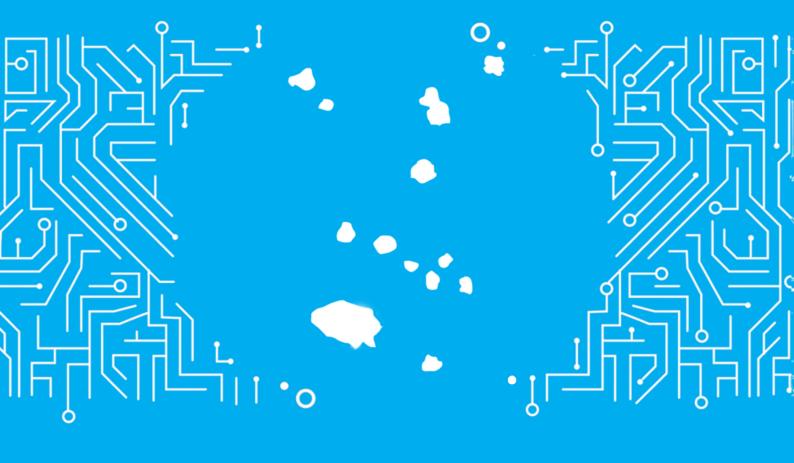


COOK ISLANDS

A Survey on Knowledge, **Skills and Access**



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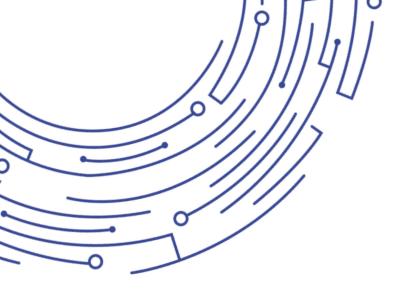
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Contents

List of Tables	6
List of Graphs	7
List of Acronyms and Designations	8
Glossary of Terms	9
Note on Significance Testing	10
Executive Summary	11
Digital and Financial Literacy Index Scores	11
Digital Integration	11
Financial Inclusion and Literacy	12
Perception about Digital Financial Services	12
DFS Outcomes and Education	<u>12</u>
Background and Introduction	13
Methodology	14
Survey Methodology	14
Survey Questionnaire	15
Creation of a Digital and Financial Literacy Index	15
General Demographics	17
Region and Density	17
Demographic Characteristic	18
Digital and Financial Literacy Index Scores	19
Digital and Financial Literacy Index Scores	21
Detailed Findings	23
Section 1: Digital Access, Usage, and Literacy	23
Access to and Usage of Digital Devices	24
Attitude Towards Technology	26
Experience of Various Digital Tasks and Online Activities	28
Uptake of Digital Security Practices	
Barriers to Internet Use	30
Digitalisation Scores	32

Section 2: Financial Inclusion & Literacy	33
Access to Payment Products and Services	33
Cash Resilience and Financial Well-being	35
Knowledge and Skills Related to Money Management	40
Financial Literacy Scoring	42
Section 3: Digital Finance	43
Perceptions About Digital Financial Services	43
Safety Measures and Awareness Related to safe and Efficient Use of DFS	47
DFS Competency and Outcome Scores	49
Summary and Recommendations	50

List of Tables

Table 1.	Target and Actual Sample Sizes	15
Table 2.	DFL Index Score by Gender Rarotonga/ Pā 'Enua	21
Table 3.	DFL Index Score by Gender and Age	21
Table 4.	DFL Index Score by Educational Attainment and Economic Activity	22
Table 5.	DFL Index Score by Disability and Income Level	22
Table 6.	Access to devices	25
Table 7.	Experience of Digital Tasks	28
Table 8.	Barriers to Internet Access	31
Table 9.	Payment Services Accessed	34
Table 10.	Payment Method by Gender	36
Table 11.	Payment Method by Location	36
Table 12.	Financial Behaviours and Well-being	37
Table 13.	Financial Behaviours and Well-being and Educational Attainment	38
Table 14.	Financial behaviours and well-being and residence status	39
Table 15.	Percentage who answered correctly	41
Table 16.	DFS experience	45
Table 17.	DFS experience by residence type	45
Table 18.	DFS Use	46
Table 19.	DES Safety Measures	48

List of Graphs

Graph 1.	Scoring Distribution	19
Graph 2.	Scoring Distributions: Rarotonga and Pā 'Enua	20
Graph 3.	Frequency of smartphone and computer use	26
Graph 4.	Ability to Stay Apace of Technology	26
Graph 5.	Experience of Digital Tasks	28
Graph 6.	Experience of digital tasks of those employed in the service industry* by age and educational attainment	29
Graph 7.	Overseas bank account access by account location	33
Graph 8.	Bank account and credit card access by income level	34
Graph 9.	Payment methods for groceries, utilities and takeaways	35
Graph 10	Financial Behaviours and well-being	37
Graph 11.	Income Level and Location	38
Graph 12.	Percent answered correctly and incorrectly	40
Graph 13.	Overall DFS personal perceptions, experience and outcomes	44
Graph 14	DFS Use	46
Graph 15	DES safety Measures	47

List of Acronyms and Designations

Acronym/Designated Labels	Description
АТМ	Automated Teller Machine
DFL	Digital Financial Literacy
DFS	Digital Financial Services
MSME	Micro, Small and Medium Enterprises
PDEP	Pacific Digital Economy Programme
SES	Socio-economic Status
TVPM	Te Puna Vai Mārama Cook Islands Centre for Research
UNCDF	United Nations Capital Development Fund

Glossary of Terms

Some of these terms used in the DFL 2024 Survey Report are defined as follows:

Cook Islander refers to a resident of the Cook Islands who is of Māori ethnicity indigenous to the Cook Islands, or is a person descended from a Cook Islander. Cook Islanders are free to travel to, enter, reside and work in the Cook Islands at any time (Cook Islands Immigration Act 2021, S.21)

Kaiou refers to a type of IOU that a patron incurs at a store or eatery in the Cook Islands.

Pā 'Enua refers to the Outer Islands, or those islands of the Cook Islands other than Rarotonga.

Permanent Resident refers to a person who is not a Cook Islander who has been granted the right to travel to, enter and stay in the Cook Islands at any time, including those who are descendants of Permanent Residents (Cook Islands Immigration Act 2021, S.34).

Work Permit holder refers to a person who is not a Cook Islander nor a Permanent Resident who has been granted the right to travel to and enter the Cook Islands for a limited period to work in the Cook Islands (Cook Islands Immigration Act 2021, S.96).

Migrant Worker(s) is another term used for Work Permit holder.

"Resident of the Cook Islands" or those "who reside in the Cook Islands" refers to Cook Islanders, Permanent Residents or anyone who has a visa that allows them to reside and/or work in the Cook Islands.

Financial Inclusion refers to the concept that all working-age adults have effective access to banking, credit, savings, payments, and insurance services from formal service providers. Please note that while this definition refers to the whole of the concept of financial inclusion, this survey did not probe all dimensions of access.

Adult Population refers to the Residents of Cook Islands aged 15 to 74 years of age

Youths refers to the Residents of Cook Islands aged 15 to 24 years of age

Formal Employment refers to individuals who indicate in the occupation question that they are working for another person or company, full time or part time, also known as wage earners. Includes those temporarily absent from work due to sickness or maternity/paternity leave.

n =The number of respondents in the entire sample or subsets of the sample that were asked specific survey questions or comprise a demographic or geographic subgroup discussed in the report.

Note on Significance Testing

As the sample size for the Cook Islands survey was less than 5% of the total population between 15-75, simple chisquare tests were conducted for any significance between a subgroup, such as women, and the sample for a variable, such as the use of banking apps.

Executive Summary

Digital and Financial Literacy Index Scores

Residents of the Cook Islands possess moderate levels of digital and financial literacy with some room for growth around the uptake of digital financial services (DFS).

In the Digital and Financial Literacy (DFL) Index scores people living in the Cook Islands achieved a mean score of 23.26 points out of a possible 52 points, substantiating the need for some digital and financial literacy education, including for young people at high school.

Digital and financial literacy in the Cook Islands tracks closely with age, educational attainment, and socio-economic status.

Individuals under the age of 45, Rarotonga residents, those with higher levels of education and income, as well as work visa holders, demonstrate higher proficiency across all measures of digital and financial literacy. In contrast, individuals with disabilities, women, and those residing in the Pā 'Enua tend to have lower scores. Targeted interventions are necessary to strengthen digital financial literacy (DFL) and address these disparities.

Women have greater access to digital devices than men. While DFL index scores (23.8 for men vs. 22.91 for women) and bank account ownership (92% for women, 93% for men) are relatively similar, significant gender differences exist in financial inclusion and ownership of financial products. Women are more likely to own a debit card (78% of women vs. 65% of men) and/or a credit card (44% of women vs. 28% of men).

However, men and women do not differ substantially in their approach to budgeting and savings behaviours, financial knowledge, or digital savviness (scores for men 23.80 and women 22.91). The DFL index scores for men and women in the Pā 'Enua are also similar, at 24.6 for men and 23.74 for women.

Digital Integration

The vast majority of adults in the Cook Islands (81%) have access to a smartphone for personal or work use, either their own or belonging to someone else.

Smartphones comprise the most accessible digital device by a wide margin, with other digital devices – tablets or computers (39%), smart TVs (39%), Internet routers or modems (26%), or smart watches or speakers (21%) – accessible to at most 40% of adults. Individuals with secondary schooling or less, those who live on the Pā 'Enua, lower-income, and older people (aged 55 to 75 years) are considerably less likely to have access to Smartphones, tablets or computers, than their higher-educated, higher-SES, and younger counterparts.

Cook Islands residents cite the cost of connections and quality/availability as a limiting factor in internet usage across gender and age range. However, it is important to note that this is a rapidly evolving situation, as Starlink was officially approved as an internet provider only in September 2024. This development has enabled significantly greater internet connectivity at substantially lower prices compared to those previously offered.

Access to digital devices (smartphones) and available Internet connections outpace digital proficiencies and levels of confidence engaging with digital tools.

Despite the vast majority of those in the Cook Islands having access to a smartphone half worry technology is leaving them behind.

This perception is more prominent among those who are older, who have a disability and those with secondary schooling or less.

Participation in digital and online activities, including finance-related activities, is limited beyond news and social media consumption.

Financial Inclusion and Literacy

Financial inclusion and access to financial products in the Cook Islands is similar to other Pacific Island countries, in particular Tonga.

