

# WOMEN-OWNED MICRO, SMALL, AND MEDIUM-SIZED ENTERPRISES IN FIJI

## Opportunities and Challenges for Private Sector Financial Institutions

Women-owned micro, small, and medium-sized enterprises (WMSMEs) in Fiji represent a growth opportunity for financial institutions. They account for 19% of micro, small, and medium-sized enterprises (MSMEs) and have an unmet credit demand of US\$111 million.

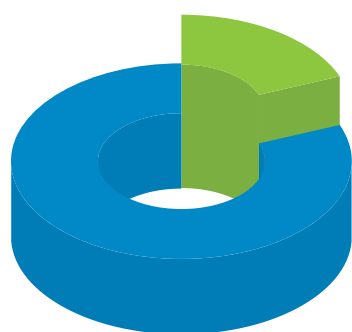
This assessment estimates that there are over 5,500 registered WMSMEs. This is in addition to the 18,742 self-employed women and 4,650 women working in handicrafts.

To seize the opportunity, financial institutions are recommended to take three key steps:

Collect sex-disaggregated MSME data and use it to build an evidence-based business case and drive business decisions.

Diversify into WMSME economic sectors.

Forge partnerships with like-minded entities to provide digital literacy, financial literacy, and business and financial management capacity building.



**19%**  
Women-owned micro,  
small, and medium-  
enterprises in Fiji

**US\$111M**  
Unmet credit demand



## Introduction

Fiji is the second largest economy in the Pacific islands which consists of over 300 islands and 880,000 people. Small and medium-sized enterprises (SMEs) account for 97% of establishments, 18% of gross domestic product, and 36% of employment.<sup>1</sup> While MSMEs are dominant economic actors, there is a lack of robust general and sex-disaggregated data on them. This assessment quantifies the opportunity for financial institutions in serving WMSMEs in a targeted way. It is based on official data sources including the Reserve Bank of Fiji (RBF), Revenue and Customs Service, the Bureau of Statistics, literature review, and interviews with stakeholders, including women entrepreneurs.

<sup>1</sup> C. Rokoua. 2018. MSME Growth and Access to Finance.

## Definition

The national definition for MSMEs was renewed after the Small and Micro Enterprises Development (Repeal) Act of 2019 came into effect in December 2019. It is based only on annual sales turnover and applies to all economic sectors (Table 1). It expands the thresholds across all three types of enterprises and excludes the number of employees as a parameter. It will take time for the new definition to take hold; thus, this assessment is based on the old definition (Table 2).

**Table 1: New National Micro, Small, and Medium-Sized Enterprises Definition**  
(Based on the Small and Micro Enterprises Development [Repeal] Act of 2019)

| Enterprise Type | Annual Turnover in F\$    |
|-----------------|---------------------------|
| Micro           | From 0 to 50,000          |
| Small           | From 50,000 to 300,000    |
| Medium          | From 300,000 to 1,250,000 |

Source: MSME Fiji.

**Table 2: Old National Micro, Small, and Medium-Sized Enterprises Definition**  
(Based on the Small and Micro Enterprise Development Act of 2002)

| Enterprise Type | Annual Turnover in F\$ | Number of Employees |
|-----------------|------------------------|---------------------|
| Micro           | Not exceeding 30,000   | Not more than 5     |
| Small           | 30,000–100,000         | 6–20                |
| Medium          | 100,000–500,000        | 21–50               |

Source: C. Rokoua. 2018. MSME Growth and Access to Finance.

## Micro, Small, and Medium-Sized Enterprises

The mandatory digital business registration launched by the Registrar of Companies in January 2020 could serve as the centralized database to aggregate information on the number of SMEs in Fiji.<sup>2</sup> This is currently a challenge given the decentralized nature of SME programs and initiatives.<sup>3</sup> This assessment relies on the Revenue and Customs Service which reported in 2020 that there were 28,984 registered small and micro enterprises which were mainly concentrated in three sectors: transport and storage, wholesale and retail, and agriculture (Table 3).<sup>4</sup>

