

# Access to Finance

## June 2020

	June 20	Dec 19	Jun 19*
Total Access Points <sup>1</sup>	951	913	977
Number of Branches	73	66	71
Number of Agents <sup>^</sup>	332	330	328
Number of EFTPOS	537	492	550
Number of ATM	27	25	28

Source: Banks & Non-Banks

\*Commencement collecting Non-Banks data

<sup>^</sup>Agents are any third party acting on behalf of a bank to deal directly with customers. E.g., retail stores, etc.

<sup>1</sup>Including Non-Banks access points

The Reserve Bank continues to encourage financial inclusion to promote inclusive economic growth and macroeconomic stability through the financial inclusion's key objectives in enhancing and monitoring the access and usage of financial products by individuals.

### Access indicators slightly fall over the year

Over the year ended June 2020, the number of cash in and cash out access point indicators showed a slight decline compared to the same period of last year. These cash in and cash out access points consists of banks and non-bank branches and agents, as well as banks EFTPOS and ATMs. The slight decline in the cash in and cash out facilities was mainly due to the fall in the number of banks' EFTPOS terminals (refer **Table 1** below).

Table 1: Access Point per 10,000 adults – Banks and Non-Banks

Indicators	2020	2019 <sup>2</sup>	2018	2015 <sup>1</sup>
1.0 Number of cash-in and cash-out access points per 10,000 adults <sup>3</sup>	151	152	95	32
1.1 Number of branches per 10,000 adults	11	11	3	2
1.2 Number of ATMs per 10,000 adults	4	4	4	1
1.3 Number of EFTPOS per 10,000 adults	84	86	84	26
1.4 Number of Agents per 10,000 adults	52	51	4	3

Source: Banks & Non-Banks

<sup>1</sup> Tonga's financial inclusion benchmark

<sup>2</sup> Commencement collecting Non-Banks data

<sup>3</sup> Total access points include Non-Bank access points

In terms of constituency, the total number of access points declined owing mainly to a fall in the total number of EFTPOS, particularly in Vava'u 15 and Tongatapu 1. According to the banks, the EFTPOS terminals in these constituencies were recalled from merchants that were inactive. This is to minimise the operational cost for both the bank and the inactive merchants. The inactive status of these merchants is related to the impact of COVID-

19 and the fall in aggregate demand especially with businesses in these two constituencies are considered the Central Business Districts (Nuku'alofa and Neiafu) in Tonga and Vavau.

Despite the decline in the number of EFTPOS terminals, the number of branches and agents increased (refer to **Annex 1**). The rise in the number of agents reflects the banks' efforts to achieve their corporate target on increasing its footprints in remote & rural areas (refer to **Annex 2**).

The number of Non-Banks access points slightly increased (refer to **Annex 3**). The rise in the number of branches reflects the entrance of a new foreign exchange dealer into the market who also opened agents and branches in the outer islands. SPBD, the only licensed microfinance company, remained the Non-Bank financial institution with the highest access points, compared to other non-bank financial institutions over the year. This is consistent with the ongoing activities and services carried out by SPBD to their members throughout Tonga except for the two Niuas.

### Usage indicators showed an increase

The usage indicators showed an increase over the year. This is mainly due to the rise in both the total number of individual deposit and individual loan accounts (refer to **Table 3**). Bank customers mainly drove the increase, with customers preferring direct deposits of remittances to their bank account to access the ATMs or EFTPOS machines. This preference is also to comply with COVID-19 social distancing requirements. Furthermore, new customer's accounts were opened to receive government financial assistance through the COVID-19 Economic Stimulus package. Also, the rise in the total individual number of loan accounts was due to one of the banks' loan campaign called "Toutai Campaign". This loan campaign offered customers a 50% discount on the loan establishment fees.

