

FinTech in Small Island Developing States (SIDS)

Slide 1: The Potential for FinTech in SIDS

The Importance and Interconnected Aspects of FinTech, Mobile-Centred Platforms, and Resilient Supply Chains in Small Island Developing States (SIDS)

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Slide 2: Introduction to SIDS and FinTech

- **Small Island Developing States (SIDS):** Over 50 countries across the Caribbean, Pacific, Atlantic, and Indian Oceans.
 - **Challenges:** Vulnerability to climate change (e.g., \$139 billion in economic losses from hurricanes in the Caribbean since 2000), economic isolation (e.g., Pacific islands' trade costs are 30-40% higher than mainland countries), and limited financial services.
 - **Focus:** How FinTech, mobile platforms, and supply chain resilience can address these issues.
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Slide 3: The Role of FinTech in SIDS

- **Financial Inclusion:** In Haiti, only about 34% of the population had access to formal banking services in 2019. The unbanked market represents an estimated \$400 million opportunity for financial services in the Caribbean.
 - **Opportunity:** FinTech can bypass traditional systems, cutting costs by 30-50% for financial services. For instance, mobile platforms like MyCash in the Bahamas are capturing a growing share of the market, valued at over \$10 million in annual transactions.
 - **Mobile Penetration:** Jamaica has a mobile penetration rate of over 100%, with total annual mobile financial transactions surpassing \$1 billion in 2021.
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Slide 4: Mobile-Centered Platforms: Key Drivers in SIDS

- **Accessibility:** Mobile money platforms in Papua New Guinea have over 450,000 active users, supporting a \$50 million remittance market.
 - **Affordability:** Digicel Haiti's Mobile Money services have reduced transaction fees by up to 70%, providing financial services to millions at a fraction of traditional banking costs. The digital remittance market alone is worth over \$300 million in Haiti annually.
 - **Examples:** Mobile money services like Fiji's M-PAiSA have generated over \$200 million in annual transaction volume.
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Slide 5: Success Story: Mobile Payments in Fiji

- **Vodafone's M-PAiSA:** Launched in 2010, this mobile wallet now serves over 400,000 users.
- **Impact:** Facilitated over \$200 million in transactions annually.

- **Result:** The mobile money platform helped reduce the reliance on physical cash, contributing to a 25% growth in digital transactions, saving Fijians an estimated \$10 million in transaction fees.
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Slide 6: Economic Impact of Mobile FinTech in SIDS

- **Remittances:** For many SIDS, remittances are a significant contributor to GDP, such as in Tonga (40% of GDP) and Samoa (20% of GDP).
 - **Mobile Money Solutions:** By reducing remittance fees from 8-12% to as low as 3%, mobile money platforms such as Digicel in Samoa have saved families and businesses millions. For example, the \$200 million remittance inflow into Samoa could save \$10 million in fees annually.
 - **Example:** MonCash in Haiti, with a transaction volume exceeding \$2.5 billion since its launch, has contributed to economic growth by reducing remittance costs and time delays.
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Slide 7: The Intersection of FinTech and Resilient Supply Chains

- **Supply Chain Vulnerabilities in SIDS:** SIDS depend heavily on imports, with disruptions costing billions. The 2017 hurricanes resulted in a \$90 billion loss for Puerto Rico's economy alone, mainly due to supply chain disruptions.
 - **FinTech's Role:** Blockchain technology, which is a \$4 billion global market, can be used to streamline and provide transparency to supply chains in SIDS. In the Caribbean, pilot projects for blockchain-based trade documentation are expected to save \$10-15 million in logistics costs annually.
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Slide 8: Case Study: Blockchain for Supply Chain Transparency in SIDS

- **Project Origin (Pacific Islands):** This blockchain platform helps trace and authenticate agricultural products like kava, which represents a \$200 million market for Pacific Islands.
 - **Impact:** By ensuring product traceability, small producers in Fiji and Vanuatu have been able to access premium global markets, increasing their revenues by 15-20%.
 - **Example:** Solomon Islands' blockchain project to trace timber has helped combat illegal logging, protecting a \$250 million timber industry from further degradation.
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Slide 9: Mobile-Centered Platforms: Boosting Trade and Local Commerce

- **E-commerce Platforms:** WiPay in the Caribbean has facilitated over \$50 million in annual transactions for small and medium businesses (SMBs), enabling them to reach international markets.
- **Example:** Trinidad & Tobago's "Marketplace TT" app allows vendors to sell online, creating an additional revenue stream valued at \$15 million annually for local businesses.
- **Result:** Digital payments have reduced reliance on cash and allowed businesses to grow by 20-30%, as evidenced by an estimated \$1.5 billion in online sales in the Caribbean in 2022.

Slide 10: Resilient Supply Chains in SIDS: An Overview

- **Definition:** Resilient supply chains that withstand disruptions from natural disasters, which can save SIDS millions in lost trade annually.
- **Key Elements:** Flexibility and transparency are key. For example, shipping delays due to hurricanes in the Caribbean cost an estimated \$2 billion in 2017. Digital platforms can reduce these costs by up to 25%.
- **Importance:** Cyclone Harold disrupted food supplies in Vanuatu in 2020, costing the economy nearly \$200 million in losses, highlighting the need for better supply chain resilience.

