



FINANCIAL SYSTEM DEVELOPMENT DEPARTMENT ANNUAL REPORT

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GOVERNOR'S STATEMENT

For the period under review,

- While the overall number of financial access points remain strong, there were noticeable movements in the addition of two bank branches, and a significant reduction in EFTPOS terminals. Strong mobile money usage also continued from the levels seen in the previous period.
- Due to the country lockdowns brought on by COVID 19 community cases, ATS CSD implementation and Credit Registry development were affected.
- CBS continued to build on its Sustainable Finance agenda adding a capacity building event in addition to its data collection efforts and initial works to draft Sustainable Lending guidelines and Principles.

The most significant of the COVID-19 restrictions being the country lockdowns in the first few months of 2022 proved to be considerable disruptions to progressing financial system development works. But close cooperation and stakeholder collaboration remained key to getting back on track with progress. Much appreciated support albeit remote was also received from international partners in furthering the development initiatives.



Maiava Atalina AINU'U-ENARI

GOVERNOR

SNAPSHOT

OF FINANCIAL ACCESS IN SAMOA



CREDIT ACCOUNT

25,857 Number of Credit Accounts
15,377 Number of Credit Account Holders



DEPOSIT ACCOUNT

161,397 Number of Deposit Accounts
148,829 Number of Deposit Account Holders



COMMERCIAL BANK ACCESS POINT ¹

52 per 100,000 adults nationally ²
62 per 100,000 adults in urban areas ³
50 per 100,000 adults in rural areas



MOBILE MONEY

77 per 100,000 adults nationally
102 per 100,000 adults in urban areas
71 per 100,000 adults in rural areas



MOBILE MONEY ACCOUNT

76,515 Number of registered Mobile Wallet Accounts
6,938 Number of active Mobile Money Accounts ⁴

¹ An access point is defined as any physical entity in which an individual can perform Both cash-in (deposits) and cash-out (withdrawals) transactions. Thus,

² ATM's (with only cash out function and EFTPOS are excluded)

Source from Samoa Population and Housing Census 2016. Adults being people 15+ years and based on annual growth rate of 0.85%

³ Urban areas and rural areas is based on regions divided by Samoa Bureau of Statistics

⁴ Active defined as accounts at least one transaction within the past 90 days

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.

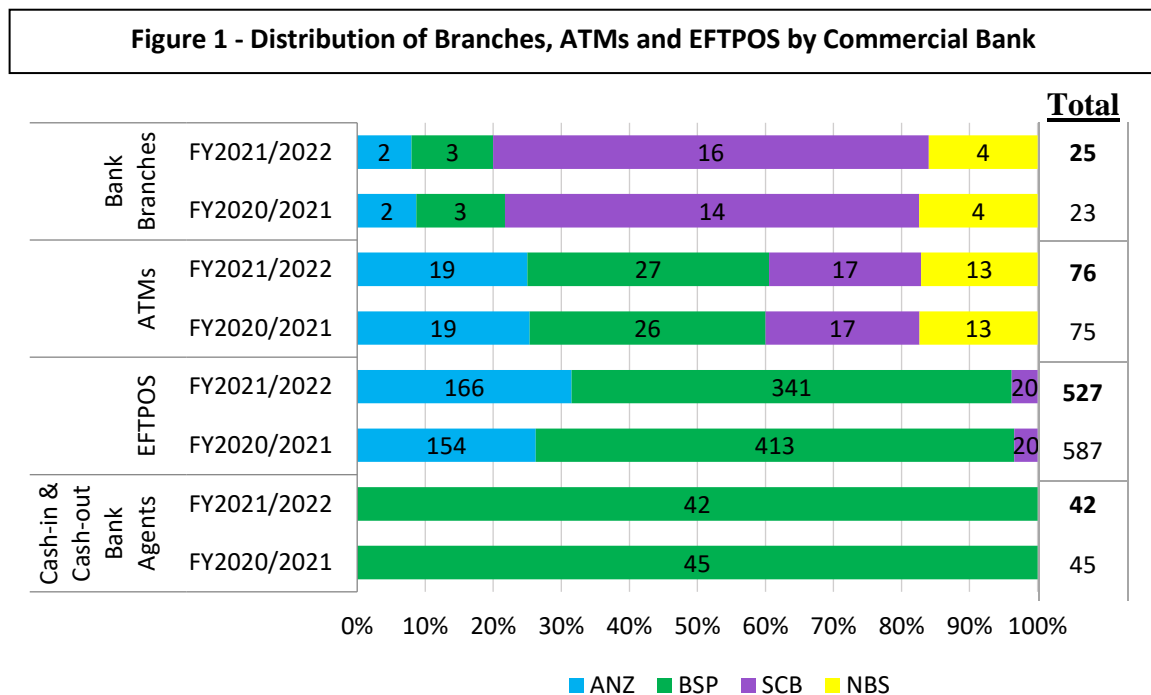
In the pursuit of these objectives, the work of the department is in the four areas of:

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

1. FINANCIAL INFRASTRUCTURE DEVELOPMENT

1.1. Developments in Financial Service Access

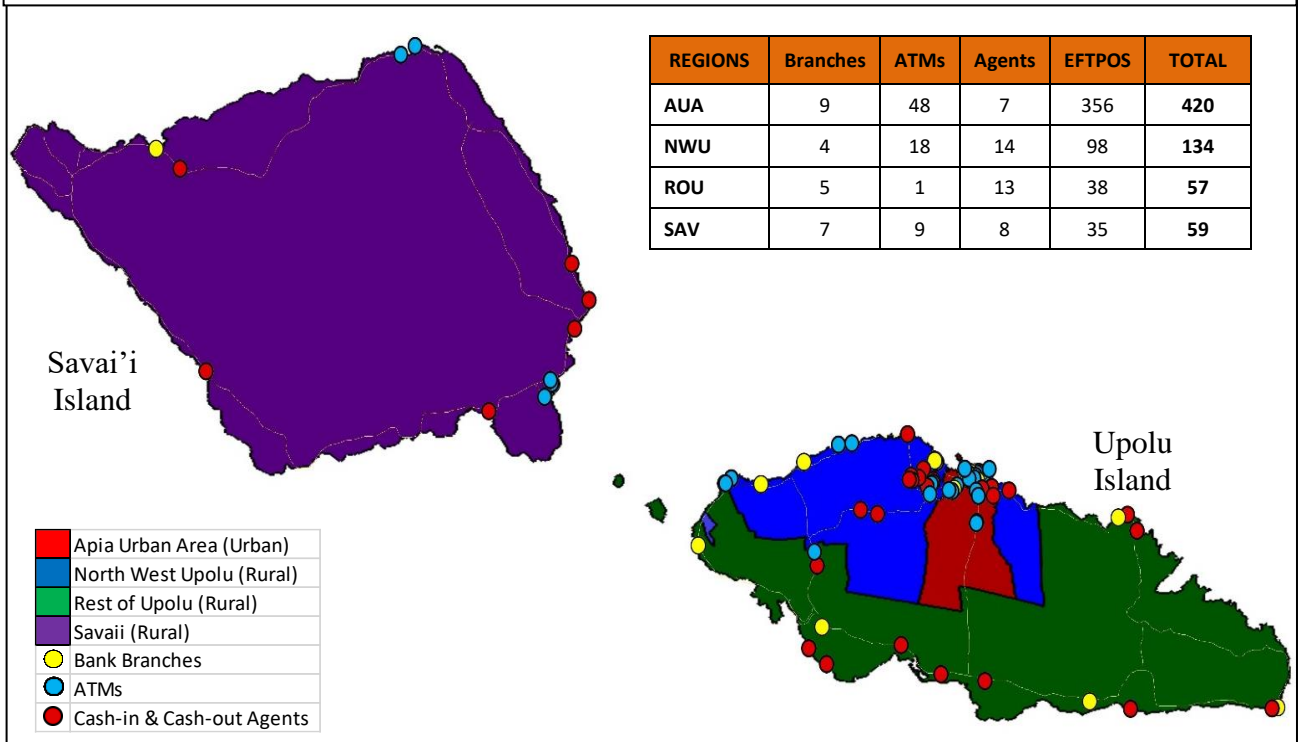
As at 30th June 2022, when compared to the previous period, the commercial bank branches, ATMs have increased slightly from 23 to 25; and 75 to 76 respectively. However, the number of Electronic Funds Transfer at Point of Sale (EFTPOS) outlets have decreased drastically by 60 and number of Bank agents have also decreased from 45 to 42 during the period under review. (See figure 1 below)



