



**BANK OF PAPUA NEW GUINEA**

## **FINANCIAL INCLUSION EXPOSITION (EXPO) 2013 REPORT**



### **FINANCIAL EDUCATION – WAY FORWARD FOR FINANCIAL INCLUSION**

**6<sup>th</sup> – 7<sup>th</sup> December 2013**

**Port Moresby, National Capital District**

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## 1. GOVERNORS FOREWORD

The Financial Inclusion Exposition (Expo) 2013 was yet another successful event with outcomes more encouraging 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 and our donor partners. The theme of this year's expo *Financial Education – Way Forward for Financial Inclusion* was appropriate as we endeavor to ensure those at the lower end of the population pyramid and our young minds receive basic financial training to equip them make sound financial decisions. Looking back, I am certain we all have learnt valuable lessons from this Expo and the previous year's Expo 2012 in Lae Morobe province, that will serve as a reminder that we have an obligation to ensure grassroots people and youths including school age children have access to appropriate financial services on an ongoing basis. The roadshow / motorcade on the morning of 5<sup>th</sup> December was an extraordinary sight for the general public in the nation's capital and I applaud all institutions that took to the streets on that day.

The expo has proven to be a good avenue to disseminate financial information to a wider audience and provided the opportunity for providers and users of financial products and services to meet in an informal environment and interact feely as well as attend financial literacy trainings. This year's Expo was important as two key initiatives were launched. Firstly, The National Strategy for Financial Inclusion and Financial Literacy 2014-2015 which lays down the platform from which the Banks commitment to the Maya Declaration can be achieved. Secondly, the National Youths Savings Campaign which sets out to ensure 100,000 savings accounts are opened for school kids and youths during the period 2014-2015 representing 10 percent of the one million commitment contained in the Maya Declaration for the same period. The Central Bank remains committed to coordinating events that will eliminate financial information asymmetry in the country and enhance financial inclusion and I encourage all stakeholders to support the Bank's initiatives in the years to come.

Mr. Loi M. Bakani  
Governor

## **2.0 INTRODUCTION**

The Bank of PNG with its sponsors hosted the Financial Inclusion Exposition (Expo) at the Sir John Guise Indoor Stadium, Port Moresby, National Capital District from 6<sup>th</sup> to 7<sup>th</sup> December 2013. This is the second such event after the first one was held in Lae Morobe province, in 2012. The theme of this year's expo was "*Financial Education – Way Forward for Financial Inclusion*" 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 during the two days.

This paper presents a report on the activities undertaken during the Expo, the outcomes, the financial report, some challenges faced and suggests ways forward based on these experiences.

## **3.0 BACKGROUND**

Financial inclusion is important for Papua New Guinea as the unbanked segment currently stands at 85.62% of the total population of 7.2 million. Generally the high level of financial exclusion is an impediment to the monetization of rural economies and a constraint to the growth of small and medium enterprises. The confluence of multiple barriers such as difficult geographies, lack of physical and social infrastructure, limited technological skills and know-how has created difficult challenges in the supply and access of financial services. The recently concluded Financial Service Sector Assessment (FSSA) in July 2013 conducted by Bank of PNG with technical assistance from Pacific Financial Inclusion Program (PFIP) revealed that 91.92 percent of the total population of the Highlands region and 82.30 percent of the Momase region have no access to any form of financial service. The New Guinea Islands region and Southern region follow behind with 79.19 percent and 79.01 percent respectively.

The high percentage of unbanked population in PNG are largely from the rural areas and urban settlements since most become financially 'excluded', as they are not able to open simple savings accounts, access small loans and transfer funds or even take insurance cover on their crop and livestock as well as insure their loans.

One of the commonly overlooked reasons for financial exclusion in PNG is lack of awareness and guidance to masses regarding availability and usages of appropriate financial services even though lack of access comes up most times. This can lead to financial discrimination and exploitation. In order to overcome such scenario, significant emphasis is needed on financial education and financial literacy as well as functional literacy. The Bank considers annual Financial Inclusion Expos as suitable forums to bring together those in the financial services industry and other services providers such as mobile network operators, government agencies, training providers, NGO's, other stakeholders and the aspiring customers to interact freely away from traditional brick and mortar branches for information dissemination and networking.

