FINANCIAL EDUCATION IN SAMOA

Developments

......thus far

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PRESENTATION OUTLINE:

- Samoa: Basic profile
- Financial landscape
- Financial Inclusion framework
- Financial Education
SAMOA: BASIC PROFILE

- **Geography:**
  - 2,831km², 4X Singapore, arable land 21%,

- **Natural resources:**
  - Highly fertile soil, hardwood forest, fish, hydro & solar power, tropical warm climate, pristine sandy beaches, insulated thru isolation

- **Population**
  - Pop : 187,820 (2011), 0.63% growth p.a.,
  - 19.6% urban,
  - Children (<15yrs) 38.2%, Youth (15-24yrs) 18.4%, Age 25 < 65yrs 38.5%, Pension (65+yrs) 4.9%
  - Literacy rate (15 – 24yrs) 97.9%
Economy
- GDP per capita: USD$3,600 (2011),
- Construction & transport 28% gdp, Commerce 21%, Agric & fish: 10% (2011/12)
- Main exports: fish, coconut products, nonu,
- Tourism 30% of GDP (2011/12)
- Private remittances 25% of GNDI (2011/12)
- Govt. Expenditure: 29% of Gdp (2011/12)
- Unemployment: 5.7% of econ active (2011)
- Deposit rate 2.48%, lending rate 9.82% (June 12)
FINANCIAL LANDSCAPE OF SAMOA

- Licensed and regulated by the Central Bank of Samoa
  + 4 Commercial Banks
  + Non-Bank Financial Institutions
  + Licensed foreign exchange dealers
  + Money Transfer Operators

- Credit Unions
- Microfinance companies

- Also under the CBS radar - Digicel
FINANCIAL INCLUSION FRAMEWORK

- Financial Inclusion introduced
- CBS Act Amended (2010)
- National Financial Inclusion Strategy (AFI PIWG Financial Inclusion Data Measurement Project)
- 2020 MoneyPACIFIC Goals:
  1. All school children FE through core curricula
  2. All adults to have access to FE
  3. Simple & transparent consumer protection
  4. Halve households without access to basic financial services
FINANCIAL EDUCATION

- FE providers
- FE in Schools Curricula (2007 -)
- FE Strengthening (Trainers Workshop)
- FL Survey
- Money Pacific Partnership
- Challenges & Opportunities for FE
FE PROVIDERS

- ANZ – own-staff FL training
- Westpac – “Financial Focus” column
- NBS – 5 for Life
- SCB – clients only FE
- South Pacific Business Development Ltd
- Small Business Enterprise Centre
- MESC (2005 -)
Entrepreneurship and Financial Education in the Curriculum (EFEC)

Objectives & expected outcomes

Revised Business Studies Curriculum to integrate FE

Now rolled out to All secondary schools (Years 9 – 11)
Apia, June 2010

Cook Islands, Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu attended.

Departments of education, national training institutions, livelihood creation NGOs, commercial bank, business development organizations & central banks.

Commonwealth Secretariat’s youth financial literacy training module. Saving, budgeting, borrowing and planning.
2011 Pacific Household financial literacy survey
AusAID funded
TA by Pacific Financial Inclusion Programme (PFIP)
Implemented by CBS & Samoa Bureau of Statistics (SBS)
Aim: Measure the level of financial competence among low income households and apply the results to design a national financial literacy strategy.
Survey outcome: PICs commit to formulating national financial competency building strategies with the technical support of PFIP
Limited competence to manage income.

Women more financially competent

62% mix business with personal

43% rarely check income accuracy.

- 75% no written record of income received.

31% cannot manage essential household expenditure.

Most – no financial goals, plan or budget to manage cash flows:

Most didn’t know what interest to pay or receive
The project:
- Multi-agency initiative (RBNZ, NZ MFA, & PI Affairs & AusAID)
- To improve Pacific people’s financial knowledge and awareness

The products:
- Wall calendar - tips to manage household or personal finances
- Remittance Service Providers (RSP) & their service costs
- Wall calendars for Samoa community – last 3 years.
CHALLENGES WITH FINANCIAL EDUCATION

- How to engage consumers who have a low level of interest in financial planning?

- Understanding how behavioural factors affect the way consumers make decisions

- How to measure effectiveness of consumer education programme?
  - not practicing the theory due to other priorities

- Resourcing/Partnerships for delivery
INFORMATION SOURCES

- ANZ, Westpac, NBS, SCB
- SPBD, SBEC, SUNGO,
- Pacific Islands Forum Secretariat
- UNDP PC
- MESC
- CBS