



BANK OF PAPUA NEW GUINEA

MEDIA RELEASE

The Governor of the Bank of Papua New Guinea Mr Loi M Bakani wish to inform the public that the Bank of Papua New Guinea has announced the launch of National Payments System Development programme, at a seminar hosted in association with the Institute of National Affairs (INA) on 30 November, 2009. The Minister for Finance and Treasury, Hon Patrick Pruaitch MP gave the keynote address and expressed the Government's support for the reform. The Retired Governor, Sir Wilson L Kamit CBE also presented this Development Programme on the National Payments System at a breakfast organised by the PNG Business Council on 04 December 2009.

This programme will see the introduction of a number of key elements that will significantly improve the safety and efficiency of the payments system in Papua New Guinea.

The first element is an Automated Transfer System (ATS) which will provide real time electronic clearing and settlement of all interbank payments.

"The ATS will bring significant benefits to everyone in PNG" said the Governor of the Bank of Papua New Guinea Mr Loi Bakani. "Not only will it work towards the elimination of risk, it will encourage banks and other financial institutions to introduce a range of new and innovative services".

Mr Bakani stated that "With the introduction of direct debits and credits, the system will have the ability for people to make payments to businesses or service providers, irrespective of who they bank with".

The Bank of PNG is also introducing a Central Securities Depository that will hold Bank of PNG and Government issued securities such as Central Bank Bills, Treasury bills and Inscribed Stock. This system will make the purchase of securities much more efficient by giving on line access to approved dealers, and encourage a secondary market for trading of these securities.

The Governor also announced that the reform to the payments system includes the establishment of a National Payments Council (NPC), a body representing the wider interests of the financial sector and he noted: "It is essential when introducing such wide ranging reforms that the financial community, and others affected by the changes are fully consulted and involved". The NPC will provide oversight and guidance to the Bank of PNG during the course of implementing the programme.

Governor Loi Bakani commented that. "We believe that this development programme will see the financial sector and the country as a whole well positioned to take full advantage of the significant economic changes that will occur in Papua New Guinea over the coming years". Implementation of this reform will commence with the assistance of an experienced international consulting firm. Further consultations with major stakeholder will be undertaken during the implementation phases. The Governor urged major stakeholders to cooperate with the Bank in implementing this very important reform in Papua New Guinea.

Authorized by Mr Loi M Bakani
Governor, Bank of Papua New Guinea