However, the Cook Islands is gradually transitioning away from a cash-based economy. Just under half of respondents use cash to pay for groceries and utilities, while 51% still use cash to pay for dining out. Due to the limited adoption of e-payments by retailers in the Cook Islands, the vast majority of those shifting away from cash utilise debit or credit cards. With regards to financial inclusion, 93% of Cook Islands residents report ownership of a current account amongst other financial products, including debit cards (72%), credit cards (37%), digital/electronic/or mobile wallets (26%), and cryptocurrency (11%).

The majority of those who live in the Cook Islands participate in some level of budgeting and savings behaviour.

Three-quarters of respondents (79%) have made plans to manage their income and expenses. Over half (69%) (65% of men and 72% of women) save or invest for the longer-term, and 52% participate in savings and loan clubs.

Perception about Digital Financial Services

Cook Islands residents understand the inevitability of the use of digital financial services, as well as the potential benefits, while at the same time expressing concerns about their ability to navigate these services safely and effectively (69%).

Only around half, or fewer, take precautionary measures to ensure their safety online, with lower rates observed among those living in the Pā 'Enua and elderly residents. Over two-thirds of respondents reported taking measures to protect themselves against phishing and scams; however, less than half (45%) check whether websites are secure before entering payment details online. Nearly half of respondents write down their PIN numbers and passwords, while two-fifths have experienced being locked out of their online accounts. In saying this, there is high trust in financial services (75% trust financial service providers), and around half of respondents. Respondents have also had positive experiences using DFS, and only very few agreed that DFS are designed for men which indicated inclusivity and accessibility in DFS provision in the Cook Islands. In addition, 64% of women said that online payments could replace cash in the Cook Islands. Women were also more likely to agree that DFS are necessary for remittances (66% women compared to 46% men).

DFS Outcome and Education

Use of banking apps is high in the Cook Islands, especially amongst women (70% vs 40% for men).

Those living in the Pā 'Enua are less likely to use a banking app primary due to accessibility of local bank branches. They also have a lower overall usage of other DFS compared to those living in Rarotonga. Just under half of peoples with disabilities used banking apps. A higher proportion of migrant workers use DFS, particularly insurance services, compared to their local counterparts.

Out of a possible digital financial competency score of 21 points, those in the Cook Islands achieve a moderate score of 7.2 points.

Men and residents of the Pā 'Enua scored higher in financial competency compared to women and those living in Rarotonga. Youth (15–24 years old) outperformed other age groups, while migrant workers scored higher than Cook Islanders and permanent residents. Participants with annual incomes over \$60,000 achieved the highest scores (9.09), revealing potential inequities in digital financial competency related to gender, age, and economic status in the Cook Islands.

Background and Introduction

In an increasingly digital world, people in the Cook Islands need digital and financial skills to participate fully in the economy and in social life. According to the 2021 Census Report, over 70% of the total Cook Island population above 15 years old use the internet, over 80% of internet users use the internet every day and 78.1% of women aged 15 years and above use the internet, especially women aged from 15 – 69, and 81% of those use the internet every day. However, we know little about how people use the internet for financial purposes or the use of the internet by people with disabilities. There is a lack of granular data that thoroughly investigates the digital and financial literacy situation of the Cook Islands.

If harnessed properly, the growing availability and use of digital financial services (DFS) worldwide provide unique capital-building tools and resources for fighting poverty in countries and regions where there are significant barriers to accessing traditional financial services, particularly amongst marginalized and low-income groups. The United Nations Capital Development Fund Pacific Digital Economy Programme (UNCDF PDEP) recognize the opportunity to and importance of harnessing digital financial services to help Pacific Island countries build capital and grow their economies over the long-term. As such, a focus on improving the digital and financial literacy (DFL) of all population segments is essential in contributing to a more strengthened consumer protection and resilience of the people of the Cook Islands.

The Cook Islands government recognised the urgency in addressing challenges to digitisation in the country, developing the 'Cook Islands National Digital Strategy 2024-2030' which includes building the digital literacy of all Cook Islands residents, and creating new digital products and services to increase incomes amongst its priorities.

The Pacific Digital Economy Programme (PDEP) has conducted DFL Surveys in seven Pacific Island countries to better understand the digital and financial literacy needs of Pacific Islanders. The PDEP has since expanded to include the Cook Islands and seeks to undertake a similar foundational study in the country.

The Cook Islands, like many small island nations, faces a set of economic challenges that are intertwined with its unique circumstances. A recent UNCDF internal scoping study highlighted the limited availability of data on financial access for underserved groups.

This report presents the findings of a survey conducted in the Cook Islands to assess the current levels of digital and financial literacy, focusing on knowledge, skills, and access to financial services. The survey findings will inform the development and implementation of targeted interventions to improve digital financial competencies among women, MSMEs, youth, migrant workers, and rural communities.

The survey results are intended to serve as a baseline, allowing regulators and development partners to measure future changes in competencies, access, and usage over time.

Methodology

Survey Methodology

Professor Heather Worth, Director of Te Puna Vai Mārama Cook Islands Centre for Research was contracted to undertake the survey and used the methodological approach carried out by UNCDF in other Pacific Island countries in partnership with Tebbutt Research.



The method was a cross-sectional survey with purposive sampling. Data collection was both online and face-to-face. The online survey was deployed first for a week. After data was gathered it was checked for any missing demographic groups. A face-to-face computer-assisted interview was then undertaken to collect data with an emphasis on the recruitment of men. The survey was self-administered or administered by an enumerator. The online survey was available to Cook Islands residents on all inhabited islands. The face-to-face computer-assisted interviews were carried out on Rarotonga, Atiu and Mangaia.

To reduce survey's drop-out rates, the survey questionnaire was designed to take 10 minutes or less to answer. The Cook Islands survey questionnaire contained all the questions from the UNCDF survey questionnaire that are required for scoring under the Digital and Financial Literacy Index scoring framework. However, some of the questions have been altered to appropriately reflect the cultural context of the Cook Islands and to shorten questions for efficiency. The survey also included a question on disability based on a similar question in the Cook Islands Census. As the migrant worker population is significant in the Cook Islands, a question on visa status was also asked in the survey. Questions around remittances, bank account, card access and methods of payment from the UNCDF questionnaire was included, as there is limited available public data on these subjects.

For the online survey, a text message push-notification was sent to both Rarotonga and the Pā 'Enua through the only mobile phone provider, Vodafone Cook Islands.

On Rarotonga, enumerators for the face-to-face survey were positioned at survey stations outside of two bank branches (Bank of the Cook Islands, and ANZ) in the main town area of Avarua on selected days, including social benefit payment days (around the 15th and 30th of each month), to capture a wide sample of the Rarotonga population.

On the islands of Mangaia and Atiu, the survey was done face-to-face with groups of people and individuals through networking, and outside a main thoroughfare.

Survey Questionnaire

The questionnaire was conceived and designed to serve as a template for similar interventions in other regions including Asia and Africa. Dr. Adele Atkinson designed the survey questionnaire with input from an advisory team at UNCDF and Tebbutt Research. Minor changes were made to the survey to adapt it to local context, and the small size of the local population, relatively limited digital financial services and unique banking context in the Cook Islands (where residents use both New Zealand and Cook Islands banking products).

Table 1. Targets and Actual Sample Sizes (based on Cook Islands Census 2021)

Cook Islands Total (Census 2021)	Total population	Target Sample size N=450	М	F	People with a disability
Rarotonga	10,898	370	180	190	19
Mangaia	471	50	23	27	8
Atiu	383	30	16	14	4
		Actual Sample			
Rarotonga		349	123	226	50
Mangaia		55	25	30	4
Atiu		49	31	18	10
Other islands		18	5	13	3
Total actual sample		471	184	287	67

Creation of a Digital and Financial Literacy Index

As with the DFL assessment surveys conducted in Tonga, Papua New Guinea, Samoa, the Solomon Islands, and Fiji, a scoring system was applied to the questionnaire for the purposes of analysis, both in terms of comparing levels of digital and financial competencies between geographic and demographic subgroups and measuring changes in levels of digital and financial literacy over time (by acting as a baseline survey, with a follow-up survey to be conducted in three years' time). This includes measuring growth in positive outcomes associated with the usage of digital financial services and increased digital and financial literacy over time.

Survey respondents could achieve a maximum of 52 points for digital and financial literacy based on their responses to survey questions. The survey and scoring system was comprised of four subsections to better understand in which specific areas competencies are strongest or where gaps in knowledge are most notable. Access to mobile/digital devices contributes to the scoring framework and constitutes an important component of measuring digital-financial literacy. Attitudes, awareness, and online behaviours related to finances and financial management comprise the key inputs underpinning the DFL Index and in understanding levels of digital and financial literacy in the Cook Islands.

The survey also explores financial inclusion and access to electronic and digital financial products, but while we detail these findings in the report they are not included as factors in the scoring framework.

Content areas that comprise the DFL index and scoring framework comprise:



Digitalisation

maximum achievable score of 18 points, with a focus on access to digital devices, digital activities performed, internet access and online activities, awareness of and participation in safe digital/online practices.



Financial Competencies

maximum achievable score of 13 points, with a focus on engagement with financial safeguards (e.g., budgeting and savings behaviours) and financial knowledge (i.e., basic understanding of the concept of inflation, how borrowing impacts MSME profitability, etc.).



Digital Financial Competencies

maximum achievable score of 9 points, with a focus on commonly held beliefs about digital financial services and DFS behaviours (both practices for keeping financial information safe online and use of DFS for money management.



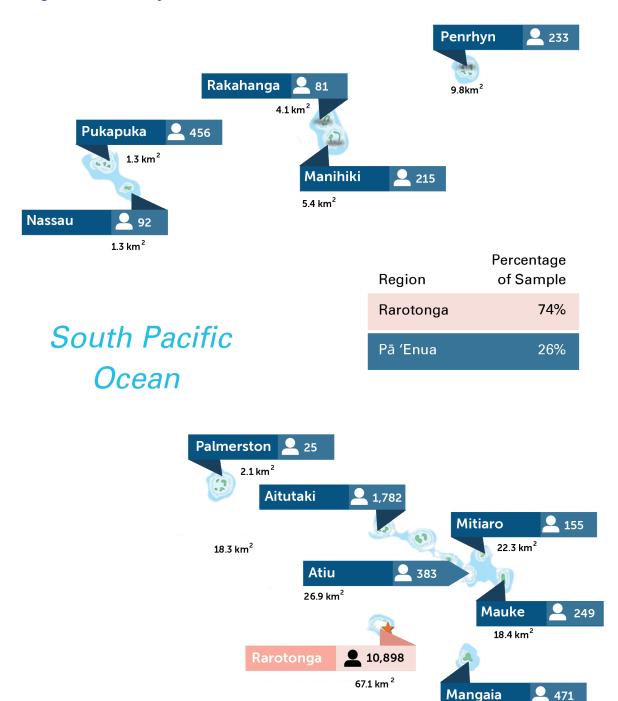
DFS Outcomes

maximum achievable score of 12 points, with a focus on positive and negative outcomes associated with use of mobile or online financial services, including current financial circumstances and the impact of DFS services on financial well-being.

