



CENTRAL BANK OF SAMOA

FINANCIAL SYSTEM DEVELOPMENT ANNUAL REPORT

July 2018-June 2019



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GOVERNOR'S STATEMENT

For the period under review, development of the financial system was sustained through the continuation of the national payment system reforms and through the financial inclusion policy objective. Highlight of works and developments for the 2018-2019 period include:

- The kick off of the Automatic Transfer System (ATS) and Central Securities Depository (CSD) implementation project with Montran and the World Bank.
- The introduction of the second mobile money platform from Bluesky.
- The initiation of the Micro Small Medium Enterprises (MSME) work with development partners and in collaboration with the Ministry of

Commerce, Industry and Labour.

- The expansion and involvement of more stakeholders in the Global Money Week (GMW) celebration

Again strong cooperation and collaboration with stakeholders was highly critical in all the initiatives and programs in the development of the financial system. This collective effort will be continuously harnessed as part of the Bank's mission of fostering a sound and vibrant financial system for Samoa's economic development.



Maiava Aialina AINU'u-ENARI
GOVERNOR

INTRODUCTION

Financial System Development

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



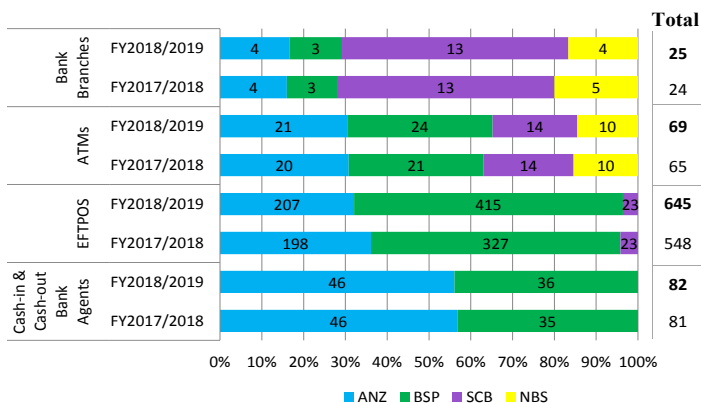
1. FINANCIAL INFRASTRUCTURE DEVELOPMENT

1.1. Developments in Financial Service Access

Financial service access points servicing Sāmoa as at 30th June 2019 consisted of 25 commercial bank branches, 69 Automatic Teller Machines (ATMs), 645 Electronic Funds Transfer at Point of Sale (EFT-POS) outlets and 82 cash-in & cash-out bank agents (merchant stores). For the period under review, there was an increase in all access points in the country. When allocated by commercial bank, most of the access points are provided by the two international banks. (See figure 1 below)

When locating the access points by region, there were no significant changes when compared to previous financial year, with Apia Urban Area (AUA) holding more access points than the other three regions combined. For ‘cash-in and cash-out’ access points, 34% of these access points are located in the AUA region, 21% in North West Upolu (NWU), 21% in Rest of Upolu (ROU) and 24% in Savaii (SAV). (See figure 2)

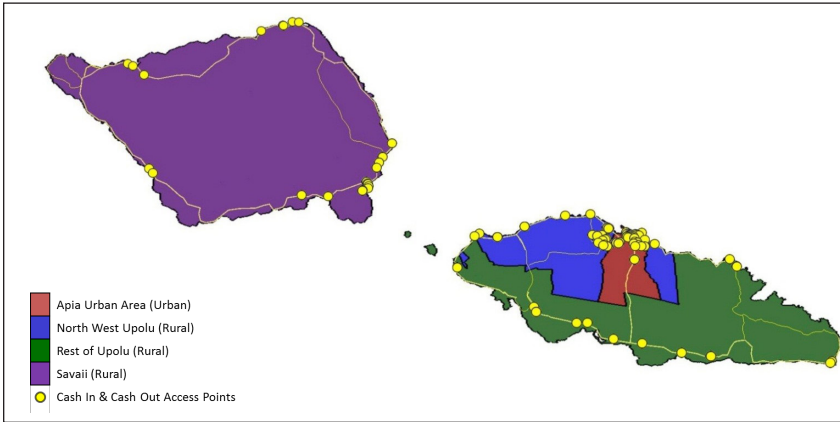
Figure 1 - Distribution of Branches, ATMs and EFTPOS by Commercial Bank



¹ These access points includes bank branches, ‘cash-in & cash-out bank agents’.

