



## PACIFIC ISLANDS FORUM SECRETARIAT

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### FORUM ECONOMIC MINISTERS MEETING

1 – 2 August 2024

## INFORMATION PAPER 3: IMPROVING FINANCIAL INCLUSION IN THE PACIFIC- UPDATE ON THE 2025 MONEY PACIFIC GOALS

### Purpose and Summary

#### Purpose

The paper provides an update on regional efforts to support financial inclusion, financial and digital literacy and build disaster risk resilience in the Pacific under the *Money Pacific Goals 2025*.

#### Summary

- i. Several actions have been taken to accelerate the progress in financial inclusion in Pacific countries and in particular reference to the regional *Money Pacific Goals 2025* since FEMM 2023.
- ii. These actions include the review and implementation of national financial inclusion strategies, digital innovations driving access and usage of financial services in the region and the region's first ever climate disaster risk insurance aimed at developing financial preparedness and building resilience of Pacific islanders.
- iii. Two successor programmes to the Pacific Financial Inclusion Programme (PFIP) have been established, namely the Pacific Insurance and Climate Adaptation Programme (PICAP), and the Pacific Digital Economy Programme (PDEP), both in their expansion phase (2023-2025) having successfully completed their inception phases (2021-2022)

### A. Background

#### *The Money Pacific Goals 2025*

1. The *2025 Money Pacific Goals* were adopted by FEMM and the Pacific central bank governors in 2021. This reflected the high priority placed by Leaders across the region on building financial and digital literacy and promoting financial inclusion. Actions have been undertaken by Pacific countries to accelerate progress as covered in the update, with brief inputs. Central banks in the Pacific have been at the forefront of action and coordination in their respective countries to implement the *Money Pacific Goals 2025*. Various Ministries (e.g. finance, education, commerce, women, etc.) have also been supporting financial inclusion and financial literacy in their countries.

2. The Money Pacific Goals 2025 endorsed by FEMM in 2021 states that Pacific Island nations<sup>1</sup> by 2025, through the combined actions of public and private sectors, should ensure that all Pacific islanders enjoy a healthy financial life whereby each individual and household:

- Can meet their financial commitments and recover from unexpected crises;
- Has control over their financial resources; and
- Is able to make financial choices and afford the things beyond just basic needs.

3. Progress has been made on the *Money Pacific Goals 2025*. **Annex A** provides details of the most recent and up to date progress made by the region towards the achievement of the *Money Pacific Goals 2025*.

## **B. Discussion**

### *The Money Pacific Goals 2025*

4. The 2020 FEMM was informed through an information paper that the Pacific Central Banks, with technical support of UNCDF-led Pacific Financial Inclusion Programme (PFIP), developed the new set of regional commitments on financial inclusion and literacy, Money Pacific Goals 2025, and was submitted to 2021 FEMM for the endorsement of Forum Economic Ministers.

5. During 2020, UNCDF undertook the task of developing a new set of regional priorities and commitments (Money Pacific 2025) through a consultative process involving the Pacific Central Banks, Finance and Economic ministries and other key stakeholders. In addition to the Pacific countries that have Central Banks, consultations were held in Federated States of Micronesia, Republic of Marshall Islands, Nauru, Kiribati, and Tuvalu. The outcome of these consultations greatly informed the development of the new *Money Pacific Goals 2025*. The new *Money Pacific Goals 2025* were discussed and endorsed by the South Pacific Central Bank Governors at the 35th South Pacific Central Bank Governors meeting, which was held virtually in November 2020, and hosted by the Reserve Bank of Vanuatu.

6. The *Money Pacific Goals 2025* endorsed by the FEMM 2021 is presented below:

All Pacific islanders to enjoy a healthy financial life whereby each individual and household:

- Can meet their financial commitments and recover from unexpected crises;
- Has control over their financial resources;
- Is able to make financial choices and afford the things beyond just basic needs.
- All citizens have access to and are regularly using a range of responsive and regulated digital financial products and services to fulfil their financial goals.
- Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19 recovery and climate disaster risks.
- Strengthen consumer protection measures, including privacy and data protection, to address increasing risks associated with a rapidly developing digital economy.
- Implement curricula and training programmes to strengthen the financial and digital literacy capabilities of all children and adults.

- Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy and strategy formulation and to monitor the achievement of national strategies.
- Pacific nations will harness digitalization to accelerate economic recovery from global shocks, to financially empower vulnerable communities, narrow income inequalities, drive entrepreneurial activities and to close the gender gap.

7. The following goals will be pursued over the next 5 years with national progress and their relevancy reviewed annually at the South Pacific Central Bank Governors Meeting and submitted for information and guidance by Economic Ministers at FEMM.

United Nations Capital Development Fund  
South Pacific Central Bank Governors  
20 June 2024

## Update of activities and results towards achievement of the Money Pacific Goals 2022-2025: January - December 2023

### PART A: Annual Progress Against Goals

Country: **Fiji**Respondent: **Reserve Bank of Fiji**

Goals	Activities, Programmes and Results									
<b>1</b> All citizens have access to and are regularly using a range of responsive and regulated digital financial products and services to fulfil their financial goals	<p>Number of adult citizens<sup>1</sup> having a registered digital financial product and services account<sup>2</sup>: Or % of adult population with a digital finance service account.</p> <p>1. 38.5%</p> <ul style="list-style-type: none"> <li>38.5% (243,527) of adult population (15+ years) with a registered DFS account (internet banking account used as a proxy).</li> <li>An increase of 5.4% from 2021.</li> </ul> <hr/> <p>% of adult population with a registered mobile money account:</p> <p>2. 148.3%</p> <ul style="list-style-type: none"> <li>148.3% of adult population (15+ years) with a registered mobile money account</li> <li>An increase of 3.5% from 2021</li> </ul> <hr/> <p>% of adult population actively using<sup>3</sup> mobile money account:</p> <p>3. 71.6%</p> <ul style="list-style-type: none"> <li>Declined by 23.7% from 96.2% in 2021 to 71.6% in December 2022</li> </ul> <hr/> <p>Number of active DFS agents per 10,000 adults:</p> <p>4. Approximately 9.98<sup>4</sup> DFS agents per 10,000 adults in 2023</p> <table border="1" data-bbox="630 1745 1382 1900"> <thead> <tr> <th data-bbox="630 1745 873 1822">31 December 2023</th> <th data-bbox="873 1745 1127 1822">Vodafone</th> <th data-bbox="1127 1745 1382 1822">Digicel</th> </tr> </thead> <tbody> <tr> <td data-bbox="630 1822 873 1862">Registered Agents</td> <td data-bbox="873 1822 1127 1862">382</td> <td data-bbox="1127 1822 1382 1862">259</td> </tr> <tr> <td data-bbox="630 1862 873 1900">Active Agents</td> <td data-bbox="873 1862 1127 1900">382</td> <td data-bbox="1127 1862 1382 1900">249</td> </tr> </tbody> </table>	31 December 2023	Vodafone	Digicel	Registered Agents	382	259	Active Agents	382	249
31 December 2023	Vodafone	Digicel								
Registered Agents	382	259								
Active Agents	382	249								

*Being the superior measure, the sum of active agents is used (382 +249) **631***

Key Activities/ Programmes undertaken to widen access and usage of digital financial services by country stakeholders (Please mention total number of programmes/awareness campaigns undertaken during this year, and % of population reached through these programmes/ campaigns)

Number of Programmes/Initiatives - 3

### **1. National Payment System (NPS) Go-Live Phase**

The RBF announced the Go-live of the NPS Automated Clearing House (ACH) as part of its ongoing efforts to digitally transform Fiji's payment system with the objective to increase efficiency. The system will enable immediate availability and readiness of funds for transactions between customers, irrespective of whether it occur outside standard business hours and provide reliable, fast and efficient exchange of funds within a reasonable time. Moving forward RBF will continue its collaboration with the wider industry for the interoperability of Mobile Wallets to Bank Accounts, which is expected to bring further enhancement and seamless payments within the system.

[Press Release No 23 – Go Live of the National Payment System – Phase 2: Automated Clearing House – Reserve Bank of Fiji \(rbf.gov.fj\)](http://rbf.gov.fj)

### **2. Vodafone Partnership with MasterCard**

MasterCard partnered with Vodafone Fiji to provide a new way of paying in-store and online, both at home and abroad with the launch of M-PAiSA MasterCard. The initiative will provide hundreds of thousands of Fijians access to digital payments through MasterCard's global payment network of over 100 million merchants worldwide.

The initiative will drive financial inclusion by assisting in the expansion of digital financial services, particularly for the unbanked population, promote financial literacy and digital skills which are essential for using DFS effectively and help address regulatory and policy barriers that may hinder the expansion of DFS. The partnership will also assist to accelerate progress towards greater financial inclusion in the digital economy. The M-PAiSA MasterCard will bring more people into the digital payment ecosystem and provides

hundreds of thousands of Fijians greater choice, access and control over their money.

[MasterCard partners with Vodafone Fiji to drive financial inclusion and empowerment | MasterCard Newsroom](#)

### 3. **Launching of the Digital and Financial Literacy Survey Report**

The report assesses the status of the financial and digital literacy level to provide a baseline data that will be used to formulate targeted interventions that will strengthen inclusive digital financial services to marginalized and low income groups. Key findings from the survey suggest that Fijians possess moderate levels of digital and financial literacy with significant room for growth around the uptake of digital financial services. The RBF has drafted a Financial and Digital Literacy Strategy 2022-2030 as well.

[Assessing Digital and Financial Literacy in Fiji: A Survey on Knowledge, Skills and Access – UN Capital Development Fund \(UNCDF\)](#)

2 Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19 recovery and climate disaster risks

(Highlight initiatives like digital finance innovation hub/ accelerator programs/ startup incubators/ regulatory sandbox etc., number of projects/ startups supported by these initiatives and level of investment (US\$))

#### 1. **FinTech Regulatory Sandbox**

- A total of four solutions successfully went through the experimentation stage and graduated from the FinTech Regulatory Sandbox during the year. These solutions include:
- A parametric micro-insurance product that offered pay-outs based on wind speed and rainfall, triggers defined by the occurrence and proximity of a cyclone to a covered beneficiary.
- A mobile money wallet-linked companion scheme for making payments by participating Point of Sale (POS) terminals & e-commerce websites.
- A scheme prepaid cards offered over the counter in fixed denominations for use on another international card payment network; and
- A mobile wallet with personal financial management tools.

#### 2. **SOLE FinTech approved through the Regulatory Sandbox**

In July 2023, RBF approved a license to Sole following a successful three-month test period November 2022 – January 2023 under the Regulatory Sandbox;

- SOLE is a digital social financial App that is designed to help Pacific Islanders manage their finance. The SOLE FinTech App is designed to make personal financial management easy. It features a bucket allocation system for budgeting and digital on-boarding of new accounts. Users can create up to 25 free buckets to plan their expenses, savings and investments.
- Overseas remitters can choose which bucket they want to remit their funds to, such as electricity bill, water bill, groceries, weddings, funerals or family projects. Fiji citizens living abroad can also create their local Sole account.
- SOLE can be accessed from anywhere in Fiji using their mobile phones, tablets or laptops as long as internet connection is available. This provides a valuable opportunity for the unbanked and the marginalized communities in rural islands and on the smaller islands to access SOLE services, save and invest at the same time.

### 3. FDB Launch Artificial Intelligent (AI) Chatbot

In partnership with the United Nations Capital Development Fund (UNCDF) and IT Galax, the Fiji Development Bank (FDB) successfully launched an AI-based chatbot on its website. The Chatbot is part of FDB's ongoing commitment to embrace digital transformation and ensure that customers have access to the latest technologies. It complements the Bank's existing range of online services and resources, providing an additional channel for customers to engage with the Bank and also assists customers in navigating complex financial jargon and terminologies, making it easier for them to understand and make informed decisions when viewing the right products to suit their needs.

[Fiji Development Bank elevates customer experience with the launch of AI-based chatbot – Fiji Development Bank \(fdb.com.fj\)](https://www.fdb.com.fj)

3	Implement curricula and training programmes to strengthen the financial and digital literacy capabilities of all children and adults	<p>Evidence of Financial literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>The Financial Education (FinEd) programme continued, with two new proposed initiatives recommended to the Ministry of Education (MOE) by RBF and UNCDF respectively to complement the existing FinEd programme. The proposals include a SavED Programme to assist student transition from theory to practical and the inclusion of Digital Literacy in the school curriculum. The proposals were well received and supported by MOE, and on-going discussions continued.</li> </ul>
		<p>Evidence of Digital literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>MOE has approved the UNCDF proposal of including Digital Literacy in the school curriculum to complement the current FinED Program. Discussions are on-going and more ground work will be conducted in 2024</li> </ul>
		<p>Evidence/ Development of Financial and digital literacy framework targeted towards adults, and key programmes delivered under this framework, including data on number of such literacy programmes and people covered (if available):</p> <ul style="list-style-type: none"> <li>A Financial and Digital Literacy Strategy (2022-2030) developed and circulated for review and comments from key NFIT stakeholders. Feedbacks incorporated and awaiting final approval by the National Financial Inclusion Taskforce (NFIT).</li> <li>Majority of the activities outlined in the strategy has been conducted by RBF during the year as outlined below:</li> </ul>
		<p>Total of 12 Training and Awareness sessions were conducted by the RBF:</p> <ul style="list-style-type: none"> <li><i>Community rural areas</i> – Wairiki Village, Nasolo Village, Nasawana Village &amp; Votua Village in the Bua Province, Nauria Village &amp; Nailuva Village in Ra;</li> <li><i>Community urban areas</i> - Methodist Church in Fiji Senior Pastor’s Retreat @ Narewa Village, Nadi;</li> <li><i>Workplace</i>-Fiji Police New Recruits, Young Entrepreneurs Council, Housing Assistance Relief Trust (HART), Plantation Island &amp; Lomani Resorts.</li> </ul>



		<ul style="list-style-type: none"> <li>• Total Participants – 936 (40.2% Women; 59.8% Men)</li> <li>• FinTalk Facebook Page Reach: 136,800 people through the social media platform, while 234,420 people engaged (like/share/comment etc.) the content of the RBF FinTalk page.</li> </ul>
4	<p>Strengthen consumer protection measures, including privacy and data protection, to address increasing risks associated with a rapidly developing digital economy</p>	<p>Evidence of consumer protection framework/guidelines defining customer rights and provider responsibilities, and initiatives undertaken towards implementation:</p> <ul style="list-style-type: none"> <li>• The RBF issued a draft Financial Sector Development Policy on Protection and Fair Treatment of Financial Consumers for stakeholder consultation. The policy is designed to protect financial consumers, particularly vulnerable consumers from market failure caused by information asymmetry arising from an imbalance of power and resources between consumers and their financial service providers and it should come into effect into April 2024.</li> </ul> <p>Evidence of customer grievance redressal framework/guidelines and mechanisms in the financial sector:</p> <ul style="list-style-type: none"> <li>• The RBF launched its e-complaints portal, ensuring a more transparent and efficient process in the complaints management process;</li> <li>• The initiative streamlined complaints handling process, thus improving the turn-around;</li> <li>• Once a complaint has been logged in through the portal, a complainant is able to track the progress of their complaint, plus as the complaint progresses the complainant will receive automated notifications of how their complaint is progressing.</li> </ul> <p>Evidence of privacy and data protection laws/ policies for digital finance customers and service providers:</p> <p>Nil</p>
5	<p>Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy and strategy formulation and to monitor the achievement of national strategies</p>	<p>Availability of framework to collect supply side data from the digital financial service providers and other financial service providers by the regulators:</p> <ul style="list-style-type: none"> <li>• Disaggregated supply side data for 2022 is available publicly, marking the fifth year of DD reporting since its inception in 2018.</li> </ul>

Type (i.e., gender disaggregated, geographic, sector specific etc.) and frequency of digital financial services and financial inclusion related data being collected:

- The aggregated data shows positive progress on the NFIS 2022-30 short term targets for 2024 with the following indicators surpassing their targets:
- Adult population financially included increased from 84% to 86.9% (short term target is 86% by 2024);
- Adults making or receiving digital payments through internet banking increased from 33.1% to 38.5% in 2022 (short term target is 34% by 2024);
- Percentage of women with an active mobile money account decreased to 73.8% in 2022 (still surpassing the short term target of 31 %.)

[Supply-side Financial Services Data - Reserve Bank of Fiji \(rbf.gov.fj\)](https://rbf.gov.fj)

Evidence of directly utilizing the data in design/ implementation of financial sector policies/ development strategies and monitoring of NFIS implementation at the national level:

- The 2022 DD provides a summary of key indicators under the NFIS targets, with a few indicators surpassing their short-term target.
- NFIS Quarterly Progress Reports and data which focused on the four key pillars of the Strategy as per UNCDF agreement.

Country: **Samoa**

Respondent: **Central Bank of Samoa**

Goals	Activities, Programmes and Results
<p><b>1</b> All citizens have access to and are regularly using a range of responsive and regulated digital financial products and services to fulfil their financial goals</p>	<p>Number of adult citizens<sup>1</sup> having a registered digital financial product and services account<sup>2</sup>: Or % of adult population with a digital finance service account</p> <ul style="list-style-type: none"> <li>• 65.09%</li> </ul> <p><i>(Note: Number of Commercial Bank Internet and mobile banking customers not available yet for the Jan – Dec 2023 period)</i></p> <hr/> <p>% of adult population with a registered mobile money account:</p> <ul style="list-style-type: none"> <li>• 65.09%</li> </ul>

		<p>% of adult population actively using<sup>3</sup> mobile money account:</p> <ul style="list-style-type: none"> <li>• 4.43%</li> </ul>
		<p>Number of active DFS agents per 10,000 adults:</p> <ul style="list-style-type: none"> <li>• 3.18</li> </ul>
		<p>Key Activities/ Programmes undertaken to widen access and usage of digital financial services by country stakeholders (Please mention total number of programmes/awareness campaigns undertaken during this year, and % of population reached through these programmes/ campaigns)</p> <ul style="list-style-type: none"> <li>• CBS Launched its new National Payment System, the Samoa Automated Transfer System and Central Securities Depository (SATS-CSD) System in May 2023</li> <li>• Launched new National Financial Inclusion Strategy 2.0 (2022/2023 – 2025/2026) in November 2023</li> <li>• Surety Insurance Company launched its Parametric insurance product in October 2023</li> <li>• Tower Insurance Company (Samoa) launched its Parametric insurance product in December 2023</li> </ul>
2	<p>Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19 recovery and climate disaster risks</p>	<p>(Highlight initiatives like digital finance innovation hub/ accelerator programs/ startup incubators/ regulatory sandbox etc., number of projects/ startups supported by these initiatives and level of investment (US\$))</p> <ul style="list-style-type: none"> <li>• CBS is part of the AFI Regional Regulatory Sandbox that is in development. CBS IS working on its National Regulatory Sandbox to complement the regional sandbox. This is soon to be implemented.</li> </ul>
3	<p>Implement curricula and training programmes to strengthen the financial and digital literacy capabilities of all children and adults</p>	<p>Evidence of Financial literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>• No update from MESC</li> </ul> <p>Evidence of Digital literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>• Not Applicable</li> </ul>

		<p>Evidence/ Development of Financial and digital literacy framework targeted towards adults, and key programmes delivered under this framework, including data on number of such literacy programmes and people covered (if available):</p> <ul style="list-style-type: none"> <li>• Not Applicable</li> </ul>
4	<p>Strengthen consumer protection measures, including privacy and data protection, to address increasing risks associated with a rapidly developing digital economy</p>	<p>Evidence of consumer protection framework/guidelines defining customer rights and provider responsibilities, and initiatives undertaken towards implementation:</p> <ul style="list-style-type: none"> <li>• There is the Samoa Competition and Consumer Act 2016 under the purview of our Ministry of Commerce, Industry and Labour (MCIL), which covers consumer protection for all services (including financial) as well the obligation of traders.</li> <li>• MCIL Fair Trading Unit and the commemoration of the World Consumer Rights Day (annually) which commemorates basic consumer rights, etc.</li> </ul> <p>Evidence of customer grievance redressal framework/guidelines and mechanisms in the financial sector:</p> <ul style="list-style-type: none"> <li>• Not Applicable</li> </ul> <p>Evidence of privacy and data protection laws/ policies for digital finance customers and service providers:</p> <ul style="list-style-type: none"> <li>• Not Applicable</li> </ul>
5	<p>Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy and strategy formulation and to monitor the achievement of national strategies</p>	<p>Availability of framework to collect supply side data from the digital financial service providers and other financial service providers by the regulators:</p> <ul style="list-style-type: none"> <li>• NFIS data collection (quarterly)</li> </ul> <p>Type (i.e., gender disaggregated, geographic, sector specific etc.) and frequency of digital financial services and financial inclusion related data being collected:</p> <ul style="list-style-type: none"> <li>• NFIS data collection (quarterly)</li> </ul> <p>Evidence of directly utilizing the data in design/ implementation of financial sector policies/ development strategies and monitoring of NFIS implementation at the national level:</p>

- NFIT work and discussions during meetings

Country: **Vanuatu**

Respondent: **Reserve Bank of Vanuatu**

Goals	Activities, Programmes and Results
<p><b>1</b> All citizens have access to and are regularly using a range of responsive and regulated digital financial products and services to fulfil their financial goals</p>	<p>Number of adult citizens<sup>1</sup> having a registered digital financial product and services account<sup>2</sup>: Or % of adult population with a digital finance service account</p> <ul style="list-style-type: none"> <li>• 54%</li> </ul>
	<p>% of adult population with a registered mobile money account:</p> <ul style="list-style-type: none"> <li>• 0.5%</li> </ul>
	<p>% of adult population actively using<sup>3</sup> mobile money account:</p> <ul style="list-style-type: none"> <li>• 0.4%</li> </ul>
	<p>Number of active DFS agents per 10,000 adults:</p> <ul style="list-style-type: none"> <li>• 0.008%</li> </ul>
	<p>Key Activities/ Programmes undertaken to widen access and usage of digital financial services by country stakeholders (Please mention total number of programmes/awareness campaigns undertaken during this year, and % of population reached through these programmes/ campaigns)</p> <ul style="list-style-type: none"> <li>• In 2023, there were 2 Financial Literacy Awareness conducted by RBV in partnership with our stakeholders. The 2 awareness were conducted in Freshwota 2 &amp; Tanaliu Village. The total number of participants for the 2 awareness were approximately 200 plus.</li> <li>• RBV also hosted a Financial Inclusion Exposition event on May 2023 in Luganville Santo in collaboration with our stakeholders. During the 2 days' event, more than 200 locals walked into the booths and were given basics &amp; digital financial Literacy information.</li> </ul>

2	Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19 recovery and climate disaster risks	<p>(Highlight initiatives like digital finance innovation hub/ accelerator programs/ startup incubators/ regulatory sandbox etc., number of projects/ startups supported by these initiatives and level of investment (US\$))</p> <ul style="list-style-type: none"> <li>• The National Payment System has gone live in September 2023. The NPS is a digital platform that is expected to increase access to banking and financial services and encourage more people to open a bank account.</li> <li>• The Government of Vanuatu has piloted a Disaster Relief Funds Cash Transfer for cyclone-affected households to replace dry rations. The piloted program has been implemented in one of the smaller islands of Efate (Lelepa) before its wide National roll out.</li> <li>• RBV has also supported the Department of Cooperatives with a Financial assistance of VUV 5million to purchase computers &amp; furniture for the Cooperatives and SME Training &amp; Business Incubation Centre.</li> </ul>
3	Implement curricula and training programmes to strengthen the financial and digital literacy capabilities of all children and adults	<p>Evidence of Financial literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>• The Department of Curriculum in Vanuatu has recently developed an Education Enterprise Syllabus for years 7 to 10. The partnership (RBV &amp; Curriculum Development Unit) will be contracting a local consultant to develop and review a digital financial literacy strand in the existing Education Enterprise Syllabus.</li> </ul> <p>Evidence of Digital literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>• The RBV is waiting on the Digital Financial Literacy Report from the UNCDF, to use a basis to develop digital literacy content for the primary, secondary and tertiary curricula.</li> </ul> <p>Evidence/ Development of Financial and digital literacy framework targeted towards adults, and key programmes delivered under this framework, including data on number of such literacy programmes and people covered (if available):</p>

