



Pacific Financial  
Inclusion Programme



- Creating better policies, regulations and coordinated actions
- Deepening financial access
- Providing market information and access to knowledge
- Informing and making consumers competent



PFIP aims to add one million Pacific Islanders to the formal financial sector by 2019 by spearheading policy and regulatory initiatives, facilitating access to appropriate financial services and delivery channels and by strengthening financial competencies and consumer empowerment.

PFIP is a Pacific-wide programme helping low-income households gain access to quality and affordable financial services and financial education. It is jointly managed by the UN Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP) and receives funding from the Australian Government, the European Union and the New Zealand Government. PFIP operates from the UNDP Pacific Centre in Suva, Fiji and has offices in Solomon Islands and Papua New Guinea. It will open an office in Samoa in 2015.

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## Government-to-Person (G2P) Payments

Increasingly, government-to-person (G2P) payment transfers are being linked to financial inclusion strategies and outcomes. In 2011 Fiji's Department of Social Welfare (DSW) launched the transfer of approximately 22,000 welfare recipients to a savings-linked electronic payment system. The transition was the first large scale transfer of G2P welfare payments of its kind in the Pacific.

With the financial support from the Australian Government, PFI assisted the DSW to develop the initial background studies, cost benefit analysis, tender process, selection of a financial services provider and the national rollout.

One of the main objectives of the project was to promote financial inclusion and access to financial services to those who are most vulnerable. Prior to the transition, 94 percent of those receiving payments were unbanked and 62 percent of all recipients were women. Welfare recipients now have access to a basic transaction account including access to an ATM debit card. There are no maintenance fees on the account, no minimum balance and 10 free monthly transactions from ATMs or EFTPOS merchants.

The project also delivered financial savings and efficiency gains for the DSW. The transition freed up 4 months of staff time associated with processing the old vouchers. This equated to a saving of \$158,000 in direct costs. The transition also removed approximately 2,000 deceased, duplicate and fraudulent clients from the system.

Transferring unbanked social welfare recipients into the formal financial system is seen as a positive step towards greater financial inclusion in Fiji and building the financial capability of those on no/low incomes.



Westpac Bank staff teaching DSW recipients about the new method of payment.

### Key Findings (post implementation evaluation)

- Since the transition, recipients can now access their welfare payments from over 3,000 electronic cash out points across the country (includes branches, ATMs and EFTPOS) compared to having only 120 fixed points previously. There is also an indication that recipients are using the accounts for a range of purposes and not just to access their allowance.
- Respondents reported saving on average 1 hour and 30 minutes per withdrawal using the new system. After the transition over 75 percent of the recipients now report they withdraw their allowance in 30 minutes or less. Prior to the transition only 14 percent of recipients could withdraw their allowance in 30 minutes or less
- 73 percent of respondents indicated the new system makes them feel "safe and secure"; and 58 percent responded with "easy to use" as a reason they like the new system.
- 55 percent of respondents said they felt there was a significant improvement in their household status, indicating they now feel privileged, proud and equal with other people making withdrawals at the bank.