**Table 3: Top 10 Sectors for Small and Micro Enterprises**

| Sector                                                               | Number of Registered Enterprises |
|----------------------------------------------------------------------|----------------------------------|
| <b>Transport and storage</b>                                         | <b>4,595</b>                     |
| <b>Wholesale and retail, and repair of motor vehicles and cycles</b> | <b>4,073</b>                     |
| <b>Agriculture</b>                                                   | <b>3,931</b>                     |
| Other service activities                                             | 2,212                            |
| Manufacturing                                                        | 1,947                            |
| Administrative and support activities                                | 1,474                            |
| Construction                                                         | 1,455                            |
| Real estate activities                                               | 1,400                            |
| Accommodation and food services                                      | 1,388                            |
| Professional, scientific, and technical activities                   | 1,382                            |
| Other                                                                | 5,127                            |
| <b>Total</b>                                                         | <b>28,984</b>                    |

Source: Fiji Revenue and Customs Service. 2020. Small and Micro Enterprises Benefit from Incentives Provided by the Fijian Government.

<sup>2</sup> M. Boyle. 2020. All Businesses Must Digitally Register. *FBC News*. 28 January.

<sup>3</sup> Asian Development Bank. 2015. Asia Small and Medium-sized Enterprise (SME) Finance Monitor 2014. Manila.

<sup>4</sup> Fiji Revenue and Customs Service. 2020. Small and Micro Enterprises Benefit from Incentives Provided by the Fijian Government.

**Table 4: Number of Registered Establishments Owned by Women (extrapolated)**

| Activity                                                  | No. of registered establishments <sup>a</sup> | No. of registered women-owned SMEs <sup>b</sup> | Average turn over (F\$) per establishment <sup>c</sup> |
|-----------------------------------------------------------|-----------------------------------------------|-------------------------------------------------|--------------------------------------------------------|
| <b>Transport and Storage</b>                              | <b>1,283</b>                                  | <b>244</b>                                      | <b>1,208,202</b>                                       |
| Taxi                                                      | 540                                           | 103                                             | 66,751                                                 |
| Freight transport by road                                 | 275                                           | 52                                              | 190,056                                                |
| Mini vans                                                 | 116                                           | 22                                              | 240,055                                                |
| <b>Wholesale and Retail Trade</b>                         | <b>2,120</b>                                  | <b>403</b>                                      | <b>702,139</b>                                         |
| Retail sale of food in specialized store                  | 301                                           | 57                                              | 111,003                                                |
| Maintenance and repair of motor vehicles                  | 108                                           | 21                                              | 65,512                                                 |
| Other retail sale of new goods in specialized stores      | 127                                           | 24                                              | 262,493                                                |
| Retail sale of clothing in specialized stores             | 204                                           | 39                                              | 471,656                                                |
| Sale of motor vehicle parts and accessories               | 157                                           | 30                                              | 303,504                                                |
| <b>Manufacturing</b>                                      | <b>663</b>                                    | <b>126</b>                                      | <b>4,617,310</b>                                       |
| Manufacturing of wearing apparel                          | 157                                           | 30                                              | 865,968                                                |
| Manufacture of furniture                                  | 86                                            | 16                                              | 721,019                                                |
| Bread manufacturing                                       | 42                                            | 8                                               | 989,659                                                |
| <b>Administrative and Support Service Activities</b>      | <b>525</b>                                    | <b>100</b>                                      | <b>973,533</b>                                         |
| Renting and leasing of motor vehicles                     | 196                                           | 37                                              | 391,318                                                |
| Renting and leasing of other machinery and equipment      | 81                                            | 15                                              | 1,083,759                                              |
| Office administrative and support, call centers           | 49                                            | 9                                               | 1,003,034                                              |
| <b>Construction</b>                                       | <b>343</b>                                    | <b>65</b>                                       | <b>n/a</b>                                             |
| Construction of building                                  | 139                                           | 26                                              | n/a                                                    |
| Plumbing, heat and air-conditioning installation          | 42                                            | 8                                               | n/a                                                    |
| Electrical installation                                   | 92                                            | 17                                              | n/a                                                    |
| <b>Real Estate</b>                                        | <b>360</b>                                    | <b>68</b>                                       | <b>298,319</b>                                         |
| Real estate activities with own or leased property        | 315                                           | 60                                              | 295,821                                                |
| Real estate activities on a fee or contract basis         | 45                                            | 9                                               | 315,806                                                |
| <b>Accommodation and Food Service</b>                     | <b>906</b>                                    | <b>172</b>                                      | <b>1,333,695</b>                                       |
| Food and beverage service activities                      | 536                                           | 102                                             | 281,597                                                |
| Beverage serving activities                               | 73                                            | 14                                              | 398,282                                                |
| <b>Professional, Scientific, and Technical Activities</b> | <b>416</b>                                    | <b>79</b>                                       | <b>467,356</b>                                         |
| Legal activities                                          | 89                                            | 17                                              | 410,785                                                |
| Accounting, bookkeeping and auditing; tax consulting      | 74                                            | 14                                              | 739,906                                                |
| Architectural and engineering activities                  | 93                                            | 18                                              | 564,859                                                |