		<ul style="list-style-type: none"> <li>• RBV in collaboration with the Curriculum Unit will be hiring a consultant to design a Digital Financial Literacy Strand to be incorporated in the Education Enterprise syllabus.</li> <li>• RBV has also conducted Financial Literacy Awareness bringing together key stakeholders to present on both Financial Literacy &amp; Digital Financial Literacy products and services that are available.</li> </ul>
4	<p>Strengthen consumer protection measures, including privacy and data protection, to address increasing risks associated with a rapidly developing digital economy</p>	<p>Evidence of consumer protection framework/guidelines defining customer rights and provider responsibilities, and initiatives undertaken towards implementation:</p> <ul style="list-style-type: none"> <li>• RBV currently working with Asian Development Bank (ADB) to undertake a Diagnostics Exercise in 2024.</li> </ul> <p>Evidence of customer grievance redressal framework/guidelines and mechanisms in the financial sector:</p> <ul style="list-style-type: none"> <li>• Still Pending</li> </ul> <p>Evidence of privacy and data protection laws/ policies for digital finance customers and service providers:</p> <ul style="list-style-type: none"> <li>• Still Pending</li> </ul>
5	<p>Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy and strategy formulation and to monitor the achievement of national strategies</p>	<p>Availability of framework to collect supply side data from the digital financial service providers and other financial service providers by the regulators:</p> <ul style="list-style-type: none"> <li>• RBV continues to collect quarterly supply side data from Commercial Banks, Mobile Network Operators, Insurance Companies and Micro-Finance Institutions.</li> </ul> <p>Type (i.e., gender disaggregated, geographic, sector specific etc.) and frequency of digital financial services and financial inclusion related data being collected:</p> <ul style="list-style-type: none"> <li>• Type: Gender, Location, Access Dimension, Channel Activity-Transactions, Financial Literacy &amp; other Financial Inclusion Initiatives, Customers &amp; Accounts, Channel Activity-Users, and Policy &amp; Policy Holders</li> </ul> <p><b>Frequency: Quarterly</b></p>

	<p>Evidence of directly utilizing the data in design/ implementation of financial sector policies/ development strategies and monitoring of NFIS implementation at the national level:</p> <ul style="list-style-type: none"> <li>• Supply Side Financial Inclusion Data have assisted the Bank in developing strategies in addressing ACCESS &amp; USAGE to Financial Services.</li> </ul>
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Country: **Solomon Islands**

Respondent: **Central Bank of Solomon Islands**

Goals	Activities, Programmes and Results
<p><b>1</b> All citizens have access to and are regularly using a range of responsive and regulated digital financial products and services to fulfil their financial goals</p>	<p>Number of adult citizens<sup>1</sup> having a registered digital financial product and services account<sup>2</sup>: Or % of adult population with a digital finance service account.</p> <ul style="list-style-type: none"> <li>• <b>Total registered Adult with registered DFS accounts: 75,138</b> (<i>Commercial Banks and E-money issuers</i>)</li> <li>• <b>% Of adult:</b> 15% (Estimated adult pop 514,030)</li> </ul>
	<p>% Of adult population with a registered mobile money account: Not reported</p>
	<p>% of adult population actively using<sup>3</sup> mobile money account:</p> <p>Not reported</p>
	<p>Number of active DFS agents per 10,000 adults:</p> <p>Not reported</p>
	<p>Key Activities/ Programmes undertaken to widen access and usage of digital financial services by country stakeholders (Please mention total number of programmes/awareness campaigns undertaken during this year, and % of population reached through these programmes/ campaigns)</p> <p><b><u>Awareness campaigns:</u></b></p> <ul style="list-style-type: none"> <li>• youSave Lo mobile: On-going radio spots on Barava FM and SIBC, Provincial tour (Malaita, Makira, Guadalcanal and Isabel Province and Honiara) and Festivals awareness by youSave team and awareness and registration by youSave ambassadors.</li> <li>• Content: youSave &amp; how to use youSave Lo Mobile with reach of 465</li> </ul>



		<ul style="list-style-type: none"> <li>• M-Selen: On-going awareness through various media channels; radio (every Saturdays), TTV, print, website, social media and face-to-face awareness to 10 organisations in Honiara and the communities</li> </ul>
2	<p>Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19 recovery and climate disaster risks</p>	<p>(Highlight initiatives like digital finance innovation hub/ accelerator programs/ startup incubators/ regulatory sandbox etc., number of projects/ startups supported by these initiatives and level of investment (US\$))</p> <ul style="list-style-type: none"> <li>• CBSI Regulatory Sandbox Guideline launched in 2022 and currently effective; As at end 2023, <ul style="list-style-type: none"> <li>▪ 3 applicants through the Sandbox and,</li> <li>▪ 3 are assessed under the Practice Guidance Note 2 (PGN2) on Mobile Money services including the recent M-Selen digital wallet.</li> <li>▪ Applicants through the sandbox are; <ol style="list-style-type: none"> <li>1. Money Transfer Services using electronic point of sale (ePos) machine and QR code for eKYC authentication</li> <li>2. E-money remittances</li> <li>3. Digital lending – Nano Loan Product</li> </ol> </li> </ul> </li> </ul>
3	<p>Implement curricula and training programmes to strengthen the financial and digital literacy capabilities of all children and adults</p>	<p>Evidence of Financial literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>• Apart from Financial Education with 6 ACOM RTCs, there are no further updates from MEHRD</li> </ul> <p>Evidence of Digital literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>▪ Ministry of Education and Human Resources (MEHRD) has in place the document “ICT in Education Masterplan.”</li> </ul> <p>Evidence/ Development of Financial and digital literacy framework targeted towards adults, and key programmes delivered under this framework, including data on number of such literacy programmes and people covered (if available):</p> <p><b>Financial Literacy:</b></p>

- CBSI Financial Competency Training of Trainers materials - Key Topics (1) Money Mindfulness, (2) Map & Plan, (3) Choose & Use, (4) Communicate & Negotiate and (5) Protect & Build
- NFIS3 target: The ongoing implementation of the Financial Competency TOT program to be delivered to all constituencies by 2025: As at end 2023, the reach to 13 constituencies of Honiara, Guadalcanal & Central Islands provinces.
- An additional 13 coaches were trained in 2023 who delivered to 125 women participants.
- A cumulative total of 49 coaches trained who delivered to 667 participants of which 624 are women.
  
- During the year, Financial Literacy programs undertaken by various stakeholders including CBSI are as follows:
  - CBSI: conducted Financial Literacy (Managing your money), Financial Coaching and SGs Awareness.
  - Workplace -Tradco Staff and Woodford School staff.
  - Schools – Lungga Community High School and Woodford International School.
  - Community Outreach – SINIS Career’s Expo, Guadalcanal Province 2<sup>nd</sup> Appointed Day and Isabel Province Savings Groups Awareness.
  
- Savings Groups – Matavale Women Association, Tuvakaoni Women Association, HCC Youth Hubb, Guadalcanal and Central Islands Province, ACOM savings Groups.
- Commercial Banks: Product literacy, Money minded Program, Branchless banking targeting Seasonal Workers, Market for Change Association members including Rural Community – Makira, Choiseul, Guadalcanal Province and Pacific Games 2023.
  
- Microfinance (SPBD): Financial Literacy and Product literacy targeting Women groups and Seasonal workers in Honiara and Western Province
  
- Savings Groups Practitioners: Anglican Church of Melanesia (ACOM), West Are’are Rokotanikeni Association (WARA) and Ministry of Women, Youth, Children and Family Affairs (MWYCFA) conducted Refresher trainings, establishment of new Savings Groups, Good Governance, recording

	<p>systems and TOT on Rural Women Business Development Manual targeting Diocese of Malaita, Diocese of Isabel, Makira, Choiseul, Western, Central Islands, Guadalcanal, Malaita Province and Honiara.</p> <ul style="list-style-type: none"> <li>▪ youSave Lo mobile sessions in Honiara &amp; Provinces.</li> <li>▪ M-Selen: On-going awareness through various media channels.</li> </ul> <p>Total Digital &amp; Financial Literacy reach in 2023 including, community reach through media – a total of 16,168 of which 68% are women.</p> <ul style="list-style-type: none"> <li>▪ A total of 417 copies of the” Savings Groups Members Rights” was distributed to Savings Groups Practitioners and Members in 2023 and, the Rights were reiterated to members during face-to-face financial literacy programs.</li> </ul>
<p><b>4</b> Strengthen consumer protection measures, including privacy and data protection, to address increasing risks associated with a rapidly developing digital economy</p>	<p>Evidence of consumer protection framework/guidelines defining customer rights and provider responsibilities, and initiatives undertaken towards implementation:</p> <ul style="list-style-type: none"> <li>• Financial Consumer Protection Prudential Guideline No. 21 (PG21)</li> <li>• Disclosure of Interest Rates, Fees &amp; Charges PG8</li> <li>• Market Conduct of Insurance Brokers (COI Directive 2)</li> <li>• Consumer Rights and Provider responsibilities for e-money issuers are detailed in the ‘Draft E-money regulations’ – this regulation will also be reviewed as a sub-regulation of the NPS Act 2022.</li> </ul> <p>Evidence of customer grievance redressal framework/guidelines and mechanisms in the financial sector:</p> <ul style="list-style-type: none"> <li>▪ Financial Consumer Protection Guideline PG21</li> <li>▪ Complaints Management PG9 (for Financial Institutions &amp; Credit Institutions)</li> <li>▪ Complaints Management of Insurance companies and intermediaries (COI Directive 4)</li> </ul> <p>Evidence of privacy and data protection laws/ policies for digital finance customers and service providers:</p> <ul style="list-style-type: none"> <li>• Under PG21 on Financial Consumer Protection, there are clauses on “Data Protection &amp; Privacy”, “Safeguarding consumer information”</li> </ul>

		<ul style="list-style-type: none"> <li>• Payment System Bill 2022 which will regulate the payment service providers</li> </ul>
5	<p>Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy and strategy formulation and to monitor the achievement of national strategies</p>	<p>Availability of framework to collect supply side data from the digital financial service providers and other financial service providers by the regulators:</p> <ul style="list-style-type: none"> <li>▪ Financial Inclusion Disaggregated Data Policy endorsed by National Financial Inclusion Taskforce (NFIT) in 2023 &amp; to be issued in Q12024.</li> <li>▪ Revised reporting template for financial institutions completed.</li> <li>▪ New reporting template for other financial service providers and e-money issuers completed.</li> <li>▪ Instructions Manual for the reporting template is still work-in-progress and will be issued together with the reporting templates.</li> </ul> <p>Type (i.e., gender disaggregated, geographic, sector specific etc.) and frequency of digital financial services and financial inclusion related data being collected:</p> <ul style="list-style-type: none"> <li>▪ Financial Inclusion Disaggregated Data Policy</li> <li>▪ Revised template for licensed financial institutions and other financial service providers incorporates Disaggregated Data on DFS, gender, province, MSME - based on Measurement Framework of NFIS3 and National Women Financial Inclusion Policy (NWFIP) as well as other core indicators such as AFI/PIRI, IMF,</li> <li>▪ Frequency of reporting is quarterly.</li> </ul> <p>Evidence of directly utilizing the data in design/ implementation of financial sector policies/ development strategies and monitoring of NFIS implementation at the national level:</p> <ul style="list-style-type: none"> <li>• Revised and new reporting templates provides monitoring of NFIS3 and NWFIP thematic areas</li> <li>• Reporting templates are designed based on the Measurement Framework under NFIS3 and NWFIP</li> </ul>

Country: **Papua New Guinea**

Respondent: **Bank of Papua New Guinea**

Goals	Activities, Programs and Results
1 All citizens have access to and are regularly using a range of responsive and regulated digital	Digital financial services and products (DFS) remain a key priority for the Bank of PNG and Centre for Excellence in

	<p>financial products and services to fulfil their financial goals.</p>	<p>Financial Inclusion (CEFI) as traditional brick and mortar delivery of financial services is a challenge for PNG.</p> <p>During the implementation of the previous two National Financial Inclusion Strategies, we have seen considerable uptake in the onboarding and usage of DFS. As at the end of December 2021, we have 1.1 million DFS accounts in aggregate of which 0.4 million are women, compared to 3.5 million bank accounts.</p> <p>We note the participation of women is slow, representing 36%, with cultural and literacy barriers amongst the key constraints. The focus will be on gender imbalance heading into the implementation of the 3<sup>rd</sup> National Financial Inclusion Strategy 2022-2026.</p> <p>Key Activities/ Programs undertaken to widen access and usage of digital financial services by country stakeholders (Please mention total number of program/awareness campaigns undertaken during this year, and of population reached through these programs/ campaigns)</p> <ul style="list-style-type: none"> <li>• Aggressive marketing by Digicel Financial Services Ltd, a subsidiary of the MNO Digicel PNG, is ongoing and we expect to see a surge in applications and usage in the following months.</li> </ul>
<p>2</p>	<p>Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19 recovery and climate disaster risks</p>	<p>Online training initiatives with Entrepreneurs Finance Initiative, training and mentoring program for Women-led businesses, a training program for urban-based women small &amp; medium sized entrepreneurs (WMSEs) with strong potential for growth - the training is to address the constraints WSMEs with face access to finance and to operate in the Covid-19 environment with training in:</p> <ul style="list-style-type: none"> <li>• Digital financial literacy;</li> <li>• Business planning and debt management; and</li> <li>• E- Commerce &amp; internet banking</li> </ul> <p>The trainings were conducted online given the Covid-19 pandemic restrictions, accessible from the home or office.</p>
<p>3</p>	<p>Implement curricula and training programs to strengthen the financial and digital literacy capabilities of all children and adults</p>	<p>Evidence of financial literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>• CEFI is closely working with Department of Education (DOE) to develop a curriculum for financial education, which is to be embedded into the core curricular for school age children in both primary and secondary schools. Discussions relating</li> </ul>

		<p>to content and teacher guide handbook, teacher training and funding issues are ongoing.</p>
		<p>Evidence of digital literacy included in primary, secondary, tertiary curricula:</p> <p>Ongoing as per point 2 above.</p>
<p>4</p>	<p>Consumer Protection</p>	<p>Evidence of consumer protection framework/guidelines defining customer rights and provider responsibilities, and initiatives undertaken towards implementation:</p> <ul style="list-style-type: none"> <li>• Conducted a diagnostic study regarding the financial consumer protection regulatory framework and industry practices in Papua New Guinea. The findings and recommendations have been published.</li> <li>• Draft regulation has been developed and industry consultation completed.</li> <li>• Consumer testing of Key Fact Statement to be issued by financial institutions is in progress.</li> <li>• Based on the recommendations from the public and industry, the scope of the framework changed and instead of regulation, a comprehensive FCP Act is prepared, and further consultation is in progress.</li> </ul> <p>Moreover, institutional structuring to administer the regulation is in progress.</p> <p>Evidence of customer grievance redressal framework/ guidelines and mechanisms in the financial sector:</p> <ul style="list-style-type: none"> <li>• Bank of PNG has a project for consumer protection, and it aims to have in place a consumer protection unit in the bank to oversee financial customer complaints.</li> </ul> <p>Evidence of privacy and data protection laws/ policies for digital finance customers and service providers:</p> <ul style="list-style-type: none"> <li>• Not applicable</li> </ul>

<p><b>5</b> Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy and strategy formulation and to monitor the achievement of national strategies</p>	<p>Availability of framework to collect supply-side data from the digital financial service providers and other financial service providers by the regulators:</p> <ul style="list-style-type: none"> <li>The financial inclusion core data is a comprehensive mandatory quarterly report submitted to BPNG/CEFI. Data quality and integrity is something the bank is working on with CEFI and ADB in an attempt to migrate core FI data to an online portal.</li> </ul> <p>Type (i.e., gender disaggregated, geographic, sector specific etc.) and frequency of digital financial services and financial inclusion related data being collected:</p> <ul style="list-style-type: none"> <li>Not applicable</li> </ul> <p>The core FI data CEFI currently collates can be categorized into specific formats. However, data integrity remains an issue. We believe this will be addressed as soon as we go online on the proposed data portal.</p>
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Country: **Tonga**

Respondent: **UNCDF Tonga**

Goals	Activities, Programmes and Results
<p><b>1</b> All citizens have access to and are regularly using a range of responsive and regulated digital financial products and services to fulfil their financial goals</p>	<p>Number of adult citizens<sup>11</sup> having a registered digital financial product and services account<sup>12</sup>: Or % of adult population with a digital finance service account</p> <ul style="list-style-type: none"> <li>Data on DFS is yet to be collected by NRBT from Banks</li> </ul> <p>% of adult population with a registered mobile money account:</p> <ul style="list-style-type: none"> <li>3.5% of total population are registered with Digicel Mycash</li> </ul> <p>% of adult population actively using<sup>13</sup> mobile money account:</p> <ul style="list-style-type: none"> <li>3% - 90 days</li> </ul> <p>Number of active DFS agents per 10,000 adults:</p> <ul style="list-style-type: none"> <li>Total number of agents in Tonga is 7 agents, therefore approximately 1 per 10,000 adults</li> </ul>

	<p>Key activities/ programs undertaken to widen access and usage of digital financial services by country stakeholders (Please mention total number of programmes/awareness campaigns undertaken during this year, and % of population reached through these programmes/ campaigns)</p> <p>UNCDF's Pacific Digital Economy Programme is undertaking the following projects:</p> <ol style="list-style-type: none"> <li>1. e-Commerce platform</li> <li>2. Agent/merchant network expansion project</li> <li>3. Innovation: Capacity building for ESO's</li> </ol>
<p>2 Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19 recovery and climate disaster risks</p>	<p>(Highlight initiatives like digital finance innovation hub/ accelerator programs/ startup incubators/ regulatory sandbox etc., number of projects/ startups supported by these initiatives and level of investment (US\$))</p> <ul style="list-style-type: none"> <li>• PDEP – Innovation: Capacity building for ESO's – USD 200,000</li> </ul>
<p>3 Implement curricula and training programs to strengthen the financial and digital literacy capabilities of all children and adults</p>	<p>Evidence of financial literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.edu.gov.to/">http://www.edu.gov.to/</a></li> </ul> <p>Evidence of digital literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.edu.gov.to/">http://www.edu.gov.to/</a></li> </ul> <p>Evidence/ Development of financial and digital literacy framework targeted towards adults, and key programs delivered under this framework, including data on number of such literacy programmes and people covered (if available):</p> <ul style="list-style-type: none"> <li>• PDEP – Innovation: Capacity building for ESO's – USD 200,000</li> </ul>
<p>4 Strengthen consumer protection measures, including privacy and data protection, to</p>	<p>Evidence of consumer protection framework/guidelines defining customer rights and provider responsibilities, and initiatives undertaken towards implementation:</p>



<p>address increasing risks associated with a rapidly developing digital economy</p>	<ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Evidence of customer grievance redressal framework/ guidelines and mechanisms in the financial sector:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.reservebank.to/data/documents/forms/NRBT_CustomerComplaintForm.pdf">http://www.reservebank.to/data/documents/forms/NRBT_CustomerComplaintForm.pdf</a></li> </ul> <p>Evidence of privacy and data protection laws/ policies for digital finance customers and service providers:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.reservebank.to/data/documents/legals/legislation/NRBT_AMLCFT_Guideline_Apr15.pdf">http://www.reservebank.to/data/documents/legals/legislation/NRBT_AMLCFT_Guideline_Apr15.pdf</a></li> </ul>
<p>5 Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy and strategy formulation and to monitor the achievement of national strategies</p>	<p>Availability of framework to collect supply side data from the digital financial service providers and other financial service providers by the regulators:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.reservebank.to/index.php/financials/financial-access/access-to-finance-reports.html">http://www.reservebank.to/index.php/financials/financial-access/access-to-finance-reports.html</a></li> </ul> <p>Type (i.e., gender disaggregated, geographic, sector specific etc.) and frequency of digital financial services and financial inclusion related data being collected:</p> <ul style="list-style-type: none"> <li>• <a href="http://www.reservebank.to/index.php/financials/financial-access/msmes-atf.html">http://www.reservebank.to/index.php/financials/financial-access/msmes-atf.html</a></li> <li>• There is no data on DFS available in Tonga, other than the access points and MSMEs data set.</li> </ul> <p>Evidence of directly utilizing the data in design/ implementation of financial sector policies/ development strategies and monitoring of NFIS implementation at the national level:</p> <ul style="list-style-type: none"> <li>• NRBT is yet to finalize the draft NFIS</li> </ul>

Country: Kiribati

Respondent: \_\_\_\_\_

Goals	Activities, Programmes and Results
1	<p>All citizens have access to and are regularly using a range of responsive and regulated digital financial</p> <p>Number of adult citizens having a registered digital financial product and services account Or % of adult population with a digital finance service account.</p>

## products and services to fulfil their financial goals

### The state of digital in Kiribati in 2023<sup>1</sup>

Here are the essential headlines for digital adoption and use in Kiribati in early 2023:

- 71.0 thousand internet users in Kiribati at the start of 2023, when internet penetration stood at 53.6 %.
- 45.2 thousand social media users in January 2023, equating to 34.1 % of the total population.
- 67.2 thousand cellular mobile connections were active in Kiribati in early 2023, with this figure equivalent to 50.8 % of the total population.

### Finance Sector Overview<sup>2</sup>

Kiribati's finance sector is limited in its size and scope of operations. It has just one commercial bank, ANZ Kiribati, which is a joint venture between ANZ Banking Group and the Government of Kiribati. There are two public financial institutions: the Development Bank of Kiribati and the Kiribati Provident Fund. These are complemented by the state-owned Kiribati Insurance Corporation and a few credit unions that are very small in size and whose operations are largely limited to their members. Private sector credit is expanding in Kiribati, aided by the two public financial institutions. The International Monetary Fund (IMF) reported in 2016 that ANZ Kiribati largely served the public sector and the large private sector customers, while the Development Bank of Kiribati and the Kiribati Provident Fund provided most of the personal and small business loans.

### Rise of Digital Money<sup>3</sup>

Category	Description
Currency	Kiribati does not have a central bank nor a national currency. Australian dollars are in use in the country.
Payment Infrastructure	There is no domestic central bank operated payment infrastructure, but the payment system is facilitated via CBRs with ANZ Bank.
Payment Services	There is one licensed bank in Kiribati and there are 10 automated teller machines per 100,000 people.
Digital Identification	There is no digital identification system in place.
Central Bank Digital Currency,	There are no unbacked crypto assets used in the country.

<sup>1</sup> <https://datareportal.com/reports/digital-2023-kiribati>

<sup>2</sup> <https://www.adb.org/sites/default/files/publication/530241/pacific-finance-sector-kiribati.pdf>

<sup>3</sup> [file:///C:/Users/lusiana.nasegai/Documents/Lusi%20Doc%202024/MPG%20Desk%20Research/Nauru/RDMEA%20\(3\).pdf](file:///C:/Users/lusiana.nasegai/Documents/Lusi%20Doc%202024/MPG%20Desk%20Research/Nauru/RDMEA%20(3).pdf)

Crypto Assets, and Stablecoins	
Legal	Kiribati does not have a currency law. A supervisory and regulatory framework on payment system and payment services is currently under formulation with the help of IMF technical assistance.

