

The next chapter in PNG's financial inclusion story

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Centre for Excellence in Financial Inclusion (CEFI)

On 25 April 2023, Papua New Guinea's **Centre for Excellence in Financial Inclusion (CEFI)** and the Bank of Papua New Guinea (BPNG) **launched the National Financial Inclusion Strategy (NFIS) 2023-2027**. The strategy is a third instalment following the **2014-2015 National Financial Inclusion and Financial Literacy Strategy** and the **2016-2020 National Financial Inclusion Strategy**. The two earlier strategies primarily focused on reducing PNG's significant levels of **financial exclusion**, which was at one stage considered to be one of the highest in both the South Pacific region and the world. Fortunately, this level has seen a sizeable reduction to somewhere between **75%** and **80%**, owing to the ongoing efforts and leadership of BPNG and CEFI.

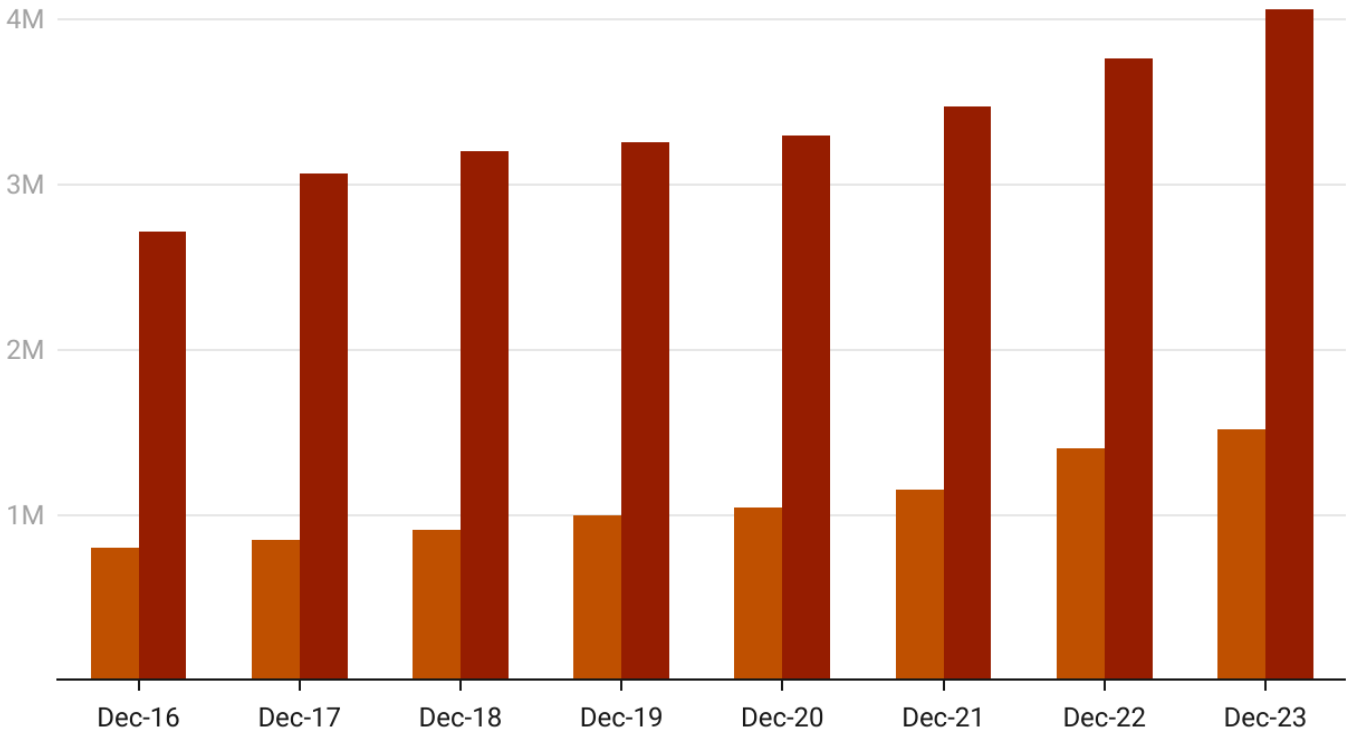
Since the introduction of the first strategy in 2014 until the fourth quarter of 2023, **four million bank deposit accounts** have been opened (Figure 1). Within this same period **16,094 access points** (ATMs, EFTPOS, bank branches, and bank agents) have been established, while transactions via mobile banking and other digital platforms have also seen a substantial increase (Figure 2).

