



*The graduate school  
of global affairs  
at Tufts University*

## **Supply-Side Assessment of Gender-Inclusive Finance in Fiji**

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F L P F I   R E S E A R C H   B R I E F

This brief is based on the reports presented by Research Prize Recipient of the Reserve Bank of Fiji. All data and comments reflect the findings of the study, and FLPFI was not responsible for the data collection or analysis presented in the final report or this brief. The research was done independently by Research Prize grantee and the team of consultants hired by her.



The Fletcher Leadership Program for Financial Inclusion (FLPFI) works with policymakers and regulators to design innovative and inclusive policies. The Research Brief Series is an integral part of the Eight Question Method for Policy Development (8QM), the core of the FLPFI curriculum.

## EXECUTIVE SUMMARY

This brief presents the findings of a Gender Inclusive Finance survey conducted in 2023 with the financial support and technical guidance of FLPFI. The research project, designed and directed by Caroline Waqabaca, Wati Seeto, Swastika Singh\* and Latu Kaukilakeba of the Reserve Bank of Fiji (RBF) explored the supply of financial services to women and women-owned micro, small and medium enterprises (W-MSMEs) in Fiji. The survey was administered to 18 financial institutions (FIs) in conjunction with consultations with financial service providers (FSPs), accelerators and government agencies. It captured new data insights as well as gaps and challenges related to women's financial inclusion. Additionally, the study extensively utilized the findings of a survey of 2,400 registered and active enterprises conducted by the Fiji Bureau of Statistics (FBoS) in early 2023 as part of an impact evaluation of Fiji's Secured Transaction Reform in partnership with the RBF.

### Key highlights from the research findings are summarized below:

- **Women continue to be underserved**, both as individuals and as business owners. Fewer women than men especially those in the 15-35 age range, have bank accounts compared to men. Women-owned businesses also have limited access to capital, regardless of their turnover and loan documentation. Furthermore, loans given to women-owned businesses are significantly smaller on average than those given to men who operate businesses of similar size.
- Despite public commitments by the government to close gender finance gaps and establish financial inclusion working groups that include stakeholders from the financial sector, it seems that **gender finance knowledge has not expanded beyond a limited group and has yet to reach a critical mass.**
- The financial sector has a limited understanding of **women-owned businesses** due to lack of robust data on factors such as the number of registered businesses, their turnover, contribution to the economy, and key financial needs and preferences.
- **Two licensed financial institutions** in addition to microfinance institutions have stood out for their unique approach and have developed new products to serve small businesses that are likely to grow slowly.

\*Former RBF staff and currently Senior Advisor for Financial Inclusion at the Reserve Bank of New Zealand.



## BACKGROUND

In 2022, the Reserve Bank of Fiji (RBF) launched the third National Financial Inclusion Strategy (NFIS) 2022-2030 with a vision of 'Empowering Fijians to build resilient and sustainable livelihoods and businesses through financial inclusion. This strategy places greater emphasis on gender inclusive finance and contains specific commitments to advance the financial inclusion of unserved and under-served segments of the population women, youth, elderly, persons with disabilities, micro, small, and medium enterprises (MSMEs) and those living in rural and maritime areas.

Some specific components of the Strategy include developing a gender inclusive finance roadmap, conducting a gender analysis of financial products and services, and assessing existing constraints to access finance by women-led MSMEs. In recent years, Fiji has made important progress towards improving women's financial inclusion significantly reducing the gender gap in bank account ownership from 16 percent in 2014 to 10 percent in 2022.

Table 1: Number of people with bank accounts

	2014	2019	2022
Women	52%	73%	83%
Men	68%	87%	92%
Gender Gap	16%	14%	10%

Source: RBF Financial Sector Supply-side Data, 2023

For individuals aged 15-35, known as youth, there has been a consistent trend of rising bank account ownership among both females and males with a reduction in the gender gap from 12 percent in 2018 to 7 percent in 2022. Nevertheless, significant efforts are still needed to achieve greater levels of financial inclusion, mirroring the situation in the adult population.



## RESEARCH QUESTION, DATA AND METHODOLOGY

This study investigated the main supply-side, regulatory and infrastructural barriers that hinder women's access to and usage of financial products and services in Fiji. The findings of this study are derived from primary data collected from financial institutions, supported by stakeholder consultations and a review of the local legal and regulatory frameworks and financial infrastructure.