General Demographics

The following graphs and information provide a demographic snapshot of the final, weighted survey sample.

Region and Density

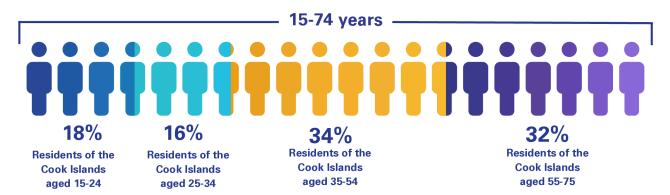


As of 2021 the total population of the Cook Islands was 15,040 people spread across 12 inhabited islands inside a 1.2 million square kilometre Exclusive Economic Zone (roughly equivalent in size to Mexico). Two islands in the Cook Islands are uninhabited, and one, a bird sanctuary, hosts two conservation rangers outside of the cyclone season (April to November) annually. The island of Rarotonga is where the majority of the population reside (72% according to the Cook Islands Census 2021), a proportion similarly captured in the survey sample size (74% for Rarotonga). As standard measurements of urban and rural do not apply to the context of the Cook Islands, density was not captured in the survey. The Cook Islands Census 2021 provides data on island population and land area (in square kilometres). Table 3 outlines the 2021 total population and land area for each inhabited island.

51.8 km²

= Population

Age Range of Respondents





O^{*}

61%: 39%

Women comprise a clear majority of the effective sample.



1 in 6

Residents of the Cook Islands surveyed have a health condition or disability that limits their day-to-day activities

Residents of the Cook Islands work outside the home



Self-employed



Employee working for others



16%

Public sector



11%Tourism &

Hospitality



8%

Agriculture & Fisheries



90%

of the sample were voting residents of the Cook Islands

Digital and Financial Literacy Index Scores

Cook Islands residents possess moderate levels of digital and financial literacy with significant room for growth around the uptake of digital financial services (DFS), as well as familiarity with and awareness of practocal safeguards for DFS use. Assessments were made based on responses to measure in the areas:







Financial Competencies



Digital Financial Competencies



DFS Outcomes

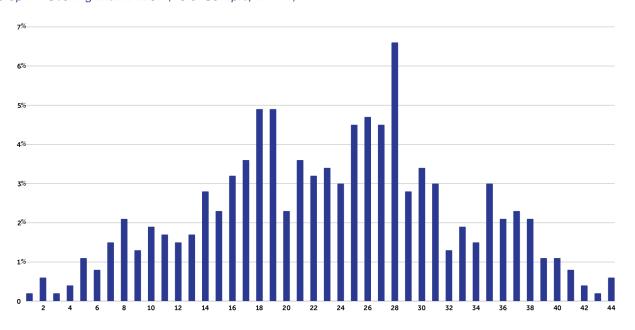
Out of a possible 52 points, Cook Islands residents achieved a mean score of 23.26 points.

Almost half of Cook Islands residents (48%) achieve DFL (digital and financial literacy) scores which fall in the moderate category, achieving an overall score of between 13 and 26 points. A relatively sizable percentage of Cook Islands residents score on the low (13%), but only as very small number on the high end of the DFL index (3%). Low is defined as scoring between 0 and 12 points and high between 40 and 52 points. One-third (35%) achieve an above average score of between 27 and 39 points.

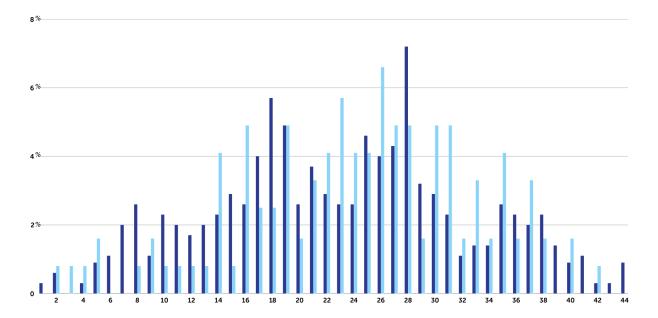
DIGITAL AND FINANCIAL LITERACY SCORE

Residents of the Cook islands 23.26 out of achieve a mean score of 52 points

Graph 1: Scoring Distribution (Total Sample, N=471)



Graph 2. Scoring Distribution: Rarotonga and the Pā 'Enua



Moderate mean scores across demographic and geographic subgroups are in part attributable to limited usage, to date, of digital financial services and engagement with practices intended to safeguard personal financial information online. At a minimum, individuals who lack access to digital devices or do not use the Internet most likely require basic, foundational skills given their inability to engage with DFS at the present time. Even amongst Cook Islands residents who engage with DFS however, more information is required to ensure safe and efficient uptake of digital financial services as DFS become more widely available and used across the whole of Cook Islands society.

Digital and financial literacy in Cook Islands tracks closely with age, educational attainment, and socio-economic status. Cook Island residents under the age of 55 years, women, higher - educated, and higher - income Cook Islands residents perform higher on most measures than their older and lower-SES counterparts. That said, the greatest differences between men and women, and between Rarotonga and the Pā 'Enua are in relation to digital financial competence specifically.

Overall DFL index scores are slightly higher for men than women (23.8 vs 22.91), and both in Rarotonga and on the Pā 'Enua. Cook Islands men and women do not differ substantially in their approach to budgeting and savings behaviours, their financial knowledge, or digital savviness. Whereas they differ significantly on measures related to financial inclusion, detailed later in this report, but which do not contribute to overall DFL scores. Those with a disability (n=67) scored lower on overall DFL at 22.79.

DFL by Demographic and Geographic Subgroups

The tables in this section provide a detailed snapshot of DFL index performance by geographic and demographic subgroups, including self-employed Cook Islands residents and individuals living with disability.

Table 2: DFL Index Score by Gender Rarotonga/ Pā 'Enua

	Total	Men Rarotonga	Men Pā 'Enua	Women Rarotonga	Women Pā 'Enua
Total DFL (0-52 points)	23.26	23.4	24.6	22.69	23.74
Digitisation (0-18 points)	9.22	9.32	7.18	9.84	8.77
Financial competencies (0-13 points)	6.84	6.92	7.03	6.68	7.10
Digital financial competencies and DFS outcomes (0-21 points)	7.20	7.16	10.39	6.17	7.87
% Low (0-12 points)	13	4	8	7	10
% Moderate (13-26 points)	48	12	49	23	51
% Above average (27-39 points)	35	9	39	17	38
% High (40-52 points)	3	1	3	1	2

Table 3. DFL Index Score by Gender and Age

	Takal		Me	en			Won	nen	
	Total	15-24	25-34	35-54	55+	15-24	25-34	35-54	55+
Total DFL (0-52 points)	23.26	26.61	22.86	23.87	22.95	22.89	23.84	23.38	22.81
Digitisation (0-18 points)	9.22	10.1	8.75	9.10	7.31	8.76	10.24	10.39	8.84
Financial competencies (0-13 points)	6.84	6.71	6.57	6.95	7.31	6.61	6.62	6.98	7.06
Digital financial competencies and DFS outcomes (0-21 points)	7.20	9.81	7.54	7.82	8.34	7.52	6.98	5.81	6.92
% Low (0-12 points)	13	10	21	13	8	11	11	14	15
% Moderate (13-26 points)	48	42	36	46	56	55	44	45	48
% Above average (27- 39 points)	35	39	32	34	31	33	42	38	34
% High (40-52 points)	3	3	11	7	2	0	2	3	2

Table 4. DFL Index Score by Educational Attainment and Economic Activity

			Secondary							Tertiary			
	Total	Business Owner (n=23)	Employed (n=108)	In full time study (n=17)	Home duties/work without pay (including volunteerin g) (n=41)	Did not do anything (n=5)	Retired (n=13)	Business Owner (n=17)	Employed (n=101)	In full time study (n=2)	Home duties/work without pay (including volunteerin g) (n=13)	Did not do anything (n=0)	Retired (n=6)
Total DFL (0-52 points)	23.26	28.78	25.28	23.94	27.1	28.2	18.62	31.41	6.26	19	29.62	0	25.83
Digitisation (0-18 points)	9.22	10.61	8.94	8.65	8.56	8	6.54	12	10.95	10	10.77	0	9.67
Financial competencies (0- 13 points)	6.84	8.65	7.27	6.41	7.85	7	5.85	9.29	7.68	6	8.54	0	8.67
Digital financial competencies and DFS outcomes (0-21 points)	7.20	9.52	9.06	8.88	10.68	13.2	6.23	10.12	7.62	3	10.31	0	7.50
% Low (0-12 points)	13	0	6	0	2	0	23	0	3	0	0	0	0
% Moderate (13- 26 points)	48	39	46	71	37	20	54	18	50	100	38	0	67
% Above average (27-39 points)	35	57	45	29	58	80	23	65	43	0	46	0	33
% High (40-52 points)	3	4	3	0	2	0	0	18	4	0	15	0	0

Table 5. DFL Index Score by Disability and Income Level

		People with Disability				No Disability			
	Total	NZD\$0-\$ 24,999 (n=37)	NZD\$25,000-\$ 59,999 (n=16)	Over \$60,000 (n=3)	NZD\$0-\$ 24,999 (n=125)	NZD\$25,000- \$59,999 (n=103)	Over \$60,000 (n=31)		
Total DFL (0-52 points)	23.26	21.84	23.94	24.33	24.8	26.86	31		
Digitisation (0-18 points)	9.22	7.03	10.06	11.67	8.9	10.16	12.71		
Financial competencies (0-13 points)	6.84	7	6.94	7.33	7.24	7.78	8.84		
Digital financial competencies and DFS outcomes (0-21 points)	7.20	7.81	6.94	5.33	8.66	8.93	9.45		
% Low (0-12 points)	13	14	0	33	8	2	3		
% Moderate (13-26 points)	48	54	63	0	48	49	19		
% Above average (27-39 points)	35	30	38	67	39	48	65		
% High (40-52 points)	3	3	0	0	5	3	13		

Detailed Findings

Section 1: Digital Access, Usage, and Literacy



Smartphones 93%



Tablet, laptop or desktop computer

76%



Smart TV **55%**



Router or modem

55%



Starlink Kit 50%



Smartwatch 23%



51% of Residents of the Cook Islands feel that technology is leaving them behind

Participation in digital and online activities:



92%

Social Media



84%

Searched online for information about goods and services



82%

Online Banking



62%

Bought something online



47%

Completed or submitted a government form online

Uptake of digital security practices:



80%

I take steps to keep my information safe when I am online



78%

Lock digital devices when not in use



65%

Use virus protection on their digital devices



54%

Reuse passwords across online accounts



78%

My devices (smartphone, laptop etc.) are always locked when I am not using them



53%

I know how to block or de-activate my smartphone if it gets lost or stolen

DIGITALISATION SCORES

Residents of the Cook Islands achieve a mean score of

9.22

out of 18 points

Connectivity, access to and usage of digital devices and attitudes towards technology largely shape the evolving digital life of citizens. The survey looked at these core aspects of digital access, usage, security, experience, and level of digital literacy in the Cook Islands.