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

Figure 2: Map of Samoa: Cash-in & Cash-out Access Points per region as of 30 June 2019



For the period under review the four commercial banks continued to offer financial services through various instruments. (Refer Table 1 below)

Table 1: Financial Services Landscape by Access Instrument at end June 2019

Service Provider	Access Instrument		
	Mobile Phone Platform	Card Supported	Internet Banking platform
ANZ Bank	-ANZ GoMoney -ANZ PacApp ¹	- ATM - EFTPOS	- Internet Banking
BSP	-None	- In-Store Banking - ATM - EFTPOS	- Internet Banking
SCB	-SMS Banking	- ATM - EFTPOS	- Internet Banking
NBS	-NBS Mobile App ²	- ATM	- NBS ibanker

³ ANZ PacApp Launched in Samoa on 30th May 2018

⁴ New Mobile based platform for this FY. Launched in May 2019

Non-Bank Financial Service Providers

In February 2019, Bluesky Samoa launched its mobile money platform called M-Tala. This new service enables Bluesky customers to process or make and receive payments via mobile phone. With the new M-Tala platform and the existing Digicel Mobile Money platform, all mobile phone customers in the country can now access this service.

The addition of the M-Tala service has significantly expanded the mobile money agent network in the country when compared to the previous period. There was also an addition of registered mobile money wallets and the amount of e-money in circulation that are held by mobile money customers. (Refer Table 2 below)

change in the financial inclusion measurement stemmed from the removal of 'cash in (cash deposit)' function from all ATMs that had this functionality. The removal was due to technical difficulties that this functionality caused the ATMs and has resulted in a decrease in total number of 'Cash in and Cash out' Access Points. On the other hand, there was significant increase in EFTPOS terminals which helped to improve the access indicator.

There were no significant changes when looking at access points by location or region, with Apia Urban Area dominating all other regions in number of access points per 10,000 adults.

Refer to table 3 below for selected indicators from the Financial Inclusion Data framework for Sāmoa at end June 2019;

Table 2: Mobile Money Data as of 30th June 2019

	As of 30/06/ 2018	As of 30/06/2019
Total number of mobile money wallets registered	51,790	56,560
Total number of mobile money agents	5	68
Total value of e-money in circulation	\$523,811.27	\$652,314.75
Total value of e-money held by customers	\$147,502.77	\$196,879.65

1.2. Financial Inclusion Data

At end of June 2019, the noticeable

Table 3: Financial Inclusion Data Framework as of 30th June 2019

Indicator	June 2018					June 2019					Measurement Framework
	Total	AUA	NWU	ROU	SAV	Total	AUA	NWU	ROU	SAV	
	Adult population ¹	123,212	24,685	43,828	28,065	26,694	124,247	24,892	44,196	28,301	
Land area in square kilometres	2,830	-	-	-	-	2,830	-	-	-	-	General
Number of bank branches	24	9	6	4	5	25	9	6	5	5	General
Number of ATMs	65	40	18	0	7	69	42	19	1	7	General
Number of EFTPOS outlets	548	357	98	50	43	645	419	113	69	46	General
Number of Cash-In and Cash-Out Bank Agents	81	28	18	15	20	82	27	17	17	21	General
1. Number of cash-in and cash-out access points per 10,000 adults at the national level.	9.58	17.01	5.93	6.77	9.76	9.01	14.46	5.20	7.77	9.68	AFI ²
2. Number of branches per 10,000 adults nationally	1.95	3.65	1.37	1.43	1.88	2.01	3.62	1.36	1.77	1.86	AFI
3. Number of ATMs per 10,000 adults nationally	4.63	16.20	4.11	0	2.62	5.55	16.87	4.29	0.35	2.60	AFI
1.4. Number of EFTPOS per 10,000 adults nationally	44.48	134.90	18.94	12.83	11.64	51.91	168.32	25.57	24.38	17.13	AFI
1.5. Number of Agents per 10,000 adults nationally	6.98	11.34	4.11	5.34	7.51	7.00	10.85	3.85	6.00	7.82	AFI
Other Indicators											
Measurement Framework											
Coverage of cash in and cash out access points per 1,000 km ²						41.70		39.58		AFI	
• Number of Branches per 1,000 km ²						8.48		8.83		AFI	
• Number of ATMs per 1,000 km ²						20.14		24.38		AFI	
• Number of EFTPOS per 1,000 km ²						193.64		227.93		AFI	
• Number of Agents per 1,000 km ²						30.39		30.74		AFI	
Number of mobile financial services access points per 10,000 adults						0.41		0.40		PIRI ³	
Number of mobile financial services accounts/mobile wallet accounts per 10,000 adults						4203.32		4379.34		PIRI	
Percentage of banks offering mobile banking, such as checking one's balance from a mobile phone						0.50		0.75		PIRI	
Percentage of banks offering mobile financial services, including transfer of e-money						0.50		0.75		PIRI	