When locating the physical access points of commercial banks by region, there were no significant changes when compared to the previous financial year with Apia Urban Area (AUA)¹ holding more access points than the other regions with 454 financial access points; 146 financial access points are located in North West Upolu (NWU); Rest of Upolu (ROU) holds 66 financial access points; and Savaii (SAV) has the least number of access points at 65. (See figure 2)

¹ Region allocation as per Samoa Bureau of Statistics: Population and Housing Census Analytical Report, 2016; <http://www.sbs.gov.ws>

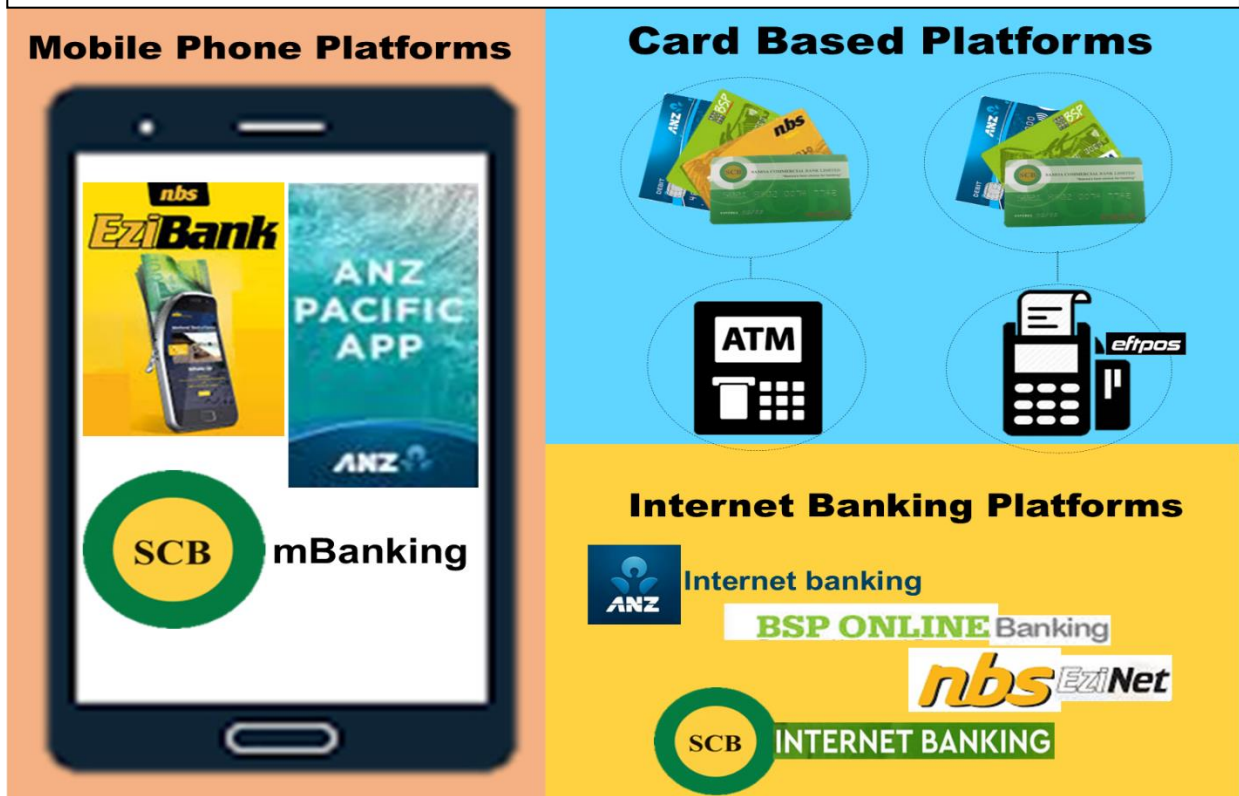
Figure 2 – Map of Samoa: Commercial Banks’ Financial Access Points per Region as at 30 June 2022