This section elaborates the findings related to (i) Access to and usage of digital devices and the internet, (ii) Attitudes towards technology, (iii) Experience of various digital tasks and online activities and (iv) Digital and online security. The section also elaborates on the Digitalisation Scores, a sub-component of the overall Digital and Financial Literacy Index described at the outset of this report.

Access to smartphones is high in the Cook Islands though not universal among some groups; Internet access and most digital transactions are conducted on smartphones with lower levels of access to other digital devices.

Almost 100% of respondents (93%) had access to a smartphone for personal or work use, either their own or belonging to someone else. More than seven-in-ten respondents across all demographic and geographic subgroups have access to a smartphone, with the exception of retirees (63%).

Smartphones comprise the most accessible digital device, with other digital devices – tablets or computers (76%), smart TVs (55%), Internet routers or modems (55%), Starlink Kits (50%) – accessible to over half of those living in the Cook Islands, and smart watches accessible to fewer (23%). Those living in the Cook Islands are almost twice as likely to have a smartphone (93%) than a mobile phone that is only used for calls or texts (39%).

Access to digital devices (smartphones) and available Internet connections outpace digital proficiencies and levels of confidence engaging with digital tools. Despite most respondents having access to a smartphone and/or having used the Internet (94%), just over half (51%) worry that technology is leaving their community behind, particularly those with a disability (71%). Participation in online activities, including finance-related activities, is limited beyond social media, searching the internet for information and online banking. Less than half of respondents went online to complete a government form.

The reuse of passwords across online accounts comprises one of the most blaring safety vulnerabilities evaluated (54% reuse passwords), with virus protection and device locking features built-in to most in-market smartphones, although nearly half of respondents do not know how to activate them.

65% of those living in the Cook Islands with access to a smartphone, tablet, or computer say the devices they use have virus protection. Just over half (54%) of respondents reuse passwords across online accounts, therefore education in this area may be largely pro-active rather than reactive. Nevertheless, social media provides a wealth of personal information and is even used to create alternative credit scores in some jurisdictions, so steps should be taken to protect this data.

Access to and Usage of Digital Devices

A large proportion of those in the Cook Islands have access to smartphones. Although smartphones were by far the most used device, three quarters of all participants had access to a tablet, laptop or computer. Only half had a Smart TV, or Starlink and a small proportion had a smart watch. Smartphone access was also similar along gender and younger age subgroups, then dipped to around 85-88% for older ages (55+), those with lower income and education levels, and those with a disability.

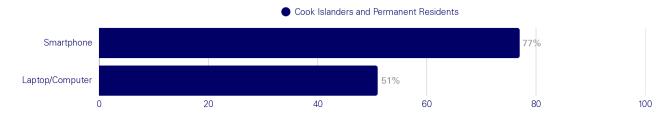
As a high-income country, the Cook Islands has high rates of mobile penetration, particularly since the COVID-19 pandemic, reaching around 110% in 2024 and expected to climb higher. Furthermore, the proportion of smartphone access is almost triple that of ordinary mobile phones (93% vs 39%).

Table 6. Access to devices

% Agree	Smartphone	Tablet/ipad/laptop or PC	Router/modem	Smart TV	Starlink Kit
Men	90%	65%	41%	41%	40%
Women	94%	85%	64%	64%	57%
15-24 years	98%	73%	54%	55%	51%
25-34 years	97%	86%	36%	48%	58%
35-54 years	95%	78%	58%	62%	54%
55-75 years	84%	72%	57%	50%	41%
Secondary	88%	65%	47%	45%	38%
Tertiary	96%	95%	61%	61%	60%
\$0-\$24,999	88%	65%	47%	47%	44%
\$25,000 - \$59,999	92%	81%	59%	43%	52%
Over \$60,000	100%	100%	50%	61%	69%
Persons with disabilty	87%	62%	33%	40%	45%
No disability	91%	77%	54%	48%	52%
Cook islanders and Permanent Residents	91%	74%	54%	47%	52%
Work Permit and other Entry Visa Holders	83%	83%	35%	44%	50%

Graph 3 indicates that women have higher access than men on all devices. However, they were significantly more likely to have access to a tablet, laptop or a desktop computer (PC), a smart TV and a router or modem to connect to the internet than men. Access to digital devices other than smartphones varies significantly by gender, age, density, and educational attainment. Women, individuals with tertiary education, higher-income, and younger age groups (35 and under), and those in Rarotonga are more likely to have access to digital devices more broadly, and specifically tablets/ computers or smart devices, than their male, lower-educated, lower-SES, and older counterparts. Women have higher access than men on all devices. However, they were significantly more likely to have access to a tablet, laptop or a desktop computer (PC), a smart TV and a router or modem to connect to the internet than men. Those with tertiary education were more likely to have access to Starlink and tablet and personal computer devices that those with a secondary education or lower. As seen with other lower-SES subgroups, those with a secondary education had slightly lower smartphone access. Those in the high-income bracket had best access to most devices, and were significantly more likely to have access to a tablet/iPad, laptop or computer. The graph above shows that overall, those with a disability have less access to devices than those without. Slightly more persons with disabilities access the internet using a Starlink Kit than a traditional router or modem. Those in the high-income bracket had best access to most devices, and were significantly more likely to have access to a tablet/iPad, laptop or computer.

Graph 3: Frequency of smartphone and computer use (N=461)



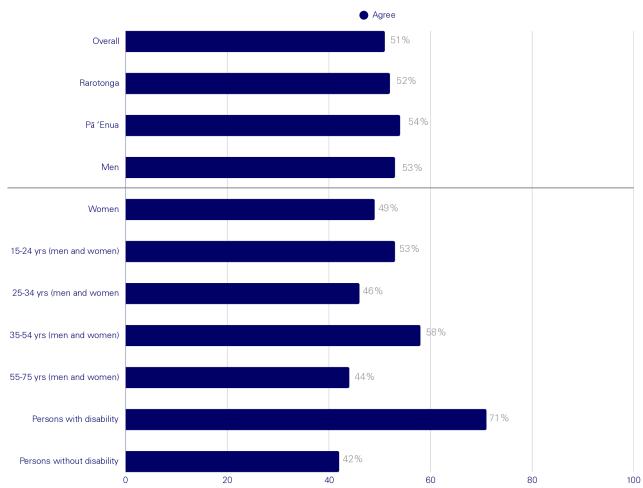
Nearly four-fifths of participants surveyed use their smartphone and half of participants surveyed use a laptop or computer several times a day.

Attitudes Towards Technology

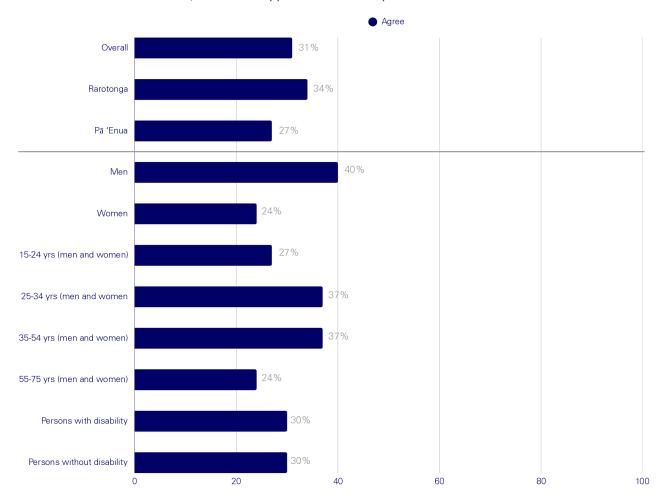
Access to digital devices (smartphones) and availability of Internet connections outpace digital proficiencies and levels of confidence engaging with digital tools. Despite the vast majority of those living in the Cook Islands having access to a smartphone (94% access) and the Internet (94% use the Internet), half (51%) feel that technology is leaving them behind.

Graph 4: Ability to Stay Apace of Tecnology

"I feel like technology is leaving me behind"







Attitudes towards technology do not differ much between those who live on Rarotonga and those who live in the Pā 'Enua. From discussions with participants, awareness of digital services in the Pā 'Enua is an issue. Services that have been digitised may not have been widely advertised nor be in the Cook Islands Māori language, and if digital services or products have been introduced, ongoing support needs to be provided around navigating these.

Women express less concern regarding their community's relationship to technology than their male counterparts, however are less trusting of technology providing financial advice.

Interestingly, it is young people and those 35-54 who feel that technology is leaving them behind, while young people and older people have less trust in automated or Al services.

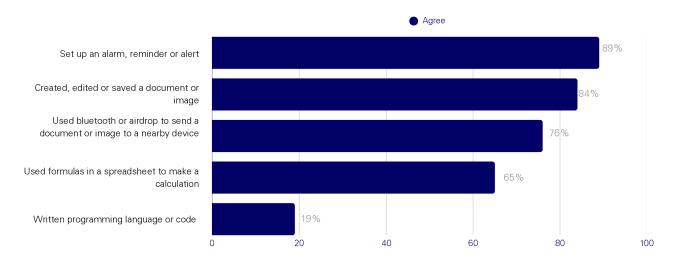
Those with a disability are significantly more likely to feel like technology is leaving their community behind than those without a disability.

Experience of Various Digital Tasks and Online Activities

The survey explored participation in a limited set of digital activities (as distinguished from online activities): if the respondents have used a digital device in the previous three months to set up an alarm, reminder or alert; created, edited, or saved a document or image; used Bluetooth or Airdrop to send a document or image to a nearby device; used formulas in a spreadsheet to make a calculation; or written programming language or code.

