



## Central Bank of Solomon Islands

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### **Rarawa: “Digital finance key to de-risking”**

De-risking has become a development financing issue that many countries in the Pacific are still struggling to tackle.

According to the Governor of the Central Bank of Solomon Islands, Mr. Denton Rarawa, this is an issue of concern not only to Central banks in the region but in other parts of the world.

Rarawa made the statement during the Pacific Islands Regional Initiative (PIRI) Meeting held last week in Kokopo in East New Britain, Papua New Guinea.

According to Governor Rarawa, the theme of the PIRI meeting, “Digital Financial Services in the Face of De-Risking” was very timely for the meeting discussions, but emphasized on the need to identify immediate solutions to the problem.

“You will all agree with me that the increasing usage of financial technology such as digital financial services offers potential solutions to this problem,” Rarawa said.

“The use of digital financial services is one solution because of the fact that financial technology is moving ahead very fast”.

Former Papua New Guinea Prime Minister Sir Rabbie Namaliu, who was present during the opening of the PIRI meeting at the Gazelle International Hotel, also supported this view.

Sir Rabbie explained that in the past decade, digital finance had revolutionized banking and payments services in many parts of the world, consistent with the global trend.

Sir Rabbie added that digital financial services in the Pacific Islands countries had also picked up quite dramatically.

Governor Rarawa mentioned that the issue of de-risking was recently discussed at a meeting held in Washington with the Federal Reserve Bank of New York and US Treasury officials.

“We must follow up on the issues discussed at that meeting in the United States and continue the dialogue with the two key US authorities along with other global partners until we find solutions to the problem.”

Rarawa said, since PIRI’s last meeting in Fiji last year, they had progressed efforts to expand financial inclusion in the region through the implementation of National Financial Inclusion strategies, Maya Declarations and through other activities.

Meanwhile, while Pacific countries are progressing in their efforts to expand financial inclusion, according to Sir Rabbie, PIRI members must also address money laundering and cross-border financing terrorism as a matter of priority.

Rabbie said de-risking under taken by financial institutions to close bank accounts is to reduce its exposure to the institutions capital base in light of anti-money laundering and cross border financing of terrorism.

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