



Bank of Papua New Guinea



Papua New Guinea

Institute of National Affairs



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## Media Release

### Financial Services Yet to Reach Women and Rural Papua New Guinea

*New report calls for wider delivery of financial services and increased investment in rural financial infrastructure and financial education*

**PORT MORESBY, December 8, 2015** – A new joint report by the Bank of Papua New Guinea and World Bank has revealed differences between how rural and urban Papua New Guineans are managing their money and how they access financial services, calling for improvements in expanding financial services, such as banking and insurance services to rural Papua New Guinea (PNG) and to women in general, and highlighting the need to develop targeted financial education programs.

The released survey results for Morobe and Madang provinces provide information on how households in urban and rural areas use formal and informal financial services currently, how they manage and plan their financial resources, and how they make decision on selection of financial products and services for their households and business.

The report found that up to 80 percent of rural survey respondents and 90% of rural women interviewed owned no formal financial products such as a bank account or loan, and that most rural communities had no readily accessible financial services and rural villagers must often travel significant distances to access a bank branch or ATM.

*“For many Papua New Guineans, the use of financial services is rather new,” says **Loi Bakani, Governor at the Bank of Papua New Guinea.** “This report will provide a detailed picture of how our population manages their funds and accesses these financial services so we can develop policies; financial products and services to enhance financial inclusion and improve financial capability in PNG.”*

The report found that women are significantly less involved in all aspects of household financial management, and are significantly more likely to be financially excluded compared to men. The report calls for greater investment in financial literacy programs targeted specifically to women.

*“Having access to financial services, and understanding how to use them, is critical to supporting Papua New Guinean families lift themselves out of poverty,” said **Stefanie Stallmeister, World Bank Country Manager for Papua New Guinea.** “Yet this report found that up to 90 percent of households surveyed run short of money after meeting household expenses, and lack of planning is noted as one of the most common causes.*

*“We hope this report provides the catalyst for policy makers to better understand the barriers many people – particularly women – face to financial literacy and awareness, and this report helps them develop the means for families to save, manage and grow their income.”*

Apart from lack of access to financial services in rural areas, the report found that another significant barrier to using and understanding financial products was language, with most documents, including terms and conditions for loans and savings accounts, written in English.

**Paul Barker, Director of the Papua New Guinea Institute of National Affairs** also noted the importance of financial literacy and supporting people, particularly women, on budgeting and planning.

*“Understanding the way banks and financial products work is important for managing money well and saving for the future,” said **Mr Barker.** “The fact that most bank forms in PNG are only written in English, is an unnecessary barrier to saving and managing money. With this*

*in mind, I’m particularly glad to see an English-Tok Pisin glossary of financial terms come out of this project. I have no doubt this will play an important role in improving financial literacy in PNG.”*

Other notable findings from the report call for further policy and program development under the PNG Financial Inclusion and Financial Literacy Strategy:

- Gender equity will be hard to achieve without bringing women into the formal financial system. To achieve this, substantive changes to financial products, services and programs are needed.
- While most families surveyed said they save money for their children’s future, 44 percent said they had no financial plan to provide money for when they are no longer able to work due to old age. Financial education programs need to be customized and delivered to the vulnerable groups.
- Lack of understanding of financial products and services leave people vulnerable to financial scams and high fees and charges and call for appropriate financial education programs and consumer protection regime.

The PNG Financial Inclusion and Financial Capability Survey was undertaken by the Bank of Papua New Guinea, the World Bank, and the Papua New Guinea Institute of National Affairs, with the full support from the local governments at all levels in Morobe and Madang Provinces, and technical support from National Statistics Office (NSO). BPNG will continue to seek collaboration with international development agencies to complete the national survey of financial capability to provide baseline understanding of financial capability of PNG population. This will aid BPNG and other relevant government agencies in the formulation of specifically targeted policies and programs to facilitate strengthening of the rural financial services infrastructure, financial inclusion and financial education programs under the National Financial Inclusion and Financial Literacy Strategy of PNG, and regulation and policy development for improving financial inclusion.

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##### BPNG:

*To facilitate further research in demand and supply of financial services in PNG, the dataset of this survey is available to bona fide researchers and policy makers for their own research. Those who are interested in accessing the dataset are requested to contact Mr Boniface Aipi, Bank of PNG, ToRobert Haus, Douglas Street, P.O Box 121, Port Moresby, National Capital District.*

*For the full report, please visit: <http://responsiblefinance.worldbank.org/publications>*

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