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## The UNCDF Pacific Islands FinTech Innovation Challenge Questions for Implementing Partners – Fiji Development Bank

### Questions:

1. **What is the current market scenario in the country with respect to addressing a particular problem statement (Eg: what is the current market scenario in terms of digitizing customer service in Fiji)?**

For Fiji, during the COVID19 pandemic peak and now the new normal, digitizing customer service has been key improvement in all aspects. Be it from digitizing the business registration process, digital payment channels (such as M-Paisa, MyCash, TMO via Post Fiji, EFTPOS, Online Payments/Orders), on-line shopping, online customer assistance services through chat platforms, online applications and many more.

For the Fiji Development Bank, this has been in the form of increased accessibility of EFTPOS at our branches, repayments via digital platforms identified above, product and service awareness via website, customer applications through online platforms, marketing through e-channels and customer interaction through emails and social media, e-distribution of annual reports. In progress for FDB is creating customer service toolkits to be accessible on the FDB website.

2. **Who are the target audience in the specific market (eg: SMEs, women)? What is the proportion of this population that is expected to be served through the implemented solution?**

For Fiji, the target market is widely spread, for example, agriculture, SMEs, women, youth, people living with disability, investors/corporate customers as well as consumer lending.

For the Bank, there is 3 core lending market – Agriculture, SME and Corporate (Prime loans). The make-up of the category includes women, youth, people living with disability and people of all gender.

Automating the customer service channels is expected to serve all the business/entrepreneurial/farming/investors market when they access the revamped customer service platform. The intended purpose is to improve quality of service, swift

timely response, reduce operational costs, and improve longer term service delivery.

**3. What percent of the population already uses/has access to mobile phones, internet, etc. (if the solutions involve these infrastructure)?**

Around 95 per cent of Fiji's population have access to mobile connectivity.<sup>1</sup>

**4. Is there necessary supporting digital infrastructure that is already available to implement the solution (eg: necessary supporting infrastructure for automation of customer services)?**

Yes, the Bank already has a generic email platform ([info@fdb.com.fj](mailto:info@fdb.com.fj)) as well as standard automated responses for the Facebook page. The FDB also has its online application portal for an SME product – SME Sustainability Package and Agriculture Products - Rice Mobility Package and Ginger Loan Facility. The FDB also has its Bank Management System operated by the Bank's ICT Department.

**5. Are there similar products in the market already? If yes, what are they?**

Yes, other commercial banks, licensed credit institutions offer similar products related to Agriculture, SME's and commercial loans as well as home loans, term deposits and micro loans apart from banking services. Note: as directed by the Reserve Bank of Fiji, the commercial banks must hold lending portfolio of 4% in Agriculture and 2% in Renewable energy – hence Agriculture lending is low in priority for commercial banks. The key competition from commercial banks is mainly in the SME and commercial loans market segment.

FDB also provides funding to agriculture farmers without a formal lease through its agriculture loan product – the Agriculture Family Loan facility. FDB has also designed loan packages for customers in the Agriculture and SME sector at lower interest rates as well market linkages. For example, providing funding under the Agriculture Value Chain concept for rice and ginger farmer, SME loans package with interest rates as low as 3.99%. Other initiatives that support SME lending is for FDB is the guarantee support through the Reserve Bank of Fiji.

A unique aspect of FDB is that FDB is the only development bank in Fiji and the first development bank in the South Pacific to become an accredited Direct (National) Access Entity by the Green Climate Fund (GCF).

**6. Are there other key players in the market for the particular product (to understand competition)? If yes, who are they?**

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<sup>1</sup> <https://www.fiji.gov.fj/Media-Centre/News/BREAKING-BARRIERS-IN-DIGITAL-FINANCE>

Banks<sup>2</sup> - mainly for SME's, focus on Agriculture is mainly the large commercial agriculture businesses

<b><i>Institution Name</i></b>	<b><i>Country of Incorporation</i></b>	<b><i>Country of Ownership</i></b>
<i>ANZ Banking Group Limited</i>	<i>Australia</i>	<i>Australia</i>
<i>Bank of Baroda – Fiji Operations</i>	<i>India</i>	<i>India</i>
<i>Bank of South Pacific Limited</i>	<i>Papua New Guinea</i>	<i>Papua New Guinea</i>
<i>Bred Bank (Fiji) Limited</i>	<i>Fiji</i>	<i>France</i>
<i>Home Finance Company Limited (T/A HFC Bank)</i>	<i>Fiji</i>	<i>Fiji</i>
<i>Westpac Banking Corporation</i>	<i>Australia</i>	<i>Australia</i>

Credit Institutions – mainly for SME's related to transport related loans and commercial loans

<b><i>Institution Name</i></b>	<b><i>Country of Incorporation</i></b>	<b><i>Country of Ownership</i></b>
<i>BSP Finance (Fiji) Limited</i>	<i>Fiji</i>	<i>Papua New Guinea</i>
<i>Credit Corporation (Fiji) Limited</i>	<i>Fiji</i>	<i>Papua New Guinea</i>
<i>Kontiki Finance Limited</i>	<i>Fiji</i>	<i>Fiji</i>
<i>Merchant Finance Limited</i>	<i>Fiji</i>	<i>Fiji</i>

7. Have there already been any solutions that have been adopted and deployed to solve this issue? If yes, how successful were they and what are the lessons that could be learnt for the new entrants?

For the Bank there hasn't been a specific solution yet in streamlining and automating customer service inquiries for the customer service platforms in relation to a chat box feature.

8. Would you be able to give an idea of the projected volume of transactions in the identified markets?

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<sup>2</sup> Source: <https://www.rbf.gov.fj/core-functions/financial-stability/licensing/#1583977050513-1bb13fa3-eda8>

For FDB, on average the Bank receives between 10-16 general enquiries through its [info@fdb.com.fj](mailto:info@fdb.com.fj) email contact and average of 20 on its social media platform. In a month, the volume of enquiry transactions on online platforms is around 160 to 400. This includes enquiries related to all target markets.

9. What are some of the market rules and regulations/government policies that should be kept in mind while designing a platform/app as a solution to the particular problem statement?

Under the Reserve Bank of Fiji (RBF) – reference can be made to the Pacific Regional Regulatory Sandbox Guidelines<sup>3</sup>, Fiji Financial Intelligence Unit guidelines under RBF.

For FDB, when setting out its policy, references are made to

- FDB Act of 1966 – the Banks Mandate,
- ICT Policy, Anti-Money Laundering Guidelines,
- Information disclosure policy,
- Insider Trading and Countering the Financing of Terrorism policy,
- FDB Gender Equity Social Inclusion Policy,
- Strategic Plan 2021-2023 and
- 5-20 years Fiji National Development Plan.

10. What are the operational challenges in development and implementing the solutions that has to be kept in mind? (legal, institutional, operational, technological)

Legal – copyright, trademark

Operational – turnaround time and proper testing before implementation

Technological – lack technical support system in terms of Artificial Intelligence (AI) technology

11. Are there any possible collaborators in the market?

Yes, our collaborators are the Reserve Bank of Fiji, the Ministry of Commerce, Tourism, Trade and Transport (MCTTT), Ministry of Agriculture (MoA), Ministry of Economy, Independent Consultants etc

12. What are the possibilities of market expansion?

For FDB a key component is to reach the unbankable areas and provide financial solutions that is easily accessible by the target market through all platforms. Customer service is improved with accessibility increase through digital platforms and creating a seamless customer service experience.

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<sup>3</sup> Link: <https://www.rbf.gov.fj/publications/pacific-regional-regulatory-sandbox-guidelines/>