***Kiribati Digital Government Project*** will build the government's capability to deliver online (internet based) services to the population, including on the outer islands, over a 5-year period.<sup>4</sup>

- Data promoting safe and secure internet use and data protection.
- Include work to drive women's business opportunities, improve women's access to online services, including healthcare, social protection, education, and financial services, as well as improving online safety for women and girls.
- It strengthens core government information systems and database to enable rollout of digital services, issuance of digital IDs for up to 20,200 people and the development of a one-stop national government portal to facilitate individuals and business access to public information and key services.

### **Money Matrix**

The MoneyMatrix platform supports payment processing in Kiribati for all credit and debit card types plus a wide range of e-wallets, vouchers, instant bank transfer, and mobile solutions allowing you to localise your payment portfolio for Kiribati.

### **Vodafone M-Paisa<sup>5</sup>**

VODAFONE Mobile money service that enables you to send and receive money (E-value) in Kiribati, make business payments and receive money from abroad directly on your mobile. M-PAiSA is available to registered subscribers on the VODAFONE Enetwork.

### **% of adult population with a registered mobile money account:**

No Data

- Mobile cellular subscriptions (per 100 people) - 45.76

<sup>4</sup> <https://www.worldbank.org/en/news/press-release/2022/05/25/boost-for-digital-services-and-sanitation-in-kiribati>

<sup>5</sup> [https://www.vodafone.com.ki/About-Us/Term-and-Conditions-\(MPAiSA\)](https://www.vodafone.com.ki/About-Us/Term-and-Conditions-(MPAiSA))

- Population Covered by at Least 3G (percent, 2020) – 72
- Population Covered by at Least 4G (percent, 2020) - 53

**% of adult population actively using mobile money account:**

No Data

**Number of active DFS agents per 10,000 adults:**

No data.

**Key Activities/ Programmes undertaken to widen access and usage of digital financial services by country stakeholders (Please mention total number of programmes/awareness campaigns undertaken during this year, and % of population reached through these programmes/ campaigns)**

- International connectivity and access to high-speed internet are however still limited, constraining the ability of individuals and business to unlock the full potential of a digital economy.<sup>6</sup>
- Legal and regulatory reforms are needed to support digital government services and the development of the digital economy. Data governance is an immediate policy priority. Reforms are needed to accelerate and facilitate the digital transformation and put in place data protection safeguards to strengthen privacy, prevent the misuse of data and give people in Kiribati the trust and confidence to access digital government services and participate in the digital economy. Legislative reforms to address harmful digital communications, alongside targeted awareness activities to bridge knowledge gaps at a community level, is a critical priority.
- Programme expansion plans have now been put in place with Kiribati becoming the first Micronesian country for PDEP to establish presence in and provide support towards building the “Digital Financial Services (DFS) Ecosystem”<sup>7</sup> PDEP intends to work with both the private and public sector in Kiribati to build inclusive digital economies targeting low-income households with cross-cutting focus on women, youth, migrant and MSMEs.

Digital and Financial Literacy (DFL) Baseline Survey

<sup>6</sup> <https://documents1.worldbank.org/curated/en/164781631299073813/pdf/Concept-Project-Information-Document-PID-Kiribati-Digital-Government-Project-P176108.pdf>

<sup>7</sup> [https://unctad.org/system/files/information-document/Pacific\\_Digital\\_Economy\\_Programme\\_2022\\_Semi\\_Annual\\_Report\\_en.pdf](https://unctad.org/system/files/information-document/Pacific_Digital_Economy_Programme_2022_Semi_Annual_Report_en.pdf)

		<p>PDEP has formally launched the implementation of the Digital and Financial Literacy (DFL) Baseline Survey in 8 Pacific Island Countries: Fiji, Vanuatu, Solomon Islands, Papua New Guinea, Samoa, Tonga, Kiribati, and Timor-Leste partnering with Tebbutt Research Pty. Ltd.</p>
<p><b>2</b></p>	<p><b>Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19 recovery and climate disaster risks</b></p>	<p><b>(Highlight initiatives like digital finance innovation hub/ accelerator programs/ startup incubators/ regulatory sandbox etc., number of projects/ startups supported by these initiatives and level of investment (US\$))</b></p> <p>Kiribati Rapid eTrade Readiness Assessment<sup>8</sup> ICT Infrastructure and Services</p> <p>To address these challenges, the MICTTD has developed a four-year strategic plan aligned with the KV20. Objective 30 of the strategy highlights proposed actions to ensure improved communications infrastructure, including Internet connection:</p> <ul style="list-style-type: none"> <li>• Establishment of telecommunications infrastructure (tower, building) in the outer islands to support mobile rollout – i.e., the infrastructure is intended to be used by any mobile operator who wishes to operate on the other islands. Multiple operators can also use the same infrastructure since the sharing of the telecommunication infrastructure is encouraged and provided for in the National ICT Policy.</li> <li>• Improved ICT Infrastructure at the MICTTD.</li> <li>• A submarine cable connected to Kiribati will provide citizens with much more affordable and faster Internet services, which in turn has the potential to improve social and economic development in the country.</li> </ul> <p>- 15% of the population is financially included. Jointly led by <a href="#">Kiribati's Ministry of Tourism, Commerce, Industry, and Cooperatives (MTCIC)</a> and <a href="#">the United Nations Development Programme (UNDP)</a>, the development of a new Cooperative Policy and Cooperative Bill in the summer of 2022 lay the foundation for effective, equitable, and inclusive policies inspired by successful practices across various regions.<sup>9</sup></p> <p>Kiribati Digital Government Project 2021<sup>10</sup> The Kiribati Digital Government Project's development objective is to build the foundations and strengthen the</p>

<sup>8</sup> [https://unctad.org/system/files/official-document/dtlstict2019d15\\_en.pdf](https://unctad.org/system/files/official-document/dtlstict2019d15_en.pdf)

<sup>9</sup> <https://www.undp.org/pacific/blog/building-sustainable-future-together-kiribatis-journey-cooperatives>

<sup>10</sup> [https://www.mict.gov.ki/sites/default/files/Kiribati\\_Digital\\_ESMP\\_Appraisal.pdf](https://www.mict.gov.ki/sites/default/files/Kiribati_Digital_ESMP_Appraisal.pdf)

		<p>government of Kiribati’s technical and institutional capacity for digital public service delivery.</p> <p>COVID-19 learning recovery<sup>11</sup>  Kiribati, like many other countries, implemented school closures for whole 1 term (February to May 2022) To ensure that children's learning does not fall behind, Kiribati implemented a number of interventions. These included: a ‘Learning Passport’ – a digital learning platform accessible both online and offline that provides access to structured learning material; radio lessons; and paper-based materials delivered by teachers through dropbox. Teachers also received specialized training to be better equipped for supporting pupils’ after they return to school, in areas such as well-being, minimizing learning loss, and engaging parents and pupils remotely. Should the pandemic escalate again, a system of learning shifts, utilising what has been learnt over this period, would be employed rather than closing schools completely to minimize the impact on learning outcomes.</p>
3	<p><b>Implement curricula and training programmes to strengthen the financial and digital literacy capabilities of all children and adults</b></p>	<p><b>Evidence of Financial literacy included in primary, secondary, tertiary curricula:</b></p> <ul style="list-style-type: none"> <li>- Higher education and training programs have not yet embraced curricula suitable to develop e-commerce skills. In 2019, Kiribati commenced the process of mainstreaming ICT in Education system at secondary school level. The University of the South Pacific however has developed a regional e-learning platform; students and businesses alike can take advantage of those on the South Tarawa campus. Other challenges include limited awareness among stakeholders about the linkages between ICT and trade, and low levels of digitalization and sophistication of MSMEs.</li> </ul> <p>Priority actions for e-commerce development in Kiribati  Incorporate basic digital skills into the national curriculum beginning in primary school  20-30% responded from private and public sector believe could enhance e-commerce in Kiribati.</p> <p><b>Evidence of Digital literacy included in primary, secondary, tertiary curricula:</b></p> <ul style="list-style-type: none"> <li>• Establishment of e-Centers for schools in the outer islands. These e-Centers will allow students and teachers to access the wealth of information available on the web. They will also be able to use the Internet to access</li> </ul>

<sup>11</sup> <https://transformingeducationsummit.sdg4education2030.org/system/files/2022-09/Kiribati-National%20Statement%20of%20Commitment.pdf>

resources that are otherwise difficult to obtain through traditional means of communication.

#### Transforming Education<sup>12</sup>

- Implementing alternative learning pathways to integrate OOSC into formal education, as well as developing technical and vocational education opportunities to offer more direct routes to income generating opportunities aligned with market needs.
- Using ICT for remote teaching and learning, including training of teachers so all children access the quality of education with no one is to be left behind.

Kiribati commits to reviewing its curricula focusing on:

- Early Childhood Development (to improve foundational literacy, numeracy and school readiness);
- ICT literacy;
- SDG and global citizenship education;
- Creativity;
- Developing TVET pathways as part of formal curricula.

Digital Transformation for just and equitable learning

Kiribati commits to:

- Increasing the ICT infrastructure at all secondary schools and majority of primary schools;
- Improving the stability of internet connection in those schools;
- Developing a full-fledged ICT literacy curriculum;
- Expanding the Learning Passport to include secondary and technical curricula and for non-formal education purposes (particularly to make reintegration of out-of-school children easier),
- Deploying digital tools for school and pupil data collection and reporting allowing for real-time analysis.

**Evidence/ Development of Financial and digital literacy framework targeted towards adults, and key programmes delivered under this framework, including data on number of such literacy programmes and people covered (if available):**

Priority actions for e-commerce development in Kiribati  
30-40% Provide technical assistance and financial literacy training to MSMEs responded from private and public sector believe could enhance e-commerce in Kiribati.

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<sup>12</sup> <https://transformingeducationsummit.sdg4education2030.org/system/files/2022-09/Kiribati-National%20Statement%20of%20Commitment.pdf>

		<p>The digital landscape in Kiribati is currently undergoing significant transformation with the new undersea fibre optic cable providing highspeed connectivity. Enhanced access and increasing uptake of mobile digital technologies has profound implications for children’s online safety, opening up potential for exposure to new risks of harm. Simultaneously, however, these technologies offer a wide range of new possibilities and benefits for children’s education, health and development.<sup>13</sup></p>
4	<p><b>Strengthen consumer protection measures, including privacy and data protection, to address increasing risks associated with a rapidly developing digital economy</b></p>	<p><b>Evidence of consumer protection framework/guidelines defining customer rights and provider responsibilities, and initiatives undertaken towards implementation:</b></p> <p>Kiribati Development Plan 2020-2023<sup>14</sup>  <b>STRENGTHENING COLLABORATION WITH DEVELOPMENT PARTNERS</b> - Our development partners supplement much-needed financial resources, technical expertise and short-term capacity. They also play a critical role in the implementation of much-needed reforms in many priority areas of social and economic development.</p> <p>Kiribati’s cooperative law requires revision and it’s government has demonstrated commitment to cooperative development and is currently working on developing a national cooperative policy and revising its law (as of March 2020). Free training to registered cooperatives, conducting awareness programs, working on development projects for strengthening cooperatives, are examples of best practices in the promotion of cooperative business structures in Kiribati.<sup>15</sup></p> <p>Review of Kiribati Consumer Protection Legislative Framework<sup>16</sup> - 25<sup>th</sup> August 2021 UNDP recruited an IC to review Consumer Protection Act 2001, Consumer Protection Regulations 2004, identify enforcement gaps and draft a new Consumer Protection Bill. The review is expected to strengthen consumer protection enforcement legislative framework to promote and advance socio-economic welfare of consumers in Kiribati and to establish a consistent enforcement regime. The Consumer Protection Act 2001 is not compatible with the current open trade policy regime, with inadequate mechanism to enhance inter-agency coordination to reinforce consumer</p>

<sup>13</sup> [https://www.plan.org.au/wp-content/uploads/2021/11/PIA0155\\_PacificBriefs\\_Kiribati\\_WEB.pdf](https://www.plan.org.au/wp-content/uploads/2021/11/PIA0155_PacificBriefs_Kiribati_WEB.pdf)

<sup>14</sup> <https://policy.asiapacificenergy.org/sites/default/files/Kiribati%20Development%20Plan%202020-2023.pdf>

<sup>15</sup> <https://coops4dev.coop/sites/default/files/2020-04/Legal%20Frameworks%20Highlights%20-%20Kiribati.pdf>

<sup>16</sup> [https://jobs.undp.org/cj\\_view\\_job.cfm?cur\\_job\\_id=101108](https://jobs.undp.org/cj_view_job.cfm?cur_job_id=101108)



protection. The country suffers from inadequate local compliance to standards and weak enforcement of Consumer Protection Act 2001 and Consumer Protection Regulations 2004, which have exposed consumers to risk especially under the current open market regime.

**Evidence of customer grievance redressal framework/ guidelines and mechanisms in the financial sector:**

The Kiribati Development Plan 2020 – 2023<sup>17</sup> is the second development plan to implement the Kiribati Vision 2020 of a sustainable healthier, wealthier and peaceful nation. It focusses on the same six Key Priority Areas (KPAs) used in the former KDP 2016 – 2019:

- 1: Harnessing our Human Wealth
- 2: Growing our Economic Wealth and Leaving No-One Behind
- 3: Improving our Health
- 4: Protecting our Environment and Strengthening Resilience
- 5: Good Governance
- 6: Developing our Infrastructure.

**Evidence of privacy and data protection laws/ policies for digital finance customers and service providers:**

E-Commerce Related Strategies in the ICT Policy (2019)  
The 2019 ICT Policy details the strategies and plans needed to achieve the identified goals. Four (4) have direct implications for the country's readiness for e-commerce:

- E-Government Project and Government ICT- Restructuring of ICT workforce in all of Government so that the (limited number of) resources are fully utilized to support the e-Government initiative. Capacity-building opportunities for ICT officers to be encouraged.
- Cyber security and Cyber safety- Raise the level of knowledge about cybersecurity and identify ways to protect the children, citizens, and businesses of Kiribati against cyberthreats to the highest level.
- E-Commerce - Government will enact e-transaction legislation to facilitate electronic transactions and the broader objectives of e-commerce. Develop and adopt data protection and privacy policies and laws in accordance with international best practices. Educate consumers about electronic commerce to enhance the decision-making process on e-commerce and to promote awareness of the consumer protection

<sup>17</sup> <https://policy.asiapacificenergy.org/sites/default/files/Kiribati%20Development%20Plan%202020-2023.pdf>

		<p>framework that will apply to online services. Promote the use of e-commerce by the business community, taking into consideration current low levels of awareness, access, and usage of ICT. The government will promote online payments and e-Money services. The government will push for mobile money services to be introduced in rural areas for those who have no bank accounts. Government will promote awareness amongst vendors, users, and service providers on the need for compliance with banking laws and approval to operate e-commerce services.</p> <ul style="list-style-type: none"> <li>- Skills and capacity development for ICT - The Government will ensure proper skills development across the ICT sector. It will develop a Human Resource Development Plan to help the sector grow. It will collaborate with academic institutions to bridge the gap between academic curricula and what is required in the field.</li> <li>- The Government of Kiribati has also endorsed a national ICT Policy in June 2019, that includes development targets for improving and expanding digital connectivity and ICT infrastructure in the country including the need for ICT to enact a Cyber-crime legislation, develop data protection privacy and law and review the Evidence Act including elements on ecommerce and cyber security.<sup>18</sup></li> <li>- No specific data protection legislation has been adopted.</li> <li>- The National ICT Policy and Investment Policy Framework contains provisions in preparation for a data protection and privacy law, electronic transaction bill, review of evidence act, and the establishment of Internet banking.</li> </ul>
5	<p><b>Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy and strategy formulation and to monitor the achievement of national strategies</b></p>	<p><b>Availability of framework to collect supply side data from the digital financial service providers and other financial service providers by the regulators:</b></p> <p>With the vision of empowering learners through the inclusive use of ICTs, the 2021-2025 ICT in Education Master Plan aims to support ICT usage in education that upholds culturally grounded and high-quality education.<sup>19</sup></p> <p>KIRIBATI DEVELOPMENT PLAN 2020 - 2023</p>

<sup>18</sup> [https://unctad.org/system/files/official-document/dtlstict2019d15\\_en.pdf](https://unctad.org/system/files/official-document/dtlstict2019d15_en.pdf)

<sup>19</sup> <https://education-profiles.org/oceania/kiribati/~technology>

Statistics are vital for good decision making. The availability of quality and reliable data will enable policy formulation and evidence-based decision making.

#### Kiribati 20 years Visions 2016-2036

Kiribati 20 Year Vision is the long-term national development plan with a multi-sectoral approach. The KV20 is an ambitious, long term development planning framework and the first of its kind for Kiribati. Its overall objective is to bolster national efforts in transforming the lives of an I-Kiribati and economy into a resilient, wealthy, healthy and secure nation.

**Digital competency frameworks:** The government of Kiribati has not developed a national digital competency framework nor does it adhere to the regional/international digital competency framework. However, the 2021-2025 ICT in Education Master Plan aims to develop a teachers' ICT competency framework. <sup>20</sup>

**Policies, plans and strategies:**<sup>21</sup> With the vision of empowering learners through the inclusive use of ICTs, the 2021-2025 ICT in Education Master Plan aims to support ICT usage in education that upholds culturally grounded and high-quality education. With UNESCO's technical and financial support, the Government of Kiribati has developed and endorsed ICT in Education Master Plan 2021-2025, with a vision that 'Learners in Kiribati are empowered through inclusive use of ICTs to face the challenges of the digital era' which aligns with its national ICT Policy (2019)

#### **Type (i.e., gender disaggregated, geographic, sector specific etc.) and frequency of digital financial services and financial inclusion related data being collected:**

NO Data

Data deprivation in Kiribati hinders evidence-based policy making.

- Policymakers must consider a range of complex trade-offs regarding service delivery and investments at the national level and identify priorities in the context of the challenges they face. The evidence base for these decisions, however, is thin.

<sup>20</sup> <https://education-profiles.org/oceania/kiribati/~technology>

<sup>21</sup> <https://education-profiles.org/oceania/kiribati/~technology>

- Data collection in the Pacific Island countries lags many regions in the developing world in terms of data quality, frequency of collection, **and the timeliness of results**. Kiribati is among the most data deprived countries in the region, with the latest available data point for poverty measurement over 10 years old.

**Evidence of directly utilizing the data in design/ implementation of financial sector policies/ development strategies and monitoring of NFIS implementation at the national level:**

PDEP Enabling Policy and Regulation is to Support development of NFIS Tonga and Kiribati.<sup>22</sup>

**Country: Nauru**

**Respondent:** \_\_\_\_\_

**Goals**

**Activities, Programmes and Results**

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<sup>22</sup> [https://unctad.org/system/files/information-document/Pacific\\_Digital\\_Economy\\_Programme\\_2022\\_Semi\\_Annual\\_Report\\_en.pdf](https://unctad.org/system/files/information-document/Pacific_Digital_Economy_Programme_2022_Semi_Annual_Report_en.pdf)

<p><b>1 All citizens have access to and are regularly using a range of responsive and regulated digital financial products and services to fulfil their financial goals</b></p>	<p><b>Number of adult citizens having a registered digital financial product and services account: Or % of adult population with a digital finance service account.</b></p>		
	<p>Network Coverage in Nauru Digicel Nauru owns and operates eight mobile towers providing mobile and Wi-Fi services. It has 13,000 mobile subscriptions (133 % of the population. Apart from some dead spots, the island has nearly full mobile coverage with 75% on 4G LTE, the rest is being upgraded from 3G.</p>		
	<ul style="list-style-type: none"> <li>Given Nauru’s strong mobile phone presence (about 90 percent of the population has access), digital solutions that enable fiat transactions may alleviate concerns related to limited access to financial services, for example, through mobile money and online banking enabled by improvements in digital technology.</li> <li>No data on % population with digital finance service account.</li> <li>The island's Internet service is provided by CenPacNet and Digicel Nauru</li> </ul>		
	<p>Digicel Pacific</p>		
	<p>Online Bill Payment</p>		
	<p>- My Digicel Online Top Up</p>		
	<p>Category</p>	<p>Description</p>	
	<p>Currency</p>	<p>Nauru does not have a central bank nor a national currency. Australian dollars are in use in the country.</p>	
	<p>Payment Infrastructure</p>	<p>There is no domestic central bank operated payment infrastructure.</p>	
	<p>Payment Services</p>	<p>There is one bank licensed in the country.</p>	
<p>Digital Identification</p>	<p>There is no digital identification system in place.</p>		
<p>Central Bank Digital Currency, Crypto Assets, and Stablecoins</p>	<p>There are no unbacked crypto assets used in the country.</p>		
<p>Legal</p>	<p>Nauru does not have a currency law.</p>		
<p><b>% of adult population with a registered mobile money account:</b></p>			
<ul style="list-style-type: none"> <li>No Data on % of adult population with registered mobile money account.</li> </ul> <p>Rapyd</p> <ul style="list-style-type: none"> <li>One way to create payment, payout and fintech experiences.<sup>23</sup> Disburse funds to Nauru - They also accept bank transfers and bank credits.</li> <li>Learn how Rapyd can deliver benefits like: <ul style="list-style-type: none"> <li>196% return on investment</li> <li>\$2.5 million in transaction and foreign exchange fee savings</li> </ul> </li> </ul>			
<p><b>% of adult population actively using mobile money account:<sup>24</sup></b></p>			
<p>Description</p>	<p>Most recent Years</p>	<p>Most Recent Value</p>	

<sup>23</sup> <https://www.rapyd.net/network/country/nauru/>

<sup>24</sup> <https://datareportal.com/reports/digital-2023-nauru>

Internet Users	2023	10.7 thousand 83.9% penetration
Social Media Users	2023	8,250 64.8% of the total population
Cellular Mobile Connections	2023	15.3 thousand 119.9% of the total population

**Key Activities/ Programmes undertaken to widen access and usage of digital financial services by country stakeholders (Please mention total number of programmes/awareness campaigns undertaken during this year, and % of population reached through these programmes/ campaigns)**

**Strengthening Financial Inclusion and Financial Sector Development**

- Nauru's weak banking regulation resulted in poor management of financial institutions and increased exposure to money laundering activities. In 2000, the intergovernmental Financial Action Task Force identified Nauru's efforts to fight against money laundering activities as inadequate. The Government of Nauru revoked licenses to cease operation of all banks, including offshore banks registered in the country, the Republic of Nauru Finance Corporation, and its only state-owned Bank of Nauru. These events affected Nauru's financial reputation. It operated as a cash economy for over 15 years.<sup>25</sup>
- The expected impact of the Technical Assistance was the improved ability of the local community to manage their finances to save and invest for the future. The expected outcome of the TA was the effective use of prudently regulated financial services by the Nauruan community increased. The TA had three outputs:
  - (i) improved financial literacy.
  - (ii) enhanced financial sector policy framework, and regional knowledge sharing.