Notes:

<sup>a</sup> Bureau of Statistics Economic Surveys

<sup>b</sup> Extrapolated based on the estimate that 19% of formal or registered businesses and companies in Fiji are listed in women's names. ADB. 2018. *Women and Business in the Pacific*. Manila.

<sup>c</sup> This is not an exhaustive list; similar information on Agriculture is not available

## Women-Owned Micro, Small, and Medium-Sized Enterprises

In 2018, ADB reported that 19% of formal or registered businesses and companies in Fiji have women listed as owners.<sup>5</sup> If we take 19% of the 28,984 registered enterprises in the Revenue and Customs Service database (Table 3), we can roughly estimate that there are 5,507 formal WSMEs. The types of formal businesses that women operate include food stalls and restaurants, cleaning services, information and communication technology providers, and professional services e.g., legal advice and accountancy (footnote 5).

To provide a more granular view of the businesses that women operate, the study looked at the Bureau of Statistics Economic Surveys.<sup>6</sup> While data was not available on a sex-disaggregated basis, the study used the 19% estimate of women ownership to extrapolate the number of women-owned establishments. The starting point was the Revenue and Customs Service sector breakdown (Table 3). Selection of business activities under these sectors used the following criteria to identify relevant enterprises: sole proprietors as type of business, less than 50 employees, and average sales turnover of less than F\$ 1,250,000. The results are in Table 4.

<sup>5</sup> Asian Development Bank. 2018. *Women and Business in the Pacific*. Manila.

<sup>6</sup> These are taken from the latest census data and defines establishments based on the Fiji Standard Industrial Classification (FSIC) 2010. Fiji Bureau of Statistics. Business Statistics. (accessed 14 November 2022).

## Women in the Informal Sector

The assessment would not be complete without including the informal sector where most women-owned businesses operate. It is estimated that 85% of Fiji's economic activity occurs in the informal sector and is more common in rural areas (~78% of jobs) than in urban areas (~38% of jobs). There are 18,742 self-employed women and an additional 4,650 women working as handicraft workers (Table 5). The self-employed women work primarily in the informal areas of small-scale fishing and fish processing, food production, agriculture, hospitality, and tourism. They are also market vendors of handicrafts, fruit and vegetables, and soap that they produce (footnote 5).

Table 5: Women in the Informal Sector

| Occupation                     | Men           | Women         | % Women   |
|--------------------------------|---------------|---------------|-----------|
| Full-time homemaker            | 9,173         | 122,784       | 93        |
| Subsistence only               | 21,429        | 25,146        | 54        |
| Subsistence and salary or wage | 37,364        | 7,649         | 17        |
| <b>Self-employed</b>           | <b>59,351</b> | <b>18,742</b> | <b>24</b> |
| Unemployed (looking for work)  | 13,835        | 14,179        | 51        |
| Handicrafts                    | 450           | 4,650         | 91        |

Source: ADB. 2018. *Women and Business in the Pacific*. Manila.