**Table 3: Usage of financial services indicators – Banks**

Indicators	2020	2019	2016 <sup>2</sup>	2015 <sup>1</sup>
1.1 Number of regulated deposit accounts per 10,000 adults	14,096	13,353	10,916	5,604
1.2 Number of regulated credit accounts per 10,000 adults	1,342	1,258	1,588	521

Source: Banks

<sup>1</sup> Tonga's financial inclusion benchmark

<sup>2</sup> Adult populations (15yrs old +) - 64,076 - census report 2016

### Conclusion

Tonga's access to financial services showed a mixed outcome over the year to June 2020, with an increase in usage of the financial services whilst the access to financial services slightly declined. The rise in the usage of financial services indicates a change in financial consumer behaviour in opting for greater flexibility and options on selecting access points and financial services that best meet their needs due to the impact of COVID-19. Furthermore, there is a shift now to using digital means by direct transfers to accounts and usage of ATMs instead of over the counter transactions. The Reserve Bank will continue to liaise with the banks and non-banks to address the data collection challenges to generate a more comprehensive picture of the individual access to financial services in Tonga. The Reserve Bank will also continue to work closely with the banks in terms of monitoring the level of financial inclusion in Tonga to enhance access and usage of financial products by individuals.

## Annex 1 – Summary of Banks & Non-Banks Access Points by Constituency

Constituency	June-20					June-19 <sup>1</sup>				
	Total Access Points	No. of branches	No. of Agents	No. of EFTPOS	No. ATMs	Total Access Points	No. of branches	No. of Agents <sup>2</sup>	No. of EFTPOS	No. ATMs
Tongatapu 1	59	1	22	34	2	65	1	18	44	2
Tongatapu 2	206	22	24	147	13	192	21	23	139	9
Tongatapu 3	54	1	15	37	1	55	1	15	35	4
Tongatapu 4	214	4	22	184	4	204	4	22	173	5
Tongatapu 5	40	2	24	14	0	36	1	24	11	0
Tongatapu 6	37	1	33	3	0	37	1	29	7	0
Tongatapu 7	36	1	23	12	0	39	1	23	14	1
Tongatapu 8	38	0	24	14	0	39	1	21	17	0
Tongatapu 9	45	6	21	17	1	51	4	25	21	1
Tongatapu 10	34	0	31	3	0	31	2	27	2	0
'Eua 11	37	8	23	5	1	39	9	25	4	1
Ha'apai 12	28	9	7	11	1	31	9	8	13	1
Ha'apai 13	17	0	15	2	0	15	0	15	0	0
Vava'u 14	17	0	17	0	0	23	0	20	3	0
Vava'u 15	85	13	14	54	4	98	12	17	65	4
Vava'u 16	16	0	15	1	0	18	0	16	2	0
Ongo Niuas 17	7	5	2	0	0	4	4	0	0	0
<b>TOTAL</b>	<b>969</b>	<b>73</b>	<b>332</b>	<b>537</b>	<b>27</b>	<b>977</b>	<b>71</b>	<b>328</b>	<b>550</b>	<b>28</b>

Source: Banks & Non-Banks

<sup>1</sup> Commence collecting Non-Banks access points

<sup>2</sup> Including SPBD Village Centres

## Annex 2 – Summary of Access Points by Banks

Banks	June-20					June-19				
	Total Access Points	No. of branches	No. of Agents	No. of EFTPOS	No. ATMs	Total Access Points	No. of branches	No. of Agents	No. of EFTPOS	No. ATMs
ANZ	165	3	0	149	13	172	3	0	154	15
BSP	437	4	31	388	14	438	4	25	396	13
MBf	3	3	0	0	0	3	3	0	0	0
TDB	8	8	0	0	0	8	8	0	0	0
<b>TOTAL</b>	<b>613</b>	<b>18</b>	<b>31</b>	<b>537</b>	<b>27</b>	<b>621</b>	<b>18</b>	<b>25</b>	<b>550</b>	<b>28</b>

Source: Banks

## Annex 3 – Summary of Access Points by Non-Banks

Non-Banks	June-20			June-19		
	Total Access Points	No. of branches	No. of Agents <sup>1</sup>	Total Access Points	No. of branches	No. of Agents <sup>1</sup>
Foreign Exchange Dealers (FEDs)	58	47	11	52	42	10
South Pacific Business Development (SPBD)	294	4	290	299	4	295
Insurance Companies	4	4	0	4	4	0
<b>TOTAL</b>	<b>356</b>	<b>55</b>	<b>301</b>	<b>355</b>	<b>50</b>	<b>305</b>

Source: Non-Banks

<sup>1</sup> Including SPBD Village Centres