

Loi M Bakani: Financial inclusion and financial literacy in Papua New Guinea

Welcome address by Mr Loi M Bakani, Governor of the Bank of Papua New Guinea, at the National Financial Inclusion and Financial Literacy Development Workshop, Port Moresby, 22 August 2013.

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Honorable Don P Polye, MP, Minister of Treasury

UN Resident Coordinator,

Our colleagues representing key Department ad Ministries,

Distinguished Guests,

Ladies and Gentlemen,

Welcome.

I would also like to extend a special welcome to the Pacific Financial Inclusion Program, our partner in conducting this workshop. I offer in advance my thanks to our Session Chairs and Panelists in the topic discussions later today and tomorrow for the wealth of insight they will impart into our deliberations. My deepest gratitude also to those who have travelled from the provinces and from abroad to take part in our first national strategy for financial inclusion and financial literacy workshop.

Papua New Guinea has been at the forefront of innovations and commitments aimed at building an inclusive financial system, because we recognize its role in enhancing sustainable economic growth and development. The National Informal Economy Policy's included Financial Inclusion as one of its two main pillars for 2011–2015. And earlier this year, the National Executive Council endorsed the Centre for Excellence in Financial Inclusion (CEFI).

Whether it is creating new technologies or drawing on technologies already widely available such as mobile phones – our banks and private sector actors have led efforts to move beyond cash and make electronic transfers possible for more people in more places – including most critically to the poor and those otherwise unable to access financial services. Donors and our civil society also play a vital role in making innovations work – including to reach poor and vulnerable groups. Their work helps to close capacity gaps & expand the opportunities available to poor people. It also important that our government and public leaders strike the right balance btw incentivizing innovation while ensuring new initiatives are fair, inclusive, and sustainable. To this end Bank of PNG continues to put in place appropriate regulations, safeguards and adequate infrastructure.

However, financial exclusion remains astoundingly high and is most severe among women and rural and informal workers. Today's national workshop on financial inclusion and financial literacy is about coming together to recognize those challenges that stand in our way. We must commit ourselves to overcoming them in a coordinated and collaborative way. Because we cannot solve them as one institution or one individual.

The workshop will start with setting the parameters for what is means to build an inclusive financial sector, after which we will together review the state of financial inclusion in the country. I must say that I am encouraged that we are seeing double digit growth in financial services access points across the country, including a 200% annual growth in agents since 2008. There is now a wider range of financial products being offered by both existing and new service providers, including micro-insurance.

We will also hear from financial service providers on how they have identified and segmented their markets, and share with us what has worked and what needs improving. Real partners that not only provide the system, but also can create the demand for it, are essential to bring down transaction costs for everyone, and especially the poor. Participating financial service providers and other experts will identify what regulatory and market conditions are necessary to encourage innovation and scale.

We will share the findings of the BPNG/PFIP Financial Competency survey 2013. As you all know, financial literacy can enhance the ability of people to interface more effectively with the financial system. It can help them manage risks in their day-to-day lives and plan for the future. And, it can play an important role in promoting savings and household asset accumulation. These are important benefits not only for individuals but also at the national level. At the workshop, we will hear from financial literacy providers on successful approaches which have improved the financial behaviours of people with low levels of functional as well as financial literacy. Improved financial literacy can increase economic participation and social inclusion, drive competition and market efficiency in the financial services sector.

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. On 20 August, we gathered together 25 leaders from across the country, and with help with Women World Banking, will present the main recommendations to you today.

The Bank has, through our participation in the Pacific Island Working Group, reviewed our regulatory environment for consumer protection, the findings of which we will share with you today. I consider 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.

On the second day of this workshop, all participants will be assigned to specific Working Groups to deliberate on key topics and reach consensus on 3 priority actions each to be accomplished from 2014 to 2015. Each group will present their priority actions with measurable targets, including delineating responsibilities and resources required to achieve them.

Your role here today is of critical importance and I encourage you to discuss freely today's topics with the other participants, and to find innovative solutions to progress financial inclusion and financial literacy for all Papua New Guineans. To deliver more effectively & expand access to financial services – we need the innovation and reach of the private sector – the local know-how of community groups, as well as the leadership and initiative of governments.

The road to building an inclusive financial system is long but our partnership; our collective effort will unlock many opportunities to extend our reach for that goal.

Thank you.