Note: EFTPOS Access Points is unavailable

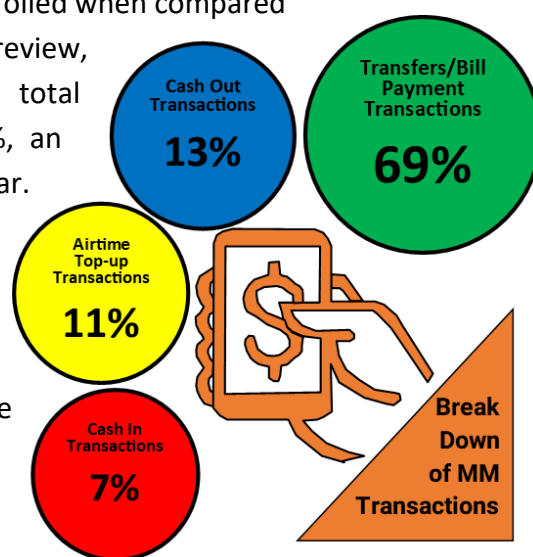
For the period under review the four commercial banks continued to offer financial services through various instruments such as mobile phones, card supported instruments and internet platforms. (Refer Figure 3 below)

Figure 3 - Financial Services Landscape by Access Instrument at end June 2022



1.2. Non-Bank Financial Service Providers

The two mobile network operators in the country continued to offer their mobile financial services also known as mobile money. The products are My Cash operated by Digicel and M-Tala by Vodafone. For the financial year under review, there has been a 5.5% increase in the number of mobile money (MM) customers enrolled when compared to the previous financial year. For the year under review, the percentage of active users² compared to total number of enrolled customers stands at 9.07%, an improvement from 8.24% from the previous year. The number of mobile money agents have increased slightly from 96 in June 2021 to 98 in June 2022.



For the period under review, the value of mobile money in circulation has increased significantly by 94% (from \$892,700 in June 2021 to \$1,733,734.61 in June 2022).

Furthermore, there was also a significant boost in the number of transactions done via mobile money by 47.54% from June 2021 to June 2022. During the period under review, the biggest increase for number of mobile money transaction was between the month of March and June 2022 (during the COVID restrictions and lockdowns in the country); this was an increase by 16,230 transactions (from 150,381 in March 2022 to 166,611 in June 2022). Furthermore, top two transactions being transfer payments (including person to person transfers and bill payments) and cash out (or cash withdrawal) transactions.

Table 1: Total Mobile Money Data as of 30th June 2022

Indicator	June 2021	June 2022
Total Number of Registered Customers	72,517	76,515
Total Number of Active Customers	5,976	6,938
Total Number of Agents	96	98
Total Value of MM in Circulation	\$892,700	\$1,733,735
Total Number of Transactions	131,057	166,611
Total Number of Cash-in Transactions	7,810	11,400
Total Number of Cash-Out Transactions	19,990	21,556
Total Number of Airtime Top-up Transactions	9,345	18,898
Total Number of Transfers/Bill Payments Transactions	93,912	114,757

² Active users define as users doing at least one transaction in 90 days

1.3. Financial Inclusion Data

At end June 2022, overall there were no significant changes to the financial inclusion indicators except for number of EFTPOS terminals which dropped from 46 per 10,000 adults (in June 2021) to 43 per 10,000 adults (June 2022). As also indicated in financial access data above, most indicators suggests that the financial access points are still clustered in the Apia Urban Area. (Refer to Table 1 below)