However, according to the UN Capital Development Fund, PNG has the **highest gender gap** in financial inclusion in the region where women are 29% less likely to have access to formal financial services due to education levels, lack of accessibility to nearby financial services, and the greater likelihood that they will be engaged in informal, vulnerable, or unpaid work.

Figure 1: Deposit bank accounts in PNG, 2016 to 2023

Bank accounts in millions

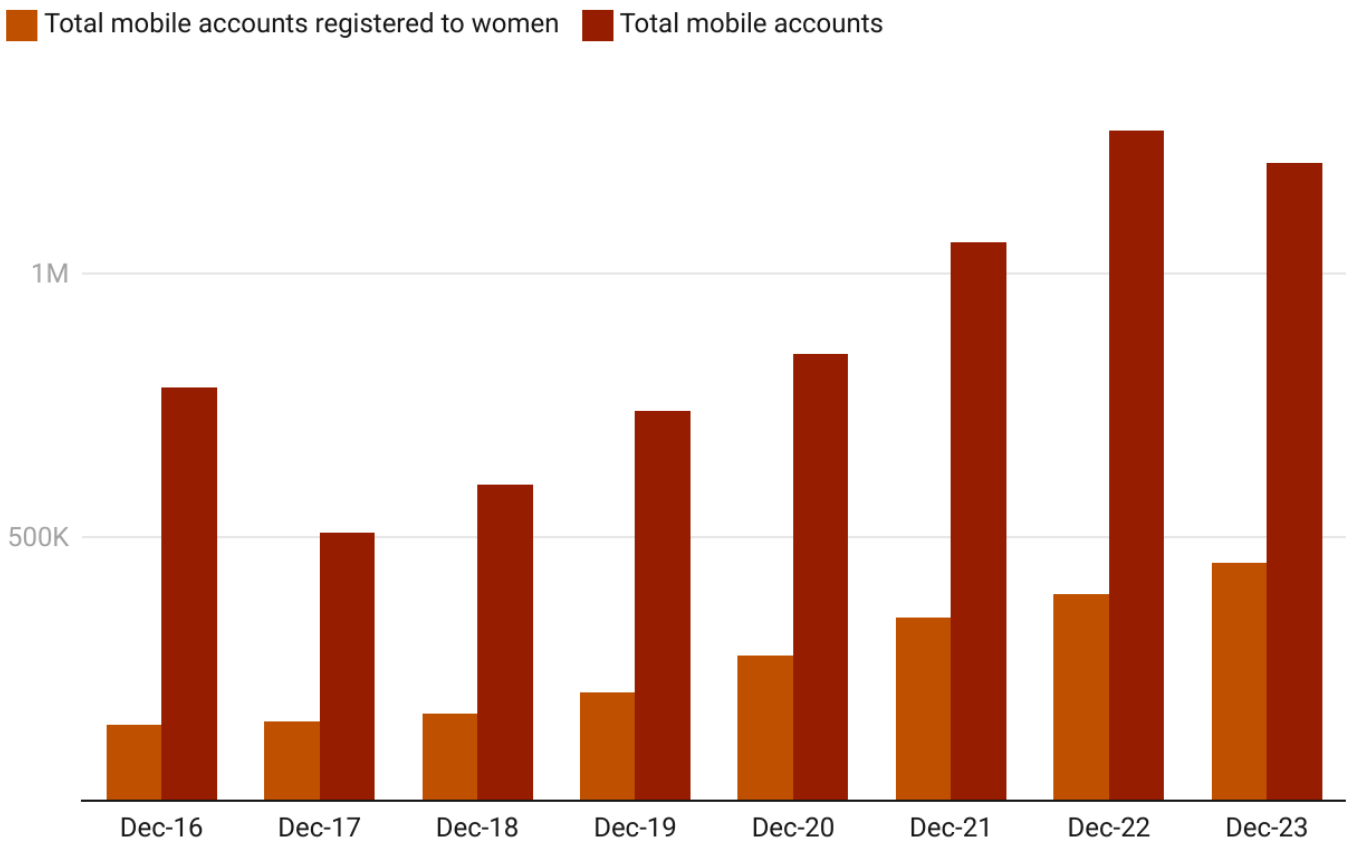
■ Total bank accounts registered by women ■ Total number of accounts