The primary data collection was conducted during August and September 2023. It consisted of a questionnaire-based survey administered to 18 financial institutions and consultations with financial service providers, accelerators, and government agencies. This study has also utilised the findings of a survey of 2,400 registered and active enterprises conducted by the Fiji Bureau of Statistics (FBoS) in early 2023. This survey was part of an impact evaluation of Fiji's Secured Transaction Reform\* in cooperation with RBF. This is the first large-scale business survey to measure female ownership in Fiji, providing us with reliable estimates on the share of the MSME sector that is majority owned by women. It fills a significant gap in Fiji's gender and business statistics. The survey is considered largely representative of Fijian MSMEs in urban and peri-urban areas. However, it might have underestimated the number of hidden household enterprises (likely to be very micro businesses) as the survey was based on visual inspection of enterprises.

\*The data was collected in greater Lautoka, Nadi, and Suva and is considered statistically representative of all registered enterprises in Fiji.





## KEY FINDINGS

### On access and usage of financial products and services for individuals:

- There is a general lack of awareness and acceptance among financial institutions (Fis) regarding gender-inclusive finance. Many FIs question the business potential and are hesitant about the costs and efforts needed to reach underserved segments in a small market –like Fiji. Furthermore, there is a lack of understanding or an outright refusal to acknowledge that women have distinct financial needs and behaviors that require specialized approaches and strategies.
- There are significant regulatory and infrastructure barriers that impact women's financial inclusion. Strict Know Your Customer (KYC) requirements for opening individual and business accounts often result in excluding individuals and businesses without proper identification from the formal financial system. The Credit Bureau is still new and lacks historical data on customer transactions. Additionally, challenges with interoperability and interconnectivity of payment systems as well as the speed and coverage of the internet network make it challenging to digitize the financial behavior of Fijians and reach those in more remote areas.
- Women and men have similar number of savings and deposit accounts but there is a significant difference in average value held. On average, women hold 25% less than men in their savings accounts and 43% less in their term deposit accounts.
- Similarly, the number and value of loans to women, both adults and youth, are much lower than those for men. The average loan size is also lower by FJD 11,500 compared to FJD 19,000 for men, which is 64% lower.
- In 2022, surveyed financial institutions were able to reach a total of 18,927 Fijians through their training and financial education initiatives, with 88% being women and 12% men. Female customers are the primary target group for most FIs.





### On access and usage of financial products and services for MSME businesses:

- Women account for 30.2 percent of all MSMEs registered in Fiji . An estimated 40,000 women which makes up 93 percent of self-employed women are in informal employment. This means they run informal businesses or work for others with limited or no access to social benefits.

**Table 2: Number of registered and active MSMEs by Gender of Owner**

	Overall	Women Owned	Men Owned	Jointly Owned	Women Owned (%)
Micro	6100	2299	3323	478	37.7
Small	1700	324	920	455	19.1
Medium	1700	251	1132	318	14.7
Total	9500	2874	5375	1251	30.2

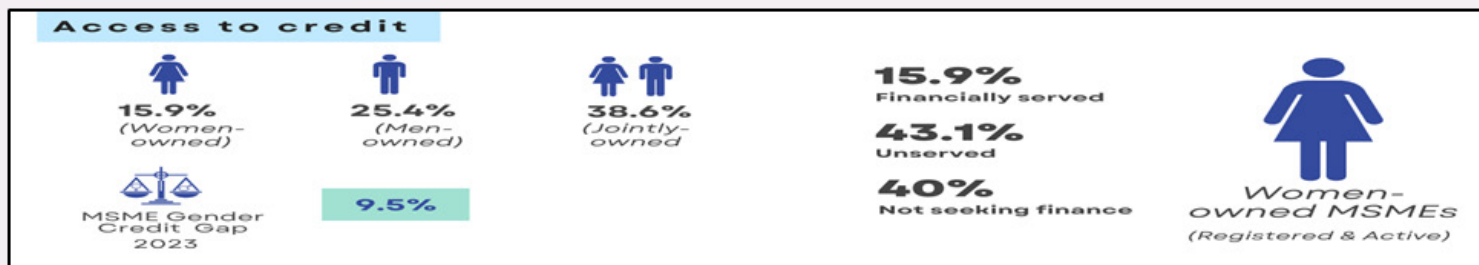
Source: FBOS Secured Transactions Reform Impact Evaluation Survey 2023

\*An enterprise is defined as being 'female-owned' ('male-owned') if a majority of owners identify as female (male) and "jointly-owned" where there are both female and male owners.



