

## **Opening remarks by Governor Denton Rarawa at the Consultation on the draft National Payments Systems Bill, 19<sup>th</sup> February 2018, Heritage Park Hotel**

PS Ministry of Finance, Senior Government Officials, Provincial Government representatives, Donor Partners, Bank Managers, Distinguished Participants, Ladies and gentlemen

I welcome you all to this consultation on the *draft National Payments System (NPS) Bill*.

You are here this morning in your various capacities and roles as regulators, payment service providers, infrastructure providers, payment service users and partners in the payments service reform program. Thank you for responding to our invitation.

This event is the culmination of more than six years of collaboration between CBSI, Ministry of Finance & Treasury and the Attorney General's Chambers (AGC) working in partnership with payments experts from the World Bank Group and the International Finance Corporation (IFC). It has taken us a bit of time to reach this stage in our efforts to provide the country with a modern, efficient and secure payments system. But I believe quality time is required for quality output, especially when our objective is to harmonise the relevant legislations and ensure we comply with international standards and best practices.

In this connection, I wish to register my sincere appreciation to Mr. Carlo Corazza, the payments expert from the World Bank Group, who is responsible for overseeing the payments system reform agenda in the region since 2012. He has been working very hard with our team over the past years to get us this far in this journey. Welcome Carlo and thank you for your continued assistance and support.

Let me turn to the reasons why we are here this morning. But before that some of you will have recalled that from September through to November last year, CBSI and Economic Reform Unit (ERU) staff visited your work places consulting on the Payments Policy Note. You would have been informed during those consultations that the new legal framework will extend the supervisory responsibilities of the CBSI, in line with the recommendations of the international standards, to: (i) securities clearing and settlement systems; (ii) retail payments; and (iii) money payment services providers. At that time the Bill was still being developed by the drafter in consultation with resource persons in the WBG, IFC and the AG Chambers.

I am pleased to note here that the draft Bill is now available for public consultation.

Hence, this second round of consultation is to provide our key stakeholders with a forum to discuss, review and provide feedback comments on the draft NPS Bill.

It is important to note that the payment & settlement system plays a crucial role in the effective and efficient circulation of money in the economy, thus boosting trade & business. It is recognized worldwide that an efficient and secure payment system is

an enabler of economic activity. It provides the conduit essential for effecting payments and transmission of monetary policy.

But with the advancement in new technologies and products, the role and functionality of Payment Systems has been changing. CBSI is aware of these changes in the payments landscape and, therefore, the subsequent need to mitigate risks in our payments system to ensure that payment providers and users are protected – and, of course, we are not far off from what is happening in the payments arena. I believe the new draft NPS legislation provides CBSI the legal framework upon which the Bank can adequately and fairly discharge its responsibilities.

Therefore, I wish stress that understanding our roles and obligations, procedures and processes as outlined in the draft Bill is necessary to avoid confusion and administrative errors that could be potentially damaging to our operations resulting in huge losses to our customers and investors alike. At the national level, problems in our payment system could result in liquidity, credit, counterparty, systematic, legal issues, to name a few risks. At the international level, the country's integrity and reputation is at stake when such unfortunate situations arise.

For CBSI, our principal mandate is to maintain price stability and financial stability, and support the economic growth policies of the government. It would be practically difficult for CBSI to pursue those objectives when pertinent risks in our systems are not adequately addressed.

Ultimately, we require legislations that are relevant, current and in harmony with our legal framework. I believe the NPS legislation is in harmony with the relevant legislations, accommodates our payments initiatives and is compliant with international best practices.

**Distinguished participants**, let me reiterate that CBSI remains committed to the payments reform agenda. Our work under the National Financial Inclusion program is testament of our desire to see the financial grid extended to include our unbanked population in our rural communities. To ensure cost efficiency in payments we are also working with the Digital Financial Working Group (DFWG) in digitalising payments. Some of you present this morning are members of both the NFI taskforce and the DFWG.

I am also aware that there are, in addition to the four commercial banks, other registered financial institutions that include:

- Solomon Islands National Provident Fund (SINPF) which operates the compulsory national pension scheme.
- 11 money changers plus two authorised restricted foreign currency dealers
- 2 subsidiaries of foreign credit institution: (1) Credit Corporation SI Ltd and (2) BSP Finance SI Ltd
- 17 active credit unions, and
- 3 insurance companies and 6 intermediaries

I am also aware that we have provincial government representatives in the forum this morning.

SOEs are here this morning in their capacity as Users of payments services. We also have representatives from EASI, ITSSI, Chamber of Commerce and SIWIBA here. And our payments system will depend very much on the availability of a reliable communications infrastructure. I am happy to see Our Telekom and Bmobile representatives here. These companies are supervised by a regulator, the Solomon Islands Telecommunications Commission, who is represented here as well.

Thank you all for coming and we look forward to your contributions during our interactions this morning.

We decided to bring together all of you key stakeholders from the public and private sectors, in order for you to discuss, review and comment on the draft NPS legislation.

Please use this occasion to share experiences, make critical comments, learn, and network. We will allow people consulted and the public to raise comments and make suggestions as appropriate and on the relevant clauses for further consideration by the drafters. The window allowed for this process to happen is from today's date up to 2<sup>nd</sup> March 2018. Please send in your comments via email or by mail to CBSI – I would strongly recommend email. A soft copy of the draft document will be made available on the CBSI website later today.

Now, let me take this opportunity to recognize all resource persons who will be leading us in the consultations. Mr Carlo Corazza is here: Mr. Corazza will lead the sessions today. He will be supported by our CBSI and ERU team. I see Ms Catriona Steele from the AG's Chambers is here as well. Ms Steele has contributed immensely in the drafting process. So let me thank her for her invaluable input and for taking time to come and assist us in the consultations.

Last, but certainly not the least, I thank the CBSI Organising Team for organizing this consultation. I acknowledge and recognize the effort and work that you have done in getting us together this morning.

With these few remarks, Ladies and gentlemen, I declare this consultation on the draft National Payments Systems Bill open, and wish you all very fruitful discussions.

Thank you

19 February 2018