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.
Financial competence is a person’s ability to manage money and use financial services. This encompasses all aspects of using money; the institutions and systems; paying and receiving money; managing expenses and income, saving and borrowing money, planning the use of money and seeking advice.

The financial competency studies have sought to define the set of financial activities that low-income households must be able to do effectively to manage the household’s finances. They measure how well the household’s financial decision makers are able to perform these activities. Financial competence requires both financial literacy (financial knowledge and skill) and access to appropriate financial services.

Phase 1: Research Method-Qualitative

The first phase of the studies sought to define the minimum set of financial activities low income households in PICs need to undertake. A series of focus groups were held from 2010 to 2011 with members of rural and urban low-income households to ask respondents what financial activities they needed to perform. The set of activities people needed to undertake was relatively consistent and fell into four domains: Managing Money, Making Financial Choices, Planning Ahead and Seeking Financial Advice.

These were then validated with subject experts in each country. The final set of competencies were published through the report: Minimum Adult Financial Competency Framework for Low-Income Households in Pacific Island Countries (Sibley & Liew, 2011).

Phase 2: Research Method-Quantitative

The second phase of the project sought to measure how well adults who make most financial decisions for their household were able to perform the activities.

A set of questions was developed to measure how well respondents could undertake each of the financial competencies in the Framework. The draft survey was workshopped, trialed and translated into local languages.

The Central Bank in each country managed the survey, with sampling undertaken in conjunction with the National Statistics Office. Surveys were administered during 2011 – 2012. The interviews conducted were gendered (women interviewed women and men interviewed men). A total of 1,765 valid interviews were conducted (with a minimum of 400 per country). 65 percent were rural respondents and 35 percent urban. An even gender mix was achieved.