⁵Source: Population and Housing Census Analytical Report, 2016; <http://www.sbs.gov.au> (adult population is based on annual growth rate of 0.85 percent)

⁶Alliance for Financial Inclusion (AFI) Indicators: Core set of financial inclusion indicators developed as a measurement tool to provide a method for capturing the status of financial inclusion within countries. Also allows for AFI member countries to compare financial inclusion progress using these common set of indicators.

⁷Pacific Islands Regional Initiative (PIRI) Indicators: In addition to the AFI core set of indicators, the PIRI developed additional indicators that were relevant to the Pacific Region, also called PIRI Core plus indicators.

1.3. National Payment System

Automated Transfer System (ATS) & Central Securities Depository (CSD) Implementation

The vendor selection process and contractual arrangements by the World Bank was completed by the end of 2018. The successful vendor Montran is a globally recognised payment systems provider with presence in other pacific markets providing the national payment system of Timor Leste and Papua New Guinea.

The project for Samoa kicked-off with the Project Inception and Scoping Mission in March 2019. In a series of meetings major players and stakeholders of the national payment system were engaged, to present and discuss the ATS and CSD system that will be provided by Montran.

The project continues with Hardware and System Software acquisition as well as the training and User Acceptance Testing to be done in the last half of 2019. The system is planned to go live at the end of March or April in 2020.

National Payment System Subsidiary Legislations

The work continues with preparation of the NPS Oversight Regulation for submission to the Office of the Attorney General for final review before submitting for cabinet endorsement.

The work also continues with other supporting legislations of the NPS Act 2014. Namely the;

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

Further internal review of these laws are to be done before submitting for stakeholder consultation.

1.4. Credit Data Bureau

Following the Credit Bureau missions conducted by the Asian Development Bank (ADB), the subsequent Diagnostic Assessment report for a Credit Bureau outlined the possible credit bureau models that considers the Samoan context and experience. Further technical assistance work is in the pipeline from ADB and the Private Sector Development Initiative (PSDI).

1.5. Micro Small Medium Enterprises

Facilitating the access to finance of Micro Small and Medium Enterprises (MSME) is one of the key enablers of financial inclusion and inclusive growth as it is an avenue for employment and income generation especially for low-income households. There was initial scoping work provided by International Finance Corporation/World Bank (IFC/WB) in the Micro and Small Medium Enterprises (MSME) space. But a more focussed assistance in terms of a MSME Access to Finance study was received through PFIP and UNESCAP. This work is to be continued in the second half of 2019 and is expected to complement the SME National Policy work that is driven by Ministry of Commerce Industry and Labour.

2. FINANCIAL CONSUMER AFFAIR AND MARKET CONDUCT

2.1. Global Money Week Events

The Central Bank of Samoa participated in the Global Money Week celebrations for 2019, its 5th consecutive year. The Global Money Week celebration is an annual

event coordinated by Child & Youth Finance International that targets children and youth. Global money week is a fun way to help children and youth learn about how money works, to raise financial awareness, to gain social and livelihood skills, and develop entrepreneur skills.

