



BANK OF PAPUA NEW GUINEA

PRESS RELEASE

BPNG Enhances Digital Financial Services

- Instant Payment Transactions & Point-of-Sale Balance Inquiries

The Bank of Papua New Guinea (BPNG) launched the nation-wide common platform for retail electronic payments on Monday, 22nd July 2019. The Retail Electronic Payments System (REPS) is the first ever initiative by the BPNG to offer digital payment services using plastic cards and mobile phones so more people and businesses will have access to financial services throughout the country, especially outside the main urban centres.

The first phase of REPS was the establishment of the National Switch which is now offering inter-linked services across all the ATM and EFTPOS devices of financial institutions (FIs) that are connected to REPS.

At the launch in July 2019, the Bank of South Pacific (BSP), Kina Bank and NASFUND Contributors Savings and Loans Society (NCSL) signed a multi-lateral agreement to link their ATMs and EFTPOS devices for the National Switch through REPS. This has allowed card holder customers of these 3 FIs to pay for goods and services, withdraw cash and carry out balance inquiries with each other's devices at any location that hosts their devices and at a reduced cost.

Westpac Bank, Nationwide Microbank Limited (MiBank) and People's Micro Bank Limited (PMBL) later joined the National Switch on September 02nd 2019. Since the launch in 2019 REPS has processed over 24 million card transactions with a total value of K3.8 billion. This represents 1.3 million transactions with a value of K190 million each month.

"REPS is progressing towards achieving greater financial inclusion, allowing safe, efficient and convenient digital payments in PNG including card and mobile phone payment services. It will enable smaller payment service providers to enter the market at a reasonable cost, thus promoting competition and consumer choice which in turn will lower the cost of payments to customers", Governor Bakani said. In addition to reducing costs for Financial Institutions to offer digital payment services through shared infrastructure, digital payments mean that people don't have to pay additional costs to travel to a bank or ATM to access cash. Digital payments can be made using the mobile phone as well as receiving money through a transfer without the need to handle or deposit cash.

In our commitment to the Financial Sector Development Strategy 2018-2030, BPNG has been promoting the development of the necessary infrastructure and policies in PNG to make electronic payments more acceptable and preferred means of payment rather than cash which is currently dominant and more costly to maintain. BPNG launched the new digital financial services for Instant Payment Transactions (IPT) and Point-of-Sale Balance Inquiries (POS-BI) for its members and their customers under Phase 1b of REPS on Monday, 29th March 2021. This means, with the existing multilateral interconnection agreement amongst the REPS members, a customer of MiBank, NCSL and PMBL can now transfer money from his/her bank account to someone else's bank account using his/her mobile devices via each FIs Unstructured Supplementary Service Data (USSD) mobile banking service. The USSD mobile banking can be used for fund transfers, checking account balances and generating bank statements among other services. IPTs will also be offered by commercial banks in the future. This is an additional service to the existing functionality of REPS which enabled customer use of issued cards at acquiring merchant's ATM/POS devices and terminals when making payments. POS-BI provides customers of the connected members with the ability to check their account balances at the counter before the purchase of items using any FI's POS device.

The efficiency achieved through the National Switch will also achieve reduced costs and low customer fees for the IPT and no fees for POS-BI services. This efficiency is expected to encourage customers to sign up for mobile phone banking services at their FIs and avoid long queues at the commercial banks.

BPNG encourages the clients of FI's to use mobile phones and internet banking and enjoy the benefits of convenience and efficiency of these technological innovations. The Bank also envisages that IPTs will become the preferred payment method and transaction volumes will exceed those of card transactions. This is in line with the current trends in other countries that have modernized their payments systems through digital innovation.

The REPS contract has been amended to deliver these additional services promoting the shared infrastructure. In future, under the separate phases of the REPS project, additional services will be added to provide more options, which will encourage a level playing field for enhanced customer choices and improved product and service offerings amongst the micro-banks, savings & loan societies and commercial banks.

The operations of the National Switch are governed by the provisions of the National Payment Systems Act 2013, and regulated and supervised by BPNG.

In parallel to these developments, BPNG is working on a regulatory sandbox to explore FinTech innovations for better product and service offerings thus encouraging more consumer choice.

Loi M. Bakani CMG
Governor