Table 2: Financial Inclusion Data Framework as of 30th June 2022

Indicator	June 2021					June 2022					Measurement Framework
	Total	AUA	NWU	ROU	SAV	Total	AUA	NWU	ROU	SAV	
Adult population ³	126,317	25,306	44,932	28,773	27,306	127,352	25,513	45,300	29,009	27,530	General
Land area in square kilometres	2,830	-	-	-	-	2,830	-	-	-	-	General
Number of bank branches	23	9	4	5	5	25	9	4	5	7	General
Number of ATMs	75	47	18	1	9	76	48	18	1	9	General
Number of EFTPOS outlets	587	390	110	45	42	527	356	98	38	35	General
Number of Cash-In and Cash-Out Bank Agents	45	7	14	15	9	42	7	14	13	8	General
Number of Mobile Money Agents	96	25	36	11	24	98	26	32	7	33	General
1. Number of cash-in and cash-out access points per 10,000 adults at the national level.	12.98	16.20	12.02	10.77	13.92	12.96	16.46	11.04	8.62	17.44	AFI ⁴
2. Number of branches per 10,000 adults nationally	1.82	3.56	0.89	1.74	1.83	1.96	3.53	0.88	1.72	2.54	AFI
3. Number of ATMs per 10,000 adults nationally	5.94	18.57	4.01	0.35	3.30	5.97	18.81	3.97	0.34	3.27	AFI
4. Number of EFTPOS per 10,000 adults nationally	46.47	154.11	24.48	15.64	15.38	41.38	139.54	21.63	13.10	12.71	AFI
5. Number of Agents per 10,000 adults nationally	11.16	12.65	11.13	9.04	12.09	10.99	12.93	10.15	6.89	14.89	AFI

Other Indicators	June 2021	June 2022	Measurement Framework
Coverage of cash in and cash out access points per 1,000 km ²	57.95	58.30	AFI
☒ Number of Branches per 1,000 km ²	8.13	8.83	AFI
☒ Number of ATMs per 1,000 km ²	26.50	26.86	AFI
☒ Number of EFTPOS per 1,000 km ²	207.42	186.22	AFI
☒ Number of Agents per 1,000 km ²	49.82	49.47	AFI
Number of mobile financial services access points per 10,000 adults	7.60	7.70	PIRI ⁵
Number of mobile financial services accounts/mobile wallet accounts per 10,000 adults	5,740.87	6,008.15	PIRI
Percentage of banks offering mobile banking, such as checking one's balance from a mobile phone	0.75	0.75	PIRI
Percentage of banks offering mobile financial services, including transfer of e-money	0.75	0.75	PIRI

³ Source: Population and Housing Census Analytical Report, 2016; <http://www.sbs.gov.ws> (adult population is based on annual growth rate of 0.85 percent)

⁴ Alliance 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.

⁵ Pacific 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.

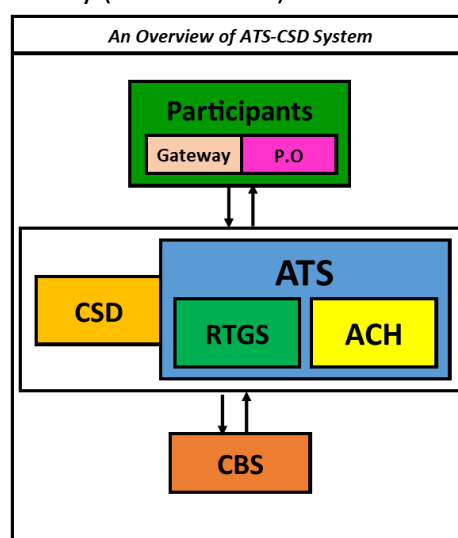
CBS continues to gather, analyse and compile Quarterly National Financial Inclusion Data Reports from Commercial Banks, Mobile Money Providers, Micro Finance Institutions and Insurance Companies. These are presented to the National Financial Inclusion Taskforce at its quarterly meetings.

1.4. National Payment System

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

Under its mandate from the National Payment System (NPS) Act 2014, the CBS continued to reform the national payment system with one significant pillar of this reform being the installation of a system that aligns all available payments system by various service providers. To this end, with the technical assistance of the World Bank/IFC, the successful vendor was secured (namely Montran) and the work continues for the installation of the Automated Transfer System and Central Securities Depository (ATS and CSD).

For the financial year under review, the project work was progressed as best we could in a continued State of Emergency environment, which meant the vendor support was all remote, and the country lockdown in the early months of 2022 delayed the implementation of the ATS network for both primary and secondary connections. The primary connection installation commenced in May 2022 while the secondary connection installation was planned to start in July of the next financial year.



The planned in person ATS training by Montran for the Participants, and CSD training for CBS was substituted by virtual training due to travel restrictions brought about by the COVID-19 pandemic. The virtual training for CSD for CBS was conducted in September 2021 and ATS for Participants was conducted in June 2022.

