

## Chapter 6. Second phase issues

*The IAG was asked to “[r]ecommend from the findings and conclusions under TOR 1-4 critical strategic issues requiring in-depth analysis and development – this will form the basis of the TOR for the second stage of the review and cover broader issues covering regulation of the financial system, actions to encourage competition, and follow-on work in light of the recent Financial Sector Reform review.”*

Apart from any follow-on work flowing from our first-phase investigations and recommendations, many additional issues, that have been brought to our attention in the course of our consultations, could be covered in the IAG’s second phase or stage of review of the Central Banking Act. These include:

- Regulation of banks and other financial institutions, in particular how to:
  - encourage new, low-risk entrants; and
  - expand the capacity of the domestic financial sector to meet the economy’s need for credit drive down borrowing costs, and better meet the needs of small and medium enterprises including through open banking and fintech.
- Regulation of the superannuation and insurance sectors, including the roles of the Office of the Insurance Commissioner and BPNG.<sup>89</sup>
- The governance of the Financial Analysis and Supervision Unit (FASU) within BPNG, as per the Anti Money Laundering and Counter Terrorism Financing Act 2014, and its relationship to the responsibility of BPNG under the Banks and Financial Institutions Act 2000.
- BPNG’s financial performance and management, including its financial relations with government and the valuation of its holdings of government bonds.
- Other legislation by which BPNG is governed, including the National Procurement Act, Public Financial Management Act, the Audit Act, and so on.
- The [shortage of cash](#) in January 2021, and what lessons, if any, are to be learnt.
- The ways in which more up-to-date “real time” data on the PNG economy can be obtained, through “big data” sources such as tax and superannuation.

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<sup>89</sup> Bearing in mind the [Superannuation and Life Insurance Review](#) currently underway.