To celebrate Global Money Week 2019, in March, the CBS organised the following:

i. “The Be Money Wi\$e poster competition”

With the theme “Today’s Savings for tomorrow’s dreams”, the competition targeted primary and college students from years 3 – 10. A total of 363 entries were received from schools around Upolu and 1 entry from Savai’i. A total of 16 Primary Schools and 8 Colleges took part.



One of Winning Entries in Category 1. by Telesia Chan Kwan of St Mary's Primary School

The competition entries were divided into 4 categories; Category 1 Years 3-4, Category 2 Years 5-6, Category 3 Years 7-8 and Category 4 Years 9-10. The top 5 winners from each category received a cash prize of \$150tala from the Central Bank, \$50 gift voucher and stationary prizes sponsored by Business System Limited.

This year for the first time, the Central Bank of Samoa received entries from child vendors under the American Corner Nelson Library Programme. One of these entries made it to the top 5 of Category 3.

ii. Understanding Insurance Workshop for students in years 11-12;

The workshop was a half day program which brought insurance companies under one roof to provide awareness for young minds on the insurance environment. Key objective of the workshop was to bring in students to elaborate on insurance as another form of savings which aligns with this year's Global Money Week theme on the importance of savings.

Target audience were students in years 11-12 from Sagaga College, Faleata College and Maluafofou College.

iii. Youth Financial Wellness Debate for students in years 13;

A Youth Financial Wellness Debate Competition for Year 13 students was conducted for the first time. Students were given several topics around financial matters that were happening within Samoa and through this platform students were able to share and debate what they had learned in class, researched and observed in Samoan society. Colleges that were invited and agreed to participate in the first ever debate competition were: Leulumoega College, Aleipata College, Fa'atuatua College, Chanel College and Lefaga College.

iv. Women in Finance session;

In collaboration with WinLA , a Women in Finance Session was conducted for the Brown Girl Woke Organization (BGWO). The session's key objective was to inspire, motivate young minds on how to become great leaders with a strong foundation on financial literacy. Susana Laulu, CEO of Development Bank of Samoa was the guest speaker and she shared her knowledge and experiences from a female leader's perspective

3. STAKEHOLDER COORDINATION AND LIAISON WITH INTERNATIONAL PARTNERS

3.1. National Financial Inclusion Taskforce (NFIT)

The National Financial Inclusion Taskforce (NFIT), the driver of the National Financial Inclusion Strategy (NFIS) 2017-2020 continued its quarterly meeting throughout the year. The main area of work that the NFIT undertook in this financial year was the preparation of the NFIS Mid-term Review Report which reports on the progress of the strategy. This report is soon to be finalised and published.

3.2. Community Economic Empowerment Development Sub-Sector Committee

The CBS is also part of the Community Economic Development Sub-Sector Committee which was established to pursue the Outcome 3 of the Community Sector Plan 2016 – 2021 which is the economic empowerment of vulnerable individuals, families and villages. The committee meets quarterly and also provides a platform for CBS to

update the sub-sector on financial inclusion and financial literacy initiatives.


3.3. Alliance for Financial Inclusion (AFI)

The CBS continued 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) with support by the UNCDF/UNDP Pacific Financial Inclusion Programme. In September 2018, the 10th AFI Global Policy Forum was hosted by the Bank of Russia.

CBS is also a member of four working groups in the AFI network to further progress work on financial inclusion in Samoa. These working groups are; the Financial Inclusion Data Working Group, SME Finance Working Group and the Consumer Empowerment and Market Conduct Working Group, Financial Inclusion Strategies Peer Learning Group.

⁸ *Women in Leadership Advocacy*

⁹ *Brown Girl Work is a young feminist group of tertiary students which aims to aspire, educate and empower young girls to become great leaders.*



3.4. Pacific Financial Inclusion Program (PFIP)

The Pacific Financial Inclusion Programme (PFIP) is a joint program of the United Nations Capital Development Fund (UNCDF) and United Nations Development Programme (UNDP). The purpose of PFIP is to increase access to sustainable, appropriate and affordable financial services by low-income and rural people in the Pacific Island Countries.

With the assistance of PFIP's Financial Inclusion Coordinator in Samoa, the CBS continued its strong collaboration with PFIP to progress financial inclusion and financial literacy in Samoa.