To address this problem, the Bank through its Financial Inclusion and Financial Literacy Strategy 2014-2015 and as stipulated in its Maya Declaration has made a commitment to

ensure a million new accounts are opened of which 50 percent will be women. The National Savings Campaign launched during the Expo with 13 participating financial institutions is projected to contribute towards this agenda by ensuring 100,000 accounts are opened each year over the two years period (2014-2015).

#### **4.0 PREPARATIONS FOR THE FINANCIAL INCLUSION EXPOSITION 2013**

The initial plan was to host the Expo at the Jack Pidik Park, 5 mile as the venue was central and within easy reach from most bus stops. Subsequently, approval was sought from the National Capital District Commission (NCDC) and planning began with the option of erecting a temporary fence around the expo venue and covering the entire venue with a large tent. Planning changed only in November when the PNG Sports Foundation agreed to lease out the Sir John Guise Indoor stadium for the one week leading to the Expo.

The Expo Organizing Committee (EOC) changed focus immediately to plan for the event to be hosted within the Sir John Guise Indoor Stadium. The Committee comprised of staff from the Microfinance Expansion Project, Consultative Implementation & Monitoring Council (CIMC) and the Bank of PNG.

##### **4.1 Objective**

The objective of the Financial Inclusion Expo 2013 was to:

- Bring together key stakeholders of financial inclusion to interface with end-users of financial products and services;
- Create awareness amongst people on developments in the financial sector, available financial products and services, innovative delivery channels with focus on electronic medium, support services such as financial education and business development skills training; and
- Enhance financial education and literacy training to raise public awareness and education regarding available financial products and services and effective use thereof.

##### **4.2 Stakeholder Participation**

Throughout the Expo planning process, all stakeholders were kept abreast of developments and changes by the EOC and their request and recommendations were taken into account as and where appropriate.

A total of 30 institutions ranging from commercial banks, savings & loan societies, micro banks, licensed finance companies, fund managers, superannuation companies, training providers, stock brokers, telecommunication companies, government agencies, NGO's, the development bank, and the regulator (Bank of PNG) took part in the Expo either as a both sponsor / exhibitor or only as sponsor or exhibitor during the two days.

A detailed list of the participating institutions and sponsors is provided in **appendix 1**.

### **4.3 Marketing and Promotion**

Aggressive marketing and paid advertisements were taken out using the electronic and print media channels during the month of November till the day of the launching. 20,000 leaflets/pamphlets outlining the rationale for the Expo, the program and names of sponsors and participating institutions were also printed and distributed by paid youths at strategic public locations around the city a week before the expo. Additionally, the Bank produced 20,000 copies of the expo booklet for public consumption which was distributed at the Expo. The booklet provided information such as details of participating institutions, their products and services and their contact details. As part of the publicity campaign, a full day motorcade/roadshow was organized where 25 vehicles led by traffic police on motorbikes convoyed through the main suburbs of the nation's city, raising awareness and inviting the public to attend the Expo.

### **4.4 Major Logistical Arrangements**

Total Events Company (TEC) was engaged to do all necessary logistical arrangements for the expo. As part of their engagement, ITM undertook the following activities:

- Construction of 32 standardized stalls inside the indoor stadium;
- Entertainment such as traditional dance and other performances;
- General beautification of the interior and exterior of the indoor stadium;
- Audio equipment
- Event Management.

## **5.0 THE EXPO AND OUTCOMES**

The Expo was officially opened by Minister for Treasury, Hon. Don Polye, MP on behalf of the Prime Minister Hon. Peter O'Neil, MP on the 5<sup>th</sup> of December 2013 witnessed by His Excellency Martin Dihm, European Union Ambassador to PNG and Minister Stuart Schaefer, Development Cooperation – PNG, Australian Department of Foreign Affairs together with the Governor of Bank of PNG Mr. Loi Bakani and the general public.

