from a mobile phone	0.5	0.5	0.75	0.75	0.50	PIRI
3.6 Percentage of banks offering mobile financial services, including transfer of e-money	0.5	0.5	0.75	0.75	0.50	PIRI

¹Source: Population and Housing Census Analytical Report, 2016; <http://www.sbs.gov.ws> (for year 2017, total adult population is based on annual growth rate of 0.85 percent)

Indicators informed by DSS 2015 ²		2015	Measurement Framework
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
	ATM	\$2.9 USD (WST 6.50)	
	Bank Agent	\$2.1 USD (WST 4.80)	
	Mobile Money Agent	\$2.5 USD (WST 5.7)	
4.4. Average time of traveling to the nearest access point in minutes	Bank Branch	44.8 min	PIRI
	ATM	23.7 min	
	Bank Agent	14 min	
	Mobile Money Agent	24.6 min	
4.5. Average time waiting to be served when opening a deposit account (in hrs.)		2.6 hrs.	PIRI
4.6. Average number of identification documents required to open a basic bank account		2	PIRI
4.7. Percentage of adults reporting that they do not have all identification documents required to open a basic account		5%	PIRI
5.3. Percent of adults with at least one type of regulated deposit account		39%	PIRI
5.4. Percent of adults with at least one type of regulated credit account		13.4%	PIRI
5.5. Percent of adults with at least one regulated financial product		39%	PIRI
5.6. Percent of people with an active deposit account– have had any deposit or withdrawal in the last 90 days		34.9%	PIRI
5.7. Percentage of adults earning below US \$2 per day who have a deposit account		25.6%	PIRI
6.2. Percentage of adults who have sent money through mobile financial services in		0.7%	PIRI
6.3. Percent of adults who have received money (including e-money) through mobile money in the last 12 months		2.71%	PIRI
7.1. Percent of adult women with an active deposit account OR percent of deposit accounts held by women		35.1%	PIRI

²These indicators were informed after conducting the Demand Side Survey in March 2015 and it reports for the previous 12 months, i.e, March 2014 to March 2015



ever, legislative developments out of Fiji saw the regional model fall through and the Data Bureau of Samoa was disestablished.

From this experience, the CBS is now of the clear view to seek assistance for the establishment of a Credit Data Bureau housed, owned and operated in Samoa.

FINANCIAL CONSUMER AFFAIRS AND MARKET CONDUCT

1. National Financial Competence Project

The final phase of the Financial Competence Project was completed in November 2012 with the national workshop on a National Financial Literacy Strategy. This was well attended by a wide cross section of representatives from the economy,

From the workshop, five key areas requiring the coordinated efforts and actions of the stakeholders were identified. They are:

1. Consumer protection, advisory services, market conduct and complaints and redress mechanisms;
2. Deepening access to appropriate financial products;
3. How to increase the availability of financial literacy

4. Promote savings, productive use of remittances and provision of retirement (customary and formal pension and social protection);
5. The influence of culture and customary practices on financial behavior.

The participants also agreed for the Central Bank to establish and lead a National Taskforce to help drive the financial literacy agenda. While a National Financial Literacy Strategy (NFLS) was not finalised, its key components were adapted into the Bank's broader financial inclusion work over the years and later incorporated into the NFIS 2017-2020



2. CBS Financial Literacy Brochures

In FY2014/15, FSD published 4

bilingual financial literacy brochures in the area of, Saving Money, Spending Money, Borrowing Money, and Managing Money. Each of these themes is based on previous financial literacy workshops and research conducted by the FSD. The aim of the brochures was to disseminate general information and advice on personal money management, to be applicable and relevant to a wide cross section of the population. The content put into the brochures is not to dictate people of their financial decisions, but rather guide them on what they can do.

These brochures have been distributed to households that were selected for the Financial Access and Usage demand side survey, and other interest groups includ-



Some of the students participating in the Money Talk Programme

ing Women in Business Incorporated, Adventist Development and Relief Agency (ADRA), and Ministry of Women, Community and Social Development – Youth Division. The brochures are also available for download from the CBS website.

