

**“Digital Financial Services in the face of De-Risking” Opening Remarks by Chairman of the Pacific Islands Regional Initiative (PIRI) of the Alliance for Financial Inclusion (AFI), and Governor of Central Bank of Solomon Islands, Mr Denton Rarawa at the Opening of the 3<sup>rd</sup> PIRI High Level Conference on Kokopo, Papua New Guinea (PNG), May 31 – June 1, 2017**

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**Salutations**

**Sir Rabbie Namaliu, Former Prime Minister of PNG and Senior Statesman**

**Mr Nobert Mumba, Deputy Executive Director of AFI,**

**Mr Mark Flaming, Manager Pacific Financial Inclusion Programme (PFIP)**

**Colleague Governors and Deputy Governors**

**Distinguished Invited Guests**

**Ladies and gentlemen**

**Introduction**

It is my pleasure, as Chair of the Pacific Islands Regional Initiative (PIRI) of the Alliance for Financial Inclusion (AFI), to welcome you all to the 3<sup>rd</sup> PIRI High Level Meeting here at Kokopo, East New Britain Province, PNG. I would also like to especially welcome the Central Bank of Seychelles for joining us at this meeting. Deputy Governor Ms Jennifer Sullivan and your team, welcome to the PIRI meeting.

Let me also thank AFI through Deputy Executive Director Mumba and the Bank of PNG through Governor Bakani for bringing us here to this beautiful setting of Kokopo.

I remember last year in Port Vila, Vanuatu, when Governor Bakani offered to host the PIRI meeting in 2017, he deliberately decided that it will be held outside of Port Moresby. His reason is Port Moresby is not PNG. You have to go out to the provinces to see the real PNG. Now I can understand why he chose Kokopo out of many other provincial locations in PNG we could have gone to.

The scenery here is so breath-taking and beautiful, that I believe it will have a positive impact on the outcomes of our meeting and enable us to further expand our work on financial inclusion in the region.

Since our meeting at Denarau, Fiji, last September, I believe we have progressed in our efforts to expand and deepen financial inclusion in our region, either through implementation of our respective National Financial Inclusion strategies, Maya Declarations or through other activities. Of course, some of the tasks we have committed ourselves to addressing will take longer to complete. We will continue to work on these issues and they will continue to appear in our agenda until they are addressed.

I am sure we will hear some updates on these issues during the next two days.

### **Theme for the 3<sup>rd</sup> PIRI Meeting**

Distinguished colleagues, ladies and gentlemen, our theme for this PIRI meeting is '**Digital Financial Services in the face of De-Risking**'. The theme is very appropriate because a lot of our countries in the region are grappling with the issue of de-risking, especially the closure of banking relationships with entities in our countries. It is an issue of concern to central banks in the region and other parts of the world. In our region it has become a developmental financing issue and we need to find 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. So it is very timely that we are discussing these areas during this meeting. Hopefully during our discussions in the next two days we can come up with workable options and solutions to the problem.

Colleagues, it is a fact that financial technology is moving ahead very fast. It is driving digital financial services, a major feature of the digital economy. The world too is moving in that direction, and we cannot afford not to follow suit. We must therefore work even harder to address the issue of de-risking and explore financial technology as possible solutions to the problem.

My colleague governors would remember our meetings in Washington last month with the Federal Reserve Bank of New York and US Treasury officials where we discussed the issue of de-risking. We must follow up on the issues discussed at that meeting and continue the dialogue with the two key US authorities and with other global partners until we find solutions to the problem.

At the same time, new financial technology innovations are being considered to resolve the de-risking issue. For example, for those in the know, block-chain technology could be a platform to extend financial inclusion and maybe find solutions for de-risking.

Finally, let me reiterate, we must find a solution to mitigate de-risking as it is now a risk in itself to our financial inclusion efforts.

With these few words, ladies and gentlemen, once again, let me welcome you all, to this meeting. I hope we will have a fruitful two days of discussions and hopefully come up with workable options to resolve the issue of de-risking in our region.

Thank you very much.

Wednesday 31<sup>st</sup> May 2017