**(Highlight initiatives like digital finance innovation hub/ accelerator programs/ startup incubators/ regulatory sandbox etc., number of projects/ startups supported by these initiatives and level of investment (US\$))**

- Nauru does not have a Central Bank and the only banking institutions operating on Nauru are the Bendigo Bank, which opened an agency in June 2015 offering traditional, internet, and telephone banking deposit and withdrawal services, and Western Union, which provides wire transfer services. The economy remains largely cash-based and reliant on formal and informal remittances.<sup>26</sup>

**Recent Developments**

- Staff has been informed that Bendigo Bank Agency has decided to withdraw its operations from Nauru. The exit would lead to a complete loss

<sup>25</sup> <https://www.adb.org/sites/default/files/project-documents/50002/50002-001-tcr-en.pdf>

<sup>26</sup> <https://www.knowyourcountry.com/nauru>

of banking services in Nauru and disrupt national and international payments, thereby limiting access to essential imports.

### **Financial Sector Policies**

- Cross boarder payments remain limited and costly largely due to the relatively small size for the financial. Cross-border payments remain limited and costly largely due to the relatively small size of the financial sector, population, and economy. Currently, Nauru is unable to access correspondent banking transactions in US dollar, Euro, British Pound, and Fiji dollar through Bendigo Bank Australia. The lack of correspondent banking relations (CBRs) in major currencies makes foreign currency transactions more costly, limits Nauru's access to the international financial system, and may complicate some debt repayments and the receipt of donor aid and grants. Factors that have contributed to limited financial services in Nauru include changing business model of foreign banks, limited business opportunities for banks, and relatively high costs of banking operations. Perceived legacy issues continue to pose challenges in assessing correspondent banking services.<sup>27</sup>

### **Financial Sector Development**

- Nauru has limited financial services and cross-border payment facilities.
- The financial sector in Nauru remains underdeveloped, with limited access to financial services. Like other microstates in the Pacific, Nauru does not have its own currency or central bank and uses the Australian dollar as the legal tender. Nauru also lacks any domestic formal financial institutions. The only financial institution in Nauru, Bendigo Bank Agency, is an agency of an Australian financial institution, and is subject to Australian financial supervision and AML/CFT regulations and supervision (AUSTRAC). AUSTRAC is also the Financial Intelligence Unit (FIU) to which Bendigo files Suspicious Transaction Reports (STRs). Under the agency agreement, Bendigo Bank Agency can provide Nauru's residents access to basic financial services, including savings and term deposits, ATM access, and electronic payments through internet banking and international debit cards. However, the agency bank does not offer loans or asset management products in Nauru (IMF, 2017). An agent of Western Union, an international money transfer operator (not a deposit taking bank) was also established in Nauru in 2008 and was registered through letters of exchange with the Ministry of Justice that administers the Business License Act. Western Union in Nauru is supervised by New Zealand's AML/CFT supervision authority, NZFIU. Connectivity to the global and regional financial sector is limited partly due to Nauru's small size, economy, population, and its remoteness.
- Connectivity to the global payment system remains fragile given the limited financial services and cross-border payment facilities. Western Union in Nauru, while providing global money transfer services, can only facilitate small scale transactions up to a limit of AUD 50,000 per day (for total nation-wide transactions). Bendigo Bank Agency in Nauru does not

<sup>27</sup> <https://www.elibrary.imf.org/view/journals/002/2023/376/article-A001-en.xml>

	<p>have direct CBRs but accesses CBR services indirectly via Bendigo Bank Australia. Bendigo Bank Australia is supervised by Australian authorities. Bendigo Bank Agency does not have access to CBRs for foreign currency transactions in US dollars, British Pounds, Euros, or Fiji dollars through Bendigo Bank Australia.</p> <ul style="list-style-type: none"> <li>• A further restriction of CBRs and financial services could affect Nauru’s financial inclusion and access, complicates the receipt of donor aid and grants, and limit economic growth, investments, and diversification (IMF, 2021). Further pressure on financial services would disrupt national and international payments and cross-border flows, trade, and remittances, risking exclusion from international payment networks.</li> </ul> <p><b>Central bank Digital currencies as a potential response to some particularly Pacific problems</b></p> <ul style="list-style-type: none"> <li>• An article on Central Bank Digital Currencies as a potential response to some particularly Pacific Problems.<sup>28</sup> Despite years of effort, financial inclusion persists as a major challenge in the Pacific Island Countries (PICs), with many in the region still lacking access to financial services. This article argues that central bank digital currencies (CBDCs) offer a potentially highly efficacious solution to (i) the financial inclusion challenges of the PICs and (ii) the problem of high remittance costs that currently serve as a tax on the earnings of Pacific Islanders abroad. We identify the key challenges that may inhibit the rollout of CBDCs in PICs but argue that in time such a rollout is nonetheless highly likely – since the key drivers of CBDC development in the region are likely to be external to PICs themselves. While their potential is very significant, we conclude that now is not the time to issue a CBDC in the region, but it is the time to begin laying the groundwork for this innovation by developing the expertise required within the region’s central banks.</li> </ul> <p><b>Rise of Digital Money Implication for Pacific Island Countries</b></p> <p>(iii) Nauru does not have a central bank nor a national currency. Australian dollars are in use in the country. There is no domestic central bank operated payment infrastructure. There is one bank licensed in the country in place.<sup>29</sup> Nauru is unable to access correspondent banking transactions in US dollar, Euro, British Pound, and Fiji dollar through Bendigo Bank Australia (Republic of Nauru: 2023 Article IV Consultation Staff Report).</p>
<p><b>2 Support the development of a vibrant digital finance innovation ecosystem to address prevailing</b></p>	<p><b>Evidence of Financial literacy included in primary, secondary, tertiary curricula:</b></p> <ul style="list-style-type: none"> <li>• Regional Knowledge Sharing – representative of the Nauru government participated in the 3<sup>rd</sup> Asia Finance Forum, whereby the TA coordinated with regional programs, such as the Pacific Financial Inclusion Program, to leverage their expertise and learning to integrate financial education into the Nauru School curriculum.<sup>30</sup></li> </ul>

<sup>28</sup> <https://www.tandfonline.com/doi/abs/10.1080/10192557.2022.2045706>

<sup>29</sup> <https://www.imf.org/-/media/Files/Publications/DP/2024/English/RDMEA.ashx>

<sup>30</sup> <https://www.adb.org/sites/default/files/Evaluation%20Document/891241/files/tcrv-9143.pdf>



<p><b>and rapidly changing priorities and risks, including Covid-19 recovery and climate disaster risks</b></p>	<ul style="list-style-type: none"> <li>•</li> </ul>
<p><b>3 Implement curricula and training programmes to strengthen the financial and digital literacy capabilities of all children and adults</b></p>	<p><b>Evidence of Digital literacy included in primary, secondary, tertiary curricula:</b></p> <p>Nauruan Education <sup>31</sup> - it provides a broader context of educational development in Nauru, suggesting that efforts are being made to modernize and improve the education system, which likely includes aspects of digital literacy, although not explicitly stated.</p> <ul style="list-style-type: none"> <li>• Infrastructure Development: The article mentions infrastructure development as part of the educational support provided to Nauru. This could encompass the development of digital infrastructure such as internet connectivity, computer labs, or technology-enhanced learning environments, which are essential for fostering digital literacy.</li> <li>• There is a discussion about curriculum development and approaches to teaching and learning. While the focus is primarily on pedagogical methods, there's an implicit acknowledgment of the importance of adapting curricula to encompass digital skills and literacy in alignment with global trends in education.</li> </ul> <p>The involvement of Australian consultancy teams in various aspects of education, including curriculum development and policy planning, might also include considerations for integrating digital literacy into the education system. Consultants often advocate for modern educational practices, which typically include elements of digital literacy.</p> <p><b>Evidence/ Development of Financial and digital literacy framework targeted towards adults, and key programmes delivered under this framework, including data on number of such literacy programmes and people covered (if available):</b></p> <p><b>Nauru: Strengthening Financial Inclusion and Financial Sector Development<sup>32</sup></b></p> <p>Financial Literacy improved:</p> <ul style="list-style-type: none"> <li>• Around 12% of the households in Nauru, 1000 people benefit from financial literacy activities comprising 50% female.</li> <li>• Low financial literacy and an inadequate financial sector regulatory framework were identified as major challenges undermining Nauruans'</li> </ul>

<sup>31</sup> <https://onlinelibrary.wiley.com/doi/full/10.1111/apv.12403>

<sup>32</sup> <https://www.adb.org/sites/default/files/project-documents/50002/50002-001-tcr-en.pdf>

	<p>sophisticated use of available financial services and access to a broader range of financial products and services.</p> <ul style="list-style-type: none"> <li>• Account ownership at a financial institution or with a mobile-money-service provider, poorest 40% (% of population ages 15+) – Nauru.<sup>33</sup></li> <li>• PICs tend to face challenges to financial services and inclusion, partly due to their relatively small market size and unique physical characteristics.</li> </ul> <p><b>Evidence of consumer protection framework/guidelines defining customer rights and provider responsibilities, and initiatives undertaken towards implementation:</b></p> <p><b>Policy Recommendations</b></p> <ul style="list-style-type: none"> <li>• <b>Digital financial innovations, if appropriately designed and managed, could provide a durable and safe resolution to financial sector challenges, by providing greater access and financial inclusion.</b> Digitization and innovation are a necessary pillar that must be tailored to each country’s circumstances. Given Nauru’s strong mobile phone presence (about 90 percent of the population has access), digital solutions that enable fiat transactions may alleviate concerns related to limited access to financial services, for example, through mobile money and online banking enabled by improvements in digital technology. This could potentially go hand in hand with attracting foreign commercial banks that provide financial services digitally to Nauruan citizens. The implementation of the required AML/CFT measures is essential prior to the commencement of such services, in line with the FATF recommendations, including those related to the use of new technologies and to money transfer services. Remote online banking services (by regional financial institutions that are effectively regulated and supervised by their home jurisdiction, supported by strong bilateral cooperation mechanisms between the Nauruan authorities and their overseas counterparts) could also be provided.</li> <li>• <b>More proactive discussions and concerted actions are needed at the regional level to identify solutions to financial sector pressures in the PICs.</b> Given that such pressures are affecting many PICs, there is a need for enhanced regional efforts and engagement with advanced economies in the region to proactively identify possible regional solutions. The authorities could also use regional platforms including the APG for raising any AML/CFT related issues that constrain the provision of financial or CBR services, whether in Nauru or the broader PICs context, or in relation to requirements of foreign banks. Further donor support could help enable authorities to tailor regional solutions to country specific context.</li> </ul>
<p><b>4 Strengthen consumer protection measures, including privacy and</b></p>	<p><b>Evidence of customer grievance redressal framework/ guidelines and mechanisms in the financial sector:</b></p> <ul style="list-style-type: none"> <li>• <b>Going forward, the authorities are encouraged to continue improving Nauru’s access to formal financial services.</b> Strengthening the business environment to reduce costs of doing business and improve business opportunities for banks needs to be prioritized. Strengthening the</li> </ul>

<sup>33</sup> <https://data.worldbank.org/indicator/FX.OWN.TOTL.40.ZS?locations=NR>

**data protection, to address increasing risks associated with a rapidly developing digital economy**

AML/CFT system is important not only for enhancing access to CBRs but also for bolstering Nauru's overall financial integrity and resilience. Aligning the legal framework with the FATF recommendations can lead to better technical compliance ratings in the ongoing APG assessment, and thereby contribute to alleviating legacy compliance perceptions. Infrastructure gaps that constrain the use of digital payments would also need to be properly addressed. The planned undersea cable project could help improve access to affordable internet services and digital payments.

**Evidence of privacy and data protection laws/ policies for digital finance customers and service providers:**

**Cybercrime policies/ strategies<sup>34</sup>**

- Nauru does not have a cybersecurity or cybercrime policy/strategy, though an attempt was made in [2011](#) in this respect by the International Telecommunication Union – European Commission joint project for [“Capacity Building and ICT Policy, Regulatory and Legislative Frameworks support for Pacific Island Countries”](#) (ICB4PAC) under a national consultation framework.
- Some ideas about Nauru's priorities in this area however can be gleaned from the revised version of its original 2005 development strategy as the [National Sustainable Development Strategy 2019-2030 \(Revised 2019\)](#) (NSDS).

**Specialized Institutions**

- In 2019, Nauru has created a cybersecurity awareness team and has also worked on the RFC 2350 protocol to establish a National CERT. Its main focus will be to raise awareness of governmental network (target to most threats) and to be a point of contact for all governments. For now, they plan only to engage in awareness campaigns and not on response.

Nauru is member of:

- INTERPOL
- Pacific Islands Law Officers' Network
- Pacific Islands Chiefs of Police

Pacific Islands Forum

**Availability of framework to collect supply side data from the digital financial service providers and other financial service providers by the regulators:**

- Low financial literacy and an inadequate financial sector regulatory framework were identified as major challenges undermining Nauruans' sophisticated use of available financial services and access to a broader range of financial products and services. Recognizing the challenges, this technical assistance (TA) was designed to strengthen financial inclusion and financial sector development in Nauru.

Strategy for Fintech Applications in the Pacific Island Countries. <sup>35</sup>

<sup>34</sup> <https://www.coe.int/en/web/octopus/-/nau-1>

<sup>35</sup> <https://www.imf.org/-/media/Files/Publications/DP/2019/English/sfapicea.ashx>

	<p>Fintech alleviate the impact of structural impediments and persistent challenges, such as geographic remoteness and dispersion, small scale, limited infrastructure, and fragile correspondent banking relationships.</p> <p>Digital and Financial Literacy – Pacific regulators have identified low literacy and lack of trust as the main challenges to financial inclusion.</p>
<p><b>5 Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy formulation and to monitor the achievement of national strategies</b></p>	<p><b>Type (i.e., gender disaggregated, geographic, sector specific etc.) and frequency of digital financial services and financial inclusion related data being collected:</b></p> <p><b>Statics and Capacity Development <sup>36</sup></b></p> <ul style="list-style-type: none"> <li>Capacity development is an ongoing challenge for Nauru. The national statistics office is understaffed with weak capacity to collect and process data.</li> </ul> <p><b>Nauru Statistics<sup>37</sup></b></p> <ul style="list-style-type: none"> <li>The Nauru Bureau of Statistics is established as the central statistics office in Nauru. It works in close partnership with the Pacific Community Statistics for Development Division, where most statistical material is published.</li> </ul> <p><b>Evidence of directly utilizing the data in design/ implementation of financial sector policies/ development strategies and monitoring of NFIS implementation at the national level:</b></p> <p><b>Nauru: Strengthening Financial Inclusion and Financial Sector Development <sup>38</sup></b></p> <ul style="list-style-type: none"> <li>Outcome: Effective use of prudently regulated financial services by the Nauruan community increased. 15% increase in average, median, and total account balances held by men and women at Bendigo Bank by May 2021. 20% increase in the number of consumer savings and term deposit accounts open at Bendigo Bank and held by men and women. financial services bill is submitted to Parliament by May 2021(Not achieved).</li> <li>Output: Financial literacy improved. At least 1,000 people benefit from financial literacy activities by May 2021, comprising at least 50% female participants (partially achieved).</li> </ul>

Country:     PALAU    

Respondent: \_\_\_\_\_

**Goals                      Activities, Programmes and Results**

<sup>36</sup> <https://www.elibrary.imf.org/downloadpdf/journals/002/2023/376/002.2023.issue-376-en.xml>

<sup>37</sup> <https://naurufinance.info/nauru-statistics/>

<sup>38</sup> <https://www.adb.org/sites/default/files/project-documents/50002/50002-001-tcr-en.pdf>

1 All citizens have access to and are regularly using a range of responsive and regulated digital financial products and services to fulfil their financial goals

Number of adult citizens having a registered digital financial product and services account: Or % of adult population with a digital finance service account:  
**No Data Available**

### Rise of Digital Money: Implications for Pacific Island Countries

Category	Description
Currency	Palau does not have a central bank nor a national currency. US dollars are in use in the country.
Payment Infrastructure	There is no domestic central bank operated payment infrastructure. The domestic private operated payment infrastructure is based on automated clearinghouses by US banks. Debit/ credit cards are issued by three US banks.
Payment Services	There are five licensed banks and 40 automated teller machines per 100,000 people in the country
Digital Identification	
Central Bank Digital Currency, Crypto Assets, and Stablecoins	<ul style="list-style-type: none"> <li>• There are no unbacked crypto assets used in the country.</li> <li>• There is no absolute but implicit ban on crypto assets activities. The Republic of Palau Financial Services Regulation oversees crypto asset activities.</li> </ul>
Legal	<ul style="list-style-type: none"> <li>• Palau does not have a currency law.</li> <li>• There is a recent Digital Residency Law according to which global citizens can claim a Palauan blockchain digital residency backed by a sovereign entity</li> </ul>

### Financial System of Palau<sup>39</sup>

Type of Institution	Number
Commercial banks	5
Pension funds	2
Development bank	1
Insurance companies	
Micro-lending facilities	
Credit unions	
Total	8+

Of the five commercial banks operating in the country, three (the Bank of Guam, the Bank of Hawaii, and BankPacific) are foreign-owned and insured by the Federal Deposit Insurance Corporation (FDIC), while the remaining two (the Asia Pacific Commercial Bank and the Palau Construction Bank) are domestic banks.

PNCC for Palau National Communications Corp. is the only mobile operator in Palau.<sup>40</sup>

<sup>39</sup> <https://www.adb.org/sites/default/files/publication/530251/pacific-finance-sector-palau.pdf>

<sup>40</sup> <https://www.pnccpalau.com/help-and-support/mobile-support>

- PNCC's nationwide system offers 3G/4G coverage in Koror and Airai plus Ngchesar, Melekeok, Ngatpang, Ngaremlengui, Ngarchelong and Peleliu, with 2G/3G service in all other states from Kayangel to Angaur.
- Mobile wireless service quality in any area varies depending on network traffic, signal strength, the type of phone equipment, weather, and terrain. Mobile service is not intended to replace marine radio communications.

PNCC begins preparation for new 5G Mobile Network<sup>41</sup> – 23 February 2024

- PNCC management and technical staff recently completed an in-depth workshop on 5G and Open RAN technologies and operations.
- 

**Palau Stablecoin (PSC) Pilot Retail Merchants;<sup>42</sup>**

Palau Stablecoin (PSC) is a digital currency issued and managed by the Palau Ministry of Finance and fully backed by USD cash balances.

*Support: The current phase of the PSC within Palau is a limited pilot and intended to be low-risk and non-critical. In all cases traditional forms of payment should be used in the event that there is a failure in the PSC infrastructure or capabilities that prevent payment using the digital currency (both support and feedback across any failures will be a key part of the pilot).*

**Bank of Hawaii<sup>43</sup> - Digital Wallet**

- Digital wallet feature not available for business checking accounts, and not available for any accounts in Saipan, Guam or Palau.
- Early access requires use of the Bank of Hawaii mobile app and Apple Pay on your phone. Access your account via the mobile app and click to add your debit card to Apple Pay.

% Of adult population with a registered mobile money account:

**No Data Available**

% Of adult population actively using mobile money account:

**No Data Available**

International Telecommunication Union ( ITU ) World Telecommunication/ICT Indicators Database<sup>44</sup>:

Description	Most Recent Year Data Collected	Most Recent Value
Mobile cellular subscriptions	2022	24, 000
Fixed telephone subscriptions	2022	8, 000
Secure Internet Servers	2020	17

<sup>41</sup> <https://islandtimes.org/pncc-begins-preparation-for-new-5g-mobile-network/>

<sup>42</sup> <https://www.palau.gov.pw/wp-content/uploads/Onboarding-Instructions-for-Retailers.pdf>

<sup>43</sup> <https://www.boh.com/personal/online-mobile/digital-wallet>

<sup>44</sup> <https://data.worldbank.org/indicator/IT.CEL.SETS.P2?locations=PW>

Fixed broadband subscriptions	2015	1, 224
Individuals using the internet % of population	2004	27 of population

Number of active DFS agents per 10,000 adults:

Digital Financial Services:

- Palau National Communications Corporation introduced the Smart Hub app, allowing users to pay bills online, check bill history as well as check post pay mobile data usage via mobile app and online.
- Western Union money transfer services.

Palau Digital Infrastructure<sup>45</sup>

Fixed Broadband Subscriptions (per 100 people) – N/A

Mobile Cellular Subscriptions (per 100 people) - 132.64

Population Covered by at Least 3G (percent, 2020) – N/A

Population Covered by at Least 4G (percent, 2020) – N/A

Key Activities/ Programmes undertaken to widen access and usage of digital financial services by country stakeholders (Please mention total number of programmes/awareness campaigns undertaken during this year, and % of population reached through these programmes/ campaigns)

### Regional E-Commerce Assessment

Key Financial Regulatory Aspects in the Forum Island Countries<sup>46</sup>

Country	Law on payment systems	Regulatory sandbox	Law on AML/CTF	APG/FA TF* membership	Regulator	General Financial Regulation	Strategy
Palau	n/a	n/a	AML/CTF regulations for Financial Institutions (FI) 2017	Member	Financial Institutions Commission (FIC)	Palau National Code, Title 26 - Financial Institutions	n/a

### Republic of Palau Financial Institutions Commission

Providing measures to protect the interests of consumers of financial services, to prevent systematic risk to the financial system, to provide sufficient scope for market forces to operate in the field of financial services, and to protect the reputation of the Republic in

<sup>45</sup> <https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2024/02/21/Rise-of-Digital-Money-Implications-for-Pacific-Island-Countries-543239>

<sup>46</sup> <https://pacificcommerce.org/wp-content/uploads/2022/06/Regional-ECommerce-Assessment-1-1.pdf>

the international financial community, and establishing rules for the licensing, supervision and regulation of financial institutions.

#### **Palau Development Plan 2023-2026<sup>47</sup>**

- Rural and Outer Island State Governments have prioritized capacity building and training in social and economic sectors for government employees and residents to improve the effectiveness of governance and improve economic conditions. Investment in training programs is a medium-term priority once other governance improvements are in place.
- The Bureau of Agriculture (BOA) with other partners agencies is training and encouraging farmers to increase production and commercialize farming operations.
- 400 trained farmers/food processors (At least 4 training per year targeting 100 farmers per year).

#### **Community Economic Priorities**

State Governments will remain the primary employers in rural communities in the short term. However, communities would like to develop training programs and pipelines that would create more efficient State Governments and would move trained state personnel into private enterprise.

2 Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19 recovery and climate disaster risks.

(Highlight initiatives like digital finance innovation hub/ accelerator programs/ startup incubators/ regulatory sandbox etc., number of projects/ startups supported by these initiatives and level of investment (US\$))

#### **Government of Japan's Digital Agency Expands Collaborative Partnership with Palau – April 5, 2024**

A delegation from the Government of Japan's Digital Agency has arrived in Palau to further support toward the establishment of an efficient, digitized border management system at the country's ports of entry. This work is being undertaken with support from the Government of Japan and its Integrated Border Management Project, implemented by the United Nations Development Programme (UNDP). The project aims to support relevant agencies in Fiji, Palau and Vanuatu in reinforcing their capacities, capabilities and systems for effective and efficient movement of travellers and cargo, and to strengthen links for data and knowledge sharing, inter-agency and cross-regional cooperation. As part of its commitment to the Free and Open Indo-Pacific Vision, the Government of Japan strives to promote unrestricted and resilient economic activity throughout the region. Recognizing the significance of digitalization, the Government of Japan is supporting the adoption of digital solutions for border management across the Pacific to advance economic growth. "UNDP has not only facilitated the exchange of expertise between Palau and Japan but has also played a crucial role in ensuring that the digital transformation we envision is inclusive and accessible to all. This collaborative effort, underpinned by UNDP's guidance, stands as a testament to the potential of international cooperation in harnessing the power of technology for the benefit of everyone,"

<sup>47</sup> <https://www.palau.gov.pw/wp-content/uploads/Palau-Development-Plan-2023-2026-UNOFFICIAL.pdf>



### **Digital Residency Program**<sup>48</sup>

- In January 2023, Palau introduced the Goods and Service Tax, a 10% tax on all goods and services purchased in Palau.
- In order to diversify its economy after facing the challenges of the pandemic, Palau passed the Digital Residency Act to facilitate diversity. The act allows individuals to get a digital identity from Palau via a virtual process.
- Palau partnered with Cryptid Labs, an innovative blockchain research institute, to launch the Root Name System (RNS), the world's first sovereign backed digital residency program.
- The RNS is designed with user privacy and security as a top priority, *using end-to-end encryption so users control their information and identity exposure*. Because it is state issued, the ID is valid for any identification requirement, such as KYC. The RNS platform also gives users access to future services, including address and shipping services, and digital signature verification.
- This partnership with The Republic of Palau will revolutionize economic development both in Palau and around the world. Palau's unique angle of entry to the digital economy will enable them to leapfrog legacy government services to meet the needs of global citizens.