The other milestones for the ATS-CSD project such as the Participant User Acceptance Testing, Participant Certification and System are scheduled to be completed in the second half of 2022 with ATS Go-Live planned for October 2022 and CSD Go-Live a few months after.

1.5. Credit Data Registry

The establishment of the credit information registry is still in CBS's main agenda due to its relevancy in improving access to finance, as well as providing lenders the access to more accurate information on all potential borrowers and credit obligations.

Following the Policy Paper and Issues Paper for the legal framework governing the credit bureau, CBS has been collaborating with PSDI/ADB in finalizing the Credit Registry Bill. However, due to several lockdowns the nation experienced at the start of 2022, there were

some setbacks with the work. The next activities include consultation on the bill and passage in the next financial year.

1.6. Micro Small Medium Enterprises

The collection of MSME access to finance data remains critical to inform financial inclusion in the MSME space. That said, CBS continues to put together the MSME data template that aligns with the standardized MSME definition⁶ as given in the MSME Development Policy and Strategy 2020, for financial institutions’ reporting.

CBS is also a member of the Project Advisory Group (PAG) for the UNESCAP Catalyzing Women Entrepreneurship (CWE) project. The program aims to advance women’s entrepreneurship in the Asia-Pacific region. The first PAG meeting was convened in July 2021.

2. FINANCIAL CONSUMER AFFAIRS AND MARKET CONDUCT

2.1. CBS Financial Literacy Campaign: Tala and Sene’s Financial Adventures

The Central Bank of Samoa launched its financial literacy campaign called Tala and Sene’s Financial Adventures in January 2021. Tala and Sene’s Financial Adventures vision is to promote basic financial knowledge in helping Samoan citizens make informed financial decisions towards their money. The campaign was mainly streamed on Facebook, YouTube and local radio.

At the end of June 2022 topics that were published and publicly available included: Financial Goals, Spending, Budgeting, Savings, Borrowing, Digital Finance, Scams and Frauds, Credit and Investment. The four financial topics that were popular with the public were: Spending, Budgeting, Borrowing and Scams and Frauds, taken from the number of shares and comments by the public.



Despite the first Covid Lockdown for Samoa, promotion of financial literacy continued but on specific financial topics based on Samoa’s covid situation. The two financial topics that were prioritized were: budgeting and digital financial services. It emphasized the importance of reviewing what needs to be prioritized for the weekly budget and considering switching from cash to digital financial services that are now available in the country such as mobile money.

6

Business size classification	Micro	Small	Medium	Large
Number of Registered Employees	<5	5-9	10-25	>25

2.2. CBS Financial Literacy Brochures

To continue empowering our people in making good financial decisions, the Central Bank of Samoa continues to provide financial literacy brochures that are publicly available. These financial literacy brochures are available at the Floor 1 and CBS website. A total of 145 brochures sets were printed and distributed throughout July 2021 – June 2022.



2.3. Financial Literacy Assistance

Promoting financial wellbeing for Samoan citizen's is also prioritized through a different platform of engagement by offering basic financial literacy awareness training for the public. This assistance is provided based on requests from organizations. For the year under review, CBS received the request for and delivered a financial literacy presentation to the LDS Apia Youth Camp

LDS Apia Youth Camp

In July 2021, CBS was invited to conduct a financial literacy training to youth from ages of 10-18. Empowering children and emphasizing the importance of having basic money skills such as knowing how to save, creating a budgeting and spending their money wisely. CBS financial literacy brochures were also distributed during the session.



FSD Team with participants of LDS Apia Youth Club

3. STAKEHOLDER COORDINATION AND LIAISON WITH INTERNATIONAL PARTNERS.

3.1. National Financial Inclusion Taskforce (NFIT)

Despite the conclusion of the National Financial Inclusion Strategy (NFIS) 2017-2020 and the new NFIS which is yet to be endorsed and implemented; the National Financial Inclusion Taskforce (NFIT), which is the driver of the NFIS, continued its quarterly meetings

throughout the financial year sharing initiatives and progress in promoting financial inclusion and financial literacy in the country. For this financial year, only two quarterly NFIT meetings were conducted due to COVID-19 restrictions and delay in data gathering from members which warrants the discussions during meetings.

