



BANK OF PAPUA NEW GUINEA

MEDIA RELEASE

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Introduction of Exchange Rate Trading Band in the Papua New Guinea Foreign Exchange Market

The Bank of PNG, as the regulator of the banking system, realized there is a market failure in the trade and transacting of foreign currency.

Effective as of Wednesday, 4th June 2014, an exchange rate trading band of 150 basis points; that is, 75 basis points above and 75 basis points below the official (inter-bank) rate is set within which an authorized foreign exchange dealer can trade currency.

This change should not in any way affect the smooth functioning of the foreign exchange authorized dealers; the banks, financial institutions and money changers dealing with foreign currency. The trading band has no reflection on the stability of the banking system and the Central Bank's capacity to serve the foreign currency needs of the country.

We still maintain a floating exchange rate regime where the inter-bank rate is determined by the supply of and demand for foreign currency in the market.

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