



**Bank of Papua New Guinea**

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## **Media Alert**

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### **Reaching the Next Mile:**

**The Bank of Papua New Guinea, the Centre for Excellence in Financial Inclusion and the Pacific Financial Inclusion Program host National Strategy Workshop for Financial Inclusion and Financial Literacy on 22-23 August 2013**

**PORT MORESBY, August 2013** — The Bank of Papua New Guinea (Bank PNG), with technical and financial assistance from the Pacific Financial Inclusion Program (PFIP), and the National Executive Council-endorsed Centre for Excellence in Financial Inclusion (CEFI) is convening stakeholders to build on the priorities for financial inclusion in the Informal Economy Policy 2011, and establish targets for 2014 and 2015 in the country's first ever national strategy on financial inclusion and financial literacy. **Honorable Don Polye, Minister for Treasury will lend support to this national undertaking as Key Note Speaker.** Other stakeholders include representatives from the private sector, financial service providers, government agencies including Department of Community Development, Department of Planning and Monitoring, donors and representatives from the low-income and informal economy.

In the last few years, the number of agents, i.e. retail commercial outlets such as lottery kiosks, pharmacies and post offices who serve as distribution outlets for payments and other financial services, has grown at an annual growth rate of 200%, with now over 900 financial access points. Payments systems are undergoing transformation; according to the Bank of PNG, low-value payments will be enabled within Automatic Clearing House by March 2014, enhancing the speed and lowering the cost of financial transactions. The Parliament's approval of the National Payment Systems Act in July this year supports the development of an inclusive and safe system. This is great news because in resource-abundant economies such as PNG, financial sector development and deepening is recognized as instrumental to facilitating economic diversification, private sector growth and most importantly poverty reduction.

According to Governor of Bank of PNG Loi Bakani, "creating an enabling environment to harness new technology that increases access and lowers costs of financial services in an economy where cash continues to be the dominant mode of payment across both urban and rural households is integral to achieving financial inclusion". There are five mobile money service providers in the country; MNO-led, Bank-led and through the country's postal system. Together, they serve over one million clients, growing exponentially since mobile banking's introduction in the country in 2011. For example, the Bank of South Pacific (BSP) created BSP Rural to provide a low-cost service option by moving the mass market customers out of our branches, and servicing them via electronic solutions.

The National Workshop will be discussing the challenges of reaching those in rural areas with appropriate financial products and services. Successes include Nationwide Micro Bank's MiCash; conversion transactions represent 96.3% of the value of MiCash's product mix in value (compared to a global average of 58.8%). The average balance

of MiCash mobile wallets is K261.90 per customer. These figures are particularly impressive given that Papua New Guinea has significant barriers to financial inclusion. Post PNG's mobileSMK, a mobile-based remittance service boasts close to 150,000 registered users after 1.5 years of operation. ANZ's goMoney, the bank's first financial product for the unbanked in PNG is focused on quality of interaction with the underserved users as a strategy to ensure sustainable adoption of their product. The workshop will solicit ideas on achieving scale and product diversification including microinsurance, and will feature global best practices in product development and delivery for the low income markets and lessons applicable to PNG.

In particular, the National Workshop will come up with concrete and measurable actions to overcome the key constraints excluding women. Women constitute approximately 50% of the country's 7 million people but disproportionately represent less than 30% of total financial services portfolio in the country. Together, PFIP and Women World Banking, and led by Bank of PNG, will draw from 20 resource participants active in financial inclusion and women's empowerment in a separate workshop on August 20, 2013, the results of which will be tabled at the National Workshop later in the week.

Stakeholders at the National Workshop will highlight successful approaches that have improved the financial behavior of people with low levels of functional as well as financial literacy. Low income households in Papua New Guinea typically exhibit low or low-moderate levels of financial competence across all financial domains and activities. Banking them requires investment in financial literacy. In 2013, commercial bank Westpac integrated financial literacy as a key growth strategy since beginning of 2013. PNG as a signatory to the Pacific Money Goals aims to incorporate financial literacy in core curricula of primary and secondary schools as well as technical and vocational schools. There is a strong case for empowering young minds through inculcating savings and responsible finance behaviour.

Participating financial service providers and other experts will identify what regulatory and market conditions are necessary to encourage innovation and scale. Bank of PNG considers it integral to integrate consumer protection and consumer empowerment as a key pillar of financial inclusion and will invite practical suggestions on strengthening consumer protection and market conduct.

PNG's first ever national strategy on financial inclusion and financial literacy will delineate responsibilities and resources required to achieve the outreach targets established during the Workshop for 2014-2015, and will form the basis of PNG's commitment to the Maya Declaration at the upcoming Alliance for Financial Inclusion Global Policy Forum in Kuala Lumpur in September 2013.



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Centre for Excellence in Financial Inclusion (CEFI) is designed to be the coordinating entity for all initiatives related to financial inclusion by driving the National Strategy for Financial Inclusion in PNG. National Executive Council, on 26 June 2013, endorsed the CEFI as the apex institution to drive the national strategy for financial inclusion in the country and coordinate all initiatives related to financial inclusion in PNG. [www.thecefi.org](http://www.thecefi.org)

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The Pacific Financial Inclusion Programme (PFIP) is a joint programme of the United Nations Capital Development Fund (UNCDF) and United Nations Development Programme (UNDP) with additional funding support from the Australian Agency for International Development (AusAID) and the European Union/Africa, Caribbean and Pacific Microfinance Framework Programme (EU/ACP). [www.pfip.org](http://www.pfip.org)

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