During the Expo, participating institutions showcased their products and services to the general public and at the same time attended to customer queries. Also a few institutions conducted financial literacy trainings during the two days.

## 5.1 Stall Display by Participating Institution

The Expo was successful in raising awareness amongst the public regarding appropriate financial products and services available in the market, including information on accessing micro, small and medium enterprise credit. The stall displays and interaction with the public was very encouraging as people within the nation's capital and neighboring Motu Koita villages turned out in numbers, eager to find out the types of products and services on offer. The Expo attracted a record crowd of 15,700, almost double the figure from that recorded in Lae Morobe province, during the Financial Inclusion Expo 2012. Encouragingly, 56 percent of those who attended the expo this year were women. The two days was hectic for exhibitors trying to put up with the customer queries as well as dealing with the humidity in the stadium. 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 2013**

• Number of participating institutions	30
• Attendance by the general public	15,700
• Attendance at the Fin. Literacy Trainings	300
• New bank accounts opened by the banks	542
• Mobile Banking Subscriptions – new subscriptions	167

## 5.2 Financial Literacy Training

Financial literacy and competency are vital ingredients for making financial inclusion work in the country which was rightfully emphasized by the theme of this year's expo. It is knowledge in the public domain that majority of PNGeans lack basic information and know how regarding financial products and services in the market place, coupled with lack of basic skills required to make sound financial decisions. These shortcomings inevitably lead grassroots to be vulnerable to predatory financial service providers (loan sharks, money lenders) and pyramid (money) schemes. It is hoped the trainings conducted during the two expos (2012/2013), and others conducted by the various stakeholders will provide grassroots with vital skills and knowledge that 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.