The work continues to endorse and implement the new NFIS which was disrupted due to COVID-19 pandemic.

3.2. National Digital Identification Steering Committee

As a member of the steering committee CBS was involved in rolling out public consultations across Upolu and Savaii. A total of six consultations were successfully organized and the Samoa Bureau of Statistics which leads this project will be filing all necessary information for the National Digital ID Bill and findings for parliament.

3.3. Alliance for Financial Inclusion (AFI)

The CBS continued to be an active primary member of the AFI network, which is the world's leading organisation on financial inclusion policy and regulation. The CBS Governor having become a Board member of AFI since 2017, concluded her tenure in September 2021. The AFI Board is the governing body of AFI.



The CBS actively contributes to the work of the Alliance with its participation in the thematic working groups on financial inclusion data, small medium enterprises finance, consumer empowerment and market conduct, inclusive green finance, digital financial services and on financial inclusion strategies. Furthermore, CBS has also participated in virtual member trainings on inclusive green finance, financial inclusion data, agent networks, MSME Access to Finance and NFIS implementation and monitoring.

Pacific Islands Regional Initiative

At the regional level the CBS continued to work closely with other central banks in the Pacific in the Pacific Island Regional Initiative (PIRI). CBS participated in 15th PIRI EGFIP virtual meeting in November 2021.



Under PIRI, the CBS continues to work with AFI and PIRI members to implement the Regional Regulatory Sandbox in the Pacific. To date, the online portal for the regional sandbox is soon to be implemented while each member country works on their respective national sandboxes to complement the regional regulatory sandbox⁷.

⁷ A term given to a test and learn approach, whereby a new innovation is given admission by the Regulator to pilot in a controlled environment to test commercial viability under regulatory compliance. It is also an opportunity for the Regulator to review its regulatory space for any gaps and improvements.

3.4. Pacific Digital Economy Program and Pacific Insurance Climate Adaptation Program

The Pacific Financial Inclusion Programme (PFIP) reached the end of its term in June 2021. However, the CBS continued its strong collaboration with UNCDF and UNDP through its new programs replacing PFIP. These are the Pacific Digital Economy Program (PDEP) and Pacific Insurance Climate Adaptation Program (PICAP). PDEP aims to work with private and public sector partners to build inclusive digital economies targeting low-income households with cross-cutting focus on women, youth, migrant and MSME segments. The objective of PICAP is to improve the financial preparedness of Pacific households, communities, small businesses, organisations and governments towards climate change and natural hazards through a combination of stakeholder engagement, co-creation of solutions, awareness and capacity building, innovative financing options and digital linkages – with a robust interface to the 2030 Sustainable Development Goals.

4. SUSTAINABLE FINANCE

In recent years, central banks and regulatory authorities worldwide have increasingly recognized the need for global action from financial practitioners to address the challenges presented by climate change risks and other environmental dilemmas on the economies. In particular, the focus has been to drive the availability of sustainable finance, or ‘green finance’, to facilitate the development of business activities that supports environmental sustainability.

Sustainable finance generally refers to “any form of financial service integrating environmental, social and governance (ESG) criteria into the business or investment decisions for the lasting benefit of both clients and society at large” (*Swiss Sustainable Finance*). The integration of these sustainability considerations is consistent and would contribute towards achieving the United Nation’s Sustainable Development Goals (SDGs) and the Paris Climate agreement in relation to the environmental challenges.



In line with the Government’s priorities to address climate change matters, the Central Bank is also committed to assist with national efforts, through its Sustainable Finance Initiative. As part of this project, the following were undertaken during the year:

1. The drafting of a Sustainable Lending Guideline and Principles for the financial institutions is ongoing.
 - As a guide, sustainable finance from Samoa’s perspective is defined as “*Financial services and initiatives provided to the community at large that contributes to the conservation and protection of our natural resources, manage the environmental*

risks and build resilience to climate change while maximizing sustainable benefits for Samoa's economic development".

