



BANK OF PAPUA NEW GUINEA

**SPEECH
ON THE OPENING OF KINA BANK LIMITED (KBL) NEW BRANCH AT VISION
CITY, VISION CITY MALL, WAIGANI**

10TH MAY 2017

**MR. LOI M BAKANI, CMG
GOVERNOR
BANK OF PAPUA NEW GUINEA**

Acknowledgements

- Hon. Peter O'Neill, CMG, MP, Prime Minister of Papua New Guinea
- Sir Rabbie Namaliu, Chairman of KBL
- Board of Directors of KBL
- Mr. Syd Yates, Managing Director & CEO, KBL
- Reverend Sir Samson Lowa
- Distinguished Guests
- Staff of KBL
- Ladies and Gentlemen.

Introduction

I'm honored to be here at this occasion to celebrate the opening of Kina bank's new and first branch at the Vision City Mall, after the successful acquisition of Maybank PNG Limited.

The Bank is pleased with the transformation that has taken place in the financial services sector with the acquisition of Maybank by Kina Securities Limited (KSL), combined with the consolidation of its subsidiary financial institutions including Kina Finance Ltd and PNG Home Finance Ltd, and finally the establishment of Kina Bank Limited (KBL). Given this development, KBL is positioning itself to be a growing and dynamic and strong fourth bank in the country. I am also pleased to acknowledge the work of the Board and Management in ensuring the structure of KBL, its policies and processes are reflective of its vision and values of providing relevant and competitive products and services to its current and many potential customers. These have been milestone achievements.

The Bank, within the ambit of the Central Banking Act and all other Acts which enable it, will continue to ensure the economic and financial environment are conducive for growth and soundness of the licensed financial institutions (LFIs) to enable the wider population of Papua New Guinea to have easy access to the financial products and services offered by the LFIs.

Financial Sector Review

The Bank in collaboration with the Government of PNG, through the Treasury Department, is undertaking the Financial Services Sector Review (FSSR). The objective of this review is to develop a Financial Sector Development Strategy that will cover four (4) broad areas, including:

1. Government Bond and Capital Markets Development
2. Payments System Development
3. Financial Inclusion Program, and
4. Regulatory Arrangements

The Government, through BPNG and Treasury Department, will look at ways to establish a secondary market for government bond and to make them more accessible by companies and individuals. This will create an opportunity for individuals, SMEs and business houses to invest their funds and also enable them to improve management of liquidity. The BPNG has commenced the process to market Government Security to the public. So you companies and individuals with excess funds can invest in these securities at higher interest rates.

National Payments System & Digital Financial Services

The National Payment System introduced by the Bank has also improved the cheque clearing process from over 7 days to 2 days and we will aim to reduce that further to same-day clearance. The improved payments system is to see all key entities benefit from the reduced cheques clearing time. Aim to do away with cheque in future.

Going forward the Bank is at an advance stage to introduce a National Switch which will connect all financial institutions to share a common payments and settlements platform infrastructure for mobile phone-based payments and other electronic payments services in PNG. The Government recently signed on to become a member of the “Better Than Cash Alliance”. A few days ago I signed an MOU with the Australian Government funded PNG Governance Facility, managed by ABT Associates, as the beginning of larger collaboration to develop use cases for

blockchain technology, to try and solve some of PNG's infrastructural challenges. These steps are being taken because I believe that the use of Digital Financial Services is the way we can address the difficulties of banking services not going into the rural and remote areas, by way of establishing branchless banking and use of agents to provide banking services in the rural and remote villagers.

National Financial Inclusion Strategy

The Bank and Centre for Excellence in Financial Inclusion (CEFI), in consultation with key stakeholders, developed the second National Financial Inclusion Strategy, which was launched by the Prime Minister in December 2016, to further extend financial services to the unbanked population. Some of these initiatives proposed will be implemented by the financial institutions, such as Kina Bank Limited.

The Financial Inclusion Strategy is a strategy that will provide a platform for collaboration among all key stakeholders to ensure financial services reach the unbanked or underserved population, most of which live in the rural areas.

Opportunities for Innovations & Growth

As mentioned, the major developments in terms of a number of policy objectives relating to the telecommunication sector, the national payments system, micro, small and medium enterprises, personal property securities and secured transactions and the establishment of the credit bureau are major initiatives aimed at promoting the informal sector, and provides a breakthrough in the implementation of financial inclusion and financial literacy.

Conclusion

In conclusion, I congratulate Kina Bank on the opening of the Vision City Branch and look forward to seeing more of this in other centers of PNG.

Thank you.