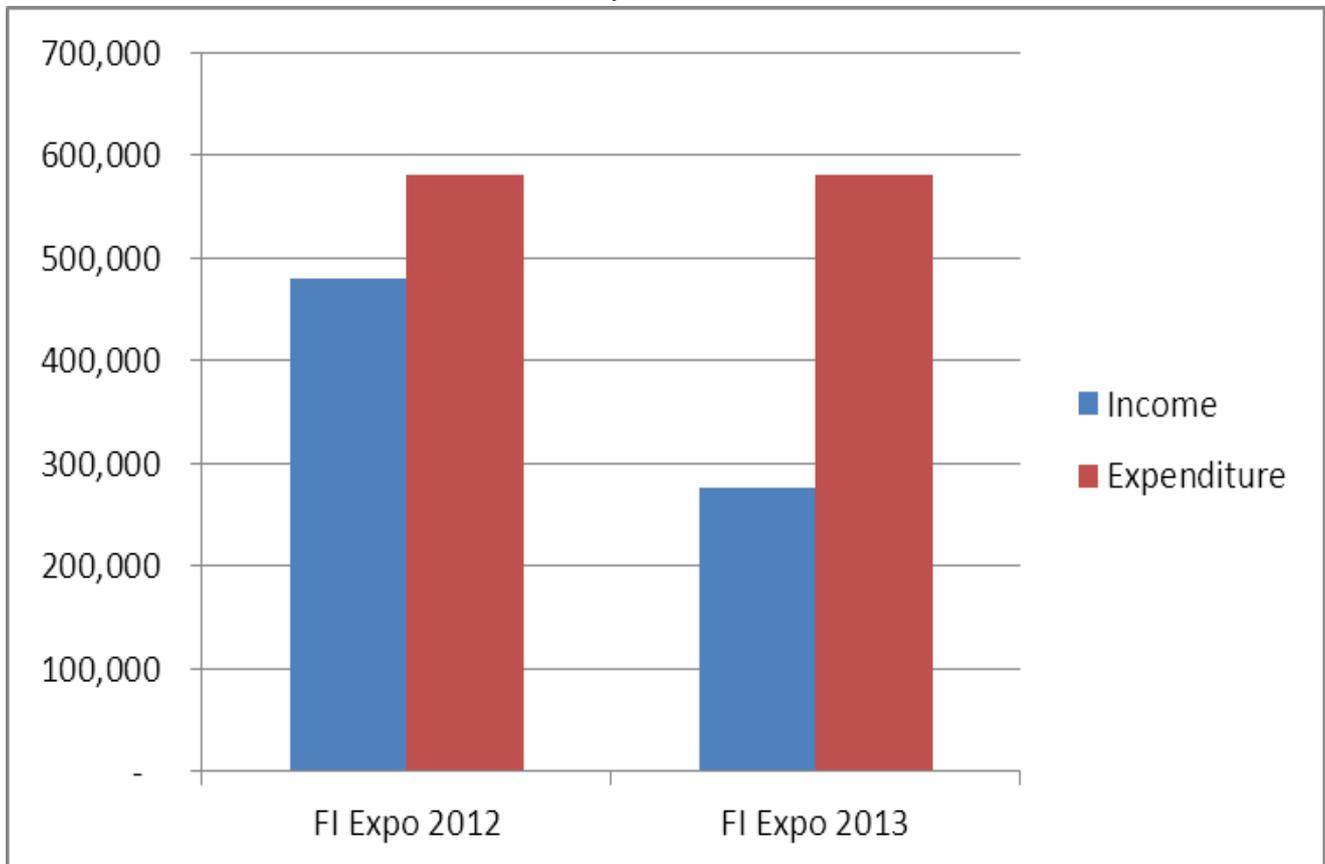
## 6.0 FINANCIAL REPORT

Total funding received from sponsorship and stall purchase amounted to K276,500, a drop by 42 percent from what we received last year of K480,500. The drop was attributed to the reduction in price for stall from K3,000 per stall last year to K1,000 per stall this year as well as the reduced number of gold sponsors from 7 to 4, and the drop in donor funding.

All stalls were of a standard size of 3mx3m and made available to exhibitors at K1,000. per stall, while funds were raised under three sponsorship categories as follows:

- Gold K20,000 and above
- Silver K10,000 to K19,999
- Bronze K5,000 to K9,999

Detailed list of participating institutions and their contributions are in **Appendix 1**. The overall expenditure to host this year's expo was K581,500 similar to the total cost of K580,000 in 2012. The shortfall of K234,301 was met by BPNG.



**Figure 2. Income and Expenditure Statement**

**1. Expo funding & funding sources**

• Donor funding (IFC)	K 20,000
• 6 Gold sponsors totaling	K100,000
• 4 Silver sponsors totaling	K 50,000
• 13 Bronze sponsors totaling	K 77,500
• 30 Stalls totaling	<u>K 30,000</u>
Total external funding	<b><u>K276,500</u></b>

**2. Major Expenditures of the FI Expo**

• Total Events Company	K129,034
• Venue hire (Stadium)	K 26,200
• Decorations (Pascoe Productions)	K 9,130
• Media advertisements	K 26,197
• Expo Banners	K 32,874
• Expo Booklet Production	K 51,915
• Flyers	K 9,731
• Other Promotions (Shirt Printing)	K 81,008
• Cocktail receptions at Expo Launch and closing	K 107,992
• Travel & Accommodation costs (PI)	K 6,720
• Other expenses	K 30,000
<b>Total Expenditure</b>	<b><u>K 510,801</u></b>

## **7.0 CHALLENGES FACED**

Not everything was smooth sailing as a lot of changes took place leading up to the expo but that was managed well by the EOC. The weather during the official launching night threw preparations into disarray as it was originally planned for the cocktail to be held outside the stadium. Plan B was executed and arrangements were set in the indoor stadium by Lamana Group which went well. Logistical problems were also evident but were managed in the end.

