



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
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The UNCDF Pacific Islands FinTech Innovation Challenge Questions for Implementing Partners - Vodafone Fiji

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)?**

There is currently no fully fledged self-serving online money transfer or foreign exchange platform that enables person-to-person money transfer between the Pacific islanders. Most P2P transfers between the Pacific Islands are through over the counter transactions through traditional money transfer operators that come with significant transfer fees.

As smart phone penetration across the Pacific continues to grow there is greater financial inclusion and access to digital financial services through mobile money platform. With a lot of the Pacific Islands markets relying heavily on inward money transfers (IMT) from families abroad to supplement their income, there is an opportunity to provide an online self-transacting and easy to use to platform to facilitate money transfer between Pacific islanders at lower costs.

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?**

The target audience are the vulnerable in the community such as low-income households and those prone to disaster and climate risk. These include mostly women and children who rely heavily on IMT for their livelihood. As an example, during the COVID pandemic, P2P IMT's into Fiji was the highest foreign. Even in normal operating environment, it is the second highest foreign earner. Such is the reliance on IMT's in the Pacific and an efficient and readily available cost-effective platform will make a significant difference to people's lives.

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

Fiji boasts around 96% mobile network coverage with access to data and internet. Phone penetration is estimated around 120% for a population of 900,000 with multiple SIM cards. With Government's push for greater digital inclusion, satellite connectivity is provided in most remote locations to improve access to government and other services digitally.

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

Mobile network infrastructure is readily available to most people, and data charges in Fiji are amongst the lowest in the Pacific. Fiji has one of the most successful mobile money platforms in the region. The platform owned and operated by Vodafone Fiji has over 550,000 registered M-PAiSA mobile wallet users with over 300,000 active users monthly. Approximately, \$25m of IMT (28% of total IMT into Fiji) is received monthly directly into M-PAiSA from abroad. This bodes well for an online IMT platform to facilitate P2P transfers between pacific islanders with Forex trading capability.

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

There are no similar products in the market now beyond traditional over the counter money transfer service providers.

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

Most P2P IMTs between the Pacific markets happens either as bank TT's or money transfers through traditional MTO's which has high fees and a significant margin on forex conversion.

Digicel which is the other mobile network operator in the Pacific has IMT services through bilateral arrangement with upstream sundering partners from sending markets.

- 7. Have there been any solutions 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?**

There is no online self-service type platform currently for the Pacific as a money transfer hub even though Vodafone provides a quasi-hub type operation by re-routing IMT into the Pacific markets where it operates through its mobile money platform. Digicel is the other provider that has mobile money based IMT inward service.

The pacific island markets are relatively small. There is little to no room to negotiate on fees and charges with upstream providers because of lack of volume and economies of scale. Doing bilateral for every market with every provider is a costly exercise with one-on-one integration.

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

Of the \$850m that is received as P2P transactions into Fiji, only about 25% is received into mobile wallets. The percentage in other Pacific markets is much lower. The opportunity, putting in perspective the small market size of the Pacific, is still quite significant if transactions are pooled through a common IMT platform.

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 for the particular problem statement?

Regulations related to AML, KYC and Forex trading will obviously come into play. The financial transaction reporting Act that requires reporting details of all cross-border transactions to the central bank will apply.

10. What are the operational challenges that must be kept in mind when developing and implementing the solution? (legal, institutional, operational, technological).

Legal - approval of central banks in operating in the Pacific markets. This will also require forex licencing.

Operational – The receiving markets are still very cash reliant. Thus, a last mile cash requirement challenge still exists. Whilst this is gradually being reduced through a transition to merchant cashless payment acceptance by merchants, liquidity at agents is an ongoing challenge.

Technologically - Some markets may not be up to par with the latest technology. However, most markets now have internet access through mobile networks, although cost of data can still be a barrier in certain markets. Cloud based technologies provide an opportunity to roll out cost effective solutions through long-lining as opposed to on-premises solutions. Fibre access through Southern cross cable and Tui-Samoa cable provides reliable connectivity.

11. Are there any possible collaborators in the market?

Collaborations with MTO, Banks and cash rich businesses as withdrawal agents is possible to expand access and reach. Vodafone Fiji will be the technology partner and platform owner.

12. What are the possibilities of market expansion?

An online platform with Forex trading capability opens expansion opportunities beyond the Pacific market as a worldwide money sending platform. It could at some point be expanded into a global online IMT platform across the markets starting with the Pacific.