3. Annual Global Money Week Events

The Central Bank has participated in the Global Money Week initiative since 2014. The Global Money Week celebration is an annual event coordinated by Child & Youth Finance Inter-

national and is as an annual worldwide celebration in March throughout one week with activities aimed to encourage children to engage in learning on how money works, including saving, creating livelihoods, gaining employment and entrepreneurship as well as living financially smart lives. As part of its contribution to this global event, the Central Bank prepares competitions for the young children and youth. In the past five years, this has included the “Be Money WISE Poster Competition”, the Money \$mart Comic Competition, a “Money Talk” program, and Speak Money Speech Competition





Winners of the GMW Poster and Piggy Bank Competitions 2017 with representative from BSL

The Speak Money Speech Competition targeted Yr 13 students whilst the Money Talk program invited students from Years 7 and 8 from nearby schools for a two-hour session which comprised of financial literacy presentations and activities at the Central Bank to learn how to manage money wisely as well as getting to know their money (the features of our currency) in a fun filled and interactive environment.

The Money \$mart Comic competition, asked budding artists to draw a frame comic on the chosen theme. This competition was for students from Yr 9-Yr 13 to display their knowledge of sensible money management in a fun and creative way.

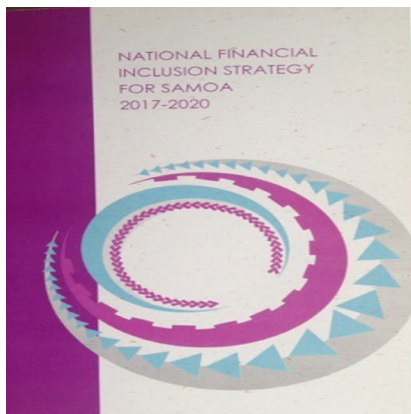
The Be Money Wise Poster Competition, asked competitors to draw a A3 size poster to best illustrate a chosen theme. This competition focused on the primary level schools (Yr 3 - Yr 8).

Each year entries received exceeded 400 for the art competitions. Winners and their schools took away monetary prizes as well as stationary packs or financial literacy kits sponsored by Business Systems Ltd.

4. Fiji Financial Education (FinED) Study Visit and Scoping Mission

The Pacific Financial Inclusion Project (PFIP) sponsored a high-level 7-member study visit team from Samoa consisting of members from the Ministry of Education, Sports and Culture, the National University of Samoa and the Central Bank of Samoa. The purpose of this trip was to gain insight into the Fiji FinED Project, which is jointly managed by PFIP and the Fiji Ministry of Education. Through the Fiji FinED project, learning on personal money management and investment has been successfully integrated within the Fiji primary and secondary school curriculum.

The Fiji study visit was conducted between the 13th and 17th April 2015, which provided the opportunity to interact with key stakeholders as well as to observe the teaching and learning in the classroom, whilst facilitating an in-depth learning opportunity for the Samoa delegates. It



was mindful that such a visit will inform Samoa's Financial Literacy National Strategy and Financial Education implementation, given the 2013 commitments made to the Maya Declaration.

Later in October 2015, with financial assistance again from the PFIIP, a scoping mission was conducted by Young Enterprises Trust on how best to place financial education in the Samoa School curriculum.

STAKEHOLDER COORDINATION AND LIAISON WITH INTERNATIONAL PARTNERS

1. National Financial Inclusion Taskforce (NFIT)


Following the NFIS workshop in November 2015, select public and private sector institutions were invited to be members of the NFIT. The key role of the NFIT is to drive the implementation of the national strategy and ensure coordination among stakeholders to achieve the overall goals and strategic objectives laid out in the NFIS. The first NFIT meeting was conducted on 27th May 2016.

From that first meeting, the consensus was reached by the members to seek cabinet endorsement for the taskforce to solidify commitments from its members. Cabinet endorsement was received on the 29th June 2016.

2. Alliance for Financial Inclusion (AFI)

The CBS continues to be an active member of the AFI network. At the regional level it continued to work closely with other central banks of the Pacific region in the Pacific Island Regional Initiative (PIRI).





CBS is also a member of four AFI working groups namely the Financial Inclusion Data Working Group (FIDWG), SME Finance Working Group (SMEFWG) and the Consumer Empowerment and Market Conduct (CEMC) Working Group, Financial Inclusion Strategies Peer Learning Group (FISPLG) to further progress work on financial inclusion in Samoa.

3. Pacific Financial Inclusion Program (PFIP)

The Pacific Financial Inclusion Programme (PFIP) is a joint pro-

gram of the United Nations Capital Development Fund (UNCDF) and United Nations Development Programme (UNDP). The purpose of the PFIP is to increase access to sustainable, appropriate and affordable financial services by low-income and rural people in the Pacific Island Countries. In 2015, PFIP's presence was established in Samoa with Mr. Amit Kumar posted as PFIP's Financial Inclusion Specialist in Samoa.