### **Palau Launches Phase 2 of Palau Stablecoin Program with Ripple - Digital Currency**

<sup>49</sup>

- The Ministry of Finance of Palau has officially initiated the second phase of its Palau Stablecoin (PSC) program.
- PSC is a digital currency pegged to the United States dollar and operates on Ripple's XRP Ledger.
- Welfare further mentioned that Palau residents can conduct offline transactions using a blockchain-based digital currency like PSC, even during power outages.
- The Ministry of Finance of Palau announced the successful completion of the first phase of the PSC program on December 7. The initial three-month phase involved 168 volunteers from government employees who received 100 PSC each to use at participating local retailers.
- Once launched, stablecoin will provide more access to financial technology. Palauans would be able to purchase goods in local shops or conduct local transactions using their phones in the same way PayPal operates. The process involves linking the bank account to a stablecoin account.

### **COVID-19 Has Created Digital Opportunities in the Pacific**<sup>50</sup>

In many countries, COVID-19 has pushed people toward the use of digital tools such as mobile devices for financial transactions.

Many businesses stopped accepting cash and moved to either online or contactless tap-and-go payments. Cashless payments, when the basic infrastructure is in place and the recipient has a bank account, are faster and easier.

<sup>48</sup> <https://medium.com/@ilaNahas/exploring-palau-digital-residency-program-8e1dab28b89d>

<sup>49</sup> [https://finance.yahoo.com/news/palau-launches-phase-2-palau-054956473.html?guccounter=1&guce\\_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce\\_referrer\\_sig=AQAAABaFO7gnJqL-T6jgGeO5zxxnEI-e5tWDkpguXPO-4EKTvx2xmQRHpsZ\\_57n7TXoorDrS3YLXBUCSASXQTj\\_Rx0YAsgvbVlSzPxClrz6V1F8XIW9LmPtPOGqk3ONFOzEbB4krHx4qHXGYfv5irTzpd-m9zdUNxBEUvBCxfuMRdx](https://finance.yahoo.com/news/palau-launches-phase-2-palau-054956473.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAABaFO7gnJqL-T6jgGeO5zxxnEI-e5tWDkpguXPO-4EKTvx2xmQRHpsZ_57n7TXoorDrS3YLXBUCSASXQTj_Rx0YAsgvbVlSzPxClrz6V1F8XIW9LmPtPOGqk3ONFOzEbB4krHx4qHXGYfv5irTzpd-m9zdUNxBEUvBCxfuMRdx)

<sup>50</sup> <https://blogs.adb.org/blog/covid-19-has-created-digital-opportunities-pacific>

3 Implement curricula and training programmes to strengthen the financial and digital literacy capabilities of all children and adults.

Evidence of Financial literacy included in primary, secondary, tertiary curricula:

Bank of Guam presents Financial Literacy program to Palau Students<sup>51</sup>

- Bank of Guam hosted financial literacy simulation programs in three Palau high schools, expanding its regional reach to neighboring island branches. So far, the bank has conducted presentations in Guam and Saipan, engaging with more than 1,200 students. These presentations reached a total of 230 high school students at Palau High School, Mindszenty High, and Palau Mission Academy.<sup>52</sup>

Priority Programmes and Projects on Palau-Development-Plan-PDP-2023-2026<sup>53</sup>

- Integrate financial literacy across all content areas from Grade 1-12.
- Market enhancements encompass elevated financial literacy, enhanced accessibility to finance for Small and Medium Enterprises (SMEs), a more conducive business environment, heightened consumer access to financial services in rural and remote regions, expanded Fintech solutions, and improved connectivity with stakeholders internationally.
- Develop and implement financial literacy programs for schools, individuals, and SMEs.

Evidence of Digital literacy included in primary, secondary, tertiary curricula:

- Palau Community College offers Computer Literacy courses. The course covers basic information processing and uses of computers including basic application software and the Internet.<sup>54</sup>

Adult Education and Family Literacy Act Program<sup>55</sup>

- Adult Education will deliver an integrated English literacy and civics education program in combination with integrated education and training activities. Palau will be implementing an integrated English literacy and civics education program design that is aligned with career pathways. Career pathways increase integration of Adult Education that includes English language acquisition with workforce preparation activities and provides a sequence of education and training that prepares learners for in-demand employment opportunities. This requires strong partnerships between adult education, workforce development, postsecondary education, and employers.
- Ensure that all Palauans have full access and direct connection to programs that work to address essential components of reading instruction and literacy.
- Family Literacy includes literacy services to families with children to provide educational skills needed by parents to enable them to become full partners in their child's education. Outcome for family literacy include not only educational attainment and family stability for all participants, but also emphasize self-sufficiency, provide interactive literacy activities between parents and their children and promoting adult's involvement in children's education. Palau Adult Education has successfully collaborated with Palau Public Library in planning Family literacy activities such as Family Night and Parent-Child Read Aloud activity. Radio

<sup>51</sup> <https://islandtimes.org/bank-of-guam-presents-financial-literacy-program-to-palau-students/>

<sup>52</sup> <https://islandtimes.org/bank-of-guam-presents-financial-literacy-program-to-palau-students/>

<sup>53</sup> <https://www.palau.gov.pw/wp-content/uploads/Palau-Development-Plan-PDP-2023-2026.pdf>

<sup>54</sup> <https://pcc.palau.edu/course/cs100/>

<sup>55</sup> <https://wioaplans.ed.gov/node/91731>

programs and other advertisements will be conducted to bring the activities to the public's attention.

Evidence/ Development of Financial and digital literacy framework targeted towards adults, and key programmes delivered under this framework, including data on number of such literacy programmes and people covered (if available):

### **Digital remote sensing technology to upscale Palau's disaster risk management<sup>56</sup>**

Palau is taking an extraordinary step forward to further strengthen its disaster risk management and climate change adaptation efficiency using detailed and accurate topographic data. It will be made possible through an aerial digital terrestrial/coastal survey using state-of-the-art remote sensing technology called Light Detection and Ranging (LiDAR). LiDAR is a remote sensing method that uses light in the form of a pulsed laser to measure ranges (variable distances) to the Earth. LiDAR technology and aims to support the island vulnerability assessment work conducted by [the Office of the Palau Automated Land and Resource Information System \(PALARIS\)](#) with technical support provided by Fugro, the world's leading Geo-data specialist company.

- **Adult Education and Family Literacy Act Program 2020-2023<sup>57</sup>**  
In response to the population needs, the MOE Adult Education Program will fund adult education programs and activities which target individuals most in need of literacy services and focus on individual self-sufficiency, community growth, and workforce productivity.
- **Palau Public Library Five-Year State Plan 2023-2027<sup>58</sup>**  
Implement library programs to improve digital literacy skills. (2023-2027). Expand services for learning and access to information and educational resources in a variety of formats (including new and emerging technology), in all types of libraries, for individuals of all ages to support such individuals' needs for education, lifelong learning, workforce development, economic and business development, health information, critical thinking skills, **digital literacy skills, and financial literacy and other types of literacy skills.**
- **Strategy and Priority Programs and Projects (2023 to 2026) Financial sector performance can be accomplished through:**
  - Market improvements - Enhanced financial literacy, improved access to finance for Small and Medium Enterprises (SMEs), improved environment for business, improved consumer access to financial services in rural and outlying areas, increased Fintech options, and improved access to stakeholders abroad, and
  - Macro System Improvements – Development of components for the financial sector, expansion of oversight to all financial institutions, and upgrade capacity with government and regulators.

<sup>56</sup> <https://www.undp.org/pacific/press-releases/digital-remote-sensing-technology-upscale-palau-disaster-risk-management>

<sup>57</sup> <https://wioaplans.ed.gov/node/91725>

<sup>58</sup> [https://www.stforop.com/documentation/pw/Palau\\_STRegulations.pdf](https://www.stforop.com/documentation/pw/Palau_STRegulations.pdf)

4 Strengthen consumer protection measures, including privacy and data protection, to address increasing risks associated with a rapidly developing digital economy

Evidence of consumer protection framework/guidelines defining customer rights and provider responsibilities, and initiatives undertaken towards implementation:

International Monetary Fund (IMF) concluded the Article IV consultation<sup>1</sup> with Palau.<sup>59</sup>

- The authorities should strengthen policies to mitigate potential financial integrity and other macro-financial risks related to their Fintech initiatives. The authorities are exploring two main Fintech initiatives as part of their economic diversification strategy and to offer cheaper and more convenient digital payment solutions.
- Efforts to improve AML/CFT frameworks should continue, while taking a cautious approach to Fintech initiatives, which could pose important financial integrity risks - Gaps in the legal and AML/CFT frameworks, including those relating to prudential regulations, and Palau's Fintech initiatives, coupled with low institutional capacity contribute to significant risks, including potential loss of CBRs. The authorities should take a cautious approach to digital initiatives and first close existing gaps in the regulatory and governance frameworks, and strengthen the country's AML/CFT framework, before exposing the financial system to new risks.
- Efforts to boost the structurally low credit creation include providing support to SMEs to prepare business plans and financial statements and strengthening the National Development Bank of Palau's (NDBP) lending capacity by effectively allowing it to take deposits through a license of the Financial Institutions Commission (FIC).

#### **The Pacific Private Sector Development Initiative (PSDI)<sup>60</sup>**

PSDI is working with the Government of Palau to:

- Support the commercial strengthening of the government-owned National Development Bank of Palau;
- Develop a secured transactions framework, including the launch of an online securities registry, and providing ongoing support to lenders;
- Modernize business laws and registration processes, including the preparation of a new Corporations Bill, and development of an online business registry;
- Develop a state-owned enterprise policy; and
- Support reform through advocacy and analysis, including assessments of Palau's private sector published in 2007 and 2017.

Evidence of customer grievance redressal framework/ guidelines and mechanisms in the financial sector:

**Potential Policy Responses:** Structural reforms in the financial sector and reducing the risks associated with financial integrity by strengthening the AML/CFT framework, including revisiting initiatives in digital finance, would lower risks to capital inflows and the loss of correspondent banking relationships (CBRs).

Palau Financial System<sup>61</sup>

<sup>59</sup>

<sup>60</sup> <https://www.pacificpsdi.org/where-we-work/country/palau>

<sup>61</sup> <https://www.imf.org/-/media/Files/Publications/CR/2023/English/1PLWEA2023001.ashx>

	<ul style="list-style-type: none"> <li>• Close monitoring and supervision of the financial sector is essential to minimize systemic financial and fiscal risks, considering the slow economic recovery and the National Development Bank of Palau’s (NDBP’s) high exposure to Non-Performing Loans. The authorities acknowledge the need to encourage an inclusive financial system and to strengthen its role to develop the private sector to support growth.</li> </ul> <p>Palau Financial Institute Commission<sup>62</sup></p> <ul style="list-style-type: none"> <li>• The mission of the Financial Institutions Commission (FIC) is to establish and maintain a financial regulatory and supervisory system for the Republic of Palau, consistent with international standards, which promotes a stable banking and financial sector that facilitates economic growth and development within the republic of Palau.</li> <li>• National Development Bank of Palau – Grievance Redress Mechanism<sup>63</sup> The Bank is a service organization and customers’ satisfactions, and loyalty is a prime focus of the bank’s operations. Customers’ complaints may happen in banks services. To address customers’ complaints, the Bank adopted a Grievance Redress Mechanism (GRM) including the core principles and process, to address internally and efficiently its customers concerns and grievances related to the operations and services of the Bank and its staff.</li> </ul>
	<p>Evidence of privacy and data protection laws/ policies for digital finance customers and service providers:</p> <ul style="list-style-type: none"> <li>• No specific data protection legislation has been adopted.<sup>64</sup></li> </ul> <p>Cyber Security<sup>65</sup></p> <ul style="list-style-type: none"> <li>• Ensure Cyber Security and Cyber defense for Digital Residents.</li> <li>• Protect Public Officials and Diplomats from Cyber Attacks and Exploitation.</li> <li>• Protect Palauan Society from Cybercrime.</li> </ul>
<p>5 Improve the regularity and quality of digital and financial inclusion data to enable</p>	<p>Availability of framework to collect supply side data from the digital financial service providers and other financial service providers by the regulators:</p> <p>Policy and regulatory environment<sup>66</sup></p> <ul style="list-style-type: none"> <li>• Kiribati, FSM, and Palau will receive support from the Pacific Financial Technical Assistance Centre (PFTAC) to enhance the national banking regulatory framework in 2021. The proposed assistance will support these countries in reforming the banking legislation and prudential standards in line with international standards. Those regulations, once established, will create a stable and secure environment to facilitate banking and finance activities, and allowing for a broad range of payment solutions from banks and fintech providers.</li> </ul>

<sup>62</sup> <https://ropfic.org/about/>

<sup>63</sup> <https://www.ndbp.com/docs/2022/news/grievance-redress-mechanism-grm.pdf>

<sup>64</sup> <https://www.dataguidance.com/jurisdiction/palau>

<sup>65</sup> <https://pitiviti.org/storage/dm/2022/08/rop-2022-national-security-strategy-20220813191012624.pdf>

<sup>66</sup> <https://pacificcommerce.org/wp-content/uploads/2022/06/Regional-ECommerce-Assessment-1-1.pdf>

evidence-based policy and strategy formulation and to monitor the achievement of national strategies.	<p>Type (i.e., gender disaggregated, geographic, sector specific etc.) and frequency of digital financial services and financial inclusion related data being collected:</p> <ul style="list-style-type: none"> <li>• No Data</li> </ul> <p>Evidence of directly utilizing the data in design/ implementation of financial sector policies/ development strategies and monitoring of NFIS implementation at the national level:</p> <p>Pathway to 2030 Voluntary National Review on the SDGs Republic of Palau<sup>67</sup></p> <ul style="list-style-type: none"> <li>• Localizing the SDGs - Identifying indicators for the targets for which data are available or, if unavailable now, can become available over the medium-term. Developing local targets and indicators addressing Palau-specific issues.</li> </ul> <p><b>Managing Net Capital and Financial Assets:</b><sup>68</sup> Palau's net public sector national wealth has declined significantly since the onset of the pandemic. Factors contributing to this decline include reduced investment and increased external debt to finance deficit spending during the pandemic. To reverse this trend, Palau is pursuing several measures, including infrastructure development, grants from the Compact of Free Association (CRA-23), Public-Private Partnerships (PPPs), bond issuances, and additional funding for the COFA Trust Fund. The successful implementation of tax reform and economic recovery is expected to generate surpluses for infrastructure investment and future development.</p>
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Country: Tuvalu

Respondent: \_\_\_\_\_

Goals	Activities, Programmes and Results
1 All citizens have access to and are regularly using a range of responsive and regulated digital financial products and services to fulfil their financial goals	<p>Number of adult citizens having a registered digital financial product and services account: Or % of adult population with a digital finance service account: <b>No Data</b></p> <ul style="list-style-type: none"> <li>• Tuvalu Telecommunication Corporation/Communication is the telecommunication provider.</li> <li>• October 19, 2022 Tuvalu Telecom signs up on a digital financial Inclusion and mobile wallet. With Panamax’s flagship digital financial solution – MobiFin Elite, TTC will be able to include diversified use cases in the country including – Mobile wallet services, Airtime Top-Up and Bill Payment, Merchant Payment, and International Remittance.<sup>69</sup></li> <li>• Panamax has been chosen as the Mobile Money Solution vendor by the leading operator Tuvalu, TTC as state own enterprise.</li> <li>• Panamax Its futuristic and one-of-a-kind digital financial solution “MobiFin Elite,” is a comprehensive and secured payment platform</li> </ul>

<sup>67</sup> [https://sustainabledevelopment.un.org/content/documents/23606VNR\\_FINAL\\_21June2019\\_UN\\_Version.pdf](https://sustainabledevelopment.un.org/content/documents/23606VNR_FINAL_21June2019_UN_Version.pdf)

<sup>68</sup> <https://www.imf.org/-/media/Files/Publications/CR/2023/English/1PLWEA2023001.ashx>

<sup>69</sup> <https://www.pita.org.fj/news/tuvalu-telecom-goes-head-to-head-with-its-isolation-signs-up-on-digital-financial-inclusion-and-mobile-wallet/>

offering advanced digital financial services to banks, financial institutions, telecom operators, and e-wallet providers.<sup>70</sup>

- Tuvalu's financial system is concentrated on one or two institutions. The country's finance sector consists of two banks, the National Bank of Tuvalu and the Development Bank of Tuvalu; the Tuvalu National Provident Fund; a Western Union agent; and a handful of small, informal moneylenders. The National Bank of Tuvalu, which has 90% of total banking sector assets, focuses on lending to the household sector and providing home loans, while the Development Bank of Tuvalu supports public and private enterprises. The Tuvalu National Provident Fund invests social security contributions and extends credit to its members. The banking sector in Tuvalu operates with minimal regulations.<sup>71</sup>

% of adult population with a registered mobile money account:

- **No data**
- Tuvalu Telecom Communication – Is the only Telecom network service provider in Tuvalu. They are in a process to develop the MTUPE – TTC Mobile Money.<sup>72</sup>
- Panamax has been chosen as the Mobile Money Solution vendor by the leading operator Tuvalu, TTC as state own enterprise.
- Data for Tuvalu are not this is partly due to a lack of reliable ICT and ICT services data and statistics, as well as the absence of sizeable Internet-based activity in Tuvalu.

% of adult population actively using mobile money account:

- **No data available.**

Number of active DFS agents per 10,000 adults:

- No data available
- The rapid e-trade assessment was done that states the challenges and constraints faced.
- Tuvalu currently has no insurance industry. They still use Traditional financial services.

Key Activities/ Programmes undertaken to widen access and usage of digital financial services by country stakeholders (Please mention total number of programmes/awareness campaigns undertaken during this year, and % of population reached through these programmes/ campaigns).

- The PFIP was launched in 2008, first phase was implemented in 2008-2014, by the end of 2013 – 687,620 had gained access to one or more financial services.<sup>73</sup>

<sup>70</sup> <https://www.panamaxil.com/panamax-announce-selection-mobile-money-solutions-vendor-by-leading-telecom-operator-in-tuvalu>

<sup>71</sup> <https://www.adb.org/sites/default/files/publication/530271/pacific-finance-sector-tuvalu.pdf>

<sup>72</sup> <https://www.tuvalutelecom.tv/about-us>

<sup>73</sup> <https://erc.undp.org/evaluation/documents/download/15646>

	<ul style="list-style-type: none"> <li>• Digital financial services (DFS) are an effective means of enhancing financial inclusion in the Pacific region, where challenging geography and poor infrastructure are a challenge. However, major challenges need to be addressed for it to become a viable payments channel. Awareness needs to be undertaken so that people need to be made aware of the new payment systems in order for them to embrace them.</li> <li>• Upgrading the digital infrastructure in the region – notably the expansion of the submarine fibre-optic cable network and mobile network infrastructure – more investment is needed to ensure this infrastructure is strengthened and reaches rural areas and remote islands. This is particularly important because digital infrastructure lies at the core of the digital economy.</li> <li>• Interministerial committees or bodies to increase awareness and capacity building on the digital economy issues across different parts of the government. Tuvalu are achieving this through the establishment of national e-commerce committees to support the development and implementation of national e-commerce strategies. These committees help achieve whole-of-government responses to opportunities and challenges related to e-commerce and the digital economy. Policy coherence at the national government level could be enhanced by public–private dialogue and training for policymakers. Public–private dialogue could be formalized through the establishment of private sector working groups that feed into national policymaking in areas such as financial inclusion, digital literacy, and education.</li> <li>• Digital economy statics -UNCTAD is providing training courses on producing statistics on the digital economy.<sup>74</sup></li> <li>• 30 September 2023 Tuvalu entrepreneurs empowered through training. In a joint effort to empower entrepreneurs across diverse sectors in Tuvalu, the International Labor Organization (ILO) has partnered with the Government of Tuvalu to conduct a Training of Trainers (TOT) workshop on the ILO’s Start and Improve Your Business (SIYB) tools.<sup>75</sup></li> </ul>
<p>2 Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19</p>	<p>(Highlight initiatives like digital finance innovation hub/ accelerator programs/ startup incubators/ regulatory sandbox etc., number of projects/ startups supported by these initiatives and level of investment (US\$))</p> <ul style="list-style-type: none"> <li>• Fintech in the Pacific Island countries: challenges and opportunities – Fiji with a population of around 90,000 to Tuvalu and Nauru, with population of only around 10,000. Each of these countries share similar challenges and opportunities as small and remote Island economies, with limited natural resources, narrowly based economies, large distances away from major markets, and vulnerable to external shocks. Other important economies challenges include poor financial infrastructure and network coverage, as well as a lack of scale-up effect in these widely spread locations. As a result, a significant proportion of the population remain unbanked and rely on other forms of financing.</li> </ul>

<sup>74</sup> [https://unctad.org/system/files/official-document/dtlecdc2022d4\\_ch5\\_en.pdf](https://unctad.org/system/files/official-document/dtlecdc2022d4_ch5_en.pdf)

<sup>75</sup> [https://www.ilo.org/suva/public-information/press-releases/WCMS\\_903620/lang--en/index.htm](https://www.ilo.org/suva/public-information/press-releases/WCMS_903620/lang--en/index.htm)



<p>recovery and climate disaster risks</p>	<p>Pacific have started discussions on integrating FinTech in national financial inclusion strategies.<sup>76</sup></p> <p>Improving Efficiency of the Financial Sector, Including by Adopting Fintech – Although three financial institutions operate in Tuvalu, access to credit remains limited, especially for businesses. The state-owned National Bank of Tuvalu (NBT) is large (in 2020, its assets stood at AUD 128million, or 160 percent of GDP), profitable, and well capitalized. However, most of its assets are held as cash and deposits with foreign banks, while its lending portfolio is small and consists mostly of personal and housing loans, and credit to SOEs. The NBT’s profits are mostly derived from FX transactions, as NBT is the only bank able to conduct international transactions. The Development Bank of Tuvalu (DBT), a much smaller bank, was et up by the government to lend to businesses especially SMEs. While its liquidity and capitalization ratios remain high, its lending portfolio is encumbered with non-performing loans, and it faces challenges securing deposit funding to expand credit. The government-run Tuvalu National Provident Fund (TNPf), the nation’s only pension fund, is well-managed and profitable, and is also active in consumer lending, but does not provide loans. Its lending is virtually risk-free, as it is only extended to members and against their TNPf balances, and TNPf has seniority over NBT and DBT in collecting TNPf balances put ip as collateral.<sup>77</sup></p> <ul style="list-style-type: none"> <li>• An article IV Consultation in 2021 A national strategy for financial literacy and education would promote financial inclusion, help citizens make prudent financial decisions.<sup>78</sup></li> </ul>
<p>3 Implement curricula and training programmes to strengthen the financial and digital literacy capabilities of all children and adults</p>	<p>Evidence of Financial literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>• “Te Kete”, the new <a href="#">Tuvalu 2021-2030 National Strategy for Sustainable Development’s</a> first national outcome is to harness digital transformation to improve lives. Strengthening literacy in all schools through teaching and learning innovations and enrichment activities.<sup>79</sup></li> <li>• The 2021 Tuvalu Learning Project (TuLeP), which is funded with support from the World Bank and implemented by the Ministry of Education, Youth and Sports (MEYS) Education Department includes a sub-component that provides educational technology innovations to support teachers and students. This includes activities and goals such as: Aligning e-learning resources and library to the curriculum and context; teacher teaining’and resourcing ICT Centers for Schools. At the student level, the plan includes digital literacy education, computer</li> </ul>