Graph 5: Experience of digital tasks

D2. Still thinking about technology, please can you tell me if you have personally used a digital device or electronic gadget to do any of the following in the last three months, whether for yourself or someone else?



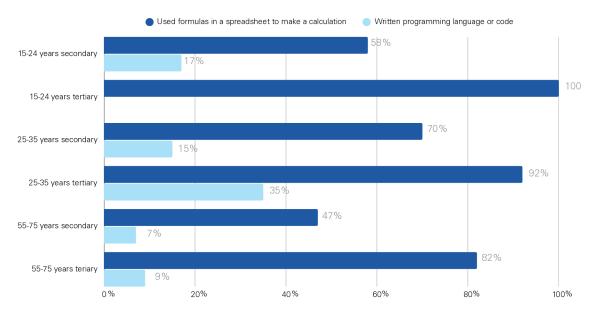
A large majority of Cook Islands residents had competed most of the digital tasks named in the last three months, apart from writing code.

Table 7. Experience of Digital tasks

% Agree	Set up an alarm, reminder or alert	Created, edited or saved a document or image	Used bluetooth or airdrop to send a document or image to a nearby device	Used formulas in a spreadsheet to make a calculation	Written programming language or code
Men	84%	76%	83%	56%	20%
Women	93%	88%	80%	72%	19%
Rarotonga	93%	76%	89%	75%	25%
Pā 'Enua	78%	88%	59%	42%	10%
15-24 years	90%	81%	90%	50%	13%
25-34 years	97%	85%	83%	79%	33%
35-54 years	92%	86%	75%	75%	28%
55-75 years	80%	80%	60%	56%	9%
Persons with disabilty	89%	83%	70%	48%	11%
No disability	86%	81%	72%	65%	17%

Women were significantly more likely to have created, edited or saved a document or image than men, and on all other digital tasks, apart from programming score somewhat higher. Those living on Rarotonga are significantly more likely to have experience in doing digital tasks and activities than those in the Pā 'Enua, except for creating, editing or saving an image or document in which case those on the Pā 'Enua were significantly more likely to done this. Younger age groups are significantly more likely to have experience in navigating their handheld devices to share images and documents and set up alarms or alerts than older ages. The 25-34 year and 35-54 age groups are more likely than the others to have experience using formulas in spreadsheets and writing programming language or code, which may reflect this group's educational attainment and the industries they work in. There were some differences in experience of digital tasks between those with a disability and those without. Interestingly a larger proportion of those with a disability had used spreadsheets and written programming code, but these were not statistically significant.





^{*}Service industry includes: Wholesale and retail trade; tourism; hospitality; information and communication; finance, insurance and professional services; public admifistration; education and research; and human health and social work.

Uptake of Digital Security Practices

Most Cook Islands internet users believe they are proactive in their approach to online safety and to some extent they are; 78% agree with the statement, "I take steps to keep my information safe when online". However, uptake of specific digital security practices – online or offline – varies depending on the practice.

Over three-quarters of respondents locked their digital devices when not in use, and two-thirds used virus protection, but worryingly over half reused passwords across online accounts. The reuse of passwords across online accounts comprises one of the most blaring safety vulnerabilities evaluated, with virus protection and device locking features built-in to most in-market smartphones, although nearly half of respondents do not know how to activate them.

Digital security was taken more seriously by those on Rarotonga, than those on the Pā 'Enua. They were significantly more likely to keep their information safe, lock their devices, and know how to deactivate their phones when lost or stolen. As well, those under 55 are more likely to have their devices locked when they are not using them, while those 55 and over are more likely to have virus protection on their devices. Those aged between 25-34 years are more likely to know how to block or de-activate their devices if they lose them. There were no significant differences in digital security between those with a disability and those without.

Barriers to Internet Use

Cost (71%) and connection quality/stability 69%) are perceived as the most important limiting factors to regular Internet use, though the majority of Cook Islands residents aged 15+ years (77%) still access the Internet daily. Cost and the quality or availability of Internet or mobile data services pose even greater obstacles to accessing the Internet than concerns about the security of Internet services available (42%), though security concerns still pose a barrier for a substantial number of people.



71% Cost



69%

Quality or availability



42%
Concerns about security of services



23% Other Reasons

Table 8. Barriers to internet access

% Agree	Cost	Quality or availability	Concerns about security services	Other reasons
Men	72%	64%	36%	21%
Women	70%	72%	46%	24%
Rarotonga	77%	73%	48%	26%
Pā 'Enua	55%	56%	30%	18%
15-24 years	71%	61%	22%	21%
25-34 years	78%	74%	26%	16%
35-54 years	73%	71%	42%	27%
55-75 years	62%	68%	56%	22%
\$0 - \$24,999	66%	65%	36%	25%
\$25,000 - \$59,000	70%	66%	49%	13%
Over \$60,000	61%	60%	33%	10%
Persons with disabilty	75%	64%	40%	25%
No disability	63%	67%	39%	17%

Women and men faced similar barriers to internet access, although women were slightly more concerned than men about internet security. Survey results indicated that a higher proportion of Rarotonga residents reported barriers to internet access compared to those in the Pā 'Enua, with cost significantly more of a barrier to internet access. Most of the survey participants from the Pā 'Enua (71%) were government employees who have access to the internet at work as part of their job, this could account for the lower proportion of Pā 'Enua respondents who said they had barriers to internet access. In interviews with key stakeholders it was reported that access to the internet in the Pā 'Enua has improved after upgrades to Vodafone's infrastructure and the entrance of Starlink in to the Cook Islands market, however systems are still vulnerable to power outages and weather conditions, particularly in the Northern Group islands. The elderly are significantly more concerned about the security of internet services than younger generations. When analysing by income level, quality and availability are slightly more of a barrier to internet access than cost for all income levels. Cost is slightly more of a barrier for those in lower to mid-income level than those with high income. While those with a disability scored slightly lower than those without, these were not statistically significant.

Digitalisation scores

This section focuses on scoring levels with regards to digitalisation only; a sub-component of the Digital and Financial Literacy Index described at the outset of this report. Subsequent micro-analyses of financial and digital- financial literacy scores can be found alongside their corresponding sections of the report. Levels of digitalisation were determined based on four different aspects of digital literacy:



i. Access to Digital Devices



ii. Attitudes towards technology



iii. Internet
Access and
Online Activities



iv. Awareness of and participation in safe digital/online practices

Survey respondents could achieve a maximum score of 18 points for digitalisation and a minimum of 0 points if respondents did not have access to the Internet or digital devices to partake in selected activities.

Out of a possible digitalisation score of 18 points, people in the Cook Islands achieve a mean score of 9.22 points. Women scored higher than men (9.61 vs 8.61) with regards to digitalization. Notable differences in digitalisation scores between cohort groups are as follows: Digitalisation scores are higher on Rarotonga (9.66) than on the Pā 'Enua (7.98). Digitalisation scores track with educational attainment: those with secondary schooling or less score 8.22 and those with tertiary attainment score 10.99. Those earning over \$60,000 pe annum score more highly (12.62 than those earning less than \$25,000 (8.49) and those \$25,000-59,999 (10.13). Those on work permits and other visas scored higher (10.2) than Cook islanders and permanent residents (9.37). Mean digitalisation scores are lowest among aged 55 years and over (8.19) and persons with disabilities (8).

Section 2: Financial Inclusion & Literacy

Payment Services Accessed by Residents of the Cook Islands



93%

Current Accounts



72%

Debit Card



37%

Credit Card



26%

Digital/Mobile/ Electronic Wallets



11%

Social Media

Access to Payment Products and Services

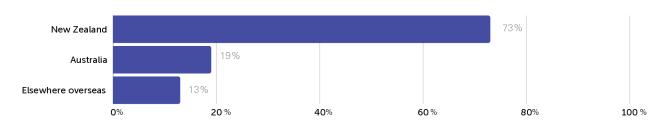
Almost all of those living in the Cook Islands have a bank account (93%) in the Cook Islands, with a further 35% having access to a bank account overseas. Twenty-six per cent have a digital, mobile or e-wallet and 11% have cryptocurrency. Payment services other than a current account accessed and used by participants include: a payment card of any sort, including or debit card (72%) or credit card (37%). Those who are cash-reliant (33%) identify preference (81%) as the predominant reason for their lack of utilisation of financial service products and reliance on cash-based financial transactions. 25% said someone else in their household manages transactions; 18% said they only use cash because they don't trust financial services; 15% said they don't know how to use other payment methods; and 27% indicated they have other reasons why they only use cash.

Current Account Ownership and Usage

The infographics above highlights that access to at least one digital financial service, financial product, or bank account is extremely high in the Cook Islands. In addition, around a third of those living in the Cook Islands have an overseas bank account that they use often.

Cook Islanders are also New Zealand citizens. If a Cook Islander is also resident in New Zealand or has family living there, this enables access to New Zealand's banking and financial systems, products and services. Of those who said they have a bank account overseas that they use often, 73% (104 people) said they have an account in New Zealand, 19% (27 people) said they have an account in Australia, and 13% (19 people) said they have an account elsewhere overseas

Graph 7: Overseas bank account access by account location



Graph 8: Bank account and credit card access by income level

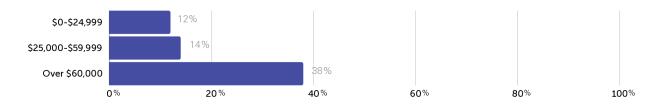


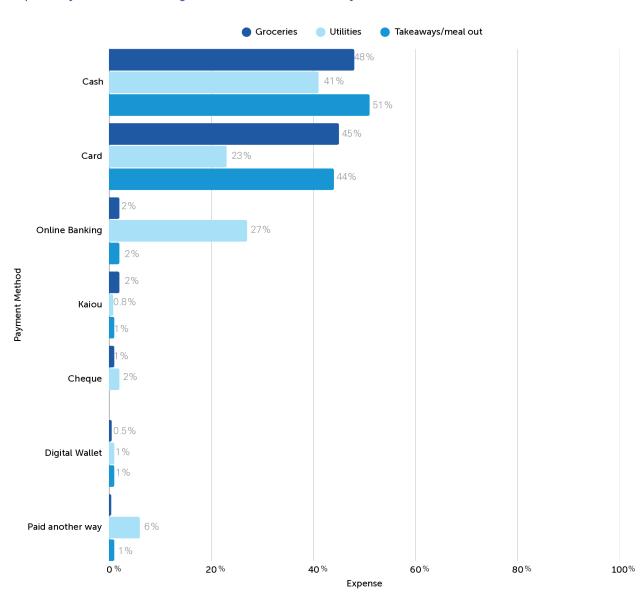
Table 9. Payment services accessed

% Yes	Bank account in the Cook Islands	Bank account overseas	Debit card	Credit card	Digital, mobile or electronic wallet	Cryptocurrency
Men	93%	39%	65%	28%	29%	13%
Women	92%	61%	78%	44%	23%	9%
Rarotonga	93%	82%	83%	44%	33%	15%
Pā 'Enua	91%	18%	43%	24%	15%	4%
15-24 years	81%	9%	61%	35%	13%	4%
25-34 years	88%	22%	78%	36%	45%	29%
35-54 years	98%	32%	72%	33%	14%	2%
55-75 years	98%	32%	72%	33%	14%	2%
\$0 - \$24,999	92%	28%	64%	35%	24%	10%
\$25,000 - \$59,000	98%	32%	81%	31%	21%	11%
Over \$60,000	88%	82%	91%	38%	52%	24%
Persons with disabilty	95%	27%	68%	42%	30%	14%
No disability	93%	37%	71%	33%	24%	10%

