



## The Pacific Financial Inclusion Programme Legacies

# Testing and scaling micropensions in the Pacific

The UN Capital Development Fund's (UNCDF) flagship Pacific Financial Inclusion Programme designed and supported projects to increase access to and usage of financial services for Pacific Islanders. All interventions were designed in such a way that all stakeholders involved were part of the solution.

UNCDF incentivised the development of

- enabling policies and regulations,
- invested in financial literacy and
- boosted the design of innovative financial products that meet the needs of Pacific users.

UNCDF and its partners took bold risks to test solutions successfully deployed elsewhere in the world in the comparatively smaller and dispersed Pacific markets. Risks that paid off, and, incrementally, more and more people can use products that allow them to settle their bills, transfers money, insure themselves and save for retirement.

The Pacific Financial Inclusion Programme carried out feasibility studies<sup>1</sup> to establish whether there was demand for informal superannuation products in Fiji, Papua New Guinea, Solomon Islands and Vanuatu.

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<sup>1</sup> <https://www.uncdf.org/Download/AdminFileWithFilename?id=8357&cultureId=127&filename=sinpf-lessons-learned-finalpdf>

The study highlighted that across these Pacific Island Countries nearly 80 percent of people are employed in the informal sector. Informal sector workers are often either excluded from superannuation funds or do not have the ability or motive to make regular payments to save enough for retirement. And where traditional social structures helped to support people in their retirement, in an increasingly more mobile and modernized society, these structures are not what they used to be. A scoping exercise showed that informal sector workers had both a need to save and the means to do so.

## Profile project: Designing and testing yousave

Several challenges were taken into account when designing youSave. For example, 68 percent of the population was unbanked, lacking a formal identification documentation and had little extra money to put aside for long-term savings, to name just a few.

Therefore youSave was designed with the following features:

- Simple Know Your Customer (KYC) requirements
- Developed as a 50/50 split product allowing customers to use 50 percent of savings for shorter term withdrawals
- No costs to open or maintain a youSave account
- Easing deposits through collaboration with the ANZ agent network and the digital platform accessed through USSD.

The Central Bank of Solomon Islands allowed youSave partners to design and test the product while adapting the legal framework to support the process.

Initial uptake of the product was a success, especially amongst women. Women market vendors were able to easily make deposits with agents stationed nearby. And research indicated that people below 50 years of age also showed interest in youSave, so the product was modified to allow younger customers to enroll. By the end of the testing phase, however, while account openings were high, regularly savings deposits were relatively low.

### LoMobile: Using Airtime to Deposit Savings into your youSave Account

To further boost the uptake and usage of youSave, a unique collaboration between government and private sector partners, allowed youSave customers to use airtime credit to make installments into their micropension accounts. The product was named youSave LoMobile. With this in place, a youSave client can buy airtime credit, which they would normally use for making calls, send an SMS or for data, and make a deposit into their youSave accounts, using a simple three-digit USSD code. Tax paid for airtime is refunded directly into user's accounts, further incentivizing savings.

By mid-2021:

- 28,498 customers onboarded
- 53 percent of whom are women
- 51 percent activity rate
- Before the tax waiver, 14 percent of these savings were made through LoMobile, which was only expected to go further increase after the tax waiver.

## Building on lesson learned

- While testing a similar product in Fiji was stalled at an early stage, following the success of youSave a similar product was designed for informal sector workers in Vanuatu. After initial promising testing of this product, expansion was hampered by missing legislation allowing for such an informal pension savings product.
- The Pacific Digital Economy Programme continues to invest in building more robust distribution mechanisms as access to products and services for rural users remain a challenge. In Solomon Islands for example, the ANZ agent network which supported youSave deposits was closed, while mobile money will soon be tested for the first time in the country, with support from UNCDF.
- UNCDF and its partners explored the design and testing of several other savings products such as a <https://www.uncdf.org/article/6212/boosting-the-uptake-nudging-samoans-to-save-more-of-the-remittances-the-receive>



- UNCDF and its partners explored the design and testing of several other insurance products such as [life insurance in Fiji](#), [health insurance in Papua New Guinea](#), [funeral insurance in Samoa](#), [a specific insurance product for fishers](#) and a [parametric climate risk insurance](#) for several countries in the region.
- Throughout the design and testing of youSave and LoMobile, close collaboration between the Central Bank of Solomon Islands and the National Financial Inclusion Taskforce has been a key to success. UNCDF continues to foster this partnership through the development of the next National Financial Inclusion Strategy and the first National Digital Economy Strategy.

## Further reading

Lessons from Solomon Islands: Innovating with Pensions for the Informal Sector

<https://www.uncdf.org/Download/AdminFileWithFilename?id=8357&cultureId=127&filename=sinp-lessons-learned-finalpdf>

Press 1 to Secure Your Retirement

<https://www.uncdf.org/article/6220/press-1-to-secure-your-retirement>

Fit For Purpose – How the Design of an Informal Pension Scheme Has a Lasting Impact in the Solomon Islands

<https://www.uncdf.org/article/6433/fit-for-purpose-how-the-design-of-an-informal-pension-scheme-has-a-lasting-impact-in-the-solomon-islands>

The Viability of Mass Market Digital Finance in the Pacific

<https://www.uncdf.org/article/6527/viability-of-mass-market-digital-finance-in-the-pacific>