<sup>76</sup> <https://hdl.handle.net/20.500.12870/773>

<sup>77</sup> <https://www.elibrary.imf.org/view/journals/002/2021/176/article-A001-en.xml>

<sup>78</sup> [https://www.imf.org/-/media/Files/Publications/CR/2021/English/1TUVEA2021001.ashx,https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3721208](https://www.imf.org/-/media/Files/Publications/CR/2021/English/1TUVEA2021001.ashx,https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3721208)

<sup>79</sup> <https://education-profiles.org/oceania/tuvalu/~technology>

	<p>classes, and digitized gamification of literacy concepts and phonics for emergent readers.</p>
	<p>Evidence of Digital literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>• <a href="#">Tuvalu Education Sector Plan III (TESP III)</a> puts a focus on ICT in education. Outputs and performance indicators for learning include improving ICT in schools to support student learning as well as improving learning materials that utilize ICT, aims to increase teacher effectiveness and ICT use in classrooms through improved ICT literacy training and providing more ICT training opportunities.<sup>80</sup></li> <li>• <a href="#">Tuvalu National Curriculum Policy Framework (2013)</a> notes the importance of ICT use in the whole education system to manage the system effectively, enable changes in classroom pedagogies and practices, and develop necessary skills In students to become effective members of the increasingly ICT-rich society. ICT is expected to help the education system achieve sustainability through its seamless integration into the system.</li> </ul>
	<p>Evidence/ Development of Financial and digital literacy framework targeted towards adults, and key programmes delivered under this framework, including data on number of such literacy programmes and people covered (if available):</p> <ul style="list-style-type: none"> <li>• “<i>Te Kete,</i>” the New Tuvalu – National Strategy for Sustainable Development 2021-2030, under Strategic Priority Area 1 and National Outcome 1 focuses on harnessing digital transformation to improve lives.<sup>81</sup></li> </ul>
<p>4 Strengthen consumer protection measures, including privacy and data protection, to address</p>	<p>Evidence of consumer protection framework/guidelines defining customer rights and provider responsibilities, and initiatives undertaken towards implementation:</p> <ul style="list-style-type: none"> <li>• There are no legal and regulatory frameworks currently exist for electronic transactions, data protection and online consumer protection. No legal framework currently exists for electronic transactions, data protection and online consumer protection. The development of an enabling legal framework for e-commerce laws is</li> </ul>

<sup>80</sup> <https://education-profiles.org/oceania/tuvalu/~technology>

<sup>81</sup> <https://pacificcommerce.org/wp-content/uploads/2023/08/ESCAP-2023-RP-Readiness-Assessment-Cross-Border-Paperless-Trade-TUVALU.pdf>

increasing risks associated with a rapidly developing digital economy	considered as crucial by public and private stakeholders but was not part of the reform agenda. <sup>82</sup>
	<p>Evidence of customer grievance redressal framework/ guidelines and mechanisms in the financial sector:</p> <ul style="list-style-type: none"> <li>Strengthening the policy and regulatory framework for Disaster Risk Management in Tuvalu – This project technical and analytical support to the relevant ministries and agencies to review their Disaster Risk Management (DRM) policies, plans and regulations, potential gaps, and identified priority reform actions for the Government. These activities contributed to enhanced capacity for implementation for the National Strategic Action Plan and Climate Change<sup>83</sup> and DRM.<sup>84</sup></li> </ul>
	<p>Evidence of privacy and data protection laws/ policies for digital finance customers and service providers:</p> <ul style="list-style-type: none"> <li>The 2011 Banking Commission Act - Banks that permit computer access must provide customers using computer access with a privacy policy statement that includes information about what information concerning customers is to be collected and how the information will be used and permit such customers to opt out of information sharing concerning them by banks with their affiliates or with non-affiliated third parties.<sup>85</sup></li> </ul>
5 Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy and strategy formulation and to monitor the achievement	<p>Availability of framework to collect supply side data from the digital financial service providers and other financial service providers by the regulators:</p> <ul style="list-style-type: none"> <li>No Legal framework currently exists for electronic transactions, data protection.</li> <li></li> </ul>
	<p>Type (i.e., gender disaggregated, geographic, sector specific etc.) and frequency of digital financial services and financial inclusion related data being collected:</p> <p><b>No data available.</b></p>
	<p>Evidence of directly utilizing the data in design/ implementation of financial sector policies/ development strategies and monitoring of NFIS implementation at the national level:</p>

<sup>82</sup> [https://enhancedif.org/system/files/uploads/tuvalu\\_rapid\\_etrade\\_readiness\\_assessment.pdf](https://enhancedif.org/system/files/uploads/tuvalu_rapid_etrade_readiness_assessment.pdf)

<sup>83</sup> <https://www.pacificclimatechange.net/sites/default/files/documents/NSAP%20Eng%20new%20web.pdf>

<sup>84</sup> <https://www.gfdrr.org/en/strengthening-policy-and-regulatory-framework-disaster-risk-management-tuvalu>

<sup>85</sup> <https://finance.gov.tv/wp-content/uploads/2022/05/Banking-Commission-Act.pdf>

of national strategies

- No data available.

Country: Federate State of Micronesia (FSM)

Respondent:

	Goals	Activities, Programmes and Results
1	All citizens have access to and are regularly using a range of responsive and regulated digital financial products and services to fulfil their financial goals	<p>Number of adult citizens having a registered digital financial product and services account: Or % of adult population with a digital finance service account.</p> <ul style="list-style-type: none"><li>• FSM Telecommunications Corporation is the sole telecommunications provider and continues to improve management, financial, technical and service delivery capacities and performance. FSMTC is proactive in leveraging external investments, particularly connections to the international fiber optic network, to bring contemporary telecommunications services and pricing to consumers. In support of its plans to improve service delivery and accessibility FSMTC will undertake projects through:<ul style="list-style-type: none"><li>- double the number of cellular towers in FSM and provide 3G/4G capability across the cellular network.</li><li>- provide and extend terrestrial fiber optic services to support the availability of incoming fiber optic capacity.</li><li>- introduce renewable for FSMTC facilities to reduce costs and improve disaster resilience by providing emergency disaster alert system.<sup>86</sup></li></ul></li><li>• To expand access to the internet, promote private sector investment in digital services, and establish the critical foundations for digital government services and the digital economy.</li></ul> <p><b><u>Natural Hazard and Climate Change in FSM</u></b></p> <p>According to the IPCC, there is high confidence that extremes in sea level will increase with mean sea-level rise. Drought is another hazard that is occurring during El Nino Southern Oscillation events. Digital Services a essential to facilitate the deployment of disaster risk monitoring tools and applications that require larger volumes of data, and provide mechanism for early warning systems and post-disaster communications..<sup>87</sup></p> <p>Fintech remittances in paradise: A path to sustainable development.</p> <ul style="list-style-type: none"><li>• fintech adoption in remittance services, namely the adoption of alternative payment methods in transferring money by using the internet or mobile phones, in the Pacific.</li><li>• Fintech in discussion to be adopted in FSM for payment method such as internet or mobile phones for transferring money. - Pacific</li></ul>

<sup>86</sup> [https://tci.gov.fm/documents/infrastructure/IDP/FSM%20IDP%20FY2016-FY2025%20-%20National%20\(version%20151202\).pdf](https://tci.gov.fm/documents/infrastructure/IDP/FSM%20IDP%20FY2016-FY2025%20-%20National%20(version%20151202).pdf), <https://dofa.gov.fm/draft-digital-fsm/>

<sup>87</sup> <https://dofa.gov.fm/wp-content/uploads/2021/05/Project-Appraisal-Document.pdf>

	<p>Regional Connectivity Program 2:Palau-FSM Connectivity Project (P130592).</p> <ul style="list-style-type: none"> <li>• Making online payment is through an online account using your email address.<sup>88</sup></li> </ul> <hr/> <p>% of adult population with a registered mobile money account:</p> <ul style="list-style-type: none"> <li>• NO data – As of 2022, there is limited research specifically focusing on the percentage of the adult population with a registered mobile money account. <a href="https://doi.org/10.51300/jidm-2020-10">https://doi.org/10.51300/jidm-2020-10</a>, (Aladayleh, 2020)</li> <li>• the financial inclusion landscape in Micronesia is relatively low. As of the available date, it is not possible to provide the specific percentage of the adult population with a registered mobile money account in the Federate State of Micronesia in 2022.<sup>89</sup></li> <li>• Transactional online services are not available and there is no digital payments platform for government services.</li> <li>• payment done through email address.</li> </ul> <hr/> <p>% of adult population actively using mobile money account:</p> <ul style="list-style-type: none"> <li>• NO data</li> </ul> <hr/> <p>Number of active DFS agents per 10,000 adults:</p> <ul style="list-style-type: none"> <li>• NO Data</li> </ul> <hr/> <p>Key Activities/ Programmes undertaken to widen access and usage of digital financial services by country stakeholders (Please mention total number of programmes/awareness campaigns undertaken during this year, and % of population reached through these programmes/ campaigns)</p>
<p>2 Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19</p>	<p>(Highlight initiatives like digital finance innovation hub/ accelerator programs/ startup incubators/ regulatory sandbox etc., number of projects/ startups supported by these initiatives and level of investment (US\$))</p> <ul style="list-style-type: none"> <li>• Digital Federate States of Micronesia -To expand in access to the internet, promote private sector investments in digital service, and establish the critical foundations for digital government services and the digital economy.<sup>90</sup></li> <li>• New Digital Project to Connect Federated States of Micronesia to Global Economic Opportunities. <i>US\$30.8 million project will provide access for FSM to world-class broadband and digital services.</i></li> <li>• The project development objectives is to expand access to the internet, promote private sector investment in digital services, and</li> </ul>

<sup>88</sup> <https://www.fsmtc.fm/payment-subscription>

<sup>89</sup> <https://www.worldbank.org/en/events/2022/11/15/the-global-findex-financial-inclusion-resilience>

<sup>90</sup> <https://projects.worldbank.org/en/projects-operations/project-detail/P170718>

<p>recovery and climate disaster risks</p>	<p>establish the critical foundations for digital government services and the digital economy in the recipients territory.</p> <ul style="list-style-type: none"> <li>To date, there has been no competition in the country's telecommunication sector, and internet and mobile data prices remain high, services constrained and options available to users limited.<sup>91</sup></li> </ul>
<p>3 Implement curricula and training programmes to strengthen the financial and digital literacy capabilities of all children and adults</p>	<p>Evidence of Financial literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>Micronesia - Strengthening Public Financial Management Project - The objective of the Strengthening Public Financial Management Project for Micronesia is to improve tax administration and the completeness, reliability, and timeliness of financial reports of the National and State Governments. The project has 5 components. 1. Strengthening the public financial management environment component will strengthen the Public Financial Management (PFM) environment by ensuring that the legal and regulatory framework and the procedural guidance for business processes governing budget formulation, budget execution, and financial reporting for revenues and expenditures are internally consistent, aligned with the applicable accounting guidance, and streamlined for efficiency. The scope will include all five governments, each of which has its own set of regulations and procedures. 2. Financial management information system component will implement a new Financial Management Information System that will support effective management of public resources and improve financial reporting for management and accountability. 3. Revenue Management System (RMS) component will improve the efficiency and effectiveness of revenue management for the National Government of the Federated States of Micronesia (FSM). 4. Change management and human resource development component will successful implementation of the FMIS and the RMS with active stakeholder engagement and development of individual competencies and institutional capacity needed to sustain FMIS and RMS operations and related PFM functions. The project will support capacity building in the Department of Finance and Administration (DoFA) and other agencies with key roles in the PFM cycle such as the Office of the National Public Auditor. 5. Project management component will support overall project management and coordination</li> </ul>

<sup>91</sup> <https://www.worldbank.org/en/news/press-release/2020/03/29/new-digital-project-to-connect-federated-states-of-micronesia-to-global-economic-opportunities>

	<p>Evidence of Digital literacy included in primary, secondary, tertiary curricula:</p> <ul style="list-style-type: none"> <li>• <a href="#">Federal States of Micronesia’s (FSM) Constitution of 1978</a> - Congress the power to promote education and coordinate state activities related to education. The Secretary of Education communicates and consults with the members of the State Boards of Education. Technology is not mentioned.<sup>92</sup></li> <li>• The <a href="#">1997 Strategic Plan for the Improvement of Education in the Federal States of Micronesia</a> - “develop student computer literacy for understanding and use of information technologies” as an objective of the goal for a “technologically literate population able to rapidly respond to changing conditions in the world economy.” One of the strategies in this objective is to develop standards, curriculum, instructional materials and provide training for computer literacy programs. Other strategic points include programs for internet connectivity on the outer islands and teacher training programs online.<sup>93</sup></li> </ul>
	<p>Evidence/ Development of Financial and digital literacy framework targeted towards adults, and key programmes delivered under this framework, including data on number of such literacy programmes and people covered (if available):</p> <ul style="list-style-type: none"> <li>• Policy Brief: How do structural vulnerabilities impede progress towards achieving SDG 4 (quality education) in Small Islands Developing States (SIDS) 2022.<sup>94</sup></li> </ul>
<p>4 Strengthen consumer protection measures, including privacy and data protection, to address increasing risks associated with a rapidly developing</p>	<p>Evidence of consumer protection framework/guidelines defining customer rights and provider responsibilities, and initiatives undertaken towards implementation:</p> <ul style="list-style-type: none"> <li>• Pacific E-commerce Initiative, National E-commerce Assessment 2020 Federated States of Micronesia.</li> <li>• The Pacific Islands Forum Secretariat has taken the lead in supporting Forum Islands Countries in their efforts to take an active part in the global digital revolution.</li> <li>• The Legal and Regulatory Frameworks – FSM lacks the key legal frameworks necessary to secure, enable and regulate online transactions, consumer protection, cybercrime and data protection all of which are crucial.<sup>95</sup></li> </ul>

<sup>92</sup> <https://education-profiles.org/oceania/micronesia-federated-states-of/~technology>

<sup>93</sup> <https://education-profiles.org/oceania/micronesia-federated-states-of/~technology>

<sup>94</sup>

[https://www.jstor.org/stable/resrep44022?searchText=Digital+Literacy+Framework+for+Micronesia+2022&searchUri=%2Faction%2FdoBasicSearch%3FQuery%3DDigital%2BLiteracy%2BFramework%2Bfor%2BMicronesia%2B2022%26so%3Drel&ab\\_segments=0%2Fbasic\\_search\\_gsv2%2Fcontrol&refreqid=fastly-default%3A56313d84383f4e66e922bdf565dffa00&seq=6](https://www.jstor.org/stable/resrep44022?searchText=Digital+Literacy+Framework+for+Micronesia+2022&searchUri=%2Faction%2FdoBasicSearch%3FQuery%3DDigital%2BLiteracy%2BFramework%2Bfor%2BMicronesia%2B2022%26so%3Drel&ab_segments=0%2Fbasic_search_gsv2%2Fcontrol&refreqid=fastly-default%3A56313d84383f4e66e922bdf565dffa00&seq=6)

<sup>95</sup> <https://pacificcommerce.org/wp-content/uploads/2022/06/FSM-ECommerce-Assessment.pdf>

digital economy	<p>Evidence of customer grievance redressal framework/ guidelines and mechanisms in the financial sector:</p> <p>Evidence of privacy and data protection laws/ policies for digital finance customers and service providers:</p> <ul style="list-style-type: none"> <li>• Pacific Economic Monitor – December 2022: The Future of Social Protection in the Pacific.<sup>96</sup> These issues explore how Pacific developing member countries can strengthen their post-pandemic social protection systems to help address long-standing development concerns and boost resilience to further shocks. It assess individuals countries’ economies and outlines ways they could improve their social protection systems, despite depleted resources. Exploring megatrends facing the subregion, including population ageing and mitigation, it shows how investing in universal social protection policies can have a long-term impact on reducing poverty, vulnerability and social exclusion.</li> </ul>
5 Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy and strategy formulation and to monitor the achievement of national strategies	<p>Availability of framework to collect supply side data from the digital financial service providers and other financial service providers by the regulators:</p> <ul style="list-style-type: none"> <li>• Pacific Finance Sector Brief: Federate State of Micronesia – There are 2 financial service institutions in FSM, Bank of FSM and Bank of Guam offer banking and credit services in all 4 stat capitals. Western Union and MoneyGram are available for money transfer services.<sup>97</sup></li> <li>• The Banking Board regulates the banking system. Private enterprises have weak participations in the economy as they face difficult business conditions, including the slow progress with land reforms. As a results, there is a scarcity of bankable projects and limited private sector growth.<sup>98</sup></li> </ul> <p>Citable URL</p> <ul style="list-style-type: none"> <li>• It comprises two commercial banks: one local bank, the Bank of the Federated States of Micronesia; and a foreign-owned bank, the Bank of Guam. The FSM Banking Board serves as the regulator of the country’s banking system. In 2017, the International Monetary Fund (IMF) noted that the two government-supervised commercial banks were well-capitalized and had sufficient liquidity, yet there were small credit unions that were not subject to government oversight. The Government of the FSM is taking steps to include credit unions under the supervision of the FSM Banking Board.<sup>99</sup></li> </ul>

<sup>96</sup> <https://www.adb.org/publications/pacific-economic-monitor-december-2022>

<sup>97</sup> <https://www.adb.org/publications/pacific-finance-sector-fsm>

<sup>98</sup> <https://www.adb.org/publications/pacific-finance-sector-fsm>

<sup>99</sup> <https://www.adb.org/sites/default/files/publication/530236/pacific-finance-sector-federated-states-micronesia.pdf>



	<ul style="list-style-type: none"> <li>• <a href="https://www.adb.org/publications/pacific-economic-monitor-december-2023">https://www.adb.org/publications/pacific-economic-monitor-december-2023</a> - Pacific Economic Monitor -December 2023: Domestic Resource Mobilization for Economic Recovery and Resilience.</li> <li>• Continued growth is expected in the Pacific, but governments need to generate additional resources for public infrastructure and services essential to sustaining economic development.</li> <li>• <a href="https://data.adb.org/dataset/pacific-economic-monitor-pacmonitor-database">https://data.adb.org/dataset/pacific-economic-monitor-pacmonitor-database</a> - Pacific Economic Monitor (PacMonitor)Database.</li> </ul>
	<p>Type (i.e., gender disaggregated, geographic, sector specific etc.) and frequency of digital financial services and financial inclusion related data being collected:</p> <ul style="list-style-type: none"> <li>• Federated States of Micronesia: 2021 Article IV – Unlocking Digital Potential - <i>Despite its importance to connect people and promote growth opportunities, digitalization in the FSM is constrained by low network coverage and affordability. Efforts should be enhanced to expedite ICT infrastructure investment and adopt an overarching ICT plan to provide universal and affordable digital services.</i><sup>100</sup></li> <li>• Gender Equality Brief for Federated States of Micronesia - <a href="#">Congressional Act</a> was passed to include sexual orientation as prohibited grounds for discrimination in the Code of the Federated States of Micronesia. <a href="#">Most women have traditional titles</a><sup>101</sup></li> </ul>
	<p>Evidence of directly utilizing the data in design/ implementation of financial sector policies/ development strategies and monitoring of NFIS implementation at the national level:</p>

Country: Marshall Island

Respondent: \_\_\_\_\_

Goals	Activities, Programmes and Results
<p><b>1 All citizens have access to and are regularly using a range of responsive and regulated digital financial products and services to fulfil their financial goals</b></p>	<p>Number of adult citizens having a registered digital financial product and services account: Or % of adult population with a digital finance service account: No Data Available The country has three main banks:<sup>102</sup></p> <ul style="list-style-type: none"> <li>• The Bank of the Marshall Islands (BOMI) is a locally owned bank,</li> <li>• the Bank of Guam is a branch of a foreign-owned bank and</li> <li>• the Marshall Islands Development Bank (MIDB) is the country’s development bank.</li> </ul>

<sup>100</sup> <https://www.imf.org/-/media/Files/Publications/CR/2021/English/1FSMEA2021002.ashx>

<sup>101</sup> [https://asiapacific.unwomen.org/sites/default/files/2022-12/UN\\_WOMEN\\_FSM.pdf](https://asiapacific.unwomen.org/sites/default/files/2022-12/UN_WOMEN_FSM.pdf)

<sup>102</sup> <https://www.adb.org/sites/default/files/publication/529846/pacific-finance-sector-marshall-islands.pdf>

The two commercial banks are:

- under the supervision of the Banking Commission, while there are calls to include the MIDB under the commission's oversight.

Meanwhile, the sector also has two large money transfer operators:

- MoneyGram and Western Union
- Two insurance companies and a pension fund.

Financial System of RMI:

Type of Institution	Number
Commercial Banks:	2
Pension Funds	1
Development Bank	1
Insurance Companies	2
Money Transfer Agents	2
<b>Total</b>	<b>8</b>

- The majority government-owned Marshall Islands National Telecommunications Authority (NTA) is the sole supplier of telecommunications services in RMI. There are no laws to support digital services and build trust in a modern digital economy, such as for digital transactions, e-commerce, data protection, cybersecurity or cybercrimes.<sup>103</sup>
- Very limited access to high-speed Internet constrains the ability of individuals and businesses to unlock the full potential of a digital economy - With approximately 12,000 voice and mobile data subscribers, 5 RMI's mobile penetration rate of approximately 20 percent is one of the lowest in the Pacific and very low by global standards.
- March 2, 2020 – Marshall Islands to Power World's First National Digital Currency with Algorand and SFB Technologies. SFB Technologies to Partner with Blockchain Protocol to Provide Infrastructure for Marshall Sovereign Digital Currency. The SOV will circulate alongside the US dollar and help the Marshall Islands efficiently operate in the global economy.<sup>104</sup>
- Mobile coverage largely offers only basic voice (GSM) services concentrated on Majuro and Ebeye. In the past two years, 4G/LTE has been rolled out around main population centers, but most people are unable to access 4G/LTE services due to lack of compatible handsets and the high cost of services. The primary 4G/LTE users are visitors to Majuro who can afford the high data tariffs and access charges. Most local people still rely exclusively on basic GSM services. Poor network performance significantly

<sup>103</sup> <https://documents1.worldbank.org/curated/en/639311629138295811/pdf/Marshall-Islands-Digital-Republic-of-the-Marshall-Islands-Project.pdf>

<sup>104</sup> <https://www.prnewswire.com/news-releases/marshall-islands-to-power-worlds-first-national-digital-currency-with-algorand-and-sfb-technologies-301014401.html>

constrains the ability of RMI to rollout out digital services, create new income-generating opportunities and provide better access to public and private sector services. <sup>105</sup>

**% Of adult population with a registered mobile money account:  
No Data Available**

- mobile broadband penetration rates on Majuro and Ebeye have grown recently with the roll-out of 4G/LTE services.
- High cost of digital services is a serious issue - The majority of fixed broadband customers, approximately 2,000 premises, only have access to asymmetric digital subscriber line (ADSL) services at low bit rates (1 Mbps).
- 12,000 voice and mobile data subscribers.