Table 9 indicates that there were some differences in payment services between men and women; more women have a bank account overseas and a debit and/or a credit card, while more men have a digital wallet and cryptocurrency. However, these differences are not statistically significant. The vast majority of those in the Cook Islands have bank accounts, however more people on Rarotonga have a bank account overseas and are more likely to have access to bank cards, e-wallets and cryptocurrency than those in the Pā 'Enua. Access to a bank account in the Pā 'Enua reflects the Bank of the Cook Islands presence on almost all inhabited islands. BCI branches in the Pā 'Enua are manned but do not have ATMs. Most stores or restaurants in the Pā 'Enua also only accept cash. Having a bank account is significantly lower for those 15-24 years old (81%), and for those over 35 a bank account is nearly universal. Debit cards have significantly the most use by those between 25 and 54, as do digital wallets. Cryptocurrency is also significantly related to being between 25-34years old. Those in the mid to high income brackets are more likely to have access to a debit card, and those earning over NZ\$60,000 are also more likely to have a bank account overseas. There is little difference between payment services accessed by those with a disability compared to those without. Slightly more of those with a disability have a local bank account, use a credit card, use a digital wallet and have cryptocurrency.

Cash Reliance and Financial Well-being

The Cook Islands economy is no longer primary cash-based, with only approximately half of payments for various things being paid in cash. Women were less likely to use cash than men, with 47% of women using card to pay for groceries, and takeaways respectively. This mirrors the current retail and hospitality practices on Rarotonga where a large number of SMEs have payment card readers readily available. There is also a significant proportion (27%) of people using online banking to pay for utilities. This reflects an improvement in easy of processing online payments between banks and utility providers, particularly on Rarotonga. Cash is still mostly used in the Pā 'Enua, echoing the incomplete integration of ATMs, EFTPOS machines and the lack of SMEs using online or card payment options in the outer islands.



Graph 9. Payment methods for groceries, utilities and takeaways

Table 10. Payment method by gender

Payment Service	Groceries		Utilities		Takeaways/Meal Out	
	Men	Women	Men	Women	Men	Women
Cash	56%	43%	49%	35%	56%	48%
Card	39%	39%	24%	23%	40%	47%
Online Banking	2%	2%	19%	32%	1%	2%
Kaiou	1%	2%	7%	5%	2%	0.8%
Cheque	0%	2%	0.6%	0.9%	0%	0%
Paid another way	1%	1%	0.6%	3%	0.6%	2%
Digital wallet	0.6%	0.4%	0.6%	1%	0.6%	1%

Table 11. Payment method by location

Payment Service	Utilities		Groceries		Takeaways/Meal Out	
	Rarotonga	Pā 'Enua	Rarotonga	Pā 'Enua	Rarotonga	Pā 'Enua
Cash	38%	75%	28%	75%	43%	73%
Card	57%	12%	29%	7%	52%	21%
Online Banking	2%	4%	32%	12%	2%	0%
Kaiou	1%	4%	0%	3%	1%	0.9%
Cheque	2%	1%	2%	0.9%	1%	0%
Paid another way	1%	2%	0.7%	2%	0%	5%
Digital wallet	0%	2%	8%	0.9%	0%	0%

Financial well-being

Financial uncertainty pervades just fewer than half of Cook Islands households, with 46% of participants worried that their money will not last. However, 82% of respondents had some money for themselves and 79% of Cook Islands residents make a plan to manage money. Giving to family was an issue for around half of people (49%).

Graph 10. Financial behaviours and well-being

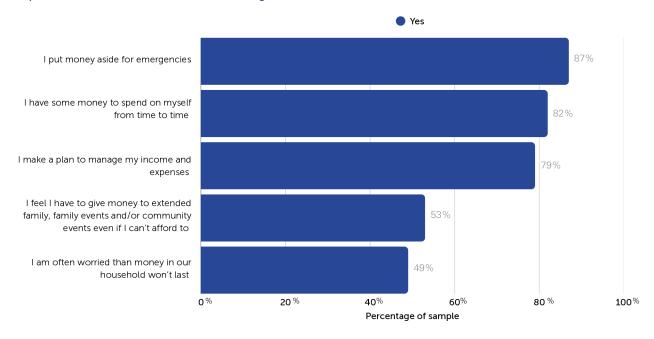


Table 12. Financial behaviours and well-being

% Agree	I put aside money for emergencies	I have some money to spend on myself from time to time	I make a plan to manage my income and expenses	I feel I have to give money to extended family, family events and/or community events even if I can't afford to	I am often worried than money in our household won't last
Men	83%	73%	73%	48%	42%
Women	89%	88%	84%	57%	55%
Rarotonga	90%	86%	85%	57%	56%
Pā 'Enua	77%	71%	66%	45%	37%
15-24 years	79%	81%	74%	45%	52%
25-34 years	82%	88%	87%	46%	52%
35-54 years	90%	83%	82%	59%	57%
55-75 years	89%	78%	75%	55%	38%
Persons with disabilty	78%	74%	84%	61%	63%
No disability	86%	81%	76%	48%	41%

Financial security and its inverse, economic precarity are experienced unevenly across Cook Islands society. Women express the greatest concern about their personal financial situations, along with those that live on Rarotonga and those with a disability.

In terms of age, putting money aside increase by age up to 55 years. 25-34 year olds are most likely to spend money on themselves and to have a financial plan. Those 35-54 feel most obligated to give money to family, and to worry the most about money.

While proportionately fewer people on the Pā 'Enua put aside money, spent money on themselves or had financial plans or felt obligated to give money to family, they felt less worried about money than those in Rarotonga. This somewhat reflects the higher proportion of Pā 'Enua residents in the lower income bracket compared to Rarotonga, but also reflects the communal way of life and sustenance on the outer islands.9

Table 8 indicates that those with a disability were less likely to put aside money, spent less money on themselves, but were more likely to manage finances, feel obligated to give money to family, and worry more about money than those with no disability.



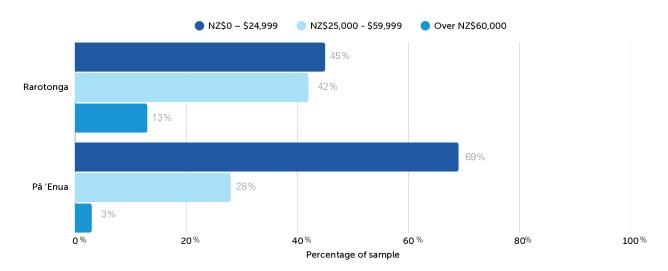


Table 13. Financial behaviours and well-being and educational attainment

Statement	Secondary	Tertiary
I put aside money for emergencies	80%	91%
I have some money to spend on myself from time to time	75%	86%
I make a plan to manage my income and expenses	72%	86%
I feel I have to give money to extended family, family events and/or community events even if I can't afford to	43%	63%
I am often worried than money in our household won't last	45%	44%

Those with a secondary education track lower in savings and feeling financially responsible for extended family and their community. Less also have money to spend on themselves, although levels of financial uncertainty are similar to those with a tertiary education.

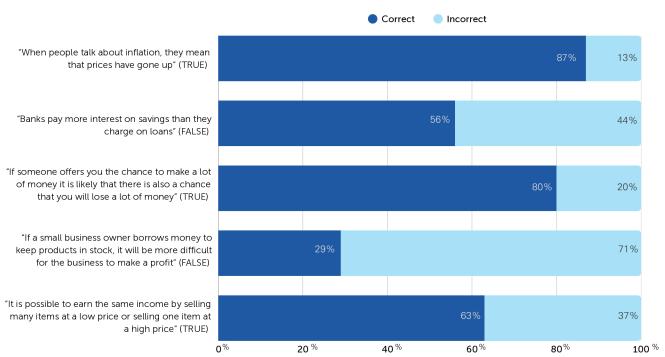
Table 14. Financial behaviours and well-being and residence status

Statement	Cook Islanders and Permanent Residents	Work Permit holders and other entry visa holders
I put aside money for emergencies	85%	88%
I have some money to spend on myself from time to time	80%	86%
I make a plan to manage my income and expenses	77%	89%
I feel I have to give money to extended family, family events and/or community events even if I can't afford to	52%	39%
I am often worried than money in our household won't last	48%	39%

Those on visas are more likely to put money aside, have money to spend on themselves, have a financial plan, but are less likely to give money to extended family and worry less about money.

Knowledge and skills related to money management

There is both significant need, and opportunities for, increasing foundational financial knowledge. In order to understand how good their financial knowledge was, participants were asked to say whether a set of statements were true or false and were scored on having answered the statements correctly. A minority of respondents answered the borrowing money statement correctly, which may reflect the way the question was asked.



Graph 12. Percent answered correctly and incorrectly

Levels of engagement with financial services and digital financial services in the Cook Islands are moderate; along with moderate uptake of formal or informal financial services, there are gaps in knowledge around basic economic and financial principles. On the most basic level, a majority of those living in the Cook Islands understand inflation's impacts on the cost of living (87%). A majority (80%) also tend to understand that if someone offers "you the chance to make a lot of money it is likely there is also a chance that you will lose a lot of money." There is greater confusion with regards to: differences in interest rates paid on savings versus those incurred on loans, the costs benefits of borrowing to turn a profit, and small businesses and economies of scale. Knowledge gaps somewhat crosscut demographic and geographic divides.

