

Elizabeth Genia: Remarks - ceremony of the 9th Pacific Island Nations' Central Bank BSP supervisory college

Remarks by Ms Elizabeth Genia, Governor of the Bank of Papua New Guinea, at the closing ceremony of the 9th Pacific Island Nations' Central Bank BSP supervisory college, Port Moresby, 2 August 2024.

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Good evening. I am honoured to be here, representing the Bank of Papua New Guinea at what we could call "the closing ceremony of the 9th Pacific Island Nations' Central Bank BSP supervisory college".

Unlike the other major international event that's currently being staged, I think you'll agree that the word "games" does not describe what we have all been involved in over the past two, very full, days.

However, if we think about the dedication, training, skills development, single-minded drive, commitment, and sheer grit and determination required to achieve a meaningful goal, then we can draw some strong comparisons between the Olympics and this BSP supervisory college.

I personally acknowledge and thank the Governor of the Central Bank of Samoa, Ms Maiava Atalina Ainuu-Enari and the CBS staff for your kind hospitality, your help with setting up the arrangements, and, very importantly, your valuable contribution to the discussions. I also acknowledge and thank our colleagues from the Reserve Bank of Fiji, the Central Bank of Solomon Islands, the National Reserve Bank of Tonga, the Reserve Bank of Vanuatu, the Financial Supervisory Commission of the Cook Islands, and the team from the Bank of Papua New Guinea.

"Team" is the operative word here. Unlike the other event, the real power of the supervisory college structure is the fact that we are not just representing our individual nations' central banks. We are all here to work together collaboratively, not competitively.

And that goes for the commercial bank that is the subject of the college. This team of Pacific Islands central bankers are not flat out trying to get a 'better score' than BSP. Bottom line is we want BSP to do well and be a successful and profitable business, within the legal guidelines that apply to banks.

Our team objective to achieve the gold medal performance is to assist BSP to meet their obligations and operate their business with fairness to their customers and in compliance with the various regulatory requirements of the different jurisdictions our team represents.

Collaboration and communication are the keys to the success. In this context, I am delighted that the official part of the supervisory college concluded this afternoon with a very good discussion with BSP Group's CEO Mark T. Robinson and his senior management team.

Let's take a moment to reflect on what the future of commercial banks in the Pacific region is likely to be and what that will mean for us as regulators.

Australian-based commercial banks are moving out of the retail sector in the region, or are taking their operations away completely, in line with changes to their business models and focus on 'de-risking'. The concern here is that competition becomes more limited in our markets, potentially reducing the amount of choice customers have access to.

We all certainly need to keep a close eye if contraction in the market becomes an issue. In PNG we are actively encouraging new entrants to the banking services market. To a significant extent, new entrants are not necessarily retail banks. Here again, as regulators we need to keep a close eye on making sure that non-traditional financial services providers comply with the required rules.

Turning back to BSP, since this supervisory college has been their special event.

As other market participants leave the arena, we can expect to see BSP's regional aspirations and opportunity for continued growth to enable it to become a Systemically Important Financial Institution, which gives rise to a whole other set of responsibilities from a central bank perspective.

Obviously we need our regional banks like BSP to provide banking facilities to our rural and small Islands communities, where most of our populations live. We need these organisations to continue to provide banking services to our SMEs and farmers. And we need to remember that these are the markets that represent most of the risks to a commercial bank.

We all certainly need to keep a close eye on these situations. As regulators, we must ensure that our regional banks are adequately capitalised. We need to keep them up to the mark with best practice governance, employment and risk management standards, so they are able to absorb risks, and can continue to provide banking services to this tricky market.

I am firmly of the view that the supervisory college approach is a very effective tool when it comes to conducting regulatory supervision.

BSP is a good example. Through supervisory college collaboration and communication between the region's central banks, and working closely with BSP as well, we can identify systemic concerns, such as cross-border risks and vulnerabilities, and address them.

We can work together to strengthen our jurisdiction frameworks and our regional risk management to mitigate the potential for financial crisis in our region.

For example, if together we develop risk-management measures such as prudential policies and tools, we are all in a better position to identify and mitigate the build-up of systemic risks.

And binding the processes all together, the supervisory college structure provides a very effective ongoing opportunity to share information and cooperate on issues as they develop.

On that note of ongoing teamwork, I feel like I'm standing on the podium, with the opportunity of thanking you all for making this supervisory college a gold medal performance.

Thank you again Governor Ainuu-Enari for accepting our invitation to co-host this event in Apia.

Sincere thanks to Ms Tapusina Aselele, the Manager of CBS' Financial Supervision and Regulatory Department and her staff, for assisting the BPNG staff to organise this event.

Unlike at the 'other event' where there is only one winner in most activities, right here at the 9th Supervisory College everyone who has been involved has had a win. In fact, several wins.

Increased knowledge and new ideas for encouraging compliance, through sharing information and networking we have participated in.

Better understanding of the aspirations and challenges of other countries in our neighbourhood.

And appreciation for the similarities we find within our cultures. And respect for our cultural differences.

Thank you All.

I look forward to continuing the strong collaboration and communication channels we have opened this week, when we return to our desks.

In the meantime, safe travels.