Source: 2023 Access & Usage Points (CEFI, 2024) • Created with Datawrapper

Figure 2: Mobile financial services accounts in PNG, 2016 to 2023

Financial services accounts in millions



Source: 2023 Access & Usage Points (CEFI, 2024) • Created with Datawrapper

These are impressive numbers. Nonetheless, the struggle persists, with a sizeable proportion of PNG’s population still facing **financial exclusion**.

The new strategy aims to use these earlier successes as a **stepping stone** to make further strides to expand financial inclusion in the country. As its predecessors did, the new strategy recognises the important role of the financial institutions. The recent endorsement of the “**Institutional Commitment of Measurable Inclusion Targets**” (I-COMMIT) by leaders of various commercial banks, microbanks, and savings and loans societies, alongside the BPNG Governor, underlines this.

The two previous strategies also emphasised the important role of government in driving the financial inclusion agenda. For instance, BPNG-led initiatives such as the **Financial Inclusion Exposition** and the **Young Minds Savings Campaign** paved the way for broader recognition of the financial inclusion agenda.

However, for these initiatives to deepen financial inclusion and broaden its impact, the focus should now shift towards provinces and districts where the majority of

people are said to be financially excluded. Reaching these people is impossible for financial institutions, BPNG, and CEFI alone. It necessitates the involvement of government to provide the necessary infrastructure and foster a conducive socio-economic environment. This is the challenge that needs to be met in implementing the current strategy. Initiatives like the Financial Inclusion Expo and the Young Minds Savings campaign can and should be spearheaded by governments, ideally at the sub-national level. This would ensure the inclusion of such initiatives in government work plans and budgets on a routine basis.

As the lead implementing agency of the NFIS in PNG, CEFI has begun establishing partnerships with provincial governments through its **Provincial Government Engagement Program**, with a three-phased approach. The first phase will be focused on advocacy and awareness raising, with the primary goal being the signing of an MOU between CEFI and the provincial government. The second phase will focus on implementing key programs and activities to promote financial inclusion, including financial literacy training programs, financial inclusion expositions, the Young Minds Savings campaign, account opening, on-boarding of bank agents, setting-up of ATMs and EFTPOS, and the digitisation of payment systems to assist with effective delivery of services. The final phase will include evaluations and impact assessments to gauge the effectiveness of these interventions.

While still in its infancy, the program has already made good progress, including the signing of MOUs with the **West New Britain (WNB)**, **East New Britain (ENB)**, **Milne Bay**, **Western Highlands** and **New Ireland** provinces, as well as Kerema which has become the first district in the country to sign such an MOU. Realising the importance of this program, the WNB provincial government has already **extended its partnership** by another three years, while Milne Bay Provincial Government is working towards renewing its partnership. CEFI and BPNG intend to recognise provincial governments that have championed financial inclusion initiatives in their provinces through what will be known as the “Provincial Government Award” under the **Financial Inclusion Excellence Awards**. These awards are expected to be unveiled this year during the inaugural Annual Policy Forum hosted by CEFI.

Looking ahead, CEFI plans to expand its partnerships to include additional provinces until the whole of PNG is covered. While this goal is imperative and commendable, its achievement hinges not only on the banks and development partners, but primarily on collaboration between national and sub-national governments, alongside CEFI and BPNG. Ultimately, this is the only way to expand financial inclusion to all provinces and districts in line with the nation’s **Vision 2050**.

Disclosures:

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