Table 15. Percentage who answered correctly

Statement	Men	Women	Rarotonga	Pā 'Enua	15-24 years	25-34 years	35-54 years	55-75 years
"When people talk about inflation, they mean that prices have gone up" (TRUE)	87%	86%	87%	87%	88%	92%	81%	91%
"Banks pay more interest on savings than they charge on loans" (FALSE)	51%	60%	58%	52%	49%	53%	57%	63%
"If someone offers you the chance to make a lot of money it is likely that there is also a chance that you will lose a lot of money" (TRUE)	83%	78%	82%	75%	79%	85%	78%	82%
"If a small business owner borrows money to keep products in stock, it will be more difficult for the business to make a profit" (FALSE)	28%	30%	31%	24%	28%	33%	30%	29%
"It is possible to earn the same income by selling many items at a low price or selling one item at a high price" (TRUE)	67%	61%	65%	60%	59%	64%	67%	63%

Table 15 indicates a mixed response between genders. The only questions that had over 70% correct answers were about inflation and scams, and women and men had very similar scores on these statements. Men were less likely to answer correctly about interest on savings, and more likely to answer correctly on high price.

There were few differences in correct answers between those who live in Rarotonga and those who live in the Pā 'Enua.

Correct answers were quite similar across all age groups, and there was a tendency for more correct answers the older the respondents.

Those with a disability scored lower in the questions about banks paying more interest on savings (42% for those with a disability vs 65% for those without) and small businesses borrowing money to keep products in stock (25% vs 32% respectively).

Those on work visas scored slightly higher or similarly on all statements.

Financial Literacy Scores

Three areas of financial literacy were evaluated and used to determine levels of financial competency: (i) financial safeguards (e.g., budgeting behaviours and use of insurance products to protect against financial shocks), (ii) attitudes towards financial planning and saving, and (iii) knowledge related to financial transactions. Data related to financial inclusion and ownership of financial products while important, are not included in index scores. All but two of the questions25 used in the scoring model are discussed in Section 2: Financial Inclusion and Literacy. Survey respondents could achieve a maximum score of 13 points for financial literacy and a minimum of 0 points.

FINANCIAL LITERACY SCORES

Residents of the Cook Islands achieve a mean score of

6.84 out of 13 points

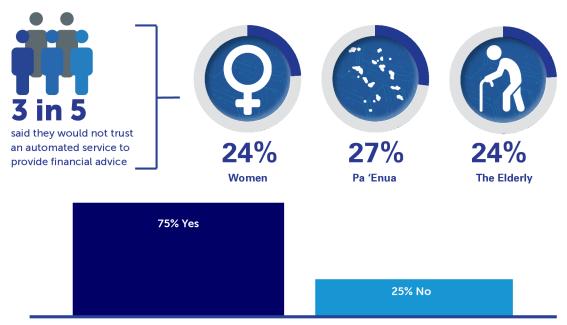
Out of a possible financial literacy score of 13 points, Cook Islands residents achieve a mean score of 6.84 points. Index scores for financial competencies (budgeting and savings behaviours and basic financial knowledge, not digital financial competencies) are much lower than those for digital literacy (9.27). (Mean scores are relatively similar for both content areas despite the ability to achieve a greater total digitalisation than financial literacy score.) Access to financial products like current accounts and digital or mobile wallets is high despite the continued reliance on cash-based transactions for everyday purchases. Nonetheless, financial knowledge is lacking amongst a significant number with regards to measures tested. Moreover, long-term savings opportunities are limited to the highest SES groups. The following are the scores by subgroups:

- Men (6.96) scored slightly higher than women (6.77)
- Those on the Pā 'Enua (7.07) scored slightly higher than those on Rarotonga (6.77)
- Those 55 years and over scored higher (7.16) than their younger counterparts (15-24, 6.65; 25-34, 6.60; 35-54, 6.97)
- Those with a disability (7.04) scored lower than those without (7.57)
- Those on work permits (7.57) scored slightly higher than Cook Islanders and permanent residents (7.39)
- Those with a tertiary education (7.94) scored higher than those with only secondary schooling or less (7.35)
- The higher the respondent's income the higher the financial competency score, with those earning over NZ\$60,000 annually scoring 8.71 (NZ\$0-\$24,999, 7.13; NZ\$25,000-\$54,999, 7.61)

Section 3: Digital Finance

Perceptions About Digital Financial Services

Despite the need for greater education around the safe and efficient use of DFS moving forward and the potential vulnerability of those in the Cook Islands to phishing attacks or online scams, about half have experienced the positive benefits of DFS usage to date. Very few people agree that DFS is designed for men. Just under half of participants (42% agree) believe digital financial services are risky for ordinary people, with migrant workers (19%) and those aged between 25-34 (22%) disagreeing the most about the risk. A majority (61%) said they would not trust an automated service to provide financial advice, with women (24%); those living in the Pā 'Enua (27%); the elderly (24%) trusting this service the least.



Do you trust Digital Financial Service Providers?

58%Residents of the Cook Islands

Residents of the Cook Islands

disagree with the risks associated with digital financial services



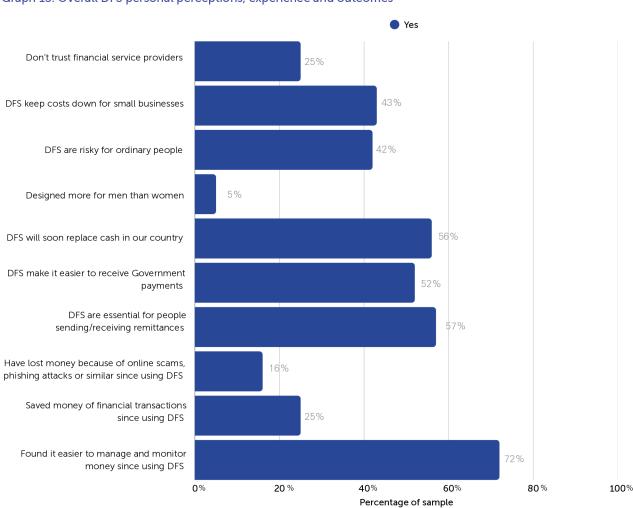




Have lost money because of online scams, phishing attacks or similar since using DFS

Nevertheless, there is acknowledgement that digital financial services are the 'way of the future'; 59% of respondents agree that digital financial services like mobile payments, online banking, and digital wallets will soon replace cash in the Cook Islands; 57% agree that digital financial services are essential for people sending remittances; 52% acknowledge digital financial services make it easier to receive benefit payments from government, which is understandable as national benefits such as child benefits and the Cook Islands pension are solely distributed digitally through the Cook Islands state owned bank, Bank of the Cook Islands. This number may not be higher because this system remains vulnerable to disaster shocks. Only 43% of participants agreed that digital financial services help keep costs down for small businesses, however nearly three out of four (72%) have found it easier to manage their money since using DFS.

95% of participants refuted the notion that digital financial services are designed largely for men rather than also benefitting women. Despite this, slightly more men than women have parametric insurance, a digital or e-wallet, and cryptocurrency.



Graph 13. Overall DFS personal perceptions, experience and outcomes

Table 16. DFS experience

Experience	Men	Women	Rarotonga	Pā 'Enua	15-24 years	25-34 years	35-54 years	55+
Don't trust financial service providers	24%	25%	41%	9%	5%	27%	27%	31%
DFS keep costs down for small businesses	42%	44%	48%	33%	30%	50%	38%	50%
DFS are risky for ordinary people	44%	41%	44%	39%	32%	22%	50%	47%
Designed more for men than women	7%	3%	3%	8%	3%	4%	9%	4%
DFS will soon replace cash in our country	48%	64%	60%	48%	48%	42%	64%	60%
DFS make it easier to receive Government payments	47%	56%	54%	48%	49%	56%	61%	57%
DFS are essential for people sending/receiving remittances	46%	66%	64%	41%	54%	39%	46%	61%
Have lost money because of online scams, phishing attacks or similar since using DFS	14%	18%	20%	9%	8%	20%	16%	20%
Saved money of financial transactions since using DFS	27%	23%	31%	14%	21%	42%	30%	13%
Found it easier to manage and monitor money since using DFS	63%	78%	78%	58%	63%	85%	80%	63%

Women tend to have a slightly better experience than that of men, and are significantly more likely to agree that DFS is necessary for remittances (66% women, 46% men). Those in the Pā 'Enua are statistically more like to trust financial services than those on Rarotonga (9% don't trust vs 41% on Rarotonga). Positive experiences tend to increase with age up to 55+ and then decline.

Table 17. DFS experience by residence type

Experience	Cook Islanders and Permanent Residents	Work Permit holders and other entry visa holders
Don't trust financial service providers	22%	60%
DFS keep costs down for small businesses	43%	
DFS are risky for ordinary people	44%	19%
Designed more for men than women	4%	11%
DFS will soon replace cash in our country	57%	50%
DFS make it easier to receive Government payments	53%	43%
DFS are essential for people sending/receiving remittances	55%	67%
Have lost money because of online scams, phishing attacks or similar since using DFS	15%	21%
Saved money of financial transactions since using DFS	21%	56%
Found it easier to manage and monitor money since using DFS	70%	88%

Those on work visas are less trusting of DFS services than Cook Islanders and permanent residents.

Access and Usage of Digital Financial Services

Uptake of digital financial products in the Cook Islands is moderate, only over half of residents in the Cook Islands use a banking app. 26% have a digital/electronic/mobile wallet; 11% have cryptocurrency; and 11% have a climate disaster insurance that makes automatic payments. The Pacific Catastrophe Risk Insurance Company is the only company that provides parametric insurance in the Cook Islands, which first joined the scheme in 2014.

The DFL Standardised study questionnaire utilised by this study included a question asking participants whether they "have an insurance policy taken out online or through an app." Forty-five percent of respondents answered affirmatively.

However, given that neither of the two Cook Islands-based insurance companies currently offer this service, the research team considers the validity of these responses to be questionable. It is likely that many Cook Islands residents interpreted the question as referring to paying insurance premiums online, rather than purchasing an insurance policy through a digital platform. As a result, this data point may not be reliable and should be interpreted with caution.

