



BANK OF PAPUA NEW GUINEA

FINANCIAL INCLUSION EXPOSITION (EXPO) 2012 REPORT



30th November – 01 December 2012

Lae, Morobe Province

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1. GOVERNORS FOREWORD

The first Financial Inclusion Exposition (Expo) 2012 was held successfully with encouraging outcomes and I believe the objectives for participating in the event was achieved. The success of the Expo is attributed to the active participation by all stakeholders, including sponsor organizations. Looking back, I am certain we all have learnt valuable lessons from this Expo and that will serve as a reminder that we have an obligation to ensure people at the lower end of the population have access to financial services. I believe the Expo also provided the opportunity for networking and collaboration amongst institutions and created a sense of togetherness as we took to the streets of Lae during the road show promoting the theme *The First Step Towards Inclusive Growth*.

The expo has proven to be a good avenue to disseminate financial information to wider audience and provided the opportunity for providers and users of financial products and services to meet in an informal environment and learn about these products and services as well as attend financial literacy trainings. Going forward, the Central Bank will continue to organize similar Expos and programs to promote financial inclusion in PNG and I encourage all stakeholders to support the Bank's initiatives.

Finally, let me also extend my sincere gratitude to all participating institutions, our sponsors, key stakeholders, development partners and donor agencies who have contributed to making this exposition a success and one that sets the road map for other financial inclusion initiatives to be undertaken in the future.

Loi M. Bakani
Governor

2.0 INTRODUCTION

The Bank of PNG hosted the first Financial Inclusion Exposition (Expo) at the Sir Ignatius Kilage Indoor Stadium, Lae Morobe Province from 30 November to 01st December 2012. The Expo was a landmark event hosted with the theme “*First step towards inclusive growth*” and brought together a diverse range of stakeholders including government representatives, financial institutions, telecommunication companies, donor agencies, training providers, non-government organisations and the end users under one roof for the first time. This paper presents a report on the activities undertaken during the Expo, the outcomes and feedback from participants, the financial report of the Expo, some challenges faced during the Expo and suggests way forward based on this experience.

3.0 BACKGROUND

Papua New Guinea is characterized by rugged geographical terrain with many part of the country inaccessible by road, fragmented markets separated by oceans and jungles. As a consequence, majority of the population live a subsistent life style with little or no income earning opportunities and are forced to live below global poverty levels. It is estimated that about 85% of the country’s population lack access to financial service, which is an impediment to the monetization of rural economies and a constraint to the growth of small and medium enterprises. To address this problem, the Government devised its Vision 2050 policy to promote wealth creation with a view to reducing poverty and achieving economic growth in the long run. Consistent with this policy, the Bank of Papua New Guinea in its strategic plan 2012 - 2015 has prioritized financial inclusion as one of its key objectives to pursue.

Financial Inclusion or inclusive finance is the delivery of appropriate and affordable financial services to sections of the disadvantaged and low income segments of the society. Inclusive financial services focuses on the following:

- Promoting financial literacy;
- Creating a conducive environment for developing the branchless banking concept;
- Prioritisation of mobile banking and mobile payment services;
- Strengthening financial institutions which promote financial inclusion;
- Supporting the growth of the microfinance sector; and
- Coordinating all activities related to financial inclusion in PNG

Financial Exclusion in PNG is becoming a real developmental challenge and therefore a collaborative effort is required to take on these challenges. In this respect, Bank of Papua New Guinea took the initiative to spearhead the coordination amongst the different stakeholders and set the road map by hosting the Financial Inclusion Exposition 2012.

4.0 PREPARATIONS FOR THE FINANCIAL INCLUSION EXPO 2012

The Bank's decision, among other financial inclusion initiatives, to host a financial inclusion Expo was important as it brought together all stakeholders for the first time to promote financial inclusion. In view of this, planning and allocation of resources started in early June 2012.

The Bank established an expo organizing committee to coordinate the entire event. The Committee comprised of staff from the Microfinance Expansion Project, Consultative Implementation & Monitoring Council (CIMC) and the Bank of PNG. The Committee members took a fact finding visit to the Reserve Bank of Fiji (RBF) in August 2012 to witness a similar Financial Inclusion Expo organized by RBF in Suva, Fiji and to learn from their experiences. Upon return, the committee met and fixed the date, venue, theme and objective of the Expo.

