



BANK OF PAPUA NEW GUINEA

**SPEECH
ON THE OPENING OF BSP FINANCE CAMBODIA**

18TH JANUARY 2018

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

Acknowledgements

- Deputy Governor of the National Bank of Cambodia, and his hard working staff;
- Mr. Kevin Whitcraft, Group CEO of RMA Group, who are BSP partners in Cambodia;
- Sir Kostas Constantinou, Chairman of BSP Group;
- Mr. Robin Fleming, BSP Group CEO;
- Board members of BSP Finance Cambodia and staff;
- Other distinguished guest and VIPs;
- Ladies and Gentlemen.

Introduction

I'm honored to be here at this occasion for the Launch of BSP Finance Cambodia, in Phnom Penh, the capital city of Cambodia, which is one of the fastest growing economies in the ASEAN region.

In view of BSP's strategy and risk appetite to expand its business in the Pacific and Asia region, I will let BSP enlighten us on that. From the regulators standpoint, we are satisfied that BSP's growth is supported by adequate capital position, strong profitability and support from its shareholders. The Bank of Papua New Guinea will continue to ensure that all its growth objectives are supported by adequate capital.

BSP Cambodia

In November 2014, the Bank of Papua New Guinea issued a banking license to BSP Finance Limited, a subsidiary of BSP Group, to operate as a finance company to provide asset finance and commercial loan products to a niche small to medium enterprise market in Papua New Guinea. It also established similar subsidiaries in Fiji in 2014 and Solomon Islands in 2017.

The BSP Finance Cambodia proposal came to my office in September 2015. This was the first for any of our licensed financial institutions to have the desire to expand its risk appetite and test markets outside of the Pacific region. However, when I noted in the proposal of its partnership with a well-established company, the RMA Group, to provide local business knowledge, the Bank of Papua New Guinea gave principle approval to go ahead with its intention in November 2015.

A fact finding mission, headed by the Assistant Governor Mr. Ellision Pidik, was sent to Cambodia in May 2016 and I was informed of the warmest welcome and hospitality extended to them by His Excellency Chea Chanto and his staff of the National Bank of Cambodia. I was also advised of BSP Group and RMA Group CEO's availability to meet our delegates.

I want to thank His Excellency Chea Chanto, Governor of the National Bank of Cambodia and his staff for working closely with my staff to ensure all our respective jurisdictions' regulatory requirements were been met by BSP Group and BSP Finance Cambodia. We will continue this harmonious working relationship as part of the SEACEN family to ensure BSP Finance Cambodia operates within the boundaries of our regulation in its efforts to achieve its strategy in Cambodia.

Cambodia's Economy

I am very impressed with what I've seen in Cambodia today. I noted that the average economic growth rate of 7% over the last 5 to 10 years was due to increase in tourism, agriculture, garments, foreign investments and construction. This growth has resulted in a sharp decline in poverty and increased growth in Cambodia's financial system credit in recent years. The above has resulted in a growing middle class population in Cambodia and provides a very conducive environment for assets financing business to grow.

These are the outcome of Cambodia Government's commitment and dedication to ensuring its citizens enjoy the benefits of development. The investment such as what we have witnessed today is a result of Cambodia's initiative and reform program

initiated in 1994 that enhance private investment in Cambodia. Such investment will continue to improve the livelihood of its citizens and the country into the future.

PNG's Economy

Like Cambodia, Papua New Guinea also experienced high economic growth. Over the past 8 years to 2017, we recorded an average economic growth of around 6%. The growth was driven by developments in our mineral sector – gas, oil and mining - and also by our non-mineral sector which remained resilient – agriculture/forestry/fisheries, commerce and construction. In fact, 2018 will be our 17th year of successive economic growth, the longest span of growth since we gained independence in 1975.

The growth has given us the opportunity to drive our financial inclusion initiatives and improve our national payments system. We aim to ensure financial services reach the non-banked population, enabling more of our people to participate in economic activity and better their livelihood. BSP has been part of this journey in Papua New Guinea.

Given the many similarities between our two countries, with our growing economies, our young and educated population, and good future prospects, I am not surprised BSP has chosen to invest in Cambodia. With BSP's experience in PNG and the Pacific region, and together with a strong partner in RMA Group, I am sure BSP Finance Cambodia will do well in future.

I trust this partnership will signal the start of more investments between our two countries and collaboration between our people.

Conclusion

In conclusion, I congratulate BSP and RMA Group on the successful partnership in BSP Finance Cambodia and the launching of your operations.

Ladies and gentlemen, thank you for listening.