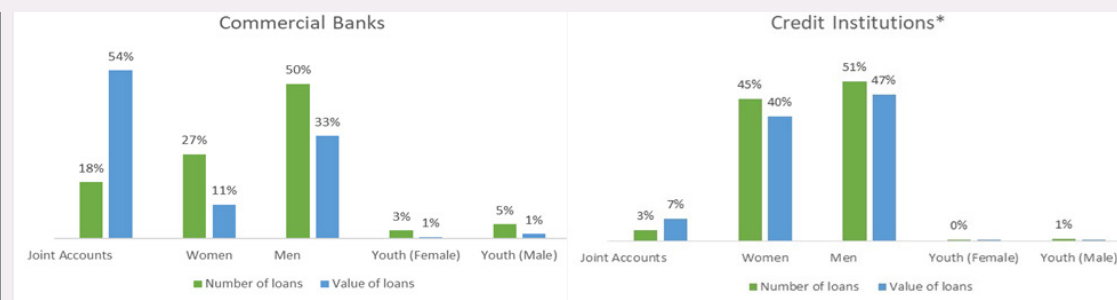
- The Fiji Development Bank is the only bank that offers a dedicated loan product for women-owned businesses. This product was introduced in August 2022.
- The percentage of women-owned MSMEs that borrow formally is lower than that of men-owned businesses – 15.9 percent versus 25.4 percent. Similar to lending to individuals, the average value is also significantly lower.

**Figure 1: Women Owned MSMEs (Registered & Active)**



Source: RBF Financial Sector Supply-side Data, 2023

- It is estimated that 43 percent of registered and active female business owners are currently financially unserved. Women's average loan size is also much smaller than men's, likely indicating that even those women who can borrow are in fact underserved. They are issued a lower amount than what is desired and needed to scale their businesses.



Source: Author's calculations based on survey of licensed financial institutions

\*Only one credit institution provided data



Lastly, the most common reasons for rejected loan applications for both women and men are the lack of collateral, insufficient loan documents (e.g. incomplete or inaccurate financial statements), and low sales/earnings. Another common reason for women's loan application is to be rejected is the perception that their capacity to run the business is limited, a reason that appears to be less relevant for male applicants.

Findings from the FBoS survey indicate that even when women have land or real estate and vehicles, they access loans at a much lower rate than men - 26% versus 43% in the case of real estate and 37 percent versus 49 percent in the case of on-road vehicles.





## KEY TAKEAWAYS AND NEXT STEPS

### Recommendations for the Reserve Bank of Fiji

The study emphasizes the importance of increasing awareness and understanding of gender diversity and gender-inclusive finance, especially in relation to women-owned businesses. It is crucial to establish a clear definition of Women-MSMEs and ensure that financial institutions are using this definition consistently. Furthermore, policies should be examined to mandate financial institutions to gather gender-disaggregated data at both firm and portfolio levels. This includes reporting annual data on gender diversity and inclusion within their organizations, as well as retail and business data.

Moreover, demand-side market research should be conducted to gain a better understanding of the specific barriers, financial needs, and preferences for women-owned businesses. On the other hand, policies and regulatory frameworks, particularly the credit guarantee scheme and e-KYC regulations should be improved. RBF may revisit the current guaranteed scheme in consultation with banks and credit institutions and re-structure it into a more efficient program that can effectively support financial institutions in lending to MSMEs.

Furthermore, informal businesses should be supported in their efforts to formalize and access financing. It is recommended that RBF collaborates with other key agencies to: a) streamline regulatory requirements to make them more accessible for smaller businesses; and b) support W-MSMEs in completing and renewing registration through a combination of financial and advisory support.





### **Recommendations for Financial Institutions**

1. It is recommended that financial institutions integrate gender elements across their business models through a two-pillar approach. This approach consists of designing and executing: 1) a gender finance strategy to enhance their understanding of the financial needs of women and women-owned businesses, enabling them to better serve these demographics through tailored products and services; and 2) a gender inclusion strategy to promote equal access to opportunities for all within the organization. This strategy also aims to embed the principles of balanced leadership and management within the organizational structure.
2. An essential step in understanding women and W-MSMEs needs and preferences is to collect robust gender-disaggregated data and make meaningful use of it. It is important for financial institutions to know how to analyze the data collected in order to generate valuable insights on product and service usage patterns, preferences and customer behavior.





### **Recommendations for Financial Institutions**

3. Design improved loan products that take into account the needs of women borrowers and MSMEs. The current lending policies and collateral requirements of financial institutions effectively exclude many the micro and small entrepreneurs from accessing bank loans. We suggest revisiting product underwriting standards and simplifying application processes specifically for micro and small businesses, with a focus on women entrepreneurs who are hindered by the high collateral demands of traditional bank products.

4. To enhance access to lending, it is crucial to improve access to information and financial skills building programs. The lack of information continues to be a barrier to women's access to banking services. Similarly, financial education programs have significantly increased access to formal financial services. There are opportunities to enhance efforts in both areas.

5. Provide gender sensitive staff training. Employees who are well-trained can effectively serve and support customers, including MSMEs. It is important to train staff on gender diversity and inclusion, as well as on how to better serve their customers. This can be achieved through marketing strategies that are sensitive to gender issues such as using language and images that are inclusive of women and other marginalized groups.