

# **Pacific Financial** **Competence Studies**

PFIP has been instrumental in supporting governments, Central Banks and key development actors in several Pacific Island countries to enhance understanding about the ability of low income households to manage money and use financial services (collectively termed 'financial competence'). Studies have been undertaken in Samoa, Fiji, the Solomon Islands and Papua New Guinea.

## **Key Findings from the Studies:**

Whilst there are differences between countries, there is a consistent pattern of financial competence:

1. Low income households are monetised. In some rural communities, non-monetised exchange is used for community or religious contributions. Overall however, all households must be able to manage money.
2. Low income households try to save, both formally and informally
3. Low income households regularly borrow money, usually informally
4. Low income households have a very limited understanding of financial terms and conditions
5. Most low income households are unable to undertake all money management tasks and financial services activities they consider necessary. The reasons for this vary, but are principally lack of financial knowledge and skill and lack of access to safe and affordable financial services
6. Low income households are generally better able to manage short-term financial activities than activities which require forward planning.

The findings from the studies have been instrumental in developing a targeted Financial Literacy Strategy in each of the four countries.

# **At a Glance**

## **Key Findings**

### **Respondents who were more financially competent:**

- Were confident in their ability to communicate in English
- Were more likely to live in an urban community
- Were more likely to earn a wage or salary
- Were more likely to be men

### **Respondents who were less financially competent:**

- Were often not confident in their ability to communicate in English
- Were more likely to live in rural communities
- Were more likely to earn self-generated income
- Were more likely to be women
- Were more likely to be older (60 years+)



Finding out the level of financial competency in Samoa.

PFIP is a Pacific-wide programme helping to provide sustainable financial services to low income households. It is a joint project of the UN Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP) and has received support from AusAID and the European Union. The programme is based at the UNDP Pacific Centre in Suva, Fiji.

**For more information on the financial competency and to access the reports visit [www.pfip.org](http://www.pfip.org) or email PFIP's Regional Financial Capacity Advisor, Jeff Liew on [jeff.liew@uncdf.org](mailto:jeff.liew@uncdf.org)**