

Luke Forau: Launch of Solomon Island's payment system SOLATS

Remarks by Mr Luke Forau, Governor of the Central Bank of Solomon Islands, at the Launch of the National Payments System SOLATS, Honiara, 8 April 2024.

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Representatives from IFC and WBG – Ms Hang, Mr. Smiley and Ms Annette

DFAT and MFAT representatives –

CBSI Directors

Heads of Financial Institutions

National Payment System Project Managers and your technical teams

CBSI Management and staff

Members of the Media

Distinguished invited guests, Ladies and Gentlemen.

A very good morning to you all, and a warm welcome to Honiara, to our visitors from abroad.

I have great pleasure to welcome you to the Central Bank of Solomon Islands to witness the launch of, yet another milestone in our payment infrastructure, the Solomon Islands Automated Transfer System, called Solomons ATS (SOLATS). This new platform revolutionizes payments in Solomon Islands.

Individuals, businesses, and the government will benefit from secure, efficient, and convenient transactions. SOLATS lays the foundation towards the digitalisation of the Solomon Islands economy; it will create the conditions for banks and other financial institutions to offer new products/services.

This event is the culmination of years of hard work and collaboration between payments experts from IFC/WBG, Montran (the vendor), Datec (the network consultant) and the project teams across the PAPRI countries in the region. You will agree with me that this event also marks the success of the ongoing Pacific Partnership Program between the Solomon Islands government, multilateral organisations and donor partners.

This National Payment System project is unique as it introduced us to unfamiliar frontiers given the gaps that existed in the technical and legal infrastructure, and even at the operational level in terms of adequate resourcing, let alone skilled resources to take on the challenges that come with the project requirements.

For Solomon Islands, the project inception began in July 2019 – a year before the Covid-19 disruptions – you can imagine the challenges we all faced during Covid-19. Now, that is all history!

Having reached this stage of implementation, therefore, means that we have successfully bridged the gaps, perhaps, connected the dots and map out the uncharted waters in the local payment ecosystem.

On that note, I would like to register our sincere thanks to the banking industry for the invaluable contributions and support that you've rendered towards the project, from inception right through to the final stages of the project implementation, and now the launch of the SOLATS.

Also, I acknowledged the unwavering service of the payments experts, project managers, IT technical teams and operational teams that worked together, often times under stressful situations, to enable us come together this morning and celebrate such a huge achievement, despite the many challenges we encountered since inception in 2019.

Let me now take you through a few major achievements that I think are worth highlighting this morning:

First, at the inception meeting in 2019, we made mention of the need for policy makers, regulators and industry players to collaborate on issues of importance to the youth in the digital inclusive economy of the near future. I am pleased to inform that we have taken a major step forward in recent years, to not only recognise the place of youths in the digital economy, but document it in the third National Financial Inclusion Strategy (NFIS3) 2021-2025.

It is our desire for higher level of inclusiveness in the economy through our renewed focus on bringing innovative and responsive financial services, built upon digital and accessible technology, to the market.

This is consistent with the broader national objectives of Solomon Islands Government's National Development Strategy (NDS) 2016-2035, with a digital approach to financial inclusion guided by the G20 High Level Principles of Digital Financial Inclusion.

As such, Objective 1 of the NFIS 3 states, to *'amplify the reach and quality of digital financial services, products, and channels.'* Under this objective, Activity 1.2, specifies the establishment of an inclusive payments infrastructure. This morning I am pleased to announce that this has been achieved with the launch of this payment infrastructure.

Second, I'd like to reiterate the importance of the legislative changes through the enactment of the National Payment System Act 2022 by the last Parliament and the subsequent amendment to the CBSI Act 2012.

The enactment of the Payments System Act 2022 resulted in Part 6 of the CBSI Act 2012 being repealed. A payments legislation that provides the specific mandates for CBSI to carry out its 'operational' and 'oversight' roles is highly necessary to mitigate the risks in the payment ecosystem.

While we have made successful strides in modernising our legal framework, we are aware that the advent of modern technology has also brought about innovations in the payment landscape.

With these innovations come new challenges, shaped by market requirements and developments, as our economies respond to new demands and opportunities.

That being said, I also believe that there is a need to also recognise that there must be a balance of innovation and regulation, as we strive to make our payment systems faster, safer, more efficient and interoperable.

The NPS project has proved that stakeholders can do this together – by sharing knowledge, experiences and resources.

The Central Bank aims to achieve our mandate and objectives in ensuring financial system stability and monetary policy while promoting financial inclusion.

At this juncture, I wish to remind the financial industry that with the National Payment System infrastructure in place, you now have the opportunity to create unique opportunities for enhanced payment mechanisms for commerce in the future.

I am particularly interested to see the interoperability of payments systems in the country where e-payments, mobile phones and the internet will integrate with the NPS infrastructure to ensure settlements are done in real time, enabling the ordinary person to make payments fast, efficiently and cost effectively.

Let me close by, once again, extending our gratitude to the IFC and WBG for their technical support and constant guide in this important reform work, to strengthen the legislative framework and modernizing the National Payment System to meet international standards.

I also acknowledge the donors and the development partners for the funding support that has made it possible for Solomon Islands to benefit from the financial market infrastructures

I also extend my deep appreciation to the participating banks and your hard-working project teams for having faith in the project and believing in the benefits that this great initiative will bring to the people of Solomon Islands.

Overall, I am grateful for the general support to the CBSI project team.

Despite the odds, we have proved our resilience and I am overwhelmed with joy by the commitment and collaboration displayed by all parties to bring about positive changes to the lives of our people.

Thank you.