2. A capacity building program was conducted virtually for CBS staff in August 2021 with the assistance of AFI, the Ministry of Finance (MOF) and Ministry of Natural Resources and Environment (MNRE). The training aimed at building awareness and capacity of the CBS on inclusive green finance and to support charting out a plan of action to move forward a green agenda.
3. The CBS continued to participate in meetings with the MNRE's Improving the Performance and Reliability of Renewable Energy Power Systems in Samoa (IMPRESS) Project as a member of the Technical Working Group 2020. This is in relation to Components 3 and 4 which focuses on access to financing and business models for electricity saving, productive and social uses of renewable energy. Through the IMPRESS project, the CBS were invited to participate in National Renewable Energy Day Quadrathlon Race which was conducted in November 2021. The CBS showed support to commemorate the National Renewable Energy Day by fielding 10 staff members to participate in the race

Similar to global developments in this area, one important aspect in moving the issue of Sustainable Finance forward is the availability and consistency of data. Collaboration between CBS and the commercial banks commenced in 2020 with a steady and regular flow of data. The available statistics show less than 1 percent of current total lending by commercial banks to the private sector and public institutions are allocated to green finance projects. (Refer to table 3 & 4 below)

Table 3: Commercial Banks Green Financing – By Industry (\$M) as of 30th June 2022

	Production of Renewable energy	Manufacturing of bio-degradable products	Supply of low carbon technologies/ products	Waste treatment projects	Organic Agriculture Farming	Fisheries and Marine reserves	Other Activities	Total GF Loans	Total Bank Loans
Total GF Lending (Amount in Samoan Tala Million, SAT\$m)									
Jun-21	3.56	0.87	0.00	0.12	4.78	0.00	0.00	9.33	1,175.90
Sep-21	3.30	0.58	0.00	0.10	5.31	0.00	0.00	9.29	1,194.08
Dec-21	3.04	0.81	0.00	0.09	4.95	0.00	0.00	8.88	1,191.61
Mar-22	2.78	0.73	0.00	0.07	4.69	0.00	0.00	8.27	1,186.23
Jun-22	2.52	0.56	0.00	0.06	4.64	0.00	0.00	7.77	1,171.85

Source: Central Bank of Samoa

Table 4: Commercial Banks Green Financing – By Sector (\$M) as of 30th June 2022

	Micro Enterprises	Small Enterprises	Medium Enterprises	Individuals	NGOs	Others	Total GF Loans	Total Bank Loans
(Amount in Samoan Tala Million, SAT\$m)								
Jun-21	0.12	0.10	7.61	1.50	0.00	0.00	9.33	1,175.90
Sep-21	0.10	0.09	7.38	1.72	0.00	0.00	9.29	1,194.08
Dec-21	0.09	0.09	7.03	1.68	0.00	0.00	8.88	1,191.61
Mar-22	0.07	0.07	6.56	1.57	0.00	0.00	8.27	1,186.23
Jun-22	0.06	0.07	6.10	1.54	0.00	0.00	7.77	1,171.85

Source: Central Bank of Samoa

5. LINKS TO FSD RESOURCES

Financial System Development Department General Information

[\[https://www.cbs.gov.ws/financial-soundness/financial-system-development/\]](https://www.cbs.gov.ws/financial-soundness/financial-system-development/)

Financial Inclusion Reports and PIRI Indicators

[\[https://www.cbs.gov.ws/media/publications/financial-inclusion-report/\]](https://www.cbs.gov.ws/media/publications/financial-inclusion-report/)

Samoa Demand Side Survey

[\[https://www.cbs.gov.ws/financial-soundness/financial-system-development/\]](https://www.cbs.gov.ws/financial-soundness/financial-system-development/)

Samoa Financial Services Sector Assessment

[\[https://www.cbs.gov.ws/financial-soundness/financial-system-development/\]](https://www.cbs.gov.ws/financial-soundness/financial-system-development/)

The Financial Competency of Low-Income Households in Samoa Survey

[\[https://www.cbs.gov.ws/financial-soundness/financial-system-development/\]](https://www.cbs.gov.ws/financial-soundness/financial-system-development/)

MSME Access to Finance in Samoa Reports

[\[https://www.cbs.gov.ws/media/publications/msme-access-to-finance-in-samoa/\]](https://www.cbs.gov.ws/media/publications/msme-access-to-finance-in-samoa/)