MSME GROWTH & ACCESS TO FINANCE
Presentation to the International Symposium on the Role of MSMEs in the Achievement of the Sustainable Development Goals

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UNHQ
REPUBLIC OF FIJI

Archipelago of 330 Islands, a third of which are inhabited

LAND MASS: 18,274 km²
SLIGHTLY SMALLER THAN NEW JERSEY

POPULATION: 884,887
*estimated for 2017

GDP*: US$3.4 billion
*estimated for 2017

GROWTH RATE**: 4.2%
*estimated for 2017

GDP PER CAPITA***: US$4,760
**based on Nominal GDP 2017
CLIMATE
Tropical (between 31°C (88°F) to 26°C (79°F)) most of the year

CULTURE
iTaukei (Indigenous), Indian, Polynesian, Chinese, European, etc.

TRADE & COMMERCE
Tourism, Sugar, Agriculture, Fisheries, Timber, Manufacturing
Who is an SME

"enterprise" means any going concern by a group, an individual or entity which trades in goods or services for profit.

<table>
<thead>
<tr>
<th>Enterprise Type</th>
<th>Criteria</th>
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</thead>
<tbody>
<tr>
<td>Micro Enterprise</td>
<td>Any enterprise which has a <strong>turnover or total assets not exceeding $30,000</strong> and <strong>employs not more than 5 employees</strong></td>
</tr>
<tr>
<td>Small Enterprise</td>
<td>Any enterprise which has a <strong>turnover or total assets between $30,000 and $100,000</strong> and <strong>employs between 6 and 20 employees</strong></td>
</tr>
<tr>
<td>Medium Enterprise</td>
<td>Any enterprise which has a <strong>turnover or total assets between $100,000 and $500,000</strong> and <strong>employs between 21 and 50 employees</strong></td>
</tr>
</tbody>
</table>

Source: SMED Act 2002
Some Key Data

- 18% of GDP
- 97% of Total Establishments
- 36% of Employment
- 53,391 employees with FNPF
- Lending to MSME $1.02 billion

11,541 Enterprises - FBOS
24,486 Enterprises - FRCA
7,095 Employers - FNPF

16,441 Sugarcane farmers
22,000 Non-sugar sector
7,556 market vendors

13,831 Sole traders with a Municipal Business License
2,938 Other PSV operators
7,668 Taxi operators
Fiji’s Formal Financial Sector

Reserve Bank of Fiji

6 Commercial Banks
4 Credit Institutions
1 Development Bank

Non-supervised Institutions

Microfinance Institutions
Finance Companies
Cooperatives
Credit Unions
Motor Vehicle Dealers
## Lending to SMEs

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Loan Accounts:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>113,118</td>
<td>119,764</td>
<td>106,247</td>
</tr>
<tr>
<td>Of which: SME accounts</td>
<td>3,141</td>
<td>3,921</td>
<td>4,204</td>
</tr>
<tr>
<td>Other Deposit Takers</td>
<td>25,587</td>
<td>30,725</td>
<td>35,073</td>
</tr>
<tr>
<td>Of which: SME accounts</td>
<td>6,974</td>
<td>8,289</td>
<td>9,269</td>
</tr>
<tr>
<td><strong>Value of Loan Accounts FJ$M</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>5,713</td>
<td>6,243</td>
<td>6,693</td>
</tr>
<tr>
<td>Of which: Loans to SMEs</td>
<td>415</td>
<td>646</td>
<td>822</td>
</tr>
<tr>
<td>Other Deposit Takers</td>
<td>713</td>
<td>842</td>
<td>991</td>
</tr>
<tr>
<td>Of which: Loans to SMEs</td>
<td>218</td>
<td>250</td>
<td>299</td>
</tr>
</tbody>
</table>
Lending to SMEs by Sector

AS AT 31 DECEMBER 2017

- Transport and storage: 25%
- Wholesale, retail, hotel and restaurants: 24%
- Real Estate (including property development): 6%
- Others: 16%
- Professional & Business Services: 13%
- Agriculture: 5%
- Building & Construction: 11%
Challenges

• Lack of robust MSME data;
• Absence of enabling legal framework;
• Absence of robust support framework;
• Ongoing resource constraints.
• Access to Finance – Constraint or **Outcome**?
Financial Infrastructure

Key Components

- Credit Bureau – Positive Reporting
- Personal Property Securities Registry – Effective reform
- Credit Guarantee – Scale Up
- Grant Funds
- Insurance Schemes
- Payment System Products & Services
New Avenues for Finance

• Targeted/SME Pillar in FSDP:
  – Alternate Trading Board
  – Crowdfunding
  – Peer-to-peer Lending
  – Venture Capital Funds
  – Secured Transactions Reform > Finding middle ground for “acceptable” movable property of value owned by MSMEs.
Way Forward for Fiji

• MSMEs are the dominant actors and hold the key to achieving SDGs.
• Strengthening support framework
• Developing
• Building infrastructure
• Incorporate Science, Technology & Innovation