## Barriers to Women's Entrepreneurship

The barriers to women's entrepreneurship in Fiji are well researched. These barriers were echoed by the women entrepreneurs interviewed for this assessment. When it comes to borrowing from a formal financial institution, the barriers include lack of ownership of land and property that can be used as collateral; lack of a business plan; feeling intimidated by formal financial institutions, especially those borrowing formally for the first time; and the affordability of fees and interest. The frontline staff of financial institutions interviewed for this assessment underscored the need to guide WMSME borrowers through business registration, financial record keeping, and in understanding the options and eligibility requirements for financial products available to them.

## The Business Case for Financial Institutions in Addressing these Barriers

The unmet demand for credit among WMSMEs in Fiji is estimated at US\$111 million annually (roughly equivalent to F\$250 million). This is based on the MSME Finance Gap Database of the International Finance Corporation. It consists of (i) the unmet demand for formal credit of US\$75 million based on 950 formal WMSMEs representing 9.5% of all formal MSMEs in Fiji; and (ii) the potential demand of an additional 48% (of formal credit) or US\$36 million from the informal sector where most women operate.<sup>7</sup> This represents a large untapped market for financial institutions looking to expand their outreach to MSMEs. Globally, financial institutions have found that when banked, women are strong savers, prudent borrowers, and loyal customers.<sup>8</sup>

The RBF reported that, in 2017, commercial banks and other deposit takers provided F\$1.12 billion (roughly equivalent to US\$500 million) of SME loans (Table 6, Footnote 1). SME loan accounts represent 12% of commercial bank lending and 30% of the lending of other deposit takers.

<sup>7</sup> International Finance Corporation. 2017. MSME Finance Gap Database. (accessed 15 November 2022).

<sup>8</sup> The Financial Alliance for Women. *The Opportunity*.

**Table 6: Lending to Small and Medium-Sized Enterprises**

|                                      | 2015    | 2016    | 2017    |
|--------------------------------------|---------|---------|---------|
| <b>Number of Loan Accounts:</b>      |         |         |         |
| Commercial banks                     | 113,118 | 119,764 | 106,247 |
| Of which: SME accounts               | 3,141   | 3,921   | 4,204   |
| Other Deposit takers                 | 25,587  | 30,725  | 35,073  |
| Of which: SME accounts               | 6,974   | 8,289   | 9,269   |
| <b>Value of Loan Accounts (F\$M)</b> |         |         |         |
| Commercial banks                     | 5,713   | 6,243   | 6,693   |
| Of which: loans to SMEs              | 415     | 646     | 822     |
| Other Deposit takers                 | 713     | 842     | 991     |
| Of which: loans to SMEs              | 218     | 250     | 299     |

Source: C. Rokoua. 2018. MSME Growth and Access to Finance.

Two economic sectors received half of SME loans in 2017: transport and storage; and wholesale, retail, hotels and restaurants (Table 7). The sector concentration of SME lending coupled with the stronger focus of other deposit takers on SMEs (Table 6) points to a competitive SME market. Hence, financial institutions will need to differentiate themselves and WMSMEs could provide that growth opportunity.

**Table 7: Lending to SMEs by Sector**

| <b>Sector</b>                                | <b>Aggregated Lending to SMEs (As of 31 December 2017)</b> |
|----------------------------------------------|------------------------------------------------------------|
| Transport and storage                        | 25%                                                        |
| Wholesale, retail, hotels and restaurants    | 24%                                                        |
| Professional and business services           | 13%                                                        |
| Building and construction                    | 11%                                                        |
| Real estate (including property development) | 6%                                                         |
| Agriculture                                  | 5%                                                         |
| Manufacturing                                | n/a                                                        |
| Private                                      | n/a                                                        |
| Other                                        | 16%                                                        |

Source: C. Rokoua. 2018. MSME Growth and Access to Finance.

## Innovations Introduced by Financial Institutions in Fiji to Address the WMSME Opportunity

The assessment looked at several financial institutions targeting women in Fiji. FDB is the only financial institution offering a tailored loan product. Fintech Pacific, as part of a consortium, is piloting a digital wallet and payment acceptance platform for women-led micro and small businesses. South Pacific Business Development and ANZ offer business and financial upskilling through their programs Fiji Bloom and MoneyMinded, respectively. WestPac sponsored the Women in Business “Aspiring Entrepreneur of the Year” award for 2022 to encourage women’s entrepreneurship in the country.