## **8.0 WAY FORWARD**

The Bank suggests regional Expos as the way forward. Also it is the Bank's plan to conduct similar activities during provincial shows with its stakeholders based in the province to showcase their products and services. The first of these events is proposed to be held alongside the famous Warwagira and Mask Festival in Kokopo, followed by Mt. Hagen and Goroka Shows in 2014.

## **9.0 ACKNOWLEDGEMENT**

The success of this year's Expo is again attributed to the active participation by all stakeholders, including sponsor organizations.

I therefore, extend my sincere gratitude to all participating institutions, our sponsors, key stakeholders, and donor agencies who have once again responded positively to the Banks request to sponsor this exposition. Without your support this expo would not have been possible

My thank you also to PNG Sports Foundation for giving us access to the Sir John Guise Stadium to host this event and the team at Total Events for taking care of the logistics on the ground.

Finally, I acknowledge the people from the nation's capital and neighbouring Motu Koitabu villagers for being part of the Financial Inclusion Expo 2013 and hope they have taken back valuable information that will enable them to become financially literate and be captured in the financial ecosystem.

Thank you all and I look forward for your continuous support and participation in the years to come.

Belated Merry Christmas and Phosphorus New Year 2014.

## Appendix 1 - TABLE OF PARTICIPATING INSTITUTIONS

	Institutions	Sponsor Type	Sponsor Amount	No. of stalls	Stall fee amount	Total
1	ANZ Banking Group (PNG) Ltd	Gold	20,000	1	1,000	21,000
2	Bank South Pacific Ltd	Gold	20,000	2	2,000	22,000
3	MayBank Ltd	Gold	20,000	1	1,000	21,000
4	National Development Bank	Gold	20,000	1	1,000	21,000
5	First Investment Finance Ltd	Gold	20,000	1	1,000	21,000
6	Westpac Bank (PNG) Ltd	Silver	15,000	1	1,000	16,000
7	PNG Microfinance Ltd	Silver	15,000	1	1,000	15,000
8	Federation of Savings & Loan Societies	Silver	10,000	2	2,000	12,000
9	NCSL & Nasfund	Bronze	10,000	2	2,000	12,000
10	Melanesian Trustee Services Ltd	Bronze	10,000	1	1,000	11,000
11	Teachers Savings and Loan Society	Bronze	9,000	1	1,000	10,000
12	Nationwide Microbank	Bronze	7,500	2	2,000	9,500
13	Finance Corporation Ltd	Bronze	6,000	1	1,000	7,000
14	Kina Group of Companies	Bronze	5,000	1	1,000	6,000
15	Peoples Microbank	Bronze	5,000	1	1,000	6,000
16	Life Insurance Corporation Ltd	Bronze	5,000	1	1,000	6,000
17	Police & State Savings & Loan Society	Bronze	5,000	1	1,000	6,000
18	Institute of Banking & Business Studies	Bronze	5,000	1	1,000	6,000
19	Small Business Development Corporation	Bronze	5,000	1	1,000	6,000
20	Credit Corporation Ltd	Bronze	5,000			5,000
21	Nambawan Super Ltd	Bronze	5,000			5,000
22	Consultative Implementation & Monitoring Committee	Bronze	5,000			5,000
23	Heduru Moni Ltd			1	1,000	1,000
24	POSF Ltd Mgt			1	1,000	1,000
25	BPNG Currency Dept			1	1,000	1,000
26	PNG Women In Business			1	1,000	1,000
27	Port Moresby Stock Exchange			1	1,000	1,000
28	Bitanda Consultancy Services			1	1,000	1,000
29	Fern Software Ltd			1	1,000	1,000
	<b>TOTAL</b>		<b>227,500</b>	<b>30</b>	<b>30,000</b>	<b>257,500</b>

GOLD - K20,000 and above

SILVER - K10,0001-K19,999

BRONZE – up to K9,999

# Appendix 2 - FINANCIAL INCLUSION EXPO 2013 IN PICTURE

## 1. Motorcades and roadshows





2. Expo Opening







### 3. Stall displays













4. Financial Literacy Trainings



5. Other Activities during the expo