Graph 14. DFS use

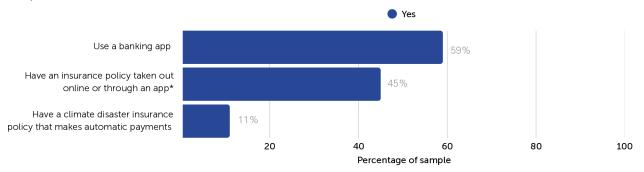


Table 18. DFS Use

	Use a banking app	Have an insurance policy taken out online or through an app	Have a climate disaster insurance policy that makes automatic payments
Men	46%	13%	13%
Women	70%	19%	9%
Rarotonga	69%	21%	13%
Pā 'Enua	37%	10%	8%
15-24 years	57%	2%	6%
25-34 years	79%	37%	23%
35-54 years	66%	18%	14%
55+	44%	13%	6%
Persons with Disability	48%	12%	15%
No Disability	59%	15%	9%

As Table 18 above indicates, in keeping with other Cook Islands data around financial inclusion, women are significantly more likely than men to use a banking app, and slightly more likely to have purchased a personal insurance product. Pā 'Enua residents are significantly less likely to use a banking app and slight less likely to take out insurance. Data indicates that use of DFS rises with age to 54 years, while those 55 and over are significantly less like to use banking apps or take out personal insurance. People with disabilities use banking apps and are slightly more likely to take out personal insurance. DFS is considerable higher for those on work visas, especially with insurance policies.

Safety Measures and Awareness Related to Safe and Efficient Use of DFS

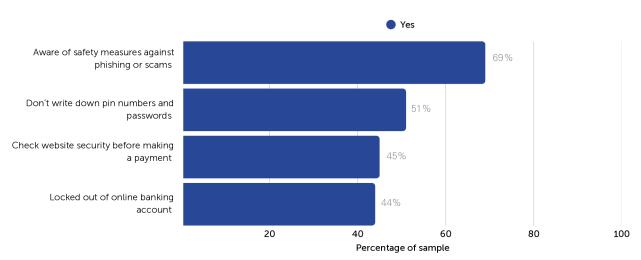
While people in the Cook Islands have general concerns about the potential risks associated with usage of DFS only half take reasonable precautions about safety. At a basic level, people need more information that would allow them to make smart choices.

Password protection and online banking security also constitute important areas for DFS education moving forward. When it comes to pin numbers and passwords for financial services specifically, 49% of financial service users keep a record of pin numbers or passwords for their accounts compared to 51% who do not. Just over half of Cook Islands residents (54%) re-use the same password across several online accounts or websites. This is practiced more on Rarotonga than in the Pā 'Enua (59% vs 45%). 62% of those living in the Cook Islands shop online, but only 45% check that a website is secure before making a payment online. At present, one-third of respondents are susceptible to online phishing scams (31%). Survey participants were provided a common scenario for bank customers and asked how a hypothetical consumer should respond:

Sera has just received an email message from her bank. She didn't even know that the bank had her email address! She reads the message carefully. It tells her that her account has been frozen because of suspicious activity. It apologises for the inconvenience and then says she should follow the link in the email as soon as possible to reactivate the account. Sera isn't sure whether to reply to the message, delete it or follow the link.

Which of Sera's three ideas would be safest in this instance?

In response, 69% say they would delete the email, while one-quarter would reply to the email (25%), and a small percentage would follow the link (6%). Slightly higher proportions of men, those living in the Pā 'Enua, youth, persons with disabilities and migrant workers said they would reply to the email or follow the link.



Graph 15. DFS Safety Measures

While over two thirds take safety measures against phishing and scams, less than half (45%) check websites are secure before entering payment details online. Nearly half write down their pin number and passwords and two fifths have been locked out of their account.

Table 19. DFS safety measures

	Take safety measures against phishing or scams	Don't write down pin numbers and passwords	Check website security before making a payment	Locked out of online banking account
Men	60%	57%	42%	28%
Women	78%	46%	47%	56%
Rarotonga	74%	43%	55%	55%
Pā 'Enua	56%	65%	26%	30%
15-24 years	61%	47%	43%	35%
25-34 years	75%	53%	46%	51%
35-54 years	67%	55%	52%	50%
55+	75%	42%	37%	41%
Persons with Disability	59%	37%	47%	45%
No Disability	73%	50%	44%	31%
Cook Islanders and Permanent Residents	70%	48%	43%	46%
Work Permit holders and other entry visa holders	65%	56%	62%	30%

Women were more aware than men about taking safety measures while using digital financial products, however more write down pin numbers and passwords. Women were significantly more likely to be locked out of their online account for more than a day since first using online banking.

Apart from writing down their pin numbers and passwords, those on the Pā 'Enua took more safety risks than those on Rarotonga. Table above indicates that taking safety measures increases by age up to 55+, when most people start taking greater safety risks. Those with a disability are safer than those without overall. Overall, those on work visas took less risk than Cook Islanders or permanent residents.

DFS Competency and Outcomes Scores

DFS competency and outcomes scores comprise the final subset of measures used to determine overall levels of digital and financial literacy. DFS competency and outcomes scores are based on:



Briefs related to DFS, such as the perceived benefits and drawbacks of DFS use



DFS behaviours, which includes adherence to basic digital safeguards and the use of banking apps and online money management tools; and



Outcomes associated with DFS usage, including potential savings and exposure to fraud or phishing scams, as well as larger perceptions of financial well-being

Survey respondents could achieve a maximum score of 21 points for digital financial competency and a minimum of 0 points.

Out of a possible digital financial competency score of 21 points, those in the Cook Islands achieve a moderate mean score of 7.2 points. As seen throughout this report and in response to other measures of DFL – digital literacy and financial literacy – differences in digital financial competencies and outcomes are at least somewhat evident along these subgroups:

- Men scoring higher than women (8.23 vs 6.53)
- Those in the Pā 'Enua scoring higher than those on Rarotonga (9.13 vs 6.52)
- Young people scoring higher than older ages at 8.35 (25-34, 7.19; 35-54, 6.60; 55+, 7.52)
- Those with a disability scoring lower than those without (7.75 vs 8.71)
- Those on work visas scoring higher than Cook Islanders and permanent residents (8.71 vs 8.28)
- Those with incomes over NZ\$60,000 scoring the highest at 9.09 (NZ\$0-24,999, 8.24; NZ\$25,000-\$54,999, 8.56)

That said, while there are statistically significant differences in mean scores between higher-SES, lower-SES, demographic and geographic groups, the gap between mean scores is fairly modest suggesting the need for growth in digital financial competencies (as well as DFS usage) across groups.

Summary & Recommendations

Residents of the Cook Islands possess moderate levels of digital and financial literacy, achieving a mean score of 23.26 points out of a possible 52 on the Digital and Financial Literacy (DFL) Index developed for this study. These findings indicate the need for targeted education initiatives to enhance digital and financial literacy, particularly in relation to digital financial services (DFS) uptake.

DFL levels in the Cook Islands vary based on age, education level, geographic location, and socio-economic status. Younger residents, those with higher educational attainment, and individuals living in Rarotonga tend to have better digital and financial literacy skills. On the other hand, older individuals, those residing in the Pā 'Enua, people with disabilities, and women have lower DFL scores. Targeted interventions are essential to address these disparities.

While access to digital devices is relatively high, cost and internet connectivity remain significant barriers to digital engagement, particularly in the Pā 'Enua. However, it is important to note that this is a rapidly evolving situation, as Starlink was officially approved as an internet provider only in September 2024. This development has enabled significantly greater internet connectivity at substantially lower prices compared to those previously offered by Vodafone. Women tend to have greater access to digital devices than men, and they also show higher levels of financial inclusion through greater ownership of financial products such as debit and credit cards.

A key finding is the low uptake of DFS, despite high mobile penetration rates. Although many Cook Islands residents use banking apps and digital payments, a substantial proportion remain reliant on cash transactions. Key barriers contributing to the wider adoption of digital financial services (DFS) include the limited availability of digital financial solutions, such as digital wallets for peer-to-peer payments. Additionally, only a very small number of small and medium-sized enterprises on Rarotonga and almost none in Pa Enua accept e-money as a payment option for goods and services, resulting in primarily cash economy.

There is a significant concern about DFS security and a lack of trust in automated financial services. Additionally, while many residents take precautions against scams and phishing attacks, a notable portion does not engage in basic online security practices, such as verifying website security before making transactions.

Strengthening digital and financial literacy is required across geographic and demographic subgroups. Though most necessary among low-SES groups and the youngest and oldest population groups, efforts are also needed among higher-educated and upper-income Cook Islands residents. Higher-educated and upper-income individuals are more likely to have access to digital and financial tools but are equally, if not more, vulnerable to the potential risks of DFS use. Lower-SES groups require increased access to digital tools and foundational knowledge to reap the benefits and mitigate risks associated with DFS.

Although the vast majority of Cook Islands residents have access to a smartphone, half worry that technology is leaving them behind. This perception is more prominent among older individuals, people with disabilities, and those with secondary schooling education. Participation in digital and online activities, including finance-related activities, is limited to news and social media consumption.

Most residents of the Cook Islands are aware of the risks of DFS (69%), but only about half take precautionary steps to protect themselves, particularly in the Pā 'Enua and among the elderly. Despite this, trust in financial services is relatively high (75% trust financial service providers), and around half of respondents believe DFS could replace cash in the Cook Islands. Those who have used DFS have generally had positive experiences.

In addition to building confidence in Cook Islands residents' ability to use DFS to their economic benefit, education efforts should build on existing trust in verified or regulated service providers such as local banks. Initiatives should address scepticism toward new digital financial services, while focusing on development of specific digital financial competencies. A significant proportion of respondents would not trust an automated service to provide financial advice, particularly in rural and remote areas where access to in-person financial services is scarce. Almost half believe that digital financial services are risky for ordinary people. Education efforts should help Cook Islands residents identify potential risks while simultaneously providing simple measures to manage and mitigate them.

For younger adults aged 15 to 24 years and students, DFL interventions should focus on building basic financial competencies and increasing access to financial and capital-building products. This cohort scores significantly address scepticism toward new digital financial services, while focusing on development of specific digital financial competencies. A significant proportion of respondents would not trust an automated service to provide financial advice, particularly in rural and remote areas where access to in-person financial services is scarce. Almost half believe that digital financial services are risky for ordinary people. Education efforts should help Cook Islands residents identify potential risks while simultaneously providing simple measures to manage and mitigate them.

Online resources and easily usable e-learning platforms provide an opportunity to deliver digital financial education to all Cook Islands residents. However, face-to-face education will still need to complement online Of those who use the internet, half reported learning something from an online video or course in the three months prior to completing the survey. Participation in online learning tools is lower among rural women and those aged 45 to 74 years, compared to younger urban residents. Additionally, 42% believe digital financial services are risky for ordinary people, emphasizing the need to build trust in these tools over time through effective education and awareness campaigns.