4.1 Objective

The objective of the expo was to create awareness of new developments in the finance and banking sector including innovative financial service delivery channels aimed at to eliminate financial information asymmetry. The expo provided an opportunity for participating institutions to showcase their products and services and answer questions from the public as well as sign up or subscription of new customers.

4.2 Stakeholder participation

The hosting of this Expo required greater consultation and participation from all stakeholders to make it a success. A stakeholder consultative meeting was held at the Bank of PNG on 04th October 2012 where plans for the Expo, including cost projections were presented to stakeholders.

Consensus was reached for the Expo to be staged in Lae and the Bank invited all stakeholders to register their interest to participate at the expo as well as taking up sponsorship for hosting the event. The response was overwhelming resulting in 33 institutions ranging from commercial banks, savings & loan societies, micro banks, fund managers, superannuation companies, telecommunication companies, training providers, postal service providers, stock exchange brokers, the development bank, donor funded projects, government agencies, and NGO's confirming their participation at the 2 day financial inclusion expo. The Microfinance Expansion Project (MEP) and the Financial Diaries Project also purchased stalls to demonstrate their efforts in financial inclusion. A detailed list of the participating institutions and sponsors is provided in **appendix 1**.

4.3 Marketing and Promotion

The success of the expo depended entirely on the turnout of the target audience – the general population Morobe province and the neighboring provinces. Three months leading up to the expo, advertisements were taken out in all media channels including the print media for three months while television advertisements went on for two weeks. The Bank also produced 10,000 copies of the expo brochures for public consumption which was distributed at the Expo. The brochures provided information such as details of the participating institutions, their products and services as well as their contact details. As part of the publicity campaign, a two day float/roadshow was organized where a motorcade of 26 vehicles convoyed through the main suburbs of Lae city, raising awareness and inviting the public to attend the Expo.

4.4 Major logistical arrangements

A Lae based event company, “In Touch Media Ltd” (ITM) was engaged to do all necessary logistical arrangements for the expo. As part of their engagement, ITM undertook the following activities:

- Marketing drive in Lae through FM Morobe by way of public announcements over the radio;
- Construction of 42 standardized stalls inside the indoor stadium and 20 outside the stadium (within the fence perimeters);
- Organising the 2 days road show covering strategic locations around Lae city;
- Security for the duration of the expo;
- Entertainment such as traditional dance and other performances;
- General beautification of the interior and exterior of the indoor stadium;
- Live radio broadcasts of the Expo by FM Morobe throughout the day;
- Cleanliness of the venue.

5.0 THE EXPO PROGRAM AND OUTCOMES

The Expo was officially opened by Minister for Treasury, Honorable Don P. Polye, witnessed by Speaker for National Parliament Honorable Theo Zurenuoc, the Deputy Governor of Morobe Provincial Government, Managers and Chief Executive Officers of the participating institutions, representatives of donor agencies and the general public.

The Expo focused on two major events; (1) stall display of products and services by all participating institutions and (2) Financial literacy trainings conducted by a few institutions.

5.1 Stall display by participating institution

The Expo was successful in raising awareness of the public regarding appropriate financial products and services available in the market including information on small and medium scale enterprises. The stall displays and interaction from the public was very encouraging as the public turned out in numbers, eager to find out the types of products and services on offer. The Expo had a record crowd of 8,000 people within the two days of expo, which kept the stall exhibitors busy all throughout the period. Information leaflets, brochures and other promotion materials were exhausted during the first day, which indicated the level of interest by the public. Figure 1 below shows the outcome of the Expo:

Figure 1. Outcomes of the FI Expo 2012

• Number of participating institutions	32
• Attendance by the general public	8,000
• Attendance at the Fin. Literacy Trainings	700
• New bank accounts opened by the banks	445
• Mobile Text balance – new subscriptions	100
• Digicel Cell Moni - new subscriptions	179

5.2 Financial Literacy training

Majority of PNGeans lack basic information regarding financial products and services in the market place as well as lack basic skills required to make sound financial decisions. As such they are vulnerable to predatory financial service providers (loan sharks, money lenders) and pyramid (money) schemes. It is hoped financial education will provide PNGeans with skills and knowledge which will lead to behavioral change and enable them to take advantage of opportunities and make informed decisions in relation to financial choices as well as be aware of their options for recourse when exposed to exploitative practices. As such the Expo Committee invited stakeholders to conduct financial literacy trainings during the expo. Three commercial banks, one micro bank and the Microfinance Expansion Project responded positively and conducted financial literacy trainings tailored to the grassroots. The trainings were on Shares Investment and Fund Management, Money Minded, Financial First Steps, Savings and Budgeting, Basic Business Plans and Cash flows and MiCash Mobile Money. The trainings were the highlights of the expo with capacity crowd attending the respective sessions.

