

## **Loi M Bakani: Transforming Papua New Guinea's banking system**

Speech by Mr Loi M Bakani, Governor of the Bank of Papua New Guinea, on the presentation of the Spectrum Licence, Port Moresby, 5 July 2013.

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Good morning and welcome to this ceremony for the signing of the agreement between NICTA and the Bank of Papua New Guinea for BPNG's wireless spectrum licence.

This is a significant milestone for the Bank of Papua New Guinea and indeed all of the banking system in PNG.

It represents a step in our country's transition to a twenty first century banking system using the latest technology. The implementation of electronic inter-bank funds transfer and Real Time Gross Settlement is a major step forward for our country and will bring many advantages to all sectors of the economy.

It will not only reduce systemic risk within the banking system but it will also streamline the funds transfer process making it more reliable and efficient.

By way of example, importers will soon be able to transfer payments to Customs in real time and thereby uplift their cargo from the wharves much more quickly than is currently the case.

Tax payments will be able to be made electronically which will not only increase efficiency but reduce fraud. Government employees will also benefit by being paid through a more streamlined process by the Department of Finance.

Most importantly, the introduction of a state of the art banking system represents a fundamental step in facilitating PNG's transition to a modern, efficient economy. Through this initiative, BPNG and the commercial banks are transforming PNG's banking system to the equivalent of that of already developed nations such as Australia, New Zealand and Singapore.

The new system will facilitate greater use of electronic banking and reduce fraud and by improving electronic payment facilities, there will be a reduction in the amount of time people wait in queues.

To support the new systems, all the banks, and especially the Bank of Papua New Guinea are enhancing their internal IT systems, procedures and processes.

The implementation of the wireless network is a crucial component that will ensure that the banking communications network is failsafe. The wireless network will provide the communications vehicle should the fibre network fail.

Thus the granting of the Bank's spectrum licence is yet another significant milestone on realising our vision of transforming PNG's banking system to the equivalent of that found in the most developed of countries.

I would like to thank all of the stakeholders involved in making this happen, including NICTA, HiTRON, the Commercial Banks and the Bank of Papua New Guinea.

Thank you