**% Of adult population actively using mobile money account:**

**No Data Available**

**International Telecommunication Union (ITU) World Telecommunication/ICT Indicators Database<sup>106</sup>:**

Description	Most Recent Year Data Collected	Most Recent Value
Mobile cellular subscriptions	2020	24, 000
Fixed telephone subscriptions	2020	8, 000
Secure Internet Servers	2020	946
Fixed broadband subscriptions	2020	1, 224
Individuals using the internet	2020	67% of population

**Number of active DFS agents per 10,000 adults:**

**Digital Financial Services:**

- On October 23, 2023 - The Republic of the Marshall Islands (RMI) and Bitt have signed a memorandum of understanding (MOU) with a vision to launch a pilot initiative geared towards implementing a National Digital Payments System (NDPS) using the US Dollar. This partnership is driven by the aspiration to leverage technology's potential for advancing financial inclusion, improving transparency, optimizing operational processes,

<sup>105</sup> <https://ewdata.rightsindevelopment.org/files/documents/17/WB-P171517.pdf>

<sup>106</sup> <https://data.worldbank.org/indicator/IT.CEL.SETS.P2?locations=PW>

and empowering the citizens and businesses of the Marshall Islands.<sup>107</sup>

- It seeks to boost economic activity and bridge the gap between isolated individuals in the region and the numerous economic players transacting with RMI entities.

**Key Activities/ Programmes undertaken to widen access and usage of digital financial services by country stakeholders (Please mention total number of programmes/awareness campaigns undertaken during this year, and % of population reached through these programmes/ campaigns)**

**Climate Change and Disaster Risk Finance Assessment – Marshall Island**

- The US\$30m Digital RMI Project will increase access to the digital economy, promote investment. August 31, 2021 – The World Bank’s Board of Executive Directors has approved a US\$30 million project in Marshall Islands, where access to high-speed internet remains extremely limited and costly, that will secure faster, more reliable, and more affordable internet access across the country.
- In addition to expanding online access, the Digital RMI project aims to promote private sector investment in climate-resilient digital infrastructure and establish the foundations for digital government services and the digital economy. The project will be implemented over seven years and is being led by the Government of the Marshall Islands through its Ministry of Finance, Banking & Postal Services and the Ministry for Transport, Communications and Information Technology.
- *The project will also support the Ministry for Transport, Communications and Information Technology, including with the strengthening of the policy, legal and regulatory environment around digital economy and digital government services. These reforms – particularly around data protection and privacy, cybersecurity and combatting cybercrime – will be essential to help build trust around the delivery and use of digital services.*<sup>108</sup>

<sup>107</sup> <https://www.prnewswire.com/news-releases/bitt-and-the-government-of-the-republic-of-the-marshall-islands-sign-mou-to-establish-a-national-digital-payments-system-301963678.html> ; <https://www.electronicpaymentsinternational.com/news/marshall-islands-to-establish-a-national-digital-payments-system/?cf-view>

<sup>108</sup> <https://www.worldbank.org/en/news/press-release/2021/09/01/new-world-bank-project-will-expand-internet-access-for-marshall-islands>

<p><b>2 Support the development of a vibrant digital finance innovation ecosystem to address prevailing and rapidly changing priorities and risks, including Covid-19 recovery and climate disaster risks.</b></p>	<p><b>(Highlight initiatives like digital finance innovation hub/ accelerator programs/ startup incubators/ regulatory sandbox etc., number of projects/ startups supported by these initiatives and level of investment (US\$))</b></p> <p>Integrated National Financing Framework: a Development Finance Assessment was done to create the integrated national financing framework. The INFF was established to mobilize all sources of financial resources to public, domestic and external. (Development Finance Assessment for Republic of the Marshall Islands   United Nations Development.</p>
<p><b>3 Implement curricula and training programmes to strengthen the financial and digital literacy capabilities of all children and adults.</b></p>	<p><b>Evidence of Financial literacy included in primary, secondary, tertiary curricula:</b></p> <ul style="list-style-type: none"> <li>• June 8, 2022 - ‘Healthy, Educated and Ready to Thrive’: A Boost for Early Childhood Development in Marshall Islands.<sup>109</sup> Early Childhood Development services are set for a big boost in Marshall Islands, following the World Bank’s approval of a second phase of the Early Childhood Development Project (ECD II). The Republic of the Marshall Islands faces significant challenges in building strong early foundations for childhood development. These include high rates of malnutrition and stunting affecting 35 per cent of children under five, a lack of access to quality early childhood education, and the need for more support for vulnerable families with young children. The project will increase the availability, quality, and coverage of health and nutrition services for infants, children, and mothers through support for the health workforce sector; better health equipment, infrastructure and supplies; and improved health data and information. will also provide more support to caregivers with home visits for vulnerable families with young children, while increasing the focus on male caregiver support. The project will also fund an increase of pre-school classrooms; the recruitment and training of more teachers, and investments in more inclusive learning materials – including enhanced digital learning for outer island communities. the project will fund part of the Marshallese government’s direct social assistance program, which provides conditional cash transfers to families supported through the Early Childhood Development project. This new World Bank support will fund cash transfers to an estimated 3,500 vulnerable families in Majuro, Ebeye and neighbouring islands.</li> </ul>

<sup>109</sup> <https://fijionenews.com.fj/healthy-educated-and-ready-to-thrive-a-boost-for-early-childhood-development-in-marshall-islands/>

## **Evidence of Digital literacy included in primary, secondary, tertiary curricula:**

Education Sector Plan Republic of the Marshall Islands 2020-2023  
<sup>110</sup>

### **EDUCATION SECTOR GOALS, OBJECTIVES AND PERFORMANCE**

#### **INDICATORS:**

- GOAL 1: Improved Early Childhood Education by Improved Coverage of Early Learning Activities.
- GOAL 2: Improved Learning and Achievement of all Elementary Schools through implementation of the Improving the Quality of Basic Education (IQBE) Project.
- GOAL 3: Improved Learning and Achievement of all Secondary School Students.
- GOAL 4: Improved School Efficiency through Quality Schools.
- GOAL 5: Improved Learning and Achievement of all Post-Secondary Students.
- GOAL 6: Strengthen opportunities for out of school Youth and Young Adults through the National Training Council.
- GOAL 7: Improved governance, partnerships and synergies between the 6 key education sector organizations that promote better educational outcomes for the sector and seamless transitions leading to better learning and achievement of students.
- GOAL 8: Gender Equality & Social Inclusion Across 6 Components of the Education Sector.

### **College of the Marshall Islands**

The College of the Marshall Islands (CMI) Broadband Access for Remote Learning Opportunities and Training Program (BARLO) aims to ensure all eligible students and learning centers have access to broadband internet access to contribute to the improvement of standard of living by providing higher education to remote communities. Its purpose is to strengthen the College's IT technical and human capacity to help provide better broadband education and training, access, and technical support services. Further, it intends to provide subsidized broadband access to low-income and in-need students. The project will contribute to the stimulation and adoption of the use of broadband services for remote learning, telework and entrepreneurship to help stimulate employment opportunities, and sustainable economic development. <sup>111</sup>

<sup>110</sup> [https://planipolis.iiep.unesco.org/sites/default/files/ressources/marshall\\_islands\\_Education%20sector%20plan%202020-2023.%20Republic%20of%20the%20Marshall%20Islands.pdf](https://planipolis.iiep.unesco.org/sites/default/files/ressources/marshall_islands_Education%20sector%20plan%202020-2023.%20Republic%20of%20the%20Marshall%20Islands.pdf)

<sup>111</sup> <https://www.internetforall.gov/funding-recipient/college-marshall-islands>

	<p><b>Evidence/ Development of Financial and digital literacy framework targeted towards adults, and key programmes delivered under this framework, including data on number of such literacy programmes and people covered (if available):</b></p> <ul style="list-style-type: none"> <li>• Marshall Islands Council of Non-Governmental Organizations conducted financial literacy consultation sessions for network members and communities in November 2022.</li> </ul>
<p><b>4 Strengthen consumer protection measures, including privacy and data protection, to address increasing risks associated with a rapidly developing digital economy</b></p>	<p><b>Evidence of consumer protection framework/guidelines defining customer rights and provider responsibilities, and initiatives undertaken towards implementation:</b></p> <ul style="list-style-type: none"> <li>• A Consumer Protection Act was established allowing for a Consumer Protection Board to be created. The Act outlines conduct of corruption or unfair competition of any commerce trade and declares it not lawful. (<a href="#">Consumer Protection Act.   UNEP Law and Environment Assistance Platform</a>)</li> <li>• National Investment Policy Statement - The objective of this National Investment Policy Statement (NIPS) is to provide transparent guidance for attracting, retaining and expanding investment in the Republic of the Marshall Islands (RMI). To this end, the Government of the RMI is committed to: investment protection; transparent regulatory practices; ensuring environmental and social safeguards; and facilitating investment (foreign and domestic) and private sector development. The foundation for the NIPS is based on Government policies and strategies including the National Strategic Plan (NSP), the Economic Policy Statement (EPS) and relevant sector strategies and plans. <sup>112</sup></li> </ul> <p><b>Evidence of customer grievance redressal framework/ guidelines and mechanisms in the financial sector:</b></p> <ul style="list-style-type: none"> <li>• Consumer Protection Act'. [33 TTC 1970, §351; 33 TTC 1980, §351, modified] highlights the role of the consumer protection board that is responsible for coordinating all consumer protection activities including complaints (<a href="#">Consumer Protection Unit   Ministry of Tourism, Commerce, Industry and Cooperatives (mcic.gov.ki)</a>).</li> </ul> <p>Evidence of privacy and data protection laws/ policies for digital finance customers and service providers:</p> <ul style="list-style-type: none"> <li>• There is no personal data protection law and no general data protection authority (<a href="#">Marshall Islands   DataGuidance</a>).</li> </ul>

<sup>112</sup> [https://www.rmioct.org/files/ugd/a113bc\\_3bb6d80f47314a839ed06f18beef5128.pdf](https://www.rmioct.org/files/ugd/a113bc_3bb6d80f47314a839ed06f18beef5128.pdf)

**5 Improve the regularity and quality of digital and financial inclusion data to enable evidence-based policy and strategy formulation and to monitor the achievement of national strategies.**

**Availability of framework to collect supply side data from the digital financial service providers and other financial service providers by the regulators:**

**Top Financial Services companies In Marshall Islands**

- Marshall Islands is a small country in the Pacific Ocean, and there are not many financial services companies established in the country. However, there are a few international financial services companies that have set up their operations in Marshall Islands. These companies offer a range of financial services, including banking, investment, and insurance services. Some of the notable financial services companies in Marshall Islands include Bank of Marshall Islands, Pacific International Bank, and Marshalls Insurance. These companies offer reliable and secure financial services to their clients, and they are regulated by the Marshall Islands Financial Services Commission.<sup>113</sup> Pocket Option, Fto Capital, U Trader, Swap Space, Lirunex, Trade 12, Fxtm Partners, Cornupia Capital Ltd.

**Type (i.e., gender disaggregated, geographic, sector specific etc.) and frequency of digital financial services and financial inclusion related data being collected:**

- NO Data.

**Evidence of directly utilizing the data in design/ implementation of financial sector policies/ development strategies and monitoring of NFIS implementation at the national level:**

- No Data.

## **ANNEX A**

### **PART B: Highlights**

2-3 activities, projects, achievements during the period your institution would like to highlight in addition to that above. These could be relating to digital finance, inclusive insurance, green climate financing, regulation or regulatory developments such as sandboxes, mid-term reviews or any other financial inclusion work area.

#### **Highlight Supporting information**

**Fiji**

<sup>113</sup> <https://aeroleads.com/list/top-financial-services-companies-in-marshall-islands>



<p><b>1</b></p>	<p><i><b>Fiji Financial Services Demand Side Survey (DSS)</b></i></p>	<ul style="list-style-type: none"> <li>• Conducted a second DSS in 2020 to monitor the progress of the National Financial Inclusion Strategic Plan (NFISP) 2016-2020 and to understand the financial situation amongst Fijian adults, including the needs and barriers of different segments of the population. The report was published in August 2021.</li> <li>• The DSS 2020 introduced improvements which included assessing the constraints and barriers faced by Fijian women in accessing financial services and a green finance component to assess Fijian’s resilience to climate-related events.</li> <li>• The data collection covered a nationally representative sample of 1,001 respondents from the four administrative Central, Northern, Eastern and Western. Divisions.</li> <li>• The findings from the DSS offered evidence-based inputs in the formulation of the national financial inclusion strategy for the period 2022-2030.</li> </ul>
<p><b>2</b></p>	<p><i><b>Review of the National Financial Inclusion Strategic Plan (NFISP) 2016-2020</b></i></p>	<ul style="list-style-type: none"> <li>• The second NFISP term ended on December 31, 2020 and an independent consultant was engaged to undertake a full-term review.</li> <li>• Supported by the United Nations Capital Development Fund (UNCDF), the review exercise took place between April - October 2021.</li> <li>• The review of the NFISP included a wide consultation of key stakeholders and members of the National Financial Inclusion Taskforce and Working Groups to gauge respective views and concerns relating to the progress of financial inclusion in Fiji.</li> </ul>

		<ul style="list-style-type: none"> <li>The recommendations highlighted numerous areas and gaps in the implementation of the NFISP that have been taken into consideration in the formulation of the third NFIS 2022-2030 for Fiji.</li> </ul>
<b>3</b>	<b><i>National Payment System Strategy</i></b>	<ul style="list-style-type: none"> <li>The NPS reform commenced with the passing of the National Payment System (NPS) Act by Parliament in February 2021</li> <li>Work on draft NPS regulations commenced and an industry consultation was undertaken earlier in 2022</li> <li>Work also commenced on a National Payment System Strategy 2022-2026 with industry consultation in quarter 3, 2021</li> <li>The RBF commenced NPS Project which includes upgraded RTGS and Automated Transfer System. The Bank is presently working with licensed commercial banks and mobile money operators to implement the new system</li> </ul>
<b>Samoa</b>		
<b>1</b>	<b><i>NFIS 2.0</i></b>	<ul style="list-style-type: none"> <li>Finalization of the new National Financial Inclusion Strategy (second NFIS). This was held up as it needed to reflect the Governments' PDS for the next 5 years. Now that was recently released (25/2/22).</li> </ul>
<b>2</b>	<b><i>AFI Regional Regulatory Sandbox</i></b>	<ul style="list-style-type: none"> <li>CBS is part of the AFI Sandbox initiative that is in development. Work continues with development of data portal by AFI for the regional sandbox. CBS will leverage the regional sandbox for its national sandbox purposes.</li> </ul>
<b>Vanuatu</b>		
<b>1</b>	<b><i>RBV 2021 MSME Awards</i></b>	<ul style="list-style-type: none"> <li>In October 2021, the bank organized another MSME Awards program for small businesses to participate in. This was the second event of its kind after the inception of this award by RBV back in 2019. Interested applicants were received from over 50 small businesses from Aneityum down south to Santo up north.</li> </ul>

		<ul style="list-style-type: none"> <li>• The categories which these small businesses vied for are: <ul style="list-style-type: none"> <li>○ Manufacturing sector</li> <li>○ Services sector</li> <li>○ Women in business</li> <li>○ Youth in business</li> <li>○ Product innovation</li> <li>○ Agriculture sector</li> <li>○ Non-Bank financial service provider</li> </ul> </li> <li>• Within these seven (7) categories, two (2) businesses were awarded – one operating within the urban area and another from the rural area.</li> <li>• Nominations were open for advocating agencies to nominate small businesses under their administration that meets the eligibility criteria of the Awards. This year’s nominating agencies included the Department of Industry, Department of Cooperatives, Vanuatu Chamber of Commerce and Industry and Vanwods MFI.</li> <li>• All applications received underwent a two stage assessment process. The first assessment stage was conducted by a panel of judges consisting of representatives from the financial inclusion stakeholder institutions. The second assessment stage was conducted by the RBV MSME Awards Committee.</li> <li>• The Awards ceremony took place on Friday 26th of November 2021 in a Gala Dinner hosted by the Bank and the event sponsors.</li> <li>• The RBV MSME Awards is a biennial event occurring every two (2) years with the next one scheduled for 2023.</li> </ul>
2	<b><i>RBV 2021 Education Awards</i></b>	<ul style="list-style-type: none"> <li>• Since its inception in 2018, the bank has been successfully providing annual sponsorship packages to Year 12 students that have done exceptionally well in the mathematics subject and overall Year 12 examination. This is part of an MOU signed by the Bbnk and the Ministry of Education and Training (MoET) to further enhance Financial Education in the country.</li> <li>• The four students awarded this prestigious Award in 2021, are from College de Luganville and Malapoa College. Of the awardees, two were males and two were females.</li> <li>• The award package covers an annual sponsorship funding for complete Year 13 fees (tuition and others), plus a living allowance.</li> </ul>

1	<b>Regulation/Regulatory developments</b>	<p>The CBSI's Regulatory Sandbox Framework and Standard Operating Procedures were developed with the assistance of AFI in September 2021. These documents were endorsed in March 2022 and implementation roll-out by April 2022.</p> <p>The e-money regulations and agency banking regulations to support e-money initiatives and the agent network is with ERU/MOFT.</p>
2	<b>MSMEs</b>	<p>MSME finance facilities;</p> <ul style="list-style-type: none"> <li>• SME Credit Line for women &amp; youths with DBSI</li> <li>• SME Export Facility with financial institutions – which also uses SME Credit Guarantee Scheme</li> </ul>
<b>Papua New Guinea</b>		
1	<b>Center for Excellence in Financial Inclusion (CEFI) signed a MoU with National Research Institute NRI</b>	<p>A MoU between CEFI and NRI was signed to consolidate and strengthen the alliance and partnership for research in economic and social development. The main areas of impact to research include:</p> <ol style="list-style-type: none"> <li>i. Financial inclusion activities;</li> <li>ii. Digital financial services;</li> <li>iii. Financial literacy &amp; financial education;</li> <li>iv. Micro insurance; and</li> <li>v. SME &amp; agriculture lending</li> </ol>
2	<b>CEFI signed an MoU with Financial Institutions and Market-for-Village Farmers (MVF) project</b>	<p>Participating Financial Institutions to partner with CEFI to roll out the MVF program. Technical assistance to be provided by expert consultant (Agriculture Finance Consultants) to design and develop innovative financial products and services to meet the commercial and business financial needs of village farmers in targeted rural communities. This program is for 3 years and is expected to provide affordable access to finance and markets to participating village farmers through inclusive partnership, supportive value chain and collective governance and project management. Eight financial institutions will participate in this program, which includes commercial banks, micro banks and savings and loan societies.</p>
3	<b>CEFI Signed an MoU with PNG X Market, PNG Digital ICT Cluster and Emerging Venture Management together with DEFINE Initiatives-</b>	<p>The objective of the DEFINE Initiative is to contribute to the development of financial markets, products and services for sustainable development goals. A MoU was signed with partners and stakeholders to progress initiatives to strengthen the capacity of domestic financial institutions to encourage access to financial services and products for the unbanked segments of the population.</p>

Highlight	Supporting information
<b>Kiribati</b>	
<p><b>1</b> Digital Landscape Overview</p> <p>In early 2023, Kiribati had significant internet and mobile phone penetration rates, indicating a growing digital presence among its citizens.</p>	<ul style="list-style-type: none"> <li>• Internet penetration in Kiribati stood at 53.6%, with 71.0 thousand internet users in early 2023.</li> <li>• Social media usage reached 34.1% of the total population, indicating a significant digital presence.</li> </ul>
<p><b>2</b> Limited Financial Sector</p> <p>Kiribati's finance sector is modest, with only one commercial bank and limited financial institutions. However, private sector credit is expanding, supported by public financial institutions.</p>	<ul style="list-style-type: none"> <li>• Kiribati has one commercial bank (ANZ Kiribati) and limited public financial institutions, with expanding private sector credit.</li> </ul>
<p><b>3</b> Digital Money Adoption</p> <p>Despite lacking a central bank or national currency, Kiribati utilizes Australian dollars and operates payment systems through commercial banks. The country is exploring digital identification systems and regulatory frameworks for digital finance.</p>	<ul style="list-style-type: none"> <li>• Despite lacking a central bank, Kiribati uses Australian dollars for currency and operates payment systems through commercial banks.</li> </ul>
<p><b>4</b> Government Digital Initiatives</p> <p>The Kiribati Digital Government Project aims to enhance online service delivery and improve digital infrastructure over five years. Initiatives include promoting safe internet use, driving women's business opportunities, and issuing digital IDs.</p>	<ul style="list-style-type: none"> <li>• The Kiribati Digital Government Project aims to enhance online service delivery and digital infrastructure over five years.</li> </ul>
<p><b>5</b> Mobile Money Services</p> <p>Vodafone M-Paisa offers mobile money services, facilitating transactions and</p>	<ul style="list-style-type: none"> <li>• Vodafone M-Paisa offers mobile money services, facilitating transactions and business payments via mobile devices.</li> </ul>

	business payments via mobile devices.	
6	<p><b>Financial Literacy Initiatives</b> Efforts are underway to enhance financial literacy, including surveys, baseline assessments, and programs targeting adults and children. These initiatives aim to strengthen understanding and usage of digital financial services.</p>	<ul style="list-style-type: none"> <li>• Efforts are underway to enhance financial literacy, including surveys, baseline assessments, and programs targeting adults and children.</li> </ul>
7	<p><b>ICT Infrastructure Development</b> Kiribati is investing in ICT infrastructure, including telecommunications towers and submarine cables, to improve internet connectivity and support digital initiatives across the country.</p>	<ul style="list-style-type: none"> <li>• Kiribati is investing in ICT infrastructure, including telecommunications towers and submarine cables, to improve internet connectivity.</li> </ul>
8	<p><b>COVID-19 Response</b> During the pandemic, Kiribati implemented digital learning platforms and provided training to teachers, highlighting the importance of digital tools in education and resilience planning.</p>	<ul style="list-style-type: none"> <li>• During the COVID-19 pandemic, Kiribati implemented digital learning platforms and provided training to teachers.</li> </ul>
9	<p><b>Policy Reforms</b> Kiribati is working on legal and regulatory reforms to support digital government services, data protection, and consumer rights in the evolving digital economy.</p>	<ul style="list-style-type: none"> <li>• Kiribati is working on legal and regulatory reforms to support digital government services, data protection, and consumer rights.</li> </ul>
10	<p><b>Data Challenges</b> Kiribati faces data deprivation challenges, hindering evidence-based policymaking and monitoring of financial inclusion strategies. Efforts are needed to improve data collection and utilization for policy formulation.</p>	<ul style="list-style-type: none"> <li>• Data challenges hinder evidence-based policymaking and monitoring of financial inclusion strategies in Kiribati.</li> </ul>
	<b>Nauru</b>	

<p>Access to Digital Financial Services</p>	<ul style="list-style-type: none"> <li>• Despite Nauru's lack of a central bank and currency law, efforts have been made to enhance financial inclusion through digital solutions.</li> <li>• Mobile penetration rates are high, with approximately 90% of the population having access to mobile phones, suggesting the potential for mobile money solutions.</li> <li>• Limited data on the percentage of the adult population with registered digital finance service accounts indicates the need for further assessment and targeted interventions.</li> </ul> <p><i>SD: Data on mobile penetration rates and internet usage from Digicel Nauru and Rapyd.</i></p>
<p>Financial Literacy Initiatives</p>	<ul style="list-style-type: none"> <li>• Financial literacy activities have been undertaken to address challenges in financial management and regulatory frameworks.</li> <li>• Approximately 12% of households in Nauru, comprising around 1,000 individuals, have benefited from financial literacy programs, with a focus on improving understanding and usage of financial services.</li> </ul> <p><i>SD: Reports on financial literacy initiatives, including participant demographics and program outcomes.</i></p>
<p>Challenges in Financial Sector Development</p>	<ul style="list-style-type: none"> <li>• Nauru's financial sector faces challenges such as limited access to correspondent banking relationships, leading to costly cross-border transactions and hindering economic growth.</li> <li>• The withdrawal of Bendigo Bank's operations poses a threat to banking services, highlighting vulnerabilities in the financial infrastructure.</li> </ul> <p><i>SD: Assessments of Nauru's financial sector, highlighting challenges such as limited correspondent banking relationships and the impact of Bendigo Bank's withdrawal.</i></p>
<p>Policy Recommendations for Financial Inclusion</p>	<ul style="list-style-type: none"> <li>• Policy recommendations emphasize the importance of digitization and innovation tailored to Nauru's circumstances to enhance financial access and inclusion.</li> <li>• Suggestions include leveraging mobile technology for fiat transactions and strengthening anti-money laundering/counter-financing of terrorism (AML/CFT) measures to support digital financial services.</li> <li>•</li> </ul>

	<i>SD: Policy recommendations and strategies for enhancing financial inclusion, particularly through digital solutions and AML/CFT measures.</i>
Data Collection and Monitoring	<ul style="list-style-type: none"> <li>Capacity development for data collection and processing is identified as a challenge, highlighting the need for improved statistical infrastructure.</li> <li>Efforts to strengthen financial inclusion have shown positive outcomes, including increased account balances and the opening of savings and term deposit accounts, albeit with some targets partially achieved.</li> </ul> <p><i>SD: Reports from the Nauru Bureau of Statistics and other relevant agencies on data collection efforts and the utilization of data in policymaking and monitoring.</i></p>
<b>Palau</b>	
Digital Financial Services Accessibility Despite challenges like the absence of a central bank and national currency, Palau aims to ensure access to digital financial products and services for all citizens.	Infrastructure and Connectivity: Palau relies on US dollars, with limited domestic payment infrastructure. PNCC provides mobile services, with preparations for 5G underway. However, mobile money usage data is lacking.
Infrastructure and Regulations Palau relies on US dollars, with no central bank-operated payment infrastructure. Licensed banks and ATMs serve the population. Regulations oversee crypto asset activities, while a Digital Residency Law offers blockchain-based residency.	Stablecoin Pilot: The Palau Stablecoin (PSC), pegged to USD, aims to enhance financial inclusion and technology adoption, with plans for offline transactions.
Mobile Connectivity PNCC provides mobile services, with plans to introduce 5G. However, mobile money usage data is unavailable.	Financial and Digital Literacy: Initiatives include financial literacy programs in schools and digital literacy courses at Palau Community College.
Stablecoin Pilot Palau's Ministry of Finance launched the Palau Stablecoin (PSC), a USD-backed digital currency, with plans for broader adoption.	Stablecoin Pilot: The Palau Stablecoin (PSC), pegged to USD, aims to enhance financial inclusion and technology adoption, with plans for offline transactions.