## Conclusion and Recommendations

The WMSME market is a large untapped opportunity for financial institutions in Fiji. While there are commendable initiatives such as those from FDB, Fintech Pacific, and SPBD that target women, there is plenty of room for other private sector financial institutions to take a strategic and gender-intelligent approach to earn from and serve women. They account for 19% of Fiji’s MSMEs and have an estimated unmet demand for credit of US\$111 million annually (roughly equivalent to

F\$250 million)(footnote 7). This study estimated that there are over 5,500 registered WMSMEs in addition to the 18,742 self-employed women and 4,650 working in handicrafts. Globally, financial institutions have found that when banked, women are strong savers, prudent borrowers, and loyal customers (footnote 8).

**To serve WMSMEs better, financial institutions could consider the following recommendations:**

1. **When segmenting MSMEs, consider that the annual sales turnover of those owned by women tend to be smaller** than those of men so that women are not inadvertently left behind. For example, 55% of the women interviewed for this assessment have annual sales turnover of no more than F\$50,000 (microenterprises; see Table 1).
2. **Collect sex-disaggregated MSME data and use it to build the business case and drive business decisions.** The first step in seizing the women's market opportunity is understanding how the financial institution is currently serving women. To this end, financial institutions should review their portfolio to understand the extent to which they are already serving WMSMEs (baseline) and determine growth targets accordingly. The percentage of women ownership (i.e., 19% of MSMEs in Fiji are registered in the name of a woman) can be used as a guide for setting targets.
3. **Identify key performance indicators to track** to strengthen the understanding of the portfolio and customer, and help financial institutions enhance cross-selling, direct marketing, risk-based pricing, etc. key performance indicators can include (a) customer outreach, e.g., women clients as a percentage of total clients, new women clients as a percentage of total new clients, women clients as a percentage of addressable market (or market penetration), and women clients as a percentage of total women served by comparable providers in the market (or market share); (b) product usage, e.g., percentage of women clients accessing two or more distinct types of financial products (or product diversity); and (c) financial outcomes, e.g., percentage of loan portfolio and average loan balance by gender, and Portfolio at Risk >30 days by gender (or repayment capacity).<sup>9</sup>
4. **Through market research, understand specific challenges that WMSMEs face in accessing financing and address them accordingly.** This is essential in transitioning from a gender-neutral to a gender-intelligent approach. For example, (a) assess alternative forms of collateral given that women in Fiji tend to have less access to traditional forms of collateral such as real estate, and (b) collect alternative data to assess creditworthiness— while over 90% of the women interviewed for this assessment did not engage in ecommerce, 45% of them used mobile money accounts.
5. **Diversify into WMSME economic sectors.** SME lending is concentrated in transport and wholesale (Table 7). Start with targeting registered WMSMEs and develop a strategy to onboard them (Table 4). Diversify into sectors where WMSMEs are concentrated, and consider opportunities in food stalls and restaurants, cleaning services, information and communication technology providers, and professional services (Footnote 5). In addition, consider economic sectors with strong WMSME value chains, e.g., tourism, fast moving consumer goods, and telecommunications.
6. **Tap the informal sector where there is a WMSME majority.** The informal sector offers a broad pool of 18,742 self-employed women and 4,650 women working as handicraft workers (Table 5). To serve them, financial institutions should consider helping create pathways to formalization by, for example, systematically helping WMSMEs register their businesses and apply for licenses. This can be effectively done by partnering with appropriate entities such as the government, non-governmental organizations, and business associations.
7. **Forge partnerships with like-minded entities to provide digital literacy, financial literacy, and business and financial management capacity building.** There is currently a heavy reliance on cash and in-person interaction between MSMEs and their financial institutions. As the financial sector in Fiji moves toward digitalization, it will be crucial for financial institutions to help build the capacity of their customers as well as find the appropriate balance between high tech and high touch to respond to the needs and preferences of their target segments.

<sup>9</sup> Women's World Banking. 2013. *Gender Performance Indicators: How Well are We Serving Women*

## WOMEN'S FINANCE EXCHANGE

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