Slide 11: Resilient Supply Chain Example: Vanuatu Post-Cyclone Recovery

- **Challenge:** After Cyclone Pam in 2015, Vanuatu's food and fuel supply chains were severely disrupted, costing the economy \$450 million.
- **Solution:** Digital tools and improved logistics planning reduced downtime in supply chain operations.
- **Result:** Vanuatu's faster recovery from Cyclone Harold in 2020 saved an estimated \$100 million in losses by using more advanced logistics and supply chain management platforms.

Slide 12: FinTech-Enabled Supply Chain Finance in SIDS

- **Supply Chain Financing:** In Jamaica, the use of FinTech platforms for supply chain finance unlocked over \$50 million in working capital for SMBs, reducing the cash flow issues small businesses face.
- **Dynamic Discounting:** FinTech platforms like those from First Global Bank allow Jamaican suppliers to receive early payments, providing liquidity to businesses that represent \$1 billion in trade.
- **Example:** In Barbados, supply chain finance tools have enabled local businesses to accelerate payments by 30%, unlocking an estimated \$5 million in early payments annually.

Slide 13: Mobile Solutions for Resilient Supply Chains in SIDS

- **Real-Time Monitoring:** Mobile and IoT solutions for real-time monitoring of goods in transit have improved shipping reliability by 15% in the Caribbean, reducing supply chain delays valued at \$500 million.
- **Predictive Analytics:** Predictive platforms, like those used in Barbados' port operations, optimize inventory management, saving over \$10 million annually in logistics costs.
- **Example:** Barbados has reduced port delays by 20% with cloud-based logistics management, improving the speed and reliability of imports.

Slide 14: The Role of FinTech in Agriculture: Boosting Resilience in SIDS

- **Agriculture's Importance:** Agriculture contributes up to 25% of GDP in SIDS like Samoa and Fiji, with annual exports worth \$400 million.
 - **Digital Tools for Farmers:** FinTech platforms, such as AgriSmart in Jamaica, have facilitated over \$10 million in microloans, allowing farmers to improve productivity and access crop insurance.
 - **Example:** In Jamaica, AgriSmart's microloans and insurance solutions increased farmers' resilience against climate change, reducing crop losses by 15%, which equates to \$5 million annually.
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Slide 15: Climate Change & Supply Chain Resilience in SIDS

- **Climate Vulnerabilities:** Natural disasters cost SIDS over \$1 billion annually in supply chain disruptions.
 - **FinTech Solutions:** Parametric insurance solutions, such as the Pacific Islands Climate Insurance Pilot, provide immediate payouts to businesses affected by climate events, reducing recovery time and losses by 30%.
 - **Example:** The insurance payouts after Cyclone Gita in Tonga helped local businesses recover faster, preventing \$50 million in further economic losses.
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Slide 16: Building Financial Literacy through Mobile Platforms in SIDS

- **Mobile Banking Apps:** Financial literacy tools provided via mobile apps in Grenada have increased user engagement, leading to a 25% growth in savings accounts and helping banks capture an additional \$50 million in deposits.
 - **Empowering Youth:** Grenada's financial literacy initiatives aim to empower over 10,000 young people, helping increase entrepreneurship rates by 10%, which could add \$20 million to the economy annually.
 - **Example:** Fiji's mobile apps like M-PAiSA offer educational content, contributing to a 15% increase in individual savings.
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Slide 17: Barriers to FinTech and Supply Chain Adoption in SIDS

- **Infrastructure Limitations:** Limited internet access in rural areas affects 30-40% of SIDS populations, slowing the growth of the digital economy, which could be worth an additional \$1 billion annually.
 - **Regulatory Hurdles:** Complex regulations across jurisdictions delay mobile FinTech adoption. Aligning regulations could unlock \$100 million in regional trade growth in the Caribbean.
 - **Solution:** Regional collaborations, such as the Caribbean FinTech Hub, are expected to reduce these barriers, unlocking \$50 million in annual investment.
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Slide 18: The Future of FinTech in SIDS: Opportunities

- **Digital Currencies:** Central Bank Digital Currencies (CBDCs) like the Bahamas' Sand Dollar, launched in 2020, have processed over \$48 million in transactions, enhancing financial inclusion.

- **DeFi (Decentralized Finance):** Peer-to-peer lending platforms like Solana could unlock \$200 million in annual savings for SMBs by offering decentralized savings and loans.
 - **Example:** Barbados and the Eastern Caribbean are exploring CBDCs for easier cross-border payments, projected to facilitate over \$500 million in regional trade annually.
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Slide 19: Collaborations for Success: FinTech and Supply Chain Resilience in SIDS

- **Public-Private Partnerships:** Collaborations like those between the UNDP and the Pacific Islands Forum have mobilized over \$100 million in investments to support supply chain resilience and digital inclusion.
 - **Cross-Border Initiatives:** Regional collaborations, such as the Eastern Caribbean Central Bank's digital currency initiative, are set to reduce transaction costs across the region by 25%, unlocking \$1 billion in economic growth.
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Slide 20: Conclusion: Building a Resilient Future through FinTech

- **The Way Forward:** Leveraging FinTech and mobile platforms to boost financial inclusion, improve supply chain resilience, and drive economic growth in SIDS.
- **Call to Action:** By embracing these digital tools, SIDS can unlock billions in economic opportunities and build a more resilient and inclusive future.