6.0 FINANCIAL REPORT

Preliminary cost estimates received from potential services providers indicated that the Expo would cost about K410,000. This was presented to the stakeholders during the meeting of 04 October 2012 at the Bank of PNG. Based on the cost estimate and consensus reached at the stakeholder meeting, donor agencies and business houses, including the participating institutions, were invited to express interest in cost sharing of the event through sponsorships and stall purchases.

The stalls were sold at K3000 per stall while funds were raised under three sponsorship categories as follows:

- Gold K20,000 and above
- Silver K10,000 to K19,999
- Bronze up to K9,999

The Bank received enormous support from the stakeholders, including donor agencies with a total funding of K480,500 as shown in Figure 2. Detailed list of participants and their contributions are in **Appendix 1**. The Expo committee expended more than K580,000 in actual costs of staging the Expo, which is K99,500 more than the total funding received from stakeholders. The shortfall was met by BPNG.

Figure 2. Income and Expenditure Statement

1. Expo funding & funding sources

• Donor funding (IFC)	K130,000
• 7 Gold sponsors totaling	K164,000
• 7 Silver sponsors totaling	K 79,000
• 2 Bronze sponsors totaling	K 7,000
• 34 Stalls totaling	<u>K100,500</u>
Total external funding	<u>K480,500</u>

2. Major Expenditures of the FI Expo

• InTouch Media	K113,000
• Venue hire (Stadium)	K 18,000
• Media advertisements	K102,000
• Other promotions	K 34,000
• Brochure production	K 66,000
• Electrical Cabling & Genset Hire	K 20,000
• Cocktail receptions	K 83,000
• Travel & Accommodation costs	K 60,000
• Other expenses	<u>K 14,000</u>
Total Expenditure	<u>K580,000</u>

7.0 CHALLENGES FACED

The expo was successful in raising public awareness on financial products and service available that is suitable for the lower end of the population. The challenge ahead for all stakeholders is to extend the coverage on a nation-wide scale and to target school children as part of an educational awareness program that will ensure children at younger age are financial literate and become the agents for information dissemination at their homes and communities. In order to undertake this challenge, a coordinated approach is needed by all stakeholders involved under the guidance of a National Strategy on Financial Inclusion and supported by government budgetary allocations for continuity.

8.0 WAY FORWARD

As a way forward, the Bank proposes that a sectorial working committee comprising of representatives from different stakeholders such as banking, savings & loans, training providers, telecommunication companies, insurance, government institution and NGO's be formed to work alongside the Central Bank to coordinate financial inclusion initiatives.

In particular, the Bank suggests the following initiatives:

Regional Expos: Based on the overwhelming response received for the first Financial Inclusion Expo in PNG, the Bank of PNG is now keen on taking this ahead to regional levels, to ensure that the forum reaches out to many more Papua New Guineans.

Strategic Partnership: It is important that this initiative leads to strategic partnerships among different entities to facilitate the progress towards financial inclusion. Partnerships would be required between national and regional entities, government and private sectors, between different government departments, donor organisations etc. The Bank believes that only a collaborative effort will ensure that the common objectives are met.

Centre of Excellence for Financial Inclusion: The Bank of PNG is the Executing Agency for the Microfinance Expansion Project (MEP) through which it is establishing the Centre of Excellence for Financial Inclusion (CEFI). This institution will promote financial inclusion initiatives in PNG, including excellence in financial services, innovative delivery channels and facilitate financial education. This, we believe, is the way forward in organising future Financial Inclusion initiatives in PNG.

9.0 ACKNOWLEDGEMENT

The Financial Inclusion Expo 2012 was a landmark event hosted by the Bank of PNG for the first time in PNG. The core essence of this event is collaboration as it brings for the first time a diverse range of stakeholders in one forum, starting from the financial service providers to users and the regulators. This assembly would not have happened without the support from all stakeholders. The Bank of PNG wishes to thank the sponsors for the overwhelming response to our call for participation and the support to our efforts to promote financial inclusion in the country. We are deeply grateful to you all for all your generosity and your commitment to the financial inclusion agenda in Papua New Guinea.

We convey our special thanks to all other participating banks and financial institutions, training providers, telecommunication companies, donor agencies, Government departments and Government agencies, Non-government organisations, media organisations and other stakeholders for their commitment to enhance financial inclusion in Papua New Guinea and we look forward for your continuous support in future financial inclusion initiatives and programs of the Bank.

Appendix 1 - TABLE OF PARTICIPATING INSTITUTIONS

	Institutions	Sponsor Type	Sponsor Amount	No. of stalls	Stall fee amount	Total
1	International Finance Corporation (IFC)	GOLD	130000			130000
2	ANZ Banking Group (PNG)	GOLD	20000	1	3000	23000
3	WESTPAC Bank (PNG)	GOLD	20000	1	3000	23000
4	Bank South Pacific Ltd	GOLD	30000	2	6000	36000
5	National Development Bank	GOLD	27000	1	3000	30000
6	Federation of Savings & Loan Societies	GOLD	20000	1	3000	23000
7	Microfinance Expansion Project (MEP)	GOLD	47000	1	3000	50000
8	MayBank (PNG) Ltd	SILVER	10500	1	3000	13500
9	PNG Microfinance Ltd	SILVER	10500	1	3000	13500
10	Nationwide Microbank	SILVER	11000	2	6000	17000
11	Nasfund Superfund	SILVER	10000	1	3000	13000
12	Teachers Savings and Loan Society	SILVER	15000	1	3000	18000
13	Consultancy Implementation & Monitoring Committee (CIMC)	SILVER	12000	1	3000	15000
14	Telikom PNG	SILVER	10000	1	3000	13000
15	Post PNG Limited	BRONZE	2000	1	3000	5000
16	Digicel Financial Services	BRONZE	5000	1	3000	8000
17	BSP Capital			1	3000	3000
18	BSP Rural			1	3000	3000
19	Nasfund Contributor's S&L			1	3000	3000
20	Finance Corporation (Fincorp)			1	3000	3000
21	Heduru Moni Ltd			1	3000	3000
22	Institute of Banking & Business Mgmt (IBBM)			1	3000	3000
23	Financial Diaries Project			1	3000	3000
24	Bank of PNG			1	3000	3000
25	POM Sox			1	3000	3000
26	Kina Finance Limited			1	3000	3000
27	National Farmers SL			1	3000	3000
28	Nambawan Super Ltd			1	3000	3000
29	Police Savings & Loan Society Ltd			1	3000	3000
30	First Investment Finance Ltd			1	3000	3000
31	UNITECH Business Development Services			1	1500	1500
32	Alekano Savings & Loan Society Ltd			1	3000	3000
33	Melanesian Trustee Services Ltd			1	3000	3000
	TOTAL		380,000	34	100500	480,500

GOLD - K20,000 and above

SILVER - K10,0001-K19,999

BRONZE – up to K9,999

Appendix 2 - FINANCIAL INCLUSION EXPO 2012 IN PICTURE

1. Motorcades and roadshows



Expo Opening

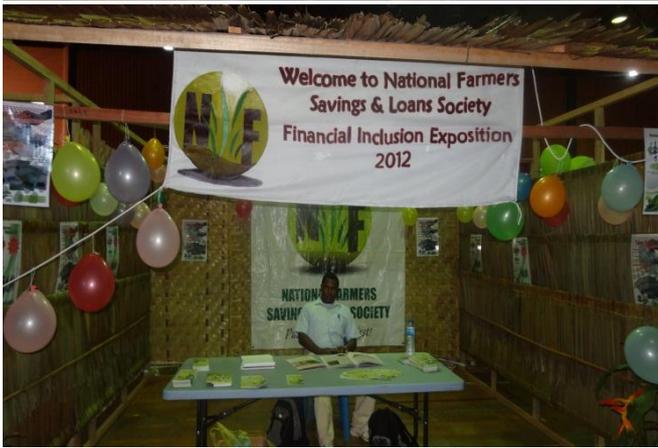




Stall displays









Financial Literacy Trainings



Other Activities during the expo





Expo Closing and others