<p>Financial and Digital Literacy Initiatives like financial literacy programs in schools and community-based digital literacy efforts aim to enhance citizens' capabilities.</p>	<p>Financial and Digital Literacy: Initiatives include financial literacy programs in schools and digital literacy courses at Palau Community College.</p>
<p>Disaster Management and Digitalization Palau leverages digital remote sensing technology to improve disaster risk management, reflecting a broader commitment to digital solutions.</p>	<p>Disaster Management: Palau utilizes LiDAR technology for disaster risk management, reflecting a commitment to leveraging digital tools for resilience.</p>
<p>Partnerships with Japan and UNDP support digital border management systems, highlighting Palau's integration into broader digital initiatives.</p>	<p>International Collaborations: Partnerships with Japan and UNDP support digital border management systems, showcasing Palau's engagement in broader digital initiatives.</p> <p>Data Collection and Utilization: Efforts to enhance data collection for evidence-based policymaking include support from organizations like the Pacific Financial Technical Assistance Centre.</p>
<p>Regulatory Framework: Palau's Financial Institutions Commission oversees regulations to protect consumers and maintain financial stability, with ongoing efforts to strengthen AML/CFT frameworks.</p>	<p>Regulatory Framework: Palau's Financial Institutions Commission oversees regulations, with IMF recommendations to strengthen AML/CFT frameworks and consumer protection.</p> <p>SDG Localization: Palau aligns with the SDGs, focusing on indicators for data availability, economic recovery measures, and sustainable development pathways.</p>
<p><b>Tuvalu</b></p>	
<p>Expansion of Digital Financial Services (DFS)</p>	<ul style="list-style-type: none"> <li>• Tuvalu Telecommunication Corporation (TTC) signed up for a digital financial inclusion and mobile wallet service called MobiFin Elite provided by Panamax. This initiative aims to offer various digital financial services such as mobile wallet services, airtime top-up, bill payment, merchant payment, and international remittance.</li> <li>• Despite challenges such as limited ICT infrastructure and lack of reliable data, efforts are being made to develop mobile money solutions like the MTUPE – TTC Mobile Money.</li> </ul> <p>The Pacific Financial Inclusion Programme (PFIP), launched in 2008, has been instrumental in extending financial services to a significant portion of the population</p>

<p>Fostering a Vibrant Digital Finance Innovation Ecosystem</p>	<ul style="list-style-type: none"> <li>Discussions are underway in the Pacific region to integrate FinTech into national financial inclusion strategies. Small island economies like Tuvalu face challenges such as limited financial infrastructure and network coverage, but there is recognition of the potential of FinTech to address these challenges.</li> </ul> <p>Efforts are being made to improve the efficiency of the financial sector in Tuvalu, including adoption of FinTech solutions. Despite the presence of three financial institutions, access to credit remains limited, especially for businesses.</p>
<p>Enhancing Financial and Digital Literacy</p>	<ul style="list-style-type: none"> <li>Tuvalu is integrating financial literacy into its education system, with initiatives such as the Tuvalu Learning Project (TuLeP) focusing on educational technology innovations to support teachers and students. This includes activities like aligning e-learning resources with the curriculum and providing digital literacy education.</li> <li>The Tuvalu National Curriculum Policy Framework emphasizes the importance of ICT use in the education system to develop necessary skills in students for the increasingly ICT-rich society.</li> </ul>
<p>Strengthening Consumer Protection Measures</p>	<ul style="list-style-type: none"> <li>There is a recognition of the need for legal and regulatory frameworks for electronic transactions, data protection, and online consumer protection in Tuvalu. However, these frameworks are currently lacking.</li> <li>Efforts are being made to strengthen policy and regulatory frameworks for disaster risk management, which indirectly contribute to consumer protection in the financial sector.</li> </ul>
<p>Improving Data Collection for Evidence-Based Policy</p>	<ul style="list-style-type: none"> <li>There is a need to improve the regularity and quality of digital and financial inclusion data in Tuvalu to enable evidence-based policy and strategy formulation. Currently, there is no legal framework for electronic transactions and data protection, leading to challenges in data collection.</li> </ul>
<p><b>Federate State of Micronesia</b></p>	
<p>Expansion of Telecommunications Infrastructure</p>	<ul style="list-style-type: none"> <li>The Federate State of Micronesia (FSM) Telecommunications Corporation has undertaken significant projects to enhance telecommunications infrastructure, including doubling the number of cellular towers and providing 3G/4G capability across the cellular network.</li> </ul>

	<ul style="list-style-type: none"> <li>The introduction of terrestrial fiber optic services has been extended to support the availability of incoming fiber optic capacity, thereby improving internet accessibility.</li> </ul> <p>Initiatives to introduce renewable energy for FSMTC facilities not only reduce costs but also improve disaster resilience through the implementation of an emergency disaster alert system.</p>
Fintech Remittances and Financial Inclusion	<ul style="list-style-type: none"> <li>Efforts to promote fintech adoption in remittance services have been underway, with discussions on adopting alternative payment methods such as internet or mobile phones for transferring money.</li> <li>Projects like the Pacific Regional Connectivity Program 2: Palau-FSM Connectivity Project aim to facilitate online payments through email addresses, thereby expanding access to digital financial services.</li> </ul>
Digital Infrastructure Development	<ul style="list-style-type: none"> <li>The initiation of the Digital Federate States of Micronesia project aims to expand internet access, promote private sector investments in digital services, and establish critical foundations for digital government services and the digital economy.</li> <li>A \$30.8 million project has been launched to connect FSM to world-class broadband and digital services, paving the way for enhanced digital connectivity and economic opportunities.</li> <li></li> </ul>
Republic of the Marshall Islands	
Access to Digital Financial Products and Services	<ul style="list-style-type: none"> <li>Lack of data on the number or percentage of adult citizens with registered digital financial accounts.</li> <li>Overview of the financial system in the Marshall Islands, including banks, money transfer operators, insurance companies, and pension funds.</li> </ul> <p><i>SD: Financial System of Palau overview.</i></p>
Challenges and Initiatives	<ul style="list-style-type: none"> <li>Limited telecommunications infrastructure and legislation supporting digital services hinder digital economy growth.</li> <li>Introduction of a national digital currency alongside the US dollar.</li> </ul>

	<ul style="list-style-type: none"> <li>Limited access to high-speed internet, hindering digital services rollout and economic opportunities.</li> </ul> <p><i>SD: Information on mobile broadband penetration, mobile subscriptions, and fixed broadband subscriptions from the International Telecommunication Union (ITU) World Telecommunication/ICT Indicators Database.</i></p>
Initiatives for Digital Financial Services	<ul style="list-style-type: none"> <li>Memorandum of Understanding (MOU) between RMI and Bitt for a National Digital Payments System (NDPS).</li> <li>The Digital RMI Project, funded by the World Bank, aims to improve internet access and promote investment.</li> </ul> <p><i>SD: Details on the Climate Change and Disaster Risk Finance Assessment in the Marshall Islands.</i></p>
Financial and Digital Literacy Programs	<ul style="list-style-type: none"> <li>Inclusion of financial and digital literacy in educational curricula.</li> <li>Initiatives like the College of the Marshall Islands' Broadband Access for Remote Learning Opportunities and Training Program (BARLO).</li> </ul> <p><i>SD: Education Sector Plan Republic of the Marshall Islands 2020-2023.</i></p>
Consumer Protection and Privacy Measures	<ul style="list-style-type: none"> <li>Establishment of a Consumer Protection Act and National Investment Policy Statement.</li> <li>Role of the Consumer Protection Board in addressing consumer grievances.</li> <li>Absence of personal data protection laws and policies.</li> </ul> <p><i>SD: Details on the Consumer Protection Act and National Investment Policy Statement.</i></p>
Data Collection and Utilization	<ul style="list-style-type: none"> <li>Lack of available data on digital financial services.</li> <li>No evidence of data utilization for policy formulation or monitoring National Financial Inclusion Strategies (NFIS) implementation.</li> </ul> <p><i>SD: Absence of data availability and utilization for policy and strategy formulation.</i></p>

## **ANNEX B**

### **PART D: Programme Highlights**

## **Pacific Digital Economy Programme (PDEP)**

Digital technologies play a crucial role in expanding access to financial services, reducing barriers to entry, and empowering individuals to participate more fully in the formal financial system, thus contributing to greater financial inclusion.

The Pacific Digital Economy Program (PDEP) is a joint programme between the United Nations Capital Development Fund (UNCDF), the United Nations Development Program (UNDP) and the United Nations Conference on Trade and Development (UNCTAD) in support of the development of inclusive digital economies in the Pacific. The programme commenced in 2021 and is funded by the Government of Australia, New Zealand, and the European Union. PDEPs inception phase ran from 2021-2022 covering 5 Pacific Island Countries. In 2023, the programme scaled up, increasing its geographical coverage to 11 countries including Cook Islands, Fiji, Tonga, Samoa, Vanuatu, Solomon Islands, Federated States of Micronesia, Kiribati, PNG, Timor Leste, Republic of Marshall Islands.

### **Enabling Policy and Regulation**

As part of PDEPs efforts to strengthen an inclusive digital economy enabling environment, the programme supported the development and launch of five key policy and strategy frameworks that promotes digital financial inclusion across five Pacific countries. This includes the:

- i. Launch of the National Financial Inclusion Strategy in Samoa
- ii. Launch of National Financial Inclusion Strategy in Tonga
- iii. Launch of the National E-Commerce Strategy in Solomon Islands,
- iv. Telecommunications SIM registration gazette in Solomon Islands
- v. Approval of the Solomon Islands approved Consumer Protection Guidelines that UNCDF had drafted.

UNCTAD, through PDEPs support, also launched the first Pacific Digital Economy Report in February 2023 which will help inform policy making, programming and regional cooperation initiatives in e-commerce and digital transformations.

PDEPs technical assistance to the region has been complimented with capacity development training initiatives led by UNCTAD and delivered to policy makers, regulators, and other key decision makers. The training on e-commerce and the digital economy reached over 150 people. In terms of working with Pacific regulators, PDEP completed the data diagnostic assessments of the central bank's supervisory architecture for Fiji, Samoa, and Vanuatu.

### **Open Digital Finance Ecosystem**

A regional agent network expansion project designed to increase access points via agents and merchant distribution channels with the intent to increase uptake of mobile money services, kick-started in December 2023 covering Fiji, Tonga, Samoa, and Vanuatu.

### **Inclusive Innovation**

The programme launched its Agri-MSME Innovation Challenge which co-funds private sector innovators to pilot and scale digital solutions in agricultural value chains for the growth and resilience of smallholder farmers. Six resulting projects from PNG, Fiji, Samoa, and Timor Lester, were shared with and approved by the Investment Committee.

Through YGAP, regional capacity building was offered to thirteen incubation program providers (IPPs) across the region of which three IPPs from Solomon Islands, Kiribati, and Tonga, were granted additional coaching and grant support.

## Empowered Customers

PDEP published its Digital Financial Literacy Survey Reports for 7 Pacific Island Countries.

## Country Level Achievements

- At the country level, landmark initiatives such as the launch of the first mobile money services in Solomon Islands took place as well as the launch of the country's national e-commerce strategy.
- Through the programmes support, the Pacific regions first inter-island money cross border remittance and money transfer services was also launched in May and has seen remarkable successes in remittance volume and value particularly for Fiji.
- PDEP's country coordinators continue to provide technical assistance to their national counterparts, and this includes.
  - ✚ Support to the development of the first **Kiribati** NFIS as well as support to the Ministry of Information, Communication and Technology (MICT) to process the enactment of the Digital Government Bill 2023.
  - ✚ In **Vanuatu**, the country coordinator developed a policy paper and recommended a series of policy revisions to enable DFS in Vanuatu.
  - ✚ In **Fiji**, the country coordinator is in discussions with the Reserve Bank of Fiji (RBF) on the development of a National FinTech Strategy which will support the needs of new and existing Fintech, aligning with the development needs of the financial sector.
  - ✚ **Samoa's country coordinator** supported the central bank with the NFIS launch and has been instrumental in the expansion of PDEPs programming into **Cook Islands** leading in-country stakeholder consultations and developing PDEPs country strategy and workplan which will be implemented in 2024.
  - ✚ In **Solomon Islands**, technical assistance from the country teams was provided to the Central Bank of Solomon Islands (CBSI) as well as the Telecommunications Commission in drafting the Financial Consumer Protection which became effective January 2023. UNCDF also supported the drafting of the CBSI's and TCSI's respective "Data Protection & Privacy Policies" as well as the drafting of the e-money regulation and agent banking regulation which are in the final stages of approval by the Attorney General.
  - ✚ In **Tonga**, the country coordinator supported the Prime Minister's Office in the review of the 2022 Inclusive Digital Economy Scorecard (IDES) at a validation workshop in quarter four as well as the launch of the Tonga NFIS in December.
  - ✚ Following the launch of **PNGs** NFIS 2023-2023 in May 2023, UNCDF's country focal has been appointed as a distinguished member of the Steering Committee and will collaborate closely with other stakeholders to provide valuable insights and guidance to steer the implementation of the strategy.
  - ✚ **Timor-Leste** is one of the more recent additions to PDEPs portfolio of country programming. The country coordinator commenced project scoping while solidifying relevant relationships with government and private sector partners.

PDEP piloted four digital finance solutions in 2023. A total of 50,157 customers were enrolled onto PDEP supported digital financial solutions (DFS) with around 38,270

(76%) of these being active DFS users. PDEP and its grant partners also contribute to digital financial literacy, awareness, and capacity development in the region. 57 of such interventions were carried out, reaching over 653,376 people.

### **Pacific Insurance and Climate Adaptation Programme (PICAP)**

The Pacific Insurance and Climate Adaptation Programme (PICAP) is jointly implemented by the United Nations Capital Development Fund (UNCDF), the United Nations Institute for Environment and Human Security (UNU-EHS) and the United Nations Development Programme (UNDP). The programme aims to address the significant financing and protection gap that exists at the micro, meso, and macro levels that impacts PSIDs vulnerability and lack of access to climate and disaster risk financing and insurance. PICAP equips governments and communities with climate and disaster risk financing and insurance (CDRFI) solutions that will enable them to improve their financial preparedness and resilience against climate change and natural hazards. The Programme receives funding support from the Governments of New Zealand, Australia, Luxembourg with added support from the India-UN Development Partnership Fund and the United Kingdom through the Foreign, Commonwealth & Development Office.

PICAP completed its inception phase (2021-2022) successfully having piloted market based parametric microinsurance in Fiji, Tonga and Vanuatu, thereby redefining the landscape of climate disaster risk financing in the Pacific. Based on the recommendation of the mid-term review completed in 2022 and with the support of donors, PICAPs scale up phase commenced in 2023 covering seven pacific countries including Fiji, Tonga, Vanuatu, Samoa, Solomon Islands, Kiribati, Papua New Guinea.

The programme adopts a market ecosystem approach by bringing together policy makers, private sector insurers, reinsurers, FinTech/InsurTech providers, farmer/fisher cooperatives, associations, market vendor associations, other insurance distributors, advocacy and literacy service providers. Partnerships forged between these players ensure that parametric microinsurance products and solutions, are digitally delivered at the last mile to climate vulnerable populations. With primary focus on agriculture, fisheries, tourism and retail sectors with cross-cutting focus on women, persons with disabilities and MSMEs, the programme caters to those not only economically active, but also the most vulnerable.

During 2023, major climatic events occurred in Fiji and Vanuatu - tropical depression associated with heavy rainfall and flooding in Fiji and two Category 4 cyclones in Vanuatu. Over 1,000 parametric insurance claims to beneficiaries in both these countries who were eligible received their pay-outs directly into their bank accounts or mobile e-wallets (about 74%) within 2 weeks after receipt of verified data by the insurers. Of these beneficiaries, about 40% were women and 24% persons with disabilities, establishing the highly inclusive approach and proof that market-based disaster risk financing and insurance mechanisms have a significant role to play in addressing “loss and damage” of climate vulnerable communities.

In 2023, the programme piloted 6 new and improved CDRFI products across 5 Pacific countries including Fiji, Tonga, Vanuatu, Samoa, and PNG. By year-end, a total of 12,676 clients were registered onto CDRFI parametric solutions of which 11,314 were active customers. In addition to this, through programme partnerships, a total of 11,756 people were reached with financial competency development activities.

The Programme through its Inclusive Insurance Solutions Hub (HUB) explored frontier concepts and ideas including Artificial intelligence (AI) applications for claims management by insurers, and also developed the first of its kind climate risk insurance product linked to anticipatory action. An ex-ante parametric insurance product with triggers linked to anticipatory payments was launched in Fiji on 19th September 2023 with the active participation of four community-based organizations covering several households and the cover underwritten by a local insurer-Sun Insurance. This is the first of its kind in the world for fast onset weather events like tropical cyclones and the lessons learned from this innovation will be used during further iterations of the product.

The market systems development approach and strategy of UNCDF and its application in building the ecosystem to deliver climate disaster risk financing at the meso and micro level and at the last mile is increasing being recognized in global forums as truly differentiated, while being complimentary to macro, sovereign solutions. PICAP also works with other UN agencies including UNDRR, UN Women and WFP (World Food Programme) allowing the UN to “deliver as One” with synergetic and complimentary approaches, leveraging the potential and strengths of each agency.

In partnership with the access to insurance initiative (a2ii), the programme also launched an e-learning course on “Index insurance best practices” as a follow on from the joint publication from 2022. The e-learning course has two streams, one for regulators and insurance supervisors, and the other for industry practitioners. These self-paced courses are meant to increase awareness on index/parametric insurance and enhance technical capacities.

PICAP also played a significant role in the regional Disaster Risk Financing (DRF) technical working group contributing regularly to the national workshops and virtual learning series, besides supporting the development of a DRF strategy guidance tool that was endorsed at the FEMM 2023. Through PICAP, the foundation for a global UNCDF CDRFI programming (Climate Insurance and Resilience Programme) got underway with scoping and feasibility studies completed in Senegal, Malawi, Sierra-Leone, Niger, and Bangladesh.

## **Blue Economy**

Fiji’s Blue Economy Programme (Investing in Coral Reef and Blue Economy) which is joint programme between UNCDF, UNDP and UNEP and co-funded by the Global Fund for Coral Reefs and the Joint SDG Fund in the sum of USD10.5M is a first of its kind for Fiji and the Pacific.

The Pacific is amongst the most disaster-prone regions on earth. The World Risk Index consistently ranks countries such as Fiji, as some of the most climate vulnerable countries - largely attributed to natural hazards and climate change that is perpetuated by slow onset events such as sea-level rise and storm surges. Pacific Small Island Developing States (SIDS), relative to their land mass, have vast ocean resources at their disposal – presenting huge opportunities to boost their economic growth, tackle unemployment, enhance food security and ultimately reduce poverty.

The Blue Economy Programme which commenced in 2021 has a target to leverage USD50M by 2025 from philanthropic, development and private finance through the provision of catalytic



investments to create a blended finance facility for initiatives that have a positive impact on Fijian coral reefs, marine biodiversity and the communities that rely on them. The Programme entails developing investible projects (successfully developed a pipeline of 7 businesses) with a positive coral reef impact through providing a blend of technical assistance, performance grants and concessional capital for derisking to unlock financing from private investors and other financing facilities.

The business solutions earmarked for blended finance under this Programme through UNCDF's investment portfolio revolve around the following:

- provide new economic activities whilst safeguarding Fiji's marine biodiversity;
- new employment opportunity and sustained income for women, youth and reef-dependent communities;
- ensure that these businesses are sustainable and inclusive;
- able to access catalytic investment to de-risk the private sector perceived risk of investing in the blue sectors or sustainable development sectors;
- safeguard marine biodiversity and contribute to SDG targets; and
- create awareness and visibility of these innovative solutions that can be replicated in other parts of Fiji and the Pacific region.

In addition, under the Blue Economy Programme, UNCDF in collaboration with UNDP was able to assist the Fijian Government to issue Fiji's first Blue Bond with a value of USD10M. This is the first Blue Bond issued by a Pacific Small Island Developing State. Through the issuance of Blue Bond, UNCDF and UNDP were able to mobilize USD10M from private sector to fund coast protection initiatives, sustainable fisheries, sustainable waste management and sustainable towns and cities.

Moving forward, UNCDF in partnership with UNDP are developing an overarching project with sustainability, inclusivity and economic empowerment as its key drivers for the Pacific by identifying and incubated new businesses through